



January 21, 2021

Honorable Andrew M. Cuomo
Governor of the State of New York
NYS Capitol Building
Albany, NY 12224

Dear Governor Cuomo:

We write to express our strong opposition to carving the pharmacy benefit out of Medicaid and replacing it with a fee-for-service (FFS) model, as advanced by the Medicaid Redesign Team and passed in the SFY21 budget. Using a FFS model will have devastating consequences for community health centers, Ryan White HIV providers, HIV Special Needs Plans (SNP) and the patients they serve.

The 340B program was established by the federal government in 1992 to give eligible safety net entities the ability to purchase drugs at a deep discount, allowing them to stretch scarce resources so that they would be able to provide more comprehensive care and serve more people who would otherwise fall through the cracks. The 340B pharmacy benefit carve-out will eliminate safety net providers' access to such savings, which are often used to provide free medical care and prescription drugs for undocumented and uninsured individuals, counseling, care coordination, housing, food and other assistance. These funds are also used by some providers to operate community-based treatment programs for individuals struggling with mental health and substance use disorders. The carve-out will also compromise New York's SNPs, which work in tandem with community-based 340B entities, such as Ryan White providers and community health centers, to help people living with HIV/AIDS access life-extending therapies and wraparound services.

These savings are provided directly by drug manufacturers as a condition of their participation in the Medicaid program and, as such, do not use any state or federal taxpayer dollars. Eliminating these savings will have a significant impact on chronically ill patients, communities of color and low-income individuals that have already been disproportionately impacted by the COVID-19 pandemic.

This change will also place the fiscal stability of community health centers at significant risk. A

recent Community Health Care Association of New York State (CHCANYS) survey shows that the carve-out will result in an estimated loss of \$100 million per year for community health centers statewide, and 32 centers would be forced to close their doors. A new analysis also found that the carve-out will result in \$154 million in additional costs during the first year of implementation and a total increase in costs of \$1.5 billion over the next five years.

Appropriating these resources from the safety net will ultimately prove 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 subsequent loss of necessary services will increase unnecessary utilization of more inherently expensive and already overburdened providers such as emergency departments and hospitals and will result in more medical complications and worse health outcomes, all of which will increase the cost of taxpayer-funded care.

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 the State's goal of ending the epidemic. 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. Thank you for your consideration and action on this key issue, we look forward to hearing from you.

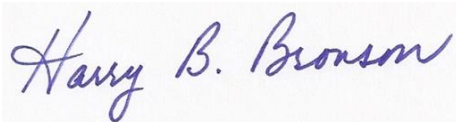
Sincerely,



Linda B. Rosenthal
Member of Assembly – 67 A.D.



Julia Salazar
Senator – 18th District



Harry Bronson
Member of Assembly – 138 A.D.



Alessandra Biaggi
Senator – 34th District



Thomas J. Abinanti
Member of Assembly – 92nd A.D.



Neil Breslin
Senator – 44th District



Khaleel M. Anderson
Member of Assembly – 31st A.D.



Jabari Brisport
Senator – 25th District



Charles Barron
Member of Assembly – 60th A.D.



Samra Brouk
Senator – 55th District

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Chris Burdick
Member of Assembly – 93rd A.D.



Andrew Gounardes
Senator – 22nd District



Robert C. Carroll
Member of Assembly – 44th A.D.



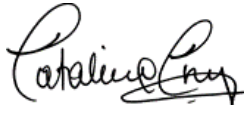
Robert Jackson
Senator – 31st District



Sarah Clark
Member of Assembly – 136th A.D.



Timothy M. Kennedy
Senator – 63rd District



Catalina Cruz
Member of Assembly – 39th A.D.



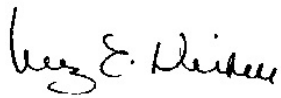
Rachel May
Senator – 53rd District



Carmen N. De La Rosa
Member of Assembly – 72nd A.D.



Roxanne J. Persaud
Senator – 19th District



Inez E. Dickens
Member of Assembly – 70th A.D.



Jessica Ramos
Senator – 13th District



Jeffrey Dinowitz
Member of Assembly – 81st A.D.



Luis R. Sepúlveda
Senator – 32nd District



Steve Englebright
Member of Assembly – 4th A.D.



Harvey Epstein
Member of Assembly – 74th A.D.



Patricia Fahy
Member of Assembly – 109th A.D.



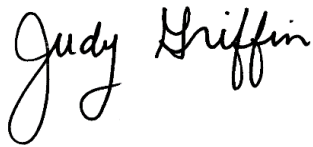
Mathylde Frontus
Member of Assembly – 46th A.D.



Emily Gallagher
Member of Assembly – 50th A.D.



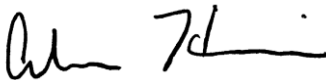
Jessica González-Rojas
Member of Assembly – 34th A.D.



Judy Griffin
Member of Assembly – 21st A.D.



Aileen M. Gunther
Member of Assembly – 100th A.D.



Andrew Hevesi
Member of Assembly – 28th A.D.



Pamela J. Hunter
Member of Assembly – 128th A.D.



Anna Kelles
Member of Assembly – 125th A.D.



Ron Kim
Member of Assembly – 40th A.D.



Jennifer Lunsford
Member of Assembly – 135th A.D.



Donna A. Lupardo
Member of Assembly – 123rd A.D.



Demond Meeks
Member of Assembly – 137th A.D.



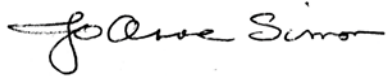
Yuh-Line Niou
Member of Assembly – 65th A.D.



Crystal D. Peoples-Stokes
Member of Assembly – 141st A.D.



José Rivera
Member of Assembly – 78 A.D.



Jo Anne Simon
Member of Assembly – 52nd A.D.



Carrie Woerner
Member of Assembly – 113th A.D.