Economic activity in the hospital subsector grew in July for the 14th consecutive month, say the nation’s hospital supply executives in the latest Hospital ISM® Report On Business®.

The Hospital PMI™ registered 62.8 percent in July, decreasing 0.3 percentage point from the June reading of 63.1 percent, indicating a 14th consecutive month of growth. The Business Activity Index increased in July compared to June. The New Orders Index decreased slightly, while the Employment Index fell into contraction in July. The Case Mix Index increased to 53 percent, up 1.5 points compared to the June reading of 51.5 percent. The Days Payable Outstanding Index registered 53.0 percent, a 6.5-percentage point increase from the June reading of 46.5 percent. The Technology Spend Index registered 53 percent, a decrease of 4.5 percentage points from the June reading of 57.5 percent.

In July, business activity was at its highest level in 2021. Business Survey Committee panelists reported continuing pent-up demand for procedures that had been deferred during the pandemic, as well as a resurgence in COVID-19 cases. The brief rebound in employment during June did not last, and panelists commented they were having difficulty recruiting both clinical and nonclinical staff. Panelists indicated that physician shortages and vacations impacted order backlogs. Supply shortages and long delivery times continue to be problematic. Although the numbers did not show an increase in inventory levels, comments such as “having to carry more inventory to cover longer lead times due to consolidating deliveries” and “increasing periodic automatic replenishment (PAR) levels due to supply chain disruptions” were common.

About This Report

The information compiled in this report is for the month of July 2021.

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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