

# POSITION STATEMENT: THE IMPERATIVE FOR INDUSTRY PARTNERS TO ENSURE CONTINUOUS SUPPLY CHAIN IN HEALTHCARE

## EDITORS:

### **J. HUDSON GARRETT JR.**

*Ph.D., MSN, MPH, MBA, FNP-BC, IP-BC, PLNC, VA-BC, BC-MSLcert™, CMRP, HACP-IC, LTC-CIP, CIC, ICE-CCP, MSL-BC, CPPS, CCHR-S, CPHQ, CVAHP™, CPXP, CDIPC, CPHRM, FACDONA, FAAPM, FACHDM, FNAP, FACHE, FSHEA, FIDSA, FAHVAP*

### **KAREN NIVEN**

*MS, BSN, RN, CVAHP™, FACHDM, FNAP, FAHVAP*

## CONTRIBUTORS:

### **SHARON ROBERTS**

*BSN, RN, CVAHP™, Committee Chair*

### **ANNE MARIE ORLANDO**

*MBA, BS, RN, RCIS, CVAHP™, FACHDM, PNAP, FAHVAP, AHVAP Board Liaison*

### **J. HUDSON GARRETT JR.**

*Ph.D., MSN, MPH, MBA, FNP-BC, IP-BC, PLNC, VA-BC, BC-MSLcert™, CMRP, HACP-IC, LTC-CIP, CIC, ICE-CCP, MSL-BC, CPPS, CCHR-S, CPHQ, CVAHP™, CPXP, CDIPC, CPHRM, FACDONA, FAAPM, FACHDM, FNAP, FACHE, FSHEA, FIDSA, FAHVAP*

### **THERESA MAAS**

*MSN, RN, NE-BC, CVAHP*

### **PATRICIA A. MCCAULEY**

*MSN, BSN, RN*

### **KAREN NIVEN**

*MS, BSN, RN, CVAHP™, FAHVAP*

### **KAREN ROBBINS**

*DNP, RN, CPA, CVAHP™, CMRP*

### **JOANNE SULLIVAN**

*BSA, CVAHP™*

### **KACEY WEAR**

*MS, BSN, RN, CEN, CVAHP™*



© 2024 AHVAP

The Association of Healthcare Value Analysis Professionals, Inc. (AHVAP)

(888) 400-6844

2870 Peachtree Rd NW #915-7500

Atlanta, GA 30305

[info@ahvap.org](mailto:info@ahvap.org)

[www.ahvap.org](http://www.ahvap.org)

To view additional AHVAP Code of Conduct, visit [www.ahvap.org](http://www.ahvap.org). AHVAP provides this document as a service to its members. The information provided may not apply to a reader's specific situation and is not a substitute for the application of the reader's independent judgment or the advice of a competent professional. Neither AHVAP nor any author makes any guarantee or warranty as to the accuracy or completeness of any information contained in this document. AHVAP and the authors disclaim liability for personal injury, property damage or other damages of any kind, whether special, indirect, consequential, or compensatory, that may result directly or indirectly from use of or reliance on this document.



# Position Statement: The Imperative for Industry Partners to Ensure Continuous Supply Chain in Healthcare

**INTRODUCTION:** The recent and ongoing disruptions in the healthcare supply chain have had a profound impact on hospitals and healthcare facilities nationwide. These disruptions, exacerbated by global events such as the COVID-19 pandemic, have highlighted vulnerabilities in the supply chain, particularly in product categories reliant on a single, primary national vendor. The Association of Healthcare Value Analysis Professionals (AHVAP) asserts the urgent need for industry partners to fulfill their promises and responsibilities to healthcare institutions by providing a continuous and reliable supply chain. This position statement outlines the critical importance of strategic partnerships and robust supply chain management in ensuring the delivery of high-quality patient care.

## THE IMPACT OF SUPPLY CHAIN DISRUPTIONS

Supply chain disruptions in healthcare can have severe consequences, ranging from delays in patient care to increased operational costs and compromised patient safety. During the COVID-19 pandemic, healthcare facilities faced unprecedented shortages of essential supplies such as personal protective equipment (PPE), ventilators, and critical medications. These shortages not only strained hospital resources but also jeopardized the safety and well-being of patients and healthcare workers.

