



March 25, 2021

Governor Andrew M. Cuomo
New York State Capitol Building
Albany, NY 12224

RE: Medicaid Pharmacy Benefit: Dangers of Pharmacy Benefit “Carve-Out” for 340B Drug Discount Program Safety Net Providers and HIV Special Needs Plans (SNPs)

Dear Governor Cuomo,

We, more than one-hundred-sixty labor, healthcare, and faith- and community-based organizations, write in strong opposition to carving the pharmacy benefit out of Medicaid Managed Care and transitioning it to a fee-for-service model (“FFS”), as advanced by your Medicaid Redesign Team and passed in the SFY21 budget. We urge you to repeal the Medicaid pharmacy carve-out in this year’s budget.

We are deeply concerned about the effect the Medicaid pharmacy carve-out will have on New York’s most vulnerable Medicaid recipients and the health care facilities and organizations that serve them. An explicit charge of the Medicaid Redesign Team was to “strengthen the sustainability of safety net providers serving vulnerable populations,” but unanticipated consequences of the carve-out will have an opposite, destabilizing effect. New York’s safety net providers, including community health centers, Ryan White providers, hospitals, HIV Special Needs Plans (SNPs), and other community-based organizations already operate on thin to negative margins, and this year have been stretched beyond their limits due to COVID-19.

We strongly support the NYS Senate and Assembly positions opposing implementation of the carve-out. We urge you to reconsider the implementation of this policy and work with us to repeal the carve-out and collaborate with health care providers and legislators to find alternative reforms that will provide real savings and greater transparency in management of the pharmacy benefit without harming the state’s community health program safety net and the people who rely on our services.

The 340B program was established by the federal government in 1992 to give only eligible safety net entities the ability to purchase drugs at a deep discount, allowing them to stretch scarce resources so that they can provide more comprehensive care and services and serve more people who would otherwise fall through the cracks. Hospitals, clinics, and community-based organizations use those savings to assist vulnerable patients in many ways including supplying prescription drugs at reduced or no cost; providing medical services; and providing wrap-around care such as transportation, housing, and nutrition services, all leading to higher

rates of patients who remain in treatment. SNPs provide critical prescription drug management to people living with HIV/AIDS (PLWHA) to ensure adherence and completion of therapy. These savings are provided directly by drug manufacturers as a condition of their participation in the Medicaid program and, as such, are not provided through any state or federal taxpayer dollars.

For some 340B hospitals, clinics, and community-based organizations as much as 70% of their patient population is covered by a Medicaid managed care insurance plan, with Medicare and commercial insurance comprising the rest. Because the carve-out would move these patients' drug benefit to FFS, the implications for federally qualified health centers (FQHCs), Ryan White providers, STD clinics, and hospitals that rely on 340B savings will be dire. Furthermore, this proposed cut comes at a time when covered entities are already facing significant reductions in reimbursement from other payers, and several drug manufacturers have taken unilateral action to curtail 340B discounts. Any further loss of 340B resources will result in serious financial cuts that threaten the safety net and access to care for New York's most vulnerable patients.

The state's move to divert these resources away from the safety net is ultimately harmful to the state itself, as the loss of 340B savings will result in service reductions and clinic and hospital closures, leaving vulnerable patients without access to the care they need. SNP members who lose real-time access to personalized pharmacy benefit teams trained to understand their unique needs, will have their care compromised. Cancer patients receiving treatment at rural hospital oncology clinics may have to drive farther for their care. The closure of transitional housing programs to support recently discharged high risk patients could lead to otherwise avoidable readmissions. The state's actions and the loss of necessary services such as these will increase unnecessary utilization of more inherently expensive and already overburdened providers such as ERs and hospitals, and result in more medical complications and worse health outcomes, all of which will increase the price of taxpayer funded care.

