

Distributors' Role As Trusted Supply Chain Partners



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HIDA HEALTH INDUSTRY
DISTRIBUTORS
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Please send magazine inquiries to
editor@HIDA.org.

Leveraging Technology With A Personal Touch Takes Sales Meetings To The Next Level

Sales experts share tips for building business relationships and increasing communication virtually



In early 2020, everyone started to hunker down in home offices while healthcare facilities pivoted to take on the tsunami of COVID-19. The routine day of a sales rep was turned upside down when travel stopped and onsite client visits disappeared.

Sales reps often feel like customers are family, but suddenly there was a disconnection when “home” wasn’t accessible. Thankfully, six months or so into this brave new world, there are bright

spots. Technology combined with sales rep savvy has not only come to the rescue – it’s taken many relationships to the next level.

In a session at HIDA’s virtual Streamlining Healthcare Expo & Business Exchange, four top supply chain sales experts talked about how they have learned to leverage technology to communicate and build relationships amid the pandemic. Here are lessons learned:

Make sure your sales teams are comfortable on their meeting platform such as Zoom, WebEx, or Microsoft Teams. “If we’re not fully sold on communicating through this platform ourselves, how can we expect our customers to be,” notes Account Executive Tim Morris, McKesson Medical-Surgical. Don’t think of a virtual meeting as a sorry second chance, but as an opportunity to make an even stronger connection. “You can see into people’s home offices and their lives – ask questions that put people at ease and get customers into their comfort zone,” advises Claflin VP Alex Caldwell. Morris places a guitar he made with his young daughters in the background as a conversation starter.

Use social distancing to bring together decision makers – virtually. There’s an opportunity as a sales rep to bring together top people more easily. “We’re seeing an opportunity to service customers from a team approach,” says Stephen Milton, Sales & Training Development Director, PDI. “We can get a group of people together more effectively and easier than before by leveraging technology – and be more productive.”

Be prepared. When Morris schedules a video meeting, he puts a couple of “teaser questions” in the meeting invite, asking that they be answered before the meeting. For example, “how are your PPE needs right now?” can be addressed prior to the conversation. “By ending my meeting invitation with questions, I’m addressing things that can easily derail a meeting before the meeting actually happens. It’s extremely important to set expectations.”

Caldwell agrees that you can’t “just request a meeting,” but need to offer content that will pique curiosity. “It’s really important to prep ahead of time.”

Milton’s team conducts mock sales calls designed to have connectivity problems. He recommends that a colleague provide backup on every real sales call with the slide deck. That way, if he loses video or audio, his partner can jump in. “If the clinical science liaison is on the

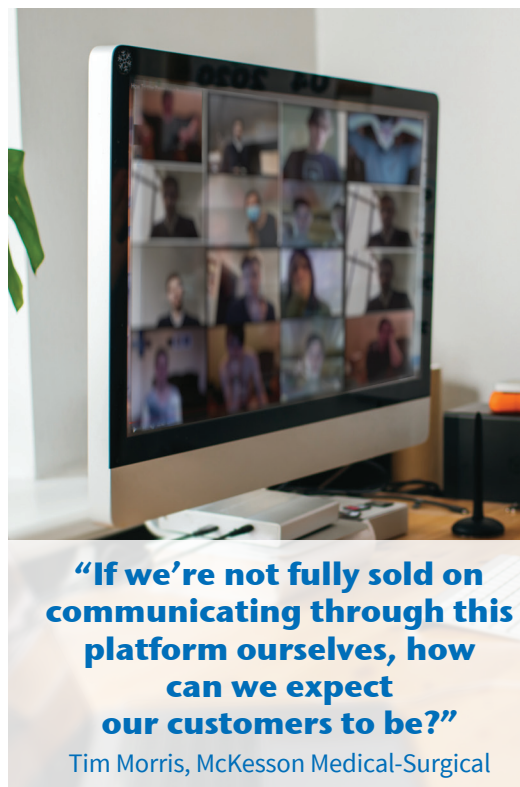
call, I also make sure they have a copy of the slide deck so they can pick up if I drop off. It’s just providing good customer service,” he says.

Kevin Dixon, Senior Director, Commercial Contracting, Medtronic, noted that his company has made sure his team has the tools they need to reach out to customers digitally during this unprecedented time.

Caldwell says it’s important to explore product topics with your clinical team before pitching a meeting with a customer. “We’re trying to bring in a lot more opportunities to our customers in addition to PPE.”

Be a resource. Customers ask a lot of questions about what’s going on in other parts of the country, notes Dixon, and “I can give them some insight on that.” Additionally, sales reps are supplied with educational materials that can help customers. For example, with the dramatic reduction in elective surgeries during the spring, offer clients tips and tools for how to help get patients back into a client’s care settings.

Embrace levity. Embrace the awkward. Even if you can’t connect in-person, show your personality by changing up your video settings with a fun background option like a beach scene. It may bring a smile to someone’s face. And if your dog is barking in the background, ask who’s a dog lover. “Sometimes you just have to embrace the awkward,” Morris says. **EB**



“If we’re not fully sold on communicating through this platform ourselves, how can we expect our customers to be?”

Tim Morris, McKesson Medical-Surgical



How COVID-19 Will Change Healthcare – And The World



Epidemiologist Dr. Michael Osterholm, director of the Center for Infectious Disease Research and Policy, shares his lessons learned from the pandemic at HIDA's 2020 Streamlining Healthcare Expo & Business Exchange

1. This pandemic will have lasting impact. On March 1, COVID-19 was not even in the top 100 causes of death in the United States. In April, it was the top cause of death daily. The

last time that happened was 1918, with the flu.

2. Our just-in-time economy has caught up with us. We've realized that we've lived by pushing the button on a computer to have our order arrive by truck the next morning. We've done this without understanding where those products come from, if they are warehoused, what happens when everyone wants it at the same time, and how important critical medical products are for healthcare workers and patients.

3. The absolute, critical importance of personal protective equipment (PPE). We didn't understand the full impact that these supplies have on our healthcare system and employers.

