

# **BUILDING MEDTECH SUPPLY CHAIN RESILIENCE**



**AdvaMed**  
Advanced Medical Technology Association

# Six Priorities for Building Medtech Supply Chain Resilience

## ABOUT ADVAMED

AdvaMed, the Medtech Association, is the largest association representing medical technology innovators and manufacturers. Our 450 members operate all over the United States and the world. Members range from the smallest start-ups to the largest companies offering lifesaving, life-enhancing technology in every healthcare setting. As the world emerges from the pandemic yet continues to face unprecedented healthcare challenges, AdvaMed resolves to support a more resilient healthcare system through policy development and improved supply chain operations. These efforts include enhancing supply chain resilience through coordination with government and industry to prioritize healthcare products, engaging in public-private partnerships, a fast pass to facilitate transportation, and workforce strengthening.

## PRIORITIES AT A GLANCE

- Immediate and Long-term Prioritization
- Supporting Greater Diversification
- Fast Pass to Facilitate Transportation
- Public-Private Partnerships
- U.S. Government Coordination
- Workforce Strengthening

## INTRODUCTION

The COVID-19 pandemic and resulting supply chain challenges have presented a unique opportunity for AdvaMed to reflect on key factors that impact and support supply chain resilience for the medtech industry. While there is no single solution to enhance supply chain resilience, AdvaMed has identified several priority areas and pathways to emerge stronger and strengthen future resilience.

Critically, medtech supply chain resilience requires a holistic approach involving all stakeholders – from governments to manufacturers and suppliers – in a supportive policy environment that reflects the unique needs and vital importance of medtech during both a crisis and steady state. In this paper, we outline policies and approaches that, taken together, will not only support medtech’s ability to be agile and responsive in a health emergency, disaster or other crisis, but will also stabilize and strengthen its position as a globally competitive industry driven by innovation to address patient needs.

The common thread throughout our recommendations is **prioritization** – while medtech has limited purchasing power relative to other manufacturing sectors, the role these technologies play in every aspect of patient care demands prioritization by suppliers and governments alike. Whether medtech manufacturers are vying for limited raw materials, parts and components, transport space or shipping lanes, the medtech ecosystem, and healthcare products writ large, must be prioritized due to their direct linkage to patient outcomes and resilient healthcare systems.

## IMMEDIATE AND LONG-TERM PRIORITIZATION



The leading medtech supply chain challenge over the past three years has been procuring sufficient quantities of the raw materials, parts and components used to manufacture, assemble, sterilize, and deliver medtech. The industry has identified semiconductors and medical grade packaging among the most needed materials among those facing supply chain constraints, yet our industry also requires sufficient quantities of plastics, polymers, resins, and paper that go into the manufacture of medtech.

Also on our watch list of critical inputs and processes are commercial sterilization capacity, helium, and silica-based products, plus critical minerals and metals such as lithium, titanium, cobalt, and steel. We continue to urge suppliers and federal partners to actively and urgently work to ensure that medtech has sufficient quantities of these and other critical raw materials, parts and inputs necessary to deliver lifesaving medtech.

On semiconductors, we urge the government to allocate sufficient investments to support the manufacture of the mature chip technologies vital to medtech. Additionally, it is critical the U.S. align all government policies related to the commercial sterilization of medtech to preserve and ensure adequate domestic capacity. Moving forward, as the U.S. government maps supply chain vulnerabilities, identifies gaps and develops policies to support industrial base expansion for these and other critical materials, we urge the government to ensure that medtech needs are given priority and reflected in the overall policy framework.

## SUPPORTING GREATER DIVERSIFICATION

The medtech industry has a robust domestic manufacturing footprint in the U.S. that supports hundreds of thousands of jobs. Like most advanced manufacturing sectors, medtech supply chains are global and incredibly complex. The last three years have underscored the importance of maintaining global, diversified supply chains to enable a consistent response to external stressors, whether they be natural disasters, health emergencies, or supplier disruptions.



