



The American Antitrust Institute

November 16, 2012

Eugene L. Dodaro
Acting Comptroller of the United States
Government Accountability Office
441 G Street NW
Washington, DC 20548

Re: Healthcare Intermediaries and Drug Shortages

Dear Mr. Dodaro:

The American Antitrust Institute (AAI) has been active in supporting a strong response to threats to competition in the U.S. healthcare sector.¹ Our advocacy efforts on this front utilize various channels for educating the public and urging policy makers to focus resources on examining potential competitive issues that can reduce consumer welfare and compromise fundamental healthcare policy goals.

Recent AAI work has focused on the role of healthcare intermediaries in critically important healthcare markets and supply chains. Our research and analysis indicates an urgent need for policy makers to probe into how markets dominated by only a few intermediaries and intermediary contracting practices potentially affect competition, consumers, and healthcare policy goals. To this end, we would like to draw your attention to a recent AAI White Paper: **“Healthcare Intermediaries: Competition and Healthcare Policy at Loggerheads?”** (May 7, 2012), available on the AAI website.²

Among other case studies of healthcare intermediaries and competition, the AAI White Paper evaluates the potential role of Group Purchasing Organizations (GPOs) in the current drug shortages experienced in the U.S. The White Paper draws no conclusions about the source of the drug shortage problem and we acknowledge the possible roles of regulation, market dynamics, and other factors in creating the situation we face today. However, we make a compelling case for why competitive issues may play a role in drug shortages and the need for further scrutiny.

The drug shortage issue has received significant attention by the medical community, public interest groups, the media and, increasingly, Congress. On November 15, 2012, Congressman Edward J.

¹ The AAI is an independent non-profit education, research, and advocacy organization. Its mission is to advance the role of competition in the economy, protect consumers, and sustain the vitality of the antitrust laws. More information is available at www.antitrustinstitute.org.

² The AAI White Paper is available at:
<http://www.antitrustinstitute.org/~antitrust/sites/default/files/AAI%20White%20Paper%20Healthcare%20Intermediaries.pdf>.

Markey, together with five other members, sent the Government Accountability Office (GAO) a letter urging your agency to investigate a number of questions relating to competition, GPO contracting practices, and drug shortages. The AAI seconds this and other calls for an independent and comprehensive investigation into sources of the drug shortage problem – particularly how intermediary markets and practices potentially affect the availability of critical drugs and the stability of the healthcare supply chain.

Sincerely,

A handwritten signature in black ink that reads "Diana L. Moss". The signature is written in a cursive, flowing style.

Diana Moss

Vice President and Director
American Antitrust Institute

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