

**PREPARING FOR THE UNEXPECTED:**  
DISASTER AND DISRUPTION MANAGEMENT  
IN THE HEALTHCARE SUPPLY CHAIN

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The implications of global disasters and disruptions can have far-reaching consequences for supply chains – affecting the availability and pricing of vital healthcare supplies and pharmaceuticals.

Driven by sporadic and often unpredictable events, [data shows](#) healthcare providers are still experiencing hundreds of different products shortages that can negatively affect the delivery of patient care and hinder quality outcomes. [Nearly half](#) of U.S. healthcare leaders (48.6 percent) said they have had to cancel or reschedule cases or procedures **at least quarterly** in 2022 due to product shortages.

Preparing for, responding to and recovering from disasters, disruptions and traumatic events is essential to overall resiliency for healthcare providers, their supply chains and communities alike.

From weather-related events to cyberattacks and political unrest to manufacturing and labor stoppages, preparedness and contingency strategies are vital to help mitigate any significant disruptions to patient care.

## WHAT ARE YOUR TOP SUPPLY CHAIN PREDICTIONS FOR 2023-2024? (SAMPLING OF OPEN-ENDED RESPONSES):

- *“Disasters will continue to happen, locally and globally, impacting resources and product availability.”*
- *“Persistent volatility.”*
- *“Increase in ‘un-healthy’ categories due to supplier consolidation and/or discontinuing low margin products. The geo-political issues will de-stabilize additional product supplies as tensions increase.”*
- *“The Supply Chain will continue to be in flux and struggle with labor issues...”*
- *“We will use our skills and tools we learned from the pandemic to get through these rough waters.”*

Source: Premier 2023 Supply Chain Resiliency Survey



## FUTURE-PROOFING HEALTHCARE SUPPLY CHAINS: PROACTIVE PREPAREDNESS IS HERE TO STAY

U.S. healthcare supply chain, operations and clinical leaders have noted that “unknown disruptions with little time to react” is a core challenge that continues to keep them up at night.

Alongside ongoing labor challenges, many teams are focused on day-to-day blocking and tackling in a still-disruptive environment.

Further, and amid persistent shortages, “gray market” suppliers may sell medical devices, equipment or pharmaceuticals outside of a manufacturer’s approved channels – and in some instances, with aim to exploit the opportunity to make a profitable sale at the expense of healthcare systems. These gray market practices can introduce increased risk around product authenticity, safety, efficacy, and more.

**For today’s healthcare supply chain leader, the time and costs savings alongside continued delivery of high-quality patient care that comes with effectively managing supply chain challenges, make it worth spending time to codify what went well over the past year or two, where gaps and challenges remain, and opportunities for continuous improvement.**

# 44%

*Forty-four percent of healthcare and supply chain leaders are leveraging formal disaster preparedness and response programs as an integral component of their supply chain resiliency strategies, according to Premier’s 2023 survey.*

Increased data and transparency around supply availability remains essential. Broadly, the healthcare supply chain must better understand product availability and risk – from raw materials to production and distribution locations, to state and national stockpiles, to hospital inventory.

For both providers and suppliers, longitudinal visibility across the supply chain, where entities can see demand point-of-use information and resiliency metrics across KPIs is critical to accurately manage forecasting and supply.

And today, [advanced supply chain automation technology](#) is utilizing machine-learning models and predictive analytics to forecast demand surges and product shortages far in advance with over 90 percent accuracy. This type of solution helps identify at-risk supplies – understanding the level critical to operations and automatically serving up key, clinically appropriate substitution options. This type of progressive monitoring approach needs to extend across the supply chain, providing advanced alerts of demand signaling and inventory levels, and enabling rapid movement of products to points of care.

[Geographic diversification](#) in production and sourcing is another notable area of progress post pandemic – and vital over the long term. One of the most critical lessons we learned is that when we outsource too much of our manufacturing and sourcing capabilities overseas, we create vulnerabilities for providers and patients here at home. In light of these concerns, reshoring has been gaining momentum, shifting from a concept to a commercial reality.

Three out of four healthcare and supply chain leaders say domestic manufacturing is an “extremely” or “very important” component to their organizations’ supply chain resiliency strategies, according to Premier’s survey. And we’re seeing a growing number of supply chain professionals committing some portion of their annual purchasing volume (20-30 percent) to onshore or nearshore sources to help create appropriate backstop. Through [collaborations with trusted domestic manufacturers](#), we can bolster made-in-the-USA medical supplies and pharmaceuticals for providers and patients – while supporting U.S. job creation and stronger local economies.

There’s also been recent momentum on policy reforms to help create a more transparent and disruption-proof healthcare supply chain. This includes the introduction of The Medical Supply Chain Resiliency Act, which would permit the establishment of trusted trade partners to diversify sourcing for medical devices and pharmaceuticals – and the Medical and Health Stockpile Accountability Act, which would for the first time establish real-time visibility into the quantity and location of critical medical supplies and pharmaceuticals on U.S. soil.

