

## September 2022: SUPPLY UPDATE EXECUTIVE SUMMARY

## Recovery in the supply chain remains mixed.

Diesel and natural gas prices remain elevated, and lead times are still high in some categories. Other products have recovered, and inflation has slowed but still remains historically elevated.

## Market conditions

While rates of inflation began decreasing this summer and several supply chain segments are recovering, the long-term outlook is still in flux. Labor, logistics and many raw materials remain elevated year-over-year and pre-pandemic, while it's not anticipated that a 2023 recession will lower many input costs. Without a drop in demand, *diesel prices* will remain high through 2023, and a short supply of *natural gas* in Europe with Russia closing the pipeline to that market threatens European manufacturing as the region worries about meeting increased winter energy needs. Energy-sensitive European manufacturing facilities have reduced operations, and some are even considering discontinuing operations because they can't operate without losing money. Natural gas prices in the U.S. are also expected to hit historical highs this winter. *China's latest lockdowns* are negatively impacting that nation's economy but are expected to have little effect on Vizient suppliers – similar to the last lockdowns. *Cotton* is predicted to remain elevated at about 100 cents per/lb into 2023 – after dropping from historic highs. *Poliovirus* joins monkeypox and COVID-19 as concerns, with New York declaring a state disaster emergency with polio found in five counties.

For complete supply update details, [view the full PowerPoint presentation](#).

**Good news:** Pres. Biden announced a *tentative railroad labor agreement* to avert a strike. The union members must still ratify the agreement, but if that fails, both sides will enter a "cooling off period" before any strike action is taken. *Monkeypox* vaccine and treatments have greatly expanded to provide help faster to communities at greatest risk of infections. To achieve this, the Strategic National Stockpile (SNS) has expanded its distribution. *Recovering markets* include exam and surgical gloves, biohazardous bags, facial protection, basic electrosurgery products and surgical mesh.

## Updates by category

- **Medical, surgical and integrated logistics:** *Prefilled syringes, standard needles* and *monitoring electrodes* are constrained, while Cardinal anticipates accepting new customers for *sharps containers* in January, and Cardinal expects *suction catheters* to recover this fall/winter. Vyair has rolling back orders for *Tri-Flo suction catheter kits with vinyl gloves*; nitrile gloves are an alternative. The Smiths/ICU Bivona silicon *tracheostomy tube shortage* is extended to Q1 2023. *Chest drainage* products are being discontinued. In *I.V. systems*, the ExactaMix 2,400 valve set medical device correction and material constraints have affected supply.
- **Medical devices and physician preference items:** Select Johnson & Johnson *trocars and endo equipment* recovery is expected in the next month. *Tourniquet* suppliers are doing rolling back orders with recovery expected in Q4. Johnson & Johnson has provided a cross-reference for gut sutures in short supply.
- **Laboratory products:** Allocations should be more consistent with very slow improvement in the tubes market. Becton Dickinson and Greiner continue with mitigation strategies for *blood collection tubes*, but the tubes are still a constrained market.
- **Diagnostic imaging:** GE *contrast media* iohexol is back in stock for the three high-use SKUs, with remaining product impacted into Q4.
- **Capital, facilities and construction:** New lead times are available for Stryker LifePak *external defibrillators*; Philips and Zoll offer adaptors to fit several models; Philips is no longer offering the Heartstart XL and is waiting on U.S. Food and Drug Administration clearance for new technology. Certain infant care equipment and phototherapy, stretchers and exam room equipment are experiencing extended lead times.
- **Pediatric products:** *Infant formula* shortages continue as a result of the pandemic and Abbott's factory closing.
- **Purchased services:** Cisco *network infrastructure equipment* is experiencing longer lead times of at least six to eight weeks as a result of [chip shortages](#).
- **Pharmacy:** *New shortage:* oxytocin injection and terbutaline injection; *improving:* cefepime injection, heparin vials and syringes, irbesartan tablets, levetiracetam injection, losartan tablets, losartan/hydrochlorothiazide tablets, misoprostol tablets, remifentanyl injection, thiamine injection, timolol ophthalmic solution and vancomycin injection; *worsening shortages:* olanzapine injection, physostigmine injection, tropicamide 1% ophthalmic solution, epinephrine auto-injectors and ioversol injection



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