

COVID-19 Manufacturer Townhall: FAQs

During a virtual townhall held with 600+ pharmaceutical manufacturer partners in March, AmerisourceBergen shared the measures we are taking to maintain a secure and uninterrupted supply chain. Specific topics included the sanitation and enhanced cleaning procedures being deployed in our distribution centers, how we are ensuring the safety of our drivers and customers, our diligent approach to monitoring ordering activities and inventory levels, as well as business continuity plans and plans to stay connected with our manufacturer partners.

The most important message was clear: the supply chain is not broken, and we're here for you and your patients. But what else did manufacturers want to know about how distributors and downstream customers are responding to COVID-19?

Here are the most frequently asked questions we're hearing from our partners in pharma.

Health & Safety in Our Distribution Centers

Q1. How quickly will you notify suppliers of an AmerisourceBergen distribution center (DC) that is shut down for COVID-19? In particular, is it short-term for cleaning? Two weeks for quarantine? Manufacturers want to know as soon as possible so they do not ship product to the DC when it's not open.

We will notify our manufacturer partners if any decision needs to be made that would impact our ability to accept inbound freight at our warehouses. Because of the regular enhanced cleaning procedures we've implemented, we are hopeful that any warehouse disruption would be brief in nature. For example, we could have a situation where a portion of our warehouse may be quarantined off and cleaned while we still accept inbound freight, or alternatively, that inbound freight might be quarantined and restricted, but we would still continue to ship orders to customers. Any decisions to close or quarantine a section of a warehouse for cleaning are being evaluated on a case-by-case basis, depending on when an associate tests positive, was physically in our building and who they were in close sustained personal contact with previously.

If and when that happens, you have our commitment that once a decision is made, a key part of our business continuity plan is to notify manufacturers. That will likely be within hours after a decision is made, unless there's no impact.

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Q2. What occurs to customer inventory at the national distribution center (NDC) in the event that a DC has to implement a disinfection protocol for COVID-19?

As is the case for any of our distribution centers, if an associate at our NDC tests positive for COVID-19, we would immediately take action to identify the regions of the warehouse, including shared communal spaces and workspaces, that the associate could have come into contact with, in addition to going through a detailed process to identify other associates that could have come into contact with the impacted associates. Importantly, we'd immediately enact a deep cleaning and disinfectant process.

If this process impacts our ability to process inbound freight at our National Distribution Center, manufacturer partners shipping to the NDC would be asked to temporarily ship inbound freight to AmerisourceBergen's forward DCs. We would reach out to you immediately to enact this business continuity plan.

Q3. Is the NDC capable of handling this influx of new volume?

Yes. We have been working very closely with the director of operations at the NDC and preparing the team and facility for increased volume. As we have several AmerisourceBergen facilities in the Columbus area, we are prepared to juggle staff if necessary.

We're giving the replenishment team a case count volume from all the purchase orders based on the manufacturers' delivery time as a precursor of what's coming in so they can triple check the amount of labor needed to offset the increased volume that'll be coming through the network.

Q4. Can you talk about measures being taken in the specialty distribution network for customers who receive orders via small parcel instead of totes? How will this impact, say, the use of FedEx and UPS carriers?

We're looking at business continuity plans for our specialty distribution network with the same level of rigor as we do our wholesale (full-line) network. We have well established business continuity plans (BCPs) in case of disruption and we'll reach out to manufacturers as needed.

With respect to our personal carriers, we're in constant contact with FedEx and UPS. We know that they've developed and continue to refine their own COVID-19 protocols.

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Q5. How is ASD Healthcare managing the current situation?

ASD is no different than any other part of AmerisourceBergen. They're watching the inventory, they're communicating with the manufacturers, ensuring all of our associates and our distribution centers are healthy.

Meeting Patient and Customer Needs

Q6. What is AmerisourceBergen hearing from our different customer segments?

What we're hearing, overall, is that they're looking for more product. In addition to the skyrocketing patient needs in the acute care setting, some payers are allowing for 90-day prescription refills in the retail and mail-order setting. Overall, AmerisourceBergen wants to work with each manufacturer to understand their supply chain outlook, responsibly lift inventory to meet patient need, and we deeply appreciate your open communication if you have concerns or indications of any imminent supply disruptions.

There's also a fair level of concern from our customers, especially in the specialty physician and independent pharmacy space, about their ability to meet financial commitments, especially in the event that there could be a slowdown from payers processing payments. As small business owners, they're looking for some relief from manufacturers in terms of extended dating. If you're a manufacturer in this space, you may have already heard from us on this issue, and we'll continue to work with you on reasonable solutions for the entire supply chain.

Q7. How can manufacturers get visibility to the list of products that are in high demand due to COVID-19? The sooner we identify those products, the sooner we can start producing to keep the supply chain full.

In the current environment, we have seen unprecedented demand for any type of product that even has a semblance of being able to treat COVID-19.

[The American Society of Health System Pharmacists \(ASHP\)](#) recently published a list of products that COVID-19 patients are using in high volumes in the acute care setting. AmerisourceBergen finds this list to be consistent with the buying behavior that we are seeing from our customers.

In particular:

Experimental COVID-19 treatments: Not surprisingly, we are seeing unprecedented demand for the products that are being tested for potential effectiveness treating COVID-19 patients, like hydroxychloroquine, azithromycin, remdesivir, etc. Despite manufacturers

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quickly ramping supply and some donations into the supply chain, patients who previously utilized these therapies for ongoing maintenance of other conditions, like hydroxychloroquine for rheumatoid arthritis or lupus, are already experiencing challenges getting their medication regimens, and product going to the acute care setting is not meeting overall demand.