- 1. Patient Safety and Care Quality:** The inability to secure necessary medical supplies can lead to delayed or suboptimal patient care. For instance, shortages in PPE exposed healthcare workers to higher risks of infection, while limited availability of ventilators forced hospitals to make difficult decisions about patient treatment. Without access to essential supplies, hospitals cannot maintain the standard of care required to ensure patient safety, leading to increased morbidity and mortality rates.
- 2. Operational Challenges:** Supply chain disruptions increase operational complexity and costs. Hospitals are often forced to seek alternative suppliers at higher prices, leading to budget overruns and financial strain. Additionally, the time and effort required to manage these disruptions divert attention from core healthcare activities. When critical supplies are scarce, hospitals may also have to ration supplies, leading to compromised care and increased risk of adverse patient outcomes.
- 3. Single Vendor Dependency:** Reliance on a single, primary national vendor for critical supplies amplifies the risk of supply chain failures. When these vendors experience disruptions, the ripple effects can be catastrophic for healthcare facilities dependent on their products. This dependency creates a fragile supply chain, where any disruption can lead to immediate and severe shortages, jeopardizing patient care.

## PATIENT SAFETY IMPLICATIONS

The implications of supply chain disruptions on patient safety are profound and far-reaching. Healthcare facilities require a consistent and reliable supply of critical products to maintain safe and effective care. When these supplies are not available, patient safety is directly compromised.

- 1. Infection Control:** Shortages of PPE, such as masks, gloves, and gowns, impede infection control measures. Healthcare workers are at higher risk of contracting and transmitting infections without adequate protection, leading to increased infection rates among patients and staff.
- 2. Medication Shortages:** Disruptions in the supply of critical medications, including antibiotics, anticoagulants, and pain relievers, can delay treatment and worsen patient outcomes. For example, a lack of antibiotics can lead to untreated infections, while shortages of anticoagulants can result in inadequate management of blood clotting disorders.
- 3. Surgical Delays:** Shortages of surgical supplies and equipment, such as sterile instruments and sutures, can lead to postponed or canceled surgeries. Delays in surgical procedures can cause conditions to deteriorate, increasing the risk of complications and extending recovery times.
- 4. Diagnostic Delays:** Inadequate supply of diagnostic tools, including reagents for laboratory tests and imaging equipment, can delay diagnosis and treatment. Timely and accurate diagnosis is crucial for effective treatment planning, and delays can result in disease progression and poorer patient outcomes.
- 5. Critical Equipment:** The availability of critical equipment, such as ventilators and dialysis machines, is essential for managing severe and chronic conditions. Shortages of these devices can lead to life-threatening situations where patients cannot receive the necessary support, increasing mortality rates.

## THE NEED FOR STRATEGIC INDUSTRY PARTNERSHIPS

To mitigate the risks associated with supply chain disruptions, AHVAP advocates for the establishment of strategic industry partnerships that prioritize reliability, transparency, and flexibility. These partnerships should be built on mutual trust and a shared commitment to ensuring the continuous availability of essential healthcare supplies.

- 1. Diversification of Supply Sources:** Industry partners must work with healthcare facilities to diversify supply sources. This involves identifying and establishing relationships with multiple suppliers, including regional and international vendors, to reduce dependency on a single source. Diversification enhances resilience and ensures that alternative supply options are available in case of disruptions.
- 2. Transparency and Communication:** Effective communication and transparency between suppliers and healthcare facilities are paramount. Industry partners should provide regular updates on supply chain status, potential disruptions, and mitigation strategies. Open lines of communication allow healthcare facilities to plan proactively and respond swiftly to supply chain challenges.

- 3. Commitment to Continuous Improvement:** Industry partners must demonstrate a commitment to continuous improvement in their supply chain management practices. This includes investing in technology and infrastructure to enhance supply chain visibility, efficiency, and responsiveness. Advanced data analytics, real-time tracking, and predictive modeling can help identify and address potential supply chain issues before they escalate.

