

Closing the Gaps:

How Outsourced Compounding
Helps Restore Control Across the
Pharmacy Supply Chain

Introduction

Pharmacy is no longer a downstream operational function: Today, it is a defining determinant of clinical continuity, workforce sustainability and financial performance. Drug shortages, staffing constraints, regulatory complexity and margin compression are converging at a pivotal intersection for the healthcare industry, placing unprecedented pressure on pharmacy leaders and finance executives to deliver enhanced reliability with fewer resources. What once appeared as isolated disruptions now represent a systemic risk to care delivery and enterprise stability.

For health systems, the consequences are tangible. Medication shortages disrupt clinical workflows and compromise patient safety. Workforce strain slows throughput and accelerates burnout. Waste, pricing variability and missed purchasing leverage quietly erode margins. And an increasingly unforgiving regulatory environment leaves little room for error.

Addressing these challenges requires a coordinated pharmacy and supply chain strategy — and compounding is a key piece of the puzzle.

Prescient organizations are responding by reimagining the way medications are sourced, managed and governed across the enterprise. Rather than reacting to shortages, audits or cost overruns after the fact, these industry leaders are building proactive, data-driven models that stabilize supply, reduce operational burden and protect margins — all without sacrificing quality or compliance. At the center of this shift is a more strategic, resilient approach to outsourced compounding, supplier intelligence and systemwide optimization.

With Premier's 503B Outsourcing Solution, you gain a partner in building a resilient, compliant and cost-efficient pharmacy strategy. Below, we outline four pressures reshaping pharmacy operations today and the practical strategies farsighted health systems are using to turn volatility into resilience, clarity and control.



01

Problem:

Drug Shortages Expose Systemic Vulnerabilities and Expose Providers to Risk

The COVID-19 pandemic heightened [pharmaceutical supply chain challenges](#), but it wasn't the first blow. Instead, current widespread drug shortages are the result of marketplace dynamics and cracks in the supply chain that originated long ago. While [progress has been made](#) to protect supply of at-risk products, drug shortages remain a concern for healthcare providers and patients alike. When key drugs are unavailable, patient safety can be compromised, procedures delayed and care teams forced into difficult decisions about substitutions.

What might begin as a minor supply gap can quickly escalate into a systemwide disruption, affecting both clinical outcomes and operational efficiency. Pharmacy teams bear the brunt of this pressure. Hours of staff time are consumed coordinating emergency orders, verifying alternatives and managing compliance requirements. The labor-intensive nature of these responses increases stress, creates bottlenecks and diverts attention from direct patient care, leaving teams stretched thin at a time when every minute counts.

Financial impact is significant as well. Hospitals often face higher costs for last-minute purchases or expensive substitutions, while wasted inventory and missed opportunities for standardization further [erode margins](#). Without centralized visibility into supplier reliability and supply trends, these shortages create a reactive, high-cost environment.

Solution:

Lean into Compounding to Rewrite the Shortage Playbook

Compounding provides a pathway to navigate volatile commercial markets. When traditional suppliers face shortages, compounded alternatives offer a reliable and controlled source of medications, helping hospitals maintain continuity of care without resorting to costly emergency purchases.

While eliminating drug shortages for good cannot be achieved overnight, creating customized, compounded formulations tailored to specific patient populations or procedural needs is often positioned to fill gaps that commercial products cannot address.

Finding alternative suppliers that can meet clinical needs during a shortage is fundamental to this approach. It entails vetting compounders quickly to ensure clinical efficacy and safety as well as geographic diversity needed to ensure resiliency. Combining this level of operational discipline with real-time visibility into the various options helps ensure that shortages are prepared for before they become insurmountable.

[Premier has answered the call to action](#). Through access to a broad network of vetted 503A and 503B suppliers, hospitals can feel confident that every medication meets strict quality and compliance standards. Paired with detailed supplier evaluation summaries and state licensure checks, pharmacy teams gain the assurance to make informed sourcing decisions quickly.

