



May 4, 2026

The Honorable Morgan Griffith
Chairman
Subcommittee on Health
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

Re: Response to Additional Questions for the Record Following the Health Subcommittee Hearing on “Lowering Health Care Costs for All Americans: An Examination of the Prescription Drug Supply Chain”

Dear Chairman Griffith,

On behalf of the Healthcare Supply Chain Association (HSCA), which represents the nation’s leading traditional healthcare group purchasing organizations (GPOs), we appreciate the opportunity to respond to your questions and provide our perspective. As you know, traditional healthcare GPOs serve as the sourcing and contracting partners to American hospitals, long-term care facilities, surgery centers, clinics, and other healthcare providers. HSCA applauds your continued efforts to improve access and affordability in the pharmaceutical supply chain, and we look forward to continuing to work with your office and the Subcommittee moving forward.

HSCA respectfully offers the following responses to your questions:

1. *When the four largest GPOs control over 90 percent of the market, they have massive leveraging power when negotiating contracts for medical supplies and medicines. For generic drugs, how can we shift the focus toward quality and a healthy market to foster competition?*

The four largest traditional healthcare GPOs do not control 90% of the market. We appreciate the opportunity to address this common misconception about healthcare spending and purchasing. HSCA estimates that the 2020 market share percentage of total healthcare spend through the contract portfolios of the three largest GPOs was, at most, 20.7%, 12.6% and 8.2%, respectively.¹ We have investigated several potential sources for the erroneous 90% statistic, all of which are either misquotes or unsubstantiated assertions. A commonly cited source is a 2018 Journal of the American Medical Association (JAMA) [opinion piece](#) that is not peer-reviewed and does not provide a citation for the claim. Another possible source is a [white paper](#) by the Association for Accessible Medicines (AAM), which cites

¹ The healthcare supply chain publication Healthcare Purchasing News compiled the reported 2020 annual provider purchasing volumes under GPO supplier contract portfolios in its [2022 Source Guide](#). The aggregate purchasing volumes across the included national GPO portfolios exceeds \$300 billion. According to a [2020 analysis](#), national GPO contracts account for 55% of total hospital supply spend, which we believe is a reasonable estimate for non-hospital providers as well. Extrapolating these proportions to the \$300 billion national GPO portfolio spend figure suggests that aggregate supply purchases in 2020 through all GPOs for all healthcare providers constituted at least \$545 billion (i.e., \$300B/0.55). Applying that total purchase volume to the reported 2020 spend volume figures for the largest GPOs yields the referenced market share percentages. These estimated shares are likely overestimates, given that the list represents only a subset of GPOs and actual total provider supply purchases exceed \$545 billion.

to [source material](#) that discusses wholesale buying groups – i.e., distributors – not traditional healthcare GPOs.

Regarding the market for generic drugs, traditional healthcare GPOs share the focus on quality and fair competition. GPOs work tirelessly to help ensure a resilient supply chain that prioritizes quality products at affordable prices under durable contractual arrangements designed to enable predictable volumes for drug manufacturers. Traditional healthcare GPOs work diligently to encourage new suppliers to enter the market and to incentivize existing suppliers to continue producing essential products and life-saving medications. In the absence of sufficient products, suppliers, or competition in the market, GPOs are unable to provide their services. Unfortunately, some generic manufacturers deploy production or pricing tactics that undermine the stable supply and demand framework that the GPO agreements seek to establish (e.g., channel stuffing).

HSCA and its member GPOs support several policy solutions to improve quality and competition in the market, including:

- Expedited Food and Drug Administration (FDA) review of abbreviated new drug applications (ANDAs) where there are few active manufacturers;
- Incentives to encourage manufacturers to enter a market early, such as exemptions from user and program fees, streamlined manufacturing data necessary for quality assessment, faster review times, exclusivity extensions triggered by number of active manufacturers and accelerated consideration by the VA for formulary inclusion;
- Incentives for manufacturers to invest in quality, including the addition of secondary supply lines and backup sources of Active Pharmaceutical Ingredients (API);
- Requirements that manufacturers create and maintain buffer inventories of critical drugs, as well as increased transparency into buffer stock;
- Continued implementation of FDA’s QMM program and requirements for manufacturer participation;
- Improved visibility into drug manufacturing locations and API sources, as well as increased facility inspections by the FDA.

