



March 30, 2026

The Honorable Dr. Mehmet Oz  
Administrator  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

**Re: Advance Notice of Proposed Rulemaking on “Medicare Program; Ensuring Safety Through Domestic Security With Made in America Personal Protective Equipment (PPE) and Essential Medicine Procurement by Medicare Participating Hospitals” [CMS-1516-ANPRM]**

Dear Administrator Oz,

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 Centers for Medicare and Medicaid Services (CMS) regarding its Advance Notice of Proposed Rulemaking (ANPRM) on Ensuring Safety Through Domestic Security With Made in America Personal Protective Equipment (PPE) and Essential Medicine [CMS-1516-ANPRM]. HSCA and its member GPOs appreciate your focus on strengthening the domestic supply chain for PPE and essential medicines, and we look forward to working with CMS and the Administration on this pressing issue.

Traditional healthcare GPOs are the sourcing and contracting partners to American hospitals, long-term care facilities, surgery centers, clinics, and other healthcare providers. Initially formed in the early 1900s, traditional healthcare GPOs combine potential purchasing volume on behalf of healthcare providers, drive competition among suppliers, and reduce healthcare costs. 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 medical products for patients.

Ensuring healthcare supply chain resilience is a significant national priority. Importantly, in addition to environmental factors, disruptions to the availability of medical supplies and pharmaceuticals are primarily driven by upstream factors, including manufacturing issues, quality failures, and shortages of raw materials.<sup>1</sup> These factors are beyond the control of healthcare providers as downstream purchasers. It is framed against that background that HSCA is pleased to offer the following comments.

**GPOs Support Efforts to Encourage Domestic Production**

HSCA and its member GPOs commend your efforts to increase domestic capacity in the supply chain. Traditional healthcare GPOs witness firsthand how overreliance on offshore production can jeopardize patient access to essential products, and HSCA members are leaders in working to encourage investments in domestic manufacturing. GPOs work alongside medical equipment manufacturers to recognize quality manufacturing processes, increase competition, and promote domestic and near-shore manufacturing, which is vital to ensuring access to essential products and PPE.

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<sup>1</sup> See <https://www.fda.gov/drugs/drug-shortages/frequently-asked-questions-about-drug-shortages>.

During the COVID-19 pandemic, for example, several HSCA member GPOs launched programs to invest in domestic and geographically diverse manufacturing, entering into strategic partnership agreements with a number of domestic suppliers. 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, domestic manufacturing is not a panacea for challenges facing the healthcare supply chain. Drug and device shortages, emergency events, and other supply chain disruptions continue to place enormous stress on healthcare providers and the communities they serve, including in markets with a strong domestic manufacturing base. For example, in late 2024 severe rainfall due to Hurricane Helene shut down IV fluid production at Baxter International’s North Cove facility in North Carolina, rendering several critical parenteral products in shortage. The emergency prompted Baxter and the FDA to designate a number of temporary foreign importation sources to help mitigate the effects of the shortage and maintain stable supply for patients in need, including sources in Europe and Asia. Additionally, in 2021, Winter Storm Uri caused a cascading failure of infrastructure along the Gulf Coast, creating widespread disruption of the domestic resin used for medical grade plastics.

Events like Hurricane Helene and Winter Storm Uri drive home the importance of having a multifaceted approach to sourcing and manufacturing capabilities. 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. Having manufacturing in a variety of locations helps suppliers scale up quickly, even if on a temporary basis as the impacted 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 dosing regimens.

**HSCA respectfully offers the following feedback to the ANPRM:**

**Re: Potential Establishment of a Publicly Reported Hospital Designation Reflecting Medicare Participating Hospitals’ Commitment to Procuring Domestic PPE and Essential Medicines**

HSCA and its member GPOs support efforts to increase domestic production capacity as part of a resilient, geographically diverse global supply chain, and we applaud your focus on long-term domestic procurement incentives. The examples above underscore the reality that supply disruptions are primarily driven by upstream manufacturing and infrastructure challenges rather than purchasing decisions. As such, increasing domestic manufacturing capacity will require sustained investment by manufacturers. Importantly, providers do not have the ability to independently influence where products are manufactured or how their supply chains are structured, and policies that rely on hospital procurement behavior as the primary lever for change are unlikely to effectively influence manufacturing investment or production decisions.

