Good Afternoon, Chairwoman Moran and Members of the Committee. My name is Matthew DiLoreto, and I am the Vice President of State Government Affairs for the Healthcare Distribution Alliance (HDA). HDA is the national trade association representing 36 primary wholesale distributors. Wholesale distributors are a critical link in the healthcare supply chain that deliver medicines and healthcare supplies safely, securely and efficiently to healthcare delivery settings nationwide. The products HDA members deliver range from the most common over-the-counter products, such as antibiotics, allergy medicine, bandages and even toothpaste, to the most complex specialty prescription medications and virtually any medicine and medical supply. HDA member companies work around the clock to ensure more than 200,000 licensed pharmacies, hospitals, long-term care facilities, clinics and other healthcare providers are equipped with the critical products patients need — 3,700 in Minnesota. HDA members do not research, manufacture, market or prescribe medications. Our members are not healthcare providers or prescribing or dispensing practitioners. They do not influence prescribing patterns, the demand for specific products or patient-benefit design. HDA members go to great lengths to thoroughly verify and fulfill orders placed by DEA-licensed healthcare practitioners, based on those practitioners’ professional judgment of patient need.

HDA is committed to working with policymakers to positively influence the opioid epidemic impacting the nation and recognizes that the intent of HF400 is admirable. However, we do not support the legislation due to the significant financial assessment it would place on the distribution of legitimate medications prescribed and ordered by licensed medical practitioners and pharmacists. It places a logistics-focused industry in the position of absorbing a significant financial assessment, based on a product representing a small portion of overall product volume — potentially denying medical experts and the patients they serve their requested orders, or passing significant costs along to distributor customers and possibly patients. This no-win situation could raise costs or decrease access for legitimate patients, all due to activity that is not being fueled by legitimate patient or prescriber activity, but instead largely from illicit drugs and criminal activity.

In addition, the legislation’s volume-based policy would result in an environment where, even if prescription opioid demand were to decrease, the multimillion-dollar licensure fee would continue to place significant financial responsibility on the healthcare system. In its current form, any volume of opioid product would result in the same assessment. Essentially, there is no relief applied for less opioid distribution, just as there is no penalty for increased distribution.

HDA strongly supports a variety of policies that both decrease opioid demand and dispensing, while encouraging the safe disposal of medications. Some of these proposals are contained in HF400 and should be supported. HDA does not advocate for the use of opioids — a licensed medical professionals’ orders are what determine distributor shipments. Our members strive to support properly licensed medical professionals based on their needs. The development of alternative pain treatments should be encouraged, and one day, such options may become more widely available. That said, there will likely continue to be a place for opioids in the clinical management of pain and, as result, these products should be accessible to patients when a licensed prescriber determines that they are appropriate and clinically necessary. The scope of medical procedures employing opioids
is vast, not only including those received for routine pain management from your local pharmacist. Opioid-containing products are used in epidurals during childbirth and virtually every surgical procedure. These too are impacted by the proposed assessment.

While this proposal aims to reduce prescription opioid misuse by raising revenue for prevention and treatment programs, imposing a cost burden on the healthcare supply chain is an oversimplified and flawed approach that fails to address the root causes of addiction while penalizing all legitimate opioid use. By placing patients and providers at risk of losing access to essential medications, this legislation does more harm than good.