

Survey Shows Hospital Decision Makers Identify Supply Chain Effectiveness Among Top Priorities

Results Reveal Executives are Implementing New Solutions to Better Manage Healthcare Supply Chain, Seeking Opportunities to Unlock More Value

DUBLIN, Ohio, Dec. 14, 2015 /PRNewswire/ -- Reimbursement is the biggest problem facing health systems today, followed closely by the increasingly high cost of supplies, according to a new, national survey of hospital executives commissioned by Cardinal Health. Financial issues, drug shortages and efficiency of the organization follow as the next major concerns.¹

The survey, conducted by healthcare data provider SERMO Intelligence, queried 150 hospital decision makers on supply chain issues. Results revealed that the majority of respondents are taking some action to improve their supply chain, agreeing that it will reduce costs. However, few hospital decision makers are confident in their supply chains' overall effectiveness today.

Only one-third of hospital decision makers rate the management of their hospital's overall supply chain as "very effective," according to the survey.² Yet, two-thirds "strongly agree" that improving the effectiveness of their supply chain will reduce overall costs, increase revenue and lead to better quality of care.^{3,4,5} In fact, 85 percent of respondents surveyed said their health systems are currently working to identify or implement new ways to reduce supply chain waste and related costs.

"This is an exciting time for healthcare supply chain management. We're seeing executives take action to improve and demand more value from their supply chain. They recognize that maintaining status quo in their systems is no longer sufficient due to the ever-increasing cost pressures in the industry," said Tony Vahedian, senior vice president and general manager, Medical Services and Solutions, Cardinal Health. "We believe hospital decision makers understand that the supply chain can be a strategic asset if the industry collaborates to improve its effectiveness and unlock data within it."

Reducing costs is an urgent goal as hospitals shift to value-based health care. The supply chain, and the products it moves, is the second largest expense for healthcare providers. At an aggregated level, there is an estimated \$5 billion of annual waste in high-value medical devices alone.⁶

Increased uptake of technology and automation could improve efficiencies

The current approach to supply chain management at most hospitals requires intensive staffing to handle multiple, often redundant systems that lack data sharing and transparency needed to prevent waste. Healthcare could benefit from advancements in supply chain technology already used widely in other industries that delivers analytics and insights to support transparent, data-driven decisions.

"Data and analytics can transform the healthcare supply chain into a strategic business asset, but solutions need to connect technology to everyday processes and make data visible," said Vahedian. "These solutions exist today, but they are not being adopted at a large scale in health care. Consider the data providers currently can't access and the insights that could be gained with this information in a shared platform for the entire supply chain to access."

The survey revealed that primary obstacles to improving supply chain management include the lack of a full, end-to-end view of the supply chain from manufacturer to patient, and low awareness of current technology, such as automated solutions that utilize high-frequency radio frequency identification (RFID) tags. According to the survey, only 15 percent of hospital decision makers "strongly agree" that they have a sufficiently broad view of their supply chain.⁷

The survey also revealed a discrepancy among supply chain leaders and C-suite executives related to the supply chain's role in reducing overall costs. To help supply chain leaders navigate the challenging healthcare environment, Cardinal Health will provide insights from the survey results on its thought leadership platform *Essential Insights*.

About the Survey

This study was fielded March 26 - April 13, 2015, using an online survey methodology. The samples were drawn from SERMO's Medical Panel which includes over 330,000 medical professionals in the United States. The study included 150 respondents total, including subsamples of qualified and screened supply chain decision-makers (n=88) and hospital executives (n=62).

About Cardinal Health

Headquartered in Dublin, Ohio, Cardinal Health, Inc. (NYSE: CAH) is a \$103 billion health care services company that improves the cost-effectiveness of health care. Cardinal Health helps pharmacies, hospitals, ambulatory surgery centers, clinical laboratories and physician offices focus on patient care while reducing costs, enhancing efficiency and improving quality. Cardinal Health is an essential link in the health care supply chain, providing pharmaceuticals and medical products and services to more than 100,000 locations each day and is also the industry-leading direct-to-home medical supplies distributor. The company is a leading manufacturer of medical and surgical products, including gloves, surgical apparel and fluid management products. In addition, the company operates the nation's largest network of radiopharmacies that dispense products to aid in the early diagnosis and treatment of disease. Ranked #26 on the Fortune 500, Cardinal Health employs more than 36,000 people worldwide. More information about the company may be found at www.cardinalhealth.com and @CardinalHealth on Twitter.

About Cardinal Health™ Inventory Management Solutions

Cardinal Health™ Inventory Management Solutions helps health care decision makers improve financial, operational and clinical outcomes through several modular offerings. This portfolio offers a range of inventory management solutions that healthcare administrators can use to optimize the management of their supplies from high-cost physician preference items to low-cost medical consumables. A powerful, SaaS-based analytics platform unifies these offers and allows unprecedented visibility across the hospital and across the IDN. More information about Cardinal Health™ Inventory Management Solutions may be found at <http://cardinalhealth.com/cims>.

¹ Data on File. Cardinal Health. 2015. Survey, page 3, question 1.

² Data on File. Cardinal Health. 2015. Survey, page 4, question 2c.

³ Data on File. Cardinal Health. 2015. Survey, page 6, question 5a.

⁴ Data on File. Cardinal Health. 2015. Survey, page 8, question 5g.

⁵ Data on File. Cardinal Health. 2015. Survey, page 8, question 5h.

⁶ PNC Healthcare; GHX quantitative research study (August 2011)

⁷ Data on File. Cardinal Health. 2015. Survey, page 8, question 6.

SOURCE Cardinal Health

For further information: Media: Corey Kerr, (614) 757-3383, corey.kerr@cardinalhealth.com, Investors: Sally Curley, (614) 757-7115, sally.curley@cardinalhealth.com

<https://newsroom.cardinalhealth.com/2015-12-14-Survey-Shows-Hospital-Decision-Makers-Identify-Supply-Chain-Effectiveness-Among-Top-Priorities>