Safety net hospitals, community health centers, and Ryan White providers that are covered entities use savings from the 340B drug discount to be able to provide high quality care and treatment regardless of a patient's ability to pay or insurance status. An estimated 15% of the 2.3 million patients served by New York's community health centers are uninsured and 29% of patients have another primary language and speak limited English. The 340B program allows neighborhood community health clinics and other community health programs to provide quality, low-cost or free health services to all New Yorkers, including new immigrants. Neighborhood community health clinics supported by 340B are deeply embedded in the specific immigrant communities that they serve, with appropriate language services and cultural competency. The New York Immigration Coalition, Latino Commission on AIDS and front-line providers that serve new immigrants have vocally opposed the carve-out.

Faith leaders and civil rights leaders have also written urging you to reverse the carve-out. The proposed change will add additional healthcare, fiscal, and social burdens to communities of color, which have historically suffered from healthcare disparities and are now disproportionately impacted by COVID-19. Neighborhood community health centers and other covered entities are vital part of the national COVID-19 vaccination effort, as has recently been

stated by President Biden’s administration, so undermining these community health providers at this time will harm New York’s COVID-19 response and go against the Biden administration’s and your commitment to addressing racial health disparities.

Labor leaders have also spoken out against the Medicaid pharmacy carve-out, which will lead to the closure of 32 community health clinics, and the loss of over 700 vital healthcare jobs that provide life-saving services in the most underserved neighborhoods.

Community health programs supported by 340B are at the forefront of providing health services to New Yorkers experiencing homelessness. The carve-out will have a devastating and destabilizing impact on health care providers that serve New Yorkers who are homeless, and disruptions in care, treatment and services to this population will lead to lives lost and a higher burden of expensive emergency room care.

Harm reduction, overdose prevention, and drug treatment service providers also rely on 340B supported services to provide quality care to patients and community members. There has been a tragic increase of overdose deaths in New York over the past year during the COVID-19 pandemic and the state should not be destabilizing safety net providers and instead should be surging resources to front-line providers at the forefront of addressing the State’s overdose crisis.

Further, safety net providers, health plans, and community organizations serving people living with HIV/AIDS (PLWHA), hepatitis B and C, have built a successful statewide system in New York that has saved countless lives and made tremendous progress toward ending the HIV/AIDS and the hepatitis B and C epidemics. Carving out the pharmacy benefit from Medicaid managed care will lead to decreased access to curative treatments for hepatitis C and a decrease in the HIV viral suppression rate across our state, thus threatening progress toward your goals of ending the HIV/AIDS epidemic (ETE) and eliminating hepatitis C.

This new policy will provide little to no benefit to the state and will devastate patients and the safety net providers they rely on for care. We urge you to reverse the “carve-out” as soon as possible.

Signed,

1199SEIU

Acacia Network

ACR Health

ACT UP New York

Advantage Care

Advantage Care Health Center

African Services Committee
After Hours Project
AIDS Center of Queens County (ACQC)
AIDS Healthcare Foundation
AIDS United
Albany Damien Center
Alliance for Positive Change
American Academy of HIV Medicine, New York/New Jersey Chapter
Amida Care
Apicha Community Health Center
Bailey House
Beacon Christian Community Health Center
Bedford Stuyvesant Family Health Center
Betances Health Center
BMS Health and Wellness Centers
BOOM!Health
Bronx Community Health Network
BronxCare Health Integrated Services System, Inc.
Brooklyn Plaza Medical Center, Inc.
Brownsville Community Development Corp.
Callen-Lorde
Care for the Homeless
Casita Maria, Inc.
Catholic Charities AIDS Services, dba Catholic Charities Care Coordination Services
Center for HIV Law and Policy
Chinese-American Planning Council (CPC)
Coalition for Homeless Youth
Coalition for the Homeless
Coalition of Medication-Assisted Treatment Providers and Advocates (COMPA)

