

February 13, 2025

Kevin Hassett
Director
National Economic Council

RE: Request for Tariff Exemption on Medications and Their Ingredients

Dear Director Hassett,

On behalf of the 89 members of the End Drug Shortages Alliance (EDSA), we request an exemption from tariffs for most medications and their ingredients. EDSA is an alliance representing the diverse industry perspectives including patient advocacy organizations, group purchasing organizations, health systems, suppliers, and distributors dedicated to solving the pharmaceutical supply challenges that disrupt access to essential medications in the U.S. **Our members are aligned in their concerns over the potential impact of these tariffs on the health of Americans.**

Access to essential medications is critical to the U.S. patient population to improve quality of life. Any disruption of the global pharmaceutical supply chain can impact manufacturers' ability to produce products, exacerbate existing shortages, and have unintended consequences that create additional disruptions. Drug shortages can occur when there is a temporary or prolonged supply disruption of a medication and demand cannot be met. These shortages can affect any medication, from antibiotics to chemotherapy drugs to critical care medications and can lead to significant harm for patients. Drug shortages continue to trend upward, with increasing periods of disruption.¹ In some cases, drug shortages have delayed surgeries, lengthened hospital stays, forced providers to select less effective and many times more expensive alternative therapy, and resulted in medication errors and deaths.

The impact of drug shortages to health systems and hospitals does not just stop with access to treatment. Managing drug shortages contributes to significant labor costs in U.S. hospitals.²

- **\$359M:** Cost of labor needed to manage drug shortages per year
- **8.6M:** Additional hours of labor per year

Considering pharmaceuticals, EDSA anticipates that the most significant impact from tariffs will be on generic products that are already vulnerable to critical shortages. A 2019 interagency task force report cited lack of incentives to manufacture less profitable generic drugs as one of the primary causes of shortages.³ Tariffs could further strain the underlying economic causes of drug shortages, resulting in increased costs for health systems. In addition to direct costs paid due to tariffs, manufacturers are required to pay a rebate under the Medicaid Drug Rebate Program if they increase the price of a medication faster than the rate of inflation. That will force generic drug manufacturers to either absorb the costs of the tariffs or pay a rebate if they increase the cost of a drug, accordingly. Both options further reduce economic incentive to continue producing generic drugs. Ideally, the tariffs will result in manufacturers using ingredients from domestic or other sources to avoid the increased costs, but these changes will take years to implement, and shortages of critical drugs may result in the near-term.

An exemption for most medications and their ingredients will help ensure minimal disruption to the current pharmaceutical supply chain while as an industry, we continue to evaluate and progress longer-term strategies to reduce U.S. reliance on imports, in particular active pharmaceutical ingredients.

We also recognize that concentration of production of specific product categories can pose supply chain risks in the event of potential geopolitical issues, natural disasters, and other disruptions, and we would

¹ [ASHP, National Drug Shortages Report, January 2001-December 2024](#)

² [Vizient, Drug Shortages and Labor Costs, June 2019](#)

³ [FDA, Drug Shortages: Root Causes and Potential Solutions, October 2019](#)

be happy to work with the Administration to support strategies to ensure critical products have a supply base across multiple regions to reduce these risks.

We propose a roundtable discussion with our members so they may share perspectives and context to work with the Administration on long-term strategies.

Respectfully,



April Giles
Executive Director
End Drug Shortages Alliance

CC:

Kristi Noem
Secretary
Department of Homeland Security

Dorothy Fink,
Acting Secretary
Department of Health and Human Services

Jeremy Pelter
Acting Secretary
Department of Commerce

Jeff Wu
Acting Administrator
Centers for Medicare & Medicaid Services

Sarah Brenner
Acting Commissioner
Food and Drug Administration