4. We must amplify the need to protect all populations, especially those most vulnerable such as our oldest adults. **EB**

Preparing For Recovery In A Post-COVID World

The nation can "count on a better tomorrow," according to an analysis from economist Alan Beaulieu who presented at the Streamlining Healthcare Expo & Business Exchange. Beaulieu highlighted that consumers are buying, the economy is expanding, retail sales are doing fine, and the housing market is strong. Yes, the U.S. is facing a serious debt issue, but today we're being made whole thanks to Congress and the Federal Reserve Board, which are helping prop up businesses and keep the economy going. The upswing is not going to last forever, but the nation can thank the past stored economic energy to help progress. **EB**



Leaning Into Your Company's Mission During A Global Health Crisis

The pandemic has driven the need for strong business leadership and connecting with core business values to navigate the demands of COVID-19

In a discussion at HIDA's Streamlining Healthcare Expo & Business Exchange, three CEOs talked about how they are applying their company's mission to keep customers and staff top of mind.



**Ed Pesicka,
Owens & Minor**

"We really leaned heavily on our mission and our values" said Owens & Minor CEO Ed Pesicka who highlighted his company's mission of helping customers support their patients. "The pandemic has created complexity" and focus-

ing on previously defined company values lays a roadmap for navigating a crisis. The demand for personal protective equipment spurred the company to ramp up production, leveraging teamwork and running operations around the clock to ultimately serve frontline healthcare workers. Noting constraints on management travel, Pesicka said leaders will have to work a lot harder to find ways to embed company culture – part of the company's mission and values - in the way business is done with teammates across the country.



**Joe Reubel,
Kerma Medical**

It's all about our mission to provide quality healthcare products, said Kerma Medical Products CEO Joe Reubel, who oversees the veteran-minority owned small business. It's also about the company's values of integrity, accountability, and

productivity. "One of the first things we did was reach out to our customer base" identifying their

pain points as the nation's medical supply chain strained under the exploding need for personal protective equipment. Because Kerma recently had purchased a significant amount of critical medical supplies, they were able to deliver without greatly changing their organization. However, Kerma adopted a "red, green, and yellow" sensitivity response to customer needs to flatten response times. Reubel, like his counterparts on the panel, worried about employee burnout, noting long hours to meet demand. As a result, Kerma has instituted a program for employees to talk about managing their work and home life balance.



**Lisa Hohman,
Concordance Healthcare**

"Our mission is positively impacting lives" of company employees, healthcare providers and the patients they serve every day, said Concordance Healthcare Solutions CEO Lisa

Hohman. Her team benefitted by being adaptable, flexible and

innovative – all part of the company's core values. "We had to make quick decisions and operate in real time" she said. Concordance relied on key team members, looking to them to help mitigate, plan, and strategize. Reflecting on the company's core principles of respect, integrity, excellence, innovation, and commitment helped Concordance teams focus on the customer and each other. Employees were empowered to make decisions they had not made in the past, Hohman noted. She highlighted the company's super busy Edison, NJ, warehouse where managers from other parts of the country volunteered, showing their commitment by flying to the hot spot to help. "They are the silent people out there that are making it happen every single day." **EB**

Distributors' Role As Trusted Supply Chain Partners

HIDA's public affairs work shines a light on medical products distributors' behind-the-scenes role supporting their healthcare provider customers



medical products distributors HIDA resiliency supply chain BILITY ation ver S

During this year's public health emergency, the supply chain was stretched to keep up with an increase in demand for medical products and a shortage of critical supplies. But medical products distributors did what they do best - offering customers their expertise, helping find solutions to get the products they need to care for patients. Throughout 2020, HIDA has shared the story of a strong and adaptable supply chain with federal and state law and policy leaders, government agencies, and media.

"COVID has highlighted just how vital distributors are to the supply chain," said HIDA President and CEO Matthew J. Rowan. "HIDA and its members for decades have focused on supply chain emergency preparedness, visibility, and integrity. We continue to build on our solid foundation to help our nation get through this crisis."

Working with members, HIDA created articles, infographics, and white papers to examine the supply and demand impacts, availability of personal protection equipment (PPE), and a look ahead to the future. Below is a snapshot of these resources, which are available for member use.

A Strong Supply Chain

Medical Products Distribution: An Overview (Fact Sheet)

Without distributors, each healthcare provider or facility would have to deal separately with thousands of manufacturers and tens of thousands of products. Distributors save providers time, money, and effort while delivering the FDA-approved supplies they need.

Building A More Robust Supply Chain: A Public-Private Framework To Create A Pandemic Response Infrastructure The U.S. healthcare supply chain is strong, but the COVID-19 pandemic demonstrated it needs to be more resilient to respond to a sudden and massive increase in demand for medical products. HIDA's "Building A More Robust Supply Chain" white paper seeks to leverage the logistical expertise of health industry distributors with the resources of the federal government to establish forward-deployed reserves of PPE and critical equipment, diversify and grow surge manufacturing capacity, and manage and replenish national stockpiles of healthcare supplies to meet the next public health emergency.

Building A More Robust Supply Chain: A Public-Private Framework To Create A Pandemic Response Infrastructure

To prepare for the next pandemic event, the U.S. must strengthen its health industry supply chain by creating a pandemic response infrastructure that can both meet an initial, massive surge in demand for key medical products and ramp up quickly to replenish the supply chain continuously over a sustained period of time.

The U.S. healthcare supply chain is strong, but the COVID-19 pandemic demonstrated it needs to be more resilient. Policymakers, manufacturers, group purchasing organizations, and distributors have learned they need to work together to: 1) make the supply chain more resilient; 2) diversify sourcing; 3) expand and support surge manufacturing capacity; and 4) prevent development of a fraudulent opportunistic marketplace.

