

Testimony of
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Re: 2022 Joint Legislative Budget Hearing
Health

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My name is Sharen Duke and I am the Executive Director and CEO of Alliance for Positive Change. I thank the New York State Senate and New York State Assembly for the opportunity to provide written testimony.

My organization, Alliance for Positive Change, has been on the front lines of the HIV/AIDS epidemic for 30 years. We have decades of experience providing services to individuals living with multiple, chronic, and complex health conditions such as HIV, hepatitis, substance use, mental illness and other behavioral health challenges. At Alliance, we offer the full continuum of services to help New Yorkers pursue their chosen pathway to positive change. We meet people where they are and help them navigate systematic barriers to testing, treatment, and care.

Like many others, I am very concerned about the pharmacy benefit carve-out from Medicaid Managed Care to fee-for-service – a shortsighted plan from the former Governor Cuomo included in the 2020 State Budget. In the 2021 budget, the New York State Senate and Assembly were able to delay the carve-out for two years, successfully pushing back this harmful proposal. The time for full repeal of the carve-out is now.

The pharmacy carve-out will surely be devastating to the health care safety net and the millions of people providers like us serve. The carve-out will cut off safety net providers across New York State from the benefits of the Federal 340B program. 340B providers reinvest savings into the communities that need it most and fund otherwise uncompensated care and care expansion.

At Alliance alone, we ensure that over 800 low-income New Yorkers living with HIV/AIDS have consistent access to life-saving medications and treatment adherence support—all made possible by using 340B savings.

Alliance reinvests 340B savings to expand access to counseling, support groups, direct observation therapy, incentives, food and nutritional programs, transportation assistance, peer navigation to medical care, and more for Alliance's 5,000 registered clients. The augmentation of 340B savings ensures New Yorkers can adhere to medications and achieve improved health.

As Alliance's CEO, I see firsthand how our dedicated treatment adherence program, case management, and supportive services help New Yorkers adhere to HIV medication and lead healthier lives.

Alliance is proud to have a 95% viral load suppression rate amongst our participants and our contributions to New York State's efforts to End the AIDS Epidemic, both of which are only possible because of the 340B program.

I recently spoke to a person who uses our treatment adherence program and they told me how thankful they were to have Alliance services in their life. They appreciate the phone calls to check in on their wellbeing throughout the pandemic, and the added support to help them keep up with their medications in these stressful times.

If the carve-out were to move forward, the services our program participants have come to rely on would be eliminated. While the Department of Health has stated the carve-out will achieve millions in savings, it will actually take funding out of New York State and our communities. Because of the nature of how Medicaid is funded in New York, the State would transfer the bulk (more than 70%) of this “new” income to the federal government. This income would be derived by taking funding from the safety net, moving resources away from New York communities in need. Currently, 100% of 340B savings remain in the state and are reinvested in patient care. In other words, for every \$1 taken out of our communities with the carve-out, the state would only get 30 cents to put into the general fund, not even all of that into health care.

The Menges Group has also refuted the State’s projected savings, calculating that the State will actually lose \$154 million in the first year of the carve-out and a total of \$1.5 billion over five years, largely due to increases in avoidable emergency and inpatient costs.

If these are the potential results, what is the point of the carve-out, other than to make it impossible to preserve the health care safety net?

The people we serve come from communities of color—and communities hardest hit by the COVID-19 pandemic. The State has acknowledged that public health crises such as HIV and COVID-19 disproportionately impact poor, Black, Indigenous and people of color. There’s a glaring disconnect between these assertions and the stark reality that a 340B carve-out will

threaten the survival of the very safety net providers that have the power to remedy these health disparities every day.

Respectfully, I urge you to repeal the carve-out completely. We are grateful to the Senate and Assembly for delaying the transition from managed care to fee-for-service, and we must come up with a solution before 2023 that does not decimate the health care safety net.

Thank you for this opportunity to highlight the work that organizations like Alliance for Positive Change are doing to combat HIV/AIDS, hepatitis, and other chronic illnesses in New York State. We have made great strides, but we must continue our work – collectively – and preserve the health care safety net to ensure that all New Yorkers have the opportunity to live full, healthy, productive lives. Thank you.