



Distributors Are the Vital Link in the Healthcare Supply Chain

Distributors are the logistics experts of healthcare, primarily responsible for the physical handling of medicines and healthcare products. The industry is united in a common purpose of delivering medicines — and ultimately health — to communities across America.

Deliver **10 Million** Medicines

Healthcare distributors ensure that medicines, ranging from common over-the-counter medicines to specialty products requiring unique handling, are delivered safely and efficiently to healthcare providers, pharmacies and other sites of care.

Link **1,200** Manufacturers to **330,000** Sites of Care

Distributors streamline the supply chain from end to end. Without distributors, pharmacists would have to maintain relationships with each manufacturer, and vice versa, adding time and complexity to what is now a safe, efficient and reliable process.

Save the Healthcare System Up to **\$63 Billion** Annually

Distributors save the healthcare system billions of dollars annually by consolidating orders from multiple manufacturers, providing operational efficiency, leveraging their logistics expertise and deploying advanced technology such as automation and robotics.

Operate on the Narrowest Margins in Healthcare — **0.3%**

Distributors' net profit margin was just 0.3 percent in 2023. This reflects the industry's relentless focus on driving efficiencies and increasing productivity.

Create **American Jobs**

Distributors employ tens of thousands (130,000) of U.S.-based employees and contract for transportation and other services that support thousands of additional jobs.



Distributors have no role in determining the amount patients pay for medicines, which medicines are included on formularies, benefit design decisions and reimbursement rates for dispensing pharmacies. What further distinguishes the industry from others in the supply chain is that **distributors take legal ownership, financial risk and physical possession of medicines**.

Account for less than **1%** of brand medicine spending

Distributors' services account for less than a penny of every dollar spent on brand medicines. In 2023, only 0.8 percent of all spending went to distributors, compared to the 42 percent of brand medicine spending that goes to rebates and fees from other supply chain entities ([Berkeley Research Group](#), 2025).

Ensure the **Safety and Security** of the Healthcare Supply Chain

Distributors are crucial for ensuring access to lifesaving supplies during emergencies: finding solutions that get medicines to patients, supporting providers on the front lines and fostering a more resilient healthcare supply chain. In times of crisis, distributors serve as partners to state and federal governments, warehousing and delivering essential medicines and medical supplies from the Strategic National Stockpile.



Services Included as Part of Wholesaler Margin Costs

- ✓ Buying
- ✓ Warehouse operations
- ✓ Pick, pack and ship functions, including [cold chain management](#)
- ✓ Delivery
- ✓ Information technology
- ✓ Contracts and chargeback reconciliation
- ✓ Administrative
- ✓ Carrying costs
- ✓ Customer costs
- ✓ Sales and marketing
- ✓ Security



HDA and its members are committed to working with policymakers and others across healthcare to make the system stronger and more efficient for patients. Learn more at hda.org/health-delivered.