

340B Drug Discount Program Community Health Centers Depend On It

In January 2019, Governor Newsom signed Executive Order N-01-19 to create a single-purchaser system for prescription drugs in California, which will direct the Department of Health Care Services (DHCS) to transition pharmacy services in Medi-Cal Managed Care to fee-for-service. This transition will eliminate savings that health centers receive from the 340B program in Medi-Cal Managed Care. The legislature adopted language in the final budget that requires a stakeholder process to facilitate engagement and feedback from health care providers and consumer advocates. The Department of Health Care Services held the first meeting on Wednesday, July 24, from 9:30 – 11:30 am.

What Community Health Centers Are Saying

California's health centers were asked about the impact the pharmacy transition will have on them and their patients, the importance of 340B savings to their health centers and their thoughts on the first DHCS stakeholder meeting. This is what they had to say:

Pharmacy Transition: Questions & Concerns

"As an association of community health centers whose members serve more than 200,000 patients throughout northern California, we support the Governor's larger vision to find cost savings as it relates to prescription drugs, but have questions about how the Medi-Cal pharmacy transition will work for rural California. What thought and consideration has been given to the rollout and implementation of Medi-Cal Rx in rural parts of the state?"

**- David Lavine, Policy & Communications Director,
Health Alliance of Northern California**

"The proposed pharmacy transition will limit our ability to expand access for patient care, provide access to affordable prescriptions and offer support services such as health education. A one size fits all plan at the state level would not be able to meet the needs of local patients, especially the most vulnerable populations with barriers to care. When patients encounter barriers to care, their conditions deteriorate and they are more likely to utilize hospital services which exponentially increases overall healthcare costs."

**- Tony Weber, President and CEO
Golden Valley Health Centers**

"The members of Health Center Partners of Southern California agree with the Governor's overall vision to expand health care coverage, and stand-by willing to work with the administration to achieve this goal. However, transitioning the pharmacy program from a managed Medi-Cal benefit to a fee-for-service benefit will undercut the safety net, which is contrary to this very vision. Today, safety net providers that generate savings from the 340B pharmacy program in Medi-Cal Managed Care reinvest those savings back into essential wrap-around safety net services that increase access for underserved populations. Here in San Diego, Imperial and Riverside Counties, the governor's actions will result in losses of tens of millions of dollars to these safety net providers and cause closures of in-house pharmacies, restrictions to both medicine and specialized services, and cuts to social services provided by community health centers."

**- Kevin Mattson, Board Chair
Health Center Partners of Southern California**

Stakeholder Process:

More time is needed to meaningfully work together

"To call that gathering a "stakeholder meeting" is an embarrassment. They didn't come to gather real input from any of the vested parties in the room; they just wanted to announce their pre-determined process and check the box that they'd complied with the requirements in the trailer bill. Venice Family Clinic wants to help California find a reasoned, fiscally responsible approach to manage pharmacy costs, but there doesn't seem to be any desire to listen to what we and other community health centers actually have to say."

**- Elizabeth B. Forer, CEO
 Venice Family Clinic**

"DHCS continues to rush toward the transition of Medi-Cal pharmacy services from Managed Care to fee-for-service with little transparency and without meaningful engagement of stakeholders. The stakeholder meeting allowed no opportunity for input, and was insufficient to address the many questions and concerns stakeholders have regarding the proposal. The release of the vendor RFP two days before the stakeholder meeting makes it clear that DHCS has no real intention of considering stakeholder input in this process. Health centers and our partners fought hard to ensure language was included in the final state budget to require stakeholder engagement, and we deserve a more robust process. Rushed decisions are rarely good decisions. We ask that DHCS slow the vendor selection process to allow for meaningful dialogue and to consider all possible options to achieve the Governor's goals of streamlining the program and lowering the state's drug costs. CCALAC and our member health centers are very concerned about the proposal and how it may hurt low income communities and the safety net providers that serve them."

**- Louise McCarthy, CEO
 Community Clinic Association of LA County**

"The current timeline of this magnitude of a transition should be thoroughly thought through as it will definitely have a major impact. We would like to see a positive outcome which is patient centric so all parties involved experience a smooth transition."

