HDA
Healthcare Distribution Alliance
HEALTH DELIVERED

August 12, 2026

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

Dear Ranking Member Wyden:

The Healthcare Distribution Alliance (HDA) appreciates the opportunity to respond to the Senate Finance Committee Minority Staff's Request for Information, *Commonsense Policy Options to Lower Drug Prices for Patients*. HDA supports the committee's work to identify practical, patient-centered policies that lower prescription drug costs, improve affordability and preserve reliable access to medicines.

HDA represents primary pharmaceutical distributors — the vital link between the nation's pharmaceutical manufacturers and pharmacies, hospitals, long-term care facilities, clinics and others nationwide.

HDA's comments focus on areas where the RFI's proposals could affect pharmaceutical distribution, pharmacy access, supply chain operations, generic market stability or the distinction between physical distribution and benefit administration.

Section I. Lowering Drug Prices

HDA's members do not set manufacturer list prices, launch prices or net prices nor do they take positions on the number of drugs selected for negotiation. HDA's primary recommendation is that any expansion or modification of Medicare drug pricing policy be designed in a way that is operationally feasible for pharmacies and providers. If Congress expands negotiation or creates similar pricing models for additional drugs or markets, implementation should avoid unnecessary disruption to product ordering, reimbursement reconciliation, pharmacy cash flow, chargeback administration or inventory management.

HDA recommends policymakers:

1. **Minimize retrospective payment delays for pharmacies and other dispensers.** If a model requires pharmacies and providers to acquire products at one price and later receive reimbursement or reconciliation, payment timing should be as fast and predictable as possible.
2. **Use standardized payment and remittance processes.** New reimbursement or reconciliation requirements should use existing standards where possible and allow sufficient implementation time for trading partners to implement any changes.
3. **Provide clear rules to prevent duplicate discounts.** Any negotiated price or retrospective discount process should account for Medicare, Medicaid, 340B and other statutory pricing programs.

HDA also encourages the committee to consider how policies affecting biologics may influence biosimilar uptake. HDA supports appropriate policies that encourage access to lower-cost biosimilars, including incentives that support provider and patient adoption where clinically appropriate.

Section II. Enhancing Prescription Drug Affordability

HDA supports the goal of reducing patient out-of-pocket costs and improving access to affordable medicines.

Cost-Sharing Based on Net Prices and PBM/Plan Accountability

The RFI asks whether cost-sharing should be based on net drug prices, and whether there are other mechanisms for holding PBMs and plans accountable when they prefer high-list-price products over lower-priced alternatives.

As wholesale distributors, HDA's members do not determine patient cost-sharing, formulary placement, coverage criteria or rebate arrangements. Distributors play a critical role in ensuring medicines remain continuously available to pharmacies, providers and patients, regardless of how benefits are designed. As policymakers consider these reforms, it is important that implementation account for the operational realities of product acquisition, reimbursement, dispensing, inventory management and supply continuity.

Any approach should be implemented in a way that gives pharmacies and providers clear, timely information at the point of dispensing or administration and avoids creating reconciliation delays after the patient receives the medicine.

Cost-Plus or NADAC-Based Generic Reimbursement

The RFI asks whether policymakers should move toward a cost-plus or NADAC-based reimbursement model for generic medicine ingredient costs.

HDA recommends that Congress evaluate any cost-plus or NADAC-based model for its effect on both affordability and supply reliability, as well as patient access. Generic medicines are essential to lowering costs for patients and public programs, but the highly competitive, low-margin market can be fragile, as manufacturers, pharmacies and distributors have limited flexibility to absorb additional economic pressure. Policies that reduce reimbursement without accounting for supply reliability, market sustainability and reasonable dispensing fees may unintentionally exacerbate shortages and market exits, reduce supplier redundancy, discourage investment, and weaken competition.

If Congress considers a cost-plus or NADAC-based model, HDA recommends that the committee:

1. Preserve reliable access to generic medicines;
2. Pair ingredient-cost reforms with reasonable or increased dispensing fees and reimbursement methodologies that support pharmacy participation;
3. Evaluate potential shortage risks, particularly for low-margin essential medicines.