Inhalers: Health systems have converted away from using traditional nebulizer solutions over to metered-dose inhalers. We are seeing significant volume and switching the volumes into that MDI formulation, and inventory is continuously being purchased as soon as it's in stock. Manufacturers producing inhalers are already seeing this significant increase in demand.

Injectable narcotics: Any hospital with an influx in COVID-19 patients is seeing an increased need for injectable narcotics to treat COVID-19 patients. AmerisourceBergen has alerted the DEA about increased need for these products, and we are reviewing orders through our Order Monitoring Program, but we ask that customers continue to order to meet imminent patient need and have specifically requested that we work with manufacturers supplying these products to take increased demand into consideration during this global pandemic.

Insulin and diabetic supplies: There's significant demand for insulin, strips, needles and all diabetic supplies.

Every manufacturer should continue to work with your buyer to get the most up-to-date information on what we're seeing in terms of omits and high demand.

Q8. As states start to restrict commerce, can AmerisourceBergen aid in getting customers classified as essential so shipments won't be restricted?

Right now, we are very focused on equipping our transportation partners and our associates with that ability. That is our primary focus.

We've seen minimal customers request our help or express a concern over getting classified as essential, but we're happy to help. The National Association of Chain Drugstores (NACDS), as well as ASHP, which is the association the health system pharmacist uses, and APhA, also have programs to help those pharmacist technicians and/or their pharmacy be declared essential if they are having issues. Most members of the pharmacy community are members of one of those three organizations for support.

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Q9. Is AmerisourceBergen going to allocate products to downstream customers?

We already are allocating high-demand products to ensure the stability of the supply chain and prevent product hoarding. We have a tool in our system called AmerisourceBergen Allocation that helps promote stable buying behavior. We are also taking responsive factors into consideration for the allocation of certain products, including recognizing hot zones across the country where COVID-19 patient treatment demands additional product. Overall, the faster that high-demand products can quickly be produced and enter the supply, the more success customers will have in preparing to treat an unprecedented influx of patients.

Q10. How do allocations work? Are some customers prioritized?

All of our customers have access to any active pharmaceutical that we have in our catalog or portfolio, as long as manufacturers allow that access. In normal times of business, the standard allocation process allows customers to buy, for example, up to 125% of their historical demand of a certain product.

Because of the unique product needs due to COVID-19, however, we are doing our best to be responsive and responsible members of the supply chain. AmerisourceBergen's philosophy has never been to control how prescribers receive and use pharmaceuticals. That being said, we recognize that the supply chain has been stressed by increased demand overall, and are looking at additional factors like hot zones where product needs are truly emergent and may not be adequately deduced based on historical demand. These factors might include prevalence of COVID-19 positive cases in a specific state or region, number of ICU beds at a facility, and more.

Q11. With the government restrictions on travel to certain localities, which distribution centers are at the greatest risk of temporary shutdown?

While we're certainly monitoring areas of high activity, we have implemented new measures and processes to protect our distribution centers and our DC associates. Our network of DCs across the US have the ability to support one another for fulfillment, and we can transfer customer orders to an alternative DC if needed. That being said, AmerisourceBergen's COVID-19 task force has established a process to address positive cases in our DC and have implemented regularly scheduled enhanced cleaning procedures.

Q12. With all the event and trade show cancellations, what are your plans for ThoughtSpot?

As of now, we're still planning to move forward with ThoughtSpot as long as we can do so safely. So please continue to book your booth or your sponsorship as usual to support our community pharmacy customer base. If the situation changes, we'll notify you as soon as we have made that decision. If for some reason we do decide to cancel the event, we will

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certainly change our refund policy to reflect the unexpected circumstances and you can expect to be refunded your complete fee. I will also note that we are exploring contingency plans in case if we're not able to meet in Orlando later this July, but so far, we're hopeful that we can get together at that point.

Being Part of the Solution

Q13. What happens if the government moves to take greater control of the pharmaceutical supply chain?

President Trump has signed an executive order giving the government the ability to redirect resources and manufacturing entities, particularly around personal protective equipment and ventilators. We are confident in the strength of the commercial supply chain and how well we and our competitors understand pharmaceutical distribution, as well as our relationships with our manufacturer partners and their processes.

Hurricane Sandy was one example in which the government intervened and took control over the management of resources—in particular, fuel. It was very hard for a variety of businesses to get access to fuel. Despite this intervention, AmerisourceBergen worked with our connections to procure fuel for our DC generators to ensure that DCs could continue to function without interruption.

Another example was Hurricane Maria, where AmerisourceBergen's facility was geographically pretty close to a military base down in San Juan. The military literally knocked on our door and asked for some equipment -- in this case, it was refrigerated trucks that we had in the case of power outages to ensure we could properly stage our cold chain material. In that case, we worked with the military to make sure they had the supplies they needed without it negatively impacting the commercial supply chain.

Through our partnership with Healthcare Ready and other entities, we feel we have the right relationships with these government entities to ensure that we can all get our fair share of what we need to ensure stability of the supply chain.

Q14. What else can manufacturers do to help mitigate risk and ensure medication reaches all patients who need it?

We have been absolutely moved by the many donations and offers we have received in the form of free goods and services to aid in this effort. If there are others who are considering donating products, I invite you to please reach out to your contract manager, knowing that we do have a process in place that can assist with getting donated products to sites of care.

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Beyond donations, the most important part of our partnership in this time is open and transparent communication. We'll continue to work with you to understand your needs from AmerisourceBergen. Likewise, we appreciate your transparent communication if you expect shortages, inability to meet increased demand, supply disruptions, etc. AmerisourceBergen is committed to working with you in these situations to enact a plan in the best interest of patients and providers across the country.