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August 2023 Vol. 19 • No. 4



Ten People to Watch in Healthcare Contracting



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Insights from the Ten People to Watch



Welcome to the annual Ten People to Watch in Healthcare Contracting issue. Each year, *The Journal of Healthcare Contracting* shines the spotlight on supply chain leaders and the contributions they've made to their organization's success as well as the industry.

These interviews are a chance for us to ask supply chain leaders a wide array of questions. We hear from them on topics such as leadership, organization success, effective supplier relations, what keeps them up at night, and more.

What I noticed in this year's bunch is a willingness (maybe even eagerness) to look beyond the pandemic and future proof their organizations for tomorrow's challenges. What I mean by that is, they're not remaining pat with what worked yesterday. They're not remaining static in their approaches to cost savings, purchased services strategies or even supplier relations. With the rise in inflation, workforce shortages and disruptions to product categories, they can't. Nor can their supplier partners if they want to remain viable to today's providers.

I thought Shireen Ahmad, Interim Vice President, GPO Business, Financial Insights, and Analytics, CommonSpirit Health® said it well when we asked her about lessons learned from the last few years. "You have to be nimble enough to mobilize quickly when a disruption is imminent and have relationships established with key vendors. You have to constantly survey the environment for disruptions and shortages, develop contingency plans quickly and execute on them."

We hope you enjoy reading their stories and can take some of their best practices and use them in your own supply chain teams. Thank you for reading this issue of *The Journal of Healthcare Contracting*.

The Journal of
Healthcare
CONTRACTING

The Journal of Healthcare Contracting

is published bi-monthly

by Share Moving Media

350 Town Center Ave, Ste 201

Suwanee, GA 30024 -6914

Phone: 770/263-5262

FAX: 770/236-8023

e-mail: info@jhconline.com

www.jhconline.com

Editorial Staff

Editor

Graham Garrison

ggarrison@sharemovingmedia.com

Senior Editor

Daniel Beaird

dbeaird@sharemovingmedia.com

Art Director

Brent Cashman

bcashman@sharemovingmedia.com

Publisher

John Pritchard

jpritchard@sharemovingmedia.com

Circulation

Laura Gantert

lgantert@sharemovingmedia.com

The Journal of Healthcare Contracting

(ISSN 1548-4165) is published monthly by Share Moving Media, 350 Town Center Ave, Ste 201, Suwanee, GA 30024-6914. Copyright 2023 by Share Moving Media. All rights reserved.

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POSTMASTER: Send address changes to Share Moving Media, 350 Town Center Ave, Ste 201, Suwanee, GA 30024-6914.

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Prisma Health's Commitment to Supplier Diversity

The health system is dedicated to investing in its diverse communities across many supplier groups.



Establishing meaningful, long-lasting relationships with diverse suppliers

committed to inspiring health is a mission at Greenville, S.C.-based Prisma Health, the largest private, nonprofit healthcare organization in South Carolina with 18 acute and specialty hospitals, 305 practice sites and over 5,000 clinicians across its network. Prisma Health's coverage area canvases 51% of the state.

"It is paramount that our supply base represents the patients we serve," said Berri Heinz, director of supply chain procurement and supplier diversity for Prisma Health. "Supplier diversity is critical in healthcare supply chains because we serve an incredibly diverse population."

Heinz says suppliers are only two steps away from patients and those suppliers should be developing innovative products that are important to a patient base that may be historically underrepresented.

"There are so many different cultures, representations, and needs that

we must bring all talents, thoughts, and experiences – past and present – to the table to make sure we're reflecting those interests," she said. "It's the mosaic that everyone talks about."

Diverse suppliers know how to pivot

Heinz started as a volunteer at Prisma Health in 2009 after losing her job in Texas during the recession. She relocated to South Carolina and worked her way up through Prisma Health's purchasing department with her background in procurement. She says she knows the power of reinvention and how to pivot, and that lends itself to leading supplier diversity.

