



PRESS STATEMENT: FOR IMMEDIATE RELEASE

National Ryan White Clinic Organization Calls on State of New York to Reverse Medicaid Pharmacy Budget Gimmick, Support Alternative Proposal to Protect Public Health

Washington, D.C., April 17, 2023 – The Ryan White Clinics for 340B Access (RWC-340B), a national association of HIV/AIDS organizations receiving support under the Ryan White CARE Act, voice our strong opposition to New York Governor Kathy Hochul’s proposal to shift the New York Medicaid managed care pharmacy benefit to fee-for-service (FFS) coverage and reimbursement.

For more than two years, RWC-340B showed the State that the proposed change in Medicaid pharmacy coverage would be a serious impediment for Ryan White clinics and other safety net providers serving some of the most vulnerable patients in New York.

We took the case directly to the Governor and the New York Health Department with our allies in the Save the New York Safety Net coalition, a statewide coalition of nearly 100 community-based organizations serving vulnerable New Yorkers across the state. We gave the State evidence that:

- Safety net providers participating in the 340B drug discount program would be disproportionately harmed by the proposal with as much as 70% of their patient population covered by a Medicaid managed care insurance plan.
- The shift to fee-for-service means a giant reimbursement cut for 340B drugs dispensed or administered to Medicaid managed care enrollees.
- The proposal would disproportionately harm communities of color and threatens public health as it could force safety net providers to eliminate services, close locations, or otherwise downsize.
- The proposal would result in a giant step backward in the fight to end the HIV/AIDS epidemic at a time when our country is recovering from COVID.
- Our clinics achieve over 90% HIV viral suppression rate because of the savings from the 340B program, allowing clinics to purchase preventive drugs like PrEP, perform STD testing, and cure hundreds of patients with Hepatitis C.
- The proposal would destabilize 340B safety net providers, threatening their ability to provide substance use disorder services, mental health care, housing, transportation, nutrition, prescription adherence, harm reduction services, STD testing and treatment, food pantry services, and care coordination.

Apparently, they didn’t listen.

The proposal took effect on April 1, 2023, without the State achieving a deal on the budget. The State is only now recognizing that its actions have significant financial consequences and are seeking to make a “reinvestment” in the safety net. RWC-340B sees that “reinvestment” plan as fraught with issues – regulatory burdens associated with state and federal filings and approval processes, no transparency on how and to whom the funds would be distributed, no timeline for implementation, high likelihood that there will be significant delays in payments, and no guarantee of ongoing “reinvestment” for the safety net community.

Mike Lee, Secretary of RWC-340B and Chief Operating Officer of Evergreen Health in Buffalo, NY said, “This dangerous ‘experiment’ with New York safety net providers and Medicaid patients must stop.” Lee called the State’s proposal a “budget gimmick” that “replaces a predictable resource that safety net providers have relied upon for three decades (the 340B program) – that is NOT funded through state or federal taxpayer dollars – with a flimsy promise to use taxpayer dollars to make us whole.”

Shannon Stephenson, President of RWC-340B and CEO of Cempa Community Care, said, “We know that California advanced a similar proposal and delayed their “reinvestment” in the safety net for 15 months, an untenable financial hit for safety net providers.” She added, “Our friends in California warned that this proposal would make 340B ineffective. It seems that the State of New York didn’t listen.”

“New York and California are setting very dangerous precedents for the rest of the county,” said Stephenson. She noted that these state proposals “don’t make any sense for public health or fiscal responsibility.” She emphasized, “Make no mistake, these two states are outliers who are undermining a program that provides quality healthcare to the communities in our nation with the most disparate care, including the poor, communities of color, and LGBTQ+.”

Mark Malahosky, Treasurer of RWC-340B and Vice President of Pharmacy Services at Trillium Health in Rochester, NY said, “We offered the State a viable and reasonable solution. Both houses of the state legislature introduced a sound compromise that keeps the 340B program intact while giving the state the purchasing power, formulary management, and cost transparencies it seeks.” Malahosky said, “The State can still do the right thing, by supporting the legislative alternative.”

For more information, please visit: www.RWC340b.org.

About the 340B Drug Pricing Program

The federal 340B Drug Discount Program is a lifeline that allows safety net providers, including HIV/AIDS clinics receiving support under the Ryan White CARE Act, to obtain prescription drugs at below-retail prices. With 340B savings, Ryan White Clinics stretch their grant funds, offer a wider range of services, and improve the quality of care for people living with HIV/AIDS.

About Ryan White Clinics for 340B Access

Ryan White Clinics for 340B Access (RWC-340B) is a national organization of HIV/AIDS medical providers receiving support under the Ryan White CARE Act. Ryan White providers are eligible to participate in the federal 340B Drug Discount Program, which enables them to expand and support care.