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Supply Chain's Future Leaders

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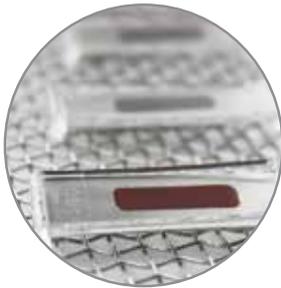
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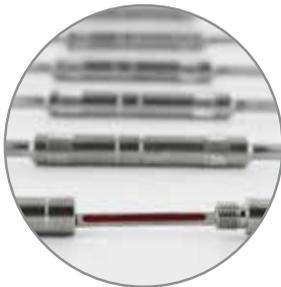
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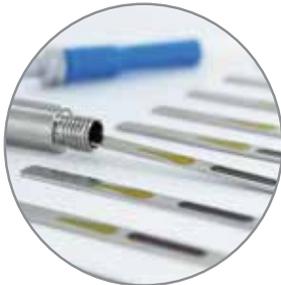
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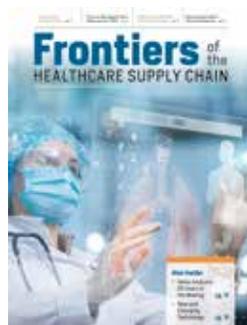
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Channel friction: Is it getting worse?



For over 25 years I've been speaking to supply chain leaders on a daily basis. I've always been curious how large health systems buy products and services, and how they interact with their suppliers. I had hoped the last two years would have brought buyers and sellers closer together. But I'm sensing things are worse than prior to the pandemic, not better.

Prior to COVID, supply interruptions were few and far between. Trust between trade partners was high and the pool of suppliers for a category were well known. Fast forward to March 2022 and supply interruptions are a daily juggling act, buyers don't feel they have transparent insight to vendors' operations and IDNs are buying from organizations they had never heard of prior to the pandemic.

Recently I was speaking to a supply chain leader of a large IDN who was lamenting how one of his major suppliers continues to have supply issues with product being delivered from China. What really frustrated him was that he was not made aware of a delay until just a couple of days before the delivery date. His solution was to insist the sales representative bring an executive in from the operations team. As suppliers continue to pursue an enterprise sales model, it will be imperative to provide IDNs with an operations and logistics relationship from their key suppliers.

Conversely, suppliers are frustrated with access to IDNs. Many reasons make access to IDNs harder than ever, including many from the supply chain teams working remote, and competing priorities like supply and worker shortages. One leader from a Fortune 100 healthcare supplier told me he's struggling to get time on his customers' calendar for quarterly reviews where has millions of dollars of business and calls to discuss new business are next to impossible.

This perfect storm concerns me because I know IDNs can benefit from interacting with suppliers. Suppliers see how hundreds of IDNs do business every day, and they can share lessons learned on a real-time basis. But the days of suppliers steering every interaction towards more market share must stop.

Suppliers that are focused on what IDNs need help with today are the ones that will be rewarded with access. IDNs need solutions for nurse and worker safety and satisfaction, avoiding supply disruptions and any ways to prevent the spread of infection. This is today's common ground.

Now more than ever, open communication between trade partners is needed for ascension out of the lows of the last couple of years. When speaking of the stare down between IDN supply chain leaders and suppliers, one friend often remarks, "Someone has to blink first." I for one think it's high time we get back together and be willing to blink on occasion.

Thanks for reading this issue of *The Journal of Healthcare Contracting*.



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Collaboration for the Win

Yankee Alliance President and CEO Larry Kaufman believes there's more value for healthcare stakeholders in working together than remaining insular.

Larry Kaufman has been president and CEO of Andover, Massachusetts- based Yankee Alliance, a national GPO and certified sponsor of Premier, Inc., for a little over a year, taking the helm last February, after former president and CEO Cathy Spinney retired. He has a demonstrated history of creating patient-focused cultures for serving health systems, most recently as president and CEO of Trivergent Health Alliance MSO in Maryland and 35 years with HCA Healthcare and HealthTrust, the HCA-initiated national GPO.

After more than 20 years running hospitals at the C-suite level for HCA, Kaufman moved into the CEO role for the eastern U.S. for HealthTrust and his responsibilities expanded to non-HCA facilities.



Larry Kaufman

“That gave me exposure to a lot of organizations from Miami to Maine that had their unique challenges,” he said. “And states in between like Georgia that suffered from a large number of critical access facilities closing over the last several years and that was pre-COVID. Just challenges upon challenges, and then COVID hit.”

Trivergent gave him the opportunity to work with a group of hospitals in Maryland to centralize some of their enterprises like supply chain, pharmacy, and laboratory operations. “The idea being that we are better together. That gets more important over time,” Kaufman said. “It was doubly important in Maryland because Maryland is the only state in the U.S. that has a capitated approach to healthcare. That kind of population health focus drew me there.”

Maryland operates the nation's only all-payer hospital rate regulation system. Under a 36-year-old Medicare waiver that exempts Maryland from the Inpatient Prospective Payment System (IPPS) and Outpatient Prospective Payment System (OPPS) and allows the state to set rates for these services, all third parties paid the same rate. CMS and Maryland partnered to modernize the state's unique all-payer rate-setting system for hospital services that aimed to improve patients' health and reduce costs, and updated the waiver to allow Maryland to adopt new policies that reduced per capita hospital expenditures and improved health outcomes.

“Finally, Yankee Alliance was an opportunity to work with an organization

Labor shortages, technology, critical supplies and sourcing

Labor Shortages

Hospitals are being forced to shelve services because of staffing shortages. Boston's Tufts Medical Center announced recently it is closing its Boston children's hospital, known as the Floating Hospital for Children (due to its founding as a ship in the 1800s to bring sick children into the Boston Harbor for fresh air and medical treatment).

Tufts plans to continue operating its pediatric primary care services and neo-natal intensive care unit, but the closure announcement has caused concern among Massachusetts' pediatrician offices. Representatives for Tufts Medical Center have stated that the children's hospital has been in question for a while and the hospital faces high demand for beds as more adult patients require specialized care.

"Right now, people are looking at two things," Kaufman said. "They're looking at the pain they're feeling – there are nursing units closing across the U.S., among other negative things. Then, they're looking at the future and how to get out of these predicaments."

Kaufman says there's nobody rushing to the forefront with the solution, but that it will be a combination of many different things.

"First, it's about creating environments in which the staff wants to be there, in spite of having gone through a pandemic," Kaufman said. "You want to make sure the world you're putting your employees in is as good as it can possibly be, so when they're thinking about 'do I stay or do I go,' they stay. You also have to make sure you're using those employees as efficiently as possible."

"And finally, hospitals and health systems are trying to reinvigorate some things they've been doing for years and looking at the work that needs to be done in higher education and teaching institutions to produce more labor," Kaufman said.

After the pandemic, Kaufman says the challenge of attracting more labor lies in the perception of what the healthcare industry is about. "We need a serious makeover on the value and quality of life you can have by working

in a hospital," Kaufman said. "Working in healthcare used to be seen as an awesome thing to do. But the question today is do people want to do something they feel like puts them in harm's way? We have to work on that."

Technology

Technology is advancing in every way in the healthcare and supply chain industries. "It's going to advance with or without us," Kaufman said. "We don't have a choice of taking advantage of AI (artificial intelligence) or machine learning. There are applications in every area, certainly within supply chain."

"Healthcare is going to follow every other industry. We won't turn into the auto industry with robots running assembly lines, but we'll have robots functioning in hospitals in one form or another – whether it's in the pharmacy, roaming the halls or cleaning the patient rooms with a UV scan. It's going to continue to be a disruptor," Kaufman said.

Critical Supplies and Sourcing

"Our members have critical supplies now that they wouldn't have been carrying two or three years ago," Kaufman said. "Everything was just-in-time back then and now with all of this inventory sitting around, there has to be an efficient way of keeping it."

"It's similar to looking at hospitals on the Gulf Coast. I spent most of my career in Florida being ready for the next hurricane. There was always a part of the warehouse that was just hurricane supplies – everything from water to plywood to cots. Now, we have hurricanes hitting everywhere and supply chain issues still going on," Kaufman said.

Yankee Alliance works in coordination with Premier on sourcing. "We support onshore and near shore manufacturing as much as we can, and diversifying sourcing so it's not all coming from China," Kaufman said. "We're also advocates for the industry, making sure our members and ourselves are speaking to Congressional representatives on the importance of developing a database to know where critical supplies are."

established a long time ago with the idea of working together,” Kaufman said. “Yankee has done well since its beginnings in 1984 given how many changes have affected the healthcare industry.”

“Yankee’s members are always looking to take it to the next level to drive out unnecessary cost. I like being around people who are inspired to do better and are open-minded to work with organizations that could be identified as competitors,” he said. “There’s more value in working together than being insular.”

Kaufman classifies group purchasing as a service industry serving a service industry. “My previous employer HCA had – at any given time – north of 250 hospitals, but they still needed all the friends they could get. Hospitals will continue to look to each other to improve. CEOs are looking for real ways to work together like they never have before, not just sharing information over a cup of coffee but structuring components of operations,” he said.

That’s where GPOs like Yankee Alliance come in. They have a tremendous amount of information but they’re not the source of it. “We’re kind of like a good point guard in basketball. We get the ball, and we pass it,” Kaufman said. “We’re making sure we’re plugged into the industry and connected with our members.”

Whether it’s access to PPE, a value analysis function or contracting, Yankee Alliance provides the environment for its membership to interface with each other for solutions. “Everything we do is in a glass house with the lights turned on,” Kaufman explained. “Everything we’re tackling should be something that has been a problem or an opportunity for our membership. We’re flexible to whatever is slamming our facilities that week.”

Yankee Alliance is a certified sponsor of Premier, Inc., and its group purchasing program combines the Yankee Alliance portfolio of contracts with those negotiated by Premier. Yankee Alliance’s contract managers assist with implementation, troubleshooting problems with suppliers or contract service issues and answering questions.

“From the start, we’ve focused on contracting, whether it’s commodities or other supplies that a hospital uses, we look at what our members are purchasing and identify opportunities for aggregation to increase our negotiating strength,” Kaufman said.

Yankee Alliance’s contract portfolio includes 2,641 Premier contracts, 456 Yankee Alliance aggregated Premier contracts and 191 Yankee Alliance specific contracts.

“We create our own contracts for what our members are buying that aren’t Premier contracts,” Kaufman added. “Things like purchased services and other areas. It’s a matter of us paying attention to what’s happening within our member-

ship and using that data to tell us what we need to be contracting for and not.”

Yankee Alliance also offers support and assistance in clinical areas with a large focus on value analysis. “Our job there is to see where our members are relative to the best demonstrated practices in the value analysis process,” Kaufman said. “We use evidence-based practices to help them move from where they are to where they’d like to be.”

Kaufman says the common theme of sharing information is all the same. Yankee Alliance runs comparative analytics to show its members where they stand relative to each other. That creates interest, positive peer pressure and motivation to members to do better.

“It’s all about operational excellence,” Kaufman concluded. “You never know where a solution is going to come from. This industry is always changing, and hospitals will collaborate in ways they haven’t before to benefit from speed to learning, strength in numbers and functioning more effectively to drive out unnecessary variations.” ■

Larry Kaufman, FACHE, joined Yankee Alliance as its president and CEO on Feb. 1, 2021. He most recently served as president and CEO of Trivergent Health Alliance MSO in Maryland and has held various hospital administration and GPO leadership positions. He has more than 35 years of experience in labor and non-labor cost reduction, physician and clinical integration, and the development of strategic initiatives – both operational and clinical – to reduce variation, cost and improve quality.

Yankee Alliance has grown to more than 18,000 members in all classes of trades across all 50 states. It is a member-driven national healthcare GPO with a two-fold mission: to collaborate with members to reduce supply and operating expenses through aggregation of data, purchasing, ideas and knowledge, and to excel in strategic innovations that continually assist members in reducing their cost while recognizing their individual needs.



Supporting the Supply Chain through Collaboration

The key to a healthy and agile supply chain is collaboration. Without the ability to work with other departments and organizations, your ability to meet the needs of your customers and their patients will suffer.

The Journal of Healthcare Contracting recently spoke to Karen Ryan, a Category Project Manager with Centura Health to discuss how non-acute facilities are expanding and how the supply chain can collaborate between non-acute care, supply chain distribution, and all critical access within that continuum.

Meeting the needs of a diverse network

Centura Health has over 330 clinics across Colorado and Kansas, supported by a small, yet highly efficient, supply chain team. An organization that depends on collaboration to meet the needs of the

various clinics, Centura services patients in some of the ‘harder to reach’ areas in the country and does it well.

“The way our partnership is set up with our distributor McKesson Medical-Surgical is key to our ability to support our clinics at Centura,” Ryan said. “We have a wide range of needs, and we have a lot of clinics. We also have some challenging areas, the mountain areas. They operate uniquely in our system. They are open all year round. We have a lot of winter delays, delivery issues, winter storms – which creates some challenges.”

Ryan’s team supports Centura’s patients through direct delivery of supplies. McKesson has an on-site team at Centura, which allows the Health System to quickly and efficiently address any issues in real-time.

Without collaboration, Ryan and her team wouldn’t be able to get supplies and pharmaceuticals to the wide range of clinics through Colorado and Kansas.

A supply chain in constant transition

Centura uses a consolidated model that not only reduces the total overhead costs for clinic space, but also reduces the vendor costs. Ryan said, “Our lead driver in clinic transitions is really our patient needs. In Colorado alone, our population has increased 14.5% over the last decade, one of the highest increases in the U.S. currently. Now that we have more patients, we need more providers and clinics to handle the influx of people.”

Because of this surge in Colorado growth, Centura has had to grow as well to keep up with the increase in patient visits. In the middle of a pandemic, Centura added a staggering 35 new clinics to meet those needs.

The value of collaboration

With so many moving parts in play, all at one time, it’s critical for an organization like Centura to collaborate with their internal teams on a day-to-day basis.

“For example, if I don’t have a vendor contract set up correctly, it affects price, billing errors, accounts payable, and it will create issues with our distributor. It affects so many people, internal and external. Until you drill down to it and see what your job role does and how it affects other teams, you’re really missing something.”

Without collaboration, Ryan and her team wouldn’t be able to get supplies and pharmaceuticals to the wide range of clinics through Colorado and Kansas. “We’re always looking for ways to streamline processes, save time and money. Working with McKesson, their warehouse really helps us streamline those things. It gives us access to all our orders, so we can see back orders in real-time. We can also pull reports ourselves, improve processes, and the biggest is make changes to our formulary and make changes on the fly. We need that to be nimble.” ■



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In or Out?

The pandemic has driven a huge surge in lab testing. How hospitals are navigating in-house capabilities with outsourced solutions.

The largest nonprofit health system in the U.S. agreed to a deal in February with Labcorp for its hospital-based laboratories to be managed by Labcorp in 10 states. St. Louis-based Ascension is the latest partner in a trend for outside clinical laboratory networks with health systems. Labcorp also acquired select assets of Ascension's outreach laboratory business in the transaction that's expected to close in the first half of this year.

The deal applies to Ascension's hospital laboratories in Alabama, Florida, Kansas, Maryland, Michigan, New York, Oklahoma, Tennessee, Texas and Wisconsin. But there's significant room to scale as Ascension's 142 hospitals deliver care in nine more states.

Outsourcing functions like laboratory services to companies like Labcorp has become increasingly popular for health systems, especially after the pandemic turned testing upside down.

"Labcorp is going to continue to look for opportunities to acquire laboratories," said Akiva Faerber, senior principal, advisory services for laboratory and blood consulting at Vizient, Inc. "The same is true for Quest Diagnostics. This isn't a secret. Covid was an opportunity for them."

Building better, stronger in-house laboratories

Vizient has been asked by some hospitals to reduce costs and identify new opportunities to build better and stronger in-house laboratories to represent to hospital administration.

"If a hospital doesn't know its true unit costs and hasn't done a good job of building coding and compliance, then they're doing work but not capturing revenue," Faerber said. "They aren't aware of what their costs should be, and they aren't working on reducing them where appropriate, and that puts them in a vulnerable, compromised position."