The foundation of the pandemic response infrastructure should be a public-private partnership built on four pillars:

- **Forward-Deployed Personal Protective Equipment (PPE) And Critical Product Reserves:** Create stocks of federally funded and controlled pandemic supplies using the 500 commercial distribution locations throughout the U.S., positioning inventory close to healthcare providers and designed to meet their "first call" needs for 30-60 days until surge manufacturing capacity can be mobilized.
- **Diversified Surge Manufacturing Capability:** Significantly expand U.S. and nearshored manufacturing capacity to establish a more strategic blend of sources capable of surging to increase volume in 30-60 days to keep customers and stockpiles supplied during a pandemic.
- **Sustainable And Replenished Stockpiles:** Require centralized stockpiles to be replenished by the surge manufacturing infrastructure to support state and local government needs during a crisis and serve as a backup to the commercial supply chain.
- **End-User Aligned Supply Chains:** Align distribution channels to categories of end users to avoid surge-driven competition for products that drives up prices and encourages profiteering brokers to enter the marketplace.

A Public-Private Framework To Leverage Distributor Logistical Expertise With Federal Planning And Financial Resources



Only the coordinated and combined efforts of manufacturers, distributors and policymakers can build and support the pandemic response infrastructure the U.S. needs.

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Lessons Learned: A Path Forward For Pandemic Planning

By Matthew J. Rowan
President and CEO of the Health Industry Distributors Association (HIDA)

The COVID-19 pandemic created an unprecedented demand for the personal protective equipment (PPE). Important for safeguarding our healthcare workers. In the face of the related supply shortages, essential workers, the media and policymakers understandably are asking: "Is the supply chain broken?"

The quick answer is that the established commercial supply chain for medical products remains strong and resilient. But it is evident that the COVID-19 pandemic has presented unanticipated challenges across the supply chain. As a result, changes need to be made – both to prepare for a potential resurgence and to build an even stronger system for the future.

To do this, we need to start our examination at the source. The supply chain only works if there are supplies to move. As the pandemic began, factories in China, where much of the world's PPE is made, were shut down for close to three months. Although those factories have come back to life and more supplies are flowing to hospitals and nursing homes, it has highlighted our reliance on manufacturers concentrated in one geography.

COVID-19 also created a tremendous and sudden global increase in demand for PPE. At the height of the pandemic, some hospitals were using 1700% more equipment than usual. Additionally, the pandemic brought in non-traditional customers for PPE: state governments, charities, and businesses such as grocery store chains and airlines that needed PPE in order to provide essential services and stay afloat. All began to compete for what supplies were available. With all of this, even a return to pre-pandemic levels of production may not soon end the supply shortages.

To complicate matters further, new fly-by-night brokers entered the marketplace. Although some of these brokers had noble intentions, others saw the spike in demand as an opportunity to make money. Most of these brokers had no expertise or experience in healthcare supply chains. They source products of unknown quality from unknown vendors and auction those products to the highest bidder. Or worse, some make too-good-to-be-true offers and create a frenzy

that artificially drives up costs. Brokers are here today, often gone tomorrow.

To be clear: the broker market is not part of the supply chain. Distributors purchase and deliver products from factory door to the doorstep of healthcare providers. Distributors operate under long-term contracts with factories, hospitals, and nursing homes. They have deep expertise in identifying quality and efficacy in products. They stick to agreed-upon pricing based on contracts even as demand increases, and they jump into action to rush products to where they are needed. In other words, distributors efficiently hold the supply chain together.

In the face of all these challenges, distributors continued to find ways to deliver even more supplies into the hands of healthcare providers, at pre-pandemic, pre-negotiated prices. On a daily basis, distributors worked with healthcare providers to determine supply availability, identify appropriate equipment substitutions, vet alternative suppliers and project estimated delivery dates.

COVID-19 has offered much to consider about our nation's pandemic preparedness. Perhaps most important is that neither the public sector nor the private sector can meet the challenges of maintaining the supply chain alone – and they certainly cannot do it if each is put in a position to compete against the other for scarce supplies.

A public-private partnership is the best way to address our supply chain challenges and be better prepared. One model can be found in legislation that has been introduced with bipartisan support in Congress. It creates a partnership between the federal government and commercial distributors to establish and manage a national reserve of key supplies and to identify ways to increase diversity in the supply chain. It taps the logistical expertise of distributors to meet priorities that are clearly set by the federal government. COVID-19 has demonstrated how interconnected the healthcare supply chain is. A strong public-private partnership leverages interconnectivity to make us safer.

"A strong public-private partnership leverages interconnectivity to make us safer."

© Health Industry Distributors Association

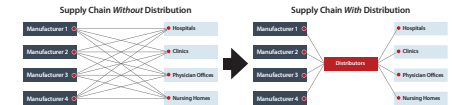
Healthcare Distribution Overview

Every day, hundreds of healthcare product distributors deliver supplies to hospitals, nursing homes and physicians' offices across the United States. They play a critical role in a global supply chain that saves healthcare providers time and money.

Distributors Connect The Global Supply Chain To Local Healthcare Providers



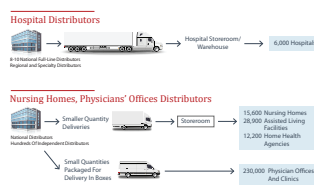
Distributors Save Healthcare Providers Time And Money While Delivering The FDA-approved Supplies They Need



Long-Term Contracts Cover Wide Range Of Products



Distributors Serve Different Types Of Healthcare Providers



© Health Industry Distributors Association

Healthcare Distribution 101 Help your team, your trading partners, and other stakeholders understand important reasons that healthcare providers rely on distributors for their supplies and the critical role distributors play in crisis response.

Media Engagement HIDA began educating national, regional, and trade reporters, many of whom had never covered the healthcare supply chain and PPE, about the important role of medical products distributors who tap into their expertise to offer caregivers assurance that they will receive quality, FDA-approved products to treat patients.

Supply Chain Essential This campaign recognizes the distributor and manufacturer teams working to deliver medical products during COVID-19.

healthcare providers for immediate surge needs during a crisis.

