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'Fast-Pass' Would Move Cargo Carrying Medical Supplies To The Front Of The Line At US Ports

Pandemic has revealed the need for more domestic production of essential goods

by [Brian Bossetta](#)

The Health Industry Distributors Association is working with other trade groups and stakeholders to push medical devices and supplies through the US transportation system. The global pandemic has laid bare the vulnerabilities of the country's supply chain.

As the US rolls into the holiday season, the bottleneck of cargo containers at the nation's ports is not helping to make spirits bright. And while toys, trees, and every type of consumer good under the sun pile up, the main concern is for essentials, such as medical devices and supplies.

Expediting these vital supplies is the chief focus of the Health Industry Distributors Association (HIDA), which represents companies that operate medical distribution centers across the US.

HIDA, along with medtech lobbying group AdvaMed and the International Safety Equipment Association (ISEA), is working with port administrations, lawmakers and other stakeholders to find ways of getting medical supplies and equipment off ships and onto the trucks and rails that will deliver them into the hands of providers and patients in short order.

In a 29 October [letter](#) to the Department of Transportation, HIDA expressed its support for a "critical cargo program" that prioritizes medical supplies for the duration of the pandemic as well as future health emergencies.

Unprecedented transportation delays have severely limited reliable and timely movement of

medical products, which has done more than cause migraines across the supply chain but revealed its fragility during a crisis. These delays have severely hamstrung health care providers responding to COVID-19 and have impacted the delivery of health care across the board.

“The continuity of health care and the delivery of health care is important and something where disruptions could be a matter of life and death.” – Abby Pratt

Linda Rouse O’Neill, VP of supply chain policy at HIDA, said she’s never encountered a problem like this. “Transportation has become a health care issue,” O’Neill said. “In my 11 years at HIDA and more than 25 years developing health care policy, we’ve never seen a transportation issue of this magnitude.”

Perfect Storm

The bottleneck of supplies stretching from docks to ships anchored offshore didn’t build up overnight and wasn’t caused by just one factor. Multiple variables collided into a perfect storm, says Abby Pratt, senior VP of global strategies at AdvaMed and chair of the trade group’s supply chain task force.

As Pratt explained to *Medtech Insight*, in the early days of the pandemic everything shut down, including the movement of most products, such as home goods and cars. At the same time, however, there were massive amounts of personal protective equipment (PPE) being shipped around the world. But then as the pandemic continued and the realization set in that it was not going to be a short-term event and people would be constrained by lockdowns and working from home for extended periods, purchasing patterns shifted from services to goods as consumers began buying items in unprecedented quantities, such as home gym equipment, home office supplies and home decor.

“Basically, Americans were buying a lot of stuff,” Pratt said. “So we had a lot coming in, but not a lot going out, so it all started to build up.”

There were other disrupting events that worsened matters, such as the Suez Canal crisis last March when a grounded container ship blocked traffic for six days in one of the world’s busiest and most important trading routes, as well as some major fires of cargo ships at sea. These events would have been disruptive in normal times, Pratt said, but on top of COVID-19 outbreaks, the pipeline was simply overwhelmed.

Fast Pass

But whether another pandemic or a natural disaster, HIDA favors a “fast pass” system as part of its critical cargo strategy that would streamline global transportation of medical products. A medical products supply chain expert at HIDA told *Medtech Insight* that the idea behind a fast pass is to flag containers carrying medical cargo to ensure they get processed ahead of nonessential shipments – “similar to a ‘Disney pass’ that puts you in front of the line.”

HIDA’s fast-pass concept covers the entire supply chain – rail, truck and small parcel carriers – and aims to align transportation operations to support health care during public emergencies.

“The availability of personal protective equipment for health care workers depends on an efficient supply chain.” – Charles Johnson

Implementing a fast-pass concept or any other measure to solve the problem is not easy, however. Pratt said addressing the nation’s supply chain woes is tricky and requires working across all sectors, public and private.

