

HDA Guiding Principles for Equity and Access

(Updated 4/17/23)

Overview

[Pharmaceutical distributors](#) are responsible for the safe storage and delivery of 95 percent of medicines across the U.S., serving as the logistical backbone of the supply chain. Distributors support a substantial number of pharmacies, manufacturers and patients. Understanding their role's importance, most distributors have elevated increasing healthcare equity, affordability and access to be some of their top priorities.

Communities across the country experience disparities in healthcare access related to factors like the [high cost of treatment](#) and product [availability](#). To alleviate these issues, distributors [constantly innovate to meet](#) evolving demand, directly invest in and [empower communities](#) across the country and [continuously prepare to navigate](#) and provide medical products to patients during crises.

Ultimately, healthcare distributors strive to ensure that patients receive the medical products they need when they need them.

The role distributors play in mitigating supply chain disruptions to help ensure continuity of care is especially important in moments of crisis or strain. During a public health emergency (PHE), disaster or other forms of disruption, patients' everyday needs do not subside, and in some cases, can increase. Safe, efficient and reliable delivery of medicines and healthcare products [promotes health equity](#) by ensuring every person in every community has [uninterrupted access](#) to life-supporting medicines, supplies and equipment.

To fulfill their role — supporting the providers and facilities that serve as the first line for patients — HDA's members remain committed to improving the factors that influence a patient's ability to receive equitable, accessible and affordable healthcare. Specific focus is given to medically fragile populations and historically marginalized communities because these groups usually face the greatest burden from healthcare cost pressures.

Definitions

Healthcare Affordability and Accessibility:

The timely use of personal health services to achieve the best possible health outcomes (Adapted from The Office of Disease Prevention and Health Promotion, 2020).

Healthcare Equity: A structural outcome and an intentional process to help every person attain their full health potential regardless of socioeconomic or medical status by removing obstacles to health such as poverty, discrimination, and their consequences (Adapted from CDC, 2022).

Health Equity: The absence of unfair, avoidable or remediable differences among groups of people. Health equity is achieved when everyone can attain their full potential for health and well-being (Adapted from The World Health Organization, 2021).

Healthcare Delivery: The organization and delivery of all services dealing with the diagnosis and treatment of disease, or the promotion, maintenance, and restoration of health (Adapted from the European Observatory on Health Systems and Policies, 2021).

Areas of Opportunity

HDA has identified five primary areas of opportunity for increased healthcare equity.

Affordability

- Healthcare affordability applies to reducing costs while building on the efficiency and reliability that the pharmaceutical supply chain delivers. Distributors work to lower the costs to both frontline providers and their patients through improving system efficiency and supporting policy that lowers barriers to medical products and improves healthcare delivery.

Accessibility

- Healthcare accessibility pertains to enhancing patient access to medical products, but also includes working to support and expand the organizational resources accessible to communities, such as independent and community pharmacies.
- Support leveraging technology to empower patients so they can play an active role in managing their health and making informed decisions — as well as allow healthcare providers to better understand their patient populations.

Partnerships

- Public-private partnerships (PPPs) allow both sectors to aid and improve each other's capabilities. These partnerships aim to improve resilience at all levels through such methods as information sharing. These partnerships also help in coordinating a unified response toward public health emergencies.

- PPPs, especially during the COVID-19 pandemic, have enabled the nationwide availability of COVID-19 tests, treatments and vaccines.

Disaster Preparedness

- Distributors take steps to reduce the environmental impact of the healthcare supply chain without compromising efficiency and reliability (climate mitigation). Distributors also maintain the ability to rapidly mobilize essential medical products immediately after disasters and crisis events.
- With the increase in the severity and frequency of disasters, the role distributors serve to respond and support healthcare delivery — ensuring patients and facilities in impacted areas have continued and unrestrained access to medical products — has never been more important.

Community investment

- Distributors engage with and invest in local communities to bolster their overall accessibility to affordable and equitable healthcare. These investments range from providing community organizations with product donations, in-kind and/or financial support to spearheading public health education campaigns. This support better equips communities to manage ongoing public health challenges — allowing distributors and their networks to better promote health equity.
- The industry supports community-based settings of care and recognize the need for a culturally competent diverse healthcare workforce.
- Distributors continue to build trust-based relationships with community leaders, providers and patients through transparency.

Healthcare Affordability

Healthcare affordability refers to the financial costs and barriers that impact a patient's access to medicines and care, including provider expenditure. Affordability is a seminal issue for all HDA members and affects their pricing strategy and overall operations. HDA distributor members are committed to [reducing expenditures](#) and costs across the healthcare system. These cost-saving measures can primarily be divided into two categories: *efficiency* and *adherence*.

Efficiency in the Healthcare System

Distributors are able to maintain low costs and overall efficiency in the healthcare system by operating on the slimmest margins at a net profit of 0.4 percent, lower than any other entity [in the supply chain](#). This is done while moving nearly 10 million prescription medicines, healthcare products and supplies each day. By doing so, HDA members ultimately save the healthcare ecosystem up to [\\$63 billion annually](#). In addition to these savings, support from distributors has helped save [\\$2 billion](#) in costs by providing supporting for improved patient access through independent pharmacies.