HIDA CEO Presents On Medical Industry PPE Demand To Defense Department

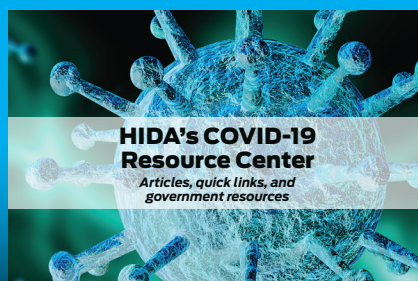
HIDA President & CEO Matthew J. Rowan presented medical industry PPE demand projections during a live Virtual Information Session, Current And Future Demand For Domestic Personal Protective Equipment, hosted by Department of Defense's COVID-19 Joint Acquisition Task Force and the Defense Logistics Agency. The meeting's goals were to help current and potential PPE suppliers understand the PPE requirements across multiple sectors of the economy as well as to discuss how the medical device industry and government agencies can partner in the planning for and consumption of domestically-produced PPE.

Medical Products Distribution By-The-Numbers

U.S. healthcare distributors provide the infrastructure of the nation's medical products supply chain. This infographic outlines how commercial distribution reaches every provider location and all care settings, from hospitals to patients in their homes, and everything in between.

Visit HIDA's COVID-19 Resource Center Updated Daily

An information clearinghouse on the COVID-19 outbreak for daily supply chain news and resources at [HIDA.org/coronavirus](https://www.hida.org/coronavirus).



Albany Times-Union: Large Medical Product Stockpiles Divert Supplies From The Front Lines To The Back Shelf

This op-ed by HIDA's president and CEO addresses proposals like those by New York that require healthcare providers to maintain a 90-day stockpile of critical medical supplies, highlighting how they can divert supplies from the front lines to the back shelf of a warehouse.

Demands And Shortages

COVID-Driven Demand Created Supply Problems That Have Challenged The Supply Chain The COVID-19 pandemic has driven demand for supplies sky-high at a time of global supply constraint, as this infographic shows. Worldwide demand has increased greatly and swiftly at the same time a major manufacturing center has decreased supplies.

A Lack Of Manufacturing Capacity Is Causing A Global Glove Shortage This infographic outlines the factors driving single-use glove demand, and how medical products distributors can help mitigate shortages.

What Does Allocation Mean?

When medical supplies are limited, distributors may place them on allocation, as outlined in this infographic. Allocation is a system designed to distribute a fair proportion of available supplies among healthcare providers when there are shortages. This preserves inventory for customers as long as possible.

Opportunistic Brokers Corrupt The Supply Chain

Difference Between Distributors And Brokers This visual one-page chart helps to quickly differentiate opportunistic traders from legitimate commercial distributors who are working to ensure a reliable flow of high quality medical products to providers.

COVID-Driven Demand Created Supply Problems That Have Challenged The Supply Chain

The COVID-19 pandemic has driven demand for supplies sky-high at a time of global supply constraint. Worldwide demand has increased greatly and swiftly at the same time a major manufacturing center has decreased supplies.



- Huge and fast: Up to 17x increase from hospitals in one month
- Worldwide
- New and non-traditional buyers entered the market:
 - state governments
 - community/relief organizations
 - retailers
 - business



- COVID-19 originated in a global PPE manufacturing center which caused extended regional closures of factories
- Manufacturing countries restrained exports to meet their own needs first
- Stockpiles depleted in order to meet demand surge



- **Entry Of Brokers Created A "Wild West" Marketplace**
- Rise of opportunity marketplace where brokers with no healthcare experience engaged in fraud and profiteering

© Health Industry Distributors Association

TIMES UNION

Commentary: Let distributors, not hospitals, manage PPE stockpiles

By Matthew J. Rowan
Aug. 17, 2020 | Updated Aug. 17, 2020 at 12:01 p.m.

Proposals like those by New York that require health care providers to maintain a 90-day stockpile of personal protective equipment and other critical supplies appear to be a logical way to avoid future equipment shortages. In reality, requiring every hospital and nursing home to maintain a sizable stockpile during this crisis will exacerbate ongoing PPE shortages. Stockpiles of this size divert supplies from the front lines to the back shelf of a warehouse.

The U.S. recorded 467,600 new COVID-19 cases in the last full week of July. While the most severe shortages experienced in the spring have eased for some hospitals, equipment demand is still well above pre-pandemic levels in new state hotspots.

Additionally, nursing homes, physician offices and surgical centers have increased their demand for PPE by 50 percent over pre-pandemic levels. A majority of these nonacute care facilities still cannot obtain adequate PPE.

Efforts to create larger equipment reserves are one reason why demand continues to outstrip supply. Imposing a 90-day stockpile mandate on every hospital and 60-day on every nursing home would create even greater shortages.

What Happens When Brokers Get Involved Opportunistic traders should not be confused with legitimate commercial distributors working to ensure a reliable flow of high-quality medical products to providers.

A Path Forward

Lessons Learned: A Path Forward For Pandemic Planning HIDA President and CEO Matthew J. Rowan authored an opinion piece illustrating the unprecedented challenges COVID-19 created for the healthcare supply chain. To better prepare for a potential virus resurgence and avoid future product shortages, he recommends that government agencies partner with commercial distributors to manage a national reserve of key products and increase diversity and elasticity throughout the supply chain.

COVID-19 Supply Chain Summit As part of HIDA's 2020 Streamlining Healthcare Expo & Business Exchange, experts shared insights on a wide range of topics from pandemic preparedness to selling virtually amidst the pandemic. [EB](#)

Additional Member Resources

Understanding Healthcare Distribution
[HIDA.org/UnderstandingHealthcareDistribution](https://www.hida.org/UnderstandingHealthcareDistribution)

Access the resources mentioned above on HIDA's website.



Health System Experts Share Perspectives On Keeping The Supply Chain Stable

Supply chain experts within healthcare provider organizations share key takeaways six months into the pandemic during a discussion at HIDA's virtual Streamlining Healthcare Expo & Business Exchange



Fons

Michael Fons,
Northwestern Medicine,
Central Region Director of Distribution & Logistics

COVID-19 created a lot of different scenarios we've never been through. As a 10-hospital system in Illinois, we did a lot of internal allocation by getting it in and through our system quickly. The situation was difficult, but it made us have good conversations with clinicians. Good bonds were formed and that has been a positive result.



