



COVID-19 FAQs for McKesson Pharmaceutical Solutions and Services

Updated 3.27.2020:

This document is intended to answer questions from McKesson customers about what we are doing to prepare and respond to the challenges presented by COVID-19. For additional questions, please reach out to your McKesson representative.



Inventory & Allocations

Q: How is McKesson managing potential medication shortages?

A: We continue to monitor the COVID-19 situation closely and we are actively working with manufacturers, industry partners and government agencies to anticipate shortages and respond to unprecedented demand for certain medications and therapies. We know that the potential for drug shortages or supply disruption is an area of great concern to our customers. As potential shortages or disruptions of products are identified, we're acting swiftly to address supply continuity.

These actions include:

- Securing additional product where available
- Sourcing back-up products
- Allocating to ensure equitable distribution
- Initiating business continuity action planning to maintain and protect operations across all locations and facilities

Q: Are manufacturers involved with our leadership to address potential shortages?

A: Yes. We are working with manufacturers through several channels, including our ClarusONE and Global sourcing teams in London, and our Pharmaceutical Solutions and Services (PSaS) executives are actively engaged in addressing potential shortages. We have also engaged with industry partners, government agencies and other stakeholders to gain visibility into true supply and demand. In addition, we're tracking manufacturers' steps to scale up production or create new capacity, and allocation methodologies to make sure we get medications to the right place.

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Q: How is McKesson managing allocations? How are we controlling panic buying?

A: The situation remains very fluid and we are taking a proactive approach to protect inventory during this crisis and make sure our provider partners have needed supplies and medications to treat those that are ill and to help stop the spread of the disease. This includes allocating key product categories to ensure equitable distribution for our customers. While McKesson is working to ensure that enough product is available to all our customers, we have a special focus on the acute and long-term-care pharmacies that face significant challenges during this crisis. We will continue to closely and frequently monitor the product needs of these customer classes to identify increased demand and try to prevent future product supply issues.

Allocated product categories include:

- Personal protective equipment (PPE) and hand-sanitizers
- Antibiotics
- Statins
- Antivirals
- Nebulizer solutions and respiratory medications
- Antimalarials
- Critical oncology products that are curative in nature with limited supply options

Although we are allocating products, all current allocations are set at or above 100% of historical product usage. McKesson will make every effort to provide our customers with a minimum of 100% of their historical usage as long as the product is available. For orders that exceed historical usage, we have a process in place to accommodate reasonable and needed customer requests. For assistance please work with your account representative.

For specialty drugs, we have thresholds of 200% of historical product usage.

Q: With government and agency officials advising to fill 90-day scripts, what are we doing to prepare?

A: Anticipating increased demand, our teams have been working closely with our manufacturer partners to add inventory when available and expedite replenishment shipments. We have made investments in increasing inventory for high-demand products and are taking broad actions to increase inventory levels across our network. We are also taking steps in our distribution centers to meet demand, including adding staff, extending hours and adding new shifts.

Q: What is McKesson’s escalation process for issues with inventory or allocation?

A: We realize that all customers in all segments are increasing inventory as they respond to the COVID-19 crisis. McKesson is allocating products based on historical purchases to try to ensure supply continuity. Allocations are set at or above 100% to account for increased demand and volume, and no customer is currently

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being allocated below 100% of their historical usage. The situation remains fluid, and we are taking a proactive approach to protect inventory so our provider partners will have the supplies and medications needed to treat patients and help minimize the spread of COVID-19. In areas with increased need, we have a process in place to adjust allocations to meet that critical need to the extent possible. We are aware that there are many products that hospital customers might not have had significant historic demand for (such as inhalers, hydroxychloroquine, etc.), but that are needed now to help treat COVID-19. If you need help with an allocation request or question, please reach out to your sales representative or contact Customer Support.

Q: How will the latest developments in India, including restrictions on APIs and a shelter-in-place mandate, affect the supply chain?

A: *Latest developments:* India publicly announced export restrictions on [13 drugs and respective APIs](#) on March 3. Then, on March 24, they announced a countrywide lockdown as well as an export ban on hydroxychloroquine and respective APIs.

It is our understanding that pharmaceutical manufacturers are deemed essential workers and can still go to work in India. However, we are aware that there are differing local interpretations on the scope of workers included in this category, and therefore workers are facing challenges with getting to work due to strict policing. As with other countries around the globe, India has adopted social distancing measures which present challenges for manufacturers with certain parts of the production processes. While manufacturers in India can still produce, it is unclear what the impact will be on the supply chain, since certain products depend on India for different phases of manufacturing, such as finished dose, API or KSM. Given these challenges, the ClarusONE and McKesson teams are working around the clock to do what they can to secure access to medications for our U.S. market.



Distribution & Couriers/Delivery

Q: Why are we experiencing some delivery delays?

