August 17, 2026

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Re: HSCA Comments on Senate Finance Request for Information on *"Commonsense Policy Options to Lower Drug Prices for Patients"*

Dear Ranking Member Wyden and Members of the Senate Finance Committee,

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 in response to your request for information (RFI) on policies to lower drug prices for patients. HSCA supports your continued efforts to enhance affordability for patients and improve access to high-quality medications, and we welcome the opportunity to share our perspective on how a strong, competitive, and resilient supply chain advances those shared goals.

Traditional Healthcare GPOs are the Sourcing and Contracting Partners to America's Healthcare Providers

Traditional healthcare GPOs are the sourcing and contracting partners to hospitals, long-term care facilities, surgery centers, clinics, and other healthcare providers across the country. GPOs negotiate contracts with medical device companies and drug manufacturers (among other suppliers, such as labor, food, landscaping) to deliver high-quality products, reduce provider burden, and maximize efficiencies to both providers and suppliers at the best possible value.

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, providing savings for patients, providers, Medicare, Medicaid, and taxpayers alike. Traditional healthcare GPOs contract for a broad range of healthcare products and services, including drugs, medical devices, surgical equipment, cybersecurity, hospital food and landscaping, and hospital gowns, giving HSCA a unique line of sight over the entire healthcare supply chain.

Traditional healthcare GPOs are fully transparent with their healthcare provider members,[1] do not take possession of or title to product, do not participate in the Medicare Part D prescription drug program, and are focused on getting an appropriate and fair net price. GPOs predominantly source medications used in site-of-care settings, and do not play a significant role in retail pharmacies. Traditional healthcare GPOs do not make provider member pricing decisions and are wholly distinct from pharmacy benefit

[1] Healthcare providers that elect to participate in a GPO program are interchangeably referred to as "members," "participants," or "customers" of the GPO that are eligible to make purchases pursuant to the terms of applicable GPO contracts with suppliers.

managers (PBMs), PBM-owned rebate aggregators, and pharmaceutical wholesalers and distributors, each of which has a different role and business model in the supply chain.[2]

No healthcare provider is required to join a GPO, providers have flexibility to purchase outside of the GPO contract, and most healthcare providers belong to multiple GPOs. The U.S. Government Accountability Office (GAO) reported that, on average, hospitals maintained relationships with two to four different GPOs to drive competition and optimize their cost savings.[3]

Traditional Healthcare GPOs are a Cost-Savings Engine for Providers and the Patients They Serve

American healthcare providers and patients are facing increasing and persistent financial pressures. These pressures are felt more acutely by small and rural healthcare providers. According to a report from the Center for Healthcare Quality and Payment Reform, all but nine states have at least one rural hospital at immediate risk of shutting down,[4] and around one-third of all rural hospitals across the country are at risk of closing in the near future.[5] GPOs enable small and rural healthcare providers to access affordable pricing and favorable terms on essential supplies on par with their larger counterparts. The cost savings generated by GPOs help rural hospitals stay open and focus more resources on their core mission: delivering high-quality, affordable patient care.

Cost savings are one of the central value propositions of traditional healthcare GPOs, which reduce transaction costs for providers and secure lower prices from suppliers. The reduction in transaction costs also benefits suppliers by accommodating fewer, more focused sourcing and contracting efforts while facilitating efficient and predictable transaction volumes.

Traditional healthcare GPOs lower costs for patients and across the entire healthcare system. One report estimated that GPOs will have reduced healthcare spending by up to $456.6 billion for the ten-year period between 2017 and 2026, and that GPOs would generate $116.3 billion in Medicare cost savings and $90.1 billion in Medicaid cost savings over that timeframe. [6] As Congress considers new policies to improve affordability, HSCA urges policymakers to preserve and build upon the proven, market-based savings that GPOs deliver every day.

Increased Access to Biosimilars Will Improve Affordability and Access

Biosimilars have the potential to increase patient access to life-saving medications and reduce costs for the entire healthcare system, and are one of the most effective tools for expanding generic competition in the prescription drug marketplace. HSCA and its members have long advocated for a pathway to

---

[2] The Federal Trade Commission (FTC) has acknowledged the distinction between traditional healthcare GPOs and PBM-owned "rebate aggregators" in a July 2024 Interim Staff Report on "Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies," https://www.ftc.gov/system/files/ftc_gov/pdf/pharmacy-benefit-managers-staff-report.pdf.

[3] Government Accountability Office, "Group Purchasing Organizations: Services Provided to Customers and Initiatives Regarding Their Business Practices," August 2010: https://www.gao.gov/assets/gao-10-738.pdf.

[4] "The Crisis in Rural Health Care," Saving Rural Hospitals, https://ruralhospitals.chqpr.org/.

