NYS COMMUNITY HEALTH CENTERS FACTS 2025

COMMUNITY HEALTH CARE ASSOCIATION of New York State
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The Federal 340B Drug Pricing Program

Established by Congress in 1992, the federal 340B Drug Pricing Program allows safety net providers, like community health centers (CHCs), also known as "covered entities," to purchase pharmaceutical drugs at discounted rates. The purpose is to help these providers "stretch scarce federal resources" at no cost to the federal or state government. CHCs are mandated to reinvest 340B savings into patient care and do so by expanding access, strengthening services, and providing discounts.

340B Savings Improve Access to Care

CHCs rely on 340B to support and expand essential services that meet their communities' needs. These services include subsidizing medications for the uninsured and underinsured, expanding access to dental and behavioral healthcare, establishing school-based health centers, and providing supports like housing, transportation, and food assistance. The services are made possible by the discounts pharmaceutical manufacturers are required to provide through the 340B program.

While New York's 2023 shift to a fee-for-service Medicaid pharmacy model under the Department of Health (DOH) ended 340B savings for most Medicaid drugs, it did not end for drugs dispensed to commercial insurance, Medicare, and Medicaid drugs dispensed in clinic. New York CHCs continue to rely on 340B savings to support their programs.

Eroding 340B and Restrictive Industry Practices

Since 2020, pharmaceutical manufacturers have imposed restrictions or outright denials on access to 340B pricing, significantly reducing the savings CHCs depend on to support patient care. Many manufacturers have institute policies prohibiting CHCs from accessing 340B-priced medications at contract pharmacies—severely limiting patients' ability to access affordable medications close to home. In NY, 95% of CHCs rely on contract pharmacies, with each partnering with an average of 20 pharmacies to get patients' medications closer to home. Pharmacy benefit managers (PBMs) are also imposing restrictive contracting terms that only apply to 340B providers, taking away savings from safety net providers and lining their own pockets. These actions undermine the 340B program and jeopardize care in medically undeserved communities.

New York must pass the 340B Prescription Drug Anti-Discrimination Act (A.6222 Paulin/S.1913 Rivera) to safeguard the integrity of the 340B program and protect CHCs' access to savings. This legislation prohibits discriminatory practices that limit access to 340B-priced drugs, establishes a statutory obligation for pharmaceutical manufacturers to provide 340B-priced drugs to contract pharmacies, and authorizes DOH to enforce compliance with monetary penalties. Similar laws have been enacted in Arkansas and Louisiana and have withstood legal challenges—successfully restoring access by prompting manufacturers to lift harmful restrictions in those states.

Protecting 340B savings ensures that CHCs will maintain their rightful access to resources needed to provide and expand healthcare services to meet their communities' needs.

One Prescription, Two Realities: How 340B Helps Real People

Imagine at your local CHC, 2 patients need the same heart medication.

Patient A is uninsured and can only afford **$10**. The medicine costs **$100**, but through the **340B program**, the CHC buys it for **$70**. The CHC charges the patient $10, taking a **$60 loss** to make sure Patient A gets the care they need.

Patient B has insurance, which pays the full **$100**. Since the CHC paid only **$70**, it keeps the **$30 difference**.

That $30 isn't profit—it's how the CHC:

- ✔ Covers losses for patients like A
- ✔ Funds dental, behavioral health, and school-based care
- ✔ Keeps care accessible for everyone in the community

This is the intent of 340B: making every dollar count for every patient.

Drug Makers Are Making It Harder to Get Your Meds

Many pharmaceutical manufacturers decided that CHCs can no longer send 340B-priced drugs to contract pharmacies.

Patient A, who lives an hour from the clinic, used to walk 15 minutes to a nearby contract pharmacy to receive their $10 med. Now, they must travel much farther to access the discounted drug. And, without reliable transportation, they may go without their meds altogether.

Middlemen Profit, Patients Pay

CHCs use 340B savings to serve everyone—insured or not. But PBMs are finding ways to pocket those savings for themselves.

Now re-imagine Patient B who has insurance. Normally, the CHC is reimbursed $100, keeping $30 in savings thanks to 340B.

But now, PBMs are adding additional fees on CHCs for 340B-priced drugs only , chipping away at that $30 in savings for CHCs.

That means less funding for care, more strain on CHCs, and patients are the ones who suffer.