INSTITUTE FOR SUPPLY MANAGEMENT®
reportonbusiness

Analysis by
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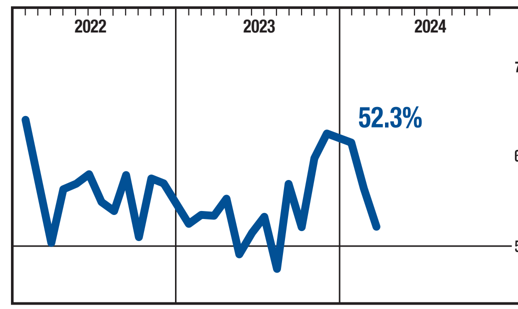
Chair of the Institute for Supply Management®
Hospital Business Survey Committee

HOSPITAL PMI® at 52.3%

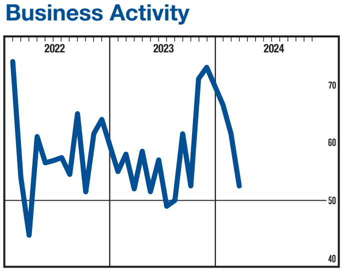


Economic activity in the hospital subsector grew in March for the seventh consecutive month after contracting twice in the previous four-month period, with 35 consecutive months of growth prior to that, say the nation's hospital supply executives in the latest Hospital ISM® *Report On Business®*.

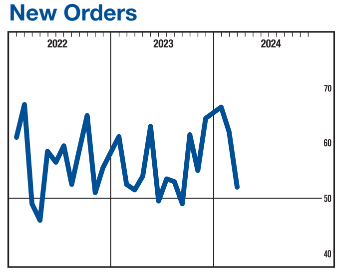
The Hospital PMI® registered 52.3 percent in March, a 4.3-percentage point decrease from the February reading of 56.6 percent, indicating a seventh consecutive month of growth after a contraction in August. The Business Activity Index expanded for the seventh consecutive month. The New Orders Index remained in expansion for the seventh straight month, and the Employment Index also stayed in expansion territory. The Supplier Deliveries Index remained in expansion (which indicates slower delivery performance). The Case Mix Index registered 51 percent, a decrease of 1 percentage point compared to the February figure of 52 percent. The Days Payable Outstanding Index contracted in March after expanding for five consecutive months, registering 49.5 percent, down 1 percentage point from the 50.5 percent reported in February. The Technology Spend Index reading of 57 percent is an increase of 3 percentage points compared to the 54 percent recorded in February. The Touchless Orders Index registered 52.5 percent, up 1.5 percentage points from the 51 percent reported in February.

The revenue issues caused by the Change Healthcare cybersecurity breach were top of mind for several Hospital Business Survey Committee respondents. The incident impacted health systems of all sizes. Although the Days Payable Outstanding Index contracted slightly in March, panelists from affected systems indicated expanded payment terms will be sought to help cope with cash flow issues. There was no consensus on volume growth in the month. Some respondents indicated surgical volumes were down at their facilities, while others indicated volumes were steady. There were multiple mentions of mergers and acquisitions used to increase volumes versus organic growth rates. Back orders and product substitutions continued but received less attention than in previous months. Some panelists noted ongoing efforts to replace contract labor with permanent employees, while there was also mention of continued pressures to limit hiring whenever possible. ISM

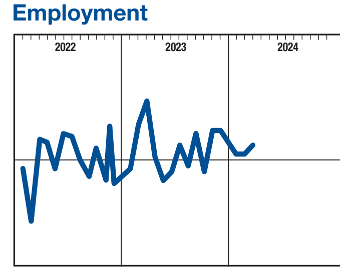
Business Activity



New Orders



Employment



About This Report

The information compiled in this report is for the month of March 2024.

The Hospital PMI® was developed in collaboration with the Association for Health Care Resource & Materials Management (AHRMM), an association for the health care supply chain profession, and a professional membership group of the American Hospital Association (AHA).

The data presented herein is obtained from a survey of hospital supply executives based on information they have collected within their respective organizations. ISM® makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

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