

# NYS COMMUNITY HEALTH CENTERS FACTS 2026



## The Federal 340B Drug Pricing Program

Established by Congress in 1992, the federal 340B Drug Pricing Program allows “covered entities,” like community health centers (CHCs), to purchase discounted pharmaceutical drugs to “stretch scarce federal resources” at no cost to taxpayers. CHCs are required to reinvest 340B savings into patient care and do so by expanding access, strengthening services, and providing discounts to patients.

## 340B Savings Improve Access to Care

CHCs rely on 340B to support and expand essential services, including subsidized medications for uninsured and underinsured patients; dental and behavioral health access; school-based health centers; and critical supports like housing, transportation, and food assistance. The services are made possible by pharmaceutical manufacturer discounts required under the 340B program.

Although New York’s 2023 transition to a fee-for-service Medicaid pharmacy model under the Department of Health (DOH) ended 340B savings for most Medicaid drugs, savings remain for commercial insurance, Medicare, and clinic-dispensed Medicaid drugs, allowing CHCs to continue to rely on 340B savings to support their programs.

## Erosion of 340B and Restrictive Industry Practices

Since 2020, pharmaceutical manufacturers have restricted or denied access to 340B pricing, reducing the savings CHCs depend on to support patient care. Many manufacturers now prohibit 340B pricing at contract pharmacies, limiting patients’ ability to access affordable medications close to home. In NY, 95% of CHCs rely on contract pharmacies, partnering with an average of 20 pharmacies to serve their communities.

At the same time, pharmacy benefit managers (PBMs) are imposing restrictive 340B- only contracting terms that are taking away savings from safety-net providers and lining their own pockets. Together, these actions undermine the 340B program and jeopardize care in medically underserved communities.

**New York must pass the 340B Prescription Drug Anti-Discrimination Act (A.6222 Paulin/S.1913 Rivera) to protect the integrity of the 340B program and fortify CHCs’ access to critical savings.** The bill prohibits discriminatory practices that limit access to 340B-priced drugs, requires pharmaceutical manufacturers to honor 340B-priced drugs at contract pharmacies, and authorizes DOH to enforce compliance through monetary penalties. Similar laws in Arkansas and Louisiana have withstood legal challenges and successfully restored 340B access by compelling manufacturers to lift harmful restrictions in those states.

***This is about patient care. Protecting 340B savings ensures CHCs can continue delivering care to the communities that rely on them.***

***They count on us, can we count on you?***

## Two Sides of a Prescription: How 340B Makes a Difference

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.**