“It’s a lot of hard work because we need to do it port by port, terminal operator by terminal operator. They all have their own proprietary systems,” she said. “But the good news is that they recognize that the continuity of health care and the delivery of health care is important and something where disruptions could be a matter of life and death.”

Long Beach And Los Angeles

But before any plans can be put in place to prevent future supply chain stoppages, the immediate concern is unclogging the current backlog at US ports, especially in Long Beach and Los Angeles, which account for 40% of freight entering the country, and are the main arteries of goods and supplies from Asia.

In October, the two ports announced a “container dwell fee” aimed at providing incentives to expedite shipment containers. The fee is a temporary policy that slaps containers with a \$100 fee after nine days for containers moving by truck and six for those by rail. The fee increases by \$100 for each day the container sits at the terminal.

Gene Seroka, executive director of the Port of Los Angeles, said the policy resulted in “significant progress” in clearing containers from the terminals. According to a [statement](#) from the twin ports, there has been a 37% combined reduction in cargo on the docks since goods started piling

up.

In November, the policy was halted until 6 December as the directors of both ports said they would continue to monitor data to determine whether to reimplement the fee. The ports have decided to continue the pause on the fee until 13 December, said Chris Berry, video and technology officer at the Port of Long Beach.

Government Action

Financial incentives to move the cargo through are not the only steps that have been taken to alleviate the stress on the supply chain. President Joe Biden [announced](#) in October that the ports of Los Angeles and Long Beach would be expanding operations around the clock to speed up the pace. Many retailers, shippers, and other points along the supply chain continuum also extended their logistical operations beyond normal hours, Biden said.

ISEA welcomed these moves and said it had been stressing to the White House, Congress, the Federal Maritime Commission and other agencies the importance of prioritizing cargo carrying PPE and other supplies vital to fighting the pandemic.

“The availability of personal protective equipment for health care workers depends on an efficient supply chain,” ISEA president Charles Johnson said. “We have said before that preparedness is an ongoing, dynamic process that relies on a resilient supply chain and a readiness posture predicated on both public-sector and private-sector cooperation, coordination and accountability.”

Made In The USA

The traffic jam of ships waiting to unload their goods has also highlighted the vulnerability of America’s supply chain and how dependent it is on overseas manufacturers. For many, the answer is more US-based manufacturing. The bipartisan Infrastructure Investment and Jobs Act, which became law in November, includes a “Make PPE in America Provision.”

More recently, a group of bipartisan lawmakers introduced legislation in both houses of the US Congress – The National Manufacturing Extension Partnership (MEP) Supply Chain Database Act, which would create a national database to streamline the country’s supply chain. (Also see [“Bipartisan Bill Seeks To Address US Supply Chain Issues, Prevent Further Crises”](#) - Medtech Insight, 2 Dec, 2021.)

But as dependence on overseas manufactures for PPE created shortages at the beginning of the crisis, many domestic manufacturers stepped in to fill the void.

Bullard, for instance, a Kentucky-based manufacturer of PPE, developed its SALUS HC, a powered air purifying respirator (PAPR), in response to the pandemic and tailored its design specifically

for health care workers.

“You're having health systems and GPOs buy PPE manufactured in the states so that they never run dry the way they did in middle and end of 2020.” – John Kalafut

Bullard’s director of sales John Kalafut and supply chain manager Rob Conway spoke to *Medtech Insight* about how the supply chain crisis has impacted Bullard and the company’s response.

Kalafut said the current state of the supply chain has shown that the system of lean manufacturing – only having goods on hand that are needed in the short term with no excess inventory – is collapsing. Running lean operations, Kalafut added, leaves little margin for error, especially in times of crisis. “When that volatility hit, it was a huge disruption,” he said.

Or as Conway put it: “When you have a spike in orders or even a hiccup in the supply chain, you don’t have any reserves to fall back on because you are running a lean environment.”

Adding to the difficulty of keeping the supply chain running smoothly during a crisis, Kalafut noted, is having resources such as raw materials and vendors companies rely on so far away. “It’s hard to recover from that,” he said.

