REPORT OF THE COUNCIL ON SCIENCE AND PUBLIC HEALTH

CSAPH Report 1-I-22

Subject: Drug Shortages: 2022 Update

Presented by: Noel Deep, MD, Chair

Referred to: Reference Committee K

INTRODUCTION

American Medical Association (AMA) Policy H-100.956, “National Drug Shortages,” directs the Council on Science and Public Health (CSAPH) to evaluate the drug shortage issue, including the impact of group purchasing organizations and pharmacy benefit managers on drug shortages, and report back at least annually to the House of Delegates (HOD) on progress made in addressing drug shortages in the United States. This report provides an update on continuing trends in national drug shortages and ongoing efforts to further evaluate and address this critical public health issue.

METHODS

English-language reports were selected from a PubMed and Google Scholar search from September 2019 to August 2022, using the text term “drug shortages.” Additional articles were identified by manual review of the references cited in these publications. Further information was obtained from the internet sites of the U.S. Food and Drug Administration (FDA), National Academies of Sciences, Engineering, and Medicine (NASEM), U.S. Department of Health and Human Services (HHS), American Society of Health-System Pharmacists (ASHP), and Duke Margolis Center for Health Policy.

BACKGROUND

CSAPH has issued twelve reports on drug shortages, with the most recent published at the November 2021 Special Meeting. The findings and conclusions of the first five reports are summarized in CSAPH Report 2-I-15, “National Drug Shortages: Update.” The remainder of this report will provide an update on drug shortages since the 2021 report was developed, including specific comment on issues associated with the role of pharmacy benefit managers (PBMs).

CURRENT TRENDS IN DRUG SHORTAGES

Drug shortages remain an ongoing public health concern in the United States and the AMA continues to monitor the situation and take action when appropriate. Overall, new drug shortages are decreasing; however, a large number of shortages are still ongoing and pose continued problems for patient care. Additionally, new shortages may occur as manufacturing capacity in the pharmaceutical industry is prioritized during the continuing COVID-19 and monkeypox public health emergencies, specifically for the production of vaccines and treatments.

The two primary data sources for information on drug shortages in the United States continue to be the Drug Shortage Program at the FDA and the Drug Shortage Resource Center maintained by...
ASHP in cooperation with the University of Utah Drug Information Service (see Box 1 for links to these resources).\textsuperscript{2,3} It should be noted that FDA resources also include guidance on drugs which have had their use dates extended while a known shortage is ongoing.

According to current ASHP statistics (see Appendix 1), the downward trend in new drug shortages over the last few years has continued. At its peak in 2011, there were 267 new drug shortages reported; in 2021, there were 114. For the first 6 months of 2022, there have been 81 newly reported shortages. However, while the number of new shortages may be decreasing each year, the number of active drug shortages has stayed relatively steady (282 active shortages in Q2 2019, 264 shortages in Q2 2022), indicating that individual shortages are taking longer to resolve. For the first two quarters of 2022, the five classes of drugs with the most ongoing shortages include: central nervous system drugs (40 total), fluids and electrolytes (36), antimicrobials (30), cardiovascular (27), and hormones (19). Fluids and electrolytes were not present in last year’s top five classes of drug shortages, indicating a surge in products currently facing shortage.

In addition, the number of manufacturers reporting the underlying cause of the drug shortage as “unknown” has continued to decrease, from 82 percent in 2019 to 42 percent in 2021. Compared to 2020, “business decision” has decreased as well from 14 percent to 4 percent in 2021. Behind “unknown,” “supply/demand” was listed as the second most common reason (27 percent) for drug shortages by manufacturers in 2021. Beyond issues with manufacturing, ASHP has also reported that hospitals are having difficulty staffing their pharmacies with experienced staff to proactively identify, prevent and alleviate gaps in supply.\textsuperscript{4}

The FDA continues to utilize a mobile app to provide up-to-date access to information about drugs in shortage as well as notifications about new and resolved drug shortages. This mobile app also gives physicians the ability to report a drug shortage. The FDA Drug Shortages webpage includes a current shortages list, a link to the mobile app, and additional information (Box 1).