Faerber said in-house laboratories have better turnaround times, closer relationships with clinicians and, under normal circumstances, should be able to deliver the best quality and service, including constructive feedback for clinicians. "A great laboratory not only gives you the test result

but says to the clinician, in the future don't do tests A, B, C and D. Just do test D and we'll get you an answer pronto and you can start treating immediately," he said.

Running tests A, B, C and D can mean unnecessary overlap and costs. Labs should be focused on resulting tests as soon as possible so the clinician can treat the patient as quickly as possible, according to Faerber. "If a lab focuses there, they're doing their job. But if they don't understand their unit costs and they're sourcing things that they should truly outsource and they don't understand their reimbursement and aren't paying attention to every test that's been resulted, then they have all this unnecessary spend."

When this occurs, labs aren't making money and outside diagnostics companies may look like an attractive alternative to the hospital administration. "The outside diagnostics companies will go to the CFO and ask them about their volume, their tests and their spend, and they'll come back to them with a deal," Faerber said. "Vizient, as a whole, is working to help educate hospital administrators and CFOs. We can get them to the point of proving they're cash neutral or cash positive and no longer vulnerable to outsourcing," he said.

He reiterates that diagnostic companies like Labcorp and Quest are good labs and can be important partners, but he believes that only one of every 50 hospital labs needs to be outsourced because in-house labs can fix cost issues and improve efficiencies themselves.

Large diagnostic companies have licensed tests, large volumes of supplies, lean staffing, huge platforms and plenty of capacity. They consolidate as much work as possible and drive operational efficiency

and cost efficiency. "They need a good courier service, a good lab information system and a good customer service department because samples need to be tracked. And if they can get a lab's unit costs down and keep them there, then it's a proper deal."

Being committed: Understanding the unit costs, billing, coding and compliance

Labs must know their unit costs, billing, coding and compliance, and make sure they're squeezing out as much reimbursement as possible. "Labs must know what to send out for the right price and what to do in-house at a lower cost. There's a fine line," Faerber said. "The lab won't be successful if it does everything itself. But it won't be successful if it gives everything away either and believes that clinicians will get the same turnaround time from an outside lab."

"If a hospital doesn't know its true unit costs and hasn't done a good job of building coding and compliance, then they're doing work but not capturing revenue. They aren't aware of what their costs should be, and they aren't working on reducing them where appropriate, and that puts them in a vulnerable, compromised position."

An in-house lab owns its data, and it can use it for utilization and quality reviews, reducing the number of days in the hospital for patients, according to Faerber. He gives an example of a large health system and Vizient member not giving up on its labs, but consolidating and standardizing them. "They're doing

the work on unit costs and billing. They want our help on utilization. Their heart is in it to prove they can build a better lab and their administration supports them."

Today's automation era helps. Almost every area of the lab is automated, according to Faerber. There are huge platforms and front-end automation. "Once you make sure the test is in the computer, you put it on the chain [go through the sample process] and send it down. The technology is there. You can do a great job with it," he said.

The pandemic has driven a huge surge in testing demand and companies like Labcorp and Quest have benefited from it. But expansion of capability has helped hospital labs get a handle on this demand and return their focus to their primary goal of conducting the work themselves.

"A lab needs to understand its primary goal and what clinicians want. Get the sample from a clinician, run the test,

and result the test as quickly as possible so the clinician knows the answer and can treat the patient," Faerber said. "As a laboratorian, I'd never give a test away unless I'm positive I don't have the skillset, capital or expertise, or I can't be competitive. But if I have those things, I'm not outsourcing." ■

Diverse Vendors, GPO Contracts Help Achieve Clinical Success

COVID-19 changed the environment for healthcare facilities. Many organizations, whether acute or long-term, can improve vendor relationships and leverage the benefits of GPO membership to help stabilize the supply chain and manage costs.

“Facilities have been streamlining operations for years, adopting just-in-time inventory practices,” said Barry Marquardt, director of medical products & services at Managed Health Care Associates, Inc. (MHA), the country’s largest alternate site GPO. “The pandemic didn’t just stretch that supply chain, it broke it in many respects.”

Caresfield has worked with MHA since 2017. The organizations recently worked together to present the Caresfield CaresTalk webinar, *How to Overcome Breaks in Your Supply Chain: How to Diversify Vendors while Leveraging Your GPO Contract*.

Provider/Supplier Bridges and Barriers

One barrier between healthcare facilities and suppliers is information transparency. Many suppliers cashed in during the pandemic with opportunistic price increases. When paired with uncertainties in the operating environment, it became difficult to manage costs.

Next is the influence clinicians have on procurement. Ideally, the supply chain supports the best outcome for patients or residents with the fewest resources spent. This can be difficult in non-acute settings, where it’s typically a single person reviewing costs and product alternatives.



Ordering items made or stored in the U.S. poses a lower risk. Suppliers should invest in research and development to optimize costs and produce quality products. Partners without backup suppliers or raw material sources run into back orders and disruption.

Quality matters, too. Suppliers with a quality management system hold products to a certain standard. There is little to no material waste which helps control the cost of raw materials and ensures dependable products.

If a supplier works with GPOs, you can save thousands of dollars annually. Typically, GPO contracts come with discounts on purchases, rebates for compliance and other value-adds like free freight.

GPOs are Diversifying Vendor Sources

GPOs are always working to provide better value to members. During the pandemic many items were suddenly in high demand. Many GPOs expanded product categories and worked with suppliers to find strong manufacturers with a high market share and healthy supply chains.

Additionally, GPOs work to understand forecasting challenges and drive

price transparency. By communicating what’s available and what sourcing needs to change, GPOs and vendors can help you keep crucial supplies stocked.

GPOs vet suppliers and conduct contract negotiations. GPOs save members significant money by negotiating value-adds like free freight, on-site support and rebates. Some GPOs even offer different revenue and value-based programs to enhance your membership.

How Suppliers Support GPOs and their Members

Suppliers and GPOs can work together to collaborate on new product opportunities. Suppliers can also share transparent information on current inventory. This includes relaying market conditions back to GPOs with quarterly and annual budgeting.

“The bottom line it comes down to communication,” Marquardt said. “As a supplier, proactively engaging with your customer base drives comfort and confidence in your operation.”

Partnering with GPOs can provide a wealth of benefits aside from contracted pricing. As a supplier or as a GPO, the goal is to give you the tools to make your operation successful with a focus on positive clinical outcomes.

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Supply Chain's Future Leaders



Who's going to shape the future of the health care

supply chain? The smart, energetic and creative people who work for you and with you. The following supply chain leaders have exhibited hard work and dedication leading innovative strategies and ensuring their frontline workers have the supplies they needed amid a pandemic.



Quincey Adams: Serving His Hometown

Quincey Adams wanted to move back to his hometown of Morehead City, N.C., on the state's coast, after graduating from East Carolina University with a business administration degree. He's been with Carteret Health Care for more than five years.

"I love the community in my hometown, and I decided that working for a place like Carteret Health Care would be a terrific opportunity for me to give back to the community," said Adams, a materials management, pricing and contracting analyst for the nonprofit hospital. "There are so many details that go on behind the scenes in supply chain that the majority of people do not even know or can begin to comprehend."

Adams wasn't seeking a position in supply chain and never thought about what it all entailed but has learned the importance of it in healthcare and as a whole. "My director, Bobby Hill, started in supply chain early in his career and has been a huge help and great mentor throughout the past five years of my life," he said. "Carteret Health Care has great leadership. I've been pushed to grow not only as a leader within my department but as a human being as well."

Carteret Health Care made sure its hospital was stocked with PPE and other supplies since the start of the pandemic. "We're a small, stand-alone hospital in a rather small community and we've been able to stay at a comfortable level of inventory on hand," Adams said. "Departments, team leaders and administration have



collaborated incredibly well with each other to ensure supply conservation measures and proper communication have been in place."

The 135-bed Carteret Hospital hasn't had to deal with some of the issues other healthcare facilities around the world have been dealt. But that isn't to say supply chain roles haven't changed at Carteret Health Care during the pandemic.

"Most all roles in supply chain have changed," Adams said. "Communication skills have become a more critical factor – from manufacturers to distributors to customers. It's key when fighting

supply chain shortages and backorder issues." Adams also says urgency and knowing when to act fast as supply challenges occur is a crucial skill.

The community hospital is dedicating an area for storing future PPE and other supplies like that. "Most hospitals throughout the U.S. will, at some degree, be taking the same steps in ensuring they have a certain number of days on hand of PPE at any given time," Adams said.

This will increase inventory footprint, but some distributors are also implementing programs for their customers to utilize their warehouses and dedicated areas specifically for PPE. "That's still in its infancy but it's definitely something we'll invest our time and resources in too," Adams added.

The population of Morehead City and the surrounding Carteret County continues to grow, home to slightly less than 70,000 people. "That allows us to grow with it," Adams said. "We're renovating our O.R., enhancing the workflow and increasing the amount of O.R. rooms we have, and there are many projects to come in the future."

Carteret Health Care has been serving the residents of Carteret County and Eastern North Carolina since 1967. It's a member of the Mayo Clinic Care Network. ■



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Kenny Allshouse: Enterprise Initiatives

Kenny Allshouse began his healthcare career at a family-owned durable medical equipment company while he was still in college. “Providing medical equipment directly to patients in their homes was both eye opening and rewarding as it immediately improved the quality of life for people in the community,” said Allshouse, now the senior director for HCA Contracting with HealthTrust Supply Chain in Dallas.

“I had no prior knowledge of, nor interaction with, the healthcare industry before that. But the longer I worked there, the more I understood the importance of the work we were doing.”

After college, Allshouse began working for HCA Healthcare in a role supporting supply chain, and has been in the contracting space for almost 14 years. “The diversity and breadth of initiatives we’re involved with (in supply chain) motivates me the most. Supply chain impacts expense management, inventory and logistics, clinical value analysis, environmental services, food and nutrition, emergency response and many other areas affecting patient care,” he said.

Allshouse serves and supports HCA Healthcare divisions in Texas, but the pandemic required a company-wide response. “That provided me with opportunities to assist at the national level, leveraging HCA’s scale and resources to address needs across the organization,” he said. Allshouse now works on enterprise-wide initiatives as a permanent part of his job as the pandemic highlighted the importance of adaptability for him – the ability to learn quickly, apply skills in new ways and respond to changes. “Those are competitive advantages for businesses and individuals,” he said.



“We were solving problems outside of our traditional job scope,” Allshouse added. “The team’s willingness to adapt to any challenge with a whatever-it-takes attitude was remarkable and a source of extreme pride.”

As HealthTrust and HCA move forward, both clinical and non-clinical purchased services has become a central and consistent theme of its contracting efforts. Significant time, energy and resources have been invested in their purchased services efforts.

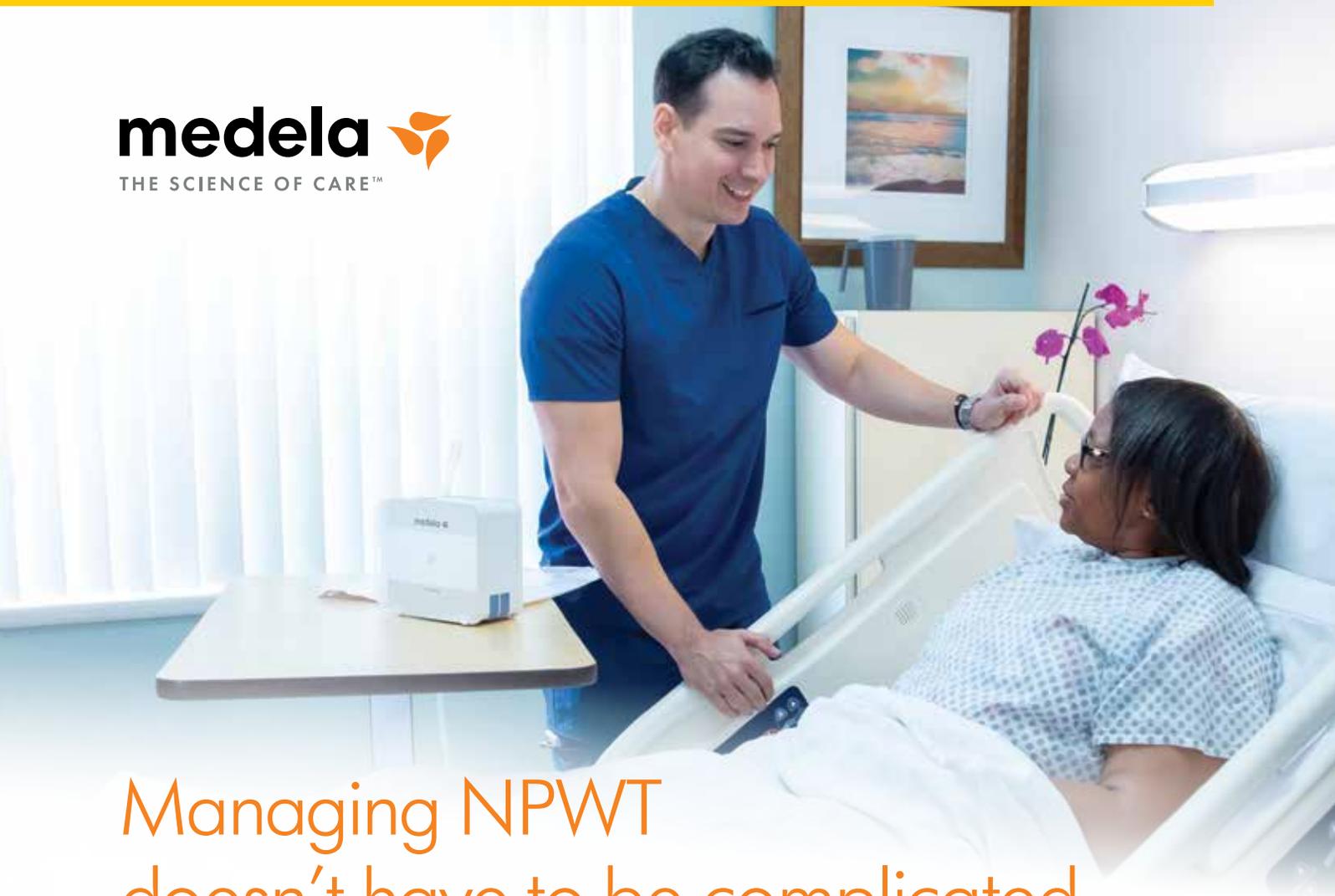
“Measuring the quality and value of a service is different versus measuring the clinical outcome of a surgical device,”

Allshouse said. “Because each service is unique, it can be complex understanding the nuances and critical issues for end users, and how to deliver the service in a high-quality, cost-effective manner.” But the organization has seen realized value in these areas.

HealthTrust and HCA are also innovative in cultivating their formal leadership development programs. Recently, they held their Leadership Institute Academy which has participants learn and develop various skills during a nine-month period with direct input from HealthTrust executives. Participants work in teams to solve actual business challenges and present their recommendations to leadership.

He also highlighted a few leaders who have been willing to invest time and help advance his career. “In the contracting space, Fred Keller and Ryan Compton have been outstanding mentors who are always available to provide guidance or remove obstacles,” he said. “It’s clear that they also take a personal interest in our team, which fosters a lot of mutual trust and respect. Matt Pehrson, Supply Chain CEO in Dallas, has also been a positive influence.”

“My experience at HealthTrust and HCA has been that when you express an interest to learn and to be mentored, there is no shortage of people willing to contribute to your success,” Allshouse concluded. ■



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Angie Bruns: Making an Impact on Multiple Levels

Angie Bruns joined the healthcare industry to help people. Growing up, her aunt would always share how important her work in pathology was to the community and how it impacted her. From those conversations with her aunt, Bruns was inspired to devote her professional career to the healthcare industry. Her goal was to align her career as a professional in an industry where her contributions would impact multiple levels: external, internal, and downstream in the organization.



Because healthcare has been a part of her family, stepping into the industry was an easy decision. It fits her personality as well. “I am an extrovert,” she said. “I have always enjoyed getting to know individuals and helping people. Healthcare allows me to leverage both of those traits.” Whether she is supporting a team member with mentoring, helping a clinician receive a product they need to take care of a patient or strategizing for the organization, Bruns rises to each challenge. She believes that the role of healthcare in the world is essential to everyone.

