



# Collaborative Procurement Playbook

ARCHER Program

# Purpose of this Short Guide

The [Advancing Resilience in Community Health in Emergency Response](#) (ARCHER) program was launched in 2021 to support the critical response and recovery capacity of community health centers in high-risk regions across the country. This short guide is a product of the ARCHER program with the intent to provide resources and insight into the collaborative procurement process to bolster your facility's supply chain.

Healthcare Ready is a 501(c)(3) focused on healthcare preparedness and response. Healthcare Ready has published several other healthcare supply chain related reports and whitepapers that can be found [here](#).

# Supply Chain During Normal Conditions

During steady-state conditions (periods of non-emergency), the most basic process for the healthcare supply chain flows in such a way:

**Manufacturers → Distributors → Providers → Patients**

**Manufacturers** – research, develop, and produce pharmaceuticals and medical-surgical supplies

**Distributors** – deliver medicines and supplies from manufacturers to providers and healthcare facilities

**Providers** – hospitals, pharmacies, primary care physicians, etc. that prescribe, disburse, and use medicines and supplies on patients

**Patients** – influence the demand of medicines and supplies

Learn more about healthcare supply chain processes during steady-state:

- [Report: Inside the Healthcare Supply Chain](#)
- [Infographic: What is the Healthcare Supply Chain](#)



Download Blog: "[What is the Healthcare Supply Chain?](#)"

# Hazardous Events and their Potential Impacts

During emergency situations, a community health center's (CHC) normal methods of procuring medical supplies might encounter some disruptions due to a variety of notice and no-notice events.

**Notice Events** allow for the ability to plan and forecast needs for the duration of the event. Advance deliveries are available as providers can plan for surge scenarios. Communication plans that were built in advance will be extremely important during these events.

**No-Notice Events** can occur at any point, so your facility's existing staff and supply are all that's available. Surge deliveries may or may not be possible depending upon the scenario – which means that supplies needed may not be readily available.



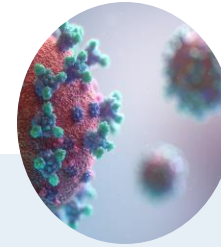
## Natural Disasters (Notice)

- Ability to stockpile / preposition
- Dependence on other sectors



## Natural Disasters (No-Notice)

- Restricted supply / staff
- Transportation



## Disease Outbreak

- Long-term demand
- Demand for minimally available product



## Man-Made Event (No-Notice)

- Secure transport
- Awareness / communication of need



## Large Scale Security Event (Notice)

- Anticipating needed product
- Quickly moving product

*Examples of different notice and no-notice events and their potential impacts.*

# WORKSHEET | Hazard Vulnerability Analysis

## 1. Has your facility completed a risk or hazard-vulnerability analysis (HVA)?

*If you are unsure, ask your facility leadership and/or individual responsible for emergency preparedness. Most facilities are required to complete a risk assessment as part of the CMS Emergency Preparedness Rule.*

