



June 26, 2020

The Honorable Lamar Alexander
Chairman
Committee on Health, Education, Labor
and Pensions
United States Senate
Washington, DC 20510

The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor,
and Pensions
United States Senate
Washington, DC 20510

Re: Comments of the Healthcare Supply Chain Association (HSCA) on the Senate HELP Committee’s request for comments re. “Planning for the Next Pandemic”

Submitted via email to: PANDEMICPREPAREDNESS@HELP.SENATE.GOV

Dear Chairman Alexander and Ranking Member Murray:

On behalf of the Healthcare Supply Chain Association (HSCA), we applaud your leadership to promote U.S. public health preparedness and response. Through commitment to advancing recommendations to help prepare for the next pandemic, we can best work to provide critical support in emergencies facing this nation. The unprecedented nature of the COVID-19 pandemic requires a whole-of-nation effort to ensure a coordinated and comprehensive response.

HSCA represents the nation’s leading healthcare group purchasing organizations (GPOs), 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 healthcare providers to negotiate competitive prices and support a safe and reliable supply of products. The value and services that GPOs provide allow healthcare providers and physicians to focus on their core mission: providing first-class patient care.

Thank you for the Committee’s efforts, including notable work in the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support access to critical supplies and healthcare, prevent and mitigate supply shortages, boost the National Strategic Stockpile and promote innovation and scaling up of manufacturing to facilitate response. These measures are an important step forward for patients and the healthcare system in this country.

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Health crises like the coronavirus place enormous stress on hospitals, other healthcare providers and the communities they serve. GPOs have been playing a critical role in supporting emergency response and public health efforts and are deeply committed to ensuring that healthcare providers and physicians are prepared to respond to challenges like the coronavirus. This includes working closely with the Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA), Drug Enforcement Administration (DEA), Assistant Secretary for Preparedness and Response (ASPR), FEMA, and healthcare stakeholders to enable a coordinated, comprehensive response to this public health threat.

GPOs are taking a number of innovative steps to support response efforts, including supply coordination efforts to help medical teams obtain much needed supplies and support surge capacity, adding new manufacturers to contracts to rapidly increase supplies, and working with non-traditional and adjacent industries to fill supply gaps for essential products such as hand sanitizer, isolation gowns, and surgical caps. As an industry with a proven track record of providing critical support during emergencies like Hurricane Harvey, the California wildfires and the Ebola outbreak, GPOs are committed to helping America's healthcare providers and public authorities confront difficult challenges to support patient care.

Thank you for spearheading this effort and development of this white paper. HSCA appreciates the HELP Committee's efforts to explore ways to increase pandemic response efforts and enhance public-private collaboration. We appreciate the opportunity to provide comments on steps that can be considered in order to support future planning for the next pandemic looking at COVID-19 and beyond.

As the United States continues to work to address the pandemic, further strengthening supply chain resiliency and leveraging public-private collaboration will greatly aid an optimal and effective response.

Given our unique line of sight over the healthcare supply chain, HSCA respectfully submits the following recommendations for your consideration on additional actions that we believe will help support the public health and our nation's preparedness:

I. Increase Supply Chain Collaboration and Communication Among Public and Private Stakeholders to Support Research, Development and Dissemination of Critical Medical Supplies

Increased collaboration and communication among all stakeholders are critical during national emergencies. Public-private partnerships can help form a connection between the government and industry stakeholders, allowing stakeholders to coordinate emergency response plans, identify potential areas of vulnerability, and create lines of communication. GPOs collaborate with stakeholders to help

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identify key areas of need and surge capacity, supporting supply coordination efforts across all distribution channels to help support provider needs. GPOs are also participating in private sector coalition efforts to support government response efforts, including working closely with FEMA and HHS.

We believe the following additional recommendations will help spur the development and distribution of needed medical products to support pandemic response:

Explore Private Sector Incentives to Further Strengthen the Research and Development of New Treatments

Increased competition is critical to spurring the development of new treatments. GPOs support competition and innovation and work to identify and bring new suppliers to market through technology breakthrough programs, supplier innovation summits, and related initiatives to ensure continued access to critical medicines and products. As policymakers continue to explore ways to increase research and development efforts, authorities should consider creating incentives such as private sector partnerships, flexibility in regulatory processes, long-term commitments, and additional tax incentives supporting domestic manufacturing.

Enhance Public-Private Collaboration and Create Opportunities for Private Sector Input

As agencies and policymakers continue to work to advance pandemic planning and information sharing, authorities should solicit input from healthcare stakeholders for their expertise and provide the public sector with the opportunity to submit comments regarding the supply chain implementation aspects of any forthcoming regulation or guidance and refine as needed. Such input will aid smooth and effective coordination and implementation of initiatives to support the public health and scope of response.

Increase Public-Private Communications and Facilitate Greater Access to Information and Data to Inform Response Efforts

Ensuring an effective flow of information and communication between all stakeholders is critical during public health emergencies. GPOs understand firsthand just how important timely information sharing is for assessing emerging needs. For example, demand spikes in the case of the COVID-19 pandemic spotlight the need for healthcare providers to treat patients quickly and efficiently. Accurate understanding of emerging needs is essential. GPOs work in partnership with providers regarding inventory levels to inform purchasing decisions, anticipate potential shortages, and pinpoint hotspots. Public and private stakeholders must continue to collaborate on appropriate information-sharing to help support response efforts and enable a comprehensive, whole-of-nation response.