The ninth annual report on drug shortages from the FDA to Congress published in early 2022 summarizes the major actions the FDA took in calendar year 2021 related to drug shortages.\textsuperscript{5} During the COVID-19 public health emergency, the FDA continued to closely monitor the medical product supply chain and as expected, the supply chain was impacted by the pandemic, leading to supply disruptions or shortages of drug products in the United States. Appendix 2 includes a breakdown of the FDA’s calendar year 2021 metrics, including the number of expedited reviews (274) and expedited inspections (29).

The Essential Medicines Report

In May 2022, HHS and the Assistant Secretary for Preparedness and Response (ASPR) released the first Essential Medicines Supply Chain and Manufacturing Resilience Assessment.\textsuperscript{6} A critical function of this report was to prioritize drugs for increased scrutiny from a previously developed list of essential medicines.\textsuperscript{7} In their report, a group of stakeholders identified 86 medications as critical or important for minimum acute patient care with no other alternative available. Of the drugs identified, 56 drugs (65 percent) at the time of publication were in shortage as described by the ASHP database. Within their report, the group outlines six challenges for addressing drug shortages: market structure, global competition, labor/workforce, manufacturing processes, supply chain/distribution, and regulatory barriers.
Outside of the FDA, HHS and ASPR, the Drug Enforcement Administration (DEA) is another critical federal agency that impacts drug shortages. As part of its regulatory authority under the Controlled Substances Act, the DEA maintains a closed system around the manufacturing of Schedule I and II drugs, as well as List I chemicals (ephedrine, pseudoephedrine and phenylpropanolamine). This closed system means that the DEA requires the registration and continuous oversight of any entity involved in the manufacturing and distribution supply chain of these drugs, including a strict quota on the volume and quantity of a controlled substance that can be manufactured at a given time. Per the DEA, this quota is intended “prevent, detect, and investigate the diversion of controlled pharmaceuticals and listed chemicals from legitimate sources while ensuring an adequate and uninterrupted supply for legitimate medical, commercial, and scientific needs.” The FDA and DEA have an ongoing memorandum of understanding to share information regarding information that may impact drug shortages.

However, there have been several instances where DEA quotas have either directly or indirectly caused a drug shortage of a critically necessary medication. For example, in 2019 the DEA proposed a 53 percent decrease to the overall quota of Schedule II opioids that could be manufactured in 2020. However, by the spring of 2020, there was a surge in demand for injectable opioids to help patients on ventilators fighting COVID-19. In response to a 2020 joint letter from AMA, ASHP and other stakeholders, the DEA increased the manufacturing quota by 15 percent, yet injectable fentanyl, hydromorphone, and morphine are all still classified as active shortages by ASHP in 2022. Other drugs, such as mixed amphetamine salts for the treatment of attention deficit hyperactivity disorder, are similarly facing decreases in DEA manufacturing quotas while under an active drug shortage.

In light of the opioid crisis, in which medications that help prevent overdose are underprescribed nationwide, supply restrictions may have significant unintended consequences. The potential benefit of supply reduction is that it may discourage the diversion of controlled substances. The potential harm of supply reduction is that patients may suffer serious harm when needed medications are unavailable for any reason. Your Council on Science and Public Health is currently unaware of any evidence that the overall benefits of supply reductions outweigh the overall harms.

