Expanded Sourcing and Increased Resources

PPE Sourcing
Increased Vetting Process
HIDA procedures

Frequently Asked Questions (FAQ)
Vetting Offers For PPE From Unknown Sources

Advanced Logistics Management

SERVING THE HEALTHCARE COMMUNITY SINCE 1817

With personal protective equipment (PPE) in short supply, hundreds of offers from unknown sources are filling inboxes across the supply chain. Following is a guide to determining if an offer is from a legitimate source who can deliver.

What are the risks associated with using an unfamiliar PPE source?
The primary risks are losing money, not getting what you ordered, and wasting staff time. Providers report having received incorrect product, poor quality items, or counterfeits.

These offers sound too good to be true. What are others in the industry experiencing?
Too often the experience with these sellers ends in a waste of staff time with no product to show for it. Healthcare organizations are finding that after due diligence is performed, these companies do not have the product or the quantities offered. The *Wall Street Journal* reports that FEMA has had similar experience. After vetting 1,000 of these offers, only a handful had something they could purchase. See article here.

What can I do to minimize these risks?
The best way to minimize risk is to use known vendors. If considering an unfamiliar source, do basic due diligence such as getting references, checking web sites, getting a sample, and asking for photo evidence of the inventory. Payment required in advance can be a red flag; consider an escrow account to protect yourself. Organizations will have to use a considerable amount of judgment if the supplier claims the goods are not yet produced.

How can I vet PPE offers from sources I don't know?
Here are several resources that can help:
- Office of Inspector General Exclusions Program identifies federally excluded organizations and individuals
- System for Award Management tracks whether an organization is able to do business with the federal government
- FDA Establishment Registration & Device Listing is a searchable database of 510(k) clearances
- Counterfeit Respirators/Misrepresentation of NIOSH Approval resource page describes how to spot counterfeit product
- Better Business Bureau Scam Tracker[SM] tracks potential scams and includes a keyword search to narrow results

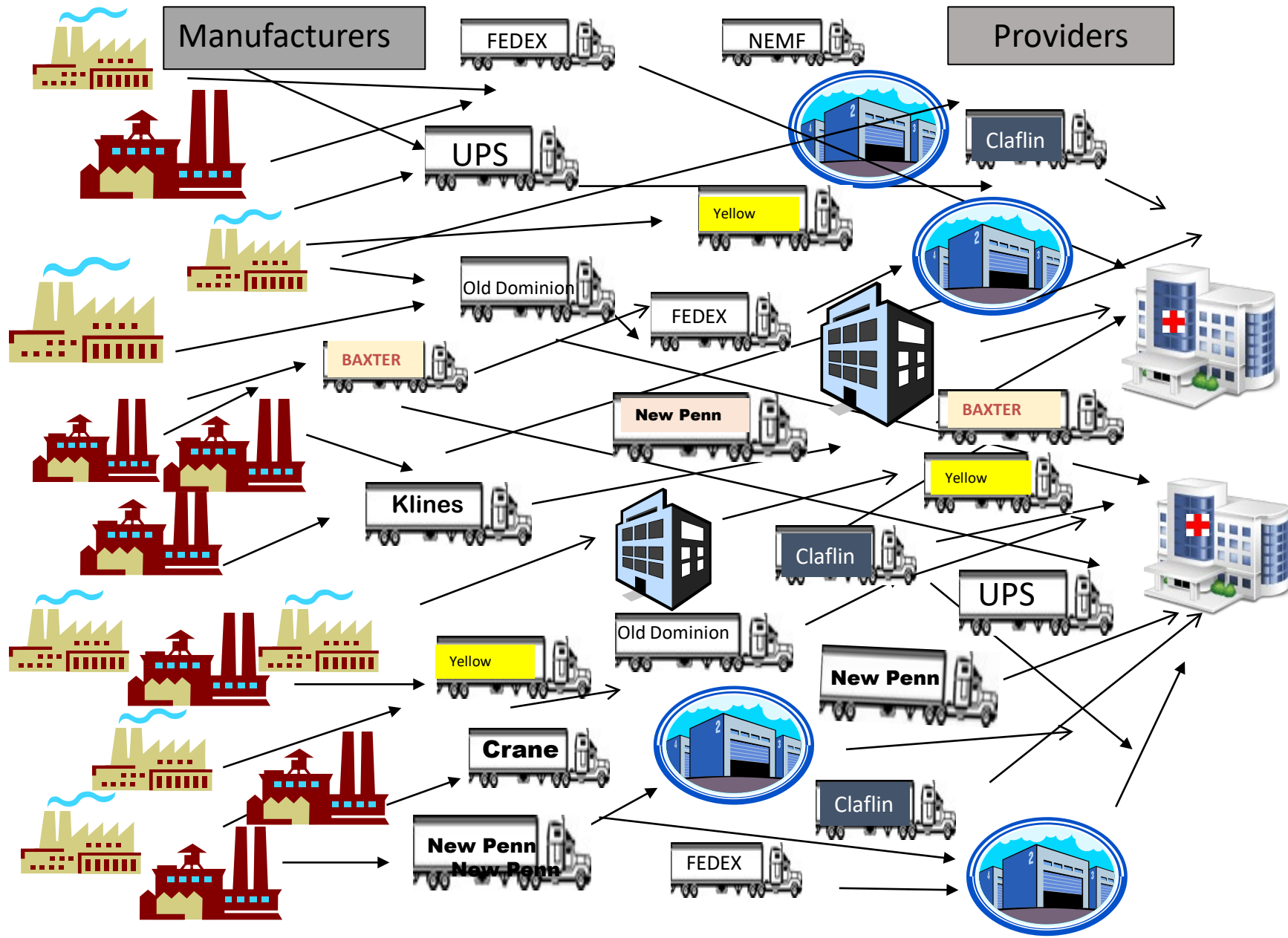**What should a legitimate seller be able to provide?**
- Company's W-9 and/or business license
- Financial snapshot, including a recent income statement
- Proof of 510(k) clearance
- Product cut sheets
- Current inventory levels and locations

What is the difference between brokers and distributors?
Brokers facilitate deals between sellers and buyers. For example, a broker might find an overseas source of N95 respirators and solicit bids from potential purchasers. Brokers do not take ownership of products, are focused on individual transactions, and usually do not have long-term relationships with healthcare product sellers or buyers. *Distributors* typically serve as a single source through which providers can buy PPE and other medical products critical to everyday operations. Distributors generally take ownership of the products they sell, offer a range of logistics services, and usually have long-term business relationships with their provider customers.

What risks are associated with a brokered transaction?
This transaction type is ripe for price gouging, especially in times of high demand. Brokered deals force buyers to bid against buyers, pushing prices up and driving goods to the highest bidder without consideration to where product is most needed. *Forbes* reports that smaller buyers are often pitted against foreign governments. See article here. Additionally, because a broker never accepts title to products, industry acceptable transportation controls are not guaranteed. This creates an increased risk for shipments being lost or damaged in transit.

Manufacturers

FEDEX

NEMF

Providers

UPS

Claflin

Yellow

Old Dominion

FEDEX

BAXTER

New Penn

BAXTER

Klines

Yellow

Claflin

UPS

Old Dominion

New Penn

Yellow

Crane

New Penn

Claflin

New Penn
New Penn

FEDEX

Pandemic and Disaster Preparedness

Pandemic supply storage
Logistics management
Inventory management
Segregated and secure space
Real time reporting
Constant communication