## 2. What types of hazards is your health center most at risk for?

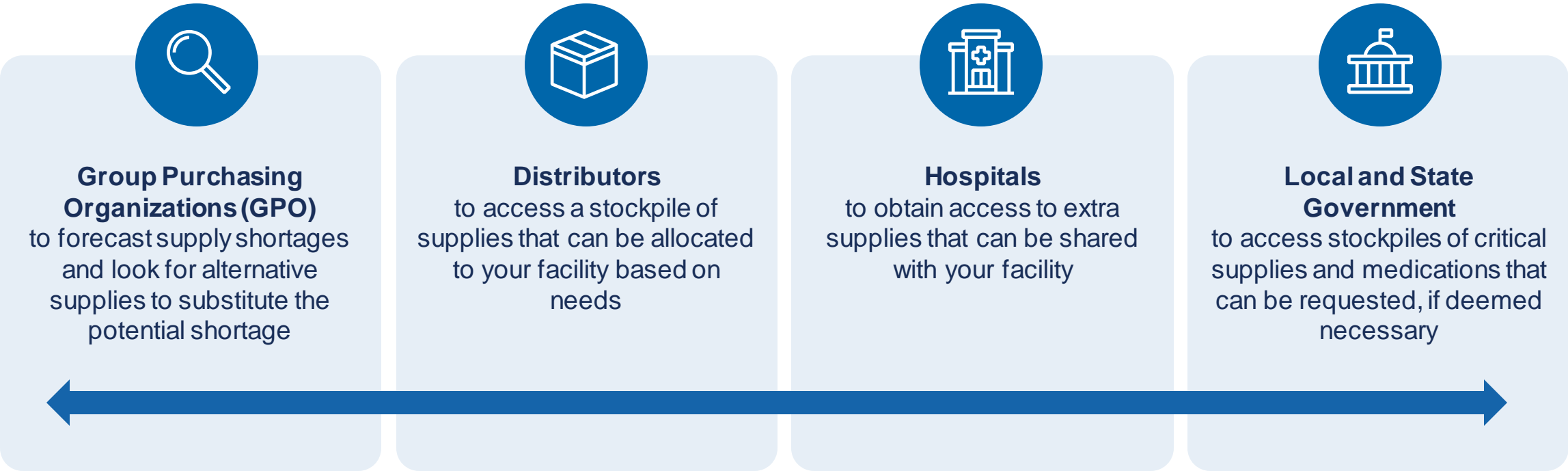
*If you/your organization have not completed a formal hazard assessment, use the following tools to assess your facility's top hazards.*

- [Community Disaster Resilience Tool – Natural Hazards Tab](#)
- [ASPR TRACIE HVA Topic Collection](#)
- Coming soon – [ASPR Risk Identification and Site Criticality Toolkit](#)

# Supply Chain During Emergency Situations

**Notice** and **no-notice** events can cause disruptions at different points along the healthcare supply chain, which can affect how health facilities go about procuring medical supplies.

**Example:** If a manufacturing plant's operations are impacted, leading to a slow-down or complete production shutdown, then health facilities could rely on:

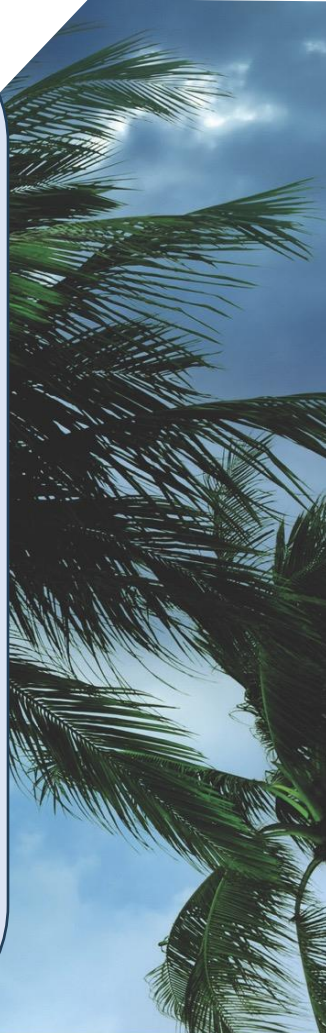




# Supply Chain Disruption Examples

If a major hurricane ('notice' event) is expected to make landfall and impact the supply chain, then your health facility could rely on:

- **Distributors** and **GPOs** to forecast the potential supply chain disruptions and alert your facility ahead of time
- Additionally, if necessary, see if **distributors** will deliver supplies ahead of time to ensure that your facility has enough supplies
- Engage **local partners** such as hospitals, public health departments, schools, and/or businesses to assist in replenishing ensuring your facility can store extra supplies



If a natural disaster (such as flooding) impacts the delivery of necessary medical supplies, then your health facility could rely on:

- Pre-established Access / Reentry agreements with **local or state government** to mitigate closure of roads
- Establishing agreements with **other clinics/health centers** for transferring patients
- Support from **non-governmental entities** to help gain a common understanding time to when infrastructure (roads) will be restored (example: visit [Rxopen.org](https://www.Rxopen.org) to view the operating status of pharmacies in disaster areas)



# Hub and Spoke Procurement

Hub and spoke procurement refers to . . .

