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Administration for Strategic Preparedness & Response

Baxter North Cove Facility: Distributor Insights

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Overview. Hurricane Helene made landfall in Florida's Big Bend region on [Thursday, September 26, 2024 as a Category 4 storm](#), causing significant damage stretching at least [800 miles north](#) across the states of Georgia, South Carolina, North Carolina, and Tennessee. The U.S. Department of Health and Human Services has declared a Public Health Emergency for the states of [Florida, Georgia, and North Carolina](#). President Biden has approved major disaster declarations for the states of [Florida, North Carolina, and South Carolina](#) and emergency declarations for the states of [Georgia, Alabama, Tennessee, and Virginia](#). Preliminary estimates suggest that the storm may have caused [\\$145-\\$160 billion in damage](#) due to [widespread damage, extensive evacuations, rescues, and power outages](#) that may take weeks to repair.

Baxter International Inc. reports its North Cove facility in Marion, North Carolina was [affected by severe flooding and is currently closed for production](#). Baxter is working to assess the damage to the facility, and it is unknown when the facility will return to normal operations. In addition to damage to the facility, there is severe damage to the surrounding area including [damage to bridges](#) along US 221 accessing the site. Baxter's North Cove facility is the [largest IV solutions plant in the United States](#) and one of 7 domestic manufacturing locations for Baxter. Baxter's North Cove facility produces [approximately 1.5 million bags of IV solution per day](#) and is estimated to supply 60% of IV solutions domestically. IV solutions are used for medication delivery, fluid replacement, and overall patient care. While they are used in a variety of healthcare settings, [hospitals are the largest consumer](#) of IV solutions. According to [IBISWorld](#), Baxter has the largest (32.4%) market share within the IV solution manufacturing sector, followed by B. Braun Medical Inc. (26%) and ICU Medical Inc. (12.2%). To minimize potential disruptions, [Baxter plans](#) to "implement a protective allocation process by product line to help support supply continuity and equitable product distribution", increase operations at other facilities, and work with global manufacturing partners to reduce supply impact.

Distributor Insights. The SCCT actively monitors supply chains for critical medical supplies, including Saline, Dextrose and Lactated Ringer IV solutions, and can assess impacts and confirm constraint on specific products as this situation continues to unfold. The SCCT is also working with its distributor partners to understand how the shutdown of Baxter's North Cove facility may affect their operations and ability to meet downstream demand for IV solutions (saline, dextrose, lactated ringers), irrigation solution, sterile water, select pharma products such as Brevibloc, and peritoneal dialysis solutions.

Distributors are closely monitoring the situation at Baxter's North Cove facility, maintaining constant communication with the company to address ongoing challenges and minimize supply disruptions. Daily calls with Baxter representatives focus on assessing both the immediate and long-term impacts on the facility and the broader medical supply chain. Before the storm, Baxter implemented its hurricane preparedness plan, evacuating staff and relocating products to safer areas. In the aftermath, remediation efforts have been prioritized, including restoring a damaged bridge and regaining electrical power to expedite recovery.

Baxter has reported a product buffer stored at various U.S. locations outside North Cove, providing a critical supply cushion during the restoration process. Concurrently, Baxter is working to offload dozens of trailers containing thousands of pallets of finished goods, contingent on the repair of the damaged bridge or expedited air transport. Additionally, the company is leveraging its global manufacturing network to ensure continued product availability as it strives to fully restore North Cove operations.



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In the meantime, Baxter has instructed distributors to allocate products at a 50% threshold to manage inventory effectively, and a temporary 48-hour hold has been placed on many items as the situation evolves. Distributors remain vigilant, working closely with Baxter to stabilize the supply chain and minimize disruptions for healthcare providers and patients.

The SCCT has not yet been able to engage with two of its distributor partners at the time of this report.

For questions or concerns regarding this assessment, please contact SCCT@hhs.gov and asprid@hhs.gov. For medical and pharmaceutical industrial base and supply chain questions, please contact ASPR's Center for Industrial Base Management & Supply Chain at IBMSC.SupplyChain@hhs.gov.

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