

DRUG SUPPLY CHAIN OVERVIEW

What is the drug supply chain?

The drug supply chain refers to the process of manufacturing and distributing prescription drugs. It is important to note that the drug supply chain can be structured in many ways, depending on the medication and the players involved.

Key Players



Drug Manufacturer

Develops and manufactures drugs, including biologics and biosimilars.



Distributor or Wholesaler

Stores and distributes drugs to providers (e.g., hospitals, pharmacies)



Pharmacy

Assesses efficacy and safety of a prescribed drug; dispenses prescribed drug(s) to enrollees.



Pharmacy Benefit Manager (PBM)

Assists in managing costs, safety, and quality of prescription drugs.



Health Insurer

Provides medical and/or pharmacy benefits to enrollees.



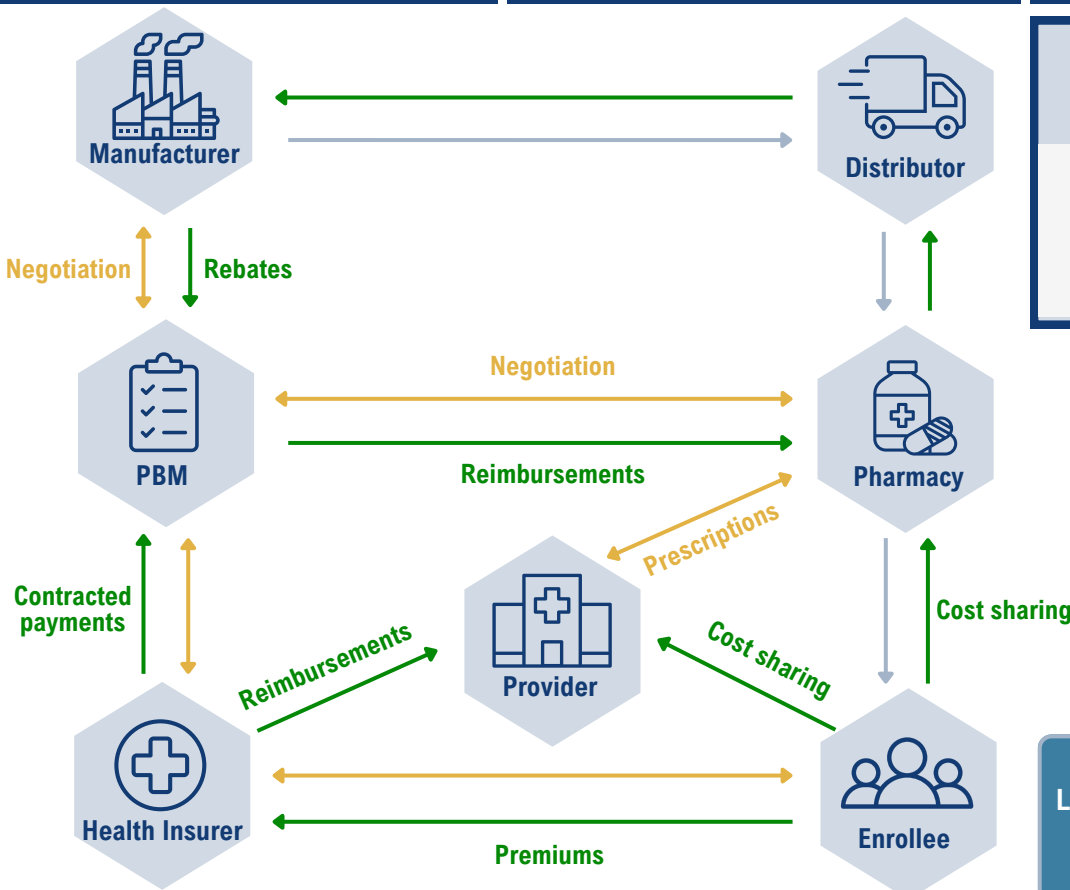
Enrollee

End user of drugs. Pays applicable premiums to contracted health plan.