Wiseman

Pamela Wiseman,
Baylor Scott & White Health,
VP Materials & Supply Chain Operations

As part of a system of 27 hospitals and 500 clinics, our facilities tripled or quadrupled their number of patients due to COVID. We were also playing Russian roulette by placing orders with PPE suppliers in Turkey and China, who usually made promises they couldn't keep. There were no two-way commitments with them.



Mitchell

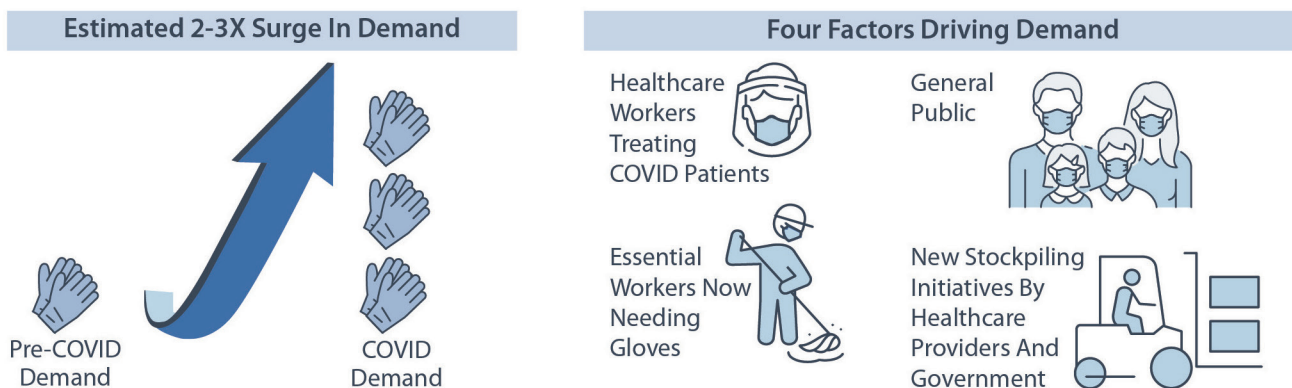
Chad Mitchell,
Vizient, Senior Director, Sourcing Operations

The pandemic has caused a lot of our customers to look at the way they purchase and store products. Historically, within the supply chain there's been a focus on low unit of measure and just-in-time delivery. The pandemic has started greater discussions around shifting products to a bulk environment and greater discussions around storage.

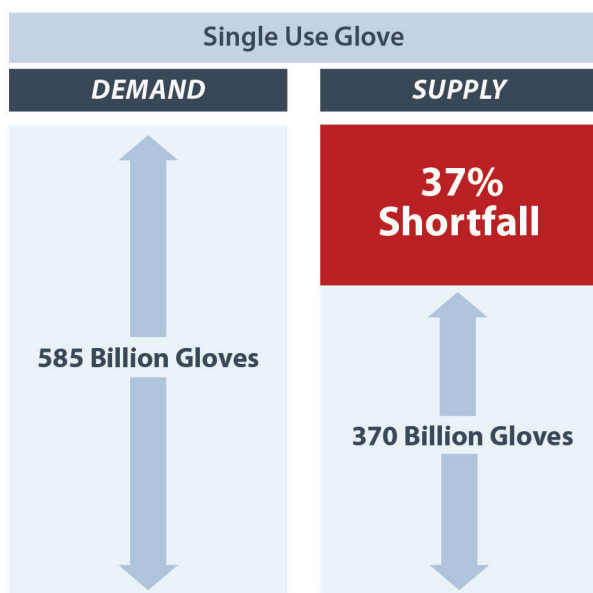
A Lack Of Manufacturing Capacity Is Causing A Global Glove Shortage

During the COVID-19 pandemic, global demand for single use gloves has skyrocketed, exceeding the existing production capacity of manufacturers by an estimated 215 billion units, or about 37%. Although manufacturers are working aggressively to increase production, industry experts predict that significant shortages will likely persist into 2021.

Global demand for single use gloves has skyrocketed...



...but global supply is limited.



Ansell 2020 estimates; industry research

Distributors can help providers mitigate the impact.



Vetting: Securing FDA approved supplies, avoiding unproven and unreliable brokers



Logistics: Keeping providers up to date on supply availability and delivery



Allocation: Helping to preserve supply for all customers



Conservation: Raising awareness of FDA and CDC recommendations for appropriate glove use



Supporting The Strategic National Stockpile Through Public-Private Partnership

Experts discuss supply chain resiliency and the importance of collaboration between governments and the commercial sector

The COVID-19 crisis has made it clear that planning and coordination among state and federal government agencies, healthcare providers, and suppliers can be strengthened. In a discussion at HIDA's virtual Streamlining Healthcare Expo & Business Exchange, representatives from the U. S. Health and Human Services (HHS) and Defense departments engaged in a candid dialogue about how to improve pandemic coordination between the public and private sectors. [EB](#)

Stacy Cummings, Principal Deputy Assistant Secretary of Defense for Acquisition

With the onset of the pandemic, the Department of Defense created the Joint Acquisition Task Force to take the lead on federal procurement of medical supplies. Since March, the task force has procured over \$2 billion worth of medical resources for HHS and the Federal Emergency Management Agency. In addition, \$640 million of Defense and HHS funding has been invested to onshore or expand domestic production of critical medical resources mainly in support of the Strategic National Stockpile, according to Cummings.

"We've invested in increasing the capacity for

our U.S. companies with American workers making N95 respirators. In January, we will have built up capacity and be able to meet the monthly requirements of our healthcare providers," she said. Additional investments have occurred with swabs used for COVID testing and more suppliers. Cummings stressed the importance of relying on domestic production, noting medical resources are part of our national and economic security. "Relying on domestic sources and not being reliant on foreign sources is something we as a nation need to focus on." She stressed the need to work with commercial distributors and others to come up with the right policy framework to support the investments made to date in domestic, onshore production.

