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Governor Brown's proposed budget bolsters Medi-Cal but elimination of 340B drug pricing program in Medi-Cal will harm public health care systems and their patients

OAKLAND, CA, January 11, 2018 – The California Association of Public Hospitals and Health Systems (CAPH) lauds Governor Brown's final January budget proposal, with one major exception: the proposed elimination of the 340B drug pricing program in Medi-Cal.

"We appreciate the much-needed support given to the Medi-Cal program in the Governor's proposed budget, and the commitment to protecting and furthering the success of the Affordable Care Act in California," said CAPH President and CEO Erica Murray. "Unfortunately, the proposed elimination of the 340B program would undermine that support, and would take a critical source of savings away from public health care systems and other safety net providers."

The 340B drug pricing program was designed to allow certain safety-net providers to purchase outpatient drugs at a discount from drug manufacturers. According to the program's official language, it is intended "to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." California's public health care systems use savings from the 340B program to provide critical services and otherwise high-cost pharmaceuticals to low-income patients.

California's 21 public health care systems make up the heart of the state's health care safety net, operating in 15 counties where 80% of the state's population lives. These county-owned and operated facilities and University of California medical centers together account for just 6% of the state's hospitals but provide hospital care to 35% of Medicaid (Medi-Cal) beneficiaries and 34% of uninsured patients in the communities they serve, and would be disproportionately affected by the changes to this program.

"If this crucial savings program is eliminated from Medi-Cal entirely, it will harm the state's public health care systems and the state's most vulnerable patients – precisely when we are facing looming federal cuts" said Murray.