

# Supply Chain Resource Council (SCRC) Report

May 2025

## Executive Summary

The May SCRC meeting focused on the implications of the newly announced 90-day tariff truce between the U.S. and China, recent executive orders affecting pharmaceutical manufacturing and life sciences research, and the Massimo cybersecurity incident. Council members shared strategies for mitigating tariff-related cost increases, discussed sourcing alternatives, and expressed interest in third-party risk management tools.

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

## ▲ AHA Updates

- **Executive Orders:** On May 5, 2025, the Trump administration issued two executive orders on pharmaceutical manufacturing and life-sciences research.
  - The first executive order, "[Regulatory Relief to Promote Domestic Production of Critical Medicines](#)," directs the Commissioner of the Food and Drug Administration within 180 days to streamline and accelerate the development of domestic pharmaceutical manufacturing by eliminating unnecessary or duplicative regulations and improving inspection processes.
  - The second executive order, "[Improving the Safety and Security of Biological Research](#)," orders the director of the Office of Science and Technology Policy to immediately establish guidance for the heads of relevant agencies to end federal funding of gain-of-function research and other life-sciences research conducted by certain foreign entities.
- **AHA Tracker:** An updated Executive Order Tracker, *included in this month's report*, consolidates all relevant actions by the administration for hospitals and health systems.

## ▲ Field Updates

- **Tariff Truce and Strategies**
  - Two distributors have issued notices of upcoming price increases (June 1 and July 1).
  - The 90-day tariff truce between the U.S. and China prompted discussions whether previously announced distributor price increases and current supplier surcharges will remain unchanged. At this point supply chain leaders have not heard whether the increases will be delayed.
  - Organizations are evaluating strategies such as substituting tariff-impacted products with clinically acceptable domestic alternatives and engaging directly with manufacturers to negotiate pricing. One health care system is pivoting to U.S.-made packs to mitigate tariffs. Another health system shared they are pivoting to reusable blood pressure cuffs and will take on the cleaning process to avoid tariff-related price increases on current disposable cuffs.
  - Several health care organizations are sending pricing and surcharge rejection letters to both contracted and non-contracted vendors. Some have shared that their vendors are engaging in discussions with them.
  - Contractual terms are fixed until they are renegotiated or up for renewal per one health system's GPO. Hospitals are mitigating the risk wherever they can in the event product pricing does not remain fixed.

- **Potential Shortages**
  - The question was posed whether hospitals have experienced actual shortages due to the decreased shipping coming out of Asia. Supply chain leaders shared that product availability has not been impacted, and hopeful that remains the case.
- **Risk Solution Tools**
  - Several health care systems are using Country of Origin information from risk solution providers to compare tariff impacts between existing and alternative manufacturers.
  - *AHRMM will be convening several risk solution providers during the June Supply Chain Resource Council meeting. These companies will share a brief demo and materials regarding their solution.*
- **Surcharge vs. Product Price Increases**
  - The consensus remains that tariff-related costs should be listed as separate surcharges rather than incorporated into product prices. This allows for better tracking and flexibility based upon prevailing tariff rates.

## ▲ Supply Chain Watch

- **Massimo Cybersecurity Incident**
  - A [cyberattack on Massimo](#) affected its manufacturing facilities. Massimo, whose product portfolio includes blood oxygen saturation and pulse rate monitoring, blood constituent, brain and breath monitoring, and remote patient monitoring systems, said some of its manufacturing facilities have been operating at less than normal levels since the attack, which is affecting the company's ability to process, fulfill, and ship customer orders.
  - Members reported difficulties in communication, use of EDI, and order fulfillment with some resorting to manual or direct ordering.
  - The situation underscores the need for robust contingency planning and direct supplier engagement.

## ▲ Additional Resources

- **AHA Cost of Caring Report:** A six-page document *has been included with this month's report* detailing:
  - Rising hospital expenses.
  - Financial impacts of Medicare Advantage plans.
  - Tariff-related cost pressures.
- **China-Taiwan Tensions:** AHA and AHRMM are monitoring geopolitical developments for potential supply chain impacts. process, fulfill, and ship customer order

## About the Supply Chain Resource Council (SCRC)

The Supply Chain Resource Council (SCRC) is comprised of over 100 supply chain and health care leaders from across the 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. A report is created from the information collected during these calls and shared with AHA, AHRMM and Professional Management Group (PMG) senior leaders, 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.*