Distributors also support customers by delivering core services such as managing financial risk and providing information sharing [that help manage inventory](#). By offering these services, distributors ensure that pharmacies can function efficiently while also avoiding unnecessary logistical management costs, thereby reducing overall expenses.

Medical Adherence

In addition to the aforementioned services, distributors have begun to establish "Hubs" provide services and value to customers. Hubs are [supplementary programs and services](#) that distributors offer to their partners to help maximize efficiency and enhance their ability to

prioritize patients. Hubs also help with reducing system costs. For every 1 percent increase in specialty prescriptions that are supported by hub services, \$160 million in value is created for the health care system through [cost savings](#). Another primary focus of hubs is to help reduce healthcare costs to both individual patients and the system as a whole through [medical adherence programs](#). Of the many programs offered by distributor hubs, adherence programs are among those that most directly impact patient outcomes and healthcare costs. Each year, medication non-adherence causes 125,000 preventable deaths, an estimated \$100 billion in preventable medical costs, and 33 to 69 percent of medication-related hospital admissions. Empowering patients with visibility and choice, via medical adherence programs, opens the door to person-centered healthcare and can produce immediate benefit for patients.

These medical adherence programs can benefit both the patient and the healthcare system as a whole. The medical adherence programs strive to prevent patients from repeating costly treatments, while also having potentially reduced healthcare system costs by [\\$8 billion](#). Furthermore, there has been an [estimated \\$16 billion](#) in cost savings to the healthcare system due to increased pharmaceutical adherence.

Healthcare Accessibility

Healthcare accessibility is the timely dissemination of quality healthcare services into all communities regardless of socio-economic status, race, religion or geographic location. Distributors play a crucial role in ensuring the availability of quality medical products and in helping to provide efficient administrative and logistic support in all communities where they operate. Distributors support and may enter into partnerships with independent pharmacies to uplift communal health, cut costs and allow for [easier access to treatments](#).

Availability of Medical Products

- HDA supports greater health access across the nation through efforts to improve the penetration of quality healthcare services into low density healthcare communities. This includes:
 - Efforts to lower patient costs by encouraging providers to prescribe biosimilar products and make treatments more accessible.
 - Policies that prevent pay-for-delay settlements that prolong the entry of lower-cost medicines, including for generic drugs and biosimilar products.
- While HDA's members have significant relationships with larger entities, distributors also support [nearly 20,000 independent pharmacists](#), increasing patient access to millions of necessary prescriptions per year.
- Keeping small, independent pharmacies viable increases patient access to millions of necessary prescriptions each year, especially in rural areas where fewer options exist. For every [one-mile increase](#) in the average distance patients travel to a rural independent pharmacy, there is an additional [\\$60 million–\\$120 million cost burden](#).
 - This additional cost burden can bar patients, especially those with lower incomes, from being able to purchase the pharmaceuticals they may need to survive. By keeping independent pharmacies viable, patients retain greater access to affordable and potentially lifesaving supplies.

Supporting Community Pharmacies and Pharmacists

The [public views pharmacists](#) to be among the most highly trusted occupations, with 64 percent

of respondents ranking them high or very high. Pharmacies (especially those in rural areas), ensure that a [significant portion](#) of the population maintains access to over [100 million](#) necessary prescriptions. In fact, 90 percent of people living in the United States live [within 5 miles of a pharmacy, making them essential partners to work with and support while promoting sustainable accessibility](#).

A recent example of the role pharmacies play in supporting community health is during the COVID-19 vaccination campaign of 2021–2022. Pharmacies have proven essential in the COVID-19 pandemic, with over 263.3 million [doses of COVID-19 vaccines](#) have been administered through the [Federal Retail Pharmacy Program \(FRPP\)](#). For these reasons, supporting pharmacies is an effective method for supporting healthcare access, equity and delivery across the country. However, there is more that can be done. To promote increased health equity and access, HDA recommends measures including:

- Granting pharmacists' provider status, which will help relieve a currently resource-strained healthcare system while also benefiting local communities. According to an HDA survey, 94 percent of pharmacists think they should be able to write prescriptions some or all of the time; granting provider status for pharmacists includes prescribing authorities.
- Enabling pharmacy inventory to be financed. Doing so is a critical service that provides cash-flow relief and [ensures a consistent workflow](#), especially for small independent pharmacies.
- Extending lines of credit to help bridge the gap between when facilities dispense medicines to a patient and when they are later reimbursed by a patient's health plan.
- Joint private and public sector input on, and support for the implementation of [legislative measures](#) that support pharmacies.

- For example, distribution companies offer Pharmacy Services Administrative Organizations (PSAOs) to support independent pharmacies on their administrative needs.
- PSAOs are organizations that offer independent and small chain pharmacies a range of back office administrative and operational services that improve efficiency.
- Independent pharmacies make up [approximately 35 percent](#) of the overall retail pharmacy market in the U.S., and a majority of the [nearly 20,000](#) independent community pharmacies in the U.S. voluntarily outsource some administrative services to a PSAO.
- PSAOs help both pharmacies and patients by reducing unnecessary costs, keeping pharmacies up to date on industry changes, and allow pharmacies to use contracting expertise to provide access to more patients among other benefits.

