Elevating Drug Shortage Solutions with Sustainable Economic Action

Pfizer
Global Hospital
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After decades of market shortages, there are positive signs of improvement for essential medicines, thanks to increased awareness, focus, and industry alignment. The American Society of Health System Pharmacists (ASHP) reports that 89 new drug shortages were identified in 2025—the lowest annual total since 2006—and that active shortages declined substantially from the early-2024 peak.[1]

Generic sterile injectables remain disproportionately affected, reflecting both the complexity of their manufacturing and the limited number of suppliers able to produce them reliably at scale. Though promising, there is still work to be done and we must not become complacent with the positive trend. To fundamentally address the long-term stability of the market we need to begin to elevate our solutions by tackling the economic root causes.

A Dual Economic Paradox

The misalignment of economic incentives remains the primary driver of generic sterile injectable shortages. This is reinforced by contracting practices in the U.S. market in which sole awards—at fixed low prices—are preferred by National Group Purchasing Organizations (GPOs). Multiple studies conclude that manufacturers often lack sufficient incentives to invest in quality, redundancy, and capacity for low margin sterile injectable products, and that lower pricing often does not justify the investment required to maintain them on the market.[2,3] Furthermore, the average selling price (ASP) of generic sterile injectables has been declining at a 9% compound average growth rate (CAGR) for the past six years.[4] While this misalignment has yet to be fundamentally addressed, Pfizer continues to invest in and improve our global manufacturing network, while other manufacturers have made the difficult decision to exit the market altogether.

ASHP and Becker's 2025 report that generic sterile injectable shortages impose substantial hidden costs on hospitals, including pharmacy labor devoted to alternative sourcing, patient care adjustments, and clinical workflow changes.[7]

$900M
in additional annual labor costs[8]

+20M hours
to help manage shortages[8]

+40%
reports of medication errors[9]

And for hospitals also operating on tight margins and pressure to manage spending, this creates a parallel economic paradox. The average cost of a generic sterile injectable in shortage is less than $5 per unit of use, or less than a cup of coffee[5], and up to 70-80% less than branded medications.[6] However, while unit prices for generic sterile injectables are low, the total cost of care associated with shortages can be high.

Mindset Shift From Low-Cost to High-Value

Evidence shows that hospital pharmacy buyer mindsets are evolving toward high-value suppliers. In a 2023 ASHP survey of hospital pharmacy buyers, 87% rated manufacturer and product quality as "very important," and 85% reported they would be willing to pay a premium for generic injectable products from manufacturers that meet a recognized quality standard.[10] From a total-cost-to-the-hospital perspective, hospital pharmacy buyers have an opportunity to demonstrate risk mitigation and operational savings, rather than added pharmacy expense, which makes both practical and economic sense.

Elevating drug-shortage solutions from an economic paradox to lasting change requires aligned action and incentives. Sustainability-minded hospital pharmacy buyers can play a pivotal role by taking the following steps when making sustainable purchasing decisions:

1. Prioritize total value, not unit price

Evaluate suppliers on reliability, quality, continuous improvements, operating history, and supply chain investments, alongside unit cost when purchasing generic sterile injectables. Incorporating considerations for supplier operating history, commitment to continuous improvement, quality, supply resiliency, and risk management processes can help protect hospitals from long-term risk exposure.

2. Differentiate suppliers based on validated criteria

Challenge the status quo assumption that lowest price is the sole purchasing criterion and support the emerging open-mindedness to pay a sustainable price when quality, reliability, and resiliency are differentiated. That's one reason Pfizer is proud to distinguish ourselves with the Healthcare Industry Resiliency Collaborative (HIRC) Diamond Resiliency Badge Award as a leading signal of third-party resiliency validation.

3. Use contracting to support stability

Predictable, longer-term commitments with sustainable pricing can help manufacturers justify the investments needed to maintain reliable supply, invest in continuous improvement, and prevent supply disruptions. GPOs can play an important role by structuring contracts that balance sustainable pricing with longer-term commitments, supplier resiliency criteria, and predictable volumes. This would help manufacturers plan for those demand signals, optimize production output, increase efficiencies, source raw materials and API more accurately with appropriate lead times, and establish redundant sourcing solutions, where deemed necessary.

4. Account for total operational impact

Today, Hospitals are reactively managing supply shortages. Suppliers might proactively invest in long-term supply sustainability by paying a sustainable purchase price—but that investment in reliability and resiliency can help prevent shortages before they occur, offsetting the backend operational cost and staff burden. Accounting for these downstream costs can truly flip the value equation.

Learn more on **PfizerHospitalUS.com/supply-sustainability**

Elevating From Progress to Durability

Recent improvements in drug shortage trends are promising—but not guaranteed to last. Without correcting misaligned economic incentives, the risk of future generic sterile injectable shortages remains. Encouragingly, many sustainability-minded hospital pharmacy buyers are already recognizing that reliability, quality, investments in continuous improvements, and operating history have real economic value. The next step is consistency. When purchasing decisions systematically reflect total value—not just price—they create the conditions for more resilient and sustainable supply to the market. Purchasing decisions made today will help determine whether these essential medicines remain readily available tomorrow.

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