



For Immediate Release
September 2, 2020

Stop Drug Manufacturers from Undermining Health Care to Low Income Californians

Sacramento – The California Primary Care Association (CPCA) joins their partners, the Florida Association of Community Health Centers, to call on Congress and the Health Resources Services Administration to stop efforts by the pharmacy industry, like drug manufacturers', to limit access to affordable medications to low-income and uninsured racially and ethnically diverse patient populations.

"Drug manufacturers have joined the ranks of pharmacy benefit managers (PBMs) to destroy one of the most effective federal programs that directs financial resources to disadvantaged communities. They have become increasingly emboldened in recent months by inaction at the national level in how they choose to address perceived slights to what is known as the 340B Program," said Andie Martinez Patterson, VP of Government Affairs at the California Primary Care Association. "Congress designed 340B to provide up-front discounts to safety net providers and their patients for medications that save lives and control chronic conditions (such as asthma, diabetes, and heart disease). "For many health centers, these discounts are a lifeline used to help provide Charity Care Programs, including nutrition classes, legal advocacy, food pantries, and transportation services. However the recent attacks to the 340B program by industry, including PBMs and manufacturers will have adverse consequences to patient access and services."

Manufacturers have started to send letters to community health centers (CHCs) noting that they will be refusing to ship 340B-priced drugs to contract pharmacies. For many patients this action will increase barriers to accessing affordable pharmaceuticals, especially in rural communities, since they will no longer be able to obtain 340B priced drugs at many of the locations they can today.

Additionally, manufacturers are demanding covered entities, like health centers, to provide data that can potentially be used by PBMs to try and scoop out these savings from the safety net and keep them for themselves through discriminatory contracting practices. If this happens CHCs will lose hundreds of millions in resources that are used to pay for an array of benefits and services, including weekend clinic hours, after hours coverage, dietary counseling, expanded staffing to support the array of health and social needs of their patients. No doubt millions of low-income people will lose critical services and thousands of health care staff are likely to be laid off.

To make matters worse, a new platform has been created that would allow manufacturers to decide if they will be providing covered entities and their patients a 340B drug discount or instead provide the state with a rebate. Under current practice and law, covered entities have the ability to obtain 340B drug discounts on all drugs that qualify to ensure drugs are made affordable to their patients. However, this new system would remove this discretion from CHCs and instead allow manufacturers to decide if the CHC and their patients will be able to access 340B priced drugs. Given the high prices for drugs, like specialty drugs used for things like HIV treatment,

this action by manufacturers will exacerbate cash flow issues presented at the health centers due to the COVID-19 pandemic while also forcing patients to pay hundreds more for drugs. An issue that will impact both in-house and contract pharmacy arrangements – affecting all pharmacy services at the CHC.

“Unless Congress and the Health Resources and Services Administration (HRSA) – the agency under HHS charged with overseeing the 340B program – take action, the 340B program may be killed under the weight of manufacturers and PBMs. With the loss of 340B will come a loss in health care services, access, and critical jobs at a time when our state and country need health care access and flourishing economy more than ever,” continued Martinez Patterson. “The 340B program was written to provide a discount to the safety net when purchasing medications that is then passed on directly to the patient – not to allow manufacturers and their vendors to only offer rebates at an unknown time later. CPCA calls on Congress and HRSA to stop these manufacturers from independently restructuring this program, taking away earned 340B savings for patients, and restrict actions that thwart Congress’ and the agencies’ oversight responsibility and statutory intent. These actions undermine the integrity of the 340B program and directly threaten access to the care our Community Health Centers provide to the most vulnerable patient populations.

###

About the California Primary Care Association

The California Primary Care Association (CPCA) represents more than 1,370 non-profit community health centers who provide care to more than 7.2 million patients each year. Community health centers (CHCs) are committed to providing comprehensive, high quality health care to everyone who walks through our doors, in a compassionate and culturally sensitive manner. CHCs include federally qualified health centers (FQHC) and FQHC look-a-likes, community clinics, free clinics, rural health clinics, migrant health centers, Indian health service clinics, and family planning clinics. Services include comprehensive primary and preventive care, women’s health, dental, mental health, substance use treatment, health education, outreach and enrollment, pharmacy and more.