

Insight Brief

Anticipated Impacts of Recent Tariffs on the U.S. MedTech Industry

How are Hospital and Supply Chain Administrators reacting?

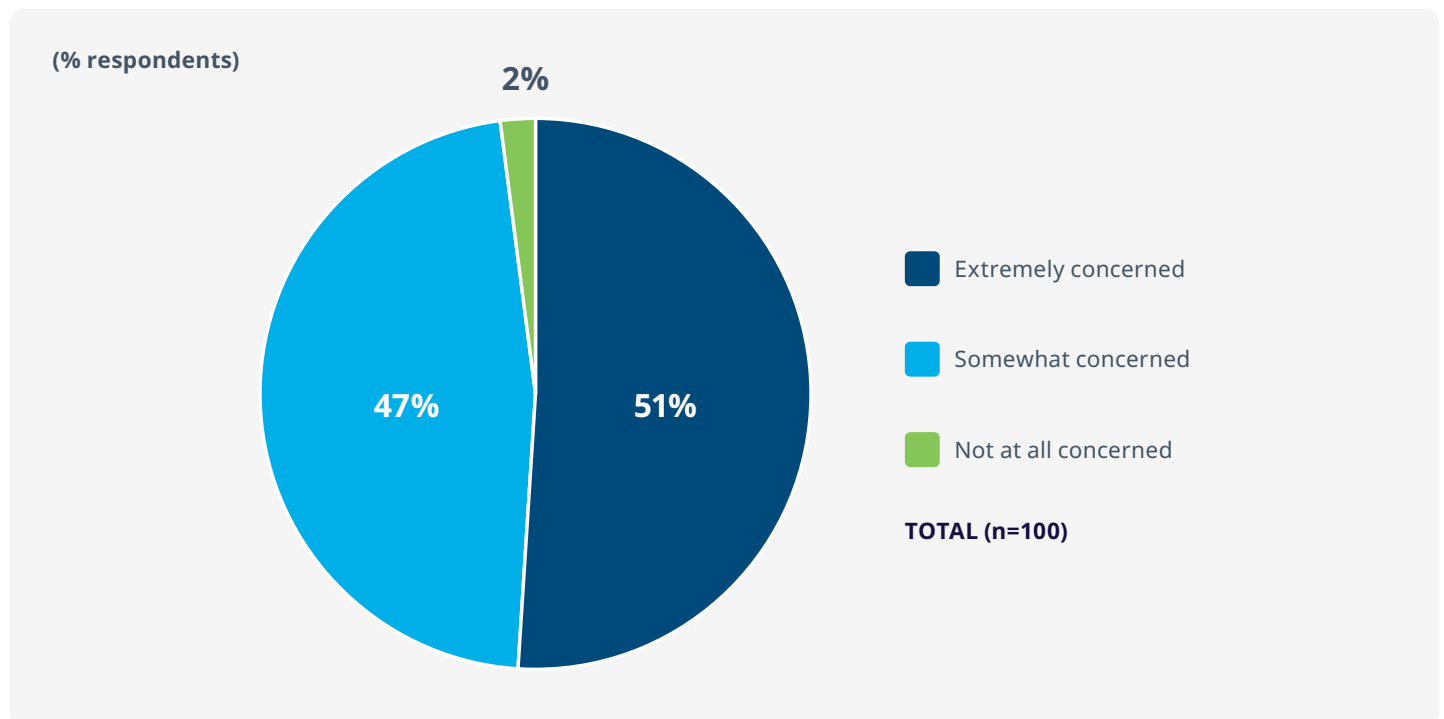


Introduction

Over the past 3 months, U.S. government tariff policy has become a central focus of the global MedTech industry. While the ultimate impact of tariffs is still highly uncertain, investor concern is widespread. IQVIA MedTech was interested in better understanding the specific concerns hospital and supply chain administrators are expecting to encounter with providing healthcare in the face of significant tariffs on imported medical devices. To do so, we surveyed 100 experienced hospital and supply chain administrators to ask what changes they were anticipating, and what they were doing to prepare.