“Healthcare is a global industry,” she said. “Everyone, at some point in their life, will have sought after and needed assistance from a healthcare worker. It is a conversation with which everyone can contribute and participate.”

Starting out at TUKHS

Bruns started her career in a month-long internship at The University of Kansas Health System (TUKHS). “One of my professors was a director in Peri-operative Services at the time, which gave me a peek into the supply chain realm. I was already impressed by the culture of the organization but the moment I stepped into an operating room, I was sold,” she said.

Not only did she get a better picture of what the supply chain entailed, she was also able to see the impact when a supply chain operational function failed and how that can affect patients. “It’s one thing to not have toilet paper for a day, but to not have a lifesaving piece of technology hit home for me,” she said. After her internship, Bruns went from a Business

“This pandemic has enabled supply chain team members (and even those outside of supply chain) to not only understand the end-to-end supply chain process but work through each facet of it.”

– Angie Bruns



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1. Key Group Consultative Market Research: New PVC/DEHP-Free IV Sets: New Product Concept & Conjoint Study. January 14 2021.
2. B. Braun data on file.

Operations Analyst to the Senior Director Supply Management and Administration, her current role.

Throughout her career, Bruns has maintained the perspective that she's in this industry to help people. Even if she's not one of the frontline workers, she understands that the role of the healthcare supply chain plays a critical part in saving lives. "Working in healthcare supply chain, I get the honor of helping someone, of contributing to saving a life, and giving back to my community."

Navigating a pandemic

During the early days of the pandemic, she stepped into a role as the System Director of Clinical Supply Optimization, where she essentially had to build an entirely new team. Despite the fact that they were building a new program at TUKHS, Bruns said she is most proud of her team's humility and teamwork.

"No one knew how to work from home. No one knew how to build a team remotely and orientate them remotely. No one knew how to build an entire program from the ground up remotely. They had to learn how to work together and trust one another without having any in-person meetings." Her team didn't even meet face-to-face until May 2021.

Even with these challenges, Bruns and her team have persevered and met the challenges head on. "In supply chain, understanding the end-to-end process is an art, but it is not the type everyone gets the pleasure of having up on their wall. This pandemic has enabled supply chain team members (and even those outside of supply chain) to not only understand the end-to-end supply chain process but work through each facet of it."

Her team has even had the opportunity to educate end-users and suppliers on the scope of the supply chain from end-to-end. "Each of our customers knows a little more about supply chain, which has allowed us to develop bridges, build them, and walk over them together."

Bruns understands the power of effective leadership, the capability to guide an organization, department, and workforce to better outcomes for the patients.

Developing leaders

TUKHS employs lean principles as the formal leadership model. Leaders go through lean training once they are placed into a position of leadership. In her department, they are working on a leadership development plan for the manager leaders. It's a year-long program for all supply chain managers with direct reports. "Each supply chain manager will undergo formal career development after they are hired into a leadership role, manager level and above."

The program will focus on learning and applying key leadership traits in addition to participating in industry and career experiences on topics like emotional intelligence, mentorship, effective communication, and innovative thinking. "After completion of the program, each manager will be responsible for trickling down this knowledge and experience with their front-line team members."

Bruns understands the power of effective leadership, the capability to guide an organization, department, and workforce to better outcomes for the patients. "If I were to summarize my mentorship experiences throughout my lifetime, I would say they have taught me the importance of our own soft skills and how to appreciate the diversity each person carries in their own soft skills. Healthcare is one of the most diverse industries out there. No other industry can contribute more to people's health and well-being than healthcare." ■



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Hunter Chandler: Helping to Deliver 'Incredible' Health Outcomes

As Atrium Health consolidated its supply chain activities into one ERP with Oracle Cloud, Hunter Chandler said he was like a kid on the playground with the new data in a single system. The assistant vice president of master data integrity and procurement for Atrium Health's CORE Connect – the health system's new supply chain solution – has already started developing some dynamic Power BI dashboards integrating purchasing activities across Atrium Health's multi-state markets.



“That allows us to build a more cohesive buying group without any wholesale structural changes,” Chandler said. “And we are currently developing our processes to nimbly extract and model the data for strategic reporting initiatives.”

Chandler added that the health system's partnership with its GPO – Premier – allows it to automate the management of its purchasing catalogs within Oracle Cloud. “We initially struggled to keep our pricing and product catalog up-to-date due to new complexities and scale as Atrium grew,” he said. “But once we understood the processes in Oracle Cloud, we went to the technology arm of our GPO with the idea that they could curate the pricing data in a way we could ingest it.”

That cut hundreds of hours of processing time updating data in Atrium Health's system. “I think it's a tremendous success story in a relatively early implementation of Oracle Cloud,” Chandler recounted.

Chandler has helped the IT department with the selection of a true master data management software solution,

while serving on the health system's data governance council that is actively implementing a true ‘data as an asset’ culture, according to him. “I can't wait to start managing our master data around items, suppliers, locations and others in a more disciplined and scalable way,” he said.

Growing into a leader

Chandler's growth has flourished under Conrad Emmerich, senior vice president at Atrium Health, who hired him as an analyst at Atrium Health Wake Forest Baptist in Winston-Salem, N.C. “Conrad always listened and steered me toward our value analysis program, which really led to my first leadership role in healthcare,” Chandler said. “He leads by example, and I have picked up many leadership traits from him. I was also fortunate to be surrounded by young leaders at Wake Forest Baptist who went through the administrative fellow program.” Chandler's wife, Charlotte, was the reason they moved to Winston-Salem due to her selection to that program. “I fell into the group of Fellows through

proximity to my wife, but we formed positive working relationships and ultimately friendships both inside and outside of work.”

Many in the fellowship program rose through the ranks in various departments in the hospital system. “We learned from each other and slowly grew as leaders in the process,” he said. “I attribute much of my success to growing with that group during my first few years leading people at Wake Forest Baptist.”

Day-to-day survival during the pandemic

That leadership was put to the test during the pandemic as health system issues became day-to-day survival early on, rather than playing to the big picture. “It was quite a shock as it forced me to grow into much more of a logistician and operator, and less of a process-designer and number-cruncher,” Chandler said. “Vision and big-picture thinking quickly became a secondary skill. I appreciate that time because it forced me to grow a side of myself that maybe doesn’t come out naturally.”

Chandler’s role in early 2020 was two-fold: managing both the team that supports Atrium Health’s PeopleSoft platform and its value analysis team. “That combination yielded tremendous

“Vision and big-picture thinking quickly became a secondary skill. I appreciate that time because it forced me to grow a side of myself that maybe doesn’t come out naturally.”

value because we could quickly make product decisions or process pivots, then operationalize them as I had the talented PeopleSoft team ready to act,” he said. “Moving forward, I quickly realized that some of our inconsistent data in PeopleSoft made managing our way through a pandemic incredibly challenging.”

That realization has guided Chandler in his new role developing master data for Atrium Health in a new ERP. Healthcare has always seemed like a challenging blend of skills acquired in school with a ‘roll up your sleeves and get it done’ mentality to Chandler. “I love the nature of the industry and I’m so happy I chose this field,” he said. “The end result of healthcare, when done right, is one of the most rewarding endeavors one can feel a part of – whether it’s a life-saving surgery, the birth of a child or mental health healing and peace. Knowing that I support the people who deliver incredible health outcomes is special.”

When job descriptions and titles ceased to matter as the pandemic swept across the globe, Chandler said “healthcare operates at its best when we forget about departments and titles, and organize our activities around patients.” COVID-19 forced that upon the healthcare industry instantly and the cycle time from idea to action compressed exponentially. “Some of the corporate red tape disappeared and it showed me the power of a meaningful, common goal for a talented workforce.”

Atrium Health, based in Charlotte, N.C., is an integrated, nonprofit health system with more than 70,000 employees serving patients at 40 hospitals and more than 1,400 care locations. It provides care under the Atrium Health Wake Forest Baptist name in the Winston-Salem, N.C., region as well as Atrium Health Navicent and Atrium Health Floyd in Georgia and Alabama. It is ranked nationally among U.S. News & World Report’s Best Hospitals in eight pediatric specialties and for rehabilitation. ■

René A. Gurdián: Embracing a Forward-Thinking Mentality

As a local New Orleanian, René Gurdián jumped at the chance to join Louisiana-based Ochsner Health in 2017 when the opportunity presented itself. “I think that healthcare is a big call to action,” he said. “Our purpose every day is waking up and ensuring that patients receive care. It’s that simple.”

While the mission is simple, Gurdián’s job lately has been anything but, especially during the pandemic. As director of strategic sourcing for Ochsner, Gurdián oversees the organization’s contracting team – managing vendor relationships while mining for standardization opportunities – and assists with sourcing alternative products. That second portion, sourcing alternative products, has become top-of-mind for the nation’s supply chain leaders. “Obviously, with the global supply chain constraints, we leverage various tools to find functional equivalents that are clinically-approved products that our Logistic team stores within their centralized depot to ensure that our operations are not obstructed,” he said.

Indeed, sourcing has changed dramatically during the course of the pandemic. “I think the biggest disruptor around sourcing is how organizations embed resiliency planning in their strategic pillars and daily operations; in other words, what type of tools we’re leveraging to help us make proactive decisions instead of reactive decisions related to product disruptions,” Gurdián said. “So, for reactive

decisions, where we get a notice that product is going to be on back order for three to six months, we leverage tools like ECRI, leveraging their competitive products cross tools that helps us determine what type of comparable products we have out there.”

Along with cutting-edge tools, Ochsner leverages a more old-fashioned key to success – relationships, specifically with its clinical team. “Most organizations

now have adopted a clinical supply chain team, where we have nursing leadership and physicians that help us drive engagement and standardization discussions with our clinical team members across the entire enterprise,” Gurdián said. “They help us really understand, is this a comparable product? If it’s not, are there any ways that we can introduce the product and implement this product even with potential changes in clinical practices?”

In one recent example, a vendor of sterile water vials went on rolling back order because the vendor could not meet the demand. To meet the need, the Ochsner team purchased a significant stock of sterile water on its own, and via guidance from its clinicians, changed clinical practice, with an assist from the pharmacy team in using the vials. “I think this is an example of a health system being proactive, as well as nimble and flexible, and our clinicians aligning with us to figure out how we make sure that, while it’s a disruption to our operations, it’s minimal disruption to our clinicians and to our patients.”

Ochsner uses a forum by the name ‘Supply Stewardship’ dedicated to many





of its larger service lines – Cardiology, Orthopedics, Neurosciences, Pain Management, ENT, etc. “Our physicians understand what disruptions are ongoing, and they continue to partner with our supply chain leaders on the business side of healthcare and the overall healthcare ecosystem,” Gurdíán said. “And so here at Ochsner we have a really engaged group, as well as commitment from our executive leadership team that oversees the management of our 30-plus hospitals.”

That engagement was tested and refined amid the early days of the pandemic. Within a two-month span in 2020, Ochsner lost around \$100 million due to shutdowns and COVID protocols. Ochsner leadership helped the Supply Chain team create a narrative around a call to action for the last six months of 2020. The organization looked at major standardizations across all service lines, whether it was Cardiology with drug-eluting stents, or ENT and nasal implants with a specific vendor.

“A lot of re-standardizations occurred, which was hard,” Gurdíán said. “The way we educated ourselves as business operation leaders was understanding the challenges of product changes from a physician’s perspective. All physicians undergo various simulation labs through fellowship programs

Along with cutting-edge tools, Ochsner leverages a more old-fashioned key to success – relationships, specifically with its clinical team.

where they were potentially being trained on specific platforms with specific products tied to specific vendor organizations. There was a lot of change management that needed to occur, and we had to be conscious of that because our physicians were going to be performing procedures on our patients that we see as someone’s mother, father, loved one, etc. It’s a bigger, more open dialogue and a lot more engagement around where can we standardize, where can we reduce the number of vendors within a certain service line so that we can get a quality product at competitive price while providing the quality care our patients expect and deserve.”

A new way of working in supply chain

Is it possible for supply chain leaders to find their bearings in an era of so much disruption? Yes, Gurdíán said, but three things need to happen. “The first key is education of supply chain resiliency or supply chain continuity plans with vendor partners while emphasizing transparent communication around impacted product categories,” he said. “Second, education and understanding around raw material constraints that impact finished goods. And third, the use of technology or tools that help us be better at what I would call demand planning, or at least educating ourselves around demand planning for the use of products, how raw materials impact, as well as the utilization of products.”

Healthcare has to better tackle what scholars call the “bullwhip effect.” When you whip a bullwhip, the variation at the tip versus when it comes all the way back to the person that’s actually whipping it grows larger and larger. “It’s a perfect example of how healthcare systems are six to seven degrees separated from manufacturers that produce raw materials that are critical to various medical products such as nitrile butadiene rubber (NBR), Teflon, plastics or resin,” Gurdíán said. “Without having that

understanding of manufactured raw materials and how it impacts our finished goods, we can't be prepared for changes proactively or predictively because we're not aware – we're not as close to that manufacturer.”

Gurdián predicts there will be a lot of education around supply chain resiliency and continuity, and working more closely with vendor partners. “We have to be at the hip with these vendors, pushing them to share their supply chain resiliency plans and confirm they have a plan in place if one of their plants in Central America is impacted and goes down for an unplanned shutdown. Or if one of their plants in Austria goes down, what other redundant manufacturing plants do they have to minimize disruption?”

But in order for those changes to take place, supply chain leaders have to shake off old ways of operating and embrace a forward-thinking mentality. Gurdián said Ochsner CEO Warner Thomas talks about it in three phases – reactive, proactive and predictive. “I think our supply chain is right in that proactive realm, while maybe five to seven years ago we were more in the reactive realm.”

Gurdián credits Ochsner's Chief Supply Chain Officer Régine Honoré Villain with phrasing it best: “We're the facilitators of solutions.” Supply chain executives across the U.S., across the world, need to get comfortable with the idea that people are going to come to their division to find solutions. “I think that creates a sense of excitement,” Gurdián said. “It also creates apprehension because there are only so many hours in the day. But I think for supply chain leaders, it's a call to action. It's how we align ourselves with the mission and values of our organizations. It's understanding that while I don't put a needle into a patient's arm, I'm impacting that patient's care when they're in our health systems, because we're making decisions across the ecosystem of healthcare when it comes to the use of product. When it comes to the appropriate services that are required, we must align with the mission that our

patients come first – no matter the name on the hospital door. For me, that's where the excitement comes from.”

Gurdián said he loves the solutions nurses brought forward during COVID. Throughout the pandemic, they've found solutions to challenges. For instance, Ochsner used long extension tubing to provide fluids outside the COVID-positive patient rooms to reduce the number of interactions with COVID patients. But that created a jumble of tubes across floors creating potential hazards. So based off the nurses' suggestion, Ochsner bought pool noodles, cut them in half, and put them on top of the tubes so that they were easy to see. “it was a practical, creative solution that kept quality and safety top-of-mind for our team.”

Those challenges are what should excite supply chain leaders. “You're going to have to create a new normal, you're going to have to be flexible and nimble, and you're going to potentially create the journey or the narrative that your health system is on,” Gurdián said. “It's a daunting task, don't get me wrong, but it's an exciting one as well. Building the plane while it's in flight is nothing new for our supply chain, we just need to make sure we always have the parts to build the plane – that's where proactive planning comes into play.” ■

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Lucas Han: Up for the Challenge

Lucas Han has been with Gaithersburg, Md.-based Adventist HealthCare for a total of five years. After receiving his master's degree in supply chain management from the University of Maryland and beginning as an analyst with Adventist HealthCare, he was promoted to a supply chain manager for strategic sourcing role in January 2020.

"This was my first job out of school," Han said. "After three years of being an analyst, I really liked the job, and an opportunity came for promotion when my manager moved up to director."

Han says he's learned a lot of leadership skills from his supervisors at Adventist HealthCare and the Capstone Leadership Institute where he was part of the class of 2021. Capstone held its second year of courses in 2021 dedicated to equipping and empowering the next generation of healthcare supply chain management. Courses cover topics

like the importance of physician and provider relationships, contract management, value analysis, forecasting, GPOs and inventory management.