Coalition on Positive Health Empowerment (COPE)
Commission on the Public's Health System
Community Health Action Staten Island (CHASI)
Community Health Care Association of New York State (CHCANYS)
Community Health Center of Buffalo
Community Health Center of Richmond
Community Health Initiatives, Inc.
Community Health IPA
Community Healthcare Network
ConnexCare
Cornerstone Family Healthcare
Covenant House New York
Damian Family Care Centers, Inc.
Drug Policy Alliance
East Harlem Council for Human Services
East Hill Family Medical
Educational Alliance / Center for Recovery and Wellness
Elmcor Youth & Adult Activities, Inc.
Emergency Shelter Network
Empire Liver Foundation
EngageWell IPA
Equality New York
Evergreen Health Services
Ezras Choilim Health Center
Faith Pharmacy
Family Health Centers at NYU Langone
Family Health Network of Central New York, Inc.
Finger Lakes Community Health
FPWA

GMHC
God's Love We Deliver
Grand Concourse Seven Day Adventis Church
Haitian-American Community Coalition, Inc.
Harlem United
Health Care Choices NY, Inc.
Hepatitis C Mentor and Support Group (HMSG)
Hepatitis C Treatment Network
Heritage Health and Housing, Inc.
His Branches, Inc.
Hispanic Federation
Hispanic Health Network
Hometown Health Centers
Housing Works
Hudson Headwaters Health Network
Hudson Valley Community Services
iHealth
Institute for Family Health
Iris House
Jericho Road Community Health Center
Jordan Health
Korean Community Services of Metropolitan New York
Latino Commission on AIDS (LCOA)
Latinos for Healthcare Equity
Legal Action Center
Long Island Center for Independent Living, Inc. (LICIL)
Long Island FQHC, Inc.
Make the Road New York
Metro Community Health Centers, Inc.

Mosaic Health
Mount Sinai
Mount Vernon Neighborhood Health Center, Inc.
NAACP, Hazel Dukes, President of NAACP New York State Conference
National Black Leadership Commission on Health, Inc. (Black Health)
National Working Positive Coalition
Neighborhood Health Center of Western New York
NEW Pride Agenda
New York #insulin4all
New York Association of Alcoholism and Substance Abuse Providers (ASAP)
New York Harm Reduction Educators (NYHRE)
New York Immigration Coalition (NYIC)
New York State Nurses Association (NYSNA)
New York Transgender Advocacy Group (NYTAG)
NEXT Harm Reduction
Nonprofit Finance Fund
North Country Family Health Center
NYC Health + Hospitals / Gotham Health
NYU Langone Health
Oak Orchard Health
ODA Primary Health Care Network, Inc.
Open Door Family Medical Center
Our Wellness Collective
Peer Network Of New York
Planned Parenthood Empire State Acts
Positive Health Project
Pride Center of Staten Island
Primary Care Development Corporation (PCDC)
Progressive Doctors

Project Renewal, Inc.
Project Safety Net NY
Retail, Wholesale, and Department Store Union (RWDSU)
RevCore Recovery Center
Reverend Dr. Johnnie Green, President of MPAC and Sr Pastor of Mt. Nebo Baptist Church of Harlem
Reverend Kirsten John Foy, Minister and the President and Founder of the Arc of Justice
RiverStone Consulting
Robin Hood Foundation
Rochester Area Task Force on AIDS
Russell Institutional CME Church
Ryan Chelsea-Clinton
Ryan Health
Ryan White Clinics for 340B Access
Safety Net Association of Primary Care Affiliated Providers, Inc. (SNAPCAP)
SBPA
Settlement Health
Southern Tier AIDS Program
St. Ann's Corner of Harm Reduction
St. Joseph's Rehabilitation Center
Sun River Health
Syracuse Community Health Center
The Chautauqua Center
The Lesbian, Gay, Bisexual & Transgender Community Center
Therapeutic Community Association of New York (TCA)
TOUCH-Together Our Unity Can Heal
Treatment Action Group
Trillium Health
Trinity Pentecostal House of Prayer

Truth Pharm, Inc.

UNION

Union Community Health Center

Unity Fellowship of Christ Church NYC

Universal Primary Care

Upstate Community Health Collaborative

Urban Health Plan, Inc.

Urban Pathways

Vera House, Inc.

VOCAL-NY

Vocational Instruction Project Community Services, Inc. (VIP Community Services)

Washington Heights Corner Project (WHCP)

Whitney Young Health

Williams Institutional CME Church, NYC