

State Controlled Substance Sales Reporting

HDA'S POSITION

As an advocate for the safe, reliable and efficient distribution of the nation's healthcare products, HDA supports wholesaler reporting requirements that remain consistent with existing federal requirements. HDA shares the objective of state legislation that seeks to combat the problems associated with prescription drug abuse. HDA and its members have a history of supporting rigorous standards for the pharmaceutical supply chain at both the federal and state level.

While we support the intent of such legislation, it should not require wholesalers to report sales of controlled substances that are not part of the current DEA Automation of Reports and Consolidated Orders System (ARCOS) reportable products and that are in a format that is inconsistent with current federal ARCOS reporting.

ISSUE

ARCOS is an automated reporting system that tracks Schedule II and some Schedule III narcotic controlled substances from the manufacturer through distribution to the dispensing/retail level. According to the DEA, more than 30 million transactions are reported each year by roughly 1,100 distributors and manufacturers; the reports are used by DEA and other federal, state and local investigative agencies to identify the diversion of controlled substances into illicit channels of distribution and the dispensing/retail level.

Some state legislation proposes the establishment of reporting requirements that are not consistent with the types of controlled substances already reported by wholesalers to the DEA and the format by which they are reported. Conflicting reporting requirements would cause wholesalers to significantly change and reformat their current systems to something other than what is now in use and readily available with the DEA requirements. If every state created a different set of reporting requirements, wholesalers would be required to follow a patchwork of 50 different rules and regulations when one, uniform and less costly example of how to address this issue has existed within the DEA for years.

In addition, instead of capitalizing on DEA's current information system, states would have to invest in and create their own complex information technology systems. This would require hiring staff capable of receiving, maintaining and analyzing the significant amounts of sales data that will be received from each wholesaler licensed with the state. It also may benefit the state to make inquiries to DEA to determine if the state can have access to data already presented into federal ARCOS. This would result in substantial savings to the state in potentially significant infrastructure costs while obtaining the data desired.

Again, for the reasons stated above, if the state is unable to obtain relevant information directly from DEA, HDA recommends allowing for reports of wholesaler sales of controlled substances that are consistent with the DEA ARCOS requirements.

HDA is the national association representing primary healthcare distributors, the vital link between the nation's pharmaceutical manufacturers and healthcare providers. Each business day, HDA member companies ensure that over 15 million prescription medicines and healthcare products are delivered safely and efficiently to more than 200,000 pharmacies, hospitals, long-term care facilities, clinics and others nationwide. HDA and its members work daily to provide value and achieve cost savings, an estimated \$42 billion each year to our nation's healthcare system.