



COMMUNITY HEALTH CARE ASSOCIATION of New York State

**NYS Assembly Standing Committee on Health
Public Hearing: Medicaid Program Efficacy and Sustainability
October 26, 2021**

The Community Health Care Association of New York State (CHCANYS) is grateful for the opportunity to provide this testimony to the Assembly Health Committee. CHCANYS represents all of New York's federally qualified health centers (FQHCs), which provide comprehensive primary and preventive care to more than 2 million New Yorkers over 800 sites across the State. CHCANYS offers these insights into the Medicaid program on behalf of the state's 70+ FQHC organizations and the 1.2 million Medicaid beneficiaries they treat annually.

Repeal the Medicaid Global Cap

Medicaid is a critical safety net program that should be afforded the opportunity to grow in times of economic downturn or hardship, not unlike during the COVID-19 pandemic, to ensure New Yorkers are protected against lapses in insurance coverage due to loss of a job or financial hardship. Placing a cap on the Medicaid program disproportionately impacts people living with disabilities, under-resourced communities of color, and safety net providers, like community health centers, that rely upon Medicaid as a significant coverage source for their patient base. As a member of Medicaid Matters New York, CHCANYS supports a repeal of the Medicaid global spending cap.

Medicaid Managed Care Plays a Critical Role in Safety Net Financing

Last year, health centers, Ryan White clinics, hospitals, and community health advocates joined together to highlight the dangers of the Department of Health initiative to carve the Medicaid pharmacy benefit out of Medicaid managed care and back to fee-for-service. Specifically, this change would create a catastrophic financial impact on 340B covered entities, including FQHCs.

The 340B program leverages pharmaceutical company profits to fund uncompensated care and care expansion in impoverished and underserved communities across the State. Thanks to 340B, safety net providers can offer free or extremely low-cost drugs to individuals without insurance coverage and those who have high deductibles. It also enables safety net providers the flexibility to fill service gaps by hiring nurse care managers, opening food pantries, and providing transportation vouchers to uninsured patients. During the COVID-19 pandemic, 340B was one of the only financing streams immediately available to health centers to open robust testing centers. However, covered entities will no longer be able to access the full range of 340B program benefits if the pharmacy benefit is moved from managed care to fee-for-service.

The 340B program is a well-established, reliable way for health centers to deliver care. Established in 1992, the 340B program, as it currently operates under Medicaid managed care, is meeting its original Congressional intent – it “enables covered entities to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” If the pharmacy benefit carve out is fully implemented, New York's FQHCs, alone, will lose more than \$100M per year due to the inability to access 340B savings. That \$100M+ is a direct investment in low-income communities of color, where FQHCs use the funds to subsidize high-cost drugs for uninsured and underinsured individuals, operate chronic disease care management programs, conduct street outreach, and provide



other critical patient supports that are not traditionally covered by insurance or other programs. This \$100M estimate does not even include Ryan White providers or hospitals that are also 340B covered entities.

Previously, the Department of Health proposed to split \$100M of programmatic savings across all 340B covered entities to account for losses generated by the proposed carve out. However, a reinvestment pool would be an **unpredictable and unreliable** source of funding for safety net providers. Rather than continuing with operations as they are today, health centers, along with other covered entities, would face year over year budgetary uncertainties, possible payment delays, and the need to advocate against cuts to the reinvestment pool each budget cycle.

CHCANYS asks the State to do no harm to safety net providers, who are critical sources of care for Medicaid beneficiaries and the uninsured, and to keep the pharmacy benefit in Medicaid managed care.

Special Needs Health Plans Are Important Partners in Delivery of Care

HIV Special Needs Plans (SNPs) offer critical partnership to FQHCs in caring for Medicaid beneficiaries living with HIV. For the more than 15,000 New Yorkers enrolled in a SNP, FQHCs are in close partnership to provide comprehensive case management and supports. Through partnership between FQHCs and SNPs, some FQHCs have engaged or have plans to engage in value-based contracts targeting subsets of the SNP population, for example by targeting initiatives at those at risk of becoming unhoused.¹ FQHCs and SNPs also have partnerships to develop employment opportunities for SNP beneficiaries. In these instances, Medicaid managed care has allowed SNPs and providers the flexibility to tailor unique approaches to better meet members needs.

Thank you for the opportunity to provide this testimony. With additional questions or follow up, please email Marie Mongeon, Senior Director of Policy: mmongeon@chcanys.org.

¹ https://www.amidacareny.org/wp-content/uploads/Amida-Care-GWU-SNP-White-Paper_Oct-2021.pdf