

### Continuing oversight, capturing prescription drug savings

*Centralizing the outpatient pharmacy benefit will standardize access across the state, improve networks for enrollees, and provide a stable revenue stream for providers.*

#### Challenge

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The Drug Formulary Committee is scheduled to end on June 30, 2027. The sunset of this committee will cost the state millions of dollars in pharmaceutical rebates each year because the Preferred Drug List managed by the committee is necessary for the rebates. Minnesota residents will no longer have an opportunity to participate in managing the state's pharmacy benefit.

Managed care organizations administer prescription drug benefits for most people who get their health insurance through Medical Assistance, Minnesota's Medicaid program. Including the pharmacy benefit in managed care costs more and leads to inconsistent access for enrollees.

#### Proposal

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Eliminating the sunset of the Drug Formulary Committee will allow the committee's work to continue. The state will continue claiming the full value of pharmacy rebates into the future.

Centralizing management of the outpatient pharmacy benefit for Medical Assistance will standardize pharmacy benefits across the state, improve the pharmacy networks available to enrollees, and provide a stable revenue stream for pharmacy providers.

#### Why It's Important

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The Drug Formulary Committee evaluates the safe and effective use of prescription drugs in Medical Assistance and MinnesotaCare. The committee manages the Preferred Drug List, determining which drugs are subject to prior authorization and under what criteria. Open public meetings give people an opportunity to provide feedback and comment on issues such as high-cost drugs and issues of safety and efficacy.

If the committee's work ended, the state would lose an average of 50% of supplemental drug rebates in the first year. Within two years, the Preferred Drug List would become outdated and ineffective, and the state would lose all supplemental pharmacy rebates.

### **Carving out pharmacy benefits**

Managing pharmacy benefits separately from medical benefits can save costs and improve pharmacy networks for enrollees. Other states have been taking this step in their Medicaid programs, including California, Missouri, New York, North Dakota, Ohio, Tennessee, Wisconsin and West Virginia.

The pharmacy carve-out will help the state capture more savings through the federal 340B Drug Pricing Program. Managed care organizations don't achieve the same level of savings as the state can through this program.

The pharmacy carve-out does not include MinnesotaCare.

### **For More Information**

[Drug Formulary Committee Sunset  
Pharmacy Carve-Out  
Governor's Revised Budget Recommendations for Human Services](#)