Overall there is a high level of concern among administrators

Overall level of concern

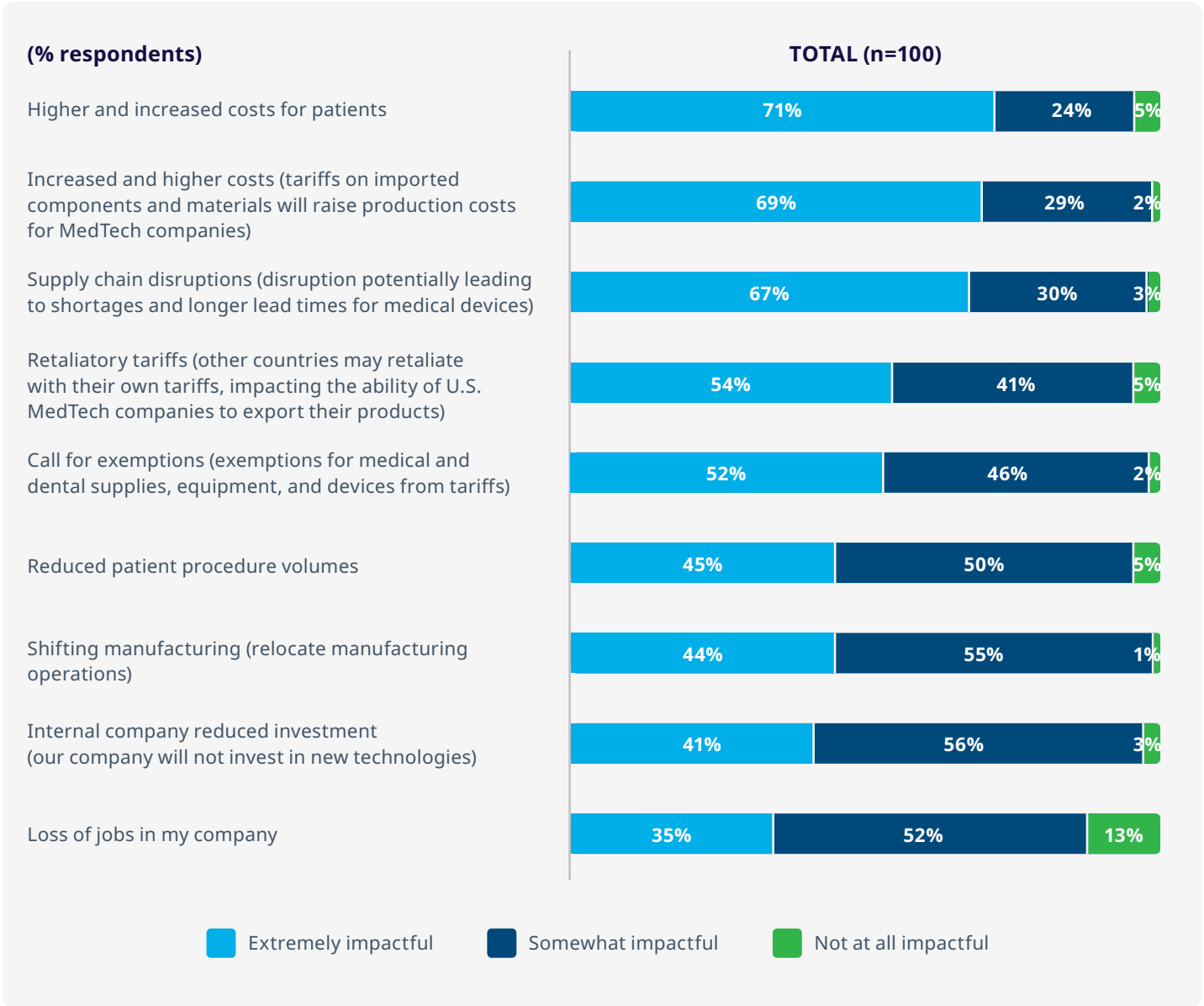


Almost all (98%) of the respondents surveyed are either moderately or extremely concerned over the prospect of tariffs. Rising costs are by far the biggest concern, with 98% of administrators expecting that their supply costs will increase in the short term. A lot of that concern is tied to an expectation that supply chains will be disrupted. Almost all respondents (99%) believe these disruptions will result in shifting of current manufacturing locations, and 87% stated that they believe this disruption will ultimately lead to the loss of jobs.

“Some of our most valuable technological devices are not made in America and our patients desperately need them, so we provide them. We have no choice now but to pay higher prices to save lives.”

