

**Public Comment from the Primary Care Development Corporation (PCDC)
to the California Department of Health Care Services (DHCS)
Stakeholder Advisory Committee Meeting
May 23, 2019**

RE: Protecting 340B Drug Discount Program for California's Low-Income Communities

Thank you for the opportunity to provide comment for the committee today. The Primary Care Development Corporation (PCDC) is a national nonprofit organization and a U.S. Treasury-certified community development financial institution dedicated to building equity and excellence in primary care. Our mission is to create healthier and more equitable communities by building, expanding, and strengthening primary care through capital investment, practice transformation, as well as policy and advocacy.

PCDC's History of Impact and Service

As one of California's leading nonprofit lenders and advocates for primary care in underserved and underinvested communities, PCDC has financed and enhanced health care facilities and practices in more than three-quarters of Senate Districts (77%; 31 of 40) and half of Assembly Districts (53%; 43 of 80). Across the Golden State, we have leveraged close to \$200 million in affordable and flexible financing in low-income communities, increased capacity to add over 300,000 medical visits, and trained more than 2,000 health care providers to increase and improve the delivery of primary care and other vital health services.

Since our founding in 1993, we have advocated for primary care and supported over 2,800 health care sites in 40 states and territories to build and strengthen our nation's primary care infrastructure. PCDC has improved primary care access for more than 1 million patients by leveraging more than \$1 billion to finance over 130 primary care projects. Our strategic community investments have built the capacity to provide 3.8 million medical visits annually, created or preserved more than 10,000 jobs in low-income communities, and transformed 1.8 million square feet of space into fully functioning primary care practices.

Through our capacity building programs, PCDC has trained and coached more than 9,000 health workers to deliver superior patient-centered care. We have also assisted more than 475 primary care practices — encompassing some 2,250 providers — to achieve Patient-Centered Medical Home (PCMH) recognition, improving care for more than 5 million patients nationwide. In partnership with the Montefiore School Health Program and New York School-Based Health Alliance, PCDC helped develop the first and only nationwide recognition program approved by the National Committee for Quality Assurance (NCQA) for school-based health centers.

Elimination of Critical 340B Savings in Executive Order (N-01-19)

PCDC would like to take this opportunity to highlight the 340B Medi-Cal Savings and implications of Executive Order (N-01-19) to this critical program. While PCDC shares in Governor Newsom's vision to transform the health care system and promote affordable and accessible health care for all, we are gravely concerned about the unintended implications of the executive order, which would eliminate critical 340B savings that enable health care providers who serve California's low-income communities to operate and provide services for the most vulnerable. As a nonprofit community development financial institution and mission-driven lender with strong

ties and commitment to expanding and enhancing quality primary care in low-income communities, we have an intimate knowledge of how health centers and safety net providers rely on the 340B discount program to sustain and invest in access to care for hard to reach and underserved patients.

Chronic underinvestment – and the undervaluing – of primary care and other critical health services have forced primary care providers to depend on every dollar and means of cost savings to continue their essential programs. 340B discounts allow community health centers, critical access hospitals, and other safety net health providers to obtain life-saving medicine at a reduced cost and, according to the Health Resources and Services Administration (HRSA), enable safety net providers “to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”

Since Congress created the 340B Drug Pricing Program in 1992, safety net providers such as Ryan White HIV/AIDS-funded organizations have counted on 340B to reduce drug costs and help offset the high unreimbursed costs of delivering comprehensive care services to the medically underserved.

Nowhere is this more evident than at safety net hospitals and community health centers, which provide primary care services – and in many rural areas, the only such services – for the most vulnerable populations. Executive Order (N-01-19) would effectively eliminate 340B savings in Medi-Cal Managed Care for safety net providers and jeopardize their ability to continue to provide care to all patients of all incomes. According to the California Primary Care Association (CPCA), community health centers are projected to lose as much as \$150 million in 340B savings. A survey conducted by the CPCA and CaliforniaHealth+ Advocates highlighted what’s at stake if 340B savings from the program are lost: 20 health center organizations will close at least one site of operation, 22 health centers will have to reduce hours of operation and care access, 36 new health center sites will not open as previously planned, and more.

Without access to primary care, families struggling to make ends meet risk costly and serious complications from illnesses that can threaten their long-term well-being and financial security, as well as worsen other social and economic inequities.

Because 340B providers by definition see the most vulnerable populations, elimination of the program will jolt and diminish the overall health of these communities. Repercussions are also economic: Worse health outcomes correlate with exits from the workforce, whether temporary and permanent. In addition, downsizing or shuttering community health centers and critical access hospitals — which serve as community anchor institutions — can significantly and negatively affect an area’s fiscal health.

We trust many members of the committee share in our concern and commitment to sustaining and increasing primary care and other vital health services in our most vulnerable communities. Thank you for your consideration of PCDC’s comment and allowing the opportunity for us to highlight how the 340B drug discount program makes it possible to provide more care and services to more patients.

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