

Supply Chain Disruption Updates

April 2022

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The end-to-end global supply chain continues to experience unprecedented disruptions which are affecting multiple economies and industries, including the American healthcare industry. At Premier, we are committed to leading our members and suppliers in finding innovative ways to solve for these challenges and enable our hospitals access to the vital supplies necessary for high quality, cost-effective patient care.

Premier's previous monthly Disruptions Updates can be found online on the [Disaster Preparedness and Response page](#) within PremierConnect™. The following information provides the latest market updates, insights, resources and guidance for your supply chain teams as we continue navigating global supply chain disruptions.

Global Supply Chain Impacts Persist as Russian Attacks in Ukraine Continue

The Russian invasion of Ukraine continues into its second month just as the world is entering into year three of the COVID-19 pandemic – further exacerbating ongoing supply chain constraints.

These collective events are impacting global freight across Europe and Asia. And in Ukraine specifically, multiple major port cities including Mariupol, Odesa, Kherson, and Mykolaiv have all been impacted – limiting or altogether halting trade to and from shipping lanes in the Black Sea and the Sea of Azov.



With ports closed until the war ends, Ukraine can potentially lose up to **\$6BN of their annual agricultural export revenue** and pay premium prices if it must resort to shipping products, such as grains and oil seeds, by rail. Ukrainian airspace has also been closed to all civilian aircraft, further disrupting transportation routes and driving higher costs.

Sanctions on Russia continue having downstream effects on global supply chains and **are anticipated to exacerbate already-existing energy, transportation, and manufacturing (limiting access to raw materials) challenges**. Congress is also considering [legislation](#) that would revoke Russia's "most favored nation" trading status and set the stage for broader U.S. sanctions.

Premier continues to monitor and assess the ongoing situation in collaboration with our suppliers, working hand-in-hand to help mitigate supply chain challenges and disruption for our membership. (Photo by [Mika Baumeister on Unsplash](#)).

Impact of Russia/Ukraine War on the Food Industry

As of February 24, Russia's invasion of Ukraine has halted Ukrainian exports such as wheat and corn. Ukraine produces 13% of the world's corn supply and 12% of the world's wheat supply.

What does this mean for the U.S. supply? Although the U.S. imports limited product from Ukraine, domestic supply is tight on both commodities. Global supply will continue to be stressed as countries scramble to meet demands — and as a result, upward price pressure is likely inherent. Last week, wheat futures traded on the CME hit their highest level since July 2012. European wheat prices soared 15% for the week.

Premier continues to work with its suppliers to identify areas of opportunity to reduce the impact to our members. The full Premier Foodservice News publication can be found at the [Premier Newsletters](#) page in PremierConnect

Premier and US Foods continue to work together daily to address challenges, opportunities and market impacts. These discussions lead to the weekly US Foods Commodity Update – which continues to be posted weekly in our [Food and Nutrition Community](#).

In 2021, food-at-home prices increased 3.5 percent and food-away-from-home prices increased 4.5 percent. The CPI for all food increased an average of 3.9 percent in 2021.

In 2022, food-at-home prices are predicted to increase between 1.5 and 2.5 percent, and food-away-from-home prices are predicted to increase between 3.5 and 4.5 percent.

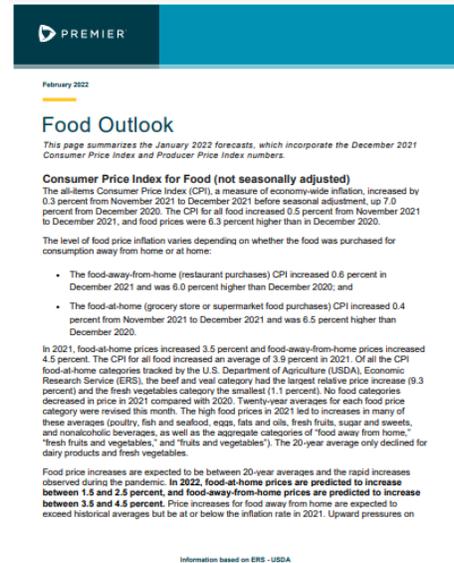
The full food outlook publication can be found at the [Food Outlook Inflation Report](#) page in PremierConnect.

Food Services Supply Chain Updates Continued: Increased Demand

The foodservice market continues to experience unprecedented demand for disposable products; especially for product to support grab-and-go containers for food and beverages. This demand coupled with continued labor and logistical challenges create product availability issues and declining fill rates. We expect these challenges will persist into 2023.

