



Minnesota  
**RETAILERS**  
Association



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES

May 18, 2018

Senator Rosen and Representative Knoblach:

Thank you for hearing the concerns of community pharmacies at last night's conference committee meeting on SF 3656. As representatives of pharmacists and pharmacies serving Minnesota's neighborhoods around the state, we would like to reiterate the absolute importance of addressing the two percent wholesale tax (provider tax) when considering changes to the reimbursement system.

Retail pharmacies serve thousands of Minnesotans receiving medical assistance. Like you heard, these are often Minnesotans with high needs who rely on costly medications. Without the two percent reimbursement of the wholesale drug tax many of these prescriptions would be dispensed at a loss. As an example, the two percent tax on a \$600 prescription is not even covered by the DHS-proposed dispensing fee offered in the budget neutral approach.

While this issue impacts each and every pharmacy with participating customers, it is especially problematic for smaller pharmacies, pharmacies in greater Minnesota, and pharmacies offering specialty drugs. Without addressing the two percent wholesale drug tax, those pharmacies will simply not be able to offer services to their local customers who need it most and are the least mobile.

We are very sympathetic to the last-minute request that DHS has brought to the Legislature. We feel the best way to modernize Minnesota's pharmacy reimbursement system is to adopt the 2017 DHS recommendation. Absent an ability to do that, it is critical to Minnesota's consumers and pharmacies that you take action to cover the unaddressed two percent wholesale drug tax (currently scheduled to sunset on December 31, 2019).

As you have recognized with the hospitals, there is a strong need to bridge funding in 2019 to ensure there are adequate resources to serve Minnesotans, and we ask that you consider a mechanism to help community pharmacies maintain their levels of service.

We stand ready to help solve this problem.

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