John Fredenberg, Centers for Disease Control and Prevention Information and Planning Branch Chief, Strategic National Stockpile

The dynamic collaboration between federal agencies and the commercial sector has helped smooth the path during the pandemic, according to Fredenberg. "Leveraging the organizations that have the expertise" has been impactful. While many federal partners had not worked together on pandemic-related issues before the onset of COVID-19, Fredenberg credited his past SNS work with HIDA and the medical products distribution industry for laying the foundation. It was helpful to work over the years with

HIDA and other agencies to develop "playbooks" and run through different scenarios that are now playing out in real time. "There was a recognition very early on that we had to become more nimble and agile in the way we were doing things," Fredenberg said. One result was the formation of SNS 2.0, which was established to examine different areas involved in stockpiling such as efficiency and onshoring.

"These are complex issues" and "there is a tremendous amount of brainpower going on behind all those different problems." It's impressive to watch, Fredenberg said, noting the importance of synergy between the government and commercial sectors to work together to find the right solutions.



Cummings



Fredenberg

What Does “Allocation” Mean In The Healthcare Supply Chain?

al·lo·ca·tion *noun*: a system that aims to distribute a fair proportion of available medical supplies among healthcare providers when there are shortages

When supplies are limited, allocation:

Preserves

Allocation preserves inventory for customers as long as possible during a shortage. For example, providers might be limited to receiving only 110% of their usual orders rather than the 125% they want.

Ensures

Allocation ensures that customers receive some portion of a limited supply at previously agreed upon prices, usually by limiting orders to a percentage of the customer's previous order volumes.

Prevents

Allocation prevents hoarding that diverts products from the front lines to the back shelf. It also makes it more difficult for opportunistic brokers to buy up limited supplies and resell them to the highest bidder.

Two examples of allocation in action:

Supply-Driven Allocation

In 2017, Hurricane Maria and plant closures caused a shortage of specialty IV Solutions. Allocations made it possible for customers to continue to receive IV Solutions, although not as many as they may have requested. Allocation is different than a back order, which is the term typically used when a product is out of stock.

Demand-Driven Allocation

In 2020, the COVID-19 pandemic caused demand for personal protective equipment (PPE) to surge much faster than manufacturers could increase production. Allocations were used to preserve supplies so products remained available.

Allocation is one way distributors help healthcare providers navigate supply chain challenges.



HIDA: Driving Legislation To Include Distributors In Pandemic Response –2020

U.S. House



FEB

HIDA works with Rep. Debbie Dingell (D-MI) on a letter to her colleagues advocating emergency preparedness funding

MAY

HIDA's language is included in the Heroes Act, introduced by Rep. Nita Lowey (D-NY) and passed by the House

APR

Rep. Dingell and Rep. Jackie Walorski (R-IN) introduce the *Medical Supplies for Pandemics Act*, which includes HIDA's proposals **H.R. 6531**

JUL

H.R. 6531 is included in the *Strengthening America's Strategic National Stockpile Act* introduced by Reps. Elissa Slotkin (D-MI) and Susan Brooks (R-IN) **H.R. 7574**

AUG

House Republicans include HIDA proposals in their *Second Wave Project* recommendations for U.S. pandemic response

U.S. Senate



MAY

HIDA's proposals are included in legislation introduced by Senators Tom Tillis (R-NC), Michael Bennet (D-CO), and Cindy Hyde-Smith (R-MS) **S. 3827**

JUL

HIDA's policies are included in the *Preparing for the Next Pandemic Act*, introduced by Sen. Alexander **S. 4231**

JUN

Health, Education, Labor & Pensions Committee Chairman Lamar Alexander (R-TN) releases his white paper, *Preparing for the Next Pandemic*, which includes principles proposed by HIDA

HIDA works with these and other federal agencies on the pandemic response.



FEMA





HIDA was “one of the very first organizations in the world to take note of the need to prepare for a pandemic...your efforts have had an impact already on the first nine months of this pandemic.”

Dr. Michael Osterholm, Director,
Center for Infectious Disease Research
and Policy, University of Minnesota

SEPT

The House passes
H.R. 7574 with
HIDA's proposals
included

OCT

House China Task
Force endorses **H.R.
6531** in its report

Language
giving
distributors
a critical role
in federal
pandemic
planning is
included in
every major
COVID-relief
bill.

SEPT

HIDA's proposals are
part of the Senate
Republicans' "Skinny
Response" package for
COVID-19 relief

HIDA: The Voice For Distributors Throughout COVID-19 In 2020

ADVOCATING WITH FEDERAL AGENCIES – HIDA works to ensure that the administration leverages distribution in pandemic response.

February/March: Input with HHS, SNS, CDC on product demand and availability

March: U.S. Trade Representative provides tariff relief for critical PPE

April: HIDA and American Health Care Association co-sign letter stressing the urgent PPE needs of post-acute providers

May: HIDA CEO advocates at FEMA meeting for broad industry inclusion to distribute pandemic supplies under Section 708 of the Defense Production Act

September: HIDA testifies before International Trade Commission on pandemic supply chain issues

EDUCATING POLICYMAKERS – Throughout the pandemic, HIDA has educated policymakers and the public about distributors' capabilities.

Ongoing: HIDA public affairs campaign about importance of distributors in pandemic response

June/July: 6,500 emails to House and Senate staff highlighting policy positions and educating the trusted partner role of distribution

July: HIDA Board Chair testifies before House Small Business Committee

July: HIDA CEO presents PPE demand projections to DoD conference

August: HIDA white paper *A More Robust Supply Chain* amplifies distributors as trusted partners in pandemic response

WORKING IN THE STATES – HIDA works with industry allies to respond to new state initiatives impacting the supply chain.