Additionally, we continue to experience strong demand within the overall seafood portfolio; many products of which are imported and impacted by supply challenges due to overall demand, new product lead time, ongoing logistics challenges, and the effect of the Omicron variant on the Chinese workforce and exports. While we continue to see this impact multiple shrimp products, this has now affected the availability of cod, pollock, flounder and tilapia. These challenges are expected to last through mid-year 2022.

For a more extensive list of food items experiencing increased demand, visit the [Premier Newsletters](#) publication in PremierConnect.



February 2022

Food Outlook

This page summarizes the January 2022 forecasts, which incorporate the December 2021 Consumer Price Index and Producer Price Index numbers.

Consumer Price Index for Food (not seasonally adjusted)
 The all-items Consumer Price Index (CPI), a measure of economy-wide inflation, increased by 0.3 percent from November 2021 to December 2021 before seasonal adjustment, up 7.0 percent from December 2020. The CPI for all food increased 0.5 percent from November 2021 to December 2021, and food prices were 6.3 percent higher than in December 2020.

The level of food price inflation varies depending on whether the food was purchased for consumption away from home or at home:

- The food-away-from-home (restaurant purchases) CPI increased 0.6 percent in December 2021 and was 6.0 percent higher than December 2020; and
- The food-at-home (grocery store or supermarket food purchases) CPI increased 0.4 percent from November 2021 to December 2021 and was 6.5 percent higher than December 2020.

In 2021, food-at-home prices increased 3.5 percent and food-away-from-home prices increased 4.5 percent. The CPI for all food increased an average of 3.9 percent in 2021. Of all the CPI food-at-home categories tracked by the U.S. Department of Agriculture (USDA), Economic Research Service (ERS), the beef and veal category had the largest relative price increase (9.3 percent) and the fresh vegetables category the smallest (1.1 percent). No food categories decreased in price in 2021 compared with 2020. Twenty-year averages for each food price category were revised this month. The high food prices in 2021 led to increases in many of these averages (poultry, fish and seafood, eggs, fats and oils, fresh fruits, sugar and sweets, and nonalcoholic beverages, as well as the aggregate categories of "food away from home," "fresh fruits and vegetables," and "fruits and vegetables"). The 20-year average only declined for dairy products and fresh vegetables.

Food price increases are expected to be between 20-year averages and the rapid increases observed during the pandemic. In 2022, food-at-home prices are predicted to increase between 1.5 and 2.5 percent, and food-away-from-home prices are predicted to increase between 3.5 and 4.5 percent. Price increases for food away from home are expected to exceed historical averages but be at or below the inflation rate in 2021. Upward pressures on

Information based on ERS - USDA

Global Energy Prices Continue Rising, Adding to Supply Chain Costs

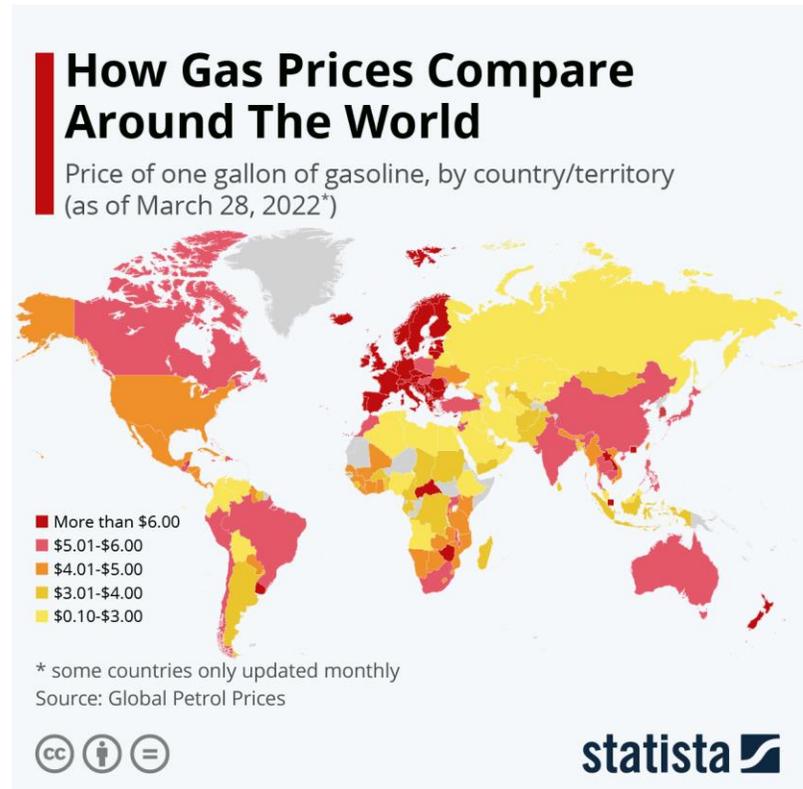
The below graphic from [Statista](#) highlights rising global fuel costs, which are currently highest in Europe, followed by Asia and North America.

