The Importance of Public-Private Partnerships

Introduction

The healthcare and public health sectors face complex issues that make it increasingly difficult for any single stakeholder to effect comprehensive, positive change alone. The COVID-19 pandemic highlighted the importance of maintaining a resilient supply chain. Supply chain resilience is the ability to prepare for and manage disruptions and shocks to the supply chain without significant interruption to patient care or healthcare delivery.[1] A resilient supply chain plays an important role in achieving healthcare equity. Ensuring supply chain resilience is an endeavor that is bigger than what a single entity can see or control and it requires a fundamentally collaborative solution.

A public-private partnership (PPP) is a cooperative effort between public, private and nonprofit actors to split resources and decision-making abilities to work toward specific outcomes in both steady-state and crisis scenarios. PPPs allow public- and private-sector stakeholders to leverage their respective assets and capabilities to achieve common goals. Public- and private-sector stakeholders engage in PPPs to support the U.S. healthcare and public health system in several ways, from bolstering emergency response capabilities, to accelerating innovation and enhancing the transfer of research and technology.

The Healthcare Distribution Alliance (HDA) believes that PPPs are an effective tool to bolster the U.S. healthcare supply chain's resilience and achieve healthcare equity. PPPs can further support healthcare equity by determining allocations of limited resources, fostering innovations in vaccine development and production, supporting mission-driven research and design, minimizing the impact of disruptions on community well-being and connecting patients with healthcare services.

Value of Public-Private Partnerships in the Healthcare Sector

The primary benefit of PPPs in the healthcare sector is through their ability to integrate the capabilities of all involved stakeholders. Private-sector capabilities often include specialized knowledge and experience, manufacturing facilities and abilities, infrastructure and networks, logistical expertise and the heightened ability to engage with and potentially involve non-traditional partners. Meanwhile, the public sector can contribute its abilities to coordinate and manage different agencies and effect change through policy and regulation. Mutual benefits to both public and private stakeholders can include:

- Extending program and message reach;
- Workforce training support;
- Helping entities gain stronger understandings of local issues and circumstances for future work within the area;
- Identifying areas for innovation; and,
- Forming meaningful connections between private and public stakeholders.

1 Healthcare equity is 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 healthcare such as poverty, discrimination and their consequences (adapted from CDC).

PPPs are most effective when they have sustainable funding, local and regional support, successful communication, effective marketing plans, flexible but responsive leadership, and when they are rallied around a shared vision and scalability. A comprehensive, efficient and effective PPP should include:

1. Jointly agreed upon and mutually beneficial goals;
2. Collaborative and consensus-based decision-making;
3. Non-hierarchical structures and horizontal processes;
4. Trust-based relationships;
5. Cooperative interactions among partners; and,
6. Shared accountability for outcomes and results.

Healthcare supply chain stakeholders welcome this detailed approach. By using this framework, participating stakeholders may identify where their capabilities, expertise and resources may be best used in the PPP, while minimizing redundancies and inefficiencies. Further, the framework remedies the private sector's long-standing concern on how public-sector capabilities and resources will be used. This framework provides private-sector stakeholders with an in-depth understanding of public-sector capabilities and where and how they will be deployed in support of the partnership.

HDA's distributor members lauded the working relationships PPPs brought during the height of the COVID-19 pandemic. AmerisourceBergen[2] notes that PPPs require a strong level of cooperation and end-goal transparency. However, even when PPPs have these practices strategies in place, they may still face barriers to framework implementation.

Notable barriers to successful PPPs include information gaps, reporting burdens, potential implementation costs and fear of inefficiency. These barriers undermine the outlined framework and prevent meaningful, innovative collaboration that would immensely benefit both public and private stakeholders and those whom their projects are meant to aid. Potential concerns, especially around more common issues, may change depending on the nature and scale of the PPP. For example, information gaps — whether intentional or unintentional — are a common barrier to successful PPPs. This may include a lack of clarity on the nature of public sector efforts, detailed timelines for the beginning and end of public-sector operations and general public-sector capabilities and capacities.

Despite recognizing the importance of PPPs, private healthcare supply chain stakeholders, especially smaller ones, may be hesitant or unable to participate in them due to potential system costs or reporting burdens. Additionally, it is not always clear how the public sector will use or disseminate private-sector information. As highlighted by a recent HDA Research Foundation survey, more than half of private-sector respondents do not believe supply chain transparency would help bolster resilience.

Another potential barrier to PPPs is that some private stakeholders may believe PPPs can be inefficient. Some private stakeholders may view the public sector as less innovative. Accordingly, private stakeholders can be skeptical of partnerships that rely on public-sector infrastructure and networks, believing they will be inefficient. Overlooking private-sector capabilities results in both wasted resources and potentially unsuccessful or less successful partnerships, which can make private stakeholders more hesitant to partner with the public sector in the future. PPP success is also threatened by jurisdictional challenges, fear of

2 In January 2023, AmerisourceBergen announced its intent to change its corporate identity to Cencora in the second half of the year.

additional oversight, liability issues, language barriers, resource challenges and a lack of inclusiveness in planning projects.

