



# Care, Interrupted

The True Cost of Traditional Distribution





## Background

Betty is the Director of Nursing for a high-volume surgical center. Like many in her role, she wears multiple hats: managing staff, overseeing patient care, and ensuring day-to-day operations run smoothly. But over time, one responsibility began taking over more and more of her bandwidth — product acquisition.

What seemed like a standard part of operations — placing orders and ensuring supplies arrived on time, was, in reality, a growing burden. Navigating Group Purchasing Organization (GPO) policies, negotiating with the primary wholesaler, chasing stockouts, and monitoring pricing shifts consumed more and more of Betty's time.

So, she did something remarkable: she created an internal cost algorithm to track the true cost of her current distribution model. What she found shocked her leadership team and validated a growing concern across independent facilities — the traditional channel wasn't just inefficient. It was costing more than they realized.

“Patient care was no longer her focus, bureaucracy was.”

# The Problem:

## Hidden Costs Behind the Contracted Price

Betty's experience reflects a nationwide crisis. In 2024 alone, U.S. hospitals spent over **20 million hours** and nearly **\$900 million** managing drug shortages – more than double the cost reported in 2019. These shortages forced **74%** of hospitals to exceed their pharmacy budgets, adding stress to already overstretched care environments. Shortages don't just affect operations and bottom lines, they affect patients. Nationally, **41%** of outpatient infusions and **32%** of planned procedures were delayed or disrupted due to unavailable medications.

20 Million hours & \$900 Million spent managing drug shortages in 2024\*

Traditional distribution models appear competitive on paper, particularly for facilities using GPOs. Base contract pricing is often lower and locked in — but this comes with strings attached. Betty's analysis revealed several key contributors to rising costs that were hiding in plain sight:

### Wasted Staff Time:

The hours Betty and her team spent sourcing products, dealing with backorders, managing the GPO relationship, and placing multiple orders each week added up. When measured against nursing wages, the costs were substantial, and patient care was suffering as a result.

### Operational Disruptions:

Shortages meant rescheduled surgeries, canceled procedures, lost patient referrals, and reputational damages, all of which impacted revenue and long-term viability.

### Sole-Sourcing Risks:

Many GPO contracts restrict the ability of wholesalers to purchase from alternate sources, exacerbating product shortages. For critical medications like propofol, Betty's center was frequently left without options when disruptions hit.

### Administrative Burden:

Minimum order requirements, rebate chasing, loss leaders, binding contracts, and unclear fees created a bloated and bureaucratic system that made adaptation difficult.

“What looked like cost savings in theory was, in practice, a slow bleed.”

\*Source: Vizient, Inc. (2025). *Beyond the shortage: The hidden cost of drug supply chain disruptions.*



## The Shift: Exploring a More Adaptive Model

Betty's algorithm led her to reconsider her sourcing strategy. She began piloting a relationship with ProPharma Distribution — not as a complete replacement for her existing wholesaler, but as a strategic complement.

“Betty didn't replace her wholesaler, she supplemented it strategically, and the results were immediate.”

ProPharma Distribution's model was different:



### **Market-Responsive Pricing:**

ProPharma Distribution sources directly from manufacturers, authorized distributors, and legitimate open market channels. With no loss leaders or hidden pricing tactics, the monthly and quarterly aggregate costs were not just competitive, they were often lower when factoring in operational efficiency.



### **No Binding Contracts:**

ProPharma Distribution doesn't lock customers into rigid pricing structures. This flexibility allows surgical centers to adapt to shifting market realities in real time.



### **Dedicated Support for Busy Teams:**

Every ProPharma Distribution client is paired with a dedicated Client Partner – a single point of contact for all product needs. With proactive check-ins and flexible ordering (e-com, phone, text, email), your team spends less time chasing support and more time focused on patient care.



### **Primary Access with Expanded Options:**

Through its nationwide network of wholesalers and its virtual GPO of 2,000+ surgical facilities, ProPharma Distribution provides greater product access and pricing leverage, without the restrictive nature of a traditional GPO.



### **Backorder Management Division:**

ProPharma Distribution is unique in offering a strategic backorder division that monitors manufacturing and wholesaler shortages across the country. Betty and her team received early warnings, giving them the chance to purchase or prepare for shortages before they impacted operations.



“Every ProPharma Distribution partner receives a dedicated client partner and proactive communication — no waiting on customer service queues.”



# The Outcome: Time Back, Cost Down, Care Up

Betty's pilot with ProPharma Distribution yielded clear results:

## **Time Savings:**

The administrative burden of acquisition dropped significantly. With a reliable point of contact and fewer sourcing headaches, Betty was able to shift her attention back to staff leadership and patient care.