Han's promotion to supply chain manager at the beginning of 2020 came right before the pandemic struck the U.S. "It's a very different role from being an analyst. But I've slowly realized my role as a leader and mentor," he said. The challenges of the pandemic concentrated Han's role.

"At the beginning of it, we focused on getting as much PPE supplies as we could," he said. "We also focused on donations because we had a lot of donations come in. But I focused on sourcing and how to get PPE products like gloves and gowns."

In 2021, Adventist HealthCare's supply chain team shifted to its aim to savings. "By the end of 2020, we were pretty competent in our PPE supplies, so we had discussions around savings," Han said. "We also had analysis conversations and developed new strategies."

The nonprofit Maryland health system partnered with Premier Inc. and its supply chain solutions program. "The goal for 2021 became compliance with the program and finding as many savings

as possible, and we did pretty well," Han said. "We reached our goal by the third quarter of 2021 and by the end of the year, we were able to (realize) \$4.5 million in savings for the organization. I'm really proud of my team for that."

Han says the goal this year is finding savings in purchased services through Premier's relationship with Conductiv, a purchased services GPO attentive to tailored sourcing. "We hope to find savings in that area. We want to keep up the momentum," he said.

Adventist HealthCare includes three acute care hospitals – Shady Grove Medical Center, White Oak Medical Center and Fort Washington Medical Center – as well as two physical rehabilitation hospitals, outpatient centers, imaging centers, urgent care facilities, home care services, employer health programs and physician networks. It's the largest provider of charity care and community benefit in Montgomery County, Md., and is nationally recognized for its cardiac, OB, cancer, stroke, orthopedic, rehabilitation and mental health services. ■



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Jonathan Looke: Purpose-Driven

When Jonathan Looke graduated from the University of Florida with a degree in industrial engineering, he never expected to end up working in the healthcare field. He started his career in manufacturing at Lockheed Martin before his father – an anesthesiologist – familiarized him with the different aspects of healthcare from the perspective of a hospital-based physician.



Eventually, Looke traded the factory floor for a hospital and never looked back. “Every day I feel purpose-driven and every evening I feel accomplished and confident that the work we do has positively impacted our patients, our neighbors, community, family, and friends,” he said.

As the regional director for supply chain operations at AdventHealth’s Orlando campus, Looke can lean on his background of faith to derive meaning from his career. “Not just working in healthcare but working with AdventHealth connects perfectly to my personal emphasis on

servant leadership. I’m blessed to work where our guiding principles as a faith-based organization align perfectly to our mission of extending the healing ministry of Christ.”

Solving multi-dimensional puzzles

As for working in supply chain, Looke was initially hesitant to jump in. “The field of supply chain is often misunderstood and has a connotation of being somewhat dry or boring – ‘package pushers,’” he explained.

He quickly realized that working in supply chain had a lot to offer in relation to his interests: problem solving, strategizing, and making processes as efficient as possible. “Supply chain is a multi-dimensional puzzle with so many complexities that is rife with opportunity to make a positive impact. The work is very challenging but also very rewarding.”

Additionally, he found that the pandemic further changed people’s perception of how the supply chain operates. For many, the pandemic illuminated the structural limitations of the supply chain, specifically for healthcare, showing how important efficiency and strategy is to keep things moving.

When it comes to his team, Looke says he is most proud of their resilience throughout the pandemic. Despite the long days, extra weekend shifts, and after-hours rounding, everyone on his team stepped up to the challenge without a complaint.

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He said, “It has helped bring awareness and prestige to the healthcare industry, and maybe some enlightenment around your frustration when your Prime delivery is delayed.”

Navigating a pandemic

It’s no secret that healthcare took a significantly hard hit from the beginning of the COVID-19 pandemic. Ranging from staffing shortages to supply shortages, healthcare companies had to work harder to navigate the pandemic than most other industries.

Looke said, “The pandemic created chaos in the supply chain, which ranged from minor shipping delays to major backorders with no estimated time of arrival. It was critical for my team to stay agile, communicate quickly with the clinical teams and create stop-gap solutions on the fly until orders started filling.”

That agility allowed Looke and his team to address the challenges that AdventHealth’s employees and patients were facing every day. “One project I’m particularly proud of is our initiative during the pandemic to start reprocessing items such as N95 masks using a hydrogen peroxide disinfection technique,” he said. “We did whatever it took to keep the front-line stocked with the supplies they needed to care for our patients.”

When it comes to his team, Looke says he is most proud of their resilience throughout the pandemic. Despite the long days, extra weekend shifts, and after-hours rounding, everyone on his team stepped up to the challenge without a complaint. Looke and his team believed in their critical mission to provide better care for their community.

Looking to the future

Moving forward, Looke is continuing his leadership development through AdventHealth. AdventHealth has a number of leadership

development programs that are designed to challenge and empower leaders to keep growing and learning. “I have learned so much from my mentors and through the leadership development programs I’ve been a part of over the years.”

He has gained a greater appreciation for how the power of relationships and networking contribute to a leader’s growth and success. Looke explained, “Technical know-how and hard work are also very important, but it is also the people you know and the subject matter experts that you can quickly bring to the table that help to rapidly solve problems and make improvements.”

In addition to investing in his leadership development, Looke is excited to implement new initiatives to encourage efficiency and consistency. He is most interested in areas where technology and innovation can be applied to make work easier, and the services offered by his team more consistent.

Among these projects, Looke is anticipating implementing an RFID system throughout the campus to track equipment and supplies and utilizing real-time data to proactively identify and resolve potential issues before they become a thorn in the side of the clinical teams.

He said, “We are really in the customer service industry and our goal is to always give our clinicians and patients what they need, when they need it.” ■

In addition to investing in his leadership development, Looke is excited to implement new initiatives to encourage efficiency and consistency.

Chase McAfee: A Go-To for Clinicians

Chase McAfee was part of Intermountain Healthcare's emergency planning committee before the COVID-19 pandemic ever swept across the world.

“It was very much a tabletop practice and ‘What do we think this could look like?’” said McAfee, continuous improvement manager for Salt Lake City-based Intermountain Healthcare. “It’s been positive to see the plans we put in place actually pay off. It bought us valuable time heading into the pandemic and put us ahead of other health systems and businesses because we had some foundations already in place.”

The emergency planning teams and their predecessors focused on what supply chain strategies would be needed to align with how Intermountain’s system would respond to a pandemic, natural disaster or mass casualty event. “A lot of that has paid dividends over the past couple of years and taken more of an active presence in my day-to-day role,” said McAfee, who sees his role as an operations integration manager and has worn two hats during his time on the emergency planning committee.



“We’re fortunate that our folks never had to sacrifice their personal safety taking care of patients because they didn’t have PPE like gowns. We didn’t have to get close to those decisions, thankfully. Our proactive work and preparedness steered us away from going down that path.”

– Chase McAfee

Intermountain had a solid understanding of its PPE and disinfectants in place regardless of the pathogen or illness and what could see an increase in a pandemic. There were strategic reserves to manage the initial wave, including solid formulary and standard items.

“We had that foundation – knowing what procedure mask and different respirators we’d go to, for example – as well as relationships with associated suppliers, which were ever more so important to have

direct lines,” McAfee said. “We knew who to work with to start ramping up quickly.”

But the global supply chain dried up fast and that was a learning experience in real time. “It’s very dynamic, especially with anything originating from the Asian markets like a lot of raw materials and goods,” he said. “We faced barriers with imports/exports due to geopolitical and logistical issues that we didn’t expect, and traditional product lines like gloves and gowns were impacted. These were key learnings.”

Safety never waned as the first priority for Intermountain’s supply chain teams throughout the pandemic. “I’ve taken pride in our team and our organization for that. We still made tough decisions that were cost conscious, but we made sure our caregivers, clinical staff and patients had the supplies needed for safety,” McAfee said. “We’re fortunate that our folks never had to sacrifice their personal safety taking care of patients because they didn’t have PPE like gowns. We didn’t have to get close to those decisions, thankfully. Our proactive work and preparedness steered us away from going down that path.”

For McAfee, safety is never too far from the forefront of his mind. He began his career thinking about becoming a paramedic and going through the fire academy. “Ultimately, I thought I was going down the CRNA (certified registered nurse anesthetist) route,” he said. But he started with the supply chain side at a children’s hospital while he was attending school and saw an opportunity to have a positive impact on healthcare and patients that way.

“Having a basic involvement in the EMS world has given me the understanding of what products are and their basic uses. That has really helped me – being able to have those conversations and have the confidence that I know what I’m talking about, whether it’s respirators or other products,” he said.

“Chase is a superstar,” said Brent Wigington, director of operations and integration for Intermountain Healthcare

and McAfee’s supervisor. “He knows his clinical product really well.”

Intermountain also provides a large variety of resources, from in-person classes to virtual ones on leadership and skills training, which help supply chain leaders learn more about the clinical side. “There’s plenty of opportunities here to learn more about the clinical side and help with your career and leadership growth,” McAfee said. “Also, Intermountain certainly has many great leaders to learn from and help get you where you need to be. I’ve been fortunate to have a lot of coaching – from both a career and clinical perspective.”

Not only does the supply chain side understand the clinical side at Intermountain, but the clinical side is also seeing the value of supply chain. Before the pandemic, it was expected that the supply chain would have a product on the shelf when a clinician needed it. But now, more clinicians are working with the supply chain as they see the tremendous value in the services that McAfee and the supply chain team offers.

McAfee’s team is the intermediary between Intermountain’s supply chain side and its clinical operations side. “We’re the filter that translates supply chain speak into clinical adaptation.”

“Chase is really a go-to for clinicians to call,” Wigington said. ■

“Having a basic involvement in the EMS world has given me the understanding of what products are and their basic uses.”

Kera Thompson Simmons: Making a Difference

Kera Thompson Simmons was three months into her role as manager of supply chain finance at The University of Texas MD Anderson Cancer Center when the pandemic hit. At the time, Simmons and her department were building out a supply chain finance team. She had two analysts on her team, and they were tasked with evolving the inventory management system from Excel spreadsheets to automated dashboards in order to provide leaders with real-time data that would help them make data-based decisions.

“Time was of the essence during the pandemic,” Simmons said.

So was coordination. Supply chain is multidisciplinary and there are lots of different people involved.

“With a pandemic, you’re looking at procuring critical supplies, so you need to contact infection control to get their approval,” Simmons said. “You have clinicians involved to get their approval. And then of course, you have the supply chain responsibilities that you have to take into account, such as the procurement process and how long it takes for supplies to actually be manufactured and delivered to you.”

Despite the challenges, Simmons said she was proud of what her team accomplished. For instance, they automated inventory management and forecasting so leaders had a better idea of what usage would look like based on usage changes throughout the pandemic.

“The changes were constant,” she said. Depending on what the CDC or CMS said, MD Anderson would need to pivot to stay on top of the new guidelines. “We had to be nimble and agile to support our supply chain,” Simmons said. “We created flexibility for our supply chain.”

Gaining a supply chain skill set

Simmons always had her eye on a career in healthcare. At first, she started pre-med because she thought she’d want to be a clinician, but other aspects of healthcare – policy and administration – won her over. “There’s so much opportunity on the policy side that I definitely thought I could make a difference.”

Prior to joining MD Anderson, her first position was as a business manager in the peri-operative space at St. Joseph Health Center. She was responsible for ordering inventory for six ORs. From there, she became a business director over three hospitals. Simmons was focused on standardization and helping



When the supply chain needed to make substitutions because of product back orders, physicians or nurses were called upon to give the resource team their input, while Simmons’ analytical team worked up forecasting and inventory information.

clinicians build a standard of care. She was also tasked with looking at the cost of care, which at that time was a relatively newer idea, she said. “We wanted to understand how much we truly paid for care. We knew that reimbursement was going to be based on care, so we had to understand what we were providing and that it provided value, not just how much we spent.”

Simmons said those roles helped her gain a supply chain skill set that has served her well in her current position at MD Anderson. Along with the creation of the supply chain finance team amid the pandemic, Simmons also supported a newly created clinical resource management team. When the supply chain needed to make substitutions because of product back orders, physicians or nurses were called upon to give the resource team their input, while Simmons’ analytical team worked up forecasting and inventory information.

“We were able to bring in supplies needed right away, but we were also looking at inventory value and inventory turning. ‘Were we actually using this?’ ‘Will we use it in the future?’ ‘Or do we need to see if it’s something that we could share with other organizations, or unload if it’s not needed?’ Those were questions we had to answer.”

Simmons said she is proud of the multidisciplinary collaboration that her supply chain department created for the organization as a whole. “It involved our finance and analytical teams, our newly developed partners, and our newly developed clinical resource management. Through these teams, we added a valued skill set that is often lacking in supply chain.”

And there is more to come. The supply chain team is looking to bring about more standardization across the organization. The goal is to align the supply chain services across the organization to bring about efficiency and value. “I’m excited about that to really see how we can improve on the services we provide,” Simmons said. “Will this allow us to provide supplies more readily? Will we be able to turn around the request times quicker? Anytime we can make the process easier for clinicians, that’s what I’m about. I want to be in the background just making it easier for them.”

The goal is to align the supply chain services across the organization to bring about efficiency and value.

Leadership development

As an organization, MD Anderson promotes leadership development and offers a formal mentoring program. Simmons has a mentor who is one of the nursing leaders. “I am so happy to have her as a sounding board,” Simmons said. “I work closely with clinicians and nurses, so sometimes I just need feedback on the best way to present things. She’s always there to provide feedback.” Simmons also has a sponsor at MD Anderson in Calvin Wright, MD Anderson’s Chief Procurement Officer, who puts her in opportunities and places where she can be of value. “I appreciate that about him.”

Simmons said she has been working with other leaders on developing a talent strategy that incorporates her behavioral competencies within the supply chain.

“Every employee at MD Anderson is evaluated annually based on these competencies,” she said. “It is important to have conversations regarding the competencies throughout the year. By the time you are evaluated, it is something that you have thought about, and continually review as you work. We want to incorporate these competencies into our daily practices, our routine conversations, and help employees understand how these competencies prepare them for growth – whether they want to move to another position, or maybe into another area outside of supply chain.” ■



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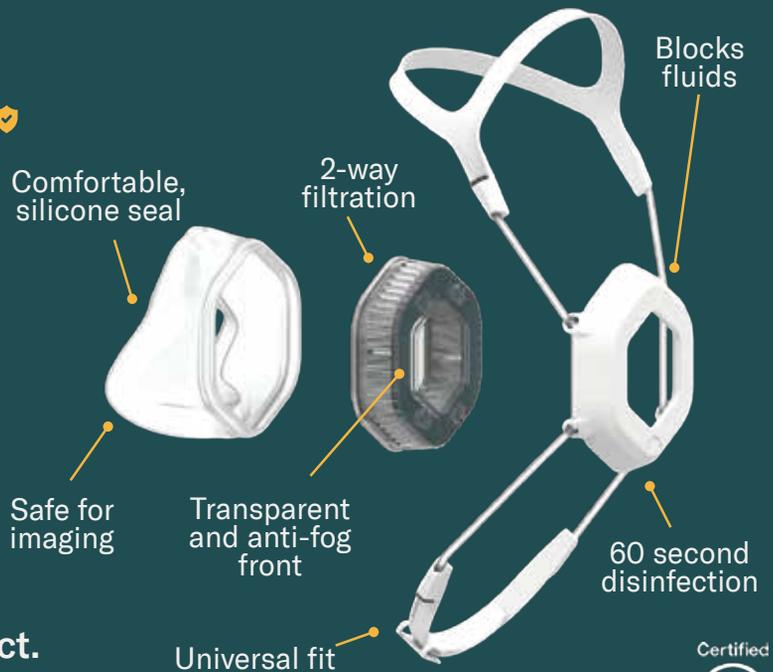
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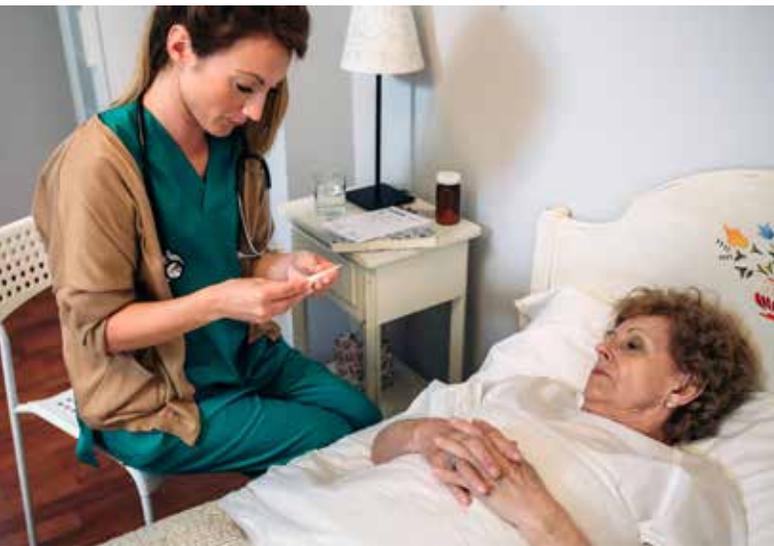


Expanding Care Delivery Services

Healthcare organizations and associations put pressure on Congress to help bolster home care models

A recent report from McKinsey & Co. stated that as much as \$265 billion worth of care services for Medicare fee-for-service and Medicare Advantage beneficiaries could shift to the home by 2025, representing a three- to fourfold increase in the cost of care being delivered at home for this population.¹ The COVID-19 pandemic accelerated this movement and a significant portion of it came through Hospital-at-Home (HAH) programs, which enable some patients who need acute-level care to receive it in their homes rather than in a hospital, thus aiming to reduce costs, improve outcomes and enhance the patient experience.

