

Supply Chain Resource Council (SCRC) Report

December 13th, 2021 Meeting

Executive Summary

Our call focused on labor shortages and wage compression issues, and the potential impact to operations and the care environment. In summary, workforce and salary pressures are posing significant challenges for supply chain leaders and their organizations. Some supply chain departments are faced with scaling back from a 24/7 operation to two shifts, and if the current trends continue, potentially one shift. One organization stated that they are 60% staffed. Call-offs plague some of these departments, ranging from 100 to 500 staff members. Some departments have engaged with nursing or clinical engineering to share responsibilities in the interim.

Raw material issues continue to translate into product shortages, most notably the impact the semiconductor shortage is having on oxygen delivery equipment

Below is the full Council report. Aggregated member attendance information is at the bottom of this report.

Labor shortages. Impact to surgical cases (deferred) or wage compression, market wage adjustments?

- Huge shortage of labor–front line folks. Offering incentives for non-clinical support folks to help (training them, 1.5x salary. Businesses in their market who have raised their base minimum wages making it difficult to hire the same entry level staff in laundry, housekeeping, food services etc. All competing for the same resources – even within their own organization.
- Bonuses and pleas for help to non-clinical staff, e.g., to sit with patients who need 24/7 observation, etc. Supply Chain department is 40% understaffed. Volunteers to work weekends or overnight shifts are inquiring into bonuses similar to those received when working on the patient floors. Fast-tracked with compensation team to develop a tiered ladder structure in supply chain operations for distribution techs, receiving up to a 24% wage increase (from \$14/hr to \$18-19/hr) which has stemmed threat to leave the organizations. Concern from executive team as to how long they can sustain these wage increases – have spent millions of dollars in bonus and wage adjustments. Budget reductions in 2022 to offset wage increases.
- Public systems do not have the latitude around bonus structures, which is problematic. Compensation reviews for techs. RN compensation review – impact of \$30M. Exploring retention bonuses structures. Losing staff to wages and burnout, and several hundred employees due to the vaccine mandate. Currently down 35 staff in the hospital team. Raising attention for the need to focus on the supply chain staff too (in addition to clinical staff).
- Shortages with external trading/supporting organizations, e.g., laundry provider, distributor, etc.
- “We are in a critical blood shortage.” Red Cross staffing is down. Negotiations for a new wage agreement with union employees (currently 60% of employees are union) is unsuccessful at this time. Status is critical, to the point where it must be decided which patients can/cannot receive blood - currently developing criteria for this situation.
- Instituted a standard of living wage adjustment for all staff. Distributor is experiencing a driver shortage affecting deliveries of supplies to hospitals. Cost of living/housing market is a challenge as well. Now overseeing corporate housing. Rented apartments in the area and sharing this information with HR. Goal is to extend housing to travelers, as rental options are limited. 3-6 month leases. Some same day surgeries are being pushed back. Have lost approximately 150 employees due to vaccine mandate. Find themselves in a similar situation with local businesses raising their base minimum wages.
- Labor issues across the board with clinical and non-clinical staff. Tried using temporary staffing agencies, but finding competitive wages for temps is quickly rising. Taking non-clinical, salaried staff and utilizing their time and abilities where needed including covering open positions.

- Cannot staff sustain a 24/7 supply chain operation. Working with clinician to see what services the can/cannot live without. Clinical staff picking up some supply chain activities, e.g., code carts, trauma replenishment in the ED and IV pumps. Staff will retire or they will quit if they are forced to work overtime. Supply chain staff saying “what about me,” and “make me feel important too.”
- Had to close down supply chain third-shift due to losing 10 staff – if the trend continues, may need to move to a single shift. Engaging in similar activities/discussions with nursing. Biomed will start distributing IV pumps.
- An academic center engaged in an \$89M pay scale adjustment.

Requests or access to State or SNS stockpiles (Y/N)?

- No recent requests to State or SNS for supplies.

Omicron impact:

- Omicron remains mild at this point. Delta variant is responsible for the on-going increase in patient census.

PPE (Product type)

- Surgeon’s gloves. No other PPE shortages mentioned.

Other shortages/disruptions:

- Oxygen delivery systems – devices that use a semiconductor. DME – CPAP/BiPap units – getting enough supplies. Unable to discharge patients. Rolls into the in-patient, replacement or adding more devices as more patients need O2 delivery.

About the Supply Chain Resource Council (SCRC)

The Supply Chain Resource Council (SCRC) currently brings together over 48 supply chain leaders and professionals from across the health care field with the goal of understanding the extent and impact supply shortages and disruptions are having in the hospital setting, as well as a documenting conservation strategies or permanent solutions to these challenges. Topics of discussion vary based on the latest information received from various field sources. Information collected during the calls is shared with AHA and AHRMM Leadership, Federal agencies, council members and the broader health care field. The contents of the reports represents information, strategies and solutions from SCRC members but does not necessarily reflect policy positions of the AHA.

Organization Type	Number of Beds	Rural/Urban/Suburban	Purchasing Budget/Spend	Region
Hospital	571			3
Academic Medical Center	1,000	Urban	More than \$500M	9
Hospital	24,000	Rural, Suburban, Urban	More than \$500M	4
Hospital	60	Rural		9
Hospital	800	Urban	\$100-\$500M	2
GPO	N/A	N/A	N/A	N/A
Hospital	2,059	Rural, Suburban, Urban	More than \$500M	6
GPO	N/A	N/A	N/A	N/A
Academic Medical Center	850	Urban	\$10-25M	4
Services	N/A	N/A	N/A	N/A
Association	N/A	N/A	N/A	N/A
County Hospital	882	Urban	\$10-25M	7
Hospital	2,059	Rural, Suburban, Urban	More than \$500M	6
Academic Medical Center	918	Urban	More than \$500M	4
Hospital	2,059	Rural, Suburban, Urban	More than \$500M	8
Hospital	200	Urban		8