As of March 28, the European country [paying the highest price](#) per gallon of gasoline (USD) is the Netherlands, at **\$9.78 per gallon**. The next five are not far behind:

Netherlands	\$9.53
Norway	\$9.23
Finland	\$8.92
Denmark	\$8.86
Germany	\$8.61

Diesel [prices](#) are even higher, with the biggest spike in Sweden at **\$10.20 per gallon**.

Healthcare suppliers with manufacturing locations and business operations in these regions are now paying **significantly higher** transportation rates, which were already high due to pandemic-induced supply chain challenges.



Global Disruptions are Changing Transportation Behavior

Inflation caused by climbing oil prices and made worse by the war in Ukraine appears to be curbing European demand for imports. Rates from Asia-N. Europe have declined 20% since the end of January, according to [Freightos](#). They mention that in addition, capacity taken up by growing [congestion at European](#) hubs and [rail to ocean](#) conversions caused by the war have likewise not stopped the rate slide, with some carriers already [reducing capacity](#) in response.

“While the temporary dip in available supply of exports could explain the slight easing in freight costs, all signs point to [continued elevated volumes](#) in the coming months. Despite disruptions in China and [initial signs](#) that inflation and a return to spending on services could curb demand for imports, many anticipate that importers will [pull some demand forward](#) to avoid peak season delays and to get ahead of a possible West Coast dock worker strike in July.” [Source](#).

Cyberattacks Remain an Ongoing Threat: Here's What You Can Do

Premier anticipates the risk of cyberattacks to rise – and these would not necessarily be limited to any one nation or geographical location. As the war continues and international tensions rise, Russia and Russian-backed actors may retaliate against certain companies or countries.

The Whitehouse Urges Organizations to Increase Cyber Defenses

On March 21, the White House [released a statement](#) urging companies and organizations to increase their cyber defenses to prepare for Russian cyberattacks. A [Cyberattack FACT SHEET](#) was posted in conjunction with the statement. The American Hospital Association (AHA) [echoed that message](#) – encouraging organizations to mandate multi-factor authentication, protect against known vulnerabilities, back up data, and drill emergency plans to prepare for cyberattacks.

AHA also noted past instances of Russian state-sponsored cyberattacks that disrupted the [U.S. healthcare sector](#). For example, in 2017, the Russian military intelligence service deployed NotPetya malware against Ukraine. NotPetya made it technically impossible to recover victims' files (patient records, emails, other files) after the payload had been executed.

White House Urges Orgs to Harden Cyber Defenses, Prepare For Russian Cyberattacks | Source: [HealthItSecurity](#)

Take Steps Now to Prepare your Healthcare System

There are known Russian-speaking cybercriminal groups that have a history of targeting hospitals and healthcare organizations in North America.

One of those groups is known as FIN12. According to the HHS Office of Information Security, **one in five of FIN12's victims are healthcare groups**. FIN12 is responsible for multiple major attacks on the U.S. healthcare system and targets revenue from their victims via ransomware. The average revenue of their targets is \$6B, and almost all are a minimum of \$300M. More information can be found in the HHS briefing below.



[BRIEFING: HHS Cybersecurity Program: FIN12 as a Threat to Healthcare](#)

Healthcare systems should **take steps now** to improve their cyber defenses. There are multiple resources that [Premier has available](#) that can help our members become familiar with, and help prepare against, cyberattacks or ransomware attacks.

KEY TIPS:

- Be prepared – create, maintain and exercise cyber incident response and business continuity plans.
- Enhance your organization's cyber defenses and technology.
- Increase organizational vigilance (staff and visitors).
- Leverage all resources! Visit [CISA's Shields-Up](#) website for information and guidance on mitigations and additional steps you can take.