A: While our distribution centers and couriers are doing their best to handle the heavy volume of customer orders, increased demand is leading to some delays in our processes. In addition, some of our customers have increased security protocols at this time, adding to the delivery time for our couriers.

As a customer, you can help us minimize delays by taking the following steps:

- **Submit your order early** in the day if possible, to give our staff more time to prepare it for delivery. Please make every effort to submit your order by 6 pm local time.
- **Combine all your orders into one purchase order** so we can streamline our operations.

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- **Return totes to your courier** as well as coolers and other containers to help us fill subsequent orders as efficiently as possible.
- **Let us know if your business hours are modified in any way that would impact delivery.** In some locations, shelter-in-place mandates are affecting certain businesses' open hours. Please contact your sales representative or contact Customer Support to let them know of changes affecting deliveries.

Q: What will happen if a distribution center must close due to an outbreak of COVID-19?

A: If a McKesson distribution center must close, including one that provides specialty medications, we currently have the ability to fill orders at one of our other distribution centers. We're actively monitoring regions where COVID-19 has spread and have continuity plans in place to help protect our employees, which in turn will preserve our ability to continue serving our customers.

Q: How will McKesson's distribution center workers and couriers get to work if the city, county, or state is on curfew or lockdown?

A: McKesson has provided all our DC employees and couriers a letter indicating that they are essential employees to the healthcare supply chain. This letter provides approval to travel to and from work during shelter-in-place orders from local governments. We have been designated as critical infrastructure, so McKesson's operations are not impacted by shelter-in-place orders. We have communicated this to our teams and will provide everyone with letters to carry.

Q: What is McKesson doing to ensure that its DC employees and couriers follow proper sanitary and hygiene practices?

A: Our distribution centers have increased sanitation and hygiene measures by doubling cleaning frequency and following the Centers for Disease Control and Prevention (CDC) environmental cleaning and disinfection guidelines, restricting visitors and practicing social distancing. Additional hand sanitizer dispensers have been placed through the distribution centers and tote cleaning has been increased. We have established similar protocols with our courier services, advising them on the CDC guidelines for social distancing as well as proper sanitary and hygiene procedures.

Q: What steps are you taking to wipe down totes and keep them sanitary?

A: McKesson distribution centers have a standard process for cleaning totes and are continuing to follow the process; we have also upgraded our standard procedure to conduct more frequent cleanings. We are recommending that our customers handle totes and delivery boxes, whether from McKesson or elsewhere, in a hygienic manner, just as they would handle deliveries to the home. Specifically, we suggest not putting any

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deliveries, including our totes, on countertops or other high-touch surfaces. Whether gloves are used or not used, we suggest thoroughly washing your hands according to CDC guidelines. On our end, we will continue cleaning our totes frequently per our approved standard operating procedures (SOPs).

Q: What is McKesson doing to ensure the safety of its couriers at the distribution centers as well as customer sites?

A: We have enacted a series of protocols with our couriers to mitigate risk at the distribution centers, and to ensure our customers' safety when our couriers make deliveries to their facility. This includes establishing sanitation and hygiene guidelines and advising our couriers in the practice of social distancing. Additionally, we are requiring inbound drivers and other visitors to answer a questionnaire at least once per week, and we are prohibiting couriers from allowing their drivers to enter McKesson facilities or customer sites if any of these apply to them:

- They have traveled to any of the CDC-designated Level 3 Travel Advisory locations in the last 14 days (as of 3/13/20: China, Iran, Italy, South Korea, Europe)
- They have been diagnosed with coronavirus or COVID-19;
- They have had close contact (as defined by the CDC) with anyone who has been diagnosed with coronavirus or COVID-19 in the last 14 days; or
- They are experiencing fever or have other symptoms of acute respiratory illness.

Q: Will McKesson use alternative delivery services if needed, such as FedEx or UPS?

A: Potentially, yes. FedEx and UPS are options. FedEx and UPS will continue to be used for our specialty distribution channel products.

Q: Is McKesson screening employees when they come to work in the distribution centers?

A: Not currently, but we have provided guidance to employees to stay at home or seek medical care as needed if they are sick or experiencing symptoms. We also have quarantine policies for employees who do not have symptoms but have been exposed someone with a confirmed case of COVID-19.

Q: What happens if someone in the distribution center appears to exhibit symptoms of illness?

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A: McKesson follows the guidance issued by the CDC and other health agencies to determine the most prudent approach to ensuring employee safety. Our current approach is not to perform medical tests on employees, including temperature tests. If an employee is sick or experiencing symptoms, he or she is encouraged to stay home or seek medical care as needed. McKesson has a flexible Paid Time Off (PTO) policy, and our employees know their jobs are secure regardless of illness.

Q: If a distribution center employee is diagnosed with COVID-19, what are McKesson's action steps?