“One driver to more enrollments is the barrier of obtaining reimbursements for short-term oxygen,” Peter Read, MD, medical director of Des Moines, Iowa-based UnityPoint Health’s hospital-at-home program, told AHA’s Advancing Health podcast in February.² “We worked with our ACO to develop a waiver that allows us to dispense short-term oxygen to overcome reimbursement.” UnityPoint Health has achieved \$900,000 in shared savings from just its hospital-at-home program, and many of its other home-based services were in increased demand due to the pandemic. The Midwestern health system has enrolled over 150 patients in its program and averted over 100 hospitalizations during the pandemic.



CMS launched the Acute Hospital Care At Home program in November 2020, during the first year of the pandemic. It provided hospitals the flexibility to care for patients in their homes, originally helping relieve facilities of non-COVID patients to assist in tackling the surge of COVID-positive patients. As many HAH programs evolved throughout the pandemic, they shifted to enrolling COVID-positive patients as well to finish their hospitalization at home. Now, COVID-positive are enrolled directly from emergency departments.

Advanced Care at Home Coalition

UnityPoint Health is part of the Advanced Care at Home Coalition led by a steering committee comprised of the three founding members, including Mayo Clinic, Kaiser Permanente and Medically Home. Its 12 other members is a list of prominent health systems, including Baltimore-based Johns Hopkins Medicine, which was a leader under Bruce Leff, MD, in these programs in the mid-1990s. The coalition has applauded the recent introduction of the *Hospital Inpatient Services Modernization Act*, which would extend the Acute Care at Home waivers that have allowed expanded delivery of hospital-level care at home for Medicare beneficiaries during the pandemic.

The bipartisan legislation sponsored by Sens. Tom Carper (D-DE) and Tim Scott (R-SC), and Reps. Brad Wenstrup (R-OH) and Earl Blumenauer (D-OR) extends the waivers for two years beyond the duration of the COVID-19 public health emergency and it requires CMS to issue regulations establishing health and safety requirements for Acute Hospital Care at Home programs within one year of the bill’s enactment. It’s supported by more than 100 health organizations and healthcare associations.

“By extending these flexibilities, Congress will create a predictable pathway for medical professionals to fully realize advances in the care delivery system that enable patients to be treated with safe, equitable, person-centered care in the comfort of their own homes,” said Stephen Parodi, MD, executive vice president of The

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Permanente Federation at Kaiser Permanente, which has provided hospital-level care at home to more than 1,100 patients.

“We adapted to COVID-19 by developing pathways to deliver the COVID-19 vaccine to those unable to obtain one through traditional pathways,” added Dr. Read. “We are also testing patients for COVID-19 who are unable to leave their homes. In the future, we would like to begin administering monoclonal antibody treatment at home for those COVID-positive patients at high risk for complications.”

Mount Sinai’s model

New York-based Mount Sinai Health System was awarded a Center for Medicare and Medicaid Innovation (CMMI) award in 2014 to launch its hospitalization-at-home program, building upon its home-based primary care program for homebound patients in Manhattan, N.Y.

“I had always been frustrated as a primary care physician in someone’s home where I knew the patient had pneumonia and needed an IV and antibiotic, but because of all the rules, regulations and prior authorizations, I couldn’t treat them with IV antibiotics at home very easily,” said Linda DeCherrie, MD, clinical director of Mount Sinai at Home, to the AHA.³

When Mount Sinai received the project grant from CMMI, the patients they took care of were Medicare fee-for-service patients for three years of the grant. After that, it had to pivot to Medicare Advantage plans, commercial and managed Medicaid. It formed a joint venture with Nashville, Tenn.-based Contessa Health in 2017 for the ability to negotiate with various insurance plans for bundle payments. Contessa Health aids its provider partners in addressing these challenges in the new standard of care.

Negotiation challenges are some of the biggest barriers for these programs starting up around the country, according to Dr. DeCherrie, but Mount Sinai’s program has been very successful and popular with patients.

“I don’t think we had a single patient decline joining the program,” said Dr. DeCherrie. “People were wanting to get out of the hospital, especially during the height of the pandemic with a no visitor policy. They wanted to go home as soon as they could.”

The New York health system launched the second part of its program during the pandemic and called it Completing Hospitalization-at-Home. This was aimed at patients who had been in the hospital, even as a COVID-positive patient in the ICU but were on a healing trajectory.

Some of the state of emergency waivers allowed Mount Sinai to implement the program. They had it up and running within two weeks of the issued state of emergency. It began with non-COVID patients, but eventually extended to COVID-positive patients.

Future of home care

The pandemic has accelerated the adoption of home care, and the emergence of new technologies has helped its acceptance. The Mayo Clinic found remote patient monitoring effective for ambulatory management of patients with a 78.9% engagement rate during the pandemic, and 11.4% and 9.4% 30-day emergency department visit and hospitalization rates, according to McKinsey & Co.

A patient with coronary artery disease, for example, can be evaluated by a physician and sent home, assigned a nurse and care manager, remote patient monitoring and have meals delivered to their home by community-based organizations.

For UnityPoint Health in Iowa, it expects each full-time equivalent physician and nurse practitioner in its hospital-at-home program to produce six units of service per day, measured by an 80-minute block of time that includes all drive time, documentation, visit and care coordination. Dr. Read explained that two units of service per day is dedicated to a new patient and one unit of service per day to a follow-up patient. The goal is to mix and match new patients with follow-up patients resulting in four patient encounters per day. An on-call provider is also available 24/7.

“We round on our active patients seven days per week,” said Dr. Read. ■

Members of the Advanced Care at Home

Coalition include:

- › Mayo Clinic
- › Medically Home
- › Kaiser Permanente
- › Adventist Health
- › ChristianaCare
- › Geisinger Health
- › Integris
- › Johns Hopkins Medicine
- › Michigan Medicine (University of Michigan)
- › Novant Health
- › ProMedica
- › Sharp Rees-Stealy Medical Group
- › UNC Health
- › UnityPoint Health

¹ From facility to home: How healthcare could shift by 2025

² Hospitals at Home with UnityPoint Health

³ Members in Action: Mount Sinai Health System

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20 Years in
the Making pg. 12
- ▶ New and
Emerging
Technology pg. 16

Supply Chain by the Numbers

Provider, manufacturer, and distributor numbers to consider for your supply chain strategy.

BY JOHN STRONG, CO-FOUNDER, ACCESS STRATEGY PARTNERS INC

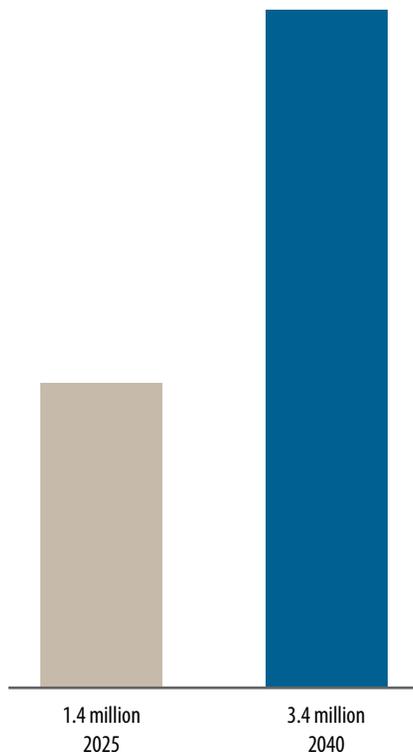
With all the data out there, Frontiers® wants you to stop and ponder a few numbers we unearthed in the past couple of months.

Smart orthopedic implants are on the horizon, and at a cost estimated at **\$20,000 each**.¹ In fact, CMS has already aligned certain incentives for monitoring a patient’s joint replacement procedure to reimbursement. Developers say these are a sure-fire way to help improve outcomes. How will you evaluate this technology? The same article notes that the number of total knee replacements will grow from **1.4 million** in 2025 to **3.4 million** in 2040.

A January 2015 Forbes survey indicated that **24%** of medical device manufacturers reported the biggest challenge in their business was “managing geopolitical risk.”² We would argue that with rising tensions with China and Russia, that number is already growing exponentially in 2022. Healthcare providers need to seriously consider this risk with regard to their procurement strategies this year. In fact, the value of U.S. imports from China for pharmaceuticals and medical equipment, products and supplies reached **\$20.74 billion** in 2019.³ Our foreign relations issues include “supply chain disruption and (reduced) manufacturing capacity,” according to Paul Keckley.⁴ How dependent is your supply chain on Chinese-made ingredients and finished goods?



TOTAL OF KNEE REPLACEMENTS



As of January 2022, between **8,000** and **12,000** containers containing medical supplies were being held up at U.S. ports. While we hope at press time the number will be lower, the fact is that this has caused shortages of commonly used, relatively inexpensive medical products that has driven prices higher. For example, there are currently plenty of aluminum crutches available at **\$40 per pair**, but none at current contract prices of around **\$14 per pair**.⁵ Is your sourcing strategy pivoting to the new realities of supply and demand beyond price alone? Are you considering the carbon-footprint of these cheap supplies or willing to pay more for U.S. made products?

Value-based contracting was on full display at the J.P. Morgan Health Care Conference earlier this year. It showed clearly that the rate of adoption of VBC is unbalanced across the industry, but that

it continues to grow. It was reported that **97% of Ascension revenue** was still coming from fee-for-service this year, while **55% of Intermountain revenue** will be coming from fee-for-service. How is the transition to value-based contracting going to affect your supply chain and contracting strategies moving forward over the next three to five years?

Are you buying for, or selling to **“payviders?”** More and more hospitals are entering into commercial employer-based risk contracts, as well as Medicare and Medicaid programs, according to the Healthcare Financial Management Association. As providers do this, we expect more value analysis emphasis placed on product value (not price) that can reduce readmissions and improve patient outcomes the *first time* a procedure is performed. Is your supply chain and value analysis committee ready to research and uncover the facts around how products under consideration actually perform? Can suppliers provide assistance with this?

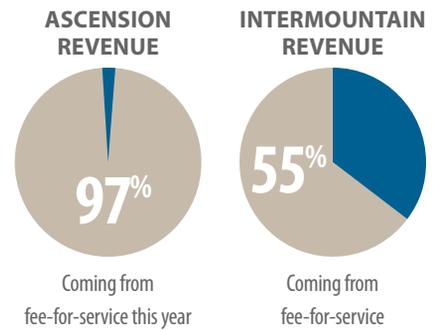
According to a December 2021 press release, almost **80%** of hospital leaders say **supply chain optimization** reduces costs and improves margins.⁶ It goes on to say that implementing more efficiencies and identifying certain waste(s) in the supply chain can reduce hospital expenses by **17.7%** per year. On the other hand, a report by Accenture in early autumn of last year showed that **only 38% of supply chain executives feel that their staff is “mostly or completely” ready to leverage the technology tools** provided to them. How are you training your staff to

use the technology you already have, much less new technology? Are you growing weary of “We have an app for that?”

According to “Supply Chain Dive,” there are five product classes that will be in short supply in 2027. While none of these are a surprise to you, they deserve consideration among your sourcing specialists.

- › **No. 1: Semiconductors.** How will that impact your new equipment and replacement purchases in 2022?
- › **No. 2: Aluminum.** Will we be back to wooden crutches? Can we? Some readers probably don't even remember them.
- › **No. 3: Food products.** Are your food brands free of COVID-based production and transportation problems? Are they imported?
- › **No. 4: Plastics.** Uh-oh! We use lots of plastic in healthcare. If Starbucks® cannot source enough plastic cups, can you? At what price? Where does our resin come from?
- › **No. 5: Building materials.** Overall construction input prices are up about 22% over a year ago. Can we put the brakes on that new building or remodeling?

Is private equity sniffing around your organization? Private equity healthcare deals increased from **\$41.5 billion** in 2010 to almost **\$120 billion** in 2019, according to a white paper from the University of California-Berkeley and the American Antitrust Institute.⁸ How would PE investors view your present supply chain? ■



Are you looking for sourcing replacements across these five product classes? Are you willing to evaluate new market entrants, or small, less well known companies for some of these products?



¹ Cohen, Jessica Kim, “Implants get ‘smart’ in orthopedics”, “Modern Healthcare”, December 6, 2021, pp 2729, 37-40.

² Stirling, Chris and Shehata, Ash, “Collaboration—The future of innovation for the medical device industry” © 2016 by KPMG International.

³ Statista, © 2022.

⁴ Keckley, Paul, “Two Events this Week will Set the Tone for the Rest of 2022 in U. S. Healthcare”, “Keckley Report”, February 7, 2022.

⁵ JHC research, December 2021.

⁶ © 2022 by Siftco.

⁷ Zimmerman Sarah, Supply Chain Dive, “Shortages 2022: 5 products expected to be in tight supply this year”, January 31, 2022.

⁸ Kacik, Alex at “Modern Healthcare.com”. “Corporate investors reshape healthcare industry”, December 18, 2021.



Price vs. Meaningful Value Alignment by 2025?

BY JOHN STRONG, CO-FOUNDER AND CHIEF CONSULTING OFFICER, ACCESS STRATEGY PARTNERS INC

Supply chain operations were getting more difficult even before the global pandemic hit in March 2020. It is hard to believe we are still seeing the fallout from it and having to make tough sourcing and logistics decisions across all healthcare supply chains.

With more healthcare providers taking on greater payment risk (and becoming “payviders”) it is logical to assume that more attention is going to be focused on value-based contracting strategies from both the insurance and supply chain sides of the table. This means a shift in strategy

for supply chain sourcing from price to a host of other “values” that must be examined in the future. It means that both the value analysis committee and supply chain will be required to consider a myriad of factors that are sometimes difficult to sort through.

The problem?

The first question for a would-be supplier to answer for a provider is: **“What problem are you solving for me?”** Provider here can be defined as the physician, clinician, facility, or some combination of these. The sales answer here often gets overshadowed by features, benefits, and the cool technology without a focus on its over-arching value to the buyer and patient.

Typically, there is a clinical value proposition tied to new technology, and we see more and more providers adding physician and clinician input to their supply chain decisions. With value analysis committee decision making, it is vital.

Some large hospitals and systems process more than 100 value analysis/new product requests per month. With that sort of throughput, getting to the point quickly is a requirement. Suppliers need to consider this and focus on a few pages of succinct information – not reams of information they expect committee members to read, understand, then relate back to the product or technology.

Clinical benefit

Next, there needs to be a focus on the clinical benefit from the physician or clinician point of view. While it has been in vogue for years for suppliers to locate and sell “physician champions,” physicians now need a brief, rational explanation for the purchases they want to make, especially if they are employed by the provider. It is imperative to also remember that value analysis committees are multi-disciplinary, and there are a variety of backgrounds and education of committee members.