At the AMA 2022 Annual Meeting, the topic of PBMs and their role in driving drug shortages was specifically raised. PBMs, which serve as an intermediary between health insurers and pharmaceutical companies, have long been a source of scrutiny by our AMA, with a multitude of policies directly calling for oversight or reform of PBM activities. Concern around PBMs and drug shortages is the potential for manipulating price and access to medications. However, these claims cannot be tested as PBM pricing information has historically been opaque, but that may be changing. On June 7, 2022, the Federal Trade Commission (FTC) announced that it has launched an investigation into vertically integrated PBMs and has specifically cited issues around PBM-owned pharmacies and prior authorizations. In April 2022, prior to the FTC’s decision, the AMA sent a letter urging the FTC to take action and increase PBM transparency. Additional bipartisan legislation, the Pharmacy Benefit Manager Transparency Act of 2022, was introduced on May 24, 2022, and at the time of writing is pending review by the Senate Commerce, Science and Transportation committee. In its current form, the PBM
Transparency Act would require, among other things, for PBMs to file annual reports with the FTC on many of their practices. Beyond possible manipulations of cost and access, other PBM practices may exacerbate drug shortages or otherwise impact the ability of a practice to mitigate shortages. For example, PBMs may utilize techniques known as “brown bagging,” in which a health plan requires a patient to obtain a medication from a PBM-owned specialty pharmacy and then bring it to the clinic for the practitioner to administer. Previously, the Council on Medical Service has investigated the issue of brown bagging medications in the context of patient care. In the context of drug shortages, brown bagging decreases visibility of the supply chain for hospitals and practices; they are unable to predict which medications are to be needed when, and as such may be unable to procure or adequately plan for future demand.

**Monkeypox Vaccines**

Amidst the monkeypox public health emergency, there is currently a shortage of vaccinations available in the United States. Two vaccines may be used for the prevention of monkeypox disease. The JYNNEOS vaccine, a third-generation vaccine produced by a small European biotech company, Bavarian Nordic, is approved for the prevention of monkeypox and smallpox disease and the ACAM2000 vaccine, produced by Baxter, is approved for immunization against smallpox disease and made available for use against monkeypox under an Expanded Access Investigational New Drug (EA-IND) protocol. In the United States, there is a large supply of ACAM2000, but this vaccine has more known side effects and contraindications. JYNNEOS is the primary vaccine being used in the U.S monkeypox outbreak.

After its FDA approval in 2019, the Strategic National Stockpile (SNS) was reportedly supposed to procure 120 million doses of JYNNEOS, enough to immunize sixty million people as one element of the U.S. government’s smallpox preparedness efforts. However, as with other supplies in the national stockpile, JYNNEOS inventory was not maintained to an appropriate level due to chronic underfunding as well as the redirection of funds to other purposes, such as shelter for 20 thousand unhoused migrant children at the southern border. With a shelf-life of 3 years, millions of doses of JYNNEOS in the SNS had expired. Only 2,400 doses of the JYNNEOS vaccine were available in the immediate holdings of the SNS at the onset of the current monkeypox outbreak. More than 1.1 million doses of the vaccine purchased by the U.S. government were at Bavarian Nordic’s facility in Denmark and required authorization from an on-site FDA inspection before they could be shipped to the U.S.

To help alleviate the shortage, the FDA granted emergency use authorization for intradermal administration of JYNNEOS, which utilizes approximately one-fifth of the total volume of vaccine compared to currently approved subcutaneous administration. In addition, the administration has increased efforts to boost domestic manufacturing, including partnerships with Michigan-based facilities to perform filling and finishing to expedite the distribution of previously ordered vaccines.

**CURRENT AMA DRUG SHORTAGE ACTIVITIES**

AMA staff continue to remain engaged in drug shortage activities. Staff are involved in a multi-stakeholder effort to remain current on policies, drug shortage and supply chain issues, and to develop group recommendations on the topics. The effort includes our AMA, the ASHP, the American Hospital Association (AHA), the United States Pharmacopeia (USP), the American Society of Anesthesiologists (ASA), and the American Society of Clinical Oncology (ASCO).
Earlier this year, our AMA additionally sent a letter to leadership of the Senate Committee on Health, Education, Labor and Pensions to advocate for legislation modernizing the medical supply chain. In the letter, the AMA called upon Congress to, among other things:

- Incentivize advanced manufacturing technology and develop new continuous manufacturing technology for critical drugs and active pharmaceutical ingredients;
- Improve the function and composition of the Strategic National Stockpile;
- Improve multinational cooperation on supply chain resilience;
- Incentivize quality and resilience; and
- Replicate asks for critical drug manufacturing transparency and oversight for medical devices and ancillary supplies (e.g., PPE).

