## MINNESOTA STATUTES 2020

## 295.582 AUTHORITY.

Subdivision 1. Tax expense transfer. (a) The tax expense generated by section 295.52 may be transferred as follows:

(1) a hospital, surgical center, or health care provider subject to the tax under section 295.52 may transfer the tax expense to all third-party contracts for the purchase of health care services on behalf of a patient or consumer;

(2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

(3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor may transfer the tax expense to all third-party contracts for the purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

(b) The transfer of the tax expense under paragraph (a) must comply with the following:

(1) the tax expense transferred to the third-party purchaser or a pharmacy benefits manager must not exceed the tax percentage specified in section 295.52 multiplied against:

(i) gross revenues received under the third-party contract; and

(ii) co-payments and deductibles paid by the individual patient or consumer; and

(2) the tax expense must not be generated on revenues derived from payments that are excluded or exempted from the tax under section 295.53.

(c) Payment of the transferred tax expense is required as follows:

(1) all third-party purchasers of health care services, including but not limited to third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred expense. This is in addition to any payments due under existing contracts with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed under federal law; and

(2) all entities that purchase legend drugs from a wholesale drug distributor must pay the transferred expense.

(d) A third-party purchaser or pharmacy benefits manager must comply with this section regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.

(e) Nothing in this section limits the ability of a hospital, surgical center, health care provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52 obligation by other methods, including increasing fees or charges.

(f) Any hospital, surgical center, or health care provider subject to a tax under section 295.52 or a pharmacy that has paid the additional expense transferred under this section by a wholesale drug distributor may file a complaint with the commissioner responsible for regulating the third-party purchaser if at any time the third-party purchaser fails to comply with this section.

(g) If the commissioner responsible for regulating the third-party purchaser finds at any time that the third-party purchaser has not complied with this section, the commissioner may take enforcement action against a third-party purchaser which is subject to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical center, pharmacy, or provider to pass-through the tax expense. The commissioner may by order fine or censure the third-party purchaser or revoke or suspend the certificate of authority or license of the third-party purchaser to do business in this state if the commissioner finds that the third-party purchaser has not complied with this section. The third-party purchaser may appeal the commissioner's order through a contested case hearing in accordance with chapter 14.

Subd. 2. Agreement. A contracting agreement between a third-party purchaser or a pharmacy benefits manager and a resident or nonresident pharmacy registered under chapter 151, may not prohibit:

(1) a pharmacy that has paid additional expense transferred under this section by a wholesale drug distributor from exercising its option under this section to transfer such additional expenses generated by the section 295.52 obligations on to the third-party purchaser or pharmacy benefits manager; or

(2) a pharmacy that is subject to tax under section 295.52, subdivision 4, from exercising its option under this section to recover all or part of the section 295.52 obligations from the third-party purchaser or a pharmacy benefits manager.

**History:** 1993 c 345 art 13 s 22; 1Sp1993 c 6 s 29; 1994 c 625 art 13 s 18; 1995 c 234 art 9 s 14; 1997 c 31 art 4 s 12; 1997 c 225 art 3 s 21,23; 1997 c 251 s 28; 2005 c 77 s 7; 1Sp2005 c 4 art 5 s 15; 1Sp2011 c 9 art 6 s 97; 1Sp2019 c 6 art 16 s 13