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Before the

Subcommittee on Health
House Committee on Energy and Commerce
U.S. House of Representatives

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“Lowering Health Care Costs for All Americans: An Examination of the
Prescription Drug Supply Chain”

Summary of Testimony

Good morning, Chairman Griffith, Ranking Member DeGette and distinguished members of the subcommittee. My name is Chip Davis, and I am the President and CEO of the Healthcare Distribution Alliance. On behalf of HDA, thank you for the opportunity to share the pharmaceutical distribution industry's perspective on healthcare affordability.

We appreciate your examination of this important issue, and we support efforts to increase access and improve affordability for patients.

Distributor Role and Value

Distributors are the backbone of the pharmaceutical supply chain, handling approximately 96 percent of medicines dispensed in the United States.¹ Our thirty-six (36) members work each day to connect approximately 1,400 manufacturers to over 450,000 sites of care.² Distributors are unlike any other supply chain participant. They do not manufacture medicines, do not prescribe them, and do not dispense them to patients. Our industry's key role is to ensure that medicines travel from manufacturer to patient while making sure the supply chain is fully secure and as efficient as possible.

Distributors find the safest and most efficient ways to get products to where patients need them. Our distributor members use their logistics expertise to deliver approximately 10.5 million products daily while maintaining the lowest operating margins in healthcare.¹

HDA distributor members are all headquartered in the United States and support more than 300,000 American jobs, contributing \$32.8 billion annually to our economy.³ Across the country, distributors serve patients, our communities, and our country by working collaboratively to ensure the safe and efficient distribution of critical medicines and supplies.

Distributors are essential to the success of our nation's healthcare system. Their operating model creates efficiency: streamlining the ordering and shipping functions required to move products from manufacturer to providers, and ultimately, the patient. While distributors do not directly interface with patients, their services are designed to support pharmacies and providers who do.²

Distributors provide a "one-stop shop" that simplifies ordering and delivery. Instead of healthcare providers placing orders with more than a thousand manufacturers every day, they can place a single order with their distributor in the evening and receive the products they need,

¹ HDA Foundation, 96th Edition HDA Factbook: The Facts, Figures and Trends in Healthcare (published 2025), available at <https://www.hda.org/publications/96th-edition-hda-factbook-the-facts-figures-and-trends-in-healthcare/>.

² HDA, available at <https://www.hda.org/>.

³ HDA, Economic Impact of Healthcare Distributors in the United States (published 2025), available at https://www.hda.org/getmedia/50954eae-659f-401e-939c-14d7ee4ee487/HDA_Economic_Impact_Report-082625.pdf.

typically the next morning. This reduces the administrative burden on the dispenser, freeing up time and resources that can be spent on other key functions — especially patient care.

Moreover, distributors eliminate the need for manufacturers to build and maintain the internal capacity to distribute products to each site of care. This efficiency that distributors deliver saves the healthcare system roughly \$78 billion annually.⁴

Supply Chain Continuity

The U.S. supply chain depends on the principles of efficiency, security and integrity.

HDA members maintain a safe and secure pharmaceutical supply chain that is highly regulated by the US Food and Drug Administration, the Drug Enforcement Administration, as well as the states. This end-to-end system is designed to protect patients from counterfeit, stolen or contaminated drugs — and that is our industry’s first and foremost priority.⁵

This subcommittee was an integral part of enacting the [Drug Supply Chain Security Act](#) in 2013, and [fully implemented](#) just last year, which was a pivotal step in strengthening supply chain integrity.⁶ This law calls for strict, uniform, interoperable, electronic tracing of medicines from manufacturer to dispenser, ensuring a closed supply chain consisting of only authorized trading partners.⁷ HDA distributor members [led efforts](#) to enact this law and are at the core of this system today.

Support for Pharmacies and Providers

Additionally, distributors provide other services to our downstream customers, beyond “pick, pack and ship.” These services include [cold chain handling](#), [data management](#), customer support, [product security](#) and inventory management. These services are designed to allow providers to focus on caring for their patients and spend less time on “back-of-the-house” operations.⁸

Our members recognize that increased complexity related to operations and reimbursement can create hours of bureaucratic red tape for providers. This only takes them away from what they were trained to do — which is to treat patients. These services ultimately help providers be more efficient, which in turn, can reduce their overall costs.

⁴ HDA Foundation, The Role of Distributors in the US Health Care Industry (published 2025), *available at* <https://hda.org/publications/the-role-of-distributors-in-the-us-healthcare-industry/>.

⁵ US Food and Drug Administration, *available at* <https://www.fda.gov/media/88790/download>.

⁶ HDA, The Drug Supply Chain Security Act (published 2025), *available at* <https://www.hda.org/getmedia/5e011c47-be5e-4e67-a530-32a7adfc21bb/DSCSA-Factsheet-December-2026.pdf>.

⁷ US Food and Drug Administration, *available at* <https://www.fda.gov/drugs/drug-supply-chain-security-act-dscsa/title-ii-drug-quality-and-security-act>.

⁸ HDA, Distributors Are the Vital Link in the Healthcare Supply Chain (published 2025), *available at* <https://www.hda.org/getmedia/b312dcaa-4c76-48bc-9c7c-6ffb2ed1d56e/HDA-Distributors-Drive-Efficiencies-and-Savings-Fact-Sheet.pdf>.

Considerations

Throughout my entire career in healthcare, there has been a policy focus on achieving lower drug costs and affordability for patients. Over the last decade, Congress has enacted numerous proposals intended to lower costs for the patient; however, there is still more work to be done. As we engage in the conversation today, I urge the subcommittee to consider ways to address this challenge while not disrupting the existing, efficient supply chain.⁹ While we can agree that there is need for reform that benefits the patient and eases burdens on the provider, reforms should not come at the expense of the efficiency, security or reliability that exists in the pharmaceutical supply chain. Access to medicines requires that the patient receives medicines both safely and efficaciously. Without security infrastructure and logistics capacity, accomplishing this would become challenging and costs would increase.

Above all, we ask that you examine the challenges that providers face being reimbursed at an appropriate level. For both physicians and pharmacists, the reimbursement dynamics are challenging and put their sustainability at risk. Without intervention, providers across the United States may suffer, increasing healthcare deserts and gaps in care.

Conclusion

In the end, the sophisticated U.S. distribution system is designed to deliver product when and where they are needed most. While distributors do not decide what is prescribed or what is dispensed, the core mission of a distributor is to ensure that whatever medicine is prescribed is available when and where it is needed. HDA and the distribution industry stand ready to continue to meet this challenge, recognizing the importance to the millions of Americans who depend on prescription medicines for their well-being every day.

Thank you for your time. I look forward to your questions.

⁹ HDA, *available at* <https://www.hda.org/getmedia/75f18a57-ada6-4b42-b7df-200525a503bb/Principles-to-Promote-Access-to-Essential-Medicines-and-Reduce-Out-of-Pocket-Costs-for-PatientsOct2025.PDF>.