Public Health in a Pandemic: COVID-19 & Health Care Management

April 28, 5:00 PM PDT — 6:00 PM PDT  ph.ucla.edu/fieldingfocusHCM
Health Sector Supply Chain in The Era of COVID-19
“A Precarious SC With More Problems in Store”

Resource Dependency
Topic 1 - The Hospital Supply Chain
Typical Stakeholders in the Hospital Supply Chain

Tragedy of the Commons

Gene.Schneller@asu.edu
A Perfect Storm

• Provider Organizations
  ➢ Mergers & Acquisitions – 1.5M to 900K Beds
  ➢ Focus on Cost, Lean/JIT, Low Unit of Measure
  ➢ Move to Outpatient settings
  ➢ Supply chain seen as a revenue center
  ➢ Community benefit not equal to public health benefit
  ➢ Outsource risk to GPOs and Distributors – Sole Sourcing

• Suppliers
  ➢ Outsource of components if not full products
    • Lengthened the supply chain & Response Time
  ➢ Lack of knowledge of Risk related to Tier 1, 2 & 3 suppliers
  ➢ Failure to understanding their suppliers’ risks
  ➢ Sole/single sourcing
A Perfect Storm

- SC Purchasing Intermediaries – Outsourcing Risk
  - GPOs > standardization, cost reduction, supply base reduction
    - Engages in global strategic sourcing
  - Distributors
    - Meet customer demands for lower total delivered costs
    - Respond to JIT & Engages in global strategic sourcing
- Regulation impacting products & human resources
  - Scope of practice laws, accreditation, professional societies
- Separation of Public Health from “Everyday Health”
Going Forward - Down the Road

• Manage Dependency
  ✓ Supplier/Small Business Failure
  ✓ Incentives to collaborate
  ✓ Reshoring of manufacturing/supplies

• Governance
  ✓ Federal vs. Regional vs. Local
  ✓ Finance & manage safety stock
  ✓ National Stockpile (7-8B)
  ✓ Hospital Associations & Public Health

• Education in Supply Chain Mgt.
Going Forward - Down the Road

• Manage the Commons
  ✓ Competition with Collaboration
  ✓ Support the Supply Chain
  ✓ Reduce Hoarding/Self-interest
  ✓ > Trust > Transparency
  ✓ Learn from other industries
If We Don’t React Now?
Supply Chain Shortages Will Continue Long After COVID-19

Eugene Schneller, Ph.D., Professor,
Department of Supply Chain
Management (gene.Schneller@asu.edu)