A: Employees diagnosed with COVID-19 are asked to confidentially contact McKesson's Employee Relations immediately upon diagnosis. They should remain out of the McKesson work site until they are no longer contagious and are authorized to return to work by their healthcare provider. Employees who are out sick can utilize our Paid Time Off (PTO) policy and know that their jobs are secure. Immediately upon the employee's absence, we will apply appropriate sanitization methods to exposed work areas where the employee was located. To ensure safety, returning employees must have their healthcare provider complete McKesson's COVID-19 return-to-work documentation. No employee will be adversely impacted or punished as a result of COVID-19 illness. We are providing support to employees who must stay at home or quarantine as needed.



Contingency & Business Continuity

Q: What contingency plans does McKesson have in place when there is a reduced workforce in a distribution center or fleet network?

A: As a leading distributor of drugs and other healthcare-related products, McKesson Pharmaceutical Solutions & Services (PSaS) has a robust Business Continuity and Disaster Recovery Program (BCRP). Our priorities are to:

- Protect our customers;
- Help ensure the safety of our employees;
- Help ensure our workplaces are safe and secure; and
- Help ensure the continuity of critical business processes following natural disasters, human caused threats, and other incidents.

Over the last several weeks we have been enacting and updating our BCRP in response to the COVID19 crisis. In the event of workforce impact, we have several options that will be considered and utilized as appropriate:

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- Utilize network resilience and redundancy – We have the ability to flex and move volume between our distribution centers.
- Utilize alternate source and back-up product from hub locations through FedEx.
- Enact workforce continuity plans:
 - Temp labor – We have established relationships with temp agencies to secure labor.
 - Alternate labor (sales and field teams) – We have identified over 100 associates that have worked in a McKesson DC environment at one point in their career. Lists, readiness and training are being provided.
- Customer/Order Prioritization – In response to extreme impact, we may limit or match demand with capacity to make sure all customers are serviced. This could include limiting deliveries, limiting lines, prioritizing RX and/or longer lead teams to service from other areas.

For additional information, we invite you to review our business continuity plan that outlines McKesson’s processes and disaster recovery programs. Click the link(s) below to download.

[Distribution Ops - Pharmaceuticals
Business Continuity Plan](#)

[Distribution Ops - Specialty
Business Continuity Plan](#)



Business Operations

Q: How is McKesson protecting the health of its employees and customers?

A: McKesson has enacted broad, proactive measures to protect the health of our employees as we continue to support our customers who are working tirelessly to meet patients’ needs. Effective March 12, we implemented several new measures across all McKesson U.S., Canada and International operations:

- **Travel:** We are restricting all domestic and international business travel.
- **Meetings:** Although we’re disappointed that we won’t be able to meet with our customers and partners in person, we are cancelling or rescheduling all large group in-person meetings and restricting visitors to only those required for essential business meetings.
- **Telecommuting/Work from Home:** We have instituted a telecommuting/work-from-home policy for all McKesson employees who do not have to be onsite to perform their roles.

Q: What is McKesson’s approach to maintaining a safe working environment?

A: McKesson takes the health of its employees and support of its customers very seriously and is committed to ensuring a safe working environment. McKesson takes the privacy rights of its employees seriously as well, and we are prioritizing those protections while maintaining a safe workplace. Where practicable, McKesson will

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leverage the guidance issued by the CDC and other health agencies to determine the most prudent approach to ensuring employee safety. Employee policy and practices will be made at an enterprise level. However, because the spread of disease is often determined by proximity and geography, local rules may need to prevail based upon the level of disease spread and/or local government response. As we triage priorities among our workforce, a higher priority will be given to areas with known transmissions.



Regulatory Issues

Q: How will McKesson continue to monitor controlled-substance ordering given the increase in patient volumes and requests for 90-day supplies of needed medications?

A: McKesson's Controlled Substances Monitoring Program (CSMP) uses thresholds or caps to limit the monthly quantity of controlled substances that customers can order, and orders in excess of those thresholds are blocked and reported to the DEA and state regulators as suspicious orders. Because of the COVID-19 public health emergency and the likely increased legitimate medical need for controlled substances as a result of the crisis, McKesson is implementing process changes to its CSMP to allow for expedited adjustments to controlled substances thresholds when necessary for appropriate customers. McKesson will be affirmatively reviewing thresholds on an ongoing basis and managing adjustments consistent with customer needs. Also, requests for threshold changes will receive prioritized treatment and, for some customers, the process will be streamlined. McKesson will continue to report orders that exceed thresholds to DEA and state regulators during the COVID-19 public health emergency, and McKesson will continue to conduct due diligence reviews of customers to make sure we are distributing to only those customers that meet our standards.

Q: What is the process for controlled substances threshold changes?

A: Please contact your assigned account manager or retail sales manager to initiate a request for an increase to one or more of your controlled substance thresholds.

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Latest COVID-19 FAQs and updates can be found on our microsite: [McKesson.com/COVID-19](https://www.mckesson.com/COVID-19).
