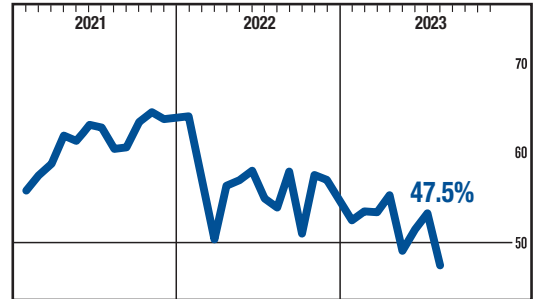


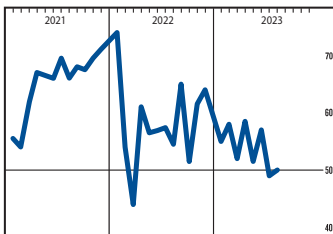
# HOSPITAL PMI® at 47.5%

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 territory 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.

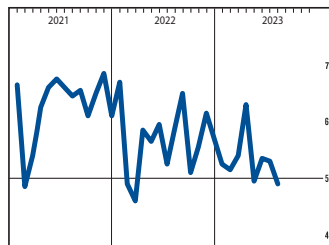


Hospital Business Survey Committee respondents indicated their facilities had soft volumes in August, consistent with historical summer trends. Margin challenges continued to be top of mind. High costs of pharmaceuticals and supplies were singled out as a primary issue. Panelists indicated they are reducing 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**

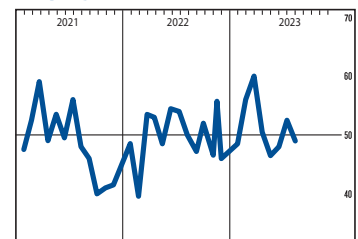
## Business Activity



## New Orders



## Employment



## 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 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](mailto:rgoupil@ismworld.org); Subject: Content Request.