[BRIEFING: HHS Cybersecurity Program: An Analysis of the Russia/Ukraine Conflict](#)



COVID-19 Lockdowns Across China Add to Supply Chain Pressures

The spread of the COVID-19 Omicron variant in Asia, primarily the BA.2 subvariant, remains a dynamic and fluid situation. Regional updates are occurring daily, and details within this report are subject to change after its publication. Premier Supply Chain, Field, and Advocacy experts continue to keep a close watch on the scope and potential impact to U.S. healthcare and the Premier membership.

Rapidly Spreading Outbreak

New confirmed cases in mainland China over the last 7 days

■ No confirmed cases
 ■ 1-50
 ■ 51-500
 ■ 501-2000
 ■ > 2000
● Under lockdown



Source: China's National Health Commission
 Note: Data as of March 27

Background. Ongoing COVID-19 lockdowns in China could have a ripple effect on the global supply chain, including the healthcare industry.

Several major Chinese cities have imposed a range of lockdown measures over the last few weeks, including **Shenzhen, Dongguan and Jilin**.

With rising cases, we're also monitoring the major cities of **Shanghai and Hong Kong**. Shanghai has reported that the major financial district of 26 million people has locked down its citizens in a two-phased approach, splitting the city and lockdown measures between the East and West. As of March 31, the lockdown in many parts of Shanghai have been [extended even further](#). Many industries have been directly impacted, most notably the consumer technology and automotive sectors.

Rapidly Spreading Outbreak | Source: [Bloomberg](#)

Premier has healthcare suppliers who manufacture and export goods from these regions, however **many have additional production facilities and capacity outside of this area as well**.

According to Yusen Logistics, many highways across China are closed, and intercity transportation is being limited. Truckers can continue to operate in China; however, they must present negative Nucleic Acid Tests (NAT) upon entering ports or crossing provincial borders. Checkpoints are set up at toll booths, all creating additional congestion.

We are expecting potential delays in the coming weeks resulting from the lockdowns and increased COVID testing and other requirements across China. Warehouses are also under various restrictions.

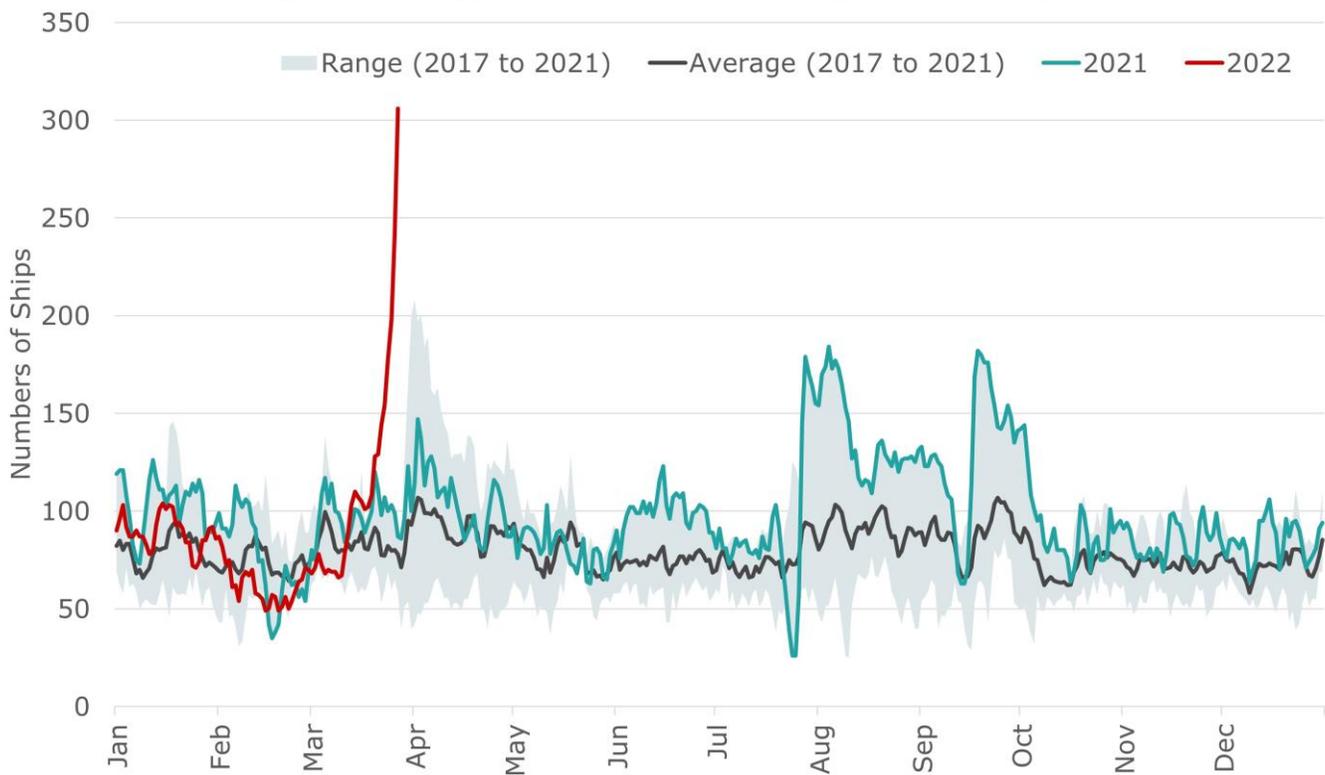
While Still Open, Shanghai Port Congestion at New High