CONCLUSION

The rate of new medical product shortages is decreasing, but individual shortages are lasting longer. Due to the ongoing COVID-19 and monkeypox public health emergencies, the medical supply chain has been under intense, increased scrutiny. The AMA’s drug shortage policy is timely and already addresses a variety of issues that are under consideration by the White House, FDA, and other stakeholders. Additional policy modifications have been recommended to reflect ongoing efforts by other organizations interacting with the drug manufacturing space, such as the DEA and FTC.

RECOMMENDATIONS

The Council on Science and Public Health recommends that the following be adopted and the remainder of the report be filed.

1. Policy H-100.956, “National Drug Shortages” be amended by addition to read as follows:

   1. Our AMA considers drug shortages to be an urgent public health crisis, and recent shortages have had a dramatic and negative impact on the delivery and safety of appropriate health care to patients.

   2. Our AMA supports recommendations that have been developed by multiple stakeholders to improve manufacturing quality systems, identify efficiencies in regulatory review that can mitigate drug shortages, and explore measures designed to drive greater investment in production capacity for products that are in short supply, and will work in a collaborative fashion with these and other stakeholders to implement these recommendations in an urgent fashion.

   3. Our AMA supports authorizing the Secretary of the U.S. Department of Health and Human Services (DHHS) to expedite facility inspections and the review of manufacturing changes, drug applications and supplements that would help mitigate or prevent a drug shortage.

   4. Our AMA will advocate that the US Food and Drug Administration (FDA) and/or Congress require drug manufacturers to establish a plan for continuity of supply of vital and life-sustaining medications and vaccines to avoid production shortages whenever possible. This plan should include establishing the necessary resiliency and redundancy in manufacturing capability to minimize disruptions of supplies in foreseeable circumstances including the possibility of a disaster affecting a plant.
5. The Council on Science and Public Health shall continue to evaluate the drug shortage issue, including the impact of group purchasing organizations and pharmacy benefit managers on drug shortages, and report back at least annually to the House of Delegates on progress made in addressing drug shortages.

6. Our AMA urges continued analysis of the root causes of drug shortages that includes consideration of federal actions, evaluation of manufacturer, Group Purchasing Organization (GPO), pharmacy benefit managers, and distributor practices, contracting practices by market participants on competition, access to drugs, pricing, and analysis of economic drivers, and supports efforts by the Federal Trade Commission to oversee and regulate such forces.

7. Our AMA urges regulatory relief designed to improve the availability of prescription drugs by ensuring that such products are not removed from the market or caused to stop production due to compliance issues unless such removal is clearly required for significant and obvious safety reasons.

8. Our AMA supports the view that wholesalers should routinely institute an allocation system that attempts to fairly distribute drugs in short supply based on remaining inventory and considering the customer's purchase history.

9. Our AMA will collaborate with medical specialty society partners and other stakeholders in identifying and supporting legislative remedies to allow for more reasonable and sustainable payment rates for prescription drugs.

10. Our AMA urges that during the evaluation of potential mergers and acquisitions involving pharmaceutical manufacturers, the Federal Trade Commission consult with the FDA to determine whether such an activity has the potential to worsen drug shortages.

11. Our AMA urges the FDA to require manufacturers to provide greater transparency regarding the pharmaceutical product supply chain, including production locations of drugs, and provide more detailed information regarding the causes and anticipated duration of drug shortages.

12. Our AMA supports the collection and standardization of pharmaceutical supply chain data in order to determine the data indicators to identify potential supply chain issues, such as drug shortages.

13. Our AMA encourages global implementation of guidelines related to pharmaceutical product supply chains, quality systems, and management of product lifecycles, as well as expansion of global reporting requirements for indicators of drug shortages.

14. Our AMA urges drug manufacturers to accelerate the adoption of advanced manufacturing technologies such as continuous pharmaceutical manufacturing.

15. Our AMA supports the concept of creating a rating system to provide information about the quality management maturity, resiliency and redundancy, and shortage mitigation plans, of pharmaceutical manufacturing facilities to increase visibility and transparency and provide incentive to manufacturers. Additionally, our AMA encourages GPOs and
1. purchasers to contractually require manufacturers to disclose their quality rating, when
available, on product labeling.

