

Critical Partners in Averting and Mitigating Healthcare Product Shortages

Healthcare product shortages place significant strain on hospitals, health systems, providers, and patients. The U.S. Food and Drug Administration (FDA) has consistently stated that the primary causes of shortages are manufacturing problems, quality control issues, lack of raw materials, and barriers to getting new suppliers online when supply is disrupted. All patients have the right to receive the best possible care as directed by their healthcare providers, and drug or product shortages can delay or obstruct care delivery. Healthcare group purchasing organizations (GPOs) work to safeguard access to essential healthcare products by developing and maintaining a strong, sustainable supply chain. GPOs do their best to ensure that safe, reliable, high-quality products are available to providers and their patients, seeking out alternative sources and clinically appropriate substitutes where needed.

GPOs are Critical Partners in Preventing Product Shortages

- GPOs track data on shortages and raw materials on a global scale to anticipate potential supply disruptions and provide suppliers with notice to plan for production capacity.
- Participation in GPO contracts is completely voluntary, giving providers the flexibility to purchase outside of a contract to meet patient needs.
- GPOs identify and bring to market additional manufacturers of at-risk products, ensuring that there are auxiliary suppliers of essential medications and products.
- During the COVID-19 pandemic, GPOs helped expand capacity for critical medical supplies including PPE, test kits and swabs, and life-saving medications by adding new suppliers and communicating about potential demand surges.

GPOs Support a Competitive Market that Rewards Quality and Encourages Sustainability

- GPOs identify and source high-quality products at the best value, providing stability and savings across the industry.
- GPOs work diligently to ensure that a robust, competitive market for healthcare products exists by expanding the number of suppliers of essential products and life-saving medications.
- To ensure quality, and dependability, GPOs evaluate manufacturer reliability when sourcing and awarding contracts to make the informed decisions for portfolios.
- GPOs aggregate purchasing volume and negotiate to provide the highest-quality products at the best value while ensuring the availability of and access to these products for their members.
- GPOs are the most transparent industry in healthcare and promote transparency across the supply chain. All HSCA GPOs subscribe to a transparency and ethics initiative, The Healthcare Group Purchasing Industry Initiative (HGPII), and disclose all administrative fees in writing to members at least annually.

GPOs Advocate for Policy Solutions to Increase Redundancy & Resiliency Across the Supply Chain

- GPOs engage with the FDA and the agency's Drug Shortage Task Force, the Office of the Assistant Secretary for Preparedness and Response (ASPR), the Strategic National Stockpile (SNS) and numerous other government and industry partners to support a healthy supply chain.
- Federal proposals to curb drug and product shortages have received input and support from GPOs, including the accelerated approval of generic products, the Quality Management Maturity (QMM) process, and the strategic development of new supply sources.
- HSCA convened a Drug Shortage Working Group comprising leading healthcare provider organizations to develop policy recommendations to help prevent and address drug shortages, ensure stable supply of critical medications, and support supply chain resiliency. The working group directly engaged with senior U.S. Food and Drug Administration (FDA) officials to share information and assess potential solutions.
- In the wake of the COVID-19 public health crisis, GPOs advocated for policies to reduce shortages, among them expedited approval processes for products with unhealthy markets, requirements for manufacturer contingency plans in the event of an emergency and requirements for suppliers to give advance notice before discontinuing production.