### DID YOU KNOW?

Premier’s Disaster Preparedness and Response program orchestrates efforts required to prepare for and respond to disasters that impact our nation’s healthcare system – and develops key strategies that enable product access and long-term resiliency.

Leveraging strong member and supplier relationships, as well as the largest clinical, operational and financial healthcare database in the nation, the Disaster Preparedness and Response team monitors macroeconomic dynamics across product categories, helps stabilize the supply chain, provides an early warning of potential shortages, and bridges the public and private sectors.

**[Learn more about our efforts to protect healthcare providers from shortages and enable access to the vital products they need to ensure continuity of care.](#)**

## THREE ACTIONS PROVIDERS CAN TAKE RIGHT NOW TO PREPARE FOR ANY DISRUPTION

### 1. KNOW YOUR RISKS.

Documenting potential emergencies and/or disruptive events then ranking them by importance and likelihood is essential to knowing what actions to take as well as what resources and strategies to invest in.

Establish a multidisciplinary team of key stakeholders, including supply chain, clinical, facilities management and other individuals, to outline and evaluate all of the potential emergencies your facility may face.

Ongoing review and updates of alert and response procedures is also critical – including plans for before, during and after an event. In addition to contact lists and phone numbers, providers are incorporating detailed sheltering and staffing protocols as part of comprehensive planning.

### 2. ASSESS SUPPLIES AND SAFETY STOCK.

“Lean” and “Just in Time” methodologies often exacerbate the urgency to identify substitute product options – with supply interruptions quickly becoming more problematic due to lack of inventory on hand at manufacturing and distribution sites, and ultimately, in hospital storerooms.

Increasingly, healthcare supply chain teams are leveraging [value analysis approaches](#) and rethinking inventory management strategies as many crises can be minimized or potentially avoided altogether with an appropriate inventory cushion is available at some point in the supply continuum.

Given the critical nature of healthcare, ensuring the credibility of suppliers and vetting potential gray market offers is also paramount.

### 3. TEST THE PLAN.

Equally important to plan review is running through the plan as a team to ensure all hospital staff understand their roles – and to ensure the process supports making critical information quickly accessible. Lectures and tabletop exercises are a cost-effective way to continue to educate personnel on what to know and what to do in the event of an emergency or major disruption.

Practicing response drills is essential as is effective coordination with local, county and state officials, first responders and other relevant parties, particularly in the event of patient evacuations and limited capacity. Longer-term, aim to connect with facilities across the region where patients could be sent, and develop a reliable communication process with regional incident commands so that providers remain up-to-date about capacity, structural challenges or impending evacuations within their region.

**Today, it's clear that healthcare providers must become increasingly proactive and prepared when it comes to disaster/disruption preparedness and risk mitigation.**

## QUICK TIPS AND BEST PRACTICES FOR VETTING POTENTIAL GRAY MARKET OFFERS

- Procurement leaders should start with an initial supplier screening and basic check to verify the supplier's legitimacy. You can consult your GPO's Authorized Vendor List or FDA databases. Most legitimate suppliers will have up-to-date public information on their website and leadership profiles on LinkedIn.
- If applicable, verify the vendor's commercial and government entity (CAGE) code verification on [D-U-N-S Lookup](#) or [SAM.gov](#). With [SAM.gov](#), you can look to find if the vendor has any records of government contracts, or any exclusions or terminations.
- Another location to check for vendors who are excluded or debarred from participating in federal contracting opportunities is the HHS Office of Inspector General (OIG). OIG maintains a list of all currently excluded individuals and entities called the [List of Excluded Individuals/Entities \(LEIE\)](#). Anyone who hires an individual or entity on the LEIE may be subject to civil monetary penalties (CMP).
- Check that the product is registered with the U.S. Food and Drug Administration (FDA). If a supplier is unable to provide a [demonstration of FDA registration](#), then it is not permitted to legally market that product for sale or use in U.S. healthcare.
- If an offer is too good to be true, it probably is. Be wary of any sellers who offer products outside of your usual supply chain channels. Those claiming to have products that no other legitimate source can access can be trafficking in suspicious products or products from suspicious sources.
- Closely inspect products for authenticity. Match details like serial numbers, branding, package integrity, etc. against manufacturer information.
- Report suspected [illegally traded medical products](#) to regulators and manufacturers immediately.

**Learn More:** Premier is ready to partner with you to help improve performance, resiliency and quality across your organization.

#### About Premier Inc.

Premier Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,350 U.S. hospitals and health systems and approximately 300,000 other providers and organizations to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and consulting and other services, Premier enables better care and outcomes at a lower cost. Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, NC, Premier is passionate about transforming American healthcare. Please visit Premier's news and investor sites on [www.premierinc.com](#); as well as [Twitter](#), [Facebook](#), [LinkedIn](#), [YouTube](#), [Instagram](#) and [Premier's blog](#) for more information about the company.



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