16. Our AMA encourages electronic health records (EHR) vendors to make changes to their
systems to ease the burden of making drug product changes.

17. Our AMA urges the FDA to evaluate and provide current information regarding the quality
of outsourcer compounding facilities.

18. Our AMA urges DHHS and the U.S. Department of Homeland Security (DHS) to examine
and consider drug shortages as a national security initiative and include vital drug
production sites in the critical infrastructure plan.

19. Our AMA urges the Drug Enforcement Administration and other federal agencies to
regularly communicate and consult with the FDA regarding regulatory actions which may
impact the manufacturing, sourcing, and distribution of drugs and their ingredients.
(Modify Current HOD Policy)

2. That Policy H-440.847, “Pandemic Preparedness,” which addresses the adequacy of the
Strategic National Stockpile, be reaffirmed. (Reaffirm HOD Policy)

Fiscal Note: Less than $1,000
Box 1. Resources available to assist in mitigation of drug shortages.

1. ASHP Resource Center
2. ASHP list of current shortages
3. FDA Drug Shortages Page (includes current shortages list, extended use dates, mobile app, and additional information)
APPENDIX 1

ASHP/University of Utah Drug Information Service Drug Shortage Data

Figure 1. National Drug Shortages: New Shortages by Year: January 2001 to June 30, 2022

Note: Each column represents the number of new shortages identified during that year.
University of Utah Drug Information Service
Contact: Erin.Fox@hsc.utah.edu, @foxerinr for more information.

Figure 2. National Drug Shortages: New Shortages by Year - Percent Injectable: January 2001 to June 30, 2022, % Injectable

Note: Each column represents the number of new shortages identified during that year.
University of Utah Drug Information Service
Contact: Erin.Fox@hsc.utah.edu, @foxerinr for more information.
Figure 3. National Drug Shortages: Active Shortages by Quarter: 5 Year Trend

Note: Each point represents the number of active shortages at the end of each quarter.
University of Utah Drug Information Service
Contact: Erin.Fox@hsc.utah.edu, @foxerinr for more information.

Figure 4. National Drug Shortages: Active Shortages Top 5 Drug Classes

University of Utah Drug Information Service
Contact: Erin.Fox@hsc.utah.edu, @foxerinr for more information.
Figure 5. National Drug Shortages: Common Drug Classes in Short Supply: 5 Year Trend

University of Utah Drug Information Service
Contact: Erin.Fox@hsc.utah.edu, @foxerinr for more information.

Figure 6. National Drug Shortages: Reasons for Shortages as Reported by Manufacturers During UUDIS Investigation — 2021

University of Utah Drug Information Service
Contact: Erin.Fox@hsc.utah.edu, @foxerinr for more information.
### APPENDIX 2

**Breakdown of CDER’s and CBER’s Shortage Numbers, CY 2021**

<table>
<thead>
<tr>
<th></th>
<th>CDER</th>
<th>CBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Shortages</td>
<td>38</td>
<td>3</td>
</tr>
<tr>
<td>Prevented Shortages</td>
<td>303</td>
<td>14</td>
</tr>
<tr>
<td>Ongoing Shortages</td>
<td>79</td>
<td>4</td>
</tr>
<tr>
<td>Notifications</td>
<td>744</td>
<td>33</td>
</tr>
<tr>
<td>No. of Manufacturers Notifying</td>
<td>98</td>
<td>23</td>
</tr>
</tbody>
</table>

**ACTIONS TAKEN TO MITIGATE SHORTAGES**

<table>
<thead>
<tr>
<th>Action</th>
<th>CDER</th>
<th>CBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory Flexibility and Discretion</td>
<td>97</td>
<td>0</td>
</tr>
<tr>
<td>Expedited Reviews</td>
<td>260</td>
<td>14*</td>
</tr>
<tr>
<td>Expedited Inspections</td>
<td>29</td>
<td>0</td>
</tr>
</tbody>
</table>

*This number includes expedited reviews for eight biologics license application (BLA)/BLA supplements and six lot-release submissions for CBER-regulated products.*
REFERENCES


