A YEAR IN REVIEW

2019 HIGHLIGHTS
AmerisourceBergen Corporation
Anda, Inc.
Associated Pharmacies, Inc.
Attain Med, Inc.
Auburn Pharmaceutical Company
Bloodworth Wholesale Drugs
BluPax Pharmaceuticals, LLC
Capital Wholesale Drug Co.
Cardinal Health, Inc.
Clint Pharmaceuticals, Inc.
CuraScript SD
Dakota Drug, Inc.
DMS Pharmaceutical Group, Inc.
Drogueria Betances, LLC
Health Coalition, Inc.
Henry Schein, Inc.
HyGen Pharmaceuticals, Inc.
KeySource
Louisiana Wholesale Drug Co. Inc.
McKesson Corporation
Medisol Plus, LLC
Medline Industries, Inc.
Morris & Dickson Co., L.L.C.
Mutual Drug
Numed
PBA Health
Prescription Supply, Inc.
Prodigy Health Supplier Corporation
Quality Care Products, LLC/Principal Dynamics
R&S Northeast LLC
RDC
Real Value Rx dba Hospital Pharmaceutical Consulting
Richie Pharmacal Co., LLC
Seacoast Medical, LLC
Smith Drug Company, Div. J M Smith Corporation
TopRx
Value Drug Company
For HDA-member pharmaceutical distributors, “continuity” is a running theme in what our member companies do — ensuring providers and patients have access to critical medications and healthcare products no matter the circumstances. As the national organization representing a vital part of the pharmaceutical supply chain, continuity also plays an important role in what HDA does, as a strong voice for the industry since 1876.

In 2019, HDA provided thought leadership, not only on the challenges of the day, such as the opioid abuse crisis and healthcare affordability, but also ongoing operational issues like traceability implementation. The Alliance also supported its members in other ways, spotlighting how distributors drive efficiency and innovation in the healthcare industry, while assisting supply chain professionals in their everyday roles with professional development and educational opportunities, among other initiatives.

The following chronicles the events that moved HDA’s history forward. While the next decade will certainly bring changes and challenges for the organization and our members, HDA will remain committed to serving the industry and its members, just as these entities sustain hundreds of thousands of pharmacies, hospitals and other providers every day.
Healthcare affordability emerged as a top priority as the 116th Congress convened. With numerous policies introduced by members of Congress and the White House, HDA remained actively engaged in the discussion to educate legislators and regulators on the savings and value pharmaceutical distributors deliver to the healthcare system. The Alliance responded to such proposals as the Trump Administration’s International Pricing Index Model for Medicare Part B Drugs and the now-withdrawn rule on prescription drug rebates.

Prescription drug importation was proposed once again as a solution to increase the affordability of medicines. In addition to laws passed in states including Florida and Colorado, in July 2019, the Department of Health and Human Services and Food and Drug Administration released a “Safe Importation Action Plan.” Following its introduction, HDA reaffirmed its opposition to drug importation, noting these policies “[run] directly counter to the efforts of many regulators, the pharmaceutical industry and congressional intent [through the enactment of the federal traceability law, the Drug Supply Chain Security Act (DSCSA)] — and is simply not worth the risk.”

Beyond these developments, HDA communicated about the role of distributors in the pharmaceutical supply chain amid the prescription drug abuse epidemic, while supporting practical solutions aimed at combating the root causes of the crisis. Further, as numerous opioid taxes and fees were either introduced or passed at the state level, the Alliance educated lawmakers about the detrimental effects these policies would have on healthcare costs and patient access to much-needed medications.
HDA spotlighted the value of pharmaceutical distribution as the backbone of the healthcare system. In July, HDA and Deloitte Consulting LLP published *The Role of Distributors in the US Health Care Industry*, providing insights into the importance of wholesalers in driving efficiency and innovation across the pharmaceutical supply chain — both today and over the next several years. The analysis illustrated that distributors generate between $33 and $53 billion in cost savings to the healthcare system annually.

The report detailed the core services distributors provide to support their trading partners, such as consolidating manufacturer orders, delivering products to pharmacies, processing returns and maintaining the infrastructure to manage customer relationships — all of which enable patient access to safe and effective medications. Additionally, the report noted that pharmaceutical distributors have expanded their offerings to include value-added services, such as those geared toward their pharmacy partners, generic sourcing programs to reduce medicine costs, as well as “hub services” to benefit patients and manufacturers alike.

