

March 13, 2023

Submitted [electronically through Google Forms](#)

The Honorable Anna Eshoo
Ranking Member, Subcommittee on Health
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Richard Hudson
Member
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

Dear Ranking Member Eshoo and Representative Hudson,

On behalf of the Healthcare Supply Chain Association (HSCA), which represents the nation's leading healthcare group purchasing organizations (GPOs), we appreciate the opportunity to comment on the Pandemic and All-Hazards Preparedness Act (PAHPA) programs and authorities. HSCA applauds your leadership and bipartisan efforts to increase U.S. preparedness to combat future pandemics and other significant public health threats.

Healthcare GPOs are the sourcing and purchasing partners to virtually all of America's 7,000+ hospitals, as well as the vast majority of the 68,000+ long-term care facilities, surgery centers, clinics, and other healthcare providers. GPOs work with providers to negotiate competitive prices and support a safe and reliable supply of products. GPOs lower costs for patients, providers, payers, Medicare and Medicaid, and taxpayers. A 2018 [analysis](#) found that GPOs save the U.S. healthcare system \$34.1 billion annually, up to \$456.6 billion over ten years (2017-2026), and up to \$116.3 billion in Medicare savings and \$90.2 billion in Medicaid savings over the same period. GPOs are particularly critical to small and rural hospitals that often lack the purchasing power to access competitive pricing for essential supplies. The value and services that GPOs provide allow healthcare providers and physicians to focus on their core mission: providing first-class patient care.

Pandemics and other public health emergencies place enormous stress on the entire healthcare system. Healthcare GPOs have played a critical role in supporting COVID-19 response efforts, working closely with all stakeholders, including federal, state, and local health and emergency management agencies to ensure that America's providers have the supplies they need to safeguard patient care. GPOs have taken a number of innovative steps to combat the COVID-19 pandemic, including adding new and non-traditional suppliers and manufacturers to contracts to shore up domestic manufacturing; proactively communicating patient volumes and product demand surges to help expand manufacturing capacity for PPE and other vital supplies; harnessing data and cutting edge technology to provide supply chain insights and improve care; and protecting healthcare providers from counterfeit or inferior products.

Given the unique line of sight of GPOs over the entire healthcare supply chain, HSCA and its member GPOs respectfully recommend the following:

Assistant Secretary for Preparedness and Response (ASPR) (now the Administration for Strategic Preparedness and Response)

HSCA recommends that Congress provide the Administration for Strategic Preparedness and Response (ASPR) and the Food and Drug Administration (FDA) with the joint authority to require that manufacturers and providers of raw materials and active pharmaceutical ingredients disclose

information regarding quantity, location, and predictable shortages of critical supplies. This information is essential to strengthening the healthcare supply chain and particularly important for maintaining adequate inventory of pharmaceuticals, medical devices, and personal protective equipment (PPE). HSCA also recommends that once this information is made available to the ASPR and the FDA that the agencies consider making some or all of the quantity, location, and supply information available to GPOs and other supply chain entities to allow for better decision-making in the product sourcing and acquisition processes.

Public Health Emergency Medical Countermeasures Enterprises (PHEMCE)

HSCA recommends that GPOs and other supply chain stakeholders be involved in the preservation and maintenance of the Strategic National Stockpile (SNS) through the Public Health Emergency Medical Countermeasures Enterprise (PHEMCE). PHEMCE is led by the ASPR and includes three primary HHS internal partners, the Centers for Disease Control and Prevention (CDC), the FDA and the National Institutes of Health (NIH), as well as several interagency partners: the Department of Defense (DoD), the U.S. Department of Veterans Affairs (VA), the Department of Homeland Security (DHS) and the U.S. Department of Agriculture (USDA). HSCA and its member GPOs work with many of these federal agencies on key supply chain issues. For example, HSCA offered comments to the FDA on the “Risk Management Plans to Mitigate the Potential for Drug Shortages” draft guidance in 2022 and has met with representatives from ASPR several times over the past year to discuss how GPOs and the private sector can support the Strategic National Stockpile (SNS). HSCA and its member GPOs hope to continue collaborating with partners across the public sector to bolster resiliency and transparency across the supply chain.

Strategic National Stockpile (SNS)

HSCA recommends that SNS include private-sector entities in its supply chain review processes through PHEMCE to ensure that SNS products are up-to-date, current with medical best practices, and inclusive of special populations, such as pediatrics, emergency medical services (EMS), law enforcement, jails, and prisons. Private-sector entities can offer valuable perspectives on SNS maintenance, procurement, and distribution plans. Maintaining a safe supply of medications, medical countermeasures, and products within their expiration dates and rotating stock where necessary is critical to overall emergency preparedness.

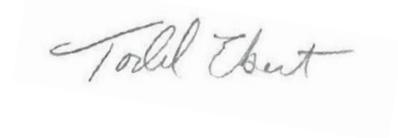
Healthcare GPOs and other private-sector entities can also help SNS and its governing agencies better understand market dynamics and assist with the development of processes to sell and distribute excess products without disrupting existing supply chains. A sudden influx of low-cost inventory from SNS into the market could remove critical predictability of demand from current suppliers, which, in turn, could lead to a decrease in production. As products approach their expiration dates and are eligible for sale, private-sector entities can help SNS consider the best processes for distribution, critical elements of the financial transactions, and chain-of-custody issues, among other considerations.

SNS helps state and local public health agencies manage large quantities of medical countermeasures through the Inventory Management and Tracking System (IMATS), which allows responders to track inventory down to local levels, monitor reorder thresholds, and support warehouse operations. HSCA recommends that data gathered by SNS, either through IMATS or other processes, be made available to the private sector consistent with the requirements of management of Confidential Business

Information (CBI)). Sharing data with healthcare GPOs, their member providers, and other supply chain entities will allow them to access product supply as necessary and appropriate in emergency situations.

We appreciate the opportunity to offer our perspective and look forward to continuing to serve as a resource to the House Committee on Energy and Commerce, your offices, other Members of Congress, and all stakeholders to help ensure U.S. preparedness for future pandemics and other public health threats. Please do not hesitate to contact me directly if HSCA can be a resource on this issue moving forward. I can be reached at (202) 629-5833 and tebert@supplychainassociation.org

Sincerely,



Todd Ebert, R. Ph.
President & CEO
Healthcare Supply Chain Association (HSCA)