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II. **Shore Up Manufacturing Capacity to Strengthen Supply Chain Resiliency and Ensure Strategic National Stockpile Resources to Support a Reliable Supply of Essential Medical Products**

Personal protective equipment (PPE) is critical for frontline healthcare workers to effectively treat and prevent the spread of the coronavirus. We applaud the Committee’s efforts to provide additional resources to the Strategic National Stockpile (SNS) in legislation, including the CARES Act, to purchase and distribute PPE, testing supplies, therapies, and other related medical supplies. All stakeholders must work to help appropriately anticipate needs and preserve PPE and other critical products for healthcare providers to help avoid disruption. GPOs are working alongside hospitals and other providers to provide critical support and equip them to prepare for surge needs in response efforts.

Policymakers should consider the additional following recommendations to safeguard access to essential supplies and best leverage private-public partnership:

Ensure SNS is Equipped with Adequate Resources and Allocation Processes

The Strategic National Stockpile (SNS) plays an important role as a partner in response efforts, serving as a stopgap in crises like the coronavirus pandemic. HSCA supports efforts by SNS and other authorities to partner with the private healthcare infrastructure to increase manufacturing capacity for critical products. Both state and federal stockpiling efforts should continue to engage private stakeholders in maintaining reserves of critical supplies and replenishing efforts, including making key stockpiled products available to the private sector prior to expiration and rotating in new products in order for efficient distribution as appropriate.

While traditional allocation models and “just in time” manufacturing are typically appropriate and effective models, pandemics and national emergencies require new thinking about government stockpile accumulation and allocation processes. Public and private supply chain stakeholders need to collaborate on a dynamic stockpile allocation process to reduce strain on supply and ensure timely access to needed products. As part of efforts, authorities should consider pursuing incentive-based data approaches (e.g., grants for needed IT investments or resources for healthcare providers) to strengthen IT infrastructure, optimize allocation, and facilitate an overall modernized SNS.

Support Capacity Through Increased Supply Chain Diversification

As the white paper referenced, recent reports note the global supply chain for necessary medical supplies would not be sufficient to meet global demand during a pandemic such as COVID-19. HSCA supports solutions that strengthen supplier resiliency and redundancy to help prevent disruptions to supply. Increasing supply chain diversification is essential for helping the United States avoid overreliance on any particular region or location. The global nature of the supply chain should be

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leveraged to build in redundancies, shoring up domestic manufacturing as well as sourcing in various geographical locations to help prevent supply disruptions that can occur domestically or internationally. Previous shortage issues due to manufacturing issues or natural disasters like Hurricane Maria make it clear that it is important to have sourcing and manufacturing capabilities both domestically and globally to help ensure multiple suppliers and ability to scale up as needed.

Enhance Upstream Transparency to Strengthen Supply Chain Resiliency in Advance of Emergencies

Access to timely information in advance of an emergency is critical to strengthening supply chain resiliency. HSCA and its member GPOs continue to support policy solutions that not only enable FDA and other authorities to have greater visibility into the source and location of manufacturing of medical products, but also permit access to that information in advance of a public health emergency. This will enable FDA and other supply chain stakeholders to plan for and identify potential shortages, consider backup supply, and take measures to help mitigate and respond to shortages before they occur. HSCA supports policy provisions like those included in the CARES Act that strengthen reporting requirements for manufacturers, including certain information about active pharmaceutical ingredients and other raw materials, to better prevent, assess, and address shortages of medical products needed for patient care in the U.S.

III. Amplify Interagency Coordination to Support Whole-of-Government Response

HSCA appreciates the federal government’s efforts to enhance interagency coordination, and we support efforts to further strengthen that coordination.

Additional recommendations to further strengthen coordination include:

Continue to Support Response Efforts by the Department of Health and Human Services’ (HHS) Assistant Secretary for Preparedness and Response (ASPR)

HSCA supports a whole-of-government response to the pandemic, and HHS’ ASPR plays an important cross-functional role in federal response efforts. Policymakers should continue to ensure ASPR and HHS have the resources needed to optimize efforts and leverage expertise.

FEMA Should Continue to Create Further Opportunities for Stakeholder Comment and Input

HSCA supports FEMA’s efforts to coordinate, collaborate, and plan across stakeholders for manufacturing and distribution of critical supplies during a pandemic. FEMA should continue to create further opportunities for comment and private sector input.

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Policymakers Should Take Steps to Foster an Interagency Supply Chain Effort

Policymakers should build on the Administration’s work and interagency coordination efforts and explore the creation of an interagency supply chain effort to coordinate with the public and private sector and help shepherd communications. This effort would engage public stakeholders to work together to improve agency coordination across HHS, FDA, FEMA, and ASPR and work with the private sector - including GPOs - to solicit input and guidance on response initiatives.

We appreciate the opportunity to provide our perspective, and we look forward to continuing to work with policymakers and all federal agencies to ensure patient and provider access to essential healthcare supplies. Please do not hesitate to contact me directly if HSCA can be a resource on this issue going forward. I can be reached at (202) 629-5833 or info@supplychainassociation.org.

Sincerely,

Khatereh Calleja, J.D.
President & CEO
Healthcare Supply Chain Association (HSCA)

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