Meanwhile, a real-time shortage visibility dashboard highlights potential gaps before they escalate, allowing hospitals to act proactively. This combination of network breadth, oversight and intelligence enables fast, nimble switching during recalls or disruptions, keeping operations running smoothly and maintaining continuity of care.

Success Story

Case in Point: Turning Compounding Challenges into Systemwide Confidence

For [Prisma Health](#), the largest health system in South Carolina, ensuring that patients always receive safe, high-quality compounded medications isn't just a goal — it's a necessity. But like many large health systems, Prisma's pharmacy teams have faced the unpredictable realities of outsourced compounding: sudden shortages, compliance gaps and opaque supply chain visibility.

Prisma found an ally in Premier in 2023. By integrating Premier's 503B Safety and Quality Evaluations and participating in its Compounding Collaborative, Prisma Health [transformed uncertainty into actionable insights](#), empowering its pharmacy teams to make faster decisions with greater confidence and enabling a more resilient supply chain.

Premier's evaluations helped us switch suppliers fast during a recall — avoiding care delays and giving us confidence in compliance.

George Smith, Pharm.D., BCPS, BCSCP
System Sterile Compounding Services
Specialist, Prisma Health

02

Problem:

Workforce Shortages Crush Pharmacy Throughput

Pharmacy teams are balancing a scale that is constantly teetering under operational and clinical demands. Depending on hospital size, pharmacy staff spent up to [66 hours per week](#) mitigating drug shortages in 2024, leaving staff trapped in a cycle of firefighting measures to keep the system from tipping. Each new shortage or supply disruption adds pressure, forcing teams to react rather than anticipate problems.

When the scale tips, workflows slow, inventory gaps emerge, and critical processes lose consistency. Firefighting becomes the norm as teams respond to shortages, supplier delays and recalls, amplifying operational strain and increasing the risk of errors.

This strain is compounded by structural challenges. Persistent staffing shortages and peak workloads during drug shortages and recalls heighten burnout and threaten retention. Simultaneously, tighter margins demand process changes that deliver measurable return on investment (ROI), adding another layer of urgency.

The result is a pharmacy operation under relentless pressure, forced to do more with less while maintaining patient safety, efficiency and continuity of care.

Solution:

Leverage Compounding Reclaim Pharmacy Time, Talent and Throughput

Outsourced compounding creates a steadying framework that absorbs routine operational pressures, giving teams space to focus on higher-value priorities.

The following is a high-level roadmap for success:

- **Start with clarity:** Define how outsourced compounding fits into your broader pharmacy strategy and aligns with system goals.
- **Build resiliency early:** Establish redundancy plans and shortage mitigation strategies before disruptions occur.
- **Enable transparency and compliance:** Create a foundation for real-time visibility and compliance readiness across all outsourced partners.
- **Standardize for efficiency:** Align concentrations, format and workflows to reduce complexity and improve safety.
- **Integrate intelligence:** Use data-driven insights to guide sourcing decisions and optimize resource allocation.
- **Sustain performance:** Pair operational stability with workforce strategies that reduce burnout and strengthen retention.

Premier partners with hospitals and health systems to make these steps actionable, providing the tools, data intelligence and expert evaluation needed to unify strategy, build resiliency and embed compliance into every step.

By shifting repetitive, time-consuming tasks to external partners, pharmacy teams can deploy their time and expertise more strategically. Centralized dashboards and automated, audit-ready documentation also provide real-time visibility, helping leaders manage compliance and optimize staffing with confidence.

Premier enhances this process with artificial intelligence (AI)-driven workforce analytics and expert-guided staffing strategies, helping hospitals reduce burnout, improve retention and optimize productivity. Customized labor plans align people and processes, ensuring teams can work efficiently and focus on initiatives that strengthen the system as a whole.

