

## Next PPE worry: supply and cost of exam gloves



By Alex Kacik

THE AVAILABLE SUPPLY of medical-grade exam gloves may not meet the projected demand over the next 12 months, which will likely translate to price hikes for health systems and other providers, according to data from the group purchasing organization Vizient.

Personal protective equipment supply levels have been dropping for several product types as COVID-19 cases rebound in some states. While many health systems and other providers have been able to source alternatives for PPE like face shields and gowns, exam gloves may be more complicated.

Global demand for medical-grade exam gloves may reach 560 billion individual gloves over the next 12 months, but total production is estimated to fall short by about 260 billion units, according to Vizient. The annualized utilization rate of exam gloves across Vizient's membership, which represents 50% of the U.S. acute-care market, has jumped about 22% from the first half of 2019 to the same period in 2020.

"That is significant for a commodity product," said Cathy Denning, who leads Vizient's sourcing operations.

About 90% of the raw materials used to make exam gloves as well as the finished products are sourced from Malaysia, which has been hamstrung by labor issues, the pandemic and a limited supply of butadiene that's used to make nitrile gloves, Denning said.

Although an acute shortage is unlikely, prices have already increased between 25% and 130% across six of Vizient's suppliers in the first round of

price hikes. A second price increase across the same suppliers ranged from 13% to 210%.

"We don't think it will equilibrate anytime soon, and it is important for hospitals to prepare from a cost perspective," Denning said.

About 900 million tons of butadiene are produced globally. But output needs to be 1.5 billion tons to meet the current demand for nitrile gloves, according to Vizient. Onshoring is an option, but it will take more than a year to build a production line with a maximum output of 10 billion gloves, Denning noted.

**In the meantime**, hospitals will need to budget for price increases, while trying to extend the shelf life of their existing inventory or find alternative materials like synthetic nitrile, she said.

"Unit-of-measure and just-in-time inventory are great in times of plenty, but they are terrible in times of shortage," Denning said, adding that some of Vizient's large health system members are purchasing their own container loads from manufacturers, although not all systems have the storage space.

Years of competition driving down to the lowest-cost options have narrowed supply chains. But that will change, said Jim Boyle, executive vice president of acute-care sales at Medline Industries. He expects the healthcare supply chain to slowly move away from Asian sources.

Medline has partnered with providers to produce

more masks domestically and plans to increase other critical supplies. Goods can expire in the traditional stockpiling system, which has in part led to a just-in-time inventory model. But within the right infrastructure, like a centralized hub-and-spoke model for specific supply categories, supply chains can gain resiliency and efficiency, Boyle said.

"All of us will have to look at the cost of ownership of these types of supplies as a cost of doing business," he said during Modern Healthcare's Leadership Symposium last month, emphasizing the need to diversify sources of finished products. "This isn't now, this is a forever thing—we are going to have to adjust so we don't get back in this position."

About 30% of 200 health-care supply chain experts said U.S. manufacturing capacity needs to grow, according to a poll taken in September by Supplyframe.

More than 26% said PPE and medical devices will be harder to source, while 20% expect continued product shortages.

About a third estimate that it will take six to 12 months for the global supply chain to be back at full capacity, while about a fifth said it will take 12 months to two years.

"We find ourselves caught flat-footed in the U.S., which is why we are advocating for supply chain resiliency, transparency and redundancy," Denning said. "It's probably not feasible to move all production to the U.S., but we need to increase our domestic or near-shore footprint to ensure we are not in this position again." ●

About  
**90%**  
of the raw  
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### THE TAKEAWAY

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