

Supply Chain Resource Council (SCRC) Report

February 10, 2025

Executive Summary

The focus of this month's meeting was the tariff strategies hospitals and health care organizations were considering or adopting to better understand potential changes to product pricing for their organizations.

Details can be found in the full report below, and on the [Supply Chain Resource Council webpage](#).

▲ AHA Updates

- **The AHA sent a letter to the White House** to "consider granting exceptions to the current and proposed tariffs for medical devices and pharmaceuticals made in Mexico, Canada and China that are essential to the provision of safe, effective care in America's hospitals, clinics, and other settings," AHA President and CEO Rick Pollack wrote. "It is especially critical to have these exceptions for products already in shortage and for which production in the countries subject to increased tariffs supply a significant part of the U.S. market."

The Trump administration has issued many executive orders and administrative actions since taking office last month. *The AHA has compiled a [tracker of actions](#) the administration has taken that may be of interest to hospitals and health systems. The tracker will be updated regularly as new actions are released. A copy of the latest tracker is also included with this report.*

▲ Field Updates

- Tariffs continued to be discussed in the media. **Below are several of the activities hospital and health care organization supply chain leaders are engaging** to better understand potential changes to product pricing for their organizations.
 - Review contract terms and pricing protection language to determine the breakdown of products and the percentage of spend that are protected, by year.
 - Understanding Country of Origin (CoO) for products and raw materials.
 - Utilizing GPO inflation reports and factor this data into their analysis.
 - Identifying other non-labor expense categories for savings opportunities including Capital spend, Physician Preference Items and Purchase Services. Some organizations are considering Robotic Process Automation (RPA).
 - Two health systems have programmed and are employing BOTS to review invoice tracking streams to identify surcharges added to invoices. The BOTS utilized at these two systems are handling a substantial amount of work equivalent to a significant number of FTEs.
 - Incorporating conservative annual inflation factors at the corporate level rather than the department level.
 - Hospitals who direct contract are concerned that pricing will increase and return to GPO contract pricing.
 - Council members expressed supply shortage and disruption concerns as a result of potential counter trade activity including non-shipments and administrative/processing delays.
 - In general, council members shared that they are not engaging in clinical practice change reviews at this time.

▲ Supply Chain Watch — Current situations being monitored

- During our monthly conversations with BD representatives, they shared that **all BD BACTEC Media** is off of allocation as their distribution partners have stock levels at or exceeding pre-shortage levels. For more information you can visit the BD BACTEC website: [BD BACTEC™ Update](#).

About the Supply Chain Resource Council (SCRC)

The Supply Chain Resource Council (SCRC) is comprised of over 90 supply chain and health care leaders from across the health care field with the goal of understanding the extent and impact supply shortages and disruptions are having within the hospital and patient care settings, as well as a capturing and documenting solutions to these challenges. Information collected during these calls is drafted into a report and shared with AHA, AHRMM and Professional Management Group (PMG) senior leaders, the White House Response Team, various Federal Agencies and the broader health care field. *The content of this report represents information, strategies and solutions from SCRC members but does not necessarily reflect policy positions of the AHA.*