The payoff is clear: a pharmacy network that operates smoothly under pressure, with consistent processes, optimized labor and reduced operational stress. Outsourced compounding becomes a lever to transform workflow complexity into stability, allowing teams to focus on the work that truly matters.

Success Story

Case in Point: Scaling Safety and Compliance Across a Multi-Hospital System

As a multi-hospital system serving communities across Northeast Ohio, [University Hospitals](#) (UH) has long been committed to delivering safe, high-quality care. Yet, as demand for compounded medication grew and regulations became increasingly stringent, UH recognized the need for a partner that could help elevate both safety and performance without overburdening staff.

[Premier emerged as this partner.](#) Through 503B evaluation summaries, dashboards and supplier insights, UH can streamline vendor selection, track quality in real time and reduce the need for frequent on-site audits. This frees internal staff to focus on patient-centered hospital compounding while maintaining rigorous compliance and oversight.

The reports and repository, where I can pull them in one concise format, are invaluable. It gives me an objective, third-party view that complements our internal reviews. It's like having another expert on my team to help research complex issues.

Bridget Gegorski,
UH Medication Safety Manager

03

Problem:

Inefficiencies Quietly Squeeze Margins

Hospitals are facing mounting financial pressure as margins tighten and operational costs rise. A significant portion of this strain comes from inefficiencies in how medications are purchased, stored and utilized. One-size-fits-all products, while convenient, often create hidden costs that quietly erode budgets.

Single-dose vials are often larger than patient-specific dosing needs, leading to leftover medication that cannot be reused. Inconsistent pricing across suppliers adds another layer of unpredictability, making it difficult for pharmacy leaders to accurately forecast and control spending. Even when contracts are in place, suboptimal tier utilization can prevent organizations from capturing the full cost-saving potential of their purchasing agreements.

The combined effect of waste, overstock and pricing variability can translate into millions of dollars lost systemwide. Hospitals are forced to absorb these hidden costs while still meeting patient care demands, creating a financial tension that requires smarter strategies to stabilize margins and reduce waste.

Solution:

Plug the Leaks and Protect Your Bottom Line with Compounding

Hospitals are losing millions to medication waste and inefficiencies, often without realizing it. Standardized, commercially manufactured medications can create a slow, invisible drain on margins. Compounded alternatives can act like a plug in that hole — helping to provide what each patient needs while minimizing expirations, unused doses and unpredictable costs. This approach is increasingly critical as ongoing policy changes create financial headwinds.

For example, Premier data shows that recent shifts in premium subsidies and Medicaid eligibility are projected to remove \$68.5 billion from hospital revenues nationwide — an average impact of \$16.1 million per hospital. In this environment, reducing variability and waste through standardized compounding practices remains a practical lever for managing costs. Compounding paired with standardized beyond-use date (BUD), container, concentration and radio frequency identification (RFID) practices, gives leaders a proactive way to protect margins and reduce cost volatility.

Premier provides the tools to make this actionable: real-time visibility across 503B suppliers and AI-powered financial insights enable providers to evaluate value-based alternatives, optimize spend and reduce unnecessary waste. For organizations armed with these solutions, compounding becomes more than a tactical fix: It transforms operational complexity into clarity, efficiency and sustainable margin protection.

Health System	Annual 503B Spend	Identified Savings
Health System A	\$14.3M	\$4.3M (30.3%)
Health System B	\$4.5M	\$1.6M (36.0%)
Health System C	\$1.0M	\$241K (23.2%)

Average savings across health systems: 23.6%*

* Based on Premier member-reported results.



Premier's 503B Outsourcing Optimization model isn't theoretical — it's delivering measurable, validated savings for hospitals and health systems across the country. The figures above reflect actual savings identified within Premier member health systems.

04

Problem:

Regulatory Overload Creates Risk

It's no secret that the regulatory landscape shifts constantly. From new compliance mandates to evolving tariffs, these changes leave little room for error. These changes aren't just incremental; they heighten over time, creating a complex web of obligations that can quickly overwhelm traditional risk management approaches.