It has been reported that the major ports in China remain open; however, we know that any further closures or major delays in **Shanghai** (world's largest port) or **Shenzhen** (home of China's third-largest port) could widely affect global trade.

If short-term or long-term delays or closures occur in China and at the ports, blank sailings would allow temporary relief for the ongoing congestion and backlog at U.S. ports, though we anticipate a new wave of imports would occur once operations resumed.

VesselsValue, a global shipping data provider, reported that the number of ships waiting to load or discharge at **Shanghai's port** had skyrocketed five-fold in the past two and half weeks.

Ships Waiting to Load or Discharge at Shanghai



Source: VesselsValue March 2022

 VesselsValue

<https://twitter.com/VesselsValue/status/1509197739581751297?s=20&t=RBq3T5T3XNsQNf0W2MQI1g> (2022, March 30). **#Shanghai** port under strict lockdown since Monday, after **#congestion** skyrocketed in early March. VV data shows a near five fold increase in number of ships waiting. **#shipping #tradedata**. [Image attached]. [Tweet] Twitter.

Global Freight Rates Continue to Outpace Pricing This Time Last Year

Freightos Baltic Index FBX Update (29 Mar 2022):



Asia-U.S. West Coast prices ([FBX01 Daily](#)) decreased 1% to **\$15,811/FEU**. This rate is **168% higher** than the same time last year. Last week's **Asia-U.S. East Coast prices** ([FBX03 Daily](#)) climbed 2% to **\$17,638/FEU** and **are 205% higher** than rates for this week last year.

Pre-pandemic, ocean freight costs for these same routes averaged between **\$3-6K** per container.

With the peak shipping season well behind us, suppliers were anticipating a drop in freight costs this time of year, yet market rates have yet to cool down.

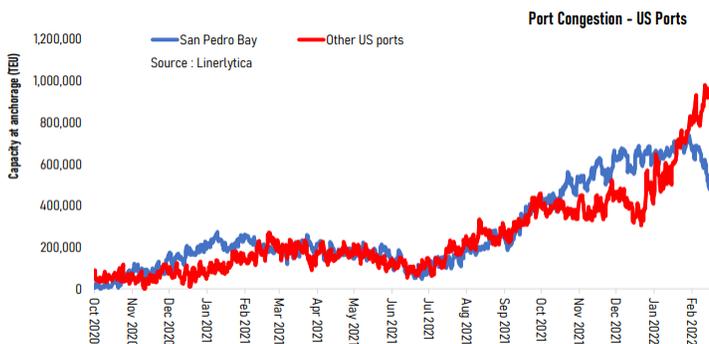
The 2022 [peak international shipping season](#) is expected to start in mid-August and last through mid-September.

The 2022 [peak international shipping season](#)

As noted previously in this document, impacts from the Russia/Ukraine War and recent Chinese COVID-19 lockdowns are impacting an already constrained supply chain and have the potential to further exacerbate transportation challenges both in via air and ocean. As a result of these additional pressures, tightened transportation capacity and rising fuel costs are anticipated to sustain higher ocean and air cargo rates over the next several months – and at a time of the year that usually sees rates decrease.

