

2024 VIZIENT CONNECTIONS SUMMIT

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# REFLECTION

REFLECT | ADAPT | EVOLVE

# Mitigating risk and enhancing access: Effective supply assurance strategies

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# Learning objectives

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- Gain knowledge of Vizient's evolving method for ensuring access to critical supplies and medications.
- Explore how Vizient's enhanced spend visibility delivers value across the supply chain.
- Develop and implement proactive sourcing and collaboration strategies with suppliers to optimize procurement processes and achieve desired outcomes.



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# Mitigating risk and enhancing access: Effective supply assurance strategies

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# Supply disruptions are widespread

## Major impactful events

**May 2022:** GE temporarily closes Shanghai facility due to COVID-19.

**July 2022:** Twelve unions representing 90,000 workers at the nation's freight railroads prepare to strike over issues related to pay and understaffing.

**Sept. 2022:** Hurricane Ian makes landfall in Florida as a category 4 storm, leaving devastation as it moved through South Carolina.

**Dec. 2022:** Accord temporarily pauses manufacturing at the SEZ plant in India to address 483s following an FDA inspection.

**Feb. 2023:** Akorn ceases all manufacturing operations in the U.S.

**Feb. 2023:** Stryker and Zimmer, which represent 97% of the tourniquet cuff market, experience supply challenges; Stryker has no available inventory and issued an urgent medical device correction.

**July 2023:** Pfizer Rocky Mount manufacturing facility and warehouse hit by an EF-3 tornado.

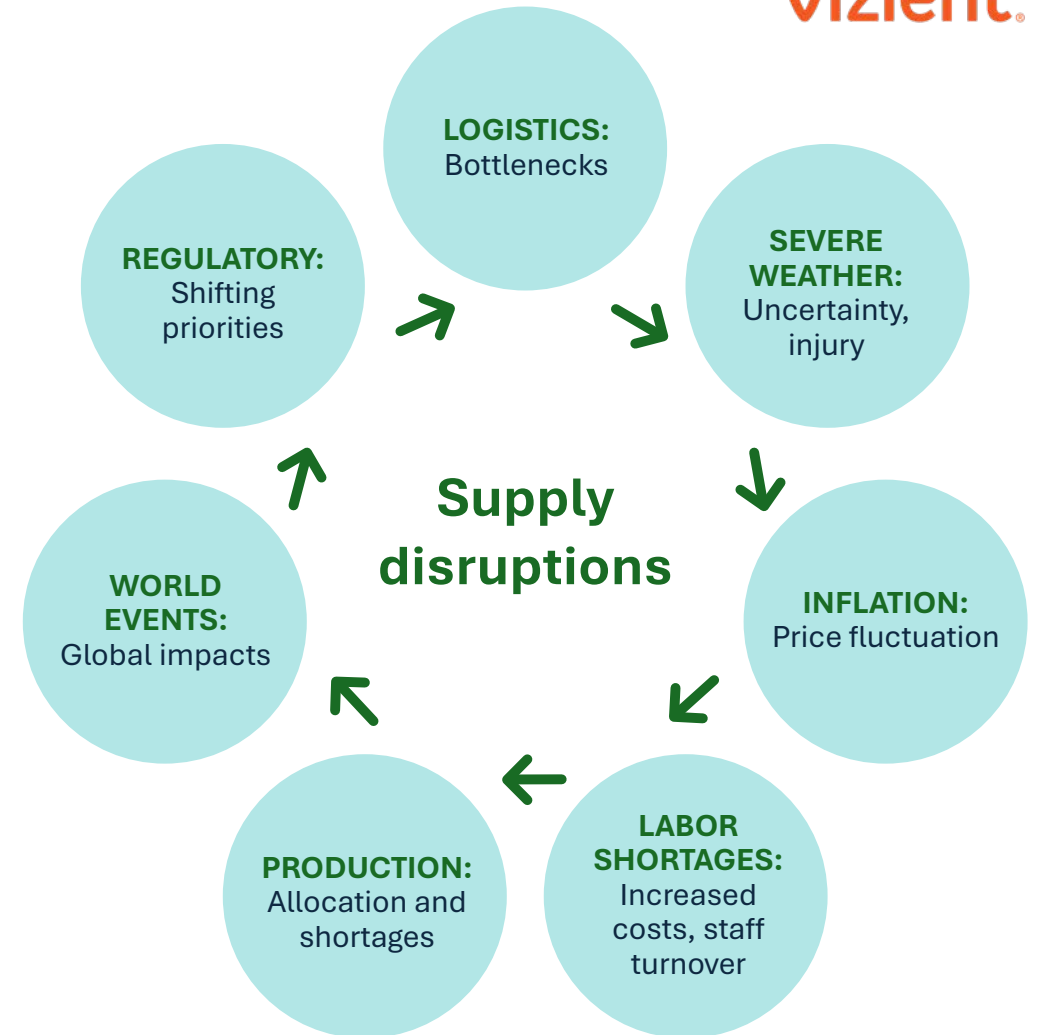
**July 2023:** Negotiations halted between UPS and the Teamsters Union as more than 340,000 workers prepare for a strike. UPS controls 52.73% of the U.S. transport and logistics market.

