Analysis by
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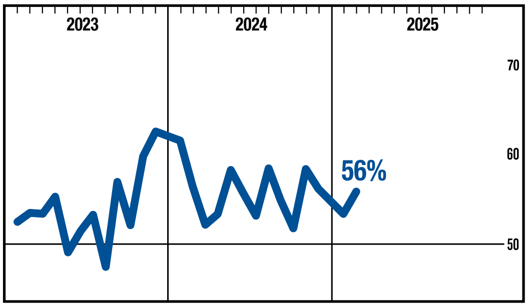
Hospital Business Survey Committee

HOSPITAL PMI® at 56%

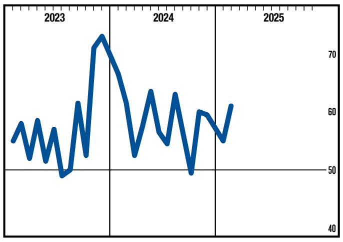


Economic activity in the hospital subsector grew in February for the 18th consecutive month after contracting twice in the previous four-month period, with 35 consecutive months of growth prior to that, say the nation's hospital supply executives in the latest Hospital ISM® *Report On Business®*.

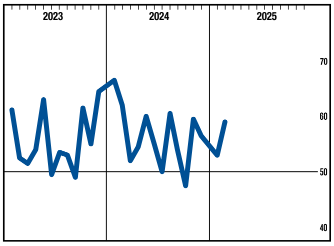
The Hospital PMI® registered 56 percent in February, a 2.5-percentage point increase from the January reading of 53.5 percent, indicating an 18th consecutive month of growth. The Business Activity Index remained in expansion territory for the fourth straight month. The New Orders Index expanded for the fourth consecutive month, and the Employment Index returned to contraction territory. The Supplier Deliveries Index remained in expansion (which indicates slower delivery performance) for the 18th consecutive month. The Case Mix Index returned to contraction territory in February, registering 49.5 percent, a decrease of 3.5 percentage points from the reading of 53 percent reported in January. The Days Payable Outstanding Index returned to expansion in February, registering 51 percent, up 3 percentage points from the 48 percent reported in January. The Technology Spend Index reading of 49 percent is a decrease of 8.5 percentage points compared to the 57.5 percent recorded in January. The Touchless Orders Index returned to expansion territory in February, registering 53 percent, up 3 percentage points from the "unchanged" reading of 50 percent reported in January.

Patient volumes in February were driven by respiratory related illnesses, including flu, COVID-19, respiratory syncytial virus (RSV) and norovirus. Hospital Business Survey panelists continued to express concerns about pending tariffs and their impact on costs. Concerns about the loss of federal grants and other funding for rural hospitals were also mentioned. The comments on employment were mixed, with some panelists indicating continued growth while others mentioned small layoffs. Veteran Affairs hospitals are concerned about the impact of Department of Government Efficiency (DOGE) activities and workers taking buyouts will have on staffing levels. Weather-related issues impacted deliveries in parts of the country, but overall, few comments were related to product shortages or delivery times. Panelists cited focused efforts to reduce inventory levels despite high inpatient volumes. ISM

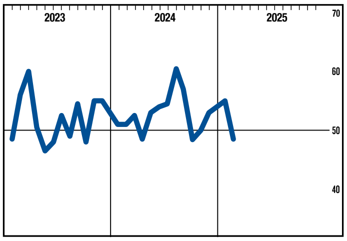
Business Activity



New Orders



Employment



About This Report

The information compiled in this report is for the month of February 2025.

The Hospital PMI® was developed in collaboration with the Association for Health Care Resource & Materials Management (AHRMM), an association for the health care supply chain profession, and a professional membership group of the American Hospital Association (AHA).

The data presented herein is obtained from a survey of hospital supply executives based on information they have collected within their respective organizations. ISM® makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

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