

# HDA Guiding Principles for Increasing Supply Chain Resilience

The nation's primary, full-service healthcare distributors, represented by the Healthcare Distribution Alliance (HDA), believe that their expertise and capabilities play a key role in enhancing supply chain resilience. Our core principles are reflected in four categories:

- Strengthening public-private partnerships;
- Leveraging the private sector supply chain;
- Investing in a strong healthcare workforce; and,
- Improving strategies for emergency preparedness and response.

For HDA and our members, **supply chain resilience** refers to the *ability of the supply chain to manage disruptions without significant interruption to healthcare delivery — and ultimately patient care*. Supply chain resilience is designed to ensure that the healthcare supply chain can perform under **steady-state** and **crisis** conditions. As logistics experts responsible for the safe and reliable delivery of more than 10 million medicines, healthcare products, vaccines and other supplies each day, distributors play a critical role in the healthcare supply chain; accordingly, the industry is best positioned to inform efforts to enhance and improve the supply chain. HDA and its members encourage greater collaboration between the public and private sectors to work toward the following key strategic priorities on supply chain resilience.

## Distributor Insights Should Inform Decision-Making

**HDA and its members believe that healthcare distributors should be included in conversations that guide healthcare supply chain policy based on their role in the supply chain.**

- HDA supports the formation of small government-led working groups to help form solutions to ensure a resilient supply chain. Participants in these working groups should be based on sector, area of expertise and segment within the supply chain.

- Organizing groups in this manner will help facilitate the development of solutions while also enhancing the ability of members to speak openly, build consensus — and ultimately make meaningful decisions.
- HDA and our members support strategies and partnerships to build resilience plans. HDA members have supported efforts to store, manage and distribute essential medical products, specifically the Strategic National Stockpile.
  - HDA supports a broader shift to an expanded vendor-managed inventory model for stockpiling. Distributors already have both the capacity and expertise to support stockpile expansion during emergencies.
- HDA supports the execution of bilateral and aggregated data- and information-sharing agreements between public- and private-sector participants during public health emergencies, with mutually agreed parameters. This approach would share useful and timely information for both sectors without reporting burden.

## Government Should Rely on Private-Sector Health Partners and Infrastructure

**HDA encourages the U.S. government to use private-sector networks and healthcare infrastructure during public health emergencies.**

- Private-public partnerships, as shown during the COVID-19 pandemic, can bolster the nation's capacity to anticipate and respond to crises, particularly in under-resourced areas.
- The logistics expertise, distribution networks and infrastructure provided by health distributors are key to supporting responses from state and federal agencies. Further, distributors can relieve stress on the public sector by maintaining supply chains in the aftermath of natural disasters.

- The federal government must partner with the private sector to build plans (and resources) that can be accessed during medical surges.
  - The federal government should consult successful private-public partnerships enacted before and during the COVID-19 pandemic to evaluate those most useful to continue, and how future partnerships may be best used. These include The Public Health Emergency Medical Countermeasures Enterprise as well as the Supply Chain Control Tower and Operation Warp Speed.

## Supporting the Supply Chain Workforce Is Paramount

**HDA believes it is essential to support and protect the healthcare workforce.** It is equally important to promote policies that maintain the supply, production and delivery of medical necessities.

- The capabilities of distributor supply chains and their personnel must continue to be employed and protected to maintain supply chain operations.
- Continuing to use or consult distribution strategies that maximize employee safety while ensuring the continuation of critical business and supply chain functions is essential.
  - Building coordination points within different actors in the supply chain to better understand and address their respective greatest concerns could help to maintain operations and proper communication.

## Environmental Sustainability and Disaster Response Are Connected

**Distributors are impacted by and act as part of the response to crises.** Further, the effects of climate change can intensify the severity and frequency of disasters. During crises, distributors are impacted by the regional and local conditions and are essential in the steady delivery of medical necessities. With disasters projected to increase in the future, HDA anticipates a greater demand on the healthcare supply chain.

HDA and our distributor members approach issues of disaster readiness and preparedness by encouraging the following actions:

- Maintaining mechanisms for distributors to maximize flow of critical information to coordinate across the sector and with customers;
- Exploring and developing contingency and emergency plans in traditionally low risk areas that are at increased risk of climate disasters in coming years; and,
- Empowering distributors to prepare for future disruptions to global supply chains by incentivizing manufacturers and distributors that carry extra capacity — or that increase onshore production.

## About the Healthcare Distribution Alliance

The Healthcare Distribution Alliance (HDA) represents primary pharmaceutical distributors — the vital link between the nation’s pharmaceutical manufacturers and pharmacies, hospitals, long-term care facilities, clinics and others nationwide. Since 1876, HDA has helped members navigate regulations and innovations to get the right medicines to the right patients at the right time, safely and efficiently. The HDA Research Foundation, HDA’s nonprofit charitable foundation, serves the healthcare industry by providing research and education focused on priority healthcare supply chain issues.