## **Cost Transparency and Control:**

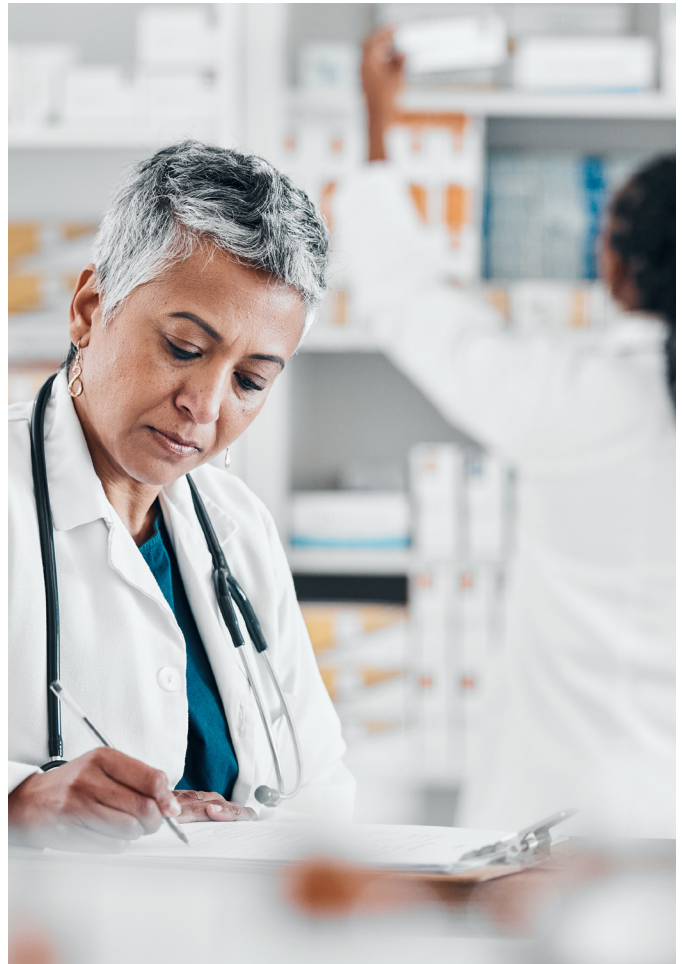
By removing the hidden costs of staff inefficiency and unnecessary layers of contract negotiation, her facility saw a measurable decrease in total spend over the quarter.

## **Operational Stability:**

With earlier visibility into market shortages and a reliable backup source for high-demand items, her team experienced fewer disruptions and canceled cases.

## **Staff Morale and Patient Care:**

With more time to focus on their core responsibilities, Betty's staff was more engaged, and patient satisfaction scores began to climb.



“Every hour a nurse spends sourcing product is an hour taken from patient care.”



## Why It Matters

Betty's experience is not unique, but her decision to track the true cost of traditional distribution is a lesson for surgical centers and outpatient facilities everywhere. Nation-wide, drug shortages have more than doubled in impact since 2019, driving up costs and clinical disruption. With **74%** of hospitals over budget and **43%** reporting medication errors tied to shortages, the urgency for flexible, trustworthy distribution is has never been greater.

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74% of hospitals are over budget  
43% reporting medication errors

When you factor in not just product pricing but staff time, backorder fallout, bureaucratic friction, and the risk of counterfeit supplies at inflated prices, the picture becomes clear: the right secondary distribution partner isn't just a supplier, they're a strategic ally in patient care.

Unlike gray-market sources, ProPharma Distribution's direct-from-manufacturer model ensures quality, compliance, and cost control – without surprise markups.

“The right distribution partner isn't just a supplier;  
they're a strategic ally in patient care.”

# Ready to Reclaim Time and Cut Hidden Costs?

Let's talk. Contact your dedicated ProPharma client partner or reach out via phone: 1.877.460.1411 to learn how a patient-first, partner-driven model can transform your facility's operations.

Contact Us

## **No Service Queue:**

Scheduled at your discretion, with no reliance on a customer service queue.

## **A Dedicated Client Partner:**

Giving time back to your staff by handling acquisition complexity.

## **Backorder Management:**

Proactively tracks national shortages, giving clients time to prepare or secure inventory early.

## **No Loss Leaders, No Binding Contracts, No Rebate Chasing:**

Just transparent, market-responsive pricing.

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2000+ surgical centers in ProPharma Distribution's virtual GPO network offers expanded access and leverage.