Finally, the report forecasted the trends likely to impact distributors in the future, including industry consolidation and integration, the emergence of personalized care, advances in technology, the entrance of non-traditional competitors into the pharmaceutical industry and rising public scrutiny.

*The Role of Distributors in the US Health Care Industry* may be downloaded at [www.hda.org/resources](http://www.hda.org/resources).
AAOA ADDS NATIONAL PARTNERS, ADVANCES EDUCATIONAL MISSION TO MITIGATE OPIOID ABUSE CRISIS

Allied Against Opioid Abuse (AAOA), an initiative founded by HDA in 2018, grew to partner with nearly 20 national organizations to educate the public of the rights, risks and responsibilities associated with prescription opioids.

In its second year, AAOA:

- Launched the AAOA-HealthyWomen Toolkit to help inform women in their role as consumers and caregivers of the actionable steps they can take to ensure the safe use, storage and disposal of opioids; as well as educational resources in conjunction with the National Consumers League;
- Partnered with the Physician Assistant (PA) Foundation and Cleveland Clinic to release two patient education videos on three things to know about prescription opioids and questions to ask providers; and,
- Led a second year of the “Pledge to Pause” initiative, to encourage PA students to talk to patients before prescribing pain medications.

In addition to these activities, AAOA continued to help pharmacists engage in conversations with patients and their provider colleagues through the materials available in the AAOA Pharmacy Toolkit. Further, the coalition worked with several state pharmacy organizations to circulate the toolkit, while collaborating with organizations, including the National Alliance of State Pharmacy Associations and the National Community Pharmacists Association to highlight the resources at national and statewide conferences. AAOA’s pharmacy partners also include the American Pharmacists Association and the Pharmacy Technician Certification Board.

To get involved with AAOA efforts, visit www.AgainstOpioidAbuse.org.
HIGHLIGHTED ACCOMPLISHMENTS

THE RISKS AND REALITIES OF COMMERCIAL DRUG IMPORTATION

An End-to-End Analysis of Drug Importation Policy on Patient Safety and the Pharmaceutical Supply Chain

FOUNDATION ANALYZES THE EFFECTS OF FEDERAL IMPORTATION POLICIES

A report released by the HDA Research Foundation concluded that federal proposals to permit the importation of prescription drugs into the U.S. fail to provide comprehensive guidance and funding to meet current federal safety and quality standards. “The Risks and Realities of Commercial Drug Importation” noted that these policies would result in at least $1.1 billion in costs due to patient risks, required federal regulatory oversight and the operational challenges placed on the supply chain.

The Foundation report explored current federal drug importation policies for their commercial feasibility, operational costs to the pharmaceutical supply chain and any effects on patient safety.

The report was made possible by Anda, Inc.; Astellas Pharma US, Inc.; Genentech, A Member of the Roche Group; Novartis Pharmaceuticals Corporation; and Pfizer Inc.

A copy may be downloaded at www.hda.org/resources.

“HEALTH DELIVERED” SHOWCASES DISTRIBUTORS’ VALUE AND ESSENTIAL SERVICES

In May, HDA launched Health Delivered — an initiative highlighting the work distributors undertake every day, focusing on four key themes of safety, reliability, efficiency and the industry’s support for its pharmacy partners. As part of the initiative, the Alliance created www.HealthDelivered.org, a website bringing to life how distributors are a vital link in healthcare. Meanwhile, HDA launched That’s A Great Question, a targeted advertising campaign to showcase the valuable support services distributors provide to supply chain partners.

How do pharmacies and hospitals keep in stock the medicines patients need?

That’s a great question.

Learn more about how America’s pharmaceutical distributors are the answer.
DREW AND MAUCH REELECTED TO LEAD BOARD OF DIRECTORS

HDA’s Tenth Annual Board and Membership Meeting saw the reelection of the current Chairman Greg Drew, RPh, of Value Drug Company, to lead the Alliance Board of Directors. Robert Mauch, PhD, PharmD, of AmerisourceBergen Corporation was elected to serve a second term as Vice Chairman.

