HOSPITAL PMI® at 57.9%

Economic activity in the hospital subsector grew in September for the 28th consecutive month, say the nation’s hospital supply executives in the latest Hospital ISM® Report On Business®. The Hospital PMI® registered 57.9 percent in September, a 4.4-percentage point increase from the August reading of 53.5 percent. The Business Activity, New Orders and Employment indexes all increased compared to August. The Case Mix Index registered 47.5 percent, a decrease of 6 percentage points compared to the August figure of 53.5 percent. The Days Payable Outstanding Index registered 52.5 percent, down 5 percentage points from the 57.5 percent reported in August. The Technology Spend Index registered 60.5 percent, a 6-percentage point increase from the August reading of 54.5 percent.

A top-of-mind concern for Business Survey Committee respondents was erosion of hospital profitability due to increased labor and supply costs. Many commented on their facilities’ decline in financial performance in spite of higher volumes. Some panelists mentioned that labor shortages continued to reduce capacity, but a majority reported higher inpatient and outpatient volumes. Respondents reported improvements in supplier deliveries and some easing of product shortages, but the potential of railway work stoppages caused concerns, though those have been eased for now. They also indicated that, despite some improvements, product availability remained an issue. That said, hospitals are managing those concerns while continuing to reduce periodic automatic replenishment (PAR) levels and burn off inventory in an effort to free up cash flow. ISM

About This Report
The information compiled in this report is for the month of September 2022.

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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