HSCA appreciates that the ANPRM offers a voluntary, self-attestation approach for hospitals to earn a domestic procurement designation, but proffer that any designation framework should minimize administrative burdens on providers and recognize the limitations of their position vis-à-vis manufacturers in domestic manufacturing decisions. In all cases, healthcare providers should continue to have flexibility in their procurement decisions – mandating procurement practices would create additional financial strain for hospitals and ultimately lead to higher prices for patients.

Re: Potential Separate Medicare Payment to “Secure American Medical Supplies” Friendly Hospitals

HSCA and its member GPOs support domestic procurement incentives and appreciate CMS’s recognition of the additional resource costs hospitals incur when purchasing domestically manufactured products. However, incentives directed at hospitals alone are unlikely to influence the capital investment decisions necessary to expand domestic manufacturing capacity. Decisions regarding where to locate production facilities, source inputs, and expand capacity are ultimately made by manufacturers and their investors.

HSCA recommends that CMS work with other parts of the government to consider policy approaches that directly support suppliers with domestic manufacturing beyond the scope of the Medicare program, such as incentives for domestic production capacity policies that improve transparency into manufacturing disruptions, more closely aligned with the underlying drivers of shortages. Focusing solely on Medicare-based procurement incentives may not meaningfully influence broader supply chain dynamics. Indeed, Medicare beneficiaries make up only a percentage of the patients that hospitals serve, and Medicare-based incentives may fail to account for the use of domestic products for other patients.

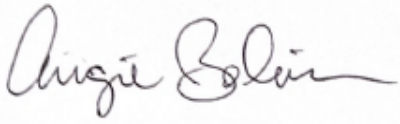
To the extent CMS proceeds with hospital-based incentives, HSCA recommends that the framework scale incentives to the amount of domestic product purchased rather than establish a single threshold. A scaled incentive structure would help encourage hospitals – many of which operate on very slim to negative margins – who may not otherwise be able to reach the single threshold to purchase some percentage of domestic products, however incremental that percentage may be. Similarly, hospitals who can meet the single threshold would be incentivized to further increase domestic procurement beyond the minimum purchase volume.

HSCA also recommends that such incentives be sufficient to support other incremental costs and operational burdens that providers may experience when changing suppliers. To be sure, hospitals and supply chain partners already devote substantial resources to managing shortages, including identifying substitute therapies, coordinating with suppliers, and adjusting clinical protocols. Additional reporting or compliance requirements risk diverting resources from patient care without addressing the upstream causes of supply disruptions. However structured, it will be important that these incentives do not reduce payments available to providers under other CMS programs.

HSCA believes CMS should clarify the criteria which products or suppliers must meet to qualify as “domestic” for the purposes of the designation. The ANPRM lists only potential definitions as currently drafted. Likewise, the ANPRM proposes to use the Administration for Strategic Preparedness and Response’s (ASPR) [Essential Medicines Supply Chain and Manufacturing Resilience Assessment](#) to identify eligible essential medicines, though several entities maintain essential medicines lists that may more comprehensively capture the medicines used for routine patient care. We encourage CMS to work with HSCA, our member GPOs, and other stakeholders to converge on these and any other definitional issues.

HSCA and its member GPOs appreciate the opportunity to provide you with our comments and recommendations. We look forward to continuing to work with you to ensure patients and providers have affordable access to medications. Please do not hesitate to contact me directly if HSCA or our members can serve as a resource or answer any additional questions you may have. Should you or your staff want to speak further, I can be reached directly at [aboliver@supplychainassociation.org](mailto:aboliver@supplychainassociation.org).

Sincerely,

A handwritten signature in black ink that reads "Angie Boliver". The signature is written in a cursive style with a long, sweeping tail on the letter "r".

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