

# CREDIT FOR RETURNS

## HDMA's Position

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HDMA believes that the government should not require prescription drug distributors to accept returns of either full or partial expired prescription drugs for prompt full credit or replacement. The returns processes for expired, non-salable prescription drugs, including associated credit policies, are generally dictated by the product's manufacturer — not the distributor — and are subject to the manufacturer's requirements.

Requiring distributors to bear the full costs of providing full credit or replacement for outdated prescription medicines would be costly and result in numerous inequities, including:

- Creating conflicts with trading agreements and contracts already established by manufacturers for crediting expired products;
- Placing an unjust burden upon the distributor – as opposed to the manufacturer – for returns compensation, despite the fact that the manufacturer sets the returned goods policies; and,
- Increasing the volume of opened drug containers (partials) being shipped for return, which could increase the risk of diversion, fraud or the introduction of counterfeit medicines.

## Issue

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HDMA agrees that an efficient prescription returns process is an important and necessary practice for pharmacies and distributors in such cases as ordering errors and unusable products. Processes for *salable* returns often are dictated by agreements between distributors and their pharmacy customers. By contrast, however, returns processes for *non-salable* or *expired* prescription medicines, including providing credit, are generally dictated by the product manufacturer.

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The Healthcare Distribution Management Association (HDMA) is the national association representing primary healthcare distributors, the vital link between the nation's pharmaceutical manufacturers and healthcare providers. Each business day, HDMA member companies ensure that nearly nine million prescription medicines and healthcare products are delivered safely and efficiently to nearly 200,000 pharmacies, hospitals, long-term care facilities, clinics and others nationwide. HDMA and its members work daily to provide value and achieve cost savings, an estimated \$42 billion each year to our nation's healthcare system. For more information, visit [www.HealthcareDistribution.org](http://www.HealthcareDistribution.org).

