



Healthcare Distribution Alliance

PATIENTS MOVE US.

March 30, 2020

The Honorable Lamar Alexander
Chairman, Senate HELP Committee
428 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patty Murray
Ranking Member, Senate HELP Committee
428 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Frank Pallone
Chairman, House Energy and
Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Greg Walden
Ranking Member, House Energy and
Commerce Committee
2322 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Alexander, Ranking Member Murray, Chairman Pallone, and Ranking Member Walden:

On behalf of the Healthcare Distribution Alliance (HDA), I offer this letter to reinforce that the nation's primary pharmaceutical distributors are committed to assisting the country and our frontline healthcare providers during the COVID-19 pandemic.

Over 92 percent of medications shipped in the United States arrive at their dispensing location because of an HDA member company. The organization's 36 distributor members are working around-the-clock to increase medical capacity and enhance our national supply of critical medications and supplies required to fight this pandemic, protect our frontline care providers and enable treatment for patients.

HDA and its members are working collaboratively with federal, state and local officials to ensure that any challenges or obstacles affecting the safe and efficient delivery of essential medicines and healthcare 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. In anticipation of these expected challenges, we want to highlight the importance of promoting communication between federal agencies and the pharmaceutical supply chain, maintaining and leveraging existing distribution channels, and appropriately managing the delivery of medical products and supplies in conjunction with the Strategic National Stockpile (SNS).

Supporting Distribution of Essential Medicines Through the Pandemic

HDA is pleased that the recent Cybersecurity and Infrastructure Security Agency (CISA) guidance included pharmaceutical distribution as critical infrastructure, allowing our members to continue to provide our customers the medical products they and their patients depend on. To further facilitate

uninterrupted access to the pharmaceutical and healthcare products HDA members provide, we encourage Congress to influence seamless communication and interagency collaboration to identify and minimize inefficiencies and gaps in preparedness and response. For example, ordering volumes have increased exponentially, particularly in the country's "hot spots" like New York. Demand is not only for treatments and supplies related to COVID-19, but for other medications to treat illnesses, injuries, surgeries and maintenance needs. Coordination between federal and state agencies and the supply chain is critical to meet this unprecedented challenge.

Maintaining Efficiencies and Equitable Distribution During a Public Health Emergency

Distributors recognize the critical importance of coordinating with supply chain partners, as well as federal, state and local authorities during a national public health emergency. Maintaining access to lifesaving medications and other healthcare products is critical during an emergency. As the healthcare distribution industry responds, we are proactively leveraging our prior emergency response experience and expertise to support the entire supply chain and help wherever we can. HDA members are in the business of finding the safest and most efficient ways to get products to patients where needed, working as the conduit between manufacturers and healthcare delivery settings. This is our strong suit, and we continue to serve as a strategic partner and resource to the federal and state agencies running the response efforts.

Thus far, HDA members have encountered some "spot shortages" of certain medications and anticipate those could expand. Effectively addressing a drug shortage is a difficult and complex challenge for the entire healthcare community, in large part because a shortage typically appears with little-to-no warning and often requires significant resources to manage. While distributors do not manufacture products, they do communicate with their manufacturer partners about product availability to understand the scope and expected duration of any shortage. They then work as quickly as possible with their customers to fill orders, to the extent possible.

In the event of a shortage, HDA supports equitable distribution of available product to their healthcare customers. Distributors manage inventory by examining factors to help determine the ability to service anticipated orders and all HDA members are committed to managing the critical supply of prescription drugs throughout this public health emergency and beyond. In the COVID-19 environment, where many pharmacy patients are opting for longer refill periods, at home delivery options, etc., we are working with our pharmacy customers to meet expectations, while preventing unnecessary supply chain disruptions.

Coordination between Federal and State Agencies and Communication With Distributors is Essential

HDA believes that interagency communication between the Federal Emergency Management Administration (FEMA) and the Department of Health and Human Services (HHS) is critical to identifying potential shortages and informing supply chain stakeholders of potential vulnerabilities. It is equally important to have increased transparency on inventories and orders data related to the SNS. If distributors have more insight into where SNS products are going, they can better serve state and local partners as well as facilitate equitable allocation of essential medicines to areas of greatest need.

Distributors are currently using their distribution networks to respond to evolving customer needs. As healthcare providers increase orders for medications, distributors will communicate and share information with our business partners. Through this process, we will work to provide an updated

view of the product shortage landscape up and down the supply chain. We also work to move inventory rapidly and urge controlled discipline among supply chain partners to prevent and mitigate potential shortages.

Additionally, once a COVID-19 treatment is developed, distributors are prepared to ensure rapid patient access. We stand prepared to maximize the efficiencies of the existing private-sector distribution system to support the federal and state government's efforts to bring treatments and vaccines to where they are needed. During public health crises, a successful treatment launch is vital. In the lead-up to product launch, distributors can assist with ensuring:

- Inventories are pre-positioned in the supply chain to help ensure ready access to providers;
- Drugs are available to providers in a timely manner;
- Treatments and vaccines can reach destinations designated under each state's emergency preparedness plan; and,
- Distribution plans comply with regulatory mandates from appropriate regulators.

Conclusion

Every day, HDA distributor members are committed to doing what is necessary to ensure healthcare providers have access to the medicines and healthcare products that their patients need. This public health crisis is no different. Distributors are rising to the challenge, supporting our supply chain partners, and doing everything possible to ensure continuous operations in the healthcare system during this unprecedented time.

We look forward to continuing our work with Congress, the administration and federal and state authorities to respond to the COVID-19 pandemic. Please let us know if we can answer any questions or provide any additional information.

Sincerely,



Chester "Chip" Davis, Jr.
President and Chief Executive Officer (CEO)
Healthcare Distribution Alliance (HDA)

Cc: Speaker Nancy Pelosi
House Republican Leader Kevin McCarthy
Senate Majority Leader Mitch McConnell
Senate Democratic Leader Chuck Schumer