

OPEN DOOR COMMUNITY HEALTH CENTERS

CASE STUDY



340B
WHAT ABOUT
ME?

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OVERVIEW

Community clinic lookalikes, like Open Door Community Health Centers, are abusing the 340B Drug Discount Program at the expense of vulnerable Californians. **Despite claiming thin margins, the 501(c)3 made \$116M in revenue in 2024, up 16% from 2023.**¹

Headquartered in Arcata, Open Door operates 11 clinics in rural Northern California,² and pays each of their executives more than \$250,000 annually.³

RED FLAGS

- **Alleged Labor Code Violations**
 - Defendant in litigation involving potential violations of the California Labor Code.
 - Accrued \$1.2M in accounts payable and accrued expenses for estimated settlement of legal claims.⁴
- **Skyrocketing Salaries**⁵
 - In 2023, paid more than \$270,000 for business consulting services.
 - In 2024, spent **\$80M on salaries and payroll expenses, up 63% since 2018.**
- **Unethical Practices**
 - CEO argued in the press that the unrestricted use of 340B contract pharmacies would make Open Door an additional \$3 million in revenue, annually.⁶

340B MISUSE

- **Massive Increase in 340B Revenue**⁷
 - Revenue from the 340B program grew from \$8.5M in 2023 to **\$14.3M** in 2024 (**68% increase**).
- **340B Drug Markups**⁵
 - Marked up 340B drugs by **290% on average** between 2018-2024.
 - **Netted more than \$100M** in profit as a result of 340B drug markups between 2018-2024.
 - Since 2018, has **charged \$144M in 340B drug markups and additional fees to California safety-net programs, insurance plans, and individuals.**
- **100+ 340B Contract Pharmacy Affiliations**⁸
 - Affiliated with 137 contract pharmacies; **majority are PBM-owned chains outside of California.**
 - 75 contracts with large conglomerates (CVS, Walgreens, Amazon, Optum, Express Scripts, etc.)
 - Only 35 out of 137 contract pharmacies are actually located within 10-15 miles of Open Door clinics.

1) ProPublica. Open Door Community Health Centers: [Audit for period ending December 2024](#).

2) Open Door Community Health Centers. www.opendoorhealth.com

3) ProPublica: Open Door Community Health Centers. [Full Filing for fiscal year ending Dec. 2023](#). Form 990, Schedule J.

4) ProPublica. Open Door Community Health Centers: [Audit for period ending December 2024](#). Note J: Commitments and Contingencies

5) ProPublica. Open Door Community Health Centers: [Audits for periods ending December 2019-2024](#).

6) Times-Standard: [Chris Rogers introduces new rural health care bill](#). February 26, 2025.

7) ProPublica. Open Door Community Health Centers: [Audit for period ending December 2024](#). Note E: 340B Revenue.

8) Health Resources & Services Administration. Office of Pharmacy Affairs 340B OPAIS. [Contract Pharmacy Search](#).