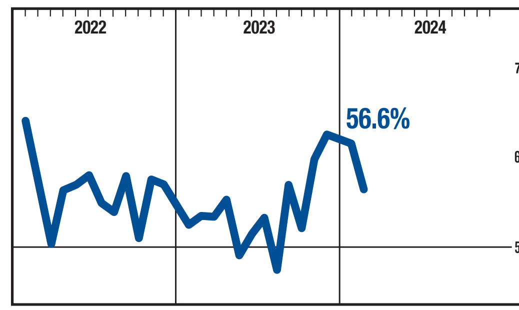
INSTITUTE FOR SUPPLY MANAGEMENT®
reportonbusiness

Analysis by
Nancy LeMaster, MBA
Chair of the Institute for Supply Management®
Hospital Business Survey Committee

HOSPITAL PMI® at 56.6%

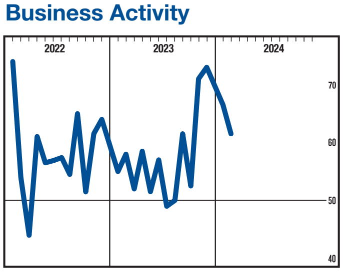


Economic activity in the hospital subsector grew in February for the sixth consecutive month after contracting twice in the previous four-month period, with 35 consecutive months of growth prior to that, say the nation's hospital supply executives in the latest Hospital ISM® *Report On Business®*.

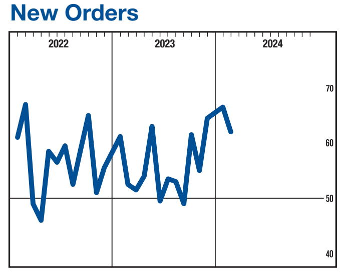
The Hospital PMI® registered 56.6 percent in February, a 4.9-percentage point decrease from the January reading of 61.5 percent, indicating a sixth consecutive month of growth after a contraction in August. The Business Activity Index expanded for the sixth consecutive month. The New Orders Index remained in expansion for the sixth 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 percent, a decrease of 5 percentage points compared to the January figure of 57 percent. The Days Payable Outstanding Index expanded for the fifth consecutive month at 50.5 percent, down 2 percentage points from the 52.5 percent reported in January. The Technology Spend Index reading of 54 percent is a decrease of 3 percentage points compared to the 57 percent recorded in January. The Touchless Orders Index registered 51 percent, up 0.5 percentage point from the 50.5 percent reported in January.

Hospital Business Survey Committee respondents indicated that patient volumes were steady and consistent with seasonal patterns. Some panelists cited increased cases of flu and COVID-19, but not at levels that strained capacity. While nursing labor remains in demand, several respondents' comments indicated reductions in nonclinical staff and more scrutiny applied to filling open positions. This was consistent with comments indicating continuing margin pressures due to the high costs of supplies and labor. Back orders for supplies remain an ongoing problem, but most respondents indicated they were manageable and not as serious as during the early stages of the coronavirus pandemic. Inventory continues to be purposefully reduced and new "post-COVID-19" inventory levels implemented. Prices for supplies have been in expansion (or "increasing") territory for 51 months, pharmaceuticals for 71 months. ISM

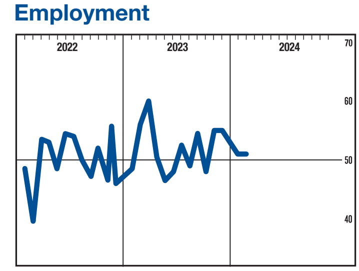
Business Activity



New Orders



Employment



About This Report

The information compiled in this report is for the month of February 2024.

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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