

## **Congress Act Now: Reauthorize PAHPA For All-Hazards Supply Chain Resiliency**

### **Background**

HIDA urges Congress to reauthorize the Pandemic and All-Hazards Preparedness Act (PAHPA) prior to its September 30, 2023 expiration. The initial work accomplished in the recently enacted PREVENT Pandemics Act made important first steps to incorporating lessons learned from the COVID-19 response and building strong public/private partnerships. **PAHPA's all-hazards approach and other key public health program authorizations provides an opportunity to ensure consistency across all disaster response efforts.**

HIDA supports a strong public/private partnership for supply chain preparedness and resilience initiatives. Collaboration strategies and policies to support, not supplant, the commercial supply chain are critical. Neither stakeholder alone possesses the full scope of capabilities or expertise needed to adequately provide for an all-hazards preparedness and response in the United States.

Medical product distributors are key to preparedness planning and response success. HIDA members vetted thousands of suppliers, identified product substitutions, and delivered over 90 billion units of PPE during the first two years of the COVID-19 pandemic.

HIDA supports inclusion of the following policies in the PAHPA reauthorization legislation:

### **Industrial Base**

A strategic blend of domestic, near-shored, and global production is key for future preparedness and resiliency efforts. In order to achieve this, further analysis is needed to determine what medical products and how much capacity is needed in the United States and North America going forward.

**HIDA Recommendation:** Establish a public/private process to ensure informed decision making on what products should be domestically produced and **how much warm base capacity is needed to support a national response.**

A thoughtful and long-term plan must be developed to ensure investments made now in domestic production are successful. This plan is critical to avoid the boom and bust cycle that was experienced during COVID-19.

**HIDA Recommendation:** Include a package of incentives to sustain the industrial base of critical products should be included in the PAHPA reauthorization bill that includes the following:

- Government support to reduce capital expenditures through tax incentives, committed **long-term contracts of at least 5 years**, as well as targeted policies such as innovative technology assistance to companies investing in domestic and warm base capacity.
- Products should be known to and **accepted by healthcare providers and FDA.**
- Favorable **trade agreements and reimbursement policies** should be utilized as appropriate.

### **Fast Pass: A Process To Expedite Medical Supplies**

In 2021 and 2022, transportation delays became a healthcare issue. HIDA research estimates that approximately 31,000-46,000 containers of **critical medical supplies were delayed an average of 29 days throughout the transportation system (port, rail, truck)**. A single shipping container can hold up to 3.5 million pairs of exam gloves, 187,000 surgical gowns, and 360,000 syringes.

**HIDA Recommendation:** Include as part of global sourcing strategy, the creation of a “fast pass” process to expedite medical supplies throughout the nation’s transportation system.

### **Public/Private Partnerships For Supply Chain Resiliency & Readiness**

Medical product distributors were a critical partner to the federal government during the COVID-19 response. To improve communication between agencies and industry, and strengthen partnerships formed during the pandemic, a continuing arrangement is needed. By leveraging the existing distribution network with advanced planning, longstanding public/private partnerships will reduce risk, expedite response, and build resiliency.

**HIDA Recommendation:** Create a permanent **Medical Product Distributor Supply Chain Advisory Group** of industry and federal partners at ASPR and SNS to engage in regular communication and **monitoring of the supply chain, flag potential disruptions, and collaborate on solutions**. (*This builds on FY2023 report language on the importance of public/private partnerships and recommends establishing a public/private group to proactively prepare for the next emergency.*) Key activities should include the following:

- The Advisory Group will jointly evaluate ways to **grow public/private partnerships and test new models** for future pandemic response efforts.
- The Advisory Group will **regularly convene federal agencies and distributors** to collaboratively plan for future emergencies and maintain updated plans for product distribution.
- The Advisory Group will **explore opportunities to minimize redundant requests for information** as industry has continually experienced duplicate requests from federal agencies.
- The Advisory Group will collaborate on opportunities to **ensure integrity of products** in the SNS as well as **engage, as appropriate, PHEMCE process** to support informed decision making.

### **Preserve Supply Chain Provisions Enacted By PREVENT Pandemics Act**

The Prepare for and Respond to Existing Viruses, Emerging New Threats and Pandemics Act (PREVENT Pandemics Act) was enacted as part of the Consolidated Appropriations Act, 2023 (P.L. 117-328). The following supply chain provisions of bipartisan, bicameral agreement must be maintained as enacted:

- **Supply Chain Assessment** is required of any vulnerabilities for products that SNS plans to purchase be part of its existing annual threat-based review. (*Sec. 2402*)
- **Vendor Managed Inventory** provision allows SNS to contract with manufacturers and distributors for: (i) procurement, maintenance, storage, and delivery of products; or (ii) maintenance of domestic manufacturing. (*Sec. 2405*)
- **SNS can sell product** to other federal agencies **only**. (*Sec. 2406*)
- **FDA authority strengthened and penalties increased for selling counterfeit devices** (*Sec. 2513*)