Several new appointments also were made to the HDA Executive Committee in 2019:

• Victor Crawford of Cardinal Health replaced Jon Giacomin;
• Saul Factor, RPh, of Smith Drug Company replaced Ted Scherr of Dakota Drug, following Mr. Scherr’s 10 years of service to the industry; and,
• Kirk Kaminsky of McKesson Corporation replaced Brian Tyler.

JOHN PRINCE OF OPTUMRX IS GUEST OF HONOR AT ANNUAL CEO ROUNDTABLE FUNDRAISER

The HDA Research Foundation hosted its Eleventh Annual CEO Roundtable Fundraiser on April 9 in New York City, which brought together nearly 200 pharmaceutical industry executives in support of the organization. The evening was highlighted by a conversation between special guest John Prince, Chief Executive Officer of OptumRx and HDA’s John M. Gray, who touched upon current policy issues, business-to-consumer relations and the impact of technology and data on healthcare delivery.

The event raised $400,000 toward the Foundation’s supply chain-focused research and educational programs.

The CEO Roundtable was made possible through the sponsorship of Amneal Pharmaceuticals; Apotex Corp.; IQVIA; Genentech, A Member of the Roche Group; and, Mylan Inc.

The HDA Foundation’s 2019 annual sponsors also included AmerisourceBergen Corporation, Cardinal Health, Inc., and McKesson Corporation.
HDA ENGAGES INDUSTRY AND REGULATORS ON DSCSA SALEABLE RETURNS

With the final implementation deadline for the Drug Supply Chain Security Act (DSCSA) less than five years away, HDA helped members navigate the various regulatory and operational requirements. Throughout 2019, the Alliance resumed work to help companies establish a Verification Router Service (VRS) network in compliance with the saleable returns verification requirements that would go into effect that November. Relevant documents and a final report to the industry from the HDA-convened VRS Task Force were published and available to download at www.hda.org/issues/pharmaceutical-traceability.

Additionally, for the fourth year in a row, the HDA Research Foundation conducted a survey of serialization preparedness (sponsored by ACG Inspection, Adents and LSPediA), with data included for the first time from distributors. The results revealed the supply chain in various states of preparedness to meet the law’s milestones, with concerns related to the saleable returns requirement and a perceived lack of dispenser readiness top of mind. An executive summary is available at www.hda.org/resources.

While HDA members worked to develop compliant systems for processing saleable returns, FDA announced in September that it would exercise a one-year period of enforcement discretion related to the milestone to minimize possible supply chain disruptions. The FDA’s decision was informed by concerns raised by HDA and other stakeholders during the year.
As an industry focused on ensuring critical medicines and healthcare products reach their intended destinations — no matter the weather — HDA supported efforts to promote a safe and efficient supply chain during emergencies.

In June, HDA voiced its support for legislation to reauthorize the Pandemic and All-Hazards Preparedness and Advancing Innovation Act (PAHPA), which recognized the vital role of distributors by ensuring their access to improved information sharing and re-entry procedures in declared disaster zones.

“In past disaster declarations, HDA pharmaceutical distributors were impacted significantly by insufficient communication and coordination between emergency responders,” said HDA President and CEO John M. Gray following its passage. “That is why we support a stronger, coordinated federal effort to manage and support product availability in partnership with private-sector entities that specialize in medical product transport and delivery.” PAHPA was signed into law later that month.

HDA also remained active in groups such as Healthcare Ready, including contributing to the organization’s Heroes of the Supply Chain (www.healthcareready.org/heroes), a showcase of the everyday innovation and commitment of the private sector and non-governmental organization community in the face of disasters and medical crises. In fall 2019, Perry Fri, HDA Executive Vice President of Industry Relations, Membership & Education; and COO, HDA Research Foundation — who has volunteered with the organization since its inception — assumed the chairmanship of the Healthcare Ready Board of Directors.
PCSC ENGAGES IN EFFORTS TO ENSURE SUPPLY CHAIN SAFETY AND SECURITY

Following its integration into HDA in 2018, the Pharmaceutical Cargo Security Coalition disseminated information and educated stakeholders as part of its mission to ensure the safety of goods in transit. In addition to issuing regular intelligence alerts, PCSC assisted members with numerous supply chain security investigations — engaging with local, state and federal law enforcement; private investigators; and other organizations when necessary — and conducted numerous security assessments/audits both in the U.S. and abroad. For the second year in a row, PCSC convened with other pharmaceutical industry security organizations to discuss areas of common interest at the Pharma Security Associations Summit in Philadelphia. Finally, the Coalition launched a first-ever security survey of manufacturer and distributor members. Designed with the goal of providing benchmarking data to the industry; results will be published in 2020.