Provider

Provides medical services and pharmaceutical prescriptions for enrollees.



- Flow of product
- Flow of money
- Flow of communication

*This is one common structure of the drug supply chain, but it is often far more complex, especially for specialty medications or drugs distributed in inpatient settings.

Looking for more details? Check out [An Overview of the Drug Supply Chain](#)

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Challenges in the Drug Supply Chain

Drug shortages occur when demand outpaces supply for certain pharmaceuticals.



Certain medications require **specialized transportation or storage systems** to meet requirements.

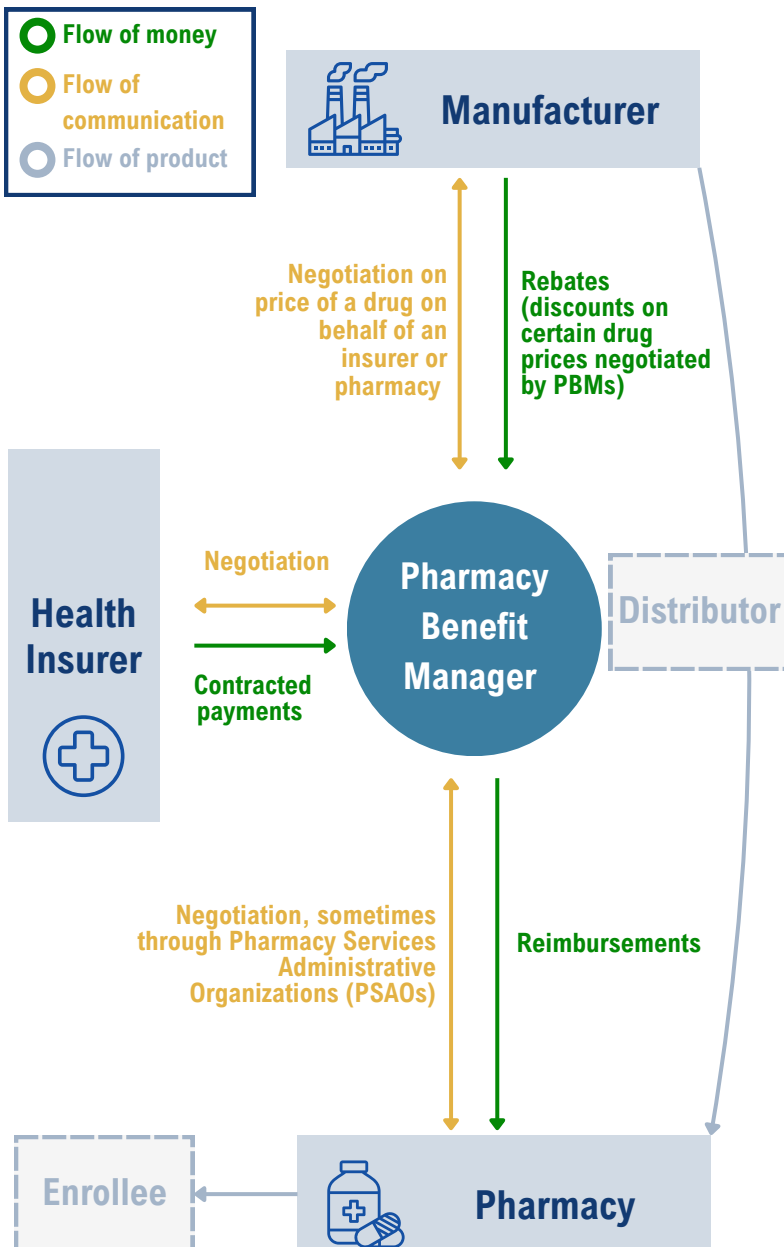


Drug expirations can disrupt availability when medications are not replenished in time



Types of Communication Between Players

Pharmacy Benefit Managers (PBMs)



Value-Based Contracts