Price-Linked Compensation and Distributor Service Fees

As Congress evaluates price-linked compensation, HDA recommends distinguishing PBM or provider compensation tied to benefit design or reimbursement from bona fide manufacturer-distributor service fees. Unlike rebate arrangements or other benefit-management compensation structures, distributor service fees are not tied to formulary placement, coverage status, utilization management, patient steering or pharmacy reimbursement decisions. Further, existing CMS regulations define a bona fide service fee (BFSF) as a fee paid by a manufacturer to an entity that reflects fair market value for a bona fide, itemized service actually performed on behalf of the manufacturer, where the manufacturer would otherwise perform or contract for the service and that is not passed on to the entity's client or customer.[1]

Manufacturer-distributor BFSFs compensate distributors for essential operational services that support the safe, secure, and efficient movement of medicines throughout the pharmaceutical supply chain, including inventory management, cold-chain logistics, chargeback administration, product security, regulatory compliance, returns processing, recall support, channel data reporting, and credit services. These services also help ensure compliance with numerous state and federal requirements, including, but not limited to, Drug Supply Chain Security Act (DSCSA) obligations and reporting requirements administered by the Food and Drug Administration (FDA) and Drug Enforcement Administration (DEA).

Other Considerations - Drug Shortages and Generic Market Stability

While the RFI is focused on drug prices, affordability and innovation, several proposals could affect the stability of generic drug markets and the long-term availability of essential medicines. Generic competition remains one of the most effective mechanisms for reducing prescription drug costs, but many generic products operate in economically fragile markets.

HDA recommends that Congress consider drug shortage risk when evaluating policies that affect reimbursement, generic market economics or low-margin essential medicines. In addition, policymakers should carefully evaluate how tariffs, domestic content requirements, reshoring mandates or other supply chain interventions may affect medicine affordability and availability.

While strengthening domestic manufacturing capacity may offer long-term benefits, abrupt changes to sourcing requirements could increase costs, reduce supplier flexibility and create additional supply risks during implementation. HDA supports strategic federal investments to boost domestic manufacturing of medical products, such as active pharmaceutical ingredients, key starting materials and finished-dose medicines for greater supply chain resilience. However, we are concerned that placing tariffs on generic drug products produced outside the U.S. will put additional pressure on an industry that is already experiencing financial distress.

Pricing and reimbursement reforms should be evaluated for whether they could unintentionally worsen shortages, particularly for generic sterile injectables and other low-margin essential medicines that have experienced recurring supply disruptions. HDA

[1] 42 C.F.R. § 447.502.

recommends that Congress consider shortage risk alongside affordability goals and support policies that improve supply chain resilience.

Section III. Bolstering Biopharmaceutical Innovation

HDA encourages the committee to consider how innovation policy interacts with patient access after products are approved. Policies that support new treatments should also account for the operational systems needed to distribute products safely, including specialty handling, cold-chain logistics and Drug Supply Chain Security Act (DSCSA) compliance. Congress should seek to leverage existing transaction and data systems where possible and avoid creating duplicative administrative requirements that could divert resources away from patient access and supply chain security.

Conclusion

HDA appreciates the committee's work to identify policy options that lower drug prices and improve affordability for patients. Pharmaceutical distributors support patient access by helping ensure medicines move safely, efficiently and reliably from manufacturers to pharmacies, hospitals, physicians and other authorized providers.

As the committee develops legislation, HDA recommends that drug pricing and affordability reforms:

1. Be operationally feasible for pharmacies, providers and distributors;
2. Avoid unintended disruption to product access, payment reconciliation or inventory management;
3. Preserve generic medicine availability and consider shortage risk;
4. Recognize the distinct roles played by manufacturers, distributors, PBMs, heath plans, pharmacies and providers within the pharmaceutical supply chain;
5. Distinguish bona fide distributor service fees from PBM-related compensation;
6. Consider impact of policies on the generic drug marketplace; and,
7. Include sufficient implementation timelines and operational flexibility to allow supply chain participants to adapt to significant business process or system changes.

HDA welcomes continued engagement with the committee on these important issues as legislative proposals are developed.

Sincerely,

Patrick Kelly

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