

Fairview

April 4, 2024

Senate Health and Human Services Committee

Dear Chair Wiklund and Committee Members:

On behalf of Fairview Health Services (“Fairview”), we are writing in strong support of SF5159 which takes the important step of prohibiting pharmaceutical manufacturers from discriminating against pharmacies contracting with 340B covered entities. The 340B Drug Pricing Program was created by Congress in 1992 and requires pharmaceutical manufacturers to provide drug cost savings to safety-net health care providers to enable those safety-net providers to stretch scarce federal resources to reach more eligible patients and provide more comprehensive services. These safety net providers include hospitals that serve a high portion of Medicaid patients, critical access hospitals, federally qualified health centers, Ryan White HIV/AIDS clinics and hemophilia treatment centers. In addition to the M Health Fairview University of Minnesota Medical Center and St. John’s Hospital in Maplewood, two of our rural hospitals in northern Minnesota, Fairview Range and Grand Itasca Hospital and Clinics, qualify as 340B eligible hospitals. Both Range and Grand Itasca have a government payor mix of over 75%. Access to primary care, behavioral health services, pharmacist led medication therapy management, expanded pharmacy service, access to naloxone, discounted and free prescription medications, pediatrics and other services are all made possible to uninsured and underinsured patients in large part by savings realized through the 340B program.

Since the 340B program began more than 30 years ago, safety-net providers have contracted with outside pharmacies for the distribution and dispensation of 340B drugs. For many rural providers without in-house pharmacies, like Fairview Range Regional Health Services in Hibbing, MN, contracting with outside pharmacies is the only option in those communities. Additionally, the ability of safety net providers to contract with multiple pharmacies has allowed for greater access and greater choice for patients to access their prescription medications and allows eligible hospitals like ours to benefit from the 340B program.

Over the last three years, the unilateral and arbitrary actions of now thirty-two manufacturers to restrict contract pharmacies have significantly limited the 340B program benefits for patients in communities across Minnesota. These impacts fall not only on hospitals but also on locally-owned pharmacies, like Baron’s in Hibbing - one of the few options that patients at Fairview Range hospital have for filling their prescription medications. The discriminatory actions by drug manufacturers have shifted 340B savings away from communities like Hibbing and Grand Rapids, and instead are being kept by drug manufacturers. While non-profit health care and safety-net providers across Minnesota continue to be strained by significant financial challenges and industry headwinds, in 2022 alone, the profits of the 15 largest pharmaceutical manufacturers were almost \$150 Billion dollars.

This bill, which other states across the country have passed or are also weighing, is an important step towards helping to support patients and providers across the state’s safety-net and eliminating the arbitrary discriminatory practices by pharmaceutical corporations. We appreciate Sen. Mann’s leadership on this important issue to help support patients and non-profit health care providers across Minnesota.

Sincerely,



Nate Mussell

Vice President of Public Policy, Fairview Health Services

