

Methodology and projection accuracy for supply chain pricing forecasts

Vizient price projections represent our best estimate of expected market price movement during the forecast period. Because market conditions can shift quickly and forecasting inherently involves uncertainty, the projections are intended to support budget planning and should be used as a benchmark, not as a guarantee of realized cost changes.

Supply chain medical devices, capital equipment, and indirect spend and purchased services

- **Projection scope and data sources:** Projections are for purchases occurring between Jan. 1, 2027, and Dec. 31, 2027. Supply chain inflation projections are developed using a combination of internal and external data sources, including analyses of client purchasing trends, Vizient supplier agreement data, Vizient contract spend data, insights from Vizient spend management subject matter experts, and publicly available third-party resources.
- **Categories included in analysis:** Projections include medical devices and supplies, capital and imaging equipment, and indirect spend and purchased services. Overall price change projections are calculated by weighting category-level projections based on spend data sourced from Supply Analytics, Purchased Services Analytics, and Vizient contract spend data.
- **Pricing approach in analysis:** Initial projections for product, equipment, and services categories are informed by Vizient subject matter expertise and supported by external economic indicators and forecasting resources, including the Producer Price Index (PPI), Congressional Budget Office projections, U.S. Department of Agriculture data, U.S. Energy Information Administration data, the Survey of Professional Forecasters, and a range of economic and raw material data sources.
- **Projection limitations:** The inflation projections reflect estimated changes in the market price of specific products and services relative to prior periods. They're intended to measure anticipated pricing movement only. They don't account for changes in utilization, consumption patterns, product substitution, technology upgrades, service-level modifications, or shifts in purchasing behavior.
- **Budget planning considerations:** Actual organizational spend may vary materially based on changes in demand, product mix, clinical practice, sourcing strategies, contract terms, and operational requirements. Health systems should use these projections as a planning benchmark and pair them with local utilization, contract performance, service line growth, capital plans, and operational needs when developing budgets.

Assessing projection accuracy: How close were our previous forecasts?

Vizient evaluates historical supply chain projections against relevant PPI measures to assess directional accuracy and inform future forecasting. Prior projections have generally anticipated continued inflation across major supply chain categories, though the magnitude of actual inflation has varied by year and category.

Supply chain projection accuracy compared with weighted PPI measures

Report date	Projection period	Projected price increase	Actual price increase
Summer 2022	Jan. 1–Dec. 31, 2023	4.2%	2.7%
Summer 2023	Jan. 1–Dec. 31, 2024	2.9%	2.4%
Summer 2024	Jan. 1–Dec. 31, 2025	2.4%	3.3%

The most recent complete validation period is the summer 2024 projection for calendar year 2025. For that period, Vizient projected an overall supply chain price increase of 2.4%, compared with a 3.3% increase in the weighted PPI measure for medical and indirect spend.

This variance reflects the uncertainty of long-range forecasting and the effect of market developments that occurred after projections are developed. In 2025, tariff actions created additional inflationary pressure, particularly for product-based categories, contributing to higher-than-projected PPI movement in several areas.

Because PPI measures broad market price movement and doesn't directly reflect individual provider purchase experience, health systems should continue to monitor market developments, tariff activity, supplier actions, and category-level cost drivers throughout the budget cycle.

Disclaimer: These estimates are subject to change based on future market conditions and many factors that influence pricing. Category data is compiled from primary and secondary sources that Vizient believes to be accurate to the best of its knowledge at the time of publication.

Price forecasts are provided for general planning purposes only. Budgeting also should consider changes in volume, product mix, new technology, products, and services. Use of this information is at the user's sole risk. This information is presented "as is" and without any warranty or guarantee, expressed or implied, as to completeness, accuracy, or future performance.

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