Global and U.S. Port Congestion Remains a Challenge

During the week of March 14, Linerlytica reported that “port congestion shows no signs of receding and has increased in the last week, especially on the U.S. East Coast and North Europe. Although vessel queues have receded in Los Angeles, **overall U.S. port congestion worsened as congestion shifted to other U.S. gateways.** Asian port congestion remains largely unchanged with only minor delays in China and Southeast Asia ports.”



Linerlytica also shared, “**There is no letup in U.S. port congestion despite the receding queue at the port of Los Angeles/Long Beach since the end of January.** The diversion of transpacific capacity from Asia away from LA/LB to other U.S. gateways since December has pushed up total vessel capacity waiting at the other U.S. ports to over 1m teu with no improvements expected in the coming weeks as vessel departures from Asia continue apace even during the post-Chinese New Year period.”

Port Congestion – US Ports, Capacity at anchorage (TEU) | Source: Linerlytica Market Pulse 2022 Week

Mitigation and Management of the Pharmacy Supply Chain

Labor issues impacting production and delivery continue to be the predominate reason for the delays in manufacturing of essential fluids and medications. In the [March update on pharmaceutical shortages](#), Premier provides information on mitigation and management of ongoing, critical drug shortages.

Shortages mentioned in the February update, namely, Sterile Water for Injection vials, Dextrose 25% injection and Epinephrine injection may experience recovery this month, per Pfizer’s return-to-market supply call on March 15.

Premier’s Pharmacy Updates for March include information on the following products:



- 0.9% Sodium Chloride for Injection and Dextrose for Injection**
- Dextrose 25% and 50% Injection**
- Potassium Chloride Injection**
- Parenteral Nutrition and Lipids**
- Lidocaine with Epinephrine Injection**
- Ropivacaine Injection**
- Topical Thrombin**
- Magnesium Sulphate Injection**

Premier pharmacy members and healthcare providers across the U.S. are currently juggling multiple drug shortages of essential medications – necessitating significant changes in workflow including centralizing inventory, electronic order entry adjustments, conservation of critical supplies, and implementation of clinical alternatives. Some of the alternatives suggested may also be experiencing downstream constraints.

Premier’s pharmacy program is committed to providing its members with current updates on product availability, sourcing options, and alternative solutions, where feasible. Please feel free to contact Premier staff with your questions and concerns.

Members are encouraged to consider joining and participating in the [ProvideGx Program®](#), a proven model and solution for addressing drug shortages. For information, contact providegxinfo@premierinc.com, and visit the PremierConnect community found in Pharmacy Members Resources or ProvideGx.com.

Reminder: Be sure to download the inaugural edition of INSCRIPT, Premier’s new thought leadership publication from our Pharmacy experts.

This issue provides insights and recommendations for how regulators, manufacturers, distributors, purchasing groups and providers can manage and mitigate future drug shortages.

For more information and to download the thesis, [click here](#).



White House Unveils Freight Data Exchange to Bolster Supply Chains

The recently announced [Freight Logistics Optimization Works](#), or FLOW, joins administration officials and major private sector businesses in a data-sharing initiative designed to enhance the efficiency with which companies move imported goods to stores. The largest companies already have systems providing that sort of real-time logistics data, but most smaller businesses do not.

The FLOW initiative is a positive step forward to help remediate today's supply chain issues while providing a strong, resilient foundation for the future – and one that Premier has been advocating as these challenges came into the forefront for the healthcare industry. This initiative could help address critical supply chain challenges, namely the lack of timely, actionable data and information sharing across stakeholder groups.

FLOW includes 18 initial participants including shippers, trucking, warehousing, logistics companies and ports. These stakeholders will work together with the Administration to develop a proof-of-concept information exchange to ease supply chain congestion, speed up the movement of goods and ultimately aim to cut costs for American consumers.

The White House Fact Sheet states, “Recent supply chain disruptions have raised national awareness of the need for improved information exchange. Supply chain stakeholders deserve reliable, predictable, and accurate information about goods movement and FLOW will test the idea that cooperation on foundational freight digital infrastructure is in the interest of both public and private parties. FLOW is designed to support businesses throughout the supply chain and improve accuracy of information from end-to-end for a more resilient supply chain.” (Photo by [René DeAnda](#) on [Unsplash](#)).



Next Steps:

For interested parties, the Administration is launching a website to gauge additional stakeholder interest in supporting foundational freight infrastructure:

While starting with a limited pilot, the Department of Transportation (DOT) wants to hear from others who are interested in engaging as part of FLOW as a participant as the initiative grows. Within one month of the FLOW launch on March 15, DOT will launch a web portal to gauge industry interest in participation and data sharing.

