

October 1, 2020

The Honorable Andrew M. Cuomo  
Governor of New York State  
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, the undersigned organizations, write in strong opposition to carving the pharmacy benefit out of Medicaid and replacing it with a fee-for-service model (“FFS”), as advanced by your Medicaid Redesign Team and passed in the SFY21 budget.

We are deeply concerned about the effect this dramatic policy change – otherwise known as the “carve-out” – will have on New York’s most vulnerable Medicaid recipients and the health care facilities and organizations that serve them. New York’s safety net providers, including clinics, hospitals, 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 will be supporting A10960 (Gottfried)/S8948 (Rivera), which would delay for three years the transition from managed care to fee-for-service for Medicaid pharmacy benefits under the federal 340B drug discount program. We urge you to reconsider the implementation of this policy and work with us to reverse the portions of the “carve-out” related to safety net providers participating in the 340B program and the HIV Special Needs Plans.**

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 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 appropriate 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.

Further, safety net providers, health plans, and community organizations serving people living with HIV/AIDS (PLWHA) have built a successful system in New York that has saved countless lives and made tremendous progress toward ending the HIV/AIDS epidemic. Carving out the pharmacy benefit from Medicaid managed care will threaten progress toward your goal of ending the epidemic (ETE).

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,

African Services Committee

AHF Pharmacy City View

AIDS Center of Queens County (ACQC)

AIDS Community Resources, Inc. dba ACR Health

AIDS Healthcare Foundation

Albany Damien Center

Albany Medical Center Hospital

Alliance for Positive Change

Amida Care

Apicha Community Health Center

Argus Community, Inc.

Bailey House, Inc.

Bedford Stuyvesant Family Health Center

Betances Health Center

BOOM!Health

Bridging Access to Care

Brownsville Multi-Service Family Health Center

Callen-Lorde  
Care for the Homeless  
Catholic Charities Community Services  
Catholic Family Center  
Center for AIDS Research and Treatment  
Central NY HIV Care Network  
Circulo de la Hispanidad, Inc.  
Clifton Springs Hospital  
Coalition of Medication-Assisted Treatment Providers and Advocates  
Coalition on Positive Health Empowerment (COPE)  
Common Ground Health  
Community Access Services  
Community Health Care Association of New York State  
Community Health Center of Richmond, Inc.  
Community Health Center of the North Country  
Community Health Initiatives, Inc.  
Community Healthcare Network  
Cornerstone Family Healthcare  
Damian Family Care Centers, Inc.  
Drug Policy Alliance  
East Harlem Council for Human Services, Inc.  
EngageWell IPA  
Evergreen Health Services  
Exponents  
Family Care Pharmacy  
Family Health Network of Central New York, Inc.  
Finger Lakes Community Health  
GMHC  
Haitian American Community Coalition  
Harlem United  
Harm Reduction Coalition  
HealthCare Choices NY, Inc.

Heritage Health and Housing, Inc.  
Highland Hospital  
His Branches, Inc.  
Hispanic Health Network  
Housing Works, Inc.  
Hudson Headwaters Health Network  
Hudson Valley Community Services, Inc.  
Ibero-American Action League  
iHealth  
Impac+NYC, Inc.  
Institute for Family Health  
Iris House - A Center for Women Living with HIV  
Jones Memorial Hospital  
Kings Pharmacies  
Latino Commission on AIDS  
Long Island FQHC, Inc.  
Make the Road New York  
Medly Pharmacy  
Montefiore Medical Center  
Mount Sinai Health System  
Mount St. Mary's Hospital  
Mount Vernon Neighborhood Health Center, Inc.  
Neighborhood Health Center of WNY, Inc.  
NEW Pride Agenda  
New York Immigration Coalition  
North Country Family Health Center, Inc.  
Noyes Memorial Hospital  
Oak Orchard Health  
Outreach Development Corp.  
Positive Health Project  
Pride Center of Western New York  
Primary Care Development Corporation

Project Safety Net NY  
QuickRx Pharmacy  
RiverStone Consulting  
Rochester Area Task Force on AIDS, Inc.  
Rochester General Hospital  
Ryan Chelsea-Clinton  
Ryan Health  
Ryan White Clinics for 340B Access  
Settlement Health and Medical Services  
Sisters of Charity Hospital  
Southern Tier AIDS Program, Inc.  
St. Joseph's Neighborhood Center  
Strong Memorial Hospital  
Sun River Health  
Syracuse Community Health Center, Inc.  
The Chautauqua Center  
The Coalition for Behavioral Health  
The Hepatitis C Mentor and Support Group (HCMMSG)  
The Lesbian, Gay, Bisexual & Transgender Community Center  
The National Black Leadership Commission on Health, Inc.  
TOUCH (Together Our Unity Can Health, Inc.)  
Treatment Action Group  
Trillium Health  
Union Community Health Center  
United Memorial Hospital  
United Way of Rochester  
Unity Fellowship of Christ NYC  
Unity Hospital of Rochester  
University of Rochester Medical Center (URMC)  
Upstate Medical University  
The Urban League of Rochester  
VIP Community Services, Inc.

Voces Latinas Watsons Pharmacy

Watsons Pharmacy

CC: Robert Mujica  
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Assembly Health Chair Richard Gottfried  
Senate Health Chair Gustavo Rivera