HIDA supports boosting domestic production to avoid this dilemma. According to a [statement](#) on sourcing of supplies, the trade group wants the US to adopt a policy to diversify manufacturing and sourcing of materials. “Leveraging the strengths of each manufacturing location will result in the highest level of supply chain resilience at the lowest overall cost.”

According to Kalafut, however, a lot of manufacturers and stakeholders are already moving in this direction. “What we have seen specifically in the health care space is everybody pulling back and saying, ‘I need my supply chain to be closer to where I am’ – and you’re having health systems and GPOs buy PPE manufactured in the states so that they never run dry the way they did in middle and end of 2020,” he said.

But getting goods across oceans wasn’t the only challenge, according to Conway. Domestic issues, such as COVID-19 protocols and natural disasters, put further strain on an already fragile ecosystem.

“At the height of the pandemic, we had companies shut down and also had states shut down,” Conway said. “So that was very difficult, because the supply chain was actually bled dry.”

Then, as the country gradually reopened, the backlog created as everyone came back online was so enormous that demand outpaced supply, Conway said.

As the pandemic has progressed, however, the supply and demand calculus has shifted. In early 2020, every type of PPE – N95 masks, face shields, gloves, and more – was in short supply, Kalafut said. But now it’s anything that requires an electronic component, such as Bullard’s PAPRs.

“We increased our production in our PAPRs from 30 a week to producing 750 a week.” – Rob Conway

Part of HIDA’s strategy is for government to tap into the expertise of domestic companies, such as Bullard, that have established experience in health care production. “Companies selected to receive government support to onshore production must have an extensive track record of meeting FDA quality standards for medical grade product,” HIDA says.

Conway echoed this sentiment, saying that while he agreed with President Biden invoking the Defense Production Act, much of the supply chain, he noted, was rerouted to larger suppliers, such as auto makers that pivoted from cars to making PPE, as opposed to manufacturers like Bullard that has been producing PPE for more than a century. (Also see “[Ford Races To The Rescue: US Auto Maker Partners With GE, 3M To Make Ventilators, Respirators During COVID-19 Crisis](#)” - Medtech Insight, 24 Mar, 2020.)

“We increased our production in our PAPRs from 30 a week to producing 750 a week,” he said. “But then as soon as the Defense Production Act was implemented, the supply chain got rerouted to other manufacturers that we thought maybe were not the experts in the field.”

Conway said Bullard is being proactive and not waiting for legislation or time to correct the scales, such as redesigning its PAPR to use 26% less components. And of the total components that go into the respirator device, 90% are domestically sourced. These components are also “dual-sourced,” so if one supplier is unable to provide Bullard with what it needs, they have another on deck.

“We have strategic agreements with our suppliers to warehouse anywhere from six months to a year's worth of inventory here in the US just to support our demand in 2022, plus any spikes that we may see from our customers,” Conway said.

And while Kalafut and Conway see progress, there's a long way to go. But however, or whenever, the current crisis with the US supply chain clears up, Kalafut said it's important to look ahead because there will inevitably be future glitches. And some, he noted, such as a scarcity of computer chips, could be quite significant.

In fact, AdvaMed and Deloitte Consulting recently published a [study](#) on the global microchip shortage and how it's becoming a major issue for medtech companies. As Pratt pointed out, devices from ultrasounds and MRIs to ventilators, to diagnostic equipment to pacemakers, all depend on the chips. “We are very reliant on the chips market,” she said. “Everyone's feeling the impact of the chip shortage.”

Emphasizing this, Kalafut pointed to a manufacturer responsible for 60% of the world's microprocessor chips, which is based in Taiwan, a country experiencing a 50-year drought. This is relevant because manufacturing microprocessors requires enormous amounts of water.

“So if the drought gets worse, that will shut them down and they will not get the water needed to make microprocessors for more than half the world,” he said.

Why is that worrisome? Well, as Kalafut noted, automotive manufacturing accounts for about 10% of all microprocessor needs. The other 90%? “Everything else.”