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Indiana Should Not Send a 340B Windfall to Washington at the Expense of Community Health Centers

Proposed Medicaid change would strip local care resources from Indiana clinics while sending most of the financial benefit to the federal government

INDIANAPOLIS — Indiana’s community health centers are urging the State to exempt Federally Qualified Health Centers and FQHC Look-Alikes from its proposed Medicaid 340B change. The 340B program does not rely on a separate state taxpayer appropriation; it works through manufacturer drug discounts for eligible safety-net providers. And because Medicaid is a federal-state partnership, federal rules mean Indiana would have to share more than 64 percent of any rebate dollars with Washington. That means the biggest financial winner in this proposal would be the federal government, not Indiana communities.

“This is not a taxpayer-savings plan. It is a Washington-wins, Indiana-loses proposal,” said Ben Harvey, President and CEO of the Indiana Primary Health Care Association. “Indiana would be taking a proven, locally reinvested resource away from community health centers so that most of the financial upside can leave the state. That is the wrong answer for patients, for access, and for common sense.”

Community health centers are not fringe players in Indiana healthcare. FQHCs and FQHC Look-Alikes are specifically recognized as eligible 340B covered entities, and HRSA-supported health centers are required to serve patients regardless of their ability to pay. They use 340B savings to keep medications affordable and to support the wraparound services that help patients actually get and stay well.

Governor Braun has made healthcare affordability, access, and rural care central themes of his agenda, and his own 340B executive order recognized that the program was designed to help vulnerable patients improve access to medicines through manufacturer discounts to safety-net hospitals and federally funded clinics. We agree with that principle. That is exactly why FQHCs should be carved out of this proposal.

If the State has concerns about duplicate discounts or oversight, those issues should be addressed directly and responsibly. Indiana can enforce the rules, improve claims administration, and strengthen compliance without weakening the federally funded clinics that are already required to serve everyone who comes through the door.

For Indianapolis and communities across Indiana, this is not an abstract policy debate. When community health centers lose 340B flexibility, less is available for affordable medications, pharmacy access, care coordination, and other services that keep patients healthier and reduce pressure on the rest of the healthcare system. Indiana should not undercut one of the few tools that expands access without requiring a new stream of state taxpayer spending.

The State should pursue program integrity without punishing the safety net. The right path is straightforward: enforce the rules, prevent duplicate discounts, and explicitly exempt FQHCs and FQHC Look-Alikes from this proposal. Indiana patients should not lose local care so Washington can come out ahead.

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About the Indiana Primary Health Care Association

The Indiana Primary Health Care Association represents Indiana's community health centers, which provide high-quality primary care and related services to patients across the state, regardless of insurance status or ability to pay.