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April 9, 2025

Chair Melissa Wiklund  
Senate Health and Human Services Committee  
St. Paul, MN 55155

Dear Chair Wiklund and committee members:

On behalf of Minnesota Farmers Union (MFU), I am writing to share our support for several key provisions in the Health and Human Services omnibus (SF2669). This includes increasing Medical Assistance (MA) rates for physician and professional services as well as for ambulance services, prohibiting outpatient facility fees, establishment of a single pharmacy benefit manager (PBM) model for administering MA pharmacy benefits, and a one-time targeted dispensing fee to at-risk community pharmacies.

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918. At our annual convention in November, members voted to make ensuring affordable and accessible care a key priority. The provisions we have highlighted in this bill will improve healthcare access for Minnesotans, particularly those in rural communities already struggling to maintain quality healthcare infrastructure.

Too many MA recipients struggle to find providers willing to accept their insurance, resulting in reduced access and delays in necessary care. Low reimbursement rates also make it difficult for rural providers to survive, which has a cascading impact on communities. The reimbursement rates in this omnibus bill will encourage more providers to accept MA and MA patients, will reduce health disparities including in rural communities, prevent costly emergency care that squeezes patients and providers, and will support the healthcare workforce in all corners of Minnesota.

Similarly, we support your bill's 10 percent increase in MA payment rates for ambulance services, the first in nearly a decade. Farming can be a dangerous job and the availability and responsiveness of emergency medical services (EMS) can prove critical. Your ability to survive an accident or a medical emergency shouldn't depend on your zip code and we appreciate your work to support and stabilize EMS across rural Minnesota.

Consolidation in our healthcare system is a key driver of rising costs. According to the Minnesota Department of Health (MDH) many parts of rural Minnesota meet the criteria for being considered a highly concentrated hospital market.<sup>i</sup> This is why we support the prohibition on outpatients facility fees in SF2669. In Minnesota, outpatient facility fees accounted for over 25% of per person healthcare spending between 2018 and 2022 according to MDH data. These fees can create a powerful incentive for health systems to acquire physician practices, clinics and surgery centers, driving further consolidation of the healthcare system.

Your omnibus will also help protect what is left of Minnesota's struggling community pharmacies. While surveys suggest independent pharmacies outperform their larger competitors on price, quality of care, and wait times, they are disappearing fast.<sup>ii</sup> Over the past two decades the number

of independently-owned pharmacies has dropped from 478 to 156.<sup>iii</sup> Beyond independent pharmacies, 39% of chain and regional chain pharmacies have also closed in that same period. This dramatic decline has left nearly half a million Minnesotans in pharmacy deserts and over 15% of rural residents with limited access to pharmacies.<sup>iv</sup>

SF2669 will help community pharmacies by providing an additional \$4.50 per prescription payment for prescriptions provided to MA patients. The legislation targets these payments to independent pharmacies and small chains in medically underserved areas. This targeted payment will provide a lifeline to community pharmacies in crisis and rural communities that are already struggling to maintain access to healthcare.

While pharmacies need a lifeline, these small businesses and the communities they serve also need more structural reforms. A key culprit driving the decline of independent pharmacies are PBMs, opaque middlemen that have built immense power in the healthcare system and use rebates and fees to raise the cost of prescription drugs for patients while reimbursing independent pharmacies a fraction of the actual costs they incur.<sup>v</sup>

Under MA, each PBM separately controls their payment rates to pharmacies and uses their market power to pay as little as possible. SF2669 would replace the current MA model with a single PBM and a preferred drug list selected by the state. This language would also prohibit the PBM from using anticompetitive tactics like spread pricing, claw-backs, below cost reimbursement and formulary fees. This approach was first tested by Kentucky and has since been adopted by Ohio, Louisiana and Mississippi. In Kentucky the state has saved nearly \$283 million and Ohio's savings have exceeded \$100 million each year.<sup>vi</sup> This means a fairer playing field for independent pharmacies and less costs to taxpayers.

We are grateful the committee has included these important provisions in its omnibus bill. If you have any questions, please contact our Government Relations Director, Stu Lourey, at [stu@mfu.org](mailto:stu@mfu.org) or (320) 232-2047 (C) or our Antimonopoly Director, Justin Stofferahn, at [justin@mfu.org](mailto:justin@mfu.org) or (612) 594-1252 (C). Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,



Gary Wertish  
President, Minnesota Farmers Union

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<sup>i</sup> <https://www.health.state.mn.us/facilities/ruralhealth/docs/summaries/rhcmn.pdf>

<sup>ii</sup> <https://www.consumerreports.org/pharmacies/consumers-still-prefer-independent-pharmacies-consumer-reports-ratings-show/>

<sup>iii</sup> <https://www.startribune.com/pharmacies-closing-pharmacy-deserts-growing-health-care-access-walgreens-cvs/601173628>

<sup>iv</sup> <https://www.health.state.mn.us/diseases/cardiovascular/documents/pharmacy.pdf>

<sup>v</sup> <https://www.ftc.gov/reports/pharmacy-benefit-managers-report>

<sup>vi</sup> <https://kentuckyland.com/2023/10/05/reprieve-for-kentuckys-independent-pharmacies-is-saving-medicare-millions/>