



February 4, 2022

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

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

Dear Chair Murray and Ranking Member Burr,

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 Committee's draft text of the *'Prepare for and Respond to Existing Viruses, Emerging New Threats, and Pandemics Act'* (*PREVENT Pandemics Act*). 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. One [report](#) estimated that GPOs reduce supply-related purchasing costs by 13.1 percent annually and will reduce healthcare spending by up to \$456.6 billion between 2017 and 2026. GPOs are particularly critical to smaller and rural hospitals that often lack the purchasing power to procure the supplies they need. 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.

HSCA supports policy measures that strengthen supply chain resiliency and predictability, enhance transparency and upstream visibility, and drive quality throughout the healthcare system. **Given the unique line of sight of GPOs over the entire healthcare supply chain, HSCA and its member GPOs respectfully recommend the following:**

Title IV. Modernizing and Strengthening the Supply Chain for Vital Medical Products

Section 402. Supply Chain Considerations for the Strategic National Stockpile (SNS). HSCA suggests that SNS include private-sector entities in its supply chain review processes 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.

HSCA also recommends that Congress provide SNS, the Assistant Secretary for Preparedness and Response (ASPR), and FDA with the authority to require that supply chain entities – including providers of raw materials and active pharmaceutical ingredients; manufacturers; and distributors – provide information regarding quantity, location, and predictable shortages of critical supplies, including pharmaceuticals, medical devices, and PPE.

Section 403. Strategic National Stockpile Equipment Maintenance. HSCA suggests that the Committee expand this section to include the rotation of stock and the maintenance of products within their expiration dates.

Section 404. Improving Transparency and Predictability of Processes of the Strategic National Stockpile. Private-sector entities can offer valuable perspective on SNS maintenance, procurement, and distribution plans. HSCA recommends that the Committee include private-sector entities in the meetings provided for in this section. We further recommend that data gathered by SNS, including product quantities and general locations, be made available to the private sector (consistent with the requirements of management of Confidential Business Information (CBI)) so that GPO member providers and other supply chain entities can access product supply as necessary and appropriate in emergency situations.

Section 407. Reimbursement for Certain Supplies. HSCA is concerned that, without proper limitations, the sale of excess products into the market could upend existing supply chains and precipitate additional shortage situations. 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. HSCA recommends that SNS engage private-sector entities to better understand market dynamics and to help develop processes to sell and distribute excess products without disrupting existing supply chains. For example, 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.

Section 410. Grants for State Strategic Stockpiles. Healthcare GPOs have long helped states build and maintain their strategic stockpiles. As states build new stockpiles or expand existing stockpiles, we want to emphasize coordination, such that individual stockpiles in many or all states would not remove a significant amount of product from circulation or add stress to the available supply. It is important that entities such as GPOs are able to continue to cooperate with states and maintain a line of sight over the supply chain to help anticipate and avoid added stress to an already stressed supply chain. We appreciate the Committee's call for HHS guidance on best practices and strategies for maintaining stockpiles, including the types of products that are appropriate to maintain in a stockpile. Private-sector and state-level government participation in the development of HHS guidance will help ensure that new shortages are not created, particularly for medications or devices on the FDA shortage lists.

TITLE V. Enhancing Development and Combating Shortages of Medical Products; Subtitle B. Managing Shortages

Section 512. Extending Expiration Dates for Certain Drugs. HSCA supports the extension of expiration dates for certain drugs as one way to help mitigate potential drug shortages, provided the extension is supported by stability data.

Section 514. Combatting Counterfeit Devices. HSCA applauds the Committee for strengthening FDA enforcement authority against counterfeit medical devices. Throughout the pandemic, GPOs have served as a significant line of defense for healthcare providers, conducting extensive vetting to help prevent the purchase of counterfeit or inferior products, alerting authorities to hundreds of fraudulent sellers, and protecting American hospitals and patients from supply chain bad actors. HSCA member GPOs worked to vet gray market suppliers, confirm supplier registration with FDA and the National Institute for Occupational Safety and Health (NIOSH), and give member providers concrete guidance on how to navigate the uncertain secondary market for PPE that emerged and protect against rampant supply chain scams.

Section 516. Preventing Medical Device Shortages. HSCA applauds the Committee for creating a notification system for manufacturers of certain devices – including life-supporting devices, life-sustaining devices, and devices to be used in emergency medical care or surgery – when there is likely to be a meaningful disruption in the supply of that device. We suggest the Committee consider making the reporting mandatory, rather than voluntary. HSCA has consistently supported policy solutions – including those contained in the CARES Act – that strengthen reporting requirements for manufacturers, including information about active pharmaceutical ingredients (API) and other raw materials.

We appreciate the opportunity to provide the Committee with our perspective and we look forward to continuing to serve as a resource to your offices, other Members of Congress, and all stakeholders to help ensure U.S. preparedness for future pandemics. 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)