



Healthcare Distribution Alliance

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**Healthcare Distribution Alliance (HDA)**  
**Statement on the Matter of Combatting Prescription Drug Abuse and Diversion**  
**in the Commonwealth of Pennsylvania**  
**August 16, 2016**

Thank you Rep. Maria Donatucci, the HOPE Caucus, and distinguished members of the Commonwealth's House Republican/Democratic and Senate Democratic Policy Committees for the opportunity to speak today.

My name is Gary Riddle and I am the Vice President of State Government Affairs for the Healthcare Distribution Alliance (HDA). HDA is the national association representing primary pharmaceutical distributors who serve as the vital link between the nation's pharmaceutical manufacturers and healthcare providers. Specific to the Commonwealth, HDA represents six companies who employ nearly 4,000 Pennsylvania residents and deliver lifesavings medicines to approximately 7,900 customers. Two of these companies have their US headquarters here in the Commonwealth: AmerisourceBergen Corporation and Value Drug Company in Chesterbrook and Duncansville, respectively.

Primary pharmaceutical distributors sustain a complex supply chain working around the clock to help pharmacies, hospitals, long-term care facilities, and other healthcare settings across the country keep their shelves stocked with the medications and products that patients need every day. By the numbers, HDA member companies ensure that 15 million prescription medicines and healthcare products are delivered safely and efficiently to nearly 200,000 sites of care throughout the United States while working daily to provide value and achieve healthcare cost savings. Across the US, it is estimated that primary pharmaceutical distributors save an estimated \$42 billion each year for our nation's healthcare system.

HDA and our member companies are committed to the safety and security of the supply chain. While our members do not manufacture pharmaceuticals or interact directly with patients, the pharmaceutical distribution industry is committed to addressing the serious epidemic of prescription drug abuse. Prescription drug abuse is a complex and serious problem in this country that calls for a collaborative effort on the part of doctors, pharmacists, distributors, manufacturers, plus state and federal authorities. It is HDA's position that any plan to combat the drug abuse epidemic must build upon a multilayered strategy carefully balanced to improve effective enforcement while also ensuring appropriate access for patients with legitimate prescription therapy needs.

With our primary pharmaceutical distributors' commitment to help fight prescription drug abuse, HDA members are uniquely situated to perform a number of supply chain services in order to help support the secure delivery of controlled substances to customers. These services include, but are not limited to, the following:

- **Verification** - DEA registration and state licensing validation of customers at both ends of the supply chain continuum (e.g., pharmaceutical manufacturers, pharmacies);
- **Monitoring** - Distributors monitor and assess "suspicious orders" using sophisticated algorithms based on customer classification, understanding of a customer's mix/volume,

and ordering patterns across multiple drug families that have been found to be diverted (e.g., narcotic analgesics, benzodiazepines);

- **Investigation and Reporting** - once a suspicious order is flagged, distributors report the activity to the appropriate authorities (i.e., DEA) and, as needed, distributors work with customer(s) to propose and/or verify that corrective actions have been taken; and
- **Training and Education** - with expertise in supply chain security and logistics, HDA members regularly conduct internal training with employees that often results in assisting law enforcement and customers to preempt diversion of prescription drugs from the legitimate supply chain.

Services, such as those listed above, have made the US pharmaceutical supply chain the most secure and efficient network in the world. These services are also the cornerstones that our members continuously strive to improve upon every day.

HDA has invested significant time in building policy expertise via federal and state legislation, and works collaboratively with other supply chain stakeholders such as the National Association of Board of Pharmacies (NABP), the National Governors Association (NGA), and the Alliance to Prevent the Abuse of Medicine (APAM) to improve upon the policies that support a safe and secure supply chain. HDA and our members have also supported forward thinking public affairs programs to build awareness around the topic of prescription drug abuse. Examples include the Generation Rx program, PSA campaigns for school-age children, and support for DEA National Drug Takeback Days (NOTE: next one occurs October 22).

HDA and our member companies are committed to taking on and defeating the epidemic of opioid abuse in this country through emphasis of a comprehensive approach which includes education, prevention and treatment. Examples of legislation already under consideration in the Commonwealth that fit this framework includes:

- HR 590 – a resolution directing the Dept of Drug and Alcohol Programs to establish and administer a task force on access to addiction treatment through health plans and other resources;
- HB 1699 – an Act examining the dispensing of opioid products in certain emergency/critical care settings;
- HB 1805 – an Act to amend and improve the Achieving Better Care by Monitoring All Prescriptions Program (ABC-MAP); and
- HB 2128 – an Act aimed to improve access to drug overdose medications.

In conclusion, prescription drug abuse and diversion threatens patient safety and the security of the healthcare supply chain. HDA is committed to working collaboratively with our supply chain partners and government officials to address prescription drug abuse and assist in the development of comprehensive solutions to help prevent this epidemic.

Thank you for the opportunity to speak today and I'm happy to be a resource to your Committees now or in the future.