Economic activity in the hospital subsector contracted in August for the second
time in four months after 35 consecutive months of growth, say the nation’s
hospital supply executives in the latest Hospital ISM® Report On Business®.
The Hospital PMI® registered 47.5 percent in August, a 5.8-percentage point
decrease from the July reading of 53.3 percent, indicating contraction after
two consecutive months of growth. The Hospital PMI® is in contraction terri-
tory for just the fourth time (with the index also registering below 50 percent
in May 2023 and both April and May 2020) in more than five years of Hospital
ISM® Report On Business® data collection. Business activity was unchanged
in August compared to July. The New Orders and Employment indexes
moved into contraction territory. The Supplier Deliveries Index also returned to contraction (which indicates faster delivery performance).
The Case Mix Index reading of 51 percent is down 2 percentage points compared to the July figure of 53 percent. The Days Payable
Outstanding Index returned to expansion territory at 51.5 percent, up 3 percentage points from the 48.5 percent reported in July. The
Technology Spend Index reading of 47.5 percent is a decrease of 5 percentage points compared to the 52.5 percent recorded in July.
The Touchless Orders Index registered 47 percent, equaling its July reading.

Hospital Business Survey Committee respondents indicated their facilities had soft volumes in August, consistent with historical summer
trends. Margin challenges continued to be top of mind. High costs of pharmaceuticals and supplies were singled out as a primary issue.
Panelists indicated they are reducing use of agency labor as a strategy to cut labor costs. Some organizations were slowing hiring or have had
small-sized layoffs. Supplier deliveries were a bright spot in August, with panelists enjoying faster deliveries, as well as fewer split orders and
back orders. Such positive developments, however, did not translate into an improvement in touchless orders. Concerns remain regarding
potential freight cost increases. ISM

### About This Report

The information compiled in this report is for the month of August 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
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