– Clinical Administrator

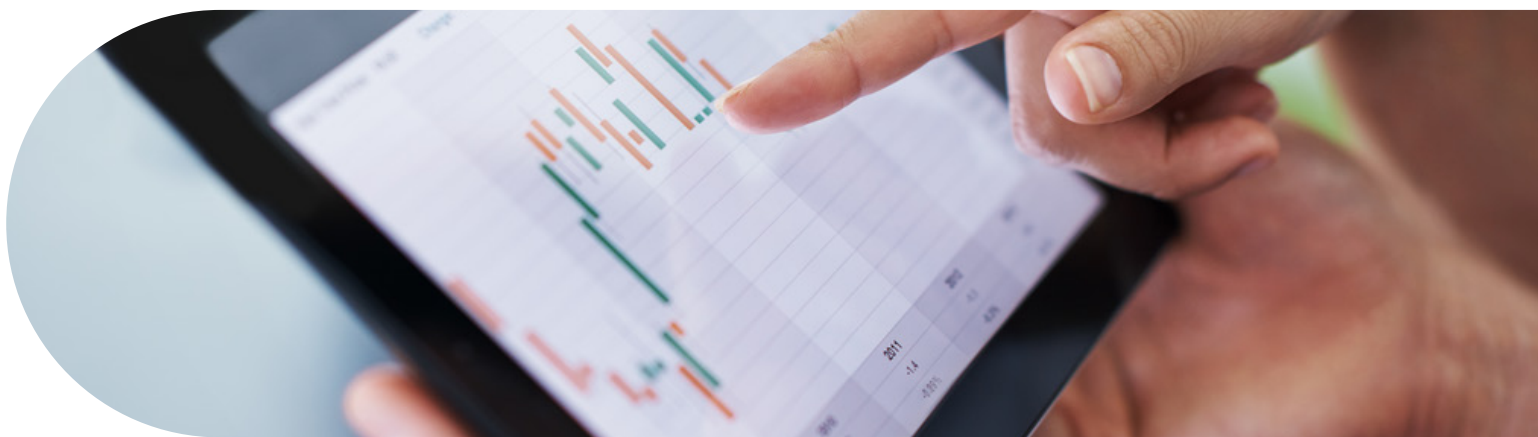
Impact of tariffs



Perhaps more importantly, 95% of administrators believe that tariffs will result in impactful cost increases for patients. But patient cost increases are just the tip of the iceberg; administrators also expect tariffs to directly impact patient care, with 95% reporting that they believe patient procedure volumes may decrease as hospitals run short of the medical devices and equipment necessary to perform those procedures. Another 97% state that tariffs will result in reduced investment at their hospitals.

“Our MRI machines are made overseas and they offer the finest and highest imaging resolution. We do not want to misdiagnose a patient because we have decided to use lower quality equipment that cannot detect their issue.”

— Clinical Administrator



“I have two concerns. First are the price increases for capital equipment and future price increases on disposable supplies. Second, but most important, are disruption in the supply chain with China and the secondary effects of any products they are not shipping to the U.S. The rest of the global market cannot make up for the volume Chinese manufacturing represents in the short-term. Tariffs are potentially causing massive disruption that will impact the market.”

— Purchasing Manager

“Rising supply costs force budget reallocation, limiting investment in staff, technology, and patient care.”