Private and public stakeholders can work in tandem to reduce barriers to PPP implementation. These measures include enhancing transparency around PPP expectations and approach. However, while many studies address specific issues (e.g., quality, access or delivery) within the healthcare system, there is a dearth of literature examining PPPs that attempt to address health systems as a whole.

Understanding the value and potential barriers of PPPs will empower the public and private sectors to partner and have a deeper understanding of their capabilities so they may both strengthen our supply chain's resiliency.

Supporting Healthcare Equity

PPPs may improve healthcare equity by increasing and improving outreach to historically underserved communities, addressing public health concerns, increasing healthcare access and offering technological support. The CDC and the CDC Foundation partner with private stakeholders, such as Microsoft, to bolster their outreach efforts in historically marginalized communities. The Vaccine Equity Initiative (VEI) is a Microsoft-led PPP that arose during the pandemic to provide vaccines for underserved areas and address vaccine hesitancy, thereby building healthier, more resilient communities. The VEI was formed in response to the COVID-19 pandemic. There are plans to expand VEI to include other critical vaccines and conditions with the goals of mitigating gaps in health equity and education. In a similar vein, the Connections to Care (C2C) PPP integrates private and community-based organizations and mental health institutions to provide mental health services and increase onsite care for low-income New Yorkers. Additionally, healthcare distributors such as McKesson help to support community health centers (CHCs) that provide care services to under-resourced patients across the country. McKesson services over 9,000 CHCs nationwide by providing healthcare compliance trainings, clinic setup services, direct distribution services and other programs that allow for the delivery of reliable and efficient services every day.

Rural communities disproportionately reside within medical deserts, or areas that lack access to reliable healthcare and healthcare information. People who reside within medical deserts can face barriers to treatment, such as having to travel more than five miles for treatment, limited broadband access and potential long wait times after arrival. To help provide essential information and medical services, future PPPs can apply aspects of the VEI and C2C models to low-income and rural populations. Additionally, the public and private sectors can merge their capabilities to examine how to overcome proximity barriers and other challenges to better ensure more reliable access to healthcare. Currently, approximately 89 percent of the U.S. population lives within five miles of a community pharmacy, making pharmacies and their overseeing hospitals a strong partner for public-private collaborations to address healthcare needs. A potential collaborative effort between these pharmacies and the public sector could see the enhancement of offered services or improving the capabilities of rural pharmacies to quickly contact and or transport patients to care facilities on a case-by-case basis.

Some parts of the healthcare sector largely rely on outdated technology, and PPPs have the potential to improve and expand the sector's technological capabilities. Doing so can may improve healthcare equity by increasing provider capacity to efficiently reach more patients and maintain larger data pools.

PPPs can bolster healthcare equity through disaster response efforts. Multiple private sector entities aided in the U.S. COVID-19 response by hosting and helping to improve the databases and overall efficiency of mass vaccination sites. During the height of the COVID-19 pandemic, many testing and vaccination sites were overwhelmed by high demand and long wait times, which discouraged and prevented people from accessing COVID-19 services. Future PPPs can incorporate stronger cooperation to improve efficiency within mobile testing or vaccination sites, especially in medical deserts or areas where vaccination and testing rates may be impacted by long wait times.

Other organizations, such as Healthcare Ready, specifically approach disasters through an equity lens to better inform preparedness and response efforts while improving and protecting public health. Healthcare ready facilitates partnerships between governments and the private sector to:

- Help ensure deliveries of critically needed healthcare supplies;
- Coordinate donations and resources between the public and private sectors and direct them to the areas in greatest need;
- Provide access to essential contacts between sectors;
- Build relationships in advance of events;
- Connect patients to healthcare facilities and supplies during emergencies; and,
- Serve as a trusted information-sharing forum before and after emergencies (working with partners increases credibility with those partners' audiences/markets and vice versa).

Additionally, Healthcare Ready solicits patient and community perspectives regarding healthcare access and equity to further inform and bolster preparedness and response programming. This approach for disaster management practices may help to restore communities and increase their long-term resilience against future disasters.

Bolstering Supply Chain Resilience

PPPs can strengthen resilience across the healthcare supply chain. Improving supply chain resilience helps to better prepare the system to manage both sudden and long-term disruptions. For example, Healthcare Ready works alongside manufacturers, distributors and other supply chain actors to identify methods to avoid delivery delays to the public sector. Others, such as the National Institutes of Health's Accelerating COVID-19 Therapeutic Interventions and Vaccines, supported the healthcare supply chain's stockpile and overall resilience by coordinating research strategies for prioritizing and speeding the development of multiple vaccine candidates. Other PPPs, such as Operation Warp Speed, expedited the development of COVID-19 vaccine candidates and improved vaccine manufacturing output.