For example, physicians want to know the clinical context for the problem being solved. This often requires evidence. Sometimes the evidence comes from clinical trials, and it can be mined. Often manufacturers help support the research. We wonder whether hospitals' views that such research is tainted can be an all-encompassing view in the future. To effectively evaluate new technology, there is likely going to need to be closer buyer/seller collaboration, at least a dialog about why something new might be beneficial.

Patient benefit

Why would any provider look at something if their ultimate customer – the patient – did not benefit? Product line extensions might be fine, but the question becomes what kind of incremental patient-value is provided. Therefore, new and succinct explanations of the reality of the care being delivered – and how it changes patient outcomes – is essential.

Again, trials and research may be required. It also takes contextualization of where outcomes and readmissions for certain procedures are today – and how the new technology advances and benefits better patient outcomes. As we know, reduced readmissions and improved outcomes have a distinct patient care *and* economic benefit. This is especially true as providers assume more economic risk for patient care from almost all payors.

Impact on revenue

Most healthcare providers never make product decisions based on impact to their revenue – or at least they shouldn't. With many providers under continuing or growing financial stress, reimbursement

cannot be ignored and products need to be considered – not selected – based on revenue cycle management input.

Correct coding is every provider's concern. It cannot be completely ignored, however, when choosing to modify procedures with new technology. While everyone agrees that product selection must always be in the interest of the patient, you must consider old vs. new when it comes to both cost and revenue and understand the impact on your bottom line.

a patient receiving additional care that is not readmission classified.

If the provider supply chain of the future is to remain relevant and be a gateway and team member in value analysis, there needs to be a consideration of all these items and less focus on price alone. While price is important, it is imperative that purchasing departments understand and compare like-to-like products and their outcomes. Unfortunately, many automated specification and contracting

Why would any provider look at something if their ultimate customer – the patient – did not benefit? Product line extensions might be fine, but the question becomes what kind of incremental patient-value is provided.



Cost savings

Cost savings is not price savings. It comes from changes in procedure (such as a real reduction of staff time or length of stay), a reduction in readmissions when a provider assumes risk for reimbursement, a reduction in the use of ancillary products (sometimes called “opportunity costs”) or other quality-oriented costs that result in

systems overlook subtle product differences that may skew one or more new products or technologies in their favor.

Conclusion

Strategically, are supply chains aligned with the goals of your organization? Are you evaluating products and technology with a broad view of what is best for patients, or simply considering price without a complete understanding of all the factors that the new healthcare environment demands?

If you are relying on others, such as a third party or outsourced contracting (such as a GPO), you need to be asking them these questions as well. The healthcare supply chain demonstrated its time has come during the pandemic – now let's take it into the new realities of the environment we find ourselves operating in. ■



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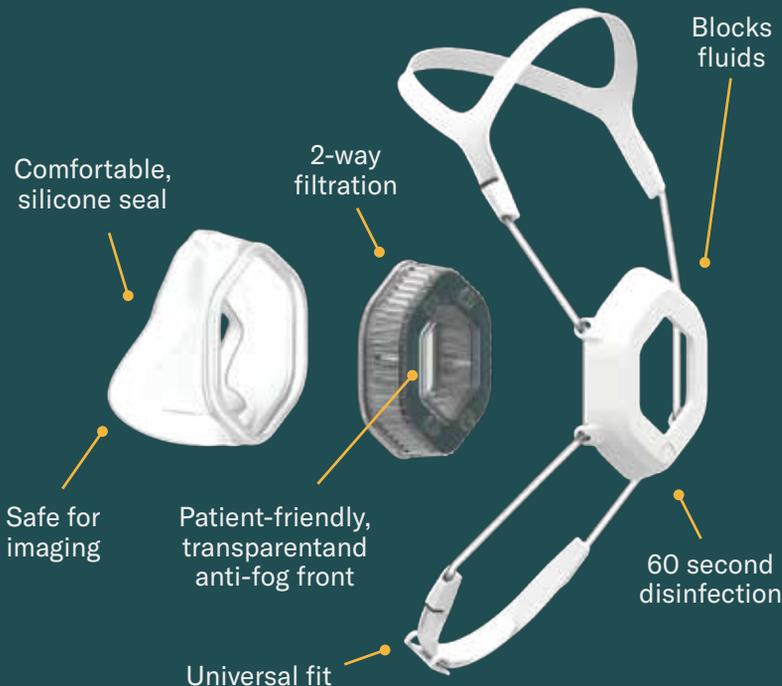
“Finally, a respirator that solves all the problems!”

— ELIZABETH CLAYBORNE, MD, EMERGENCY MEDICINE, UNIVERSITY OF MARYLAND



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- Transparent
- Novel virus barrier
- Leading breathability and comfort
- ASTM F3502-21 compliant
- Passes all prerequisite NIOSH testing



“Most comfortable respirator I’ve ever tried. Cannot wait to see this make its way into the hospital.”

– ABRAAR KARAN, MD, MPH, DTM&H, INFECTIOUS DISEASE, STANFORD



We’re in the business of positive impact.

Canopy supports 9 of 17 Sustainable Development Goals.

Canopy excels where it matters.

Employee well-being / workforce retention

- Improved safety vs. disposables
- Personally issued to / maintained by each employee
- Disinfects in 60 seconds with common wipes
- Comfortable for 8-12 hour shift
- Extremely breathable

Sustainability / waste reduction

- 94% less waste
- Far less warehousing, shipping, ordering, disposal

Diversity, equity and inclusion

- Deafness and hearing loss is the 4th most common disability in the U.S.
- Canopy’s transparent front re-opens communication

Supply chain stability

- 90% USA supply chain (driving to 100%)



Cost reduction

- 50% direct cost reduction
- Plus reduced logistics, storage, and disposal costs



Supply Chain Thought Leaders Share Insights at LSI Emerging MedTech Conference

Almost unknown to healthcare supply chain executives, the Life Science Intelligence Emerging MedTech Summit is held annually. It brings together many of the greatest healthcare entrepreneurs and innovators of medical devices together with potential investors, banks, and large medical device manufacturers. This year's event brought together close to 800 people in Dana Point, California, March 15-18. In addition to many presentations by MedTech thought leaders, hundreds of aspiring MedTech companies made 9-minute pitches of their products to investors in a mind-boggling display of the future of healthcare.

John Strong, Co-founder and Chief Consulting Officer for Access Strategy Partners Inc, hosted a panel discussion entitled "Strategy: How to Win with Today's IDNs and GPOs". Joining John were three supply chain thought leaders from across the country:

- › Amanda Chawla, Vice President and Chief Supply Chain Officer for Stanford Health Care
- › Darren Vianueva, Senior Vice President for Integrated Support Services and Technology Sourcing for Trinity Health
- › Jimmy Chung, MD, Chief Medical Officer for Advantus Health Partners.

Despite great technological prowess, many attendees have little idea how their inventions are going to be evaluated in today's IDNs. The term "value" and the use of value analysis to evaluate and review the deep value of new technology was thoroughly discussed for the audience. The panel shared a snapshot of their processes and discussed the

need for emerging technology suppliers to take a collaborative approach with them to better understand each other, as well as the need to define the true value components of the technology – beyond price and sales. Generally, the panel agreed the need to define value can be segmented into several areas, including:

- › A definition of the problem being solved
- › Clinical value that is well-defined for the physician and patient
- › Clinical process changes that might be required at the time of adoption
- › Economic and reimbursement value for the provider including evaluation





of factors such as length of stay, readmissions, and outcomes

Chawla noted that there is a need to work closely with suppliers, to carefully understand the procedures being addressed, and the potential benefits the new technology brings. She emphasized the need to define the medical problem being addressed first. Suppliers must be able to provide as much of this information as possible and should be ready to address this at their first meeting. Each panelist agreed and noted that their organizations all used a multidisciplinary approach to value analysis, although the specific processes were a bit different.

Each panelist's supply chain operation is responsible for the value analysis process within its organization, and each noted that supply chain is key point of entry that can make the entire process of bringing new technology to their organi-

zations go faster and smoother.

A key factor in almost all technology evaluation is cyber security. Vianueva noted it is a huge problem that is growing larger all the time. In fact, his organization's firewall is attacked more than 1.2 million times a day. Being able to have and describe security measures on any devices requiring access to the Internet was a key point. Again, suppliers should be ready to address this on a first visit.

Dr. Chung spoke about the need for close communication with physicians, and truly understanding the procedure being addressed, the needs of the patient, and understanding how a new technology fits into a process or technique currently used by the physician(s) during a case. There was consensus among the panelists that supplier's need to carefully understand the organization they are selling to prior to a

first visit and offered recommendations on how to do that.

Because patients are moving outside the hospital to ambulatory surgery centers, imaging centers and clinics at an increasing rate, the panelists each noted their supply chain operations are responsible for evaluating and procuring new products and technologies for these sites of care as well, and their supply chain organizations are the correct point of entry.

A clear sign of success, each panelist was overwhelmed by questions at the conclusion of their presentations, and they spent time after the program with entrepreneurs addressing questions about their organizations and methods. This was the first time the LSI conference had heard about the role of supply chain within potential customers, and how they evaluate and purchase advanced technology for their organizations. ■

Value Analysis with a Clinical Perspective

BY PETE MERCER

Value Analysis is a critical piece of the greater puzzle of the healthcare supply chain, an evidence-based and data-driven process that equips clinicians with the tools they need to provide better patient care. Those who work in Value Analysis are constantly analyzing and evaluating the efficacy and price point of healthcare products used in hospitals and clinics to treat patients.

Operating with a clinical perspective

At the Mayo Clinic, Terri Nelson, RN, Director of Value Analysis Supply Chain Management, and her team operate the Value Analysis department with a clinical perspective that empowers them to make better and more informed decisions about product evaluations. The end game for her team is to always make sure that the patient is taken care of.

Nelson said, “A clinical background is so important because we have had so many disruptions. Clinicians are already at the end of their rope with dealing with COVID and patients, but now they have to have these disruptions continually? Because we can understand them, we try to bring solutions. That’s why Value Analysis should exist: to take some of that stress off of the clinical staff and help them to make a decision that supports them.”

Her team has nine people on it; six are clinical value analysts, the other three, supply chain management analysts. The clinical value analysts all have a background in nursing like Nelson. “In Value Analysis, you’ll find most individuals have a clinical background of some kind. Value Analysis is a process improvement tool, and you need to have a clinical perspective in order to do that efficiently.”



Terri Nelson and her team.

Supply chain is an industry with a lot of diversity: people from different backgrounds and experiences all come together to develop faster and more efficient processes for distributing products across the country. This diversity can lend unique perspectives to the process.

For Nelson, this background is a critical component to running a successful Value Analysis program. “Nurses are always thinking about, you came in as a patient, you started here. But I know we’re going to do X, Y, and Z. And you might end up in three other locations. So, I have to pre-plan for it. It’s the same thing within the supply chain. If I get a product that’s not functioning well, what are my options to make sure there’s not a disruption of patient care to that?”

Why nurses? Nelson admits that there’s a little bit of bias towards nursing. She said, “Nurses are a jack of all trades. We knew a little bit about everything and how it relates to patient care especially. Mayo has acute care and non-acute care, and you’ll find that there are a fair number of nurses because we are a jack of all trades.” Her team is successful because of that foundation of clinical knowledge, which has helped them to find better, long-lasting solutions for Mayo.

Delivering on the culture of Mayo

Part of what makes having a nursing background in Value Analysis so valuable is their ability to deliver on what makes up the culture of the Mayo Clinic. Mayo is a physician-led community that is focused foremost on the needs of the patient. Because nursing requires you to be so hands-on with the patients, that gives a unique perspective into what role these products should be playing and how they should be helping.

Nelson’s team looks at quality and outcome measures, length of stay, and what type of patient you’re providing care for. “That’s why having that clinical background is so important. They

understand the culture, they understand how procedures and processes are done.”

Her team had to identify clinical staff that would sit in the organization-wide crisis meetings to discuss what they could get, what they couldn’t get, and what needed to be done. “We needed to conserve product. But how? We were getting that information from clinical areas to identify how to do that. If we’re going to standardize product, which are the ones that we really need to make sure that we safeguard whatever is going to happen to it?” Clinical experience coupled with longevity grants a variety of experiences that you can pull on to make better and more informed decisions.

Acclimating to the work-from-home style took a little bit of time, but they all utilize Microsoft Teams to keep in touch about the various projects and everyone’s workload. It’s also affected how they communicate with suppliers to discuss the products they are working with.

Nelson said, “One of the lessons we learned early on is to work with suppliers and identify, based on all of these we have, which ones understand our organization and its needs. Use their expertise, tell us which ones have the same attributes. That’s a big part of what we’ve learned in the past two years, how we need to look at how we do things, and we should have less variation in some of these truly commoditized types of activities.”

Part of what makes having a nursing background in Value Analysis so valuable is their ability to deliver on what makes up the culture of the Mayo Clinic. Mayo is a physician-led community that is focused foremost on the needs of the patient.

Navigating the workday in a pandemic

Nelson’s team is still working from home and has been since April 2020. While the basic administrative pieces of the Value Analysis process can be done from home, the intricacies do require a visit to one of the Mayo campuses. The only way to truly conduct a Value Analysis review of a product is to see it in person, which can require a little bit of travel, depending on which campus the team member is going to.

Despite these challenges and changes to processes, Nelson and her team are continuing to provide Mayo with a clinical perspective that benefits the entirety of the organization. They keep in touch with weekly meetings to discuss the weekend and what’s going on in their personal lives. It’s an informal, but mandatory meeting to maintain that level of connection and culture that’s easier to establish face-to-face. “In a telework environment, you need to allow the flexibility for your team to just spend time together and catch up.” ■



Value Analysis: 20 Years in the Making

BY TERRI NELSON, RN, DIRECTOR OF VALUE ANALYSIS, MAYO CLINIC

What is Value Analysis? I asked myself that question when I applied for the Director of Value Analysis position at the Mayo Clinic Rochester, Minnesota, campus 20 years ago. This was a new position reporting to the Director of Supply Chain Management. I had been a nurse for over 20 years at the Mayo Clinic and had never heard of this type of role, so I did an internet search only to find there was very limited information on Value Analysis within healthcare. I found a list serve group of 10 Value Analysis individuals from across the United States. I quickly joined the group, and the adventure began.

Over the last 20 years, I've had 3 job title changes, 4 different managers, my operational support expanded from 1 campus to all Mayo Clinic campuses and from a staff of 1 to a team of 10. As our Value Analysis processes have matured and evolved, our foundation of Value Analysis definitions and operating principles have stayed the same.

Definition of Value =
$$\frac{\text{Quality (Safety, Service \& Outcomes)}}{\text{Cost}}$$

Operating Principles: *Practice Drives Product Selection and is supported by the Value Analysis professional*



The Value Analysis process is objective, data driven, and separates clinical/technical difference from personal preference. The process is used to evaluate products based on clinical efficacy, safety, and cost. Value Analysis promotes product standardization, decreasing duplication of products and utilization, using products in the most efficient manner, the right product for the right need. Mayo Clinic uses a five step Value Analysis process which includes:

1. Identification of initiative
2. Data
3. Analysis & recommendation
4. Implementation
5. Compliance

What has changed over the last 20 years? A shift in role responsibilities from being responsive to product requests to proactively understanding future practices impact on products,

from decreasing duplicate products to promoting product standardization, incorporation of clinical outcomes into product review, identification of product attributes from basic to required attributes to promote best in practice. In addition, the structure of including clinical staff input has changed from separate Value Analysis committees to incorporation of the Value Analysis process into standing clinical committees' structures.

This change decreases clinical staff needs to participate in multiple committees, promotes clinical input into contracting activities, communication of product disruptions and early identification of product conservation measures and addressing the question if there is a change in practice what impact this will have on products used. This committee structure change has also impacted how suppliers interact with healthcare providers. No longer do suppliers submit a request to Value Analysis committees for product reviews. Instead, the suppliers need to reach out to Value Analysis professionals. For some organizations they may use a third-party product request tool. At Mayo Clinic Value Analysis should be the first source of contact. Value Analysis can assist suppliers by reviewing requests, identifying any contracting conflicts and assessing users' interest.

Twenty years ago, Value Analysis focused on managing products. Today, Value Analysis is based on three core competencies.

