Healthcare Distribution Alliance

HEALTH DELIVERED

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Dockets Management Staff (HFA–305)
Food and Drug Administration
5630 Fishers Lane, Rm. 1061
Rockville, MD 20852

Re: Docket No. FDA–2023–N–3721 for "Quality Management Maturity Program for Drug Manufacturing Establishments; Establishment of a Public Docket; Request for Comments"

Dear Associate Commissioner Roth,

The Healthcare Distribution Alliance (HDA) thanks the Food and Drug Administration (FDA) for the opportunity to provide comments to Docket No. FDA–2023–N–3721 for "Quality Management Maturity Program for Drug Manufacturing Establishments; Establishment of a Public Docket; Request for Comments."[1] 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. Since 1876, HDA has helped members navigate regulations and innovations to get the right medicines to the right patients at the right time, safely and efficiently.

FDA's Quality Management Maturity (QMM) program is a framework that is meant to assess quality management systems of pharmaceutical manufacturers beyond current Good Manufacturing Practices (cGMPs). FDA has stated that, "[a]dopting mature quality management practices supports a more reliable drug supply chain by reducing the occurrence of quality-related failures and improving the ability of establishments to maintain performance during expected and unexpected supply chain disruptions. Integrating business and manufacturing operations with quality practices and technological advancements can help achieve higher levels of maturity. This can optimize manufacturing process performance and product quality, enhance supply chain reliability, and foster proactive continual improvement."[2]

HDA supports advancing quality initiatives that contribute to a more resilient pharmaceutical supply chain. In evaluating a QMM program, however, we question whether an underlying assumption that the program would incentivize participation is correct.[3] Further, should FDA consider moving forward with a QMM program, we urge the agency to consider the program's construct, including clarity around the alignment of QMM with cGMPs. Further, we urge the agency to explore the unintended

[1] 88 Fed. Reg. 63587 (Sept. 15, 2023).
[2] CDER Quality management Maturity, last accessed Dec. 14, 2023, *available at* https://www.fda.gov/drugs/pharmaceutical-quality-resources/cder-quality-management-maturity. FDA's focus on a QMM program arose of a 2019 report from the Federal Drug Shortage Task Force. Since the report, between October 2020 and March 2022, CDER worked with third-party contractors to execute two pilot programs aimed at assessing the QMM of drug manufacturing establishments. One pilot focused on domestic sites producing FDFs and one focused on foreign sites producing APIs. On November 2, 2022, the Pharmaceutical Science and Clinical Pharmacology Advisory Committee unanimously voted to support the development of CDER's QMM program.
[3] Maguire, Jennifer et al., The AAPS Journal 25:14, *Lessons from CDER's Quality Management Maturity Pilot Programs*, Jan. 10, 2023.

consequences of publicly available QMM ratings or assessments. HDA's comments below provide more detail in responses to questions 1, 2, 5, and 7.

1. **If you are a manufacturer, please identify the types of drug(s) produced in your establishment (e.g., active pharmaceutical ingredients, innovator drugs, innovator biologics, generics, biosimilars, or OTC monograph drugs). If you are not a manufacturer, please specify whether you are a purchaser, payor, pharmacy, healthcare provider, patient, regulator, supplier, distributor, contract service provider, or other (please describe).**

HDA distributor members are purchasers in the pharmaceutical supply chain. As such, distributors purchase medicines from pharmaceutical manufactures, take legal ownership of the product, manage product inventory, and assume associated credit risks in the resale of those products. Distributors then sell products to customers, including retail pharmacy and hospital sites of care. In total, distributors connect 1,500 manufacturers to 330,000 sites of care, distributing approximately 95 percent of medicines that are dispensed or administered in the United States.[4]

2. **What advantages do you anticipate that your sector (i.e., your organization and others like yours) would gain from CDER's voluntary QMM program?**

HDA supports advancing quality initiatives that can contribute to a more resilient pharmaceutical supply chain; a QMM program has the potential to advance the spirit of such initiatives. Supply disruptions, whether due to quality related issues or other causes, undermine a resilient supply chain and adversely impact distributors. Disruptions can lead to incremental expenses for distributors and downstream constituents as resources are required to identify alternate sources; communicate with customers, providers, and patients; and accommodate system and process differences associated with alternate suppliers.