When the supply chain is strained, PPPs can also provide relief by helping the supply chain adjust to crisis conditions. During the early stages of the COVID-19 pandemic, the U.S. government enacted Project Airbridge, a PPP formed with the goal of shortening the amount of time needed for U.S. medical supply distributors to bring in essential medical products to relieve shortages. Project Airbridge provided needed

relief during the initial surge in demand for products and was discontinued after production and procurement reached acceptable levels. Future demand surges of this scale will likely require similar cooperation. By establishing PPPs (or frameworks for them) including distributors and suppliers, the impact of future surges in product demand can be better managed. Additionally, future PPPs involving healthcare distributors would allow distributors to employ their expertise and existing networks and infrastructure to better support both PPP planning and implementation.

Although PPPs in the healthcare sector are often formed to address supply chain issues head-on, they can also be used to support supply chain resilience indirectly. For example, Healthcare Ready sought to bolster resilience by teaching public health and emergency management officials the importance of maintaining operational resilience during times of crisis. To do so, the organization partnered with the CDC's Division of the Strategic National Stockpile and developed resilience programming. This initiative was also used to strengthen the overall capacity of local pharmacies. Other partnerships, such as the Supply Chain Control Tower (SCCT) supported supply chain resilience by helping to provide a framework for sharing information, and allowed for enhanced monitoring of drug shortages and swifter responses toward them. Future PPPs that call for information-sharing to address emergencies could benefit from the lessons learned by distributors on how to use coordinated information most effectively during and in the aftermath of the crisis.

Leveraging Effective PPPs To Inform Planning, Coordination and Response

Policymakers and private-sector stakeholders should consult successful PPPs to determine potential opportunities for future collaboration. Consulting previous PPPs can prove beneficial, especially during times of stress. Past partnerships may provide a framework for how previous collaborations were initially planned and implemented. They also provide room for adaptations to improve cooperation or response efforts through a PPP. Referencing these past partnerships can be especially useful when enacting large-scale disaster responses. Furthermore, reviewing the impacts of and lessons learned during these partnerships provides valuable insight. Decision makers must keep in mind that leveraging previous PPPs for smaller or vividly different scenarios will have limited uses and reviewing previously successful PPP frameworks will not act as a panacea when planning new ones.

The Partnership for DSCSA Governance, a nonprofit public-private partnership established to implement Drug Supply Chain Security Act (DSCSA) traceability requirements, developed and released one such blueprint. This partnership's mission is to develop, advance and sustain an effective and efficient model for interoperable tracing and verification of prescription pharmaceuticals. Thus, the document identified requirements and recommendations to meet the DSCSA's interoperability requirements that will take effect in 2023. By detailing the technical characteristics and resources that are operationally necessary to meet compliance requirements, this blueprint supports planning for DSCSA compliance efforts across the pharmaceutical supply chain.

In addition, PPPs should be consulted to determine which initiatives should be kept in place or could be reactivated when necessary. For example, the PPP formed between biopharmaceutical companies and U.S. and European health agencies to coordinate research for vaccine and therapeutic development would be worth maintaining to mitigate future disease outbreaks. This PPP proved pivotal in developing vaccine technologies used to combat the COVID-19 pandemic and may potentially have a wider application. Meanwhile, simply maintaining blueprints for projects such as The Public Health Emergency Medical Countermeasures Enterprise (PHEMCE) would help to reauthorize or draft similar projects as needed.

Finally, the blueprints and overall results of PPPs can be examined to determine what can be refined and accomplished in future partnerships. Conducting these reviews would help PPPs refine their methodologies and strategies. Additionally, reviews could help to narrow or widen the objectives and timelines of future partnerships that had similar resources, capacities or private-sector partners to past PPPs.

Elements of past PPPs, such as the accomplishment of project goals and opportunity cost of resources to meet them can be used to inform realistic metrics for future projects. Due to familiarity with the process, local stakeholders engaged in past PPPs can provide insight to improve efficiency of relevant future projects.

Distributors believe that PPPs leveraging their own expertise can be most useful in enhancing supply chain resilience. Also, distributors believe that reviewing successful (and unsuccessful) PPPs could improve the overall efficiency of new initiatives by applying lessons learned from previous partnerships. Throughout the COVID-19 pandemic, distributors used their expertise to help secure and bolster both resilience and capacity across the healthcare supply chain, while also offering recommendations to further improve both areas. Additionally, distributors understand that their expertise can be invaluable when providing support during and in the aftermath of extreme weather events and other disasters. Finally, distributors support stronger information sharing mechanisms between the private and public sectors to improve coordination efforts during public health emergencies. However, data-sharing efforts must have better defined parameters and include stronger efforts to solicit private sector input on how they should be executed. Previous efforts, such as the SCCT, offer a starting point but should be continuously refined; especially as needs and capabilities change.

Conclusion

PPPs create a more resilient healthcare supply chain to better serve all patients. HDA and its members recognize the values and barriers to creating successful PPPs. As an industry, we recommend examining past PPPs and following the comprehensive six-point PPP framework to allow the public and private sectors to have a mutual understanding of how to make PPPs a more effective tool. Previous PPPs, like the SCCT and Project Airbridge, have shown promise for both building a more resilient supply chain during a time of crisis while achieving greater healthcare equity. Private and public sectors must continue to work together as our supply chain and nation experiences more challenges during both steady-state and crisis times.

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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.