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Northern Virginia Health Policy Forum on the Pharmaceutical Supply Chain

On May 28, 2025, the Northern Virginia Health Policy Forum convened representatives from generic drug and biosimilar manufacturing, hospital pharmacy, and pharmaceutical distribution to examine the threat that drug shortages pose to patient care and explore potential solutions. Moderated by Linda O'Neill, Vice President for Health Policy at Applied Policy, the discussion featured Craig Burton, Senior Vice President of Policy and Strategic Alliances at the Association for Accessible Medicines (AAM) and Executive Director of the Biosimilars Council; Tom Kraus, Vice President of Government Relations at the American Society of Health-System Pharmacists (ASHP); and Nicolette Louissaint, Ph.D., Chief Policy Officer at the Healthcare Distribution Alliance (HDA).

As the conversation commenced, the Food and Drug Administration's Drug Shortages Database listed 98 ongoing shortages tracked by the Center for Drug Evaluation and Research and the Center for Biologics Evaluation and Research. However, as Kraus noted, ASHP was monitoring approximately 270 active shortages—reflecting what hospitals and pharmacists experience at the point of care.

The panelists identified several common threads among drug shortages. Burton noted that there is "almost always a financial element" behind any shortage. Most of the drugs in shortage, he explained, are older generics with unit costs under $5—prices that often leave no room for error. "Whether it's a bankruptcy, whether it's a natural disaster, whether it's an inspection gone wrong, it just takes that one little tipping point to move into a shortage or supply disruption," he said. Noting that there had been growing bipartisan recognition of the need to pay more for some generics, Burton emphasized that such awareness needed to be translated into actionable policy.

Louissaint explained how HDA members connect 1,200 manufacturers with more than 300,000 sites of care across the country. Pharmaceutical distributors' coordination of supply chain logistics, Louissaint said, has led Americans to trust that the medications their doctors prescribe will be available within the same day or next. She noted that distributors are often "the first call when there is a shortage" but cautioned that the system's efficiency can obscure deeper vulnerabilities. Spot shortages may stem from small, temporary disruptions, while long-term shortages require a closer look at larger structural drivers. Louissaint pointed to the downward pressure on generic drug prices and questioned whether, in some cases, costs have been driven so low that the system is no longer sustainable. She also raised concerns about whether the supply chain—both upstream and downstream—has sufficient buffer to withstand unexpected disruptions. Emphasizing that each case is different, she remarked, "If you've seen one shortage, you've seen one shortage."

Kraus highlighted how drug shortages affect patient care and impose an operational burden on hospitals. "A third of our members report having had to delay or cancel therapies because of a given drug shortage," he said, noting that sterile injectable drugs are especially affected. He advocated for purchasing models that consider not only price but also reliability, transparency, and longer-term commitments. "We'd like to have more visibility into manufacturing supply chain and practices," he said, "to know if we're going to pay a premium for products or premium relationship with a given manufacturer, that that comes with some level of certainty around the reliability of that manufacturer." Burton agreed with the goal but cautioned that any system to evaluate reliability must not penalize manufacturers already operating on thin margins.

The panel also considered trade policy and the use of tariffs to encourage domestic pharmaceutical manufacturing. Louissaint cautioned that while such measures are often framed in terms of national security, they can unintentionally increase financial pressure on the very segments of the supply chain already operating on thin margins. "Health policy is industrial policy," she said, stressing that the two are very interconnected and decisions aimed at reshoring production must account for their impact across the supply chain. Tariffs, she warned, could add cost and complexity without improving resilience unless paired with targeted incentives. Kraus said that export restrictions imposed in response to U.S. tariffs could disrupt access to essential ingredients. While the panel acknowledged the strategic interest in strengthening domestic capacity, they emphasized the need for balanced policies that do not inadvertently undermine supply chain stability.

In considering next steps, the panelists advocated for thoughtful, targeted reforms. Louissaint called for policy solutions that strengthen—not disrupt—the current system's core functionality, including regulatory reforms and improved information sharing. Kraus reiterated the importance of long-term contracting and buffer supplies, paired with actionable transparency. Burton argued that shortages are a symptom of a broken market, and lasting improvement will require addressing the broader economics of generics.

The conversation closed with a shared call for continued collaboration among manufacturers, distributors, providers, and policymakers to ensure that solutions support—not strain—the supply chain's ability to deliver essential medications when and where they're needed.

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Applied Policy®, a leading health policy regulatory and reimbursement consulting firm based in Alexandria, Virginia, proudly sponsors the Northern Virginia Health Policy Forum. The Forum brings together key thought leaders, government officials, and industry experts to discuss critical trends in American healthcare.

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This extract was prepared by Applied Policy®.