April/May: HIDA engaged with states that were proposing policies to commandeer PPE located within their state borders

June: HIDA and AdvaMed advocate jointly for industry inclusion in purchasing consortium for pandemic supplies

July: HIDA provides input to National Governors Association 2nd Wave document

August: HIDA works with stakeholders on recommendations to states for stockpile management and distribution

September: HIDA recommendations added to California stockpile legislation, signed into law

First Full Season Of Flu With COVID-19 Creates Uncertainty

Year-To-Date Burden Of COVID-19 In U.S., September 28, 2020

COVID Deaths
204,328

Hospitalizations
404,085

Illnesses
7.1 Million

Source: CDC. COVID Data Tracker. September 28, 2020
COVID Tracking Project U.S. Historical Data. September 28, 2020

Estimated Annual Burden Of Influenza, 2010–2018

Flu Deaths
12,000–61,000

Hospitalizations
140,000–810,000

Illnesses
9–45 Million

Source: CDC. Burden Of Influenza. April 17, 2020

As the U.S. enters its first full flu season coinciding with COVID-19, experts warn of a potential “twindemic” creating new challenges for providers and the public.

COVID-19 has emerged as the country’s third leading cause of death, at more than 216,000 Americans as of mid-October. Influenza causes between 12,000 and 61,000 deaths and 9 to 45 million illnesses annually. These two viruses spreading concurrently has public health officials warning of potential consequences including:

- Overwhelmed hospitals
- Unknown consequences of coinfection
- Difficulty diagnosing COVID-19 and flu without expanded testing

Early Reports From The Southern Hemisphere Indicate Weak Flu Season

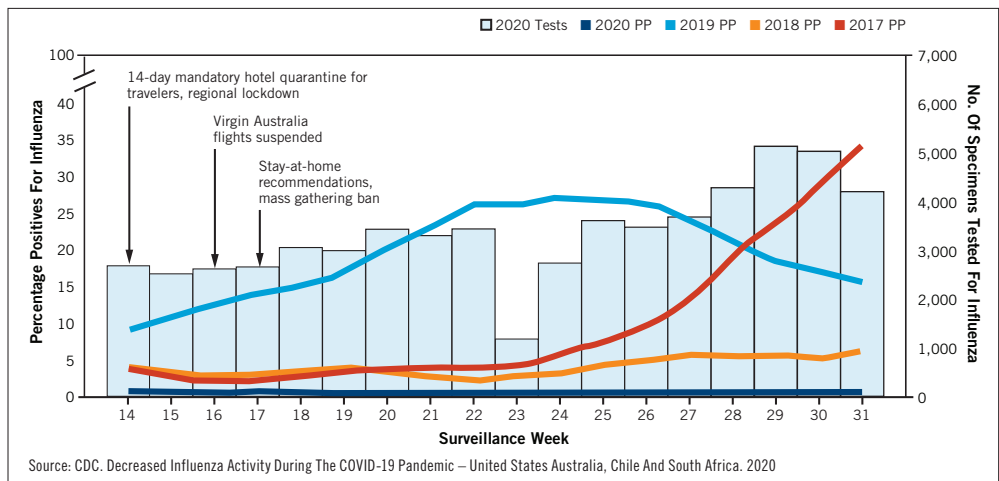
In 2020, flu season in the Southern Hemisphere which runs from April through September was much lower than normal. Experts believe strict border restrictions, stay-at-home mandates, hand washing, and mask wearing were factors in lower rates of influenza below the equator.

The following factors may result in a milder flu season in the United States:

- Increased flu vaccinations
- Virtual learning for students
- Removal from work environments
- Improved hygiene habits
- Social distancing

Flu shots prevented
105,000
hospitalizations and
6,300
deaths in
2019-2020

Percent Positive Influenza Tests In Australia, April-August, 2017–2020



COVID + Flu: Are We Ready?

Getting vaccines and supporting supplies to the customer is top of mind for medical products distributors this flu season

Due to the COVID-19 pandemic, this flu season will be like no other, according to healthcare supply chain experts sharing insights during HIDA's Streamlining Healthcare Expo and Business Exchange. They discussed how COVID-19 likely would impact vaccine distribution during the winter along with demand for medical

products needed to administer a vaccine.

Are we ready? Yes, if it is done right, said Business Director Dan Smith who is leading BD's response to the COVID-19 vaccination efforts.

He noted the federal government's Operation Warp Speed initiative has been "carefully calibrated" to address continuity of supply for the flu vaccination season and the potential rollout of the COVID-19 vaccine. Seventy-five percent of flu vaccines

come in a pre-filled syringe, negating the need for providers to order additional syringes and needles in anticipation of administering the coronavirus vaccine. The COVID vaccine will be in a kit that includes syringes and needles, according to Smith. "There is no compelling need for any end user to stockpile or panic buy needles and syringes to deliver the COVID vaccine," Smith said. He noted BD will support 300 million COVID vaccine doses delivered for 150 million Americans to receive two doses of the vaccine over a six month period.

Last year, 130 million people in the U.S. received the flu vaccine and this year there



Smith



Connett



are nearly 190 million flu doses ready to go, according to Brad Connett, president of Henry Schein's U.S. Commercial Group. The good news, he said, is that manufacturers are delivering on time, there is no sign of supply chain disruption and there will be plenty of flu vaccine. There are also indications that it may be a milder flu season based on trends in the Southern Hemisphere.

Many traditional vaccination locations like schools and offices won't be open and available this year, challenging how to get the vaccine to everyone. Healthcare provider customers are looking at other ways to administer the vaccine, Connett said. Supply chain logistics will be key in supporting these new venues and ensuring any vaccine's efficacy. **EB**

For more information on this year's flu season, see HIDA's 2020 Flu Brief, available at [HIDA.org](https://www.hida.org)

Medical Products Distribution By-The-Numbers

U.S. healthcare distributors provide the infrastructure of the nation's medical products supply chain. Commercial distribution reaches every provider location and all care settings, from hospitals to patients in their homes, and everything in between.

200⁺ Medical Products Distribution Companies

- **Logistics Expertise**
- **Solutions**
- **Products**



650 Million
Orders Annually



250,000⁺
Employees



500 
Distribution Centers

76 Million
Square Feet Of Warehouse Space



5,500⁺
Medical Products
Manufacturers



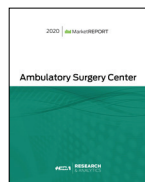
550,000
FDA-Approved Products



560,000 
Healthcare Provider
Locations Across The U.S.