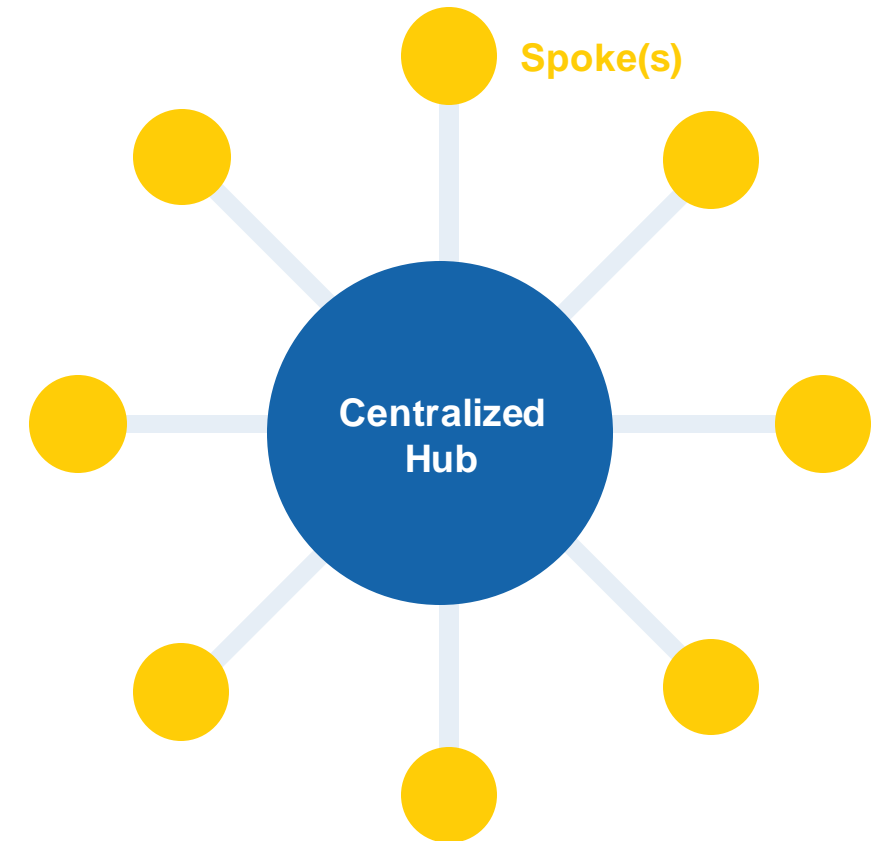
- a distribution method where everything originates or has been sent to a central “hub” for distribution. Product is subsequently distributed to smaller locations called “spokes”.

A hub and spoke procurement model is designed to . . .

- alleviate acquisition and storage of medical products, especially during emergency situations. Allowing a centralized hub to manage purchasing, storage, and/or distribution of products can be advantageous for facilities lacking in a dedicated supply chain specialist.

Centralized hubs have the benefit of ...

- Cost savings achieved through greater purchasing power
- Can alleviate backend supply chain challenges, allowing staff to focus on what matters – delivering care to patients.





# Case Scenario #1 – Supplier Diversification during COVID-19

**Scenario:** In 2022, community health center “La Familia”\* regularly procured most medical supplies from one of the major medical-surgical distributors, Distributor A. However, just before the COVID-19 pandemic, they had to purchase all their surgical masks from another major distributor, Distributor B, because they wanted to standardize the masks across medical and dental.

