Do the Math: Reject Cuts to the 340B Drug Pricing Program

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May 2018: For 25 years, a highly effective but little-known program created by Congress – the 340B Drug Pricing Program – has allowed safety-net hospitals and federally qualified health centers (covered entities) to enhance and strengthen the care they provide to their communities and vulnerable patients – at no cost to taxpayers.

The 340B Program permits covered entities to purchase from drug manufacturers outpatient drugs at significant discounts, and it allows them to reinvest these savings back into the communities they serve. This translates into additional community benefit dollars in the form of new and expanded programs and services, new practice sites, and more care providers and allied health professionals – all aimed to increase access to care for our families and friends most in need.

Yet, the Governor and his administration are seeking to make significant changes to the federal 340B Program in California through the proposed 2018-19 state budget.

The administration in Sacramento is proposing to eliminate 340B Program participation in the Medi-Cal managed care market beginning January 1, 2019, believing this will result in savings of $16.6M a year to the General Fund starting in 2020. This estimate fails to recognize the potential of tremendous harm to local communities. If approved, on January 1 safety-net providers like Federally Qualified Health Centers and hospitals in California will face an immediate loss of hundreds of millions of dollars currently used to provide care to our most vulnerable families – a devastating impact on the underserved – resulting in the elimination of critical services helping millions of Californians.

We must be clear: This will decrease access to care and will reduce jobs throughout the state, but it will also hamper ongoing efforts to create healthier communities across California.

Our San Diego community will suffer. Current savings from the 340B Program are invested directly back into our communities. Discounts through the 340B Program improve care for all patients. Common examples include:

- Extended hours of operation for Federally Qualified Health Centers;
- HIV clinics offering a full range of medical and mental health services for patients;
- Hepatitis C clinics that provide lifesaving, curative treatments for Medi-Cal patients;
- Post-operative services including "meds to beds" programs that allow patients to be discharged from major operations, like cardiac surgeries and organ transplants, with critical medications needed for proper recovery, and to ensure patients receive necessary follow-up with pharmacists;
- Specialized treatments at infusion clinics, like those provided to patients with congestive heart failure, hemophilia, multiple sclerosis and cancer;
- Case workers for individuals experiencing homelessness and additional support staff to address patients' complicated care needs;
- Increased access to specialty care through expanded transportation services to patients without reliable transportation;
- Expanded pharmacy access for Medi-Cal and uninsured patients; and, much, much more.

If the Governor and his administration are successful in their proposal to eliminate 340B Program participation for Medi-Cal managed care in California, these programs – and the jobs associated with them – will be at risk.

We ask you, is it worth it? Do you want the administration to take hundreds of millions of federally-approved health care dollars out of our local communities every year, so Sacramento can add $16.6 million per year to the General Fund starting in 2020? Do the math. It doesn't add up for you or for San Diego. The Legislature did its job voting in opposition in both the Assembly and Senate Budget Subcommittees. Now it's the Governor's turn to respect the legislators and the will of the people by removing the elimination of the 340B Program from the state budget.