HDA members automatically receive the benefits of PCSC. Visit www.hda.org/pcsc for more information.
HDA WELCOMES EMERGING LEADERS TO PROFESSIONAL DEVELOPMENT PROGRAM

HDA grew its professional development program, Convene, by developing educational offerings geared toward young professionals. In September, the Alliance brought together its Emerging Leaders group for the first time at HDA headquarters. More than 40 individuals representing distributor, manufacturer and service provider companies met to participate in an educational workshop and learn more about HDA member benefits and engagement opportunities.

In the spring, the HDA Research Foundation announced the inaugural recipients of its graduate-level scholarship program, a joint initiative with Convene. The annual scholarship program, sponsored by Teva Pharmaceuticals, is open to students working within HDA-member distributor and manufacturer companies, who demonstrate how the funds would benefit the applicant’s growth within his or her organization and contribute to the efficiency of the supply chain and the patients it serves. More information is available at www.hda.org/scholarship.

HDA also connected supply chain professionals to development opportunities through Convene’s Mentoring Program, Women’s Executive Forum, several on-demand webinars and dedicated educational sessions at HDA conferences.

Convene is sponsored by Amneal Pharmaceuticals; Ascend Laboratories, LLC; Eisai, Inc.; Mylan Inc.; and Upsher-Smith Laboratories, LLC.
HDA’s annual conferences and seminars hosted a diverse group of pharmaceutical supply chain and security executives in 2019.

The Distribution Management Conference and Expo, convened on the West Coast, where Palm Desert provided the setting for more than 30 breakout sessions on distribution and professional development topics.

The member-exclusive Business and Leadership Conference took place in Orlando, Florida, with nearly 3,000 executive-level business appointments held throughout the event.

Another successful Traceability Seminar was held in the nation’s capital, with discussions centering on the DSCSA’s 2023 implementation date and other important milestones.

Finally, the New Jersey-based PCSC Educational Seminar provided security professionals the opportunity to enhance their knowledge about supply chain security best practices.
AWARDS PROGRAM RECOGNIZES PHARMACEUTICAL SUPPLY CHAIN EXCELLENCE AND OUTSTANDING LEADERSHIP

Through its annual awards, HDA, the HDA Research Foundation and PCSC recognized a commitment to excellence in the pharmaceutical supply chain. Winning individuals and companies were honored for their innovative business solutions, creative product launches, support of the distribution industry, work to secure the supply chain, humanitarian efforts and outstanding career leadership.

2019 AWARD WINNERS

- **Distribution Management Awards**
  - *The MediLedger Project*, a collaboration between AbbVie US; AmerisourceBergen Corporation; Genentech, A Member of the Roche Group; McKesson Corporation; and Pfizer, Inc.

- **Distribution Management Award for Industry Leadership**
  - *Scott Mooney*, McKesson Corporation

- Eight pharmaceutical and consumer product manufacturers were honored with the **Distribution Industry Award for Notable Achievements in Healthcare** (DIANA Awards).

- **HDA Manufacturer Partners of the Year**
  - *Novo Nordisk Inc.*
  - *Upsher-Smith Laboratories, LLC*

- **PCSC Award**
  - *Carlos E. Ochoa*
    U.S. Customs and Border Protection
  - *Leandro Moreira*
    Health Technology Distribution Alliance
  - *Persia Payne Hurley*
    North Carolina Department of Public Safety

- **Power of Partnership Award (Presented with Americares)**
  - *Novartis and Sandoz*

- **2019 Nexus Award for Lifetime Achievement**
  - *George Barrett*, Former Chairman and Chief Executive Officer, Cardinal Health
The Healthcare Distribution Alliance (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. The HDA Research Foundation, HDA’s non-profit charitable foundation, serves the healthcare industry by providing research and education focused on priority healthcare supply chain issues.