

Working Group #3: Past, Present, and Future Strategies
July 16th, 2019
4:00 – 6:00 p.m.

Members attending: Jessica Braun, Chair; Phu Huynh, Elo Alston, Nazie Eftekhari, Senator Scott Jensen

Also present: Sadaf Rahmani

-MinnCare follows Medicare's 10 Essential Health Benefits

-Almost 2 million Minnesotans are insured through self-funded plans governed by federal level, not obligated to follow ACA

-Medica, HealthPartners, and BlueCross have a great deal of power in MN

-HMOs governed by MDH

-Idea: If a pharmacy is being asked to dispense a drug by a PBM that would result in a net loss, they shouldn't be allowed to do it

-This won't work as PBMs will still find a way to pay them very little

-What if we took PBMs out of generic business entirely? Is this conceptually reasonable?

-Plan sponsor would go directly to manufacturer, direct contracting

-Mass importation caps: If a manufacturer sells a drug to another country at a cheaper price, this should become the price cap and all manufacturers should be required to sell it at the same price in the US

-Expand MMCAP to cover more state agencies (Dept of Corrections – 5000 people)

-Why can't MN publish PBM prices?

-It is published for legislators, but it's very difficult to access

-Prescription Drug Affordability Commission

-MD and KY have faced pushback after enacting similar laws

-In these laws, Board decided if prices were reasonable and set ceilings for new releases and dramatic increases

-AGO and Governor's office could provide support for this and pressure Republicans to pass legislation in MN

-Similar to public utility commissions

-Use percentage increases instead of monetary increases to set ceilings

-Pharmacy economic model: dispensing fee is very low, don't get much from PBMs

-In the rest of the world, pharmacies do a lot more

-SJ knows a pharmacist who lost \$74,000 – pharmacies across the state can't stay open

-Task force should highlight growing problem with diminished access to pharmacies across the state

-Pharmacies make their money from prescription drugs, over counter drugs, and retail sales

-We should create a map of all pharmacies around MN today and from 5 years ago – demonstrate the urgency of this issue

-We can't do anything about patent laws

- Can the AGO prosecute shadow pricing? It isn't illegal, but could be indicator of collusion. Does the AGO have the resources to look into these cases?

-PBM transparency

-Idea: when the state approves an insurance contract, they can ask for PBM price if drug price is above a certain threshold

-We need a Sherman Act for 21st century

-Counterintuitive that drugs and insurance costs are at their highest, yet pharmacies are losing money

-25% or higher of employer insurance costs go to pharmaceuticals

-Pharmaceutical drug market isn't classic free enterprise – equilibrium is skewed because patients aren't rational consumers and supply and demand isn't regular

-Look at it through welfare economic model

-Schondelmeyer will speak to at the next meeting

-Question for Purvis: Do you have any examples of where states have been able to convince Republicans to get behind similar legislation?