**Feb. 2024:** Eugia temporarily pauses manufacturing at the Unit 3 facility in India to address 483s following an FDA inspection.

**March 2024:** Cargo vessel access in and out of the Port of Baltimore suspended for recovery efforts and preliminary investigations after bridge collapse.

**April 2024:** Taiwan earthquake necessitates assessment of manufacturing facilities.

**May 2024:** Tariff increases announced on \$18 billion of Chinese imports.



# The impact of drug shortages

**38%**

One or more medication errors directly related to a drug shortage

**\$359M**

Cost of labor needed to manage drug shortages per year

**8.6M**

Additional hours of labor per year

Source: Vizient's Drug Shortages and Labor Cost report

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# More challenges ahead

## Challenges in 2024 and beyond

- More frequent and rapidly developing shortages
- More extended-duration, severe shortages
- Rising costs of manufacturing

## Why?

- Increased FDA inspections
- New regulations and industry guidance
- Abundance of data without appropriate context
- Lack of transparency



# Vizient Assurance



The right product at the right price when you need it

## How Vizient focuses on assurance

### Price assurance

- Provide choice, competitive pricing and greatest value on one of the largest, most comprehensive portfolios of products, services and infrastructure in the industry, as well as customized partnership models in every spend category.

### Supply assurance

- Offering choice with the best value, while ensuring resiliency, transparency and redundancy. Consistently monitor supply disruptions, lead times and equipment discontinuations.

## Adding value across the categories that matter most to you



Medical



Surgical



Physician preference



Capital and imaging



Facilities and construction



Indirect spend



Pharmacy

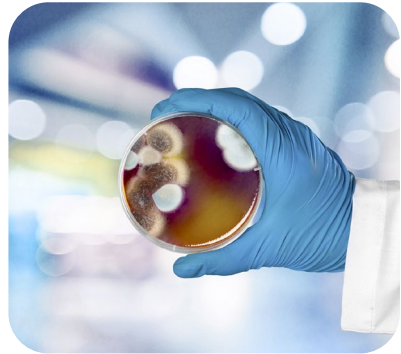
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# Strategies to resolve and prevent shortages



The Vizient approach to mitigating shortages, called Assurance, focuses on proven strategies that ensure you have the product you need, when you need it, at the price you expect.



**Supply chain transparency and redundancy**



**Event monitoring and supplier risk management**



**Supply assurance unique terms and conditions**



**Disruption monitoring and briefs**



**Advocacy**



**Strategic programs**

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# Case study: From reaction to surveillance

## Taiwan earthquakes and Baltimore bridge collapse



### Taiwan earthquake

#### Timeline and background

**April 2024:** Taiwan earthquake necessitates assessment of manufacturing facilities.

#### Assessment and actions

**Identification:** Within 24 hours, location mapped suppliers in the affected area

**Outreach:** Within 48 hours, outreach to all affected suppliers

#### Outcome:

- Active monitoring of the situation for 2-3 weeks after
- No disruption noted
- Notice to providers of event acknowledgement provided and no impact noted



### Port of Baltimore bridge collapse

#### Timeline and background

**March 2024:** Cargo vessel access in and out of the Port of Baltimore suspended for recovery efforts and preliminary investigations.

#### Assessment and actions

**Identification:** Within 24 hours, mapped all shipping routes of suppliers

**Outreach:** Coordinated with suppliers to determine estimated impact on shipping times.

#### Outcome:

- Active monitoring of the situation
- Currently no impact noted
- Notice to providers of current situational knowledge

# Active surveillance and market monitoring

## India and China



### Predictive

#### "What will happen?"

- Raw material tracking
- Inventory management
- Pricing
- Competitiveness



### Prescriptive

#### "What should I do?"

- Market intelligence
- Strategy guidance

### India:

~3,000 injectable  
NDCs analyzed  
to date

### China:

~1,000 injectable  
NDCs analyzed  
to date

**27 NDCs at  
highest risk  
for India**

### Assessment of risk

- Competitive market space analysis
- Historical product performance (e.g., FDA and ASHP shortage)
- Geographical risk
- Manufacturer performance (e.g., inspection status, 483s, warning letters)
- Essential medication status or other classifications
- Disproportionate-use considerations (e.g., pediatric or special populations)
- Key starter material to fill finish assessments

# Critical supplies management

Building confidence that the supply chain will produce and deliver supplies necessary to meet demand, we empower providers, distributors and suppliers to come together to resolve disruptions and strengthen the supply chain through insights, access, enablement and advocacy.



