



Healthcare Distribution Alliance

PATIENTS MOVE US.

April 8, 2020

Colonel Stephen Davis
Chief of Staff
Defense Logistics Agency - Energy
Andrew T. McNamara Bldg.
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6221

Dear Colonel Davis:

On behalf of the Healthcare Distribution Alliance (HDA) and our 36 distributor members, we write to offer our support and recommendations as the response to COVID-19 becomes increasingly focused on pharmaceutical products. Many of us have been engaged with the COVID-19 Supply Chain Task Force and Project Airbridge and have been honored to help coordinate shipments and the distribution of Personal Protective Equipment (PPE) and other medical supplies. However, we also are seeing unprecedented demand for medicines. In your ongoing efforts to help facilitate the most efficient distribution of life-saving medicines at this critical time, we urge you to work with HDA and our members given the bandwidth of expertise and insight our sector holds relative to the existing supply chain.

HDA members are working around-the-clock to safely and efficiently deliver pharmaceutical and medical products to pharmacies, hospitals and other healthcare providers nationwide. Each day, HDA members deliver approximately 15 million medications and healthcare products. Over 92 percent of all medications shipped in the United States arrive at their dispensing location from a primary pharmaceutical distributor.

Our industry sector is committed to assisting the country in its response to the COVID-19 pandemic, as we have been doing in recent weeks. It is critical for the government and healthcare industry to collaborate to ensure continued access to needed medications and supplies and avoid supply-chain disruptions as much as possible. Additionally, we are proactively leveraging our prior emergency response experience and expertise to support the entire supply chain and help wherever we can. HDA and its members are already working directly with [Healthcare Ready](#) to leverage strong relationships with government, nonprofit and medical supply chains to build and enhance the resiliency of communities.

Our members have mobilized all available resources to ensure that healthcare providers across the country are receiving the medicines and medical supplies they need to respond to the pandemic. HDA members also are working collaboratively with federal, state and local officials to ensure that any challenges or obstacles confronting the safe and efficient delivery of these products are addressed proactively.

While we have been able to address acute challenges confronting the supply chain thus far, we are expecting additional pressures in the days and weeks ahead. To address these challenges as expeditiously as possible,

we are providing the following recommendations for your consideration. We present these to ensure the supply chain's ability to remain resilient during this extraordinary response effort.

Specifically:

- The pharmaceutical supply chain is highly regulated, with many products requiring special handling (i.e., cold chain, controlled substances) and greater security considerations. Pharmaceutical product movement is regulated under the Drug Supply Chain Security Act (DSCSA), which requires industry to track information about individual products. Controlled substances are subject to strict DEA oversight. The pharmaceutical supply chain is highly efficient, and safely and effectively ensures patients can access medicines at retail and institutional pharmacies at 200,000 locations across the country. We strongly encourage the Task Force to leverage HDA, Healthcare Ready and the existing commercial supply chain to support response rather than trying to create a separate channel that may divert needed products from the existing dispensing locations Americans are relying on during this crisis.
- The pharmaceutical supply chain is highly efficient. It is built to allow pharmacies to place orders in the evening and receive those orders the very next morning, thus avoiding the need to hold costly inventory. Products move swiftly through distribution networks to resupply pharmacies on a daily basis. While highly effective, this means that inventory snapshots are only reflective of a moment in time and could be outdated very quickly. We would like to work with the Task Force to agree on how to identify the areas of greatest need, both in terms of hotspots and product supply, and ask them to help remove barriers preventing industry from meeting those needs.
- We urge coordination with manufacturing organizations to ensure adequate supply of needed medicines at this critical time. We are already hearing concerns about supply, particularly for ICU-related medications in high demand. Because many medicines are made overseas it may become important to leverage government resources to remove international barriers that may prevent manufacturers from shipping finished product to the United States.
- Enhanced coordination, relative to understanding where SNS or other government resources are being deployed to help the commercial supply chain avoid redundant order fulfillment, would allow the private and public sectors to best serve patient needs in hotspots and other areas. A central point of contact within FEMA would enable our network of distributors to have the timeliest information. This would ensure that products are allocated to the areas where they are needed most, while also allowing other areas of the country to continue to receive the medicines they need.

We stand ready to brief you and members of your team on what the nation's pharmaceutical distributors are doing right now to address the COVID-19 response and some of the challenges we are seeing on the horizon. HDA and all of our distributor members are committed to working together with federal and state authorities to mitigate the impact of this pandemic.

Thank you for your consideration.

Sincerely,



Chester "Chip" Davis, Jr.
President and Chief Executive Officer
Healthcare Distribution Alliance