



Charles N. Kahn III
President and CEO

**STATEMENT
of the
Federation of American Hospitals
to the
U.S. Senate
Committee on Finance**

**Drug Shortages: Examining Supply Challenges, Impacts, and Policy Solutions from a
Federal Health Program Perspective**

December 5, 2023

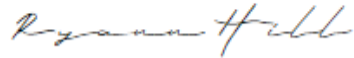
The Federation of American Hospitals (FAH) submits the following Statement for the Record in response to the Senate Finance Committee's (Committee's) full committee hearing "Drug Shortages: Examining Supply Challenges, Impacts, and Policy Solutions from a Federal Health Program Perspective." We appreciate the Committee's commitment to tackling this issue and agree that action should be taken to address the care delays and challenges caused by drug shortages.

The FAH is the national representative of more than 1,000 tax-paying community hospitals and health systems throughout the United States. FAH members provide patients and communities with access to high-quality, affordable care in both urban and rural areas across 46 states, plus Washington, DC, and Puerto Rico. Our members include teaching, acute, inpatient rehabilitation, behavioral health, and long-term care hospitals and provide a wide range of inpatient, ambulatory, post-acute, emergency, children's, and cancer services.

The healthcare supply chain is complex, with many active participants involved in ensuring adequate access to drugs used to provide hospital care. Hospitals aggregate drug sourcing and contracting through group purchasing organizations (GPOs) and don't typically contract directly with manufacturers. In turn, GPOs provide various services for their hospital members, including creating long-term contracts with generic drug manufacturers to achieve a sustainable and resilient supply chain. GPOs must partner with manufacturers that offer a robust pedigree channel that allows for redundancy when possible. To alleviate shortages, incentives are needed to bolster production and improve transparency and collaboration with manufacturers and distributors to support a robust supply of products. We encourage the Committee to extensively assess the drug supply chain and look for ways to strengthen the process to ensure that any proposed policies address drug shortages and safety without creating unintended, harmful consequences.

We look forward to working with the Committee on these critical issues. If you have any questions or would like to discuss these comments further, please do not hesitate to contact Ryann Hill, Vice President of Government Relations, at RHill@FAH.Org or (202) 624-1514.

Sincerely,

A handwritten signature in blue ink that reads "Ryann Hill". The signature is written in a cursive style with a large initial "R".

Ryann D. Hill, MPH
Vice President, Government Relations
Federation of American Hospitals