These competencies include:

1. **Category management.** Incorporation of the value analysis process into the contract strategies for all product categories,
2. **Product management.** Activities relating to product disruptions including recalls, backorders, discontinuation, quality issues and
3. **Operational support.** Focusing on product conversions, compliance and product request.

1. **Category management.** Incorporation of the value analysis process into the contract strategies for all product categories,

Value Analysis continues to report through Supply Chain Management. This is an important relationship as it reinforces the clinical input into supply chain and keeps the focus on the primary value, "the needs of the patient come first".

The last area for change has been relationships. The relationships between the Clinical Practice and Supply Change Management have grown and evolved professionally. Supplier relationships with Value Analysis have also matured. Value Analysis professionals cannot do their jobs without the supplier and suppliers don't want to have poor product, product recall, and/or backorders. What has changed between Value Analysis and suppliers (and is still changing) is increased communication and transparency of what are the issues, what caused the event, and how and when this situation will be resolved.

And the next 20 years? Well, I don't have a crystal ball. My prediction for the future of Value Analysis would include but not be limited to the following; incorporation of Value Analysis courses into schools of supply chain and nursing curriculum's, development of automatic digital resources to manage product request, backorders and recalls, supply assurance programs to decrease inventory disruptions, and Value Analysis working closer with supplier quality departments for early identification and resolutions of quality issues. ■

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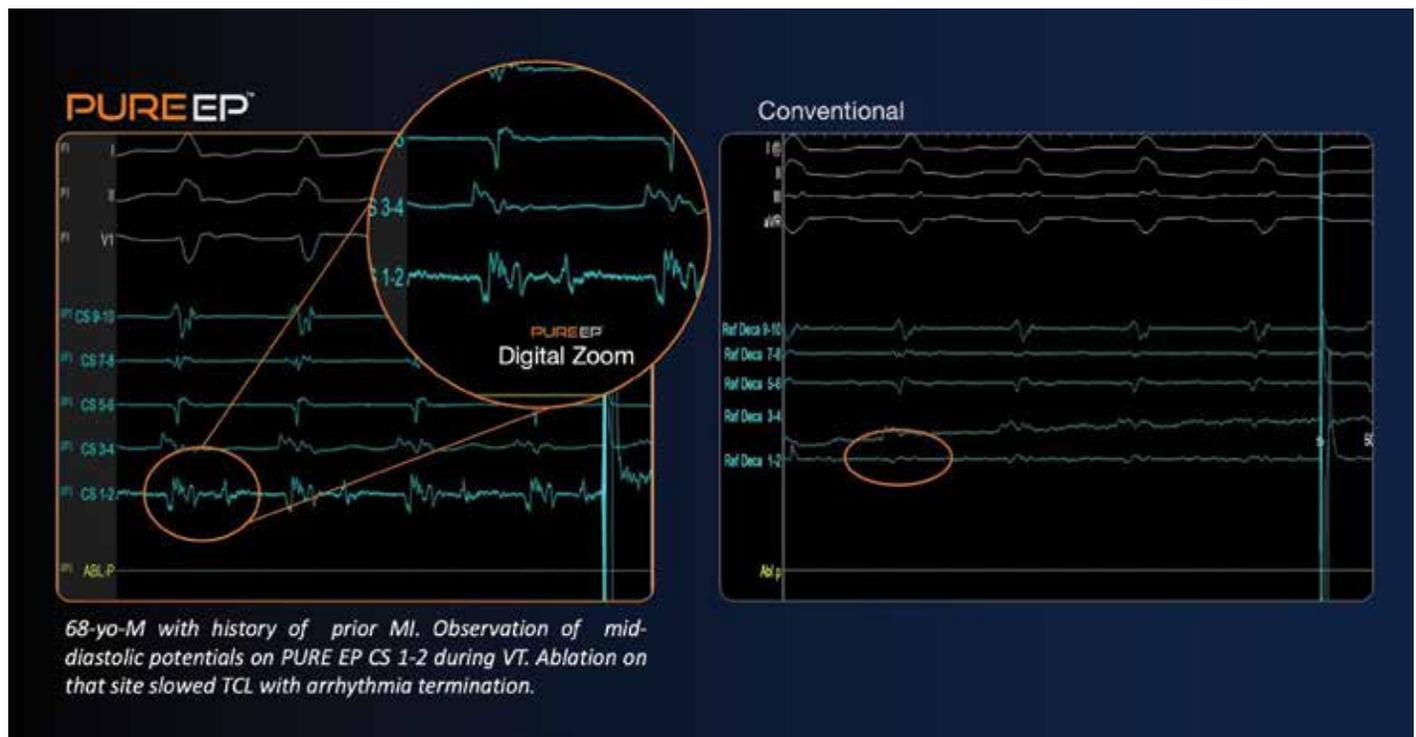


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Cleaner signals have clinical benefits during the EP procedure

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- Procedure time may be reduced by up to 50%⁴
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HEALTH ECONOMICS

The potential economics and benefits to the patient can be significant. The statistics below are presented for your consideration in the cost-benefit equation of EP procedures. Both Ventricular Tachycardia (VT) and Atrial Fibrillation (AF) treatments continue to grow, and this trend is expected to continue as the result of many factors. EP procedures are expected to grow at a 10-year CAGR of 9% overall, with a significant growth of 15% for Atrial Fibrillation.

	VT	AF
30-Day Readmission Rate	19.2% ⁵	14.5% ⁶
Average Cost of Readmission	\$43,776 ⁵	\$23,779 ⁷
Mean Time to Readmission after Index Procedure	10 Days ⁵	13 Days ⁶
Complication Rate	11.5% ⁵	10.5—13.8%

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New and Emerging Technology

Evaluating new medical technologies may not always fit a standard process.



There is a whole world of emerging medical technology and devices evolving in the United States and globally. Unfortunately, many new technologies struggle to be recognized and evaluated based on several factors. The disruptions caused by the global pandemic are certainly one reason.

Here's a question: Do you think supply chain should be the gateway to your organization's review of new medical devices and technology? If your answer is "yes", then here are a few things to consider.

Does my GPO have a contract with you?

Some supply chain executives use this question as a first step in vetting new technology. The major GPOs can

certainly be helpful in evaluating new technology. In fact, they all have a process for "new and emerging" technology. Unfortunately, many new technologies evolve in a very nascent state, and need

BioSig: Changing the Way Electrophysiology Labs Work

BY PETE MERCER

When the seed of what BioSig would become was planted, Ken Londoner was developing medical technology for the automation of cardiac testing for drug safety requirements. Dr. Mark Josephson, Chair of Harvard Cardiology, suggested that Londoner should develop the technology to improve the signal quality of electrograms, the electrical signals coming from inside the heart.



▲ Ken Londoner

Dr. Josephson noted that poor EGMs were one of the main problems for clinicians improving their accuracy in cardiac ablation therapy for atrial fibrillation and ventricular tachycardia patients. Londoner started BioSig to address this problem head on, eventually producing a hardware and software system that works to dramatically improve signal quality: The PURE EP System.

“PURE EP improves the clinical accuracy of treatments in persistent and chronic ablation cases, while reducing the time of the procedures by eliminating the time it takes to adjudicate signal distortions in decision-making,” Londoner said. “Our system allows for software and application development. We currently have 15 software programs which are clinically designed in partnership with some of the leading electrophysiologists in the world. The software leverages our unique ability to get the cleanest heart signals, visualizing the information other systems in the EP lab cannot produce because the hardware doesn’t allow the acquisition.”

BioSig has already completed over 2,000 surgeries since the system was first introduced to the market in November

2019. Using the PURE EP System, leading physicians have improved their confidence, workflows, and results in persistent and chronic cases. Not only are physicians benefiting from the use of PURE EP, but it’s also improving the lives of those suffering from atrial fibrillation. Londoner said, “We want to become the gold standard for EP labs, alongside the other technology that’s already in place. Our new system is complementary to existing technologies and processes, while being a fundamental component for how cardiac ablation is done.”



▲ The PURE EP System

validation in acute and other healthcare settings to even get to the point of being relevant for a national GPO to review.

For buyers, using the “GPO Question” first may have the unintended consequence of blocking learning about truly new and innovative technology that can provide one or more of the benefits you are seeking, in terms of Cost, Quality and Outcomes (CQO). Long-range strategy in dealing with supply chain costs and issues may make following new technologies particularly desirable.

have included two examples of telling your story simply; either in front of the person reviewing new technology in a healthcare provider, or in front of the Value Analysis Committee (VAC).

Because everyone’s time is constrained, and people are not “together” in the past sense of working in a hospital or nearby facility, these examples have been reduced to two pages. They are furnished in our belief that in many instances, and with the right information, an evaluation and purchase decision

From a CQO perspective, is the information provided enough in the examples that accompany this article for an evaluation of the product? Assuming that the product has been approved for use in a healthcare setting and the supplier can provide the required number of units, our question is whether this information, along with customer feedback, is enough to make a reasonable decision about the benefits of the product.

The second example (see pages 14-15) is from **BioSig Technologies**. The BioSig PURE EP™ system “purifies” the electrical signals emitted from the heart during electrophysiology cases, such as catheter-based ablation procedures.

In this more clinical example, the two-page VAC pack demonstrates the number and costs of readmission and re-performed procedures. This is especially important if a provider has become a so-called “Pay-Vider” where insurance risk and healthcare are brought closely together, and both the insurance company and provider assume the risks for the cost of treating a patient. When considering product and technology costs, clinical outcomes and the cost of readmissions are becoming a more important consideration for the entire healthcare supply chain.

To date, **BioSig** has produced one clinical paper. The clarity it brings to the EKG during a procedure is **1,000 times greater** than products currently on the market, and electrophysiologists are evaluating the product right now. While that single study demonstrates considerable value, would it automatically be excluded from consideration because the research is only emerging?

Is it time to step back, and take a strategic look at how we evaluate new technology in healthcare? ■

When considering product and technology costs, clinical outcomes and the cost of readmissions are becoming a more important consideration for the entire healthcare supply chain.

Startups may not be familiar with healthcare providers

It seems like every month I speak with well-intentioned people who have a great product or idea, but are not familiar enough with “the industry” to actually get their products reviewed, understood, and evaluated. While everyone’s time is at a premium, and the pandemic has caused more folks to work remotely, having an “ear” or process to review new ideas is critical as more new technology emerges in this decade.

Suppliers: Tell your story – simply

Historically, many established and new manufacturers have generated reams of information about the performance of their technology and new products – but have not distilled it into a simple story. In this issue of “Frontiers” we

can be made simply. This has the benefit of reducing the backlog of products and technology awaiting evaluation at the VAC. Speed-to-adoption can also be a significant satisfier for physicians and clinicians, who tell us they are tired of the slow process(es) used in some cases that delay adoption of new products or technology for months.

Canopy is our first example (see pages 6-7). Canopy is a manufacturer of reusable N-95 respirators. Using three simple assumptions, **Canopy** has illustrated three “values” of their product, including expense. They have gone on to also illustrate other real but unseen costs such as significantly less storage space required compared to disposables. From an environmental perspective, Canopy also illustrates waste in its product vs. a disposable product – a 95% reduction in landfill waste.

Replacing disposable N95s with something clearly better

Respirator Innovation with Canopy



Inadequate PPE for healthcare workers is a problem that existed well before COVID. Fortunately, innovative companies are stepping up to address these needs head-on.

One such company, Canopy, was started by Joe and Kim Rosenberg during the early days of the COVID-19 pandemic to provide better protective equipment for doctors and nurses. Canopy's respirator is designed to provide a more comfortable, breathable, and easy-to-clean experience for the user, while improving the ability to communicate between caregiver and patient.

The respirator is reusable and built with modular and replaceable



▲ Kim Rosenberg



▲ Joe Rosenberg

components, including a Canopy Pro Core air filter and a transparent sort of window that allows people to see the user's mouth when they are talking. "We should not have healthcare workers dying because they do not have proper respiratory protection," Kim Rosenberg said. "We would really like to see a lot more innovation in this space.

The research is clear; we think it can save a lot of lives."

Joe Rosenberg, who previously worked in the business incubation unit at Google, worked alongside clinicians and hospital administrators to develop a design that met the daily needs of healthcare workers without sacrificing any of the safety aspects. Rosenberg said, "A lot of the chief complaints were 'we cannot properly communicate with our patients.' It was a very resounding feature request."

The Canopy respirator features fully replaceable components that allow for up to 12 months of use. Because of the extended use capabilities, health systems will have an easier time of maintaining stock for their workforce.



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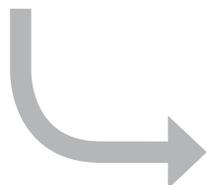
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Five Trends Healthcare Suppliers Should Watch and Leverage in 2022

It's been nearly two years since the onset of the COVID-19 pandemic and disruptions continue to rock the global healthcare supply chain. There have been shortages of raw materials, labor and manufacturing; issues surrounding shipping, transportation, warehousing and distribution; and now rising inflation hitting the entire healthcare continuum, from manufacturers to distributors to hospitals and everyone in between.

Adding to the rocky landscape are the historic number of supplier mergers and acquisitions in 2021 (activity has been more robust than anticipated with over 3,000 total transactions expected by year-end, an increase of more than 25 percent as compared to 2020) and the

“great resignation”, a.k.a. “the big quit”, where the U.S. Bureau of Labor Statistics reports an overall turnover rate of more than 57 percent for the year.

It's a long list of disruptors and given the fact that the fight against COVID-19 is far from over, chances are the list

will continue to grow. Finding ways to build a stronger, healthier, more resilient supply chain that can withstand disruptions brought on by the virus and other economic factors is vital – to ensure we emerge from this pandemic better prepared for the future.

Where is the healthcare supply chain headed in 2022? What follows are the five main trends that we believe will define the industry and some insights on how suppliers can set themselves up for success.

No. 1: Putting eggs in different baskets

One of the things that COVID-19 highlighted was an over-dependency on the production of products from Southeast Asia, specifically China. This included everything from personal protective equipment (PPE) like face coverings, gowns and exam gloves needed to care for patients, to products like cotton swabs needed for COVID-19 testing

and hypodermic needles needed to dispense vaccines.

In 2022, there will be a laser focus on developing more resilient strategies that include domestic and diverse manufacturing and sourcing of those vital products and, to some degree, more near shoring of production. Domestic and diverse manufacturing will not only help build resiliency – but also help create jobs.

This isn't going to come easy. It's going to take a massive effort on behalf of the U.S. manufacturing industry and the federal government to create an appropriate amount of support to ensure, from a public policy standpoint, we make it possible for organizations and companies to stand up domestic and diverse options.

What does this mean for healthcare suppliers? We see three major implications:

- › More participation in demand- or commitment-driven models that help suppliers to bolster supply, invest in redundancies, enter or re-enter markets and explore new therapeutic categories for innovation. Premier has led the charge with recent collaborations with manufacturers where millions of domestically made PPE – N95 respirators and masks, nitrile exam gloves and surgical gowns – in addition to pharmaceutical products, are now produced in the U.S. This is a direct result of committed purchasing that makes it clear the buyer base is there to stay.
- › Investments in automation to produce goods and compete with low-cost countries in an environment where labor is hard to come by. Automating the manufacturing process will help

to create a smarter supply chain, driving greater efficiency by either increasing production capacity or reducing costs and allowing domestic companies to compete more effectively on a global scale.

- › A push for tax breaks and low-interest/no-interest loans as well as reasonable environmental and other regulations to help companies invest in and drive future-forward strategies. Government action in the form of domestic manufacturing tax incentives and affordable financing options are necessary for U.S. manufacturing to compete against countries with much lower labor costs and to improve supply chain resiliency.

Ramping up domestic and near shore manufacturing, creating competitive alternatives and changing the way we source vital healthcare products is the way forward in eliminating overreliance on overseas manufacturing – sustaining the U.S. in strong economic times as well as through times of crisis.

No. 2: Diversity is the spice of supply chain

The challenges facing the healthcare supply chain since March 2020 have been both unprecedented and unpredictable, and solving them will require bold new approaches. Although he wasn't navigating his way through a global pandemic at the time of his famous quote, Sir Tim Berners-Lee, inventor of the World Wide Web in 1989, sums it up best: "We need diversity of thought in the world to face the new challenges."

