

Hon. Governor Kathy Hochul  
New York State Capitol Building  
New York, NY 12224

RE: New York Faces Unprecedented Health Challenges: Community Demands Immediate Reversal of the Pharmacy Benefit “Carve-Out” that would Devastate Safety Net Providers and High-Risk Patients!

Dear Governor Kathy Hochul,

The great state of New York faces unprecedented health crises, with the ongoing threats of COVID-19, the opioid epidemic, and the new epidemic of MPX (monkeypox virus). We write in strong support of New York’s community healthcare system to urge you to announce your intention to reverse the pharmacy benefit “carve-out” immediately and include legislation to undo this harmful proposal in your 2023-24 budget proposal.

New York’s community healthcare providers and community-based organizations (CBO’s)—including community health centers, Ryan White providers, hospitals, HIV Special Needs Plans (SNPs), and other community-based organizations—deliver services to New York’s most medically vulnerable patients and are deeply embedded in city and rural neighborhoods across the state, providing quality, culturally responsive care. Community healthcare centers and other 340B covered entities provide high quality and effective primary care to anyone who requires services, regardless of insurance status, immigration status, or ability to pay.

We have been on the front lines for decades and a major disruption to the integrity of the community health network will devastate New York’s most vulnerable patients including those with HIV/AIDS, mental health challenges, Hepatitis C, addiction issues, immigrants, the uninsured, the poor and unhoused.

As Lieutenant Governor, you visited many community healthcare clinics and were a champion of the community healthcare safety net. We urge you to continue to listen to community healthcare providers, CBO’s and patients across New York who will be directly and significantly impacted by pharmacy benefit carve-out and resulting elimination of savings provided to safety net providers through the lifesaving 340B program. We know what we need to survive and so do our patients.

We strongly oppose your administration’s insistence on implementing former Governor Cuomo’s reckless decision to move the Medicaid pharmacy benefit from managed care and into fee for service. The former Governor’s approach would cause severe disruption to patients, destroy the 340B program and threaten the long-term viability of community healthcare providers.

We are concerned about the recent “stakeholder call” held by the New York State (NYS) Department of Health, which selectively answered questions and refused to respond to

questions about the impact of the carve-out on patients and community healthcare systems. Despite promises, community healthcare providers have waited in vain for a clear explanation about how your administration will prevent the certain disruption to patients and 340B providers that will result from the carve-out. The Department has also failed to account for the uncertain savings they continue to cite.

Without the stability in planning that the 340B benefit provides, financing for neighborhood health clinics will be almost impossible for safety net entities to secure. As a result, new clinics will be unable to open in areas that need expanded primary care, mental health services and other vital services. Many existing facilities will be forced to close completely, and hundreds of frontline community healthcare workers will lose their jobs. This should not be your legacy.

We are concerned for patients receiving treatment for serious chronic conditions who will face certain confusion and treatment disruptions if the dangerous carve-out proceeds. The closure of housing programs to support recently discharged high-risk patients could lead to an increase in homelessness and otherwise avoidable hospital readmissions. Harm reduction programs and food pantries will be closed. The loss of necessary services such as these will increase unnecessary utilization of more inherently expensive and already overburdened providers such as ERs and hospitals, and result in more medical complications and worse health outcomes, all of which will increase the price of taxpayer funded care.

If the pharmacy carve-out is implemented, the resulting closures and cuts in healthcare and other vital services will decimate health services for Lesbian, Gay, Bisexual, Transgender, Gender Non-conforming, Non-binary, Questioning, Queer, and Intersex New Yorkers (LGBTQI TGNCNB), people living with HIV and communities of color, all communities who already struggle to access quality healthcare.

Proceeding with the carve-out will also undermine the State's effort to end the HIV/AIDS epidemic, eliminate Hepatitis C, address the growing opioid crisis, reduce overdose deaths, and address major social determinants of health and other chronic diseases. The carve-out will harm healthcare for new immigrants and neighborhood- and population-based clinics across the State, destroying decades of building and improving linguistically and culturally responsive healthcare and social services.

We need your direct action now. We urge you to reject Governor Cuomo's outdated, pre-pandemic plan that will harm our community healthcare safety net. Please reverse the pharmacy benefit carve-out and provide the leadership we need to continue to improve health and save lives in communities across New York.

Signed,