
Breach of Supply Chains: Assessing the Impact of the Port Strike on Healthcare



As of October 1, 2024, a port strike led by the International Longshoremen's Association (ILA) has created significant disruption across the United States, particularly affecting the healthcare sector. With approximately 45,000 port workers halting operations at major East and Gulf Coast ports, industries relying on international imports face unprecedented challenges. The healthcare sector, heavily dependent on the timely delivery of medical supplies, equipment, and pharmaceuticals, is especially vulnerable.

Stakes of the Strike

The current strike has brought major ports to a standstill, threatening supply chains across various sectors. Healthcare, in particular, faces the challenge of securing critical medical supplies needed for patient care, surgical operations, and overall healthcare delivery. If the strike persists, healthcare facilities may grapple with shortages that can affect their ability to provide quality care.

Each day of port inactivity compounds the risk of a supply backlog, which could take weeks to resolve. For healthcare organisations, this means a significant lag in obtaining essential items, such as pharmaceuticals, medical devices, and custom packs containing sterilised surgical components. These delays can disrupt surgical schedules, impact patient outcomes, and strain an already fragile supply chain. The strike exposes immediate vulnerabilities and amplifies the risks inherent in healthcare's reliance on timely imports.

Strategies to Mitigate Supply Chain Disruptions

Faced with this uncertainty, healthcare organisations are employing multiple strategies to manage potential disruptions:

- 1. Identifying Safe Substitutes.** One primary strategy is to identify alternative supplies that can replace unavailable items without compromising patient care. Main performance indicators help ensure replacements maintain quality and safety standards, providing a framework for decision-making. Outsourcing expertise from third-party providers can also offer comprehensive visibility into available substitutes, making the selection process more informed.
- 2. Increasing On-Hand Inventory.** Many organisations are increasing their inventory levels to approximately six weeks' worth of supplies to offset potential shortages. This requires a careful balance between maintaining sufficient stock and avoiding financial strain. It is crucial to understand the "burn-down rate," or the speed at which supplies are used, to determine optimal stock levels. Additionally, while helpful, bulk purchasing must be weighed against budgetary constraints and storage capacity.
- 3. Supplier Strategies and Rerouting.** Some suppliers are exploring options to reroute shipments through West Coast ports. However, this solution comes with its own challenges. West Coast ports may face capacity issues as they absorb the increased cargo volume, leading to further delays. Moreover, the cost implications of rerouting shipments could increase transportation expenses and complicate overall supply chain budgeting. As a result, while rerouting is an option, it has its complexities.

Exploring Alternative Transportation and Conservation

Beyond these immediate strategies, healthcare organisations are also considering alternative transportation options and conservation measures to manage supply chain disruptions effectively.

Airfreight as an Alternative. For urgent shipments, airfreight is a viable option. It expedites deliveries, bypassing the congested ports. However, the high airfreight cost and its limited scalability make it less suitable for large volumes or long-term disruptions. Effective use of airfreight requires strategic planning, prioritising critical items, and coordinating closely with carriers to manage logistics and costs.

Conservation Strategies and Utilisation Reviews . Many healthcare providers are implementing conservation strategies to extend the life of existing inventories. Organisations can ensure supplies are used efficiently by reviewing clinical practices and engaging physicians in discussions about alternative products. Conducting utilisation reviews allows healthcare facilities to maximise resources, minimise waste, and ensure that supplies are conserved effectively without compromising care quality.

Building Supply Chain Resilience. The port strike underscores the need for a resilient healthcare supply chain. Previous disruptions, such as those experienced during the COVID-19 pandemic, have already highlighted the fragility of global supply chains. With the ongoing port strike adding additional pressure, organisations must develop comprehensive risk analyses and contingency plans.

Conducting Risk Analyses. Healthcare providers are drafting heat maps to identify high-volume suppliers serviced by affected ports. Understanding which suppliers are most vulnerable allows organisations to prioritise response strategies and allocate resources effectively. This proactive approach ensures that supply shortages are managed in real time and that contingency measures are in place to address any emerging issues.

Strengthening Supply Chain Partnerships. Building strong relationships with distributors and suppliers is crucial for maintaining transparency and securing timely inventory. Organisations are working closely with distributors to receive updates on stock availability and anticipate potential shortages. Such partnerships are essential in developing coordinated strategies to navigate current disruptions and to prepare for future challenges.

The ILA strike has created significant uncertainty across industries, with healthcare being one of the most impacted sectors. Proactive measures such as identifying safe substitutes, increasing on-hand inventory, and exploring alternative transportation are essential for healthcare organisations to maintain continuity in their supply chains. Additionally, fostering strong partnerships with suppliers and implementing conservation strategies will help manage existing resources effectively. The resilience of supply chains will depend not only on society's actions today but also on the collective ability to adapt and respond to future disruptions.

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Published on : Mon, 7 Oct 2024