— Clinical Administrator

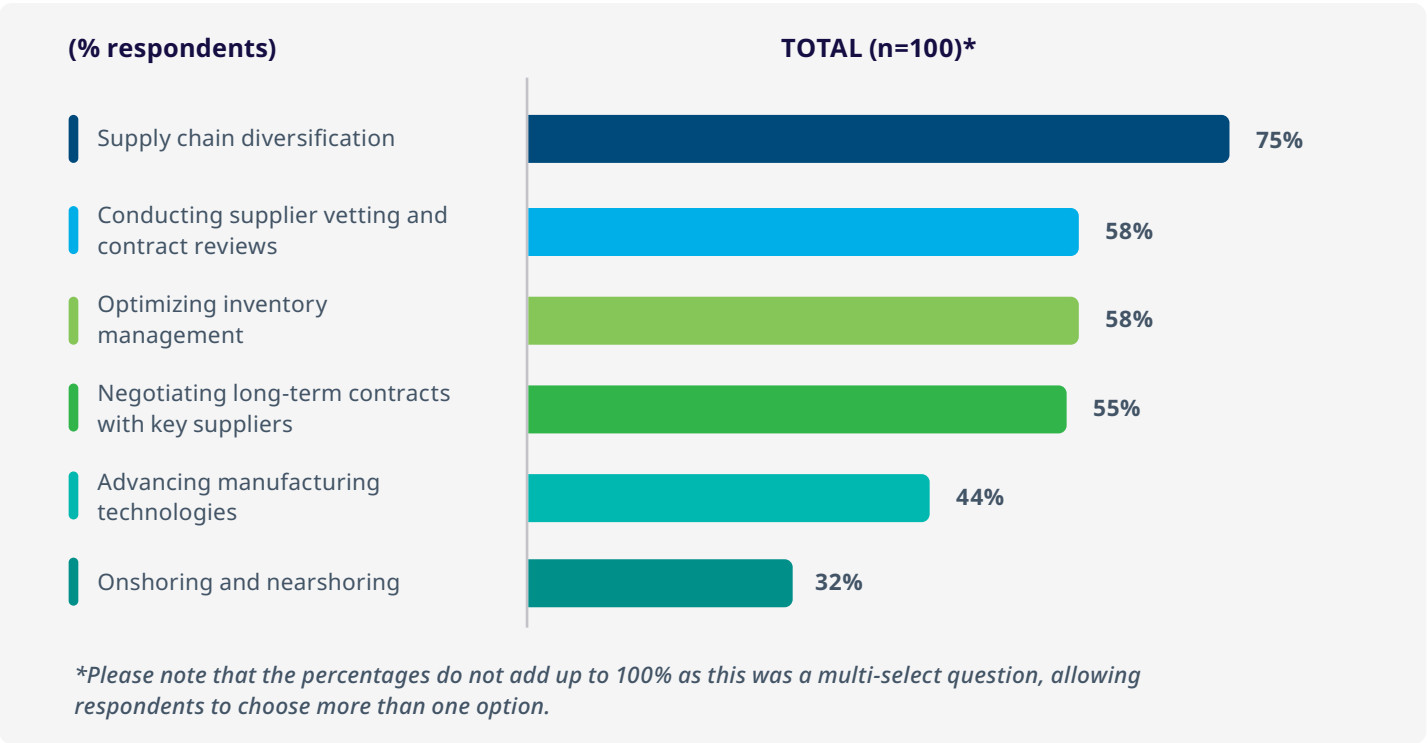
“Adjusting procurement strategies or switching to alternative suppliers due to tariffs can lead to inefficiencies and administrative burdens.”

— Service Line Administrator

Mitigation strategies

To counteract the impacts of tariffs on their hospitals, most commonly, administrators have diversified their supply chain (75%) as a key mitigation strategy to reduce dependency on global suppliers. Over half of respondents (58%) report that they are conducting supplier vetting and contract reviews and (58%) optimizing their inventory management. 55% are negotiating their long-term contracts with key suppliers, while 44% note that they are advancing their manufacturing technologies. Almost a third (32%) are onshoring and nearshoring their manufacturing to reduce their risk.

Mitigation strategies



Is there an upside to the tariffs?

Less than 20% of the administrators interviewed thought there could be benefits to the U.S. tariffs. Those that saw a “silver lining” mentioned:



GROWTH IN DOMESTIC MANUFACTURING



STRENGTHENED DOMESTIC SUPPLY CHAINS



CREATION OF NEW JOBS AND MORE ECONOMIC STABILITY



PROTECTION FROM FOREIGN COMPETITION

“Faster access to essential commodities amid international crises or shortages is guaranteed by a self-sufficient supply chain.”

— Service Line Administrator

“Onshoring more supply and pharmaceutical manufacturing will decrease future risk and enhance supply chain resiliency.”

— Purchasing Manager

“Increased tariffs may strengthen internal supply chains, improving resilience during global disruptions or crises.”

— Laboratory Director

Conclusion and recommendations

While nearly all respondents voiced significant concerns about potential tariffs, the full extent of tariff impact remains uncertain. IQVIA MedTech expects that changes in pricing, volume, or healthcare practices will be visible in real world datasets as the situation evolves. Meanwhile, industry leaders and life sciences manufacturers will benefit from:



CONTINUOUS MONITORING
Ongoing tracking of market events and trends



STRATEGIC PARTNERSHIPS
Building even stronger relationships with dependable suppliers and logistics providers



INVESTMENT IN RESILIENCE
Prioritizing technologies and processes that enhance operational flexibility



POLICY ENGAGEMENT
Engaging with policymakers to seek exemptions and promote regulatory clarity

IQVIA MEDTECH WILL CONTINUE TO TRACK TARIFF DEVELOPMENTS AND PROVIDE UPDATES AS THE SITUATION WARRANTS.

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