

North Dakota Legislative Assembly  
Senate Human Services Committee  
State Capitol  
600 East Boulevard  
Bismarck, ND 58505-0360

January 26.2020

**Re: Healthcare Distribution Alliance (HDA) Opposition to SB 2170**

Chairwoman Lee, Vice Chair Roers and Members of the Senate Human Services Committee,

On behalf of the Healthcare Distribution Alliance (HDA), representing 35 primary pharmaceutical wholesale distributors, I am writing in opposition to Senate Bill 2170 and the inclusion of pharmaceutical wholesale distributors within the legislation.

Wholesale distributors serve as the critical logistics provider within the healthcare supply chain. As a patient enters a pharmacy, there is a level of expectation that your prescription, or any number of over-the-counter medications and medical supplies, will be readily available when you arrive. Wholesale distributors are the reason patients can take that process for granted. HDA members work 24 hours a day, 365 days a year to ensure over 15 million healthcare products are delivered to more than 180,000 pharmacies, hospitals, nursing homes and other healthcare settings nationwide.

Distributors are unlike any other supply chain participants – their core business does not involve manufacturing, marketing, prescribing or dispensing medicines, nor do they set the list price of prescription drugs, influence prescribing patterns or determine patient-benefit design. Their key role is to serve as a conduit for medicines to travel from manufacturer to the provider while making sure the supply chain is fully secure, fully functional, and as efficient as possible. Due to these efficiencies, HDA member companies generate between *\$33 and \$53 billion in estimated cost savings each year* to our nation's healthcare system.<sup>1</sup>

HDA and our member companies appreciate the legislation's intent to decrease healthcare costs for patients, however we believe Senate Bill 2170 fails to accurately reflect the complexity of the healthcare supply chain. A wholesale distributor is responsible for fulfilling pharmacy customer orders. Wholesale distributors have no insight into patient-level data, nor are they privy to how products are dispensed at the patient-level by the pharmacy. Similarly, at the time of the purchase from the wholesale distributor, a retail pharmacy is unaware of which patient would receive the medication and what coverage that individual would have. Establishing a cap on the purchase price of a pharmaceutical product by the retail

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<sup>1</sup> The Role of Distributors in the US Health Care Industry Report; <https://www.hda.org/resources/the-role-of-distributors-in-the-us-health-care-industry>

pharmacy does not accurately reflect the supply chain, as health plans reimburse retail pharmacies for drugs when they are dispensed to enrollees in their plan.

Furthermore, the determination not to sell a product to a state would fall outside of the wholesale distributor's authority, this determination would occur at the direction of the manufacturer who could impose such conditions on the sale of the product to the wholesaler. Wholesale distributors should not be subject to the penalty provided within section 19-03.7-07. Enforcement-Penalty if they are acting at the direction of the manufacturer.

Ultimately, the services provided by the healthcare wholesale distribution industry result in benefits to healthcare system, patients and consumers while also making the U.S. pharmaceutical supply chain one of the safest and most efficient in the world. The industry has accomplished these objectives without impacting the overall cost of prescription drugs. Due to the reasons stated above, HDA opposes SB 2170 and we respectfully request an unfavorable vote.

Thank you,



Leah Lindahl

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