



May 7, 2025

Secretary Howard Lutnick
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Re: Comments of the Healthcare Supply Chain Association (HSCA) on Section 232 National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients

Dear Secretary Lutnick,

On behalf of the Healthcare Supply Chain Association (HSCA), which represents the nation's leading traditional healthcare group purchasing organizations (GPOs), we appreciate the opportunity to provide comments to the U.S. Department of Commerce on its Section 232 national security investigation into pharmaceutical imports. HSCA looks forward to working with you and the Trump Administration to strengthen the domestic pharmaceutical supply chain and ensure a consistent supply of critical medical products for patients. However, as the premier stewards of the nation's healthcare supply chain, our focus is to minimize the impact of any new trade policies on patients, and we urge you to consider the potential consequences of tariffs on the healthcare ecosystem. We are concerned that imposing tariffs on pharmaceutical imports could disrupt the supply chain, constrain the limited resources of healthcare providers, and ultimately hinder patient access to care. If tariffs must be imposed, additional protections are necessary to safeguard the healthcare sector from disruption and prevent patient harm.

Initially formed in the early 1900s, traditional healthcare GPOs were designed to drive competition among suppliers, aggregate purchasing volume on behalf of healthcare providers, and reduce healthcare costs. HSCA member GPOs serve as the sourcing and contracting partners to hospitals, long-term care facilities, surgery centers, clinics, and other healthcare providers across the country. The interests of GPOs are entirely aligned with those of their provider members. As such, GPOs are dedicated to ensuring a stable and resilient supply of pharmaceutical products for patients.

HSCA recognizes that tariffs and other economic initiatives are designed to encourage investment in the U.S. marketplace and reshoring of overseas investments, with a key associated goal of addressing supply chain inefficiencies. HSCA commends the Administration's efforts to increase domestic capacity in the supply chain, and we are proud that our supplier partners are often able to offer hospital customers the opportunity to domestically source necessary products.

Ongoing pharmaceutical shortages continue to be a public health crisis and jeopardize patient access to reliable and affordable healthcare. GPOs recognize the cost and impact of drug shortages on their member hospitals and the patients they serve, and are leaders in working to prevent and mitigate drug shortages, including by encouraging investments in domestic manufacturing. GPOs work alongside pharmaceutical manufacturers to recognize quality manufacturing processes, increase competition and promote domestic and near-shore manufacturing, which is vital to ensuring access to essential medicines and products. During the COVID-19 pandemic, a number of HSCA member GPOs launched programs to invest in domestic and geographically diverse manufacturers, helping expand production



capacity and increase hospital access to critical supplies, including pharmaceuticals. GPOs have also helped U.S. manufacturers bring products to market through long-term contracting – a key component designed to support manufacturer investment and sustainability.

However, through the lens of national security, supply chain diversification is essential for helping the United States avoid overreliance on any particular region or location. The global nature of the medical supply chain should be leveraged to build in redundancies, shoring up domestic production as well as sourcing in various geographical locations to help prevent supply disruptions for raw materials or finished products. Previous shortages due to manufacturing issues or natural disasters drive home the importance of having a multifaceted approach to sourcing and manufacturing capabilities. Having manufacturing in a variety of locations helps suppliers scale up quickly, even if on a temporary basis as the primary manufacturer works to resume operations. Increased redundancy also reduces the risk of bottlenecks and severe disruption in the case of regional events or other manufacturing challenges, which is especially critical for pediatric facilities due to specific dosage regimens.

HSCA and its member GPOs support efforts to increase domestic production capacity in the supply chain. However, ensuring that patients have affordable access to care must remain a priority. Imposing tariffs on pharmaceutical imports would likely create volatility in the supply chain, raise prices, and hinder patient access to care. We urge you and the Administration not to apply tariffs to pharmaceutical products. Increasing domestic manufacturing as part of a resilient, geographically diverse global supply chain is important, but it is also a long-term process – policy solutions should include long-term domestic manufacturing incentives and adequate reimbursement for providers to ensure a sustainable approach.

Moreover, the present capacity of domestic pharmaceutical production alone may be insufficient to meet domestic demand. If the Administration imposes additional tariffs or quotas, the supply chain will take time to adapt to a shifting economic landscape. Given the natural lag between these policy actions and the targeted outcomes, there will be supply chain gaps – our reliance on foreign sources to satisfy the needs of the healthcare ecosystem will remain in effect until suppliers have time to ramp up domestic manufacturing.

Therefore, should tariffs be imposed, we urge the Department of Commerce to work with relevant agencies to develop a process for importing medical products without tariffs in circumstances where domestic sourcing options are unavailable due to sudden supply disruptions, such as those caused by emergency events and natural disasters. Without such a process, we are deeply concerned that the impact on the healthcare supply chain and patient access to care would be catastrophic. Rural and pediatric healthcare facilities are particularly susceptible to such interruptions. Late last year, we saw the impact of Hurricane Helene on domestically produced IV solutions where no option remained but to import necessary products for a period of time. An emergency response protocol developed across agencies would be a narrowly defined and carefully structured approach that continued to prioritize and encourage domestic production, but also allowed for necessary emergency steps to ensure uninterrupted care for American patients.

In light of these concerns, HSCA and its member GPOs recently submitted comments to U.S. Trade Representative (USTR) Ambassador Greer suggesting an emergency response process be established in



cases of unexpected events rendering shortages that impact patient care. While these comments were submitted in conjunction with the Department's Section 301 study, they are relevant for the Section 232 investigation as well. For further review of HSCA's comments to the USTR, please click [here](#).

HSCA is eager to partner with your office and the Administration to further discuss methods of safeguarding the pharmaceutical supply chain and U.S. national security. As trusted partners to both manufacturers and hospitals, we have a unique line of sight over the entire healthcare supply chain, offering a critical opportunity for us to serve as a resource to your office and to assist with your work.

Thank you again for the opportunity to provide our perspective, and we look forward to working with you to ensure patients and providers can continue to access essential healthcare supplies. Please do not hesitate to contact me directly if HSCA can be a resource on this issue moving forward. Should you or your staff want to speak further, I can be reached directly at (202) 629-5833 and aboliver@supplychainassociation.org.

Sincerely,

A handwritten signature in black ink that reads "Angie Boliver". The signature is fluid and cursive, written over a light gray rectangular background.

Angie Boliver
President & CEO
Healthcare Supply Chain Association (HSCA)