2. *Do GPOs collect a higher administrative fee when engaged in sole-source contracting? Do you think it would be cheaper for GPOs to administer a sole-source contract, as opposed to a multi-source contract?*

Administrative fees are not contingent upon any particular contract award status. Rather, traditional healthcare GPO contract award decisions are made pursuant to a competitive bidding process driven by advisory boards of the member providers, as well as corresponding arms-length negotiations with suppliers. As such, contracting decisions are aligned to the product and service needs of, and overall value proposition for, healthcare providers – not fees to the GPO. This process results in dual- or multi-source contracts for the vast majority of product and service categories, providing flexibility within the GPO portfolio for provider-members to choose among alternate suppliers. The Healthcare Group Purchasing Industry Initiative (HGPII) notes that single-source GPO contracts are “exceedingly rare,” and are typically only awarded when a product has no other generic or equivalent competition, when a request for proposal (RFP) receives no competing vendors, or when one of the [member advisory

boards] determines a single-source contract is appropriate to provide member value and protect patient care or healthcare workers' safety.²

Notably, the Government Accountability Office (GAO) has reported that the average GPO administrative fee is between 1.22% and 2.25%.³ GPOs disclose all administrative fees earned to their members and provide annual reports to each member detailing the administrative fees earned on their participating purchases – all in strict compliance with the requirements of the GPO Safe Harbor to the Federal Anti-Kickback Statute.

3. *What is competition like in markets for sterile injectable materials? Are there single companies that have more than 30 percent of the supply market for saline, sterile antibiotics, chemotherapeutics, minerals needed for nutrition and pain medications? If so, what percentage do they have and please explain why you think that is the case.*

HSCA and its member GPOs do not have line of sight into global or domestic market share of any particular manufacturer or product. Given that single-facility disruptions or quality control issues are often capable of precipitating a shortage in the sterile injectable market, however, it is possible that some suppliers do have a greater than 30 percent market share. For sterile injectables specifically, the FDA notes that older drug variations are vulnerable to shortage because they have few manufacturers, limited production capacity, long lead times, and are complex to manufacture. The FDA's two most recent drug shortage reports to Congress each highlight new shortages created by disruptions at individual manufacturing facilities.^{4 5}

In addition to lack of competition and potential for price gouging, one of the reasons that GPOs work to expand the number of suppliers is that markets with an insufficient number of suppliers are more vulnerable to shortages. Redundancies and secondary supply lines are critical safeguards in the event of a supply disruption. The FDA identifies manufacturing quality control issues as the primary cause of drug shortages, along with production delays, lack of raw materials, and manufacturer business decisions to discontinue products.^{6 7}

Traditional healthcare GPOs are leaders in working to prevent and mitigate drug shortages. GPOs offer innovative programs to protect against supply chain interruptions, track global data on raw materials and active pharmaceutical ingredients to anticipate potential disruptions, and participate in numerous government-led and public-private initiatives designed to mitigate the effects of shortages. GPOs also

² Healthcare Group Purchasing Industry Initiative, "20th Annual Report to the Public," February 2026: <https://www.afslaw.com/sites/default/files/2026-02/2026%20HGPII%20Report%20FINAL.pdf>.

³ Government Accountability Office, "Group Purchasing Organizations: Services Provided to Customers and Initiatives Regarding Their Business Practices," August 2010: <https://www.gao.gov/assets/gao-10-738.pdf>.

⁴ Food and Drug Administration, "Drug Shortages Report to Congress CY 2023," June 2024: <https://www.fda.gov/media/179156/download>.

⁵ Food and Drug Administration, "Drug Shortages Report to Congress CY 2024," October 2025: <https://www.fda.gov/media/189325/download>.

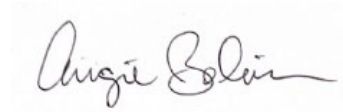
⁶ U.S. Food and Drug Administration, "Frequently Asked Questions about Drug Shortages," October 2023: www.fda.gov/drugs/drug-shortages/frequently-asked-questions-about-drug-shortages.

⁷ See, e.g., Eagle Pharmaceuticals, Inc., Form 10-K for Fiscal Year Ended December 31, 2017, U.S. Securities and Exchange Commission, 47, <https://investor.eagleus.com/node/6546/html> ("Quality problems in manufacturing are linked to a majority of shortages of sterile injectable drugs. Some of the largest manufacturers of sterile injectable drugs have had serious quality problems leading to the temporary voluntary closure or renovations of major production facilities.").

work to increase competition in the market by encouraging investments in domestic production capacity and helping suppliers bring new products to market.

HSCA and its member GPOs appreciate the opportunity to offer our comments and recommendations. We look forward to continuing to work with you and the Subcommittee to ensure patients and providers have affordable access to medications. Please do not hesitate to contact me directly if HSCA can serve as a resource or answer any additional questions you may have. I can be reached directly at aboliver@supplychainassociation.org.

Sincerely,

A handwritten signature in black ink that reads "Angie Boliver". The signature is written in a cursive style with a large initial "A".

Angie Boliver
President & CEO
Healthcare Supply Chain Association (HSCA)