

October 8, 2021

John D. Porcari
Port Envoy
Supply Chain Disruptions Task Force
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Health Care Supply Chain Port and Shipping Delays

Dear Envoy Porcari,

Vizient, Inc. applauds the Biden Administration for establishing the Supply Chain Disruptions Taskforce and, more recently, for recognizing the need to address port congestion issues by appointing a Port Envoy. The COVID-19 public health emergency (PHE) has posed significant challenges for the health care supply chain, including increased demand for critical supplies. Although availability of supplies has significantly improved, ongoing challenges in shipping and transportation remain, creating a disturbance in care delivery which ultimately affects patients. Throughout the PHE, Vizient has worked alongside the government and other stakeholders to support a coordinated response to the various supply chain challenges. While this letter sheds light on some of these challenges, we welcome the opportunity to provide additional information and insights to inform future decisions you may pursue as Port Envoy.

Vizient, Inc. provides solutions and services that improve the delivery of high-value care by aligning cost, quality and market performance for more than 50% of the nation's acute care providers, which includes 95% of the nation's academic medical centers, and more than 20% of ambulatory providers. Vizient provides expertise, analytics, and advisory services, as well as a contract portfolio that represents more than \$100 billion in annual purchasing volume, to improve patient outcomes and lower costs. Headquartered in Irving, Texas, Vizient has offices throughout the United States.

As you know, ports across the United States are experiencing significant congestion and high container volumes, which slows access to incoming goods and materials. For example, Vizient is aware of more than 75 cargo ships off California ports which has resulted in delays in health care providers receiving critical products. The healthcare supply chain is unique in that it depends on readily available product and timely delivery, as many health care providers continue to operate under a "just in time" or "low unit of measure" inventory management system. Additionally, health systems are under increased pressure to cut inventory and handling costs. As a result, health systems may be more vulnerable to supply disruptions. Vizient understands that work to alleviate port congestion is underway, but we believe it is imperative that those decisions carefully consider the health care industry's needs and that policymakers are aware of the challenges the health care supply chain currently faces.

Contributing to this backlog are fragmented travel rules and restrictions that slow movement across borders and put the international transport workforce at risk. In addition, transport worker access to COVID-19 vaccines may be variable. As a result, the rate in which cargo containers are emptied has slowed, which increases the time that it takes for these containers to be recycled back into service. In some cases, containers are left stranded in ports and rail yards. Vizient encourages the Biden administration to work collaboratively to streamline travel

restrictions and consider opportunities to better protect the transport workforce. In addition, Vizient suggests the Port Envoy consider whether the National Guard can be activated to help alleviate these staffing issues and backlog which, if not adequately addressed, could have dire consequences. Considering the urgent and persistent need to treat patients, Vizient encourages the Port Envoy to work with stakeholders to develop processes to identify and prioritize transit of essential medicines, supplies and equipment.

Further, Vizient has heard reports that cargo container shortages and port congestion have increased freight costs by 30%-75% for road, rail, ocean and air. These costs are often absorbed by health care suppliers and distributors, who may choose to cease production on low margin products as their costs continue to rise. Thus, the implications of these labor shortages, shipping delays and increased costs have far reaching consequences to the overall supply chain and patient care. To the extent the contents of containers are known, we encourage policies that would prioritize medical devices and supplies to minimize disruptions.

Vizient appreciates the efforts by the Port Envoy and Biden administration to address supply chain challenges but believes more must be done. We encourage efforts to target workforce issues, streamline transit by reevaluating restrictions and prioritize medical supplies to support a more stable and resilient health care system.

Vizient membership includes a wide variety of hospitals ranging from independent, community-based hospitals to large, integrated health care systems that serve acute and non-acute care needs. Additionally, many are specialized, including academic medical centers and pediatric facilities. Individually, our members are integral partners in their local communities, and many are ranked among the nation's top health care providers. Please feel free to contact me, or Jenna Stern at jenna.stern@vizientinc.com, if you have any questions or if Vizient may provide any assistance as you consider these issues.

Respectfully,



Shoshana Krilow
Senior Vice President of Public Policy and Government Relations
Vizient, Inc.