Zero tolerance for compliance failures is now a core operational requirement. Yet limited internal resources and rapidly changing regulations make this a formidable challenge. Maintaining adherence demands not just vigilance but a measured, integrated approach that anticipates changes and closes gaps before they become critical issues.

The stakes are high: A single misstep can trigger financial penalties, operational disruptions or reputational damage. This is not business as usual. It's a pivotal moment that demands a shift from reactive compliance to proactive, integrated risk management.

The risk extends beyond internal teams. Even the most robust internal processes can be undermined by external vulnerabilities, multiplying risk across the supply chain. Heightened over time, these gaps create systemic exposure that requires more than standard oversight. It demands smarter monitoring, stronger partnerships and data-driven decisions.

Solution:

Data-Driven, Audit-Ready and Risk-Free Compliance

To thrive under these pressures, organizations must build a comprehensive, forward-looking approach that anticipates regulatory changes, strengthens supplier alignment and optimizes internal capabilities.

Each accreditation organization has similar requirements for evaluating 503B outsourcing facilities and maintaining proper documentation. The following [steps](#) may satisfy all accreditation organizations' requirements for evaluating 503Bs:

Best practices to evaluating 503Bs for accreditation compliance:

- Evaluate 503B services for safety and efficacy prior to purchasing compounded preparations for patient use.
- Maintain a list of approved 503Bs with scope of services for your organization.
- Identify and monitor performance metrics on at least a quarterly basis.
- Document and communicate identified issues and corrective actions.
- Develop a policy for medication procurement from 503Bs, requirements for evaluation, identifying approved facilities and documentation that must be maintained.

Regulatory readiness requires more than periodic reviews or manual documentation. It demands continuous visibility, standardized evaluation processes and clear accountability across the entire outsourced compounding ecosystem.

Premier helps organizations meet this need through an intelligent regulatory dashboard that centralizes compliance status across suppliers and sites. Beyond documentation, on-site evaluations conducted by clinical and operational experts deliver deeper insight into quality systems, practices and risk. Continuous supplier monitoring adds an additional layer of protection, helping organizations stay ahead of issues rather than responding after problems emerge.

Success Story

Case in Point:

Transforming 503B Performance through Transparency, Insight and Collaboration

From repackaging adult doses into pediatric-friendly formulations, to producing sterile injectables, 503B outsourcing supplier [STAQ Pharma](#) ensures critical medications are available when needed. To amplify its impact, [the supplier partnered with Premier](#) — making Premier the first group purchasing organization (GPO) to inspect STAQ's facility and complete a comprehensive evaluation summary report.

This collaboration uncovered opportunities for improvement including aligning with United States Pharmacopeia (USP) General Chapter <7> and Institute for Safe Medication Practices (ISMP) labeling standards and strengthening internal processes and improving communication with hospitals.

Through deep collaboration, Premier didn't just provide data; they worked alongside STAQ to interpret it and guide strategy.

We spent weeks analyzing the data, then sat down with the Premier team to confirm whether our strategy matched what hospitals needed. Ninety percent of the time, we were aligned. The other 10 percent? Premier went back to their committees, gathered new insights and came back with answers. Working together has allowed us to double our Premier GPO business over the last year.

Mark Spiecker,
President, STAQ Pharma

Compounding Is Just the Beginning

Achieve full-scale supply chain optimization with Premier's industry-leading [group purchasing organization](#) (GPO) contracts for competitive pricing, smarter savings and faster innovation. Our [award-winning advisory services experts](#) maximize gains to drive real clinical, operational and financial impact for hospitals and health systems.

Drug shortages and recalls aren't slowing down. The difference between disruption and delivery comes down to visibility, readiness and the strength of your outsourcing strategy.

[Learn more](#) about how a partnership with Premier can make a difference.