Quality initiatives are a factor that can help safeguard the integrity of the pharmaceutical supply chain and delivery of safe and effective medicines to the public. Indeed, distributors currently prioritize quality as an important factor in their purchasing decisions, including adherence to current cGMPs. To the extent enhanced quality initiatives, like a voluntary QMM program, can result in improved cGMPs across the industry and less supply disruptions, distributors can be in a better position to successfully maintain a consistent supply of high-quality pharmaceuticals to customers, providers, and patients. However, we urge FDA to avoid creating a duplicate program, which could create more challenges rather than ease in a manufacturer's efforts to create high quality products.

5. **What, if any, unintended consequences, roadblocks, or other concerns do you anticipate with a voluntary QMM program? What barriers to participation do you anticipate? Please explain. Which of these unintended consequences might be unique to stakeholders like you? Why?**

A QMM program is built on the assumption that there would be meaningful participation in the program to achieve the program's goals. **This assumption for a voluntary QMM program may be flawed.**

First, we urge FDA to consider whether voluntary participation in a QMM program may create incremental business risks for participants that result in non-participation. For example, the cost for implementation of a program will be different for participants based on factors such as

[4] HDA, last accessed Dec. 14, 2023, *available at* https://www.hda.org/.

operation size. It may also be difficult for participants to adequately account for the tangible benefits and market incentives for adopting such a program. Acknowledging that generic manufacturers operate with **limited margins (discretionary funds)**, manufacturers may face increased pressure to **manage costs in alignment with current standards**. Smaller manufacturers, already struggling in the market, may find it challenging to meet requirements of the QMM program that go beyond what is already required under the cGMPs system.

Second, we urge FDA to consider that participation in a voluntary program will rely on industry viewing the program as a support tool that can attain and maintain quality compliance, not a new avenue for enforcement. This means that the program should align clearly with established FDA quality guidance documents and standards. Specifically, FDA should consider how to design a QMM program in alignment with cGMPs to support development and maintenance of those quality practices. Further, any ambiguity that exists between these two programs must be reconciled and clear to industry. To the extent that misalignment exists, there is risk in participation in the program.

Third, as discussed below, we are concerned that public outcomes of a QMM assessment could result in further drug shortages.

7. **With respect to the outcomes of a QMM assessment, what are your thoughts about making outcomes public? Would your thoughts be different if the outcomes were generally qualitative (e.g., descriptive information) versus quantitative (e.g., a numerical rating)?**

HDA urges FDA to consider that there could be unintended consequences to participation if assessment outcomes under a voluntary QMM program are publicly available. Public disclosure could deter participation if the public QMM rating compromises a manufacturer's reputation in the supply chain. Without adequate due process mechanisms in place, the public disclosure of outcomes may lack the necessary context, potentially leading to misinterpretation or financial consequences to an organization.

A transparent and well-defined due process is crucial to ensure that any negative findings are thoroughly investigated, and participants are given an opportunity to address and rectify issues before public disclosure. Striking a balance between transparency and protecting the reputational interests of participants is essential to encourage active participation and foster a culture of continuous improvement without unduly jeopardizing the standing of organizations within the supply chain.

HDA is also concerned that public assessment outcomes could drive customer purchases towards drugs by manufacturers that only have a QMM rating, which may lead to challenges in inventory management and potential shortages in the market. Specifically, a public assessment may lead customers to avoid products that do not have a QMM rating, potentially influencing purchasing decisions to favor specific manufacturers of product over others. Such a system could inadvertently create market biases, impact consumer choices, and potentially disadvantage organizations that may be able to produce products in shortage. Further, pressures

from a public assessment of a program that is seemingly voluntary, but the market may see as compulsory, could contribute to manufacturers leaving the market.[5]

Conclusion

We thank FDA for this opportunity to provide comments on a QMM program. Recognizing the pivotal role that distributors play in the pharmaceutical supply chain, HDA looks forward to continued collaboration with FDA on advancing quality initiatives that contribute to a more resilient pharmaceutical supply chain. If you have any questions, please contact me at kshankle@hda.org.

Sincerely,

/s/ Kala Shankle

Kala Shankle
Vice President, Regulatory Affairs

[5] Other organizations have raised similar concerns. *See e.g.,* Association for Accessible Medicines, Comments to Docket No. FDA-2023-N-3721, p. 7, Nov. 27, 2023, *available at* https://downloads.regulations.gov/FDA-2023-N-3721-0005/attachment_1.pdf ("Additionally, if QMM evaluations, for reasons that may be unclear at the time, are particularly ineffective at assessing manufacturers of a certain type or category of drug, thus resulting in low QMM scores across that drug type or category, that may in turn unjustly drive down prices of those drugs, and drive manufacturers out of the market for that product, which might then in turn make those products more susceptible to drug shortages.").