**Disruptive Event:** Once cases of COVID-19 started to surge and supplies became scarce, many distributors began to allocate supplies, like surgical masks, based on clients’ previous order history – with Distributor A being one of them. But because La Familia had been ordering surgical masks from only Distributor B before the COVID-19 pandemic, they were not able to procure supplies from regular supplier, Distributor A.

**Outcome:** La Familia ended up establishing an account with another major medical-surgical distributor, Distributor C, whom they now rely on to be their back-up supplier if they can’t acquire supplies from Distributor A. They also acquired warehousing space to house extra critical supplies in the event of a surge scenario and they need extra supplies on hand.

**Effect:** La Familia diversified their supplier base from just Distributor A, to Distributor B and Distributor C, and developed innovative ways to keep more supplies available on-hand.

\*Fictitious name used within this description of a real scenario

# Case Scenario #1 – Hub and Spoke Application

Diversifying your supplier base can ensure your facility's supply chain is more resilient in the event of an emergency situation. Working with a Hub and other CHCs as spokes can help do this.

- **Tip:** Having a backup supplier is necessary to ensuring a resilient supply chain. When one supplier can't deliver products, you can rely on the other to supplement those supplies. This is incredibly important during surge scenarios where your facility might need more supplies on hand over an extended period of time and your normal order rates won't be enough. However, your supplier might be allocating a certain number of supplies and you need extra.
- **Tip:** Additionally, if your facility has the funds to stockpile critical supplies, that will also bolster your supply chain if suppliers are unable to deliver product to your facility. However, understanding that most CHCs don't have the amplest amount of funding; working with a Hub – like a GPO or distributor – that does have warehousing space might be a great alternative.

# Distributor Hub

## Who Are They

Healthcare distributors are considered the backbone to the medical supply chain. In order to bring efficiency and cost savings to the supply chain, healthcare facilities rely on distributors to source product from manufacturers in large quantities.

Distributors are commonly categorized in one of two ways: medical surgical versus pharmaceutical. In the US, distributors are responsible for selling 92% of all prescription drugs, which makes them experts in delivering products to where they are needed. This is due to the existing distribution channels that have been long-standing and reliable throughout down times as well as emergency situations.

## How They Operate During Steady State

These distributors purchase products from manufacturers in bulk and from there, they store and distribute products. The ability for distributors to purchase products at such a large scale is essential to the supply chain because many hospitals and community health centers do not have the resources to manage the logistics of purchasing at such a grand scale. The distributors can provide ample storage, product rotation, and analytics to support customers' needs.

## How They Operate During Emergency Situations

During emergency situations, such as natural disasters or public health emergencies, distributors will often provide inventory consultation to their customers, gauging their needs and allowing them to place advance orders to prepare for the event. Products may need to be redirected, or surges in demand may exceed expectations. For many reasons, distributors will be in close communication with manufacturers. Additionally, distributors will increase product inventory in warehouses and onsite at customer facilities, when possible. Distributors will work with local emergency management as well as law enforcement to identify navigable routes for delivery vehicles and potentially alternative delivery sites to ensure products are getting to where they need to go. The reason why distributors are so effective is because these existing distribution channels have already been set up and used for quite a while. Public health (ESF-8) typically receives information about supply needs from a facility, and mainly engages with distributors after healthcare facilities report an expected lag in availability of a needed product.

# Distributor Hub Cont...

## **Existing Relationships and External Partnerships**

Healthcare distributors already work with many CHCs across the US and their partnership was essential to health centers during the COVID-19 pandemic response.

Healthcare distributors already have a strong foothold in the medical supply chain. They have existing distribution channels in many regions across the US that have been long-standing and reliable. The partnership between distributors and their customers have been built on the trust that products will be delivered to the providers when needed.

