



COMMUNITY HEALTH CARE ASSOCIATION of New York State

**Black, Puerto Rican, Hispanic, and Asian Legislative Caucus People's Budget
Protect Access to 340B Savings and Repeal the Medicaid Pharmacy Benefit Carve Out
September 15, 2022**

The Community Health Care Association of New York State (CHCANYS) is grateful for the opportunity to submit written testimony on Black, Puerto Rican, Hispanic, and Asian Legislative Caucus's (BPHA) Fiscal Year 2023-24 People's Budget on behalf of the 70+ federally qualified health centers (FQHCs), also known as community health centers (CHCs), that serve more than 2.1 million patients at 800 sites across the state.

The Federal Public Health Service Act 340B drug discount program provides significant funding support to CHCs in providing high-quality, affordable healthcare and social support services to all regardless of ability to pay. The 340B program was enacted in 1992 by Congress to allow safety net providers (i.e. CHCs, Ryan White clinics, etc.) to access pharmaceutical drugs at reduced costs while reinvesting the savings to expand access to healthcare and support services in medically underserved communities. CHCs use 340B savings to expand and fund services that are not billable to Medicaid, i.e.: finance their sliding fee scales; subsidize low cost or free medications for low-income patients; subsidize high deductibles for the underinsured; offer enhanced care coordination for those who are chronically ill; offer STI prevention services; subsidize transportation vouchers; stock food pantries on site; staff legal clinics on site; buy medical vans to expand access to care; and so much more.

CHCs rely on the savings generated through the 340B program to ensure access to care for all patients, but especially for New York's most vulnerable and underserved patients. However, on April 1, 2023, New York State is slated to implement the Medicaid pharmacy benefit carve out from the Medicaid Managed Care program and move it to fee-for-service. The "carve out" will eliminate the benefits of the 340B program to the tune of more than \$100M for CHCs alone. According to a CHCANYS survey conducted in 2020, 44% of CHCs reported that loss of 340B savings will reduce access to care leading to reduced operating hours and site closures and 79% reported that they would have to dismiss or lay off staff. This projected financial impact has only grown since the 2020 survey.

New York has been a leader in creating an integrated system of managed care coordination that emphasizes quality and robust care access for Medicaid consumers. A pharmacy benefit carve out will only undermine advances in integrated care, cause unprecedented disruptions for the safety net community, and devastate CHCs who rely on 340B savings to provide critical services with no other source of sustainable funding. New York must repeal the Medicaid pharmacy benefit carve out. This will ensure that safety net providers like CHCs can continue to provide and expand services for the uninsured and underinsured and essential services that, without 340B savings, would otherwise go unfunded. CHCANYS respectfully urges the BPHA Caucus to insert language to repeal the Medicaid pharmacy benefit carve out in the People's Budget.