HOSPITAL PMI® at 62.5%

Economic activity in the hospital subsector grew in December for the fourth consecutive month after contracting twice in the previous four-month period, with 35 consecutive months of growth prior to that, say the nation’s hospital supply executives in the latest Hospital ISM® Report On Business®.

The Hospital PMI® registered 62.5 percent in December, a 2.7-percentage point increase from the November reading of 59.8 percent, indicating a fourth consecutive month of growth after a contraction in August. The Business Activity Index expanded for the fourth consecutive month. The New Orders Index remained in expansion for the fourth straight month, and the Employment Index also remained in expansion territory. The Supplier Deliveries Index remained in expansion (which indicates slower delivery performance). The Case Mix Index remained in expansion territory, registering 52.5 percent, a decrease of 1.5 percentage points compared to the November figure of 54 percent. The Days Payable Outstanding Index expanded for the third consecutive month at 52.5 percent, the same reading reported in November. The Technology Spend Index reading of 53 percent is a decrease of 4 percentage points compared to the 57 percent recorded in November. The Touchless Orders Index registered 51 percent, down 0.5 percentage point from the 51.5 percent reported in November.

Inflation continued as the top-of-mind concern among Hospital Business Survey Committee panelists. They indicated suppliers were signaling that supply and pharmaceutical prices would increase in the new year, while labor costs remain high. Cost reduction was mentioned as a major area of focus for 2024. Volume was strong and driven by a combination of respiratory illness — flu, COVID-19 and respiratory syncytial virus (RSV) — and an increase in elective procedures. Employment remained in growth mode, with panelists indicating job fairs and recruitment efforts continued to be successful. Retirements and voluntary turnover remained a concern. Comments about back orders and product shortages increased, especially related to needles and syringes. There was concern that the reduction of shipping through the Panama Canal and slowdowns at the Mexico border would exacerbate the situation.

About This Report

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

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