## **Inventory Management**

Distributors purchase medical-surgical supplies, medical devices, and pharmaceuticals in bulk and deliver those products to CHCs. Additionally, they can store and stockpile products at a more cost-effective rate than a healthcare facility or CHC could.

During emergency situations, distributors will often provide inventory consultation to their customers allowing them to better prepare for an event.

## **Supply Chain Visibility**

Because distributors have such a strong foothold in the supply chain as well as close relationships with manufacturers, they are able to provide visibility into the supply chain and forecast potential constraints around products which can help CHCs better prepare for shortages.

# Distributor Hub Cont...

## Examples of Major Healthcare Distributors:

- **Medical-Surgical**

- Henry Schein
- McKesson
- Cardinal Health
- 3M
- Owens and Minor
- Grainger
- Medline
- Thermo Fisher

- **Pharmaceutical**

- AmerisourceBergen
- Cardinal Health
- McKesson
- Morris & Dickson

The companies listed are commonly known as the major healthcare distributors. However, it is not an exhaustive list. Other medical-surgical or pharmaceutical distributors may exist.

# Group Purchasing Organization (GPO) Hub

## Who Are They

Group Purchasing Organizations (GPOs) is an entity that's membership consists of healthcare providers. Their main function is to pool together the purchasing power of those hospitals and health systems to negotiate lower prices with suppliers, manufacturers, and distributors. They do this by building a relationship between their health systems and suppliers and ensuring that both ends benefit while emphasizing patient care. Additionally, GPOs aim to make purchasing more efficient as healthcare organizations can centrally manage purchasing and standardize products used throughout the organization.

## How They Operate During Steady State

GPOs aggregate purchasing volume and use that leverage to negotiate discounts with manufacturers, distributors and other suppliers. Because GPOs have such close ties with distributors and manufacturers, they can provide insight on critical materials and products in the healthcare supply chain space and can forecast possible shortages to healthcare providers.

An administrative fee is how a GPO earns a profit. When supplying goods to their member hospitals, GPOs will charge an "administrative" fee of up to 3.0% of all sales volume to the suppliers for whom they have negotiated a deal. These fees do not influence the final price. They're used to pay for the GPO's daily operations.

## How They Operate During Emergency Situations

GPOs won't necessarily have a response function of their own however they are in constant communication at the facility level and with distributors, so they are able to relay needs, potential disruptions, and other critical response tasks to ensure that their members get the supplies they need.



# Group Purchasing Organization (GPO) Hub Cont...

## Healthcare GPOs:

- Vizient
- Premier
- HealthTrust PG
- Children's Hospital Association
- HPS
- MMCAP
- Provista
- TPC

Some areas may have GPOs that specialize in supplying CHCs, like Commonwealth Purchasing Group which supports CHCs in Massachusetts.

The companies listed above are commonly known as the major healthcare group purchasing organizations. However, it is not an exhaustive list as there might be other GPOs not mentioned.

# Health Care Coalition (HCC) Hub

## **Who Are They**

[Health care coalitions](#) (HCCs) are groups of local health care and responder organizations that work together on challenges and find solutions that improve emergency preparedness and the health and safety of their communities. HCCs serve as multiagency coordinating groups that support and integrate with [ESF-8](#) activities in jurisdictional incident command systems.

## **How They Operate During Steady State**

HCCs aim to bring together healthcare organizations to work together to respond and coordinate efforts before, during, and after emergencies. HCCs collaborate with a variety of stakeholders to ensure the community has the necessary medical equipment and supplies, real-time information, communication systems, and trained and exercised personnel to respond to an emergency.

## **How They Operate During Emergency Situations**

HCCs are primarily viewed as planning organizations with responsibilities such as regional emergency plan development, regional budget development and sustainability, incident response coordination at the regional level, regional training, etc. HCCs are a great resource to help your community health center prepare for emergency situations.