[5] Andrew Cass, "720 Hospitals at Risk of Closure, by State," Becker's Hospital Review, June 1, 2026, https://www.beckershospitalreview.com/finance/720-hospitals-at-risk-of-closure-by-state/

[6] Allen Dobson and Joan DaVanzo, "A 2018 Update of Cost Savings and Marketplace Analysis of the Health Care Group Purchasing Industry," April 2019, https://www.supplychainassociation.org/wp-content/uploads/2019/05/HSCA-Group-Purchasing-Organizations-Report-FINAL.pdf.

market for biosimilars that prioritizes patient safety and encourages the development and uptake of these innovative, cost-effective therapies.

As an increasing number of biosimilars come to market, ensuring robust uptake and increased competition of biosimilars is critical to safeguarding patient access to life-saving treatments. HSCA and its member GPOs are committed to lowering costs through increased competition and innovation in the healthcare marketplace and encourage the Committee to pursue policies that foster a competitive biosimilars marketplace so that the savings and expanded access these therapies offer are fully realized for patients.

HSCA supports recent bipartisan biosimilars reform efforts, including the Expedited Access to Biosimilars Act (S.1414) and the Biosimilars Red Tape Elimination Act (S.1954), as well as their House companion bills, the Expedited Access to Biosimilars Act (H.R. 9661) and the Biosimilar Red Tape Elimination Act (H.R. 5526), which would remove unnecessary barriers that slow biosimilar approval and adoption. HSCA supports provisions allowing the FDA to approve a biosimilar without redundant studies when existing scientific evidence already demonstrates the product is safe and effective and eliminate arbitrary regulatory distinctions between "biosimilar" and "interchangeable" designations.

Efforts to Improve Affordability Should Not Hamper Access and Supply Chain Resiliency

Affordability cannot come at the expense of accessibility or reliability. Traditional healthcare GPOs carefully evaluate drug suppliers on the consistency of product availability, fill rates, recall frequency and management, disaster preparedness, secondary supply lines, and manufacturing transparency. GPOs take a comprehensive approach to sourcing and contracting that considers not only the competitive price offered by suppliers, but also the quality and reliability of supply, which remain essential considerations for the integrity of the healthcare supply chain.

Unfortunately, some generic manufacturers voluntarily and aggressively undercut each other on price to gain hospital market share. HSCA concurs with the concerns expressed in the RFI about pricing issues caused by hyper-competitiveness between generic suppliers, which can jeopardize patient access to critical medications by driving competitors out of the market, significantly increasing the risk of shortages when manufacturers experience production issues. GPOs oppose manufacturer pricing strategies designed to undercut competition, which can lead to a degradation in quality and reliability.

GPOs also encourage a healthy market and increase competition and resiliency throughout the healthcare supply chain. GPOs work to expand the number of suppliers in the market for essential products and life-saving medications, including generic medications, and continue to work with suppliers and manufacturers to map out entire product supply chains and identify alternative sources of active pharmaceutical ingredients. Ensuring a stable drug supply is a critical component of efforts to address recurring shortages, which continue to impact hospitals and the patients they serve.

Patients have long relied on generic drugs to reduce costs and increase access to essential medications, however, as mentioned in the RFI, the significant price spikes for some generic drugs have begun to jeopardize patient access to affordable healthcare. Robust competition in the generic drug marketplace is critical to mitigating price spikes, and HSCA and its member GPOs support commonsense policy solutions to help foster competition and speed the entry of new manufacturers, including faster regulatory entry for biosimilar products.

HSCA Supports Measures to Improve Transparency in the Supply Chain

HSCA supports greater transparency across the healthcare supply chain and has long advocated for better visibility into upstream healthcare supply chain information. All GPOs participating in HSCA are also members of a transparency and ethics initiative, the Healthcare Group Purchasing Industry Initiative (HGPII), which serves as the industry's independent oversight organization and is reviewed and certified by an independent auditor annually. HSCA and its member GPOs applaud ongoing bipartisan Congressional efforts to increase healthcare supply chain transparency for the ultimate benefit of patients, and we support measures that provide greater visibility into the supply chain.

HSCA's support extends to bipartisan efforts like the Drug Origin Transparency Act (H.R. 8339), and the Consumer Labeling for Enhanced API Reporting and Legitimate Accountability for Base Entity Listings (CLEAR LABELS) Act (S.3788), which require drug labels to include the original manufacturer of the product and the original manufacturer of the active pharmaceutical ingredient.

To maintain transparency while protecting the legitimate proprietary and confidential business information of suppliers, HSCA recommends that policymakers consider establishing a neutral, independent third-party clearing house to collect and aggregate supplier data, including production capacity and inventory data as well as API and raw material availability, to provide meaningful visibility into the supply chain. Such an entity could provide policymakers, providers, and other stakeholders the visibility necessary to inform policy and to anticipate and mitigate shortages while continuing to protect sensitive information.

HSCA and its member GPOs appreciate the opportunity to offer our comments and recommendations. We look forward to continuing to work with Congress to ensure that patients and providers have affordable access to high-quality medications. Please do not hesitate to contact me directly if HSCA can serve as a resource or answer any additional questions you may have. I can be reached directly at aboliver@supplychainassociation.org.

Sincerely,

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