**- Dolly Davar, Pharmacy Director
 La Clinica de La Raza**

340B Program is a critical lifeline

"Without the savings from the 340B program, Venice Family Clinic will not be able to provide the quality comprehensive health care our 27,000 patients need and deserve. We'll be forced to cut back on services they desperately need to get well and stay that way."

**- Elizabeth B. Forer, CEO
 Venice Family Clinic**

"AltaMed is dedicated to serving patients who rely on health and social services to grow healthy in their communities. The 340B program helps us provide services such as health education, nutritional/diabetic counseling, chronic disease management, patient outreach, and transportation vouchers to our patients. The loss of 340B savings will have a deep and measurable impact on the patients we serve every day. We look forward to participating in the stakeholder process and working with DHCS and the administration to preserve the 340B program for the most vulnerable."

- AltaMed Health Services Corporation

"We support the governor in reducing overall drug costs, however, we would like to communicate the importance of the 340B savings for 340B entities and how it helps us offer culturally appropriate, high quality health care access to the most vulnerable patient populations in the diverse communities we serve."

**- Dolly Davar, Pharmacy Director
 La Clinica de La Raza**

“Mendocino Community Health Clinic substantially relies on savings received from the 340B program in Medi-Cal Managed Care. Because this reimbursement provides access to affordable medications, it helps us meet one of our patients’ greatest needs. These funds are also especially important because, unlike grant dollars, we can use them without restriction to support operational initiatives and clinic services that our organization could not be able to afford. For our organization, this support has allowed us to expand case management services, patient outreach and education, repairs and improvements to our buildings, information systems that include electronic health records and security systems, emergency preparedness and, most importantly, recruitment and retention of professional health care staff. Of these services and infrastructure improvements support access to primary care, dental, behavioral health, women’s care, OB/GYN, and psychiatry, which contribute to the overall health and quality of life for our patients. The state has asked health centers to be accountable lowering expenses by way of improving quality outcomes and ultimately reducing cost for the entire system. Please support us in with this endeavor by maintaining this important program. At a time when we see a diminishing commitment to quality care, we recognize the Medi-Cal Managed Care 340B Program for strengthening California’s system of care.”

**- Carole Press, CEO
Mendocino Community Health Clinic**

“The 340B program has been instrumental in our ability to underwrite services that are typically not compensated by the State or any funders or if so, insufficient to cover costs. Almost all of our patient education programs and services are underwritten by 340B savings. These are lifestyle and often life changing services that complements clinical medicine. It just cannot be sustained if our 340B Medi-Cal savings are compromised. For rural communities, services such as transportation is a vital need. We subsidize a large number of patients in helping them get to their appointments, either through bus passes, Uber/Lyft/Taxi rides, gas cards and arrangements for travel to larger cities like Sacramento and San Francisco for sub-specialty care. Low income populations in rural areas often have unreliable transport, old cars with poor gas mileage, etc. We suffer from the lack of public transport systems and that is compounded by the often long distances patients may come to their health center appointments or to get to a larger city for their specialty appointments. Our 340B savings also goes to support telemedicine services. These are costly services and has equipment and support staff costs associated with it. Telemedicine is also a critical service for rural communities who suffer from the lack of accessible specialty care access. Again, the size and scope of our telemedicine services could well be compromised without the subsidy support offered by our Medi-Cal 340B savings. Compound all of that by saying that once gone, these services are very hard to recreate. It took years in a rural community to build these services up but all of them are now in jeopardy if a compromise is not found that does not undermine the Medi-Cal 340B program.”

**- Dean Germano, CEO
Shasta Community Health Centers**

“The 340B program provides significant benefits to the patients served by the County of Santa Barbara Public Health Department’s network of Federally Qualified Health Centers in offering needed services to indigent and underserved county residents and special populations such as people experiencing homelessness. Changes to the Medi-Cal program that reduce or eliminate the savings from the 340B program would directly impact the Public Health Department’s ability to serve County residents and improve the health of its communities. Approximately \$6 million in 340B savings would be lost, leading to significant negative impacts and drastic cuts in Health Center services, staffing, and available specialty and mental health care which will result in poor health outcomes.”

**- Dana Gamble
Santa Barbara County Public Health Department**