

FAMILY HEALTHCARE NETWORK (FHCN)

CASE STUDY



340B
WHAT ABOUT
ME?

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OVERVIEW

Community clinic lookalikes, like Family HealthCare Network, are abusing the 340B Drug Discount Program at the expense of vulnerable Californians. The **massive health network's coffers continue to grow, as do patient horror stories.** Headquartered in Visalia, FHCN operates approximately 46 clinics in the Central Valley.¹ It is the largest clinic system in the region and one of the largest FQHCs in the country.

RED FLAGS

• Growing Revenue

- Total revenue grew to \$302M in 2024, a gain of more than 114% from 2018.^{2,3}

• Skyrocketing Salaries

- Salaries rose from \$89M in 2018 to \$179M in 2024, with **7 employees each making \$495K+ annually.**^{2,3}

• Accounting Deficiencies

- Significant deficiencies and material weaknesses in internal control over financial reporting.

• Discriminatory Labor Practices

- \$1.75M settlement for **systemic problems** related to **denying reasonable accommodations to disabled and pregnant employees.**⁴

- **According to U.S. Equal Employment Opportunity Commission, FHCN violated**

Americans with Disabilities Act, Title VII of the 1964 Civil Rights Act; Title I of the 1991 Civil Rights Act.⁵

340B MISUSE

• Profit Playbook

- Detailed playbook describing how they “systematically identify patients” to “capture 340B savings” on high-cost specialty medications.⁶
- Following playbook implementation, patient service revenue grew 152% from \$100M in 2018 to \$252M in 2024.^{2,3}

• Contract Pharmacy Arrangements

- Affiliated with more than 200 contract pharmacies; majority are PBM-owned chains outside of California – in accordance with the playbook.⁷

MEDI-CAL PROFITS

- In 2024, made 75% of its patient services revenue from Medi-Cal, totaling more than \$200M.²

HORROR STORIES

- Once closed a clinic at the end of the day and **left a patient and his daughter in a locked, dark room for hours.**⁸
- “So many horror stories with FHCN. **I feel like every other person I speak to about this clinic has a near-malpractice story.** I'll drive to Tulare, Hanford, or Exeter to seek care before going to FHCN.”⁹

CONCLUSION

Family HealthCare Network is exploiting the 340B program to make money off patients their providers never even treat. Before allowing for unchecked expansion of 340B, California needs transparency and oversight.

1) Family HealthCare Network. www.FHCN.org.

2) ProPublica: Family Healthcare Network. Audit for period ending June 2024.

3) ProPublica: Family Healthcare Network. Audit for period ending June 2018.

4) Fresno Bee: [Valley company to pay \\$1.75M after denying help to pregnant, disabled staff, lawsuits says](https://www.fresnobee.com/valley-company-to-pay-175m-after-denying-help-to-pregnant-disabled-staff-lawsuits-says). December 6, 2018.

5) HR Dive: [Family HealthCare network pays \\$1.75M to settle pregnant accommodation suit](https://www.hrdive.com/family-healthcare-network-pays-175m-to-settle-pregnant-accommodation-suit/). December 10, 2018.

6) Family HealthCare Network: [Best Practices, The Importance of a Specialty Pharmacy Strategy for 340B](https://www.fhcnn.org/Best-Practices-The-Importance-of-a-Specialty-Pharmacy-Strategy-for-340B). July 2024.

7) Health Resources & Services Administration, Office of Pharmacy Affairs 340B OPAIS. [Contract Pharmacy Search](https://www.hrsa.gov/340b/contract-pharmacy-search).

8) Visalia Times Delta: [Who turned the lights out? Family says health clinic left them in the dark, literally.](https://www.visaliatimesdelta.com/who-turned-the-lights-out-family-says-health-clinic-left-them-in-the-dark-literally/) July 28, 2021.

9) Reddit: [r/Visalia](https://www.reddit.com/r/Visalia/): Family Healthcare Network. May 2025.