

Healthcare Supply Chain Association (HSCA) Position:

Critical prescription drug shortages continue to plague American hospitals and jeopardize patient access to many essential medicines. The U.S. Food and Drug Administration (FDA), Government Accountability Office (GAO) and others have identified numerous root causes of shortages, including manufacturing problems, quality issues, and barriers to getting new suppliers online when supply is disrupted.

Healthcare group purchasing organizations (GPOs) work collaboratively with hospitals, manufacturers, distributors, and government agencies to ensure that hospitals and patients have access to the life-saving drugs they need. GPOs are industry leaders in addressing drug shortages and employ a variety of proactive steps to reduce their impact. Although drug shortages are a complex problem without an overnight fix, GPOs work closely with our supply chain partners to help mitigate this public health crisis.

Prescription Drug Shortages are a Persistent, Complex Public Health Problem

- ✓ Despite a decline in new drug shortages, existing and ongoing prescription drug shortages continue to be a public health crisis and jeopardize patient access to essential medications.
- ✓ The FDA, GAO, House Energy & Commerce Committee, and others, have identified numerous root causes of drug shortages, including manufacturing problems, quality issues, and barriers to getting new suppliers online when supply is disrupted.

GPOs Taking Innovative Steps to Help Mitigate Impact of Drug Shortages

- ✓ The GPO contracting process, which is voluntary, provides predictability and stability to hospitals and to the market. GPOs help hospitals and healthcare providers source and safely migrate to alternate products when shortages arise.
- ✓ GPOs track data on shortages and strategize with their hospital members when there is potential for supply chain disruption. GPOs work with suppliers to communicate product demand so they have more advance notice to plan for production capacity.
- ✓ GPOs help member hospitals lessen their exposure to drug shortages by evaluating manufacturer reliability when sourcing or awarding contracts.
- ✓ The GPO contracting process gives significant flexibility to both hospitals and manufacturers. For example, when drug manufacturers experience shocks to production, such as higher input price, they have the ability to quickly adjust their contract price as needed to continue production of that drug. As a result, GPOs manage thousands of price changes annually.

GPOs Are Part of the Solution to Drug Shortages; FDA Should Address ANDA Backlog

- ✓ Although GPOs do not manufacture, compound or take title to any drugs, the industry works tirelessly with hospital partners to expand the number of suppliers, to help manage existing supply, and to help ensure that patients get the medications they need when they need them.
- ✓ GPOs will continue to work with government, industry and our supply chain partners to help mitigate this public health crisis.
- ✓ The FDA should address the nearly 4,000 pending Abbreviated New Drug Applications (ANDAs) to ensure that new drugs can enter the market and help ease existing shortages.