- Among other uses, the PPPs leveraged during the COVID-19 pandemic were employed to send vaccines and vaccine supplies directly to certain participating retail pharmacies nationwide. Distributors supported the effort by delivering those supplies to the participating pharmacies.
 - Special attention should be paid to the involvement of participants at all levels across the supply chain and the benefits involving them can bring to the program.
- Leveraging future private-public coordination to bolster supply chain resilience in both steady-state and crisis scenarios.
- Creating and maintaining simple point of contact methods for public/private partners as well as for patients.
- Implementing benefits and reimbursement services, co-pay assistance programs and expediting the process of obtaining specialty medications.

Partnerships to Advance Equity

HDA believes that increasing public-private partnerships (PPPs) can allow for more effective and equitable healthcare access.

The vast networks of distributors and their partners allow them to provide public and private organizations, including rural and safety-net providers, with an additional layer of resources that they would be unlikely to tap into on their own. PPPs are a useful tool to distributors in the following ways:

- Future public-private coordination efforts can leverage the lessons learned from the FRPP model and similar PPPs, such as the work underway with the Strategic National Stockpile as examples of leveraging private sector capability to advance public health.

Disaster Preparedness

HDA is increasingly focused on improving disaster preparation and enhancing climate adaptation strategies of the healthcare supply chain. HDA distributor members are concentrating on [route reductions and optimization](#), including centralizing, aggregating and shifting deliveries in collaboration with partners with the goal of reducing the industry's carbon footprint. HDA members are also committed to reducing energy use and finding alternative sources for energy in their distribution centers and offices across the country. HDA's largest members are currently working to:

- Invest in energy efficiency projects and innovations to decrease total greenhouse gas emissions.
- Modernize transportation fleets to reduce emissions per vehicle.

- Reduce waste by using sustainable, cold-chain packaging solutions and funding programs to decrease landfill waste.
- Invest in and switch distribution centers to operate on solar and other renewable energy sources.
- HDA is developing resources to support its members beginning their sustainability journey based on the established best practices and lessons from other members that have established ESG programs.

In addition to strong enthusiasm to increase the healthcare sector’s environmental sustainability, HDA also recognizes the importance of adapting to new climate realities and potentially proliferating disasters and crises.

Distributors understand their critical role in sustaining continuity of care after crises. For example, resuming deliveries to the impacted areas in the aftermath of a natural disaster is an important part of the recovery process. To make these deliveries and provide adequate services most effectively, distributors must recognize that both chronic and acute care needs may depend on accessing existing medical stockpiles and delivering urgent and auxiliary medical supplies to hospitals, pharmacies, clinics and shelters quickly.

To best service disaster-stricken communities, HDA recommends:

- Preparing primary and contingency facilities and routes for the timely delivery of essential medicines and supplies.
- Maintaining clear communication with customers (e.g., advance ordering).
- Sustaining the ability to rapidly mobilize and deploy critical supplies.
- Assessing both immediate and forthcoming community needs and coordinating relevant support to meet them.

- Analyzing the environmental impacts of their institution and putting strategies into practice to lessen future environmental impact with the aid of environmental, social and governance (ESG) programs.
- Establishing a plan for potentially proliferating climate disasters in coming years, especially in areas that are either unprepared, rural or under-resourced areas.
- Doing it together. Develop allies to work cross-functionally with the community to achieve the mission of improving better health outcomes for all.

Community Investments

Many HDA members have implemented programs that invest in or alleviate the healthcare-related struggles of vulnerable communities to improve equity and access.

Distributors investing in and partnering with communities are essential ingredients for both expanding equitable healthcare access and for improving local resiliency in case of shocks to the delivery system. These initiatives should be showcased and consulted to empower community members who don’t already have knowledge of these projects, and for other healthcare distributors or other supply chain entities to establish similar programs nationwide. Examples of HDA member initiatives include:

- [Direct monetary donations](#) to nonprofit partners, communities impacted by COVID-19, and the Boys & Girls clubs with the aim of combating COVID-19 and vaccine hesitancy in underserved communities.
- A joint [food bank-healthcare system](#) “food pharmacy” initiative focusing on nutrition, dietary needs, cooking lessons, and providing healthy foods at no cost.

- A [partnership](#) with the Black Coalition Against COVID, along with monetary donations to global COVID-19 relief efforts.
 - Community grant programs and working to [mitigate food shortages](#) across the country.
 - [Monitoring medication adherence](#) (and lack thereof) within [communities to implement pricing interventions and improving local healthcare equity and access.](#)
- [Supporting nonprofits](#) that help students remain in school, donate computer equipment, help them graduate, and have access to higher education.
 - Investing in [physical and behavioral healthcare](#) and general community health.
 - [Donating](#) PPE, face masks, medical equipment and similar items to disadvantaged communities to help mitigate the burdens of the COVID-19 pandemic.
 - Collaborating with and learning from community residents and partners.

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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.