Including Hospitals, Physicians
Offices, Home Care, Long-Term Care
And Labs

2020 HIDA Market Reports



Could your business benefit from knowing more about the markets you work with? HIDA Market Reports offer information about the trends, reforms, and analysis impacting each market.

2020 Ambulatory Surgery Center Market Report: During first the several months of COVID-19, 100% of ASCs stopped elective surgeries, and 33% stopped non-elective surgeries. Get more information on industry-wide shifts.



2020 Laboratory Market Report: During the first two months of the coronavirus pandemic, routine lab testing dropped 50-60% causing revenue declines of more than \$5 billion. HIDA's new Laboratory Market Report reviews the current diagnostics landscape of U.S. clinical diagnostics and provides data on trends.



2020 Post-Acute Market Report: Learn about the trends impacting long-term care providers including the effects of COVID-19 on skilled nursing facilities.

New HIDA Resources – Share Them With Your Customers

Available at HIDA.org/UnderstandingHealthcareDistribution

Medical Products Distribution By-The-Numbers

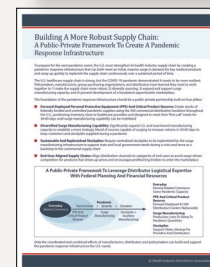
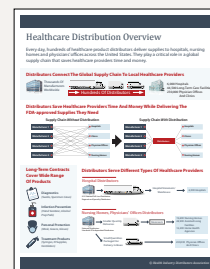
U.S. healthcare distributors provide the infrastructure of the nation's medical products supply chain. Commercial distribution reaches every provider location and all care settings, from hospitals to patients in their homes, and everything in between.

What Does “Allocation” Mean In The Healthcare Supply Chain?

When medical supplies are limited, distributors may place them on allocation. Allocation is a system designed to distribute a fair proportion of available supplies among healthcare providers when there are shortages. This preserves inventory for customers as long as possible.

Building A More Robust Supply Chain: A Public-Private Framework To Create A Pandemic Response Infrastructure

The U.S. healthcare supply chain is strong, but the COVID-19 pandemic demonstrated it needs to be more resilient to respond to a sudden and massive increase in demand for medical products. HIDA's “Building A More Robust Supply Chain” report proposes a public-private framework for creating a national pandemic response infrastructure.





HIDA's Must-Read News

A selection of key articles addressing changes affecting the healthcare industry



New Report Illustrates Severity of COVID-19 Impact on Global Supply Chains More than 90% of U.S. companies expect the disruption of global supply chains caused by COVID-19 to have long-lasting effects on their businesses, according to a new study. Ninety-eight percent of 450 senior decision makers in the U.S. said their organization's supply chain faced shortages, demand reduction, price swings, and other upheavals. More than 90% are concerned that future waves of infections will have similar consequences. Business leaders agree (97%) that better visibility into their suppliers is imperative, but they lack a streamlined and comprehensive source for monitoring their entire supply chain.



How The Pandemic Is Changing Supply Chain Education The coronavirus pandemic has left many workers wondering how their jobs will change going forward. More remote work? More personal protective equipment? And supply chain managers have been flung into the thick of the pandemic, tasked with keeping goods flowing through the disruption of demand swings and capacity shifts in the freight market. As a result, supply chain professors are planning their lessons differently this school year to prepare students to enter a post-pandemic workforce.



Most Of Healthcare Industry In V-Shaped Recovery From COVID-19, S&P Says The worst of the pandemic has passed for the healthcare sector, Standard & Poor's predicts, but a full rebound is not likely until a vaccine or other treatment for COVID-19 is available. Outpatient surgical centers, home healthcare and dental services aren't expected to fully rebound until 2022. Some subsectors such as diagnostics and lab testing have experienced a net gain during the pandemic, and S&P predicts a full recovery for those areas by the end of the year. Hospital admissions are now within 10% of pre-COVID levels while outpatient surgeries have mostly returned to normal levels, the report says.



Coronavirus Elevates Compliance Risks For Most Companies Ninety percent of companies say they have experienced new compliance risks due to the coronavirus or that existing risks have been exacerbated. The pandemic has forced compliance officers to vet new suppliers and revamp internal safeguards, according to a new survey. Disruptions like travel restrictions and a rapid shift to remote work have increased exposure to cyberattacks with cybersecurity being the most frequently cited enhanced risk. The survey also showed a substantial increase in risks associated with privacy matters, business digitization, and supply chain disruption

Modern Healthcare

Health Systems Rethink Flu Shots Amid COVID-19 As the nation continues to grapple with COVID-19, a persistent message has emerged from public health officials: it's vital to get the flu vaccine this year. Health systems across the country are taking up the issue and rethinking their flu vaccine strategy to encourage more patients and employees to get vaccinated. Last flu season, about 45% of adults received the influenza vaccine and 63% of children did. Vaccine makers are expecting more of the population to get vaccinated this year due to COVID-19 and they increased production as a result.

Subscribe To HIDA's Free eNewsletters



Get healthcare supply chain news and insights delivered right to your inbox with HIDA's portfolio of free eNewsletters:

Daily Clips

Delivered every Monday through Friday, Daily Clips is your source for breaking healthcare and supply chain news.

Healthcare Supply Chain Collaborative

Your monthly source for news, strategies, and best practices relating to supply and demand, contracting, distribution and logistics, and e-commerce.

MKTBrief

A monthly briefing of medical products manufacturer news and innovations, by major product category.

Independent Advisor

Practical strategies and tactics compiled specifically for independently-owned distributors, delivered monthly.

Sign Up Today at HIDA.org!

Understanding Healthcare Distribution

The COVID-19 pandemic has led policymakers, media, and others to want to better understand the healthcare supply chain.

HIDA has developed new resources to provide a high-level overview of the supply chain and the important role of distributors within it.

Resources include infographics, one-pagers, and slide presentations on issues including:

- The role of distribution
- Brokers vs. distributors
- PPE stockpiling
- Allocation

See a full list of resources on page 7.

Visit: HIDA.org/UnderstandingHealthcareDistribution