For our part, Premier used data and AI-enabled technology to spot ordering spikes in real time during the pandemic, project impacts on the supply chain overall, and spot product runs and shortages before they occurred. This data was shared in 2020 with government stakeholders and first responders, as well as manufacturers, distributors, etc. In 2021, we took these efforts a step further, leading a pilot program with the Assistant Secretary of Preparedness and Response (ASPR) to give government first responders direct access to Premier's intelligence dashboard for visibility and rapid intervention. As a result, while COVID-19 caseloads increased to match early waves, there were fewer product shortages in 2021. With this demonstrated set of capabilities and information, Premier is in a unique position to support this transition.

Premier continues working alongside our industry and government partners to help prioritize vital medical products — and streamline their production of, and flow to, the U.S.

Sources: *The White House Press Release and Fact Sheet* ([Link](#)); *FreightWaves* ([Link](#)); *CNN* ([Link](#))

Premier's Category Watch List

Premier has assembled an internal team that is focused on our Category Watch List. This advisory group pulls together subject matter experts from our clinicians, supply chain experts, portfolio advisors, data teams and our Value Analysis Advisory Committee (VAAC) to surface categories and products within our portfolio that require additional supply chain risk and resiliency measures. Outside of this list, all active product disruptions are listed on our [Disaster Response](#) and [Shortages and Disruptions](#) pages within PremierConnect. Each product disruption document provides the latest information on alternative suppliers, conservation strategies and get-well timelines if known.

The list is assembled based on member feedback and is categorized into two phases:

Phase 1 (priority or immediate action) includes products that have limited suppliers in the market, have raw material constraints, offshore manufacturing locations and/or have increased usage throughout the membership.

Phase 2 (watching the market for disruption indicators) includes products that have limited suppliers in the market, potential raw material constraints, have offshore manufacturing locations and have increased usage during the COVID-19 pandemic.

Premier's Advocacy team shares this Watch List weekly with key government stakeholders – including the White House Supply Chain Disruptions Task Force, FDA and others. With our insights on the market and boots-on-the-groundwork in garnering vital products and supplies, Premier provides guidance on challenges, opportunities and trends – and consistently advocates for providers' needs.

Below is the current list of top products we are monitoring to help prevent further disruption. All future updates will be posted to our PremierConnect page [linked here](#).

Product Watch List – Updates for March. 29, 2022 (Phase 1 Products)

Phase One Priority – Immediate Action	Phase One Type of Shortage	Phase One Material Issue	3.29.22 Information
Lumbar Safety/Needles Monometer	Product Shortage	Supplier Allocation	Shortage Continues
Hot and Cold Packs	Material Shortage	Raw Material	Shortage Continues
Laboratory Specimen	Material Shortage	Resin	Shortage Continues
Hemodialysis Fluid	Global Shortage	Material	Global Material Shortage
Vacuum Curettage	Material/Limited Suppliers	Supplier Backorder	Shortage Continues
Infant Formula	Material Shortage	Supplier Backorder	Shortage Continues

Phase One Priority – Immediate Action	Phase One Type of Shortage	Phase One Material Issue	3.29.22 Information
Chest Drainage	Material/Limited Suppliers	Resin	Shortage Continues
Flush Syringes	Material Shortage	Resin and Flush	Shortage Continues
Suction Canisters	Material Shortage	Resin	Shortage Continues
Normal Saline and Sterile Water Vials	Material Shortage/ Offshore Manufacturing	Material	Shortage Continues
CADD Tubing and Cassette	Shortage	Raw Material	Shortage Continues
IV Therapy Products 250cc, Mini-bags, Large Volume and Irrigation Fluids	Labor Impact	Labor	Slight Slow Improvements

Product Watch List – Updates for March 29, 2022 (Phase 2 Products)

Phase Two - Watching	Phase Two Type of Shortage	Phase Two Material Issue	3.29.22 Update
CHG Skin Prep	Material Shortage	Allocation and Backorder	Shortage Continues
Umbilical Artery Catheters	Material Shortage	Allocation and Backorder	Shortage Continues
Standard/Safety Hypodermics	Material Shortage	Resin	Shortage Continues
Sharps Containers	Material Shortage	Resin	Shortage Continues
Safety Phlebotomy	Material Shortage	Material	Shortage Continues
Lipids	Product Shortage	Supplier Allocation	Shortage Continues
Manual Microbiology	Product Shortage	BD Discontinuation of SKU's	Shortage Continues
ECG Electrodes Cables	Material Shortage	Allocation and Backorder	Shortage Continues
Surgeon Sterile Gloves	Material Suppliers	Resin	Shortage Continues

Premier Efforts

As always, Premier remains committed to supporting our members and suppliers in finding innovative ways to solve for supply chain challenges and mitigate disruptions.