Fast forward to 2022: "We need diversity of thought in the healthcare supply

chain to face the new challenges." We think Berners-Lee would whole-heartedly agree with our adaptation. And here's another: "If variety is the spice of life, diversity is the spice of supply chain."

As a result of the pandemic, supplier diversity has taken on a whole new meaning. Traditional supplier diversity programs within the supply chain are giving way to more strategic, collaborative approaches between healthcare providers and local small businesses. Supplier diversity supports both business and clinical progress. It's a fundamental component to improve inclusiveness and equality in healthcare, build trust between patients and providers, and improve health outcomes.

While supplier diversity once meant including minority- (MBEs) and women-owned (WBEs) businesses, it now also includes:

- › Lesbian-, gay-, bisexual- and transgender-owned (LGBT)
- › Service-disabled veteran-owned (SDVO)
- › Small business owner (SBE) as defined by the Small Business Administration
- › Veteran-owned (VBE)

These diverse suppliers are adding their unique experiences and points of view to address some of the most significant issues in healthcare:

- › The COVID-19 pandemic
- › The increasing demand for telehealth services
- › The opioid crisis
- › The increasing prevalence of chronic diseases like diabetes, obesity and hypertension
- › Improving patient education and community health awareness
- › Innovative strategies to combat rising healthcare costs

More and more companies, including healthcare providers, are starting to set goals of diversity purchasing, with one study indicating that 30 percent of organizations are setting formal diversity spending goals. The same study indicates that spending across different diversity groups will increase, pointing to Black-owned businesses (an increase of 77 percent), women-owned (an increase of 65 percent) and service-disabled veteran-owned (an increase of 63 percent) to name a few.

In this environment, suppliers should consider:

- › **Making a commitment to diversity.** Suppliers can further advance their diversity, equity and inclusion (DEI) efforts by making it an integral part of their organization's supply chain management strategy. This includes a team dedicated to the program, enterprise-wide strategy and commitment, and ongoing goal setting and metrics evaluation.
- › **Diversifying both their supplier base and employee base.** For DEI efforts to be successful, it's vital to identify community resources and work closely with local partners to seek input as well as pinpoint and engage certified, diverse-owned vendors with which to do business. Equally important is building a diverse workforce that's inclusive, brings unique perspectives and viewpoints, encourages innovation and fosters better decision-making. And when you successfully diversify your supplier base or your employee footprint,

share your story with us so we can help share the great work you are doing with Premier's membership.

- › **Procuring appropriate certification types and accreditations.** Most companies with supplier diversity programs will only contract with certified suppliers. Several supplier diversity certifications are available from various agencies, including:
 - National Minority Supplier Development Council (NMSDC)
 - Women's Business Enterprise National Council (WBENC)
 - National Gay & Lesbian Chamber of Commerce (NGLCC)
 - United States Hispanic Chamber of Commerce (USHCC)
 - Asian Pacific American Chamber of Commerce (APAAC)
 - Vets First Certification Program (for veteran-owned small businesses)
 - U.S. Business Leadership Network (for disabled-owned small businesses)

Ultimately, supplier organizations blazing the trail of DEI activation can see more success in positively impacting communities economically, promoting innovative solutions and driving competitive pricing and terms – among other benefits.

No. 3: Automation domination

It's no secret that many aspects of healthcare are crying out for technology-enablement, many of which were amplified as a result of the pandemic. One area in dire need is today's inefficient manual invoicing and payment processes that are bogging down the healthcare supply chain. Many suppliers and the health systems they serve have accepted manual

processes as a part of doing business. What they fail to see is how much these paper-driven processes negatively impact their bottom line.

PINC AI™ data shows that as many as 70 percent of all invoices are paper-based, and nearly 85 percent of purchasing is still done manually with paper checks. These processes can almost double transaction and processing fees and can take up to four times longer to process.

Automation in the form of an e-invoicing and e-payables platform can solve the costly accounts payable (AP) and accounts receivable (AR) problems created by outdated, manual, paper-based purchasing and payment processes. Starting with the contracting and ordering process, moving all the way through invoicing and payment, a seamless, paperless experience for suppliers and their health system customers is possible – and where the healthcare supply chain is headed in 2022.

Imagine an automated workflow between your organization and health systems that:

- › Improves your order-to-cash (O2C) process by 11 days on average and reduces match exceptions to as low as 1 percent.
- › Shortens your organization's days sales outstanding (DSO), enabling you to unlock cash flows, increase your margins and credit rating, and bolster your stock value.
- › Allows you to track invoices and payments on-demand 24/7 as well as extract payment details for on-the-spot AR reconciliation.

And it all comes with the assurance that your sensitive data is secured with the highest encryption disciplines employed in healthcare, to safeguard against

cybercrime and other types of check and invoice fraud and theft.

With an automated e-invoicing and e-payables solution, supply chain staff are freed up to focus on what matters most – building stronger relationships to enable the delivery of high-quality patient care, which is on trend to evolve as sites of care will continue to shift as we move into 2022.

Research shows that by 2040, most care will be delivered at home, in outpatient settings or virtually. Adapting to this new way of care, in terms of supplies and delivery methods, will require new automation capabilities and other technologies as well as relationships with different types of suppliers, retailers, contract employees and technology providers.

Talented, engaged employees are one of the most essential factors to your organization's successful operation. Being responsive to the wants of employees will go a long way in retaining them into 2022 and well after the pandemic's end.

For 2022, it will be important for suppliers to begin reimagining supply chains equipped to deliver non-hospital-based care in a safe, cost-effective and high-quality way at scale. Automating manual processes and tech-enabling the supply chain from the inside out will be imperative for these new models of care to succeed.

No. 4: The elusive 360° view

We can orchestrate so much of our lives with a simple click. Think Amazon. Tap the app and you have instant visibility

to where your package is – one, five, 10 houses away. Think healthcare supply chain and it's much like trying to see through a dense fog. Manufacturing has become a complex labyrinth where visibility is deficient, and in a lot of cases, we have no idea where products and goods are in the manufacturing process or transit.

We all paid a price for this lack of transparency during the pandemic.

COVID-19 highlighted the absence of upstream and downstream supply chain visibility and reinforced the urgent need to better understand product availability and risk. Providers struggled to access vital healthcare products and medications while government agencies struggled to know what supplies were

available or how long it would take to replenish stockpiles.

How did this happen?

The healthcare supply chain is lacking a technology-enabled infrastructure that provides visibility to:

- › See demand and predict surge for supplies.
- › Understand what products are in stockpiles, distribution and hospital inventories so that we can dynamically move supplies to those in greatest need.

- › Understand the risks associated with geographic concentration of suppliers.
- › Rapidly respond with new facilities to manufacture critical PPE and generic drugs.

The pandemic taught us that having a clear, 360° view without blind spots is critically important to drive greater transparency, risk mitigation and business continuity in the healthcare supply chain.

Rather than standing up another inadequate and duplicative process, moving into 2022, emphasis must be on building a system that can comprehensively track critical product availability – from the raw materials, to manufacturer, to distribution, to state and national stockpiles, to hospital inventory.

This will enable accurate inventory management, dynamic allocation – the delivery of existing products to areas in greatest need – and a data-driven approach to ramping up supply via mechanisms such as the Defense Production Act. Not only will this help providers anticipate demand for key products, but it will also allow the nation to better manage supplies during a crisis.

Looking ahead, suppliers can expect that buyers are going to force them to provide more disclosures and transparency into potential vulnerabilities, informing contracting decisions and ensuring continuity in the supply chain. This means suppliers will need to get more sophisticated and automated about reporting, tapping technologies such as artificial intelligence (AI) and natural language processing (NLP) for faster access to the data.

Supply chain professionals within a health system must have transparency into the totality of the supply chain in order to

be effective. Alongside an understanding of any potential risks with their suppliers, supply chain professionals can then apply real-time data demand signals to accurately identify the intersection of their demand and sustainable supply.

The icing on the cake is real-time access to usage, inventory and location information – rounding out the necessary improvements to transform the healthcare supply to the same level of sophistication that we see in the automotive, electronics and food sectors.

No. 5: Offers they can't refuse

One of the most recognizable movie lines of all times comes from Mario Puzo's *The Godfather*: "I'm gonna make him an offer he can't refuse." And while we're not fans of mobsters, suppliers should approach employee retention in 2022 in the spirit of the *Godfather's* famous line – make your employees an offer they can't refuse.

No matter the industry or size of the company or business, the pandemic has had huge implications on the relationships between employers and their employees. A change in environment, going from working in the office to working at home, was the biggest challenge. Zoom fatigue became a real thing as did working with significant others, children and pets in the background. Priorities shifted, work/life balance gained new meaning and moving forward, employees will continue to reassess what they value across their personal and professional lives.

To increase your employee retention and satisfaction, think like the *Godfather* and consider what you can offer to your

employees that they will have no choice but to accept. Here are some ideas:

› **A diverse and inclusive culture.**

Integrating diversity and inclusion into the fabric of corporate life is essential for long-term, sustainable growth. A diverse and inclusive culture is one that's comfortable and accessible to all. Employees who feel comfortable at work are more likely to be loyal to their employers. Furthermore, there is strong evidence that diverse teams and inclusive cultures drive better outcomes, more effective problem-solving and greater engagement.

› **Flexibility to work remotely.**

Now more than ever, employees want more choice over where and when they work. This control over work location and schedule can be invaluable when it comes to striking the right work/life balance. Large organizations are using their scale to invest in IT tools and programs that give employees greater flexibility in their work environment.

› **Physical and mental health**

support. Over the course of the pandemic, personal well-being has taken center stage. Anyone can be experiencing heightened levels of stress and anxiety, and in need of support. Organizations need to keep a pulse on disengagement and staff burnout, continually looking for ways to make jobs more sustainable and expanding access to employee assistance programs and mental health services.

› **Safety protocols.** The issue of employee safety was amplified by COVID-19 as organizations redesigned care delivery spaces and protocols almost overnight to protect healthcare workers and patients. Employees working onsite likely have worries about being infected by those they come in contact with such as co-workers or customers. Organizations should encourage and support these employees, communicate with them regularly about the safety precautions being put in place for their protection.

Talented, engaged employees are one of the most essential factors to your organization's successful operation. Being responsive to the wants of employees will go a long way in retaining them into 2022 and well after the pandemic's end.

The future of healthcare supply chain

After a challenging 2021, there are many roads to supply chain success in 2022 – including innovative manufacturing and sourcing strategies, diverse and inclusive workplaces, automated purchasing processes and technology-driven infrastructure solutions that provide complete supply chain visibility and drive stable supply.

Premier remains focused on building a more resilient healthcare supply chain. Together with our members, suppliers and other partners, this collective strength and commitment is reaffirmed and continues in 2022 and beyond. ■

Premier's Kimberly Anders, GVP, Strategic Supplier Engagement and Chaun Powell, GVP, Procure to Pay

Pricing Accuracy Starts with Smarter Contracts

I recently returned from HIDA's 7th annual Contract Administration Conference, which focused on improving pricing accuracy and reducing mistakes and rework. This year, one of the big takeaways was that many contracting problems could be resolved if we worked to build more supportable contracts from the outset.

In their attempts to remain competitive, salespeople often agree to contract terms that their operations team cannot automate or measure. They make exceptions, customizations, and accommodations for specific provider requests without consideration for how the contract administration team will interpret these complex, sometimes conflicting agreements. Although such flexibility is often seen as a sign of dedication to patient care, it can have unintended consequences. Speakers and participants at the conference noted that:

- › When customers start layering multiple local and national agreements with different terms, they exponentially increase the likelihood that those terms will not be supportable by the supplier.
- › Lack of clear language and consistent practices results in a great deal of customer confusion around their own contracts and pricing.
- › Often customers will sign multiple competing contracts that impact their pricing for a single product. This leads to contracts being re-written and re-worked.

In order for our industry to reduce the rework we are conducting across the supply chain, we must improve our contract creation processes. Among the best practices we should keep in mind:

- › **Key terms and requirements should be clearly defined**, so that anyone reading the contract will understand what's expected. Focus on terms that matter the most for our contracts and consider what data is needed for compliance/reporting.
- › **Companies should internally standardize their contracting language and processes**, to reduce the misunderstandings and rework that come from vague terms and unique contract provisions.



By Manpreet Kaur Sandhu, Program Manager: Supply Chain Collaborative, Health Industry Distributors Association (HIDA)

In order for our industry to reduce the rework we are conducting across the supply chain, we must find ways to standardize our contract creation processes.

› **Organizations should build stakeholder consensus surrounding exceptions.** Sales teams must communicate with their internal contracting teams from the beginning of the contracts process in order to determine when exceptions can be made and how they will be approved. If every exception is considered unique and essential to the contract, then they won't be able to arrive at standard templates that can be replicated across partnerships.

Developing clear and consistent language in contracts helps all partners to have a simpler understanding of contract terms, and this transparency can help build trust between partner organizations. This standardization also helps the operations team transform the contract terms into data points that can be understood at aggregate levels and support future automation of contract administration work. In today's era of labor shortages, simplifying contracting processes is essential to remain competitive.

HIDA is launching a new workgroup dedicated to the Contract Creation process. We hope to help the industry develop some of the best practices and standard templates that will enhance pricing accuracy and allow customers to focus on patient care. ■

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Inflation and the healthcare supply chain: What you need to know

There's no getting around it.

Inflation has permeated every aspect of the economy – including the healthcare supply chain. Raw materials, energy, labor and logistics have all been affected, said Margaret Steele, Vizient senior vice president, med/surg.

Indeed, over the 12 months from February 2021 to February 2022, the Consumer Price Index, which measures the average prices of consumer goods and services, increased 7.9% to a four-decade high.

Labor costs rose 4% to 8% with manufacturers and freight companies struggling to attract workers and drivers. In the healthcare sector, escalating labor costs have been particularly painful. In its February National Hospital Flash Report, Kaufman Hall found that from December to January labor expense per adjusted discharge climbed 14.6%.

Through the last year and a half (since fall 2020) energy, resins, cotton and most metals have all surged in excess of 30%. “With the recent upturn of oil prices, the rate of inflation will continue this upward trend,” Steele said. “These levels of inflation are impacting manufacturers and service providers significantly and they have begun raising prices on the supplies, equipment, and services they deliver to hospitals.”

Global events hit home

Steele said the healthcare supply chain has been significantly impacted over the last several years due to many factors including world events. As a result, timely

and accurate information is critical to minimize impact and determine risk mitigation strategies.

“Supply chain leaders use various tools, such as budget impact projection reports, market supply updates and category specific insights, to understand the impact of changes affecting raw materials, labor and logistics as they look to understand cost and risk for supply disruption,” Steele said. Now, supply chain leaders are utilizing these same sources to monitor the impact of the recent events that also have an impact on raw materials, manufacturing and transportation.



Steele projects the most impactful and of most interest will likely be oil as so many products contain some form of plastic or resin (a derivative of oil). In mid-March, resin prices remained higher than pre-COVID levels and were expected to remain so as long as oil

remains near or above \$80 per barrel and producers continue struggling to get resins moved through the supply chain. Both issues are anticipated to remain through most of 2023. Oil price fluctuation, trucker shortages and port backups will also impact the costs for transporting products to the provider locations.

“Many products have not yet been impacted as the situation is affecting raw materials,” Steele said. “That said, impact mitigation strategies vary by location and provider type. Providers are sharing conservation strategies in efforts to reduce usage as appropriate, pre-qualifying alternative products in the event of a disruption, increasing product on hand (or at a distributor/partner location) and ensuring product is sourced from a variety of locations. Several suppliers have medical teams that will work with the providers directly to discuss alternative uses. And, many are also participating in commitment programs, wherein suppliers and providers agree on a longer, committed supply and in some cases pricing.”

While GPO and self-negotiated contracts are keeping prices fairly stable at the moment, supply chain leaders fully expect to see significant price increases in the next series of contracts, said Mike Schiller, senior director of supply chain at the Association for Health Care Resource & Materials Management (AHRMM) of the American Hospital Association (AHA).

“Many are anticipating high single to low double digit price increases and have begun to include these into their budgetary considerations.” ■

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¹ <https://www.ama-assn.org/system/files/2020-11/in-office-bp-measurement-infographic.pdf>



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