To support these diversified supply chains, the U.S. must increase its coordination with partners and allies to enhance trade in areas that support our supply chain resilience. This cooperation includes stepping up work to reduce trade barriers, such as regulatory misalignment, that impede the flow of goods and materials. Global cooperation on medtech supply chains focused on diversifying sources for and investing in vulnerable inputs, reducing barriers to the flow of goods, and strengthening public-private partnerships can enhance resiliency and agility and reduce over-reliance on any one market for any aspect of manufacturing or supply.

## FAST PASS TO FACILITATE TRANSPORTATION

Transport disruptions, exacerbated by labor shortages; COVID-19 outbreaks; and weather events during the last three years have significantly delayed and impeded the movement of critical medical products around the globe, disrupting the pandemic response and everyday patient care. While U.S. port authorities, terminal operators and trucking operations have ad hoc tools and mechanisms to single out and expedite the transport of medical supplies and equipment, more needs to be done at the national and international level to formalize a “fast pass” or “green lane” for critical medical products.



An agile supply chain is critical to supply chain resiliency and reliability. Part of the global sourcing strategy should include the creation of a “fast pass” process with the U.S. FDA and Customs and Border Protection to expedite medical supplies (e.g., components, materials and/or finished goods) throughout the nation’s transportation system through an identification and priority handling process at the ports of entry.

## PUBLIC-PRIVATE PARTNERSHIPS

Over the past three years, public-private partnerships have been critical to support the pandemic response and address supply chain challenges that hampered the delivery of patient care. These partnerships have enhanced visibility across the health and public health supply chains to better identify bottlenecks and formulate solutions to support patients. Institutionalizing these partnerships, even during a steady state, is critical to maintaining trust between the government and the private sector and to ensure the medtech industry is well positioned to quickly mobilize in any crisis.



Finally, fostering public-private partnerships such as those under the Critical Infrastructure Partnership Advisory Council and the Joint Resilient Supply Chain Working Group that operate in real time ensure that there is a steady exchange of information on policies and mechanisms necessary to support future supply chain resilience. These kinds of discussions increase the likelihood that policy solutions reflect the business realities and regulatory constraints for medtech companies.

## SUPPLY CHAIN COORDINATION OFFICE

AdvaMed supports the creation of a Supply Chain Resilience Office within the Department of Commerce that would work with stakeholders to identify upstream needs of critical sectors, direct domestic investments, and engage partners and allies to address vulnerabilities to prevent disruptions. As various offices and agencies across the U.S. government undertake new initiatives in support of supply chain resilience (i.e., critical supply chain mapping, industrial base expansion/investment, and global partnerships), it is imperative to have a central office with a bird's eye view of U.S. industrial capabilities, the needs and challenges of critical sectors, and that serves as a coordinator and convener to advance policies that support supply chain resilience.

Additionally, this office should coordinate across the interagency to ensure individual agencies do not implement policies that contradict the mission of ensuring a robust and resilient domestic supply chain of critical products, including medtech. As we continue to collaborate with global allies and partners on the importance of secure, resilient and diverse supply chains, this office should focus on shifting the debate from supply chain mandates to incentives, infrastructure and global regulatory harmonization to face the challenges of our complex supply chains and maintain focus on the priorities to improve resilience and agility.



## WORKFORCE



As with most sectors, medtech supply chains have been impacted by the dramatic labor shortages and worker retention challenges. Workforce issues at various nodes of transport, warehouses, and with key suppliers have exacerbated some of the challenges outlined above as companies struggle to deliver lifesaving technologies when they are needed. Downstream, our customers, hospitals and clinics and the patients they serve are impacted by the alarming rate of workforce attrition in healthcare as we emerge from the pandemic.

There is a need to advance education and inspiration to empower a new generation of manufacturers in the U.S., including the utilization of public-private partnerships in collaboration with academia. Some examples include federal, state, and local apprenticeships and on-the-job and incumbent worker training programs to develop a pathway for students and adult workers to enter the healthcare industry.