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**VHA Inc. Survey on Avian Flu Shows Some Hospitals Would Exhaust Supplies in Two Weeks
*Money and Storage Space Prevent Hospitals from Building Inventory Levels***

Irving, Texas (March 16, 2006) - As fears about an avian flu pandemic rise globally, the question is: Are hospitals ready for the flood of patients this disease could generate? A February survey of U.S. hospitals indicates that while many have disaster plans in place, they may exhaust their inventory of critical supplies within a couple of weeks. Supply chain experts at VHA Inc. also believe that interruptions in Asian manufacturing centers due to avian flu could severely impact replenishment options here.

VHA, the national health alliance, surveyed 267 hospital leaders, including chief nursing officers, infection control personnel and emergency department directors, from member hospitals across the country to find out whether they are prepared for a major avian flu epidemic. Nearly two-thirds (62 percent) of the 267 respondents said their hospital has a disaster plan in place. However, when asked if they were prepared for this type of health crisis, 60 percent of respondents said, "No."

"An avian flu pandemic would place a heavy burden on hospitals from a supply and a staffing perspective," said Lillie Gelinis, R.N., M.S.N., vice president and chief nursing officer of VHA. "In an era of just-in-time inventory planning, hospitals often do not have large storehouses full of supplies. Under normal conditions this makes good business sense, but during a time of crisis it doesn't allow hospitals to access essential supplies when they are critically needed."

Survey respondents identified the following items as the most needed during an avian flu outbreak:

- Anti-viral Medications
- Masks
- Gloves
- Gowns
- IV Supplies

Hospitals typically have about a 7-day supply of these items. Nearly 90 percent (86 percent) of respondents said their inventory would last 16 days or less, with 59 percent saying

they had a 7-day supply of these products on hand. Twenty-eight percent of those surveyed said they have an 8- to 16-day supply and only 6 percent said they had enough of these supplies to last more than 30 days. However, the survey reported that 60 percent of the hospitals surveyed are not planning to change inventory levels in the face of a possible avian flu pandemic.

After viewing the results of this survey, VHA polled 20 of its largest members, and found that, on average, the larger health systems had about a 4-week supply of the key medical products.

The U.S. Department of Health and Human Services recommends that hospitals consider stockpiling enough consumable resources, such as masks and gloves, to last the duration of a pandemic wave, approximately six to eight weeks. It also recommends that hospitals do the following:

- Anticipate the need for supplies and determine trigger points for ordering extra resources
- Estimate the need for respiratory care equipment (including mechanical ventilators), and develop a strategy for acquiring additional equipment, if needed
- Anticipate their need for antibiotics and determine how supplies can be maintained during a pandemic.

Larry Dooley, vice president at Novation, VHA's supply contracting company, believes the likelihood of an avian flu pandemic in the U.S. is remote, but hospitals need to plan for this possibility. He believes U.S. hospitals are more likely to be impacted by an avian flu outbreak overseas before an outbreak actually occurs in the U.S.

"All of the supplies highlighted as necessary are made in places like China, Singapore and Malaysia. These are potential hotspots for avian flu and are more likely to see a pandemic first," Dooley said. "An outbreak there would impact manufacturing and transportation capabilities in those countries, which ultimately would impact U.S. hospitals' ability to take care of patients."

Dooley, who is an expert on medical supply distribution issues, said that most of the country's large medical distributors have an estimated 20 to 30-day cushion of key medical surgical supplies. However, he acknowledges that there appears to be a gap between the supplies that the nation would need and the supplies represented by distributors' stockpiles and hospitals' average inventory levels.

“We’re not recommending that hospitals rush to stockpile medical supplies. That would place an undue stress on the supply chain and drive up prices for products,” said Dooley.

“Instead, hospitals need to take a critical look at their inventory levels.”

Dooley also recommends that hospitals need to:

- Determine whether they need to slowly begin making changes to prepare for the impact of avian flu or some other pandemic
- Communicate their needs to their supply distribution partners
- Network with other hospitals in their community or region
- Develop a contingency plan for how they might share supplies or move supplies within a region on a rolling basis

Dooley concluded, “If we’re hit by avian flu, and it spreads slowly, region by region, there might be enough flexibility in the supply chain to withstand that scenario.”

VHA is in the business of helping hospitals with supply chain management and helping them establish networks with other hospitals so they can develop solutions to common operational and clinical challenges. Through VHA’s health care contracting services company, Novation, hospital members can obtain discounts on medical supplies. Novation has contracts for nearly every major medical product, medical device, drug or piece of capital equipment that hospitals can purchase.

To learn more about how VHA helps hospitals nationwide save money through its clinical improvement and operational improvement programs, visit www.vha.com.

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About VHA

VHA Inc., based in Irving, Texas, is a national alliance that provides industry-leading supply chain management services and supports the formation of regional and national networks to help members improve their clinical and economic performance. With 18 offices across the U.S., VHA has a track record of proven results in serving more than 2,800 health care organizations nationwide.