# Hospital Hub

## **Who Are They**

There are thousands of hospitals across the US – short-term acute care, critical access, psychiatric, etc. [Hospitals](#) are facilities with basic services and personnel—usually medicine and surgical departments—that provide clinical and other services for specific diseases and ailments, as well as emergency care.

## **How They Operate During Steady State**

Hospitals during steady state will focus on their own patient pool and won't have much impact on your facility's operations. However, it is important that during steady state, your facility is creating a relationship with hospitals nearby as they can be good partners to have during emergency situations.

## **How They Operate During Emergency Situations**

Some hospitals and health systems are large and well funded, so they can house more staff and product. Depending on where the hospital is in location to where your facility is, a hospital might be able to donate or lend out medical equipment or personnel to assist during an emergency.

# Local/State Government Hub

## **Who Are They**

[State health departments](#) have a wide range of responsibilities, including policy development, resource stewardship, legal compliance, partner engagement, continuous improvement, and oversight. Local health departments are structured in a variety of ways, but all derive their authority from the state. Their roles, responsibilities, and scope depend largely on state policy.

## **How They Operate During Steady State**

Aside from writing and enacting different policies, engaging with partners to improve operability, and oversight, they are not very active in the sense of sending supplies to providers. They are meant to serve as a backstop or safety net.

## **How They Operate During Emergency Situations**

Each state and local health department operate differently across the country, but the main function is that during an emergency situation – your facility would be able to request supplies from them if all other supply avenues are disrupted.

# Case Scenario #2 – Partnership

**Scenario:** La Familia (from Case Scenario #1) also requested supplies from their state's Department of Health as well as HHS' Health Resources & Services Administration (HRSA). While supplies might be limited because those entities are also supplying other healthcare providers; they are still a great back up source for any critical supplies that might be needed.

Ensuring that your facility has relationships with all external partners (such as suppliers, first responders, community-based organizations, local/state public health, and others) can help bolster your supply chain during emergency situations.

Hubs (and other spokes) can serve as another partner with connections to possible sources of emergency supplies.

# Hazard Vulnerability Analysis Worksheet

What types of Hubs make sense for your health center from a geographical standpoint?

Are there nearby hospitals, schools, larger health clinics, etc.?

What Hubs (or Hub-like entities) does your center *already* leverage?

Tools to help identify potential nearby Hubs

- [Community Disaster Resilience Tool](#) – Healthcare Infrastructure Tab
- [HCC list for select states](#)



# Additional Response and Preparedness Resources

## [Disaster Available Supplies in Hospitals \(DASH\) Tool](#)

- Disaster Available Supplies in Hospitals (DASH) is an interactive tool that can help hospital emergency planners and supply chain staff estimate supplies that may need to be immediately available during various mass casualty incidents (MCI) and infectious disease emergencies based on hospital characteristics.

## [Community Disaster Resilience Tool \(CDRT\)](#)

- A map-based interactive tool created by Healthcare Ready to help local officials, emergency managers, community leaders, and researchers better understand the nuanced risks their communities face due to overlapping vulnerabilities, healthcare infrastructure, and exposure to hazards. By highlighting the intersectionality of these statistics, the tool provides a picture of how public health issues can be exacerbated by natural disasters, and which counties are most at risk.

## [Healthcare Ready Resource Center](#)

- Healthcare Ready's resource center contains a section that is tailored specifically for health centers. Those resources include webinars, tip sheets, one-pagers, and more.



# Stay Connected with Healthcare Ready

Response-related questions or assistance:  
[Alerts@healthcareready.org](mailto:Alerts@healthcareready.org)

General outreach to Healthcare Ready:  
[ContactUs@healthcareready.org](mailto:ContactUs@healthcareready.org)

Hotline:  
1-866-247-2694

COVID-19 Emergency Page:  
[Healthcareready.org/covid19](https://Healthcareready.org/covid19)

Sign up for Healthcare Ready's regular Situation Report:  
[Healthcareready.org/contact-us](https://Healthcareready.org/contact-us)