## ENSURING CONTINUITY OF SUPPLIES

AHVAP calls on industry partners to take concrete actions to ensure the continuity of supplies to hospitals and healthcare facilities. The following strategies are essential for achieving this goal:

- 1. Robust Inventory Management:** Maintaining adequate inventory levels and safety stocks is crucial for mitigating supply chain disruptions. Industry partners should collaborate with healthcare facilities to develop inventory management plans that balance cost efficiency with supply security. This includes setting minimum stock levels for critical supplies and implementing automated inventory monitoring systems.
- 2. Strategic Stockpiling:** In addition to routine inventory management, strategic stockpiling of essential supplies can provide a buffer against unexpected disruptions. Industry partners should work with government agencies and healthcare coalitions to establish regional and national stockpiles that can be quickly mobilized during emergencies.
- 3. Maintenance of Continuous Business Operations:** As the healthcare manufacturer market continues to aggregate through mergers/acquisitions and other business development activities, manufacturers have the ultimate responsibility to ensure that the final entity can ensure continuous supply of product to their customers.
- 4. Supply Chain Risk Assessment:** Regular risk assessments are necessary to identify vulnerabilities in the supply chain and develop mitigation strategies. Industry partners should conduct comprehensive risk assessments, considering factors such as supplier reliability, geopolitical risks, and natural disasters. These assessments should inform contingency planning and risk mitigation efforts.
- 5. Collaborative Response Plans:** Developing and implementing collaborative response plans between industry partners and healthcare facilities is vital for effective crisis management. These plans should outline roles and responsibilities, communication protocols, and coordinated actions to address supply chain disruptions. Joint training exercises and simulations can help ensure preparedness and smooth execution during actual events.
- 6. Innovation and Adaptability:** Embracing innovation and adaptability is key to building a resilient supply chain. Industry partners should explore new technologies and business models that enhance supply chain flexibility and responsiveness. This includes leveraging digital supply chain platforms, blockchain technology for transparency, and agile manufacturing techniques to quickly adapt to changing demands.

## CONCLUSION

The recent supply chain disruptions have underscored the critical need for industry partners to deliver on their promises to healthcare facilities. Ensuring a continuous and reliable supply chain is imperative for maintaining high standards of patient care and operational efficiency. The Association of Healthcare Value Analysis Professionals calls on industry partners to prioritize strategic collaboration, transparency, and innovation in their supply chain practices. By working together, we can build a resilient healthcare supply chain that meets the needs of patients and healthcare providers alike.

Core AHVAP Recommendations:

- 1. Diversify Supply Sources:** Establish relationships with multiple suppliers to reduce dependency on a single source.
- 2. Enhance Communication:** Maintain open lines of communication and provide regular updates on supply chain status. Industry Partners should share product alternatives when available immediately upon the possibility of product disruption.
- 3. Invest in Raw Goods Foresight Technologies:** Leverage AI and other technologies to ensure continuous supplies of raw goods necessary to manufacturer finished medical products. Industry Partners should work with national Group Purchasing Organization Partners and large integrated delivery networks to appropriately forecast product usage needs and ensure transparency with Tier 2/3 suppliers.
- 4. Invest in Technology:** Leverage advanced data analytics, real-time tracking, and predictive modeling to enhance supply chain visibility and efficiency.
- 5. Develop Response Plans:** Create collaborative response plans for managing supply chain disruptions and conduct joint training exercises.
- 6. Embrace Innovation:** Explore new technologies and business models to build a flexible and responsive supply chain.

## KEY DEFINITIONS:

### FORESIGHT:

Engaging with potential futures to improve preparedness and to influence future outcomes.

### STRATEGIC STOCKPILING:

Industry Partners should ensure that adequate raw and finished good supplies are maintained to ensure continuity of supply chain for end users without interruption.

**Version: 1.0**

This whitepaper was made possible by the Association of Healthcare Value Analysis Professionals, Inc. (AHVAP).

It was developed to support efforts to advance safe and trusted health care delivery through evidence-based value analysis.

Visit <https://ahvap.memberclicks.net/member-benefits> to learn more and become an AHVAP member.

