HOSPITAL PMI® at 53.3%

Economic activity in the hospital subsector grew in July for the second consecutive month after one month of contraction preceded by 35 consecutive months of growth, say the nation’s hospital supply executives in the latest Hospital ISM® Report On Business®. The Hospital PMI® registered 53.3 percent in July, a 1.8-percentage point increase from the June reading of 51.5 percent, indicating a second consecutive month of growth after one month of contraction in May. The Business Activity Index moved into contraction territory. The New Orders Index expanded for the second consecutive month, and the Employment Index returned to expansion territory. The Supplier Deliveries Index moved into expansion (which indicates slower delivery performance), ending five months in “faster” territory. The Case Mix Index reading of 53 percent is up 3 percentage points compared to the June figure of 50 percent. The Days Payable Outstanding Index returned to contraction territory at 48.5 percent, down 3 percentage points from the 51.5 percent reported in June. The Technology Spend Index reading of 52.5 percent is an increase of 0.5 percentage point compared to the 52 percent recorded in June. The Touchless Orders Index reading of 47 percent is a decrease of 4.5 percentage points compared to the June figure of 51.5 percent.

Business Survey Committee respondents attributed lower business activity in July to normal seasonality. There did not appear to be concerns regarding an underlying reduction in demand. The potential of a UPS work stoppage was top of mind for survey panelists, with several mentioning contingency planning. (Some panelists submitted their information before a tentative UPS labor agreement was reached.) Interestingly, only one participant mentioned increasing inventory as a buffer. The majority indicated they were continuing to burn down inventory. Supplier deliveries slowed in July, and there were multiple mentions of increased back orders and shortages related to products containing resins. High labor and supply costs continued to erode margins, and organizations were focused on cost reduction efforts. Employment moved into growth territory, with comments indicating successful job fairs and an increase in international hiring.

About This Report
The information compiled in this report is for the month of July 2023.

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.

ISM shall not have any liability, duty, or obligation for or relating to the ISM® Report On Business® (ROB) Content or other information contained herein, any errors, inaccuracies, omissions or delays in providing any ISM ROB Content, or for any actions taken in reliance thereon. In no event shall ISM be liable for any special, incidental, or consequential damages, arising out of the use of the ISM ROB. Report On Business®, PMI®, Manufacturing PMI®, Services PMI® and Hospital PMI® are registered trademarks and trademarks of Institute for Supply Management®. Institute for Supply Management and ISM® are registered trademarks of Institute for Supply Management, Inc®.

You shall not create, recreate, distribute, incorporate in other work, or advertise an index of any portion of the Content unless you receive prior written authorization from ISM. Requests for permission to reproduce or distribute ISM ROB Content can be made by contacting Rose Marie Goupil in writing at: ISM Research, Institute for Supply Management, 309 W. Elliot Road, Suite 113, Tempe, AZ 85284-1556, or by emailing rgoupil@ismworld.org subject: Content Request.