We continue to take aggressive steps to help ensure a smooth and continuous flow of medical products and supplies:

- ***Our industry-leading contracting portfolio includes 540+ distinct supplier partners in 300+ categories*** who manufacture in diverse locations outside of China, including the United States, North America, South America, Europe, Africa, and Asia. We've also recently added **125 contracted suppliers** to the portfolio to provide additional redundancy, and Premier is committed to contracting with suppliers that demonstrate manufacturing resiliency and quality investments.
- Our domestic manufacturing investments, innovative global sourcing activities and industry-leading technology suite are helping to better predict and plan for adverse events – and ensure U.S. healthcare providers have access to vital products.
- ProvideGx ensures a guaranteed buyer base if a manufacturer agrees to enter a new market or increase production of shortage products. With committed volume and distribution, manufacturers gain predictable revenue, stable ordering and operating capital necessary to increase production and/or contingency supply. At the same time, providers gain reliable access to needed products at a fair price point. This model is working – effectively delisting **14 different generic drugs** from the FDA's shortage list.
- Since the pandemic's onset, Premier has facilitated collaboration and rapid coordination with dozens of federal and state agencies on strategies to:
 - o Gather data;
 - o Forecast demand;
 - o Identify needed regulatory changes;
 - o Preserve inventory;
 - o Increase available supplies and allocate based on need; and
 - o Play a critical hand in programs.
- Premier continues to work closely with White House leadership and federal agencies to help manage the nation's supply chain issues – providing data and insights on backorders and potential shortages and advocating for priority transportation of critical products.
- We're also working with Congress on passage of a House bill to modernize the nation's data infrastructure by establishing a real-time tracking of supplies needed in emergencies. The bill will help assure dynamic allocation and help improve response capabilities by giving stakeholders insights into supply vulnerabilities.

And Premier continues to pursue strategies that drive savings and offset rising costs.

- To help members predict and manage inflation, Premier has developed MedSurg and ASCEND Inflationary Calculators, which can assist with budgeting and strategic planning. Similarly, pharmaceutical inflation figures are derived from Premier's Drug Budget Tool, which analyzes both on-contract and non-contract items.
- Premier's subsidiary Conductiv is helping members achieve savings in purchased services, where data suggests providers invest more than one-third of their total non-labor expense budget. Using Conductiv to streamline contract negotiations, benchmark service providers and manage spend, providers have reported savings of more than \$800 million.
- To overcome expensive overseas shipping and transportation costs, Premier has worked with our members to make investments in and/or long-term purchasing commitments with U.S. manufacturers, including Prestige Ameritech for N95 respirators and face masks, DeRoyal Industries for surgical gowns, Honeywell for nitrile exam gloves and Exela Pharma Sciences for pharmaceuticals, including some critical shortage drugs. Through these initiatives, Premier members can diversify their supply sources at a price point that is competitive with overseas manufacturing – effectively avoiding price increases that foreign suppliers have forced others to accept. In addition, these suppliers have increased their production to protect Premier members from shortages that continue to plague the market.
- Premier continues to create innovative solutions that can extend and improve the efficiency of scarce labor resources with labor benchmarking tools to identify bottlenecks; consulting services to optimize workflows;

clinical decision support to automate administrative tasks such as [documentation and coding](#) and prior authorizations; and back-office technologies that can [automate and optimize healthcare purchasing](#).

- Providers across the nation are leveraging PINC AI technology to analyze total supply spend, transform [accounts payable processes](#) and find savings opportunities all in one place. Powered by artificial intelligence (AI) and machine learning, these tools are equipping providers with a real-time view into usage and spend, allow for the ability to set and manage specific savings targets, and are enabling cost savings opportunities.

While disruptions are prevalent, Premier remains committed to sharing vital information and best practices – and pursuing crucial strategies to help our members, and our nation, get the vital supplies needed to care for patients.