Reining in rising prescription costs through ONECare MN

Issues:

- Rising prescription drug prices are driving the increase in health care costs in Minnesota. Too many people have to choose between buying prescriptions drugs, paying rent or putting food on the table.
- Spending on prescription drugs in Minnesota is rising significantly, more than 20 percent from 2009 to 2013, according to Minnesota’s All Payer Claims Database.
- Growth in prescription drug spending is substantial in Medical Assistance, Minnesota’s Medicaid program. Pharmacy spending per enrollee rose more than 56 percent from 2012 to 2016. Spending is up more in managed care than in fee-for-service care, where the state manages the pharmacy benefit.

Proposal:

- Governor Tim Walz’s proposal brings down prescription drugs prices by leveraging the state’s purchasing power. It aligns MinnesotaCare and Medical Assistance prescription drug benefits under a shared administrative structure.
- The proposal has the Department of Human Services managing the outpatient pharmacy benefit structure. Starting in 2022, DHS will process prescription drug claims and issue payments directly to providers, no matter which program a person is in.
- DHS will negotiate drug prices and rebates directly for buy-in products, just like the department currently negotiates prices and rebates for the Medicaid program.

Benefits:

- Reduces prescription drug prices by leveraging Minnesota’s negotiating power for the populations of the OneCare, Medicaid and MinnesotaCare programs.
- Ensures that people have access to medications with more consistent choices, less disruptions, better processes and less burden for providers.
- Makes prescription drug prices more transparent by using Minnesota’s established process for a preferred drug list. The list is public, with input from consumers and providers.
- Allows for even stronger negotiating power for better prescription drug prices, if employer-based or self-insured products are added in the future.
Related information:

- Revised Governor’s Budget Recommendations for FY 2020-21, Pages 22 to 28:

DHS Communications: March 2019