



Healthcare Distribution Alliance

PATIENTS MOVE US.

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

June 23, 2021

The Honorable Xavier Becerra
Secretary
United States Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Becerra:

On behalf of the Healthcare Distribution Alliance (HDA), I write to congratulate you on your confirmation as Secretary of Health and Human Services. We welcome the opportunity to serve as a resource to you on matters related to the safety and security of the pharmaceutical supply chain.

Background

HDA is the national trade association representing primary pharmaceutical distributors — the vital link between the nation's pharmaceutical manufacturers and more than 180,000 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 nation's primary pharmaceutical distributors play a vital role in the healthcare system. Every day HDA members work around the clock to safely and efficiently ship millions of healthcare products (medicines, medical supplies, personal protective equipment (PPE), et al.) to pharmacies, hospitals and other healthcare providers to keep their shelves stocked with the medications and products they need to treat and serve their patients. Distributors are unlike any other supply chain participants – their core business is not engaged in manufacturing and they do not prescribe medicines or dispense to patients. Their key role is to serve as a conduit for medicines to travel from manufacturer to patient while making sure the supply chain is fully secure, functional, and as efficient as possible.

Additionally, before, during and after declared natural disasters, such as hurricanes, floods and blizzards, pharmaceutical distributors have decades of experience leveraging their logistics expertise to [ensure continued access](#) to necessary medications and healthcare supplies to facilities within affected zones. Given our members' unique position at the center of the supply chain, we coordinate directly with public and private partners to ensure aid is delivered quickly and efficiently.

COVID-19 Response and Pandemic Preparedness

Since the beginning of the COVID-19 pandemic, the healthcare distribution industry has been integrally engaged in our nation's response efforts, working with federal, state and local government agencies to distribute medical supplies, PPE, therapeutics and vaccines. HDA's 37 distributor members continue to work around the clock to increase capacity and enhance our national supply of critical medications and products required to fight this pandemic, protect our frontline care providers and enable treatment for patients.

While the healthcare supply chain has proven to be resilient in the face of a global pandemic, COVID-19 exposed vulnerabilities that require further coordination, cooperation and collaboration between the government and private sector. HDA and its members appreciate the administration's prioritization and work to strengthen and reinforce our nation's critical supply chains.

As outlined in the White House's *Building Resilient Supply Chains, Revitalizing American Manufacturing and Fostering Broad-Based Growth* report, it will be essential to ensure that steps are taken to reform the Strategic National Stockpile (SNS), improve transparency across the pharmaceutical supply chain, and balance cost implications. With over 90% of all pharmaceutical sales moving through HDA member companies, our industry is uniquely positioned to support these efforts and maintain extensive relationships with global and domestic manufacturers.

Modernizing and Enhancing the SNS

HDA distributor members have warehouse facilities across the United States, established relationships with manufacturers and healthcare providers, sophisticated inventory management systems and efficient shipping networks to swiftly reach every part of the United States – usually within 24 hours or less.

It is for these exact reasons that HDA distributor members are already engaged in efforts to modernize and enhance the SNS. Several of our members have entered into agreements with the federal government to stockpile and manage inventory for medical countermeasures and therapeutics as well as PPE.

While our members are committed to assisting in this effort, we recommend that the federal government work closely with state and local authorities and public health agencies both to improve understanding of the demand for medical supplies and to provide better visibility into the newly restructured SNS system. Established plans, increased communication, and stable funding related to the SNS will help prepare the supply chain to efficiently respond and coordinate to any supply chain disruptions or, as with COVID-19, when demand exceeds available supply.

Distributors have significant experience in delivering medicines expeditiously and can be integral to ensuring:

- Inventories are pre-positioned in the supply chain to help facilitate ready access to providers;
- Product expiry can be managed and inventories kept constantly up to date;
- Medical products are available to healthcare settings as swiftly as possible;
- Treatments and vaccines can reach facilities designated under each state's emergency preparedness plan; and,
- Distribution plans and security precautions comply with existing federal and state regulations.

Supply Chain Resiliency

A report published last year by the Healthcare Distribution Alliance (HDA) Research Foundation and Deloitte Consulting LLP found that during the first 90 days of the COVID-19 pandemic, the biopharmaceutical finished goods industry quickly adapted and adjusted to supply chain disruptions to deliver available medicines safely and efficiently to healthcare providers and the patients in their care.

As noted in the report, [The First 90 Days: US Biopharmaceutical Finished Goods Supply Chain Response to COVID-19](#), (encl.) pharmaceutical distributors, manufacturers and other stakeholders in the biopharmaceutical supply chain leveraged their strong relationships and prior emergency response experience to get medicines safely and efficiently to patients.

Pharmaceutical distributors closely collaborated with manufacturers and hospitals, pharmacies, providers and other partners to anticipate changes in demand, respond to evolving patient needs and mitigate disruptions, including handling surges for critical medicines. The [evaluation of the industry's performance](#) in response to these challenges found the distribution industry was resilient, adaptable, and responsive.

Mitigating Supply Shortages

While HDA represents distributors of finished products, our industry supports the development of any resources and/or incentives manufacturers may need to ramp up production of products to meet both customary domestic supply needs and manufacture additional inventories to accommodate increased demand during a future pandemic or other health emergency.

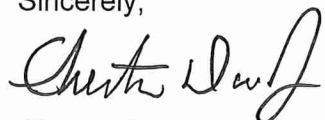
Disruptions in product availability and strain on existing supply chains have underlined the need for solutions to ensure adequate supply for healthcare providers and patients. It is for this reason HDA encourages the federal government to leverage the efficient operations of the existing pharmaceutical distribution channel to acquire, manage and replenish drug products in short supply. Specifically, utilizing the nation's existing pharmaceutical supply chain to expand product availability leverages a sophisticated domestic distribution infrastructure capable of meeting patient needs, minimizing long-standing supply disruptions and guarding against future risk.

Conclusion

HDA distributor members stand ready to maximize the efficiencies of the existing private-sector distribution system to support response efforts to deliver treatments and vaccines to where they are most needed.

We welcome the opportunity to work closely with you to leverage the logistics expertise of pharmaceutical distributors. We are committed to advocating for policies that support a strong and resilient supply chain capable of meeting the everyday needs of healthcare providers while also being prepared to respond in the case of an emergency.

Sincerely,



Chester "Chip" Davis, Jr.
President & CEO