## Disaster management

Early warning, first-line communication and event mitigation guidance



## Advisor support

Critical item and cross references  
Identification and evaluation, Supply chain risk mitigation, Supply assurance performance



## Supply risk solutions

Disruption alerts, Supplier pedigree, Business continuity management

# Active surveillance and market monitoring

## Hurricane Idalia



### Predictive

#### "What will happen?"

- Raw material tracking
- Inventory management
- Pricing
- Competitiveness



### Prescriptive

#### "What should I do?"

- Market intelligence
- Strategy guidance

### Category:

Category 3 hurricane

**Pathway:** 87 supplier locations (13 suppliers) in forecasted impact zone

**6 suppliers at highest risk for impact**

### Strategy guidance

- Critical Supplies Management program subscriber predefined critical items list
- At-risk suppliers assessed
- Cross-references with alternative suppliers provided one week prior to hurricane
- Disruption avoided

# Supporting you through shortages

## Stay informed and ahead with resources available to Vizient providers



### Supply chain resources

- Market disruption briefs
- Product disruptions briefs
- Natural disaster disruption briefs
- Material manufacturing briefs
- Category resource guides

### Committees

- Drug shortage mitigation group
- Technician shortage subcommittee

### Drug shortages resources

- Alerts
- Mitigation strategies
- Drug shortage digest
- Essential medications report
- Minute market insights
- Shortage and labor cost report

### End Drug Shortages Alliance (EDSA)

Alliance of stakeholders dedicated to solving supply challenges

### Communication tools

- Pharmacy Hot Info
- Supply Assurance Weekly Digest
- Pharmacy Monitor
- Supply Update
- Food for Thought
- Facilities and Construction Market Insights
- Capital and Imaging Newsletter
- Contract Coverage Updates



# Vizient Reserve



Driving additional supply to solve for shortages

**Vizient Reserve crosses all spend categories for essential medical supplies. Participating providers will receive dedicated inventory in addition to increased value with competitive pricing.**

- Novaplus Enhanced Supply Reserve (Pharmacy)
- Respiratory Reserve
- Contrast Reserve
- *More categories coming soon!*



**Additional and *dedicated* inventory**



**Increased value**



**High compliance**



**Predictable demand**

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# Novaplus Enhanced Supply Reserve

Driving a greater mission together



## More ways to end drug shortages



Enhanced Supply

Enhanced Supply Reserve

- ◆ More supply
- ◆ More predictability
- ◆ More essential medications

## Record-breaking impact

**3.7M+** total units accessed (*direct patient impact*)

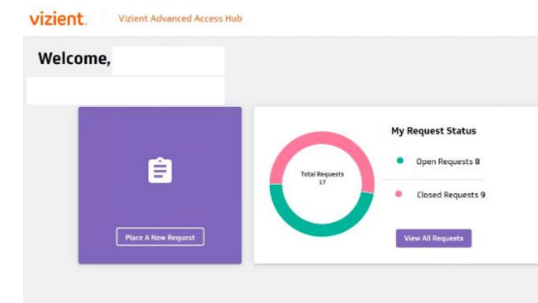
**36,000+** requests from **1,300+** facilities

## Accelerated NES Reserve participation



## Expanding program infrastructure

### Vizient Advanced Access Hub



- 100%-member utilization
- New supplier interface

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# Respiratory Reserve

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**600+**  
pediatrics and adult  
products covered

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# Contrast Reserve

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ISOVUE  
300 10 BT x 100 mL



ISOVUE  
370 IBP 6 x 500 mL



ISOVUE  
370 10 BT x 100 mL

Purchasing Bracco contrast media drives production of additional inventory, *dedicated to your facility*, housed in the U.S. by Bracco

# Creating a valuable provider-supplier relationship

Vizient Reserve helps providers and suppliers work together to mitigate shortages in new ways.



## Provider benefits

- Increased rebates and enhanced pricing
- No up-front investment or fees required
- Protected purchases through enhanced Vizient terms
- Supplier business continuity requirements



## Supplier benefits

- High provider compliance required
- Better demand prediction
- Improved inventory management
- Rewards suppliers through on-contract purchasing



# Is Vizient Reserve right for you?

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**Reserve is applicable to all Vizient customer providers.**

- Community market providers
- 340B
- Major healthcare organizations / systems
- Academic medical centers
- Pediatrics



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# Panel discussion: Insights from our providers



# Lessons learned

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- Drug and product shortages can happen at any time for a variety of reasons, necessitating robust response strategies.
- Vizient has compressive strategies to enhance supply chain resiliency
  - Transparency and redundancy
  - Proactive monitoring
  - Advocacy and event tracking



# Key takeaways

**Strategic solutions:** Vizient offers strategic solutions to navigate and mitigate product shortages effectively.

**Comprehensive strategies:** These include transparency and redundancy, proactive monitoring, and advocacy and event tracking to enhance supply chain resiliency.

**Dedicated inventory:** Vizient Reserve enables providers to gain access to dedicated inventory across essential medications and medical supply categories, ensuring long-term supply sustainability.



# Questions?

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