"Diverse suppliers know how to pivot," she said on a Workday podcast. "They live and breathe that concept of pivoting, and they know that – right, wrong or indifferent – they have to be more agile than the big corporations."

Supplier diversity is a business strategy for Prisma Health. It's the intentional inclusion to ensure that diverse suppliers have a fair and equitable opportunity to bid on the health system's product and service needs, and Heinz says it's a way to ensure a diverse supplier base in the procurement of goods and services.

"It's more important than ever for us to be competitive and drive down



Berri Heinz

the costs associated with the healthcare supply chain because it's very volatile right now," she said. "Diverse businesses are typically small businesses that are statistically proven to aid in economic recovery and sustainability of their communities."

Economic aid to underrepresented communities

Promoting innovation and providing multiple channels to procure products and services drives competition between existing suppliers, which lowers cost, and allows companies to take advantage of new opportunities for business expansion with a shifting demographic base.

Statistics from the National Minority Supplier Development Council (NMSDC) speak to diverse suppliers aiding economic recovery and sustainability in America's communities. Its latest Minority Business Economic Impact Report shows the growing impression that NMSDC-certified minority business enterprises (MBEs) are having on the U.S. economy, including:

- ▶ **\$316.2 billion** in total annual revenues for certified MBEs (a 21% increase from 2021 to 2022).
- ▶ **\$482.1 billion** in total economic activity.
- ▶ **1.8 million** U.S. jobs supported.
- ▶ **\$136.4 billion** in total wages.

"When we pour into an underrepresented or underserved community, they are going to pour right back into their own community," Heinz said. "There is an incredible economic impact. Those are local and regional dollars, and they are definitely American dollars."

Prisma Health recognizes the importance of having suppliers who mirror the diverse workforce and patient base of South Carolina. Categories of supplier diversity include minority-, woman-, LGBTQ-, veteran- and disabled-owned businesses. A business qualifies as diverse when it is at least 51%-owned or stock-owned, operated and controlled by U.S. citizens or lawful permanent residents who identify as part of one or more of the following:

- ▶ African American/Black, Hispanic/Latin American, Asian-Pacific, Native American, Asian-Indian (MBE).
- ▶ Caucasian Female or Woman (WBE).
- ▶ Veteran/Service-Disabled Veterans (VBE/DVBE).
- ▶ Disabled Individuals (DOBE).
- ▶ Lesbian/Gay/Bisexual/Transgender/Queer (LGBTQ).

These suppliers are grouped into two tiers. Tier I suppliers sell products and/or services directly to Prisma Health. Tier II suppliers sell products and/or services to a Prisma Health Tier I supplier. Typically, these are smaller companies subcontracted as part of a larger project or distribution system.

Maximizing exposure for diverse businesses

Prisma Health collaborates with local and regional chambers of commerce, the Carolinas-Virginia Minority Supplier Development Council (CVMSDC) and its GPO, Premier, to maximize exposure for diverse businesses through supplier matchmaking sessions and business expositions.

CVMSDC promotes and facilitates business relationships between the

public/private sector and certified minority-owned businesses. It is a private, nonprofit membership organization of major corporations, financial institutions, government agencies and universities that operate in North Carolina, South Carolina and Virginia.

"We get to share best practices with like-minded corporations. In South Carolina, there are some large corporations that take this very seriously," Heinz said. "Diverse suppliers have five minutes to meet with the corporations at matchmaking events and give their elevator pitch."

Prisma Health gets a lot of its diverse supplier referrals from these partnerships and other conferences that promote diverse businesses.

Prisma Health's Supplier Code of Excellence

There's also an established Supplier Code of Excellence that sets the expectation for prime, non-diverse suppliers working with Prisma Health. It centers around those suppliers demonstrating a commitment to include diverse business partners where opportunities exist. Prisma Health requires quarterly reporting from its distributors on the volume of business that was sourced through diverse suppliers.

"We want to know that our prime suppliers are having those conversations and that diversity, inclusion, equity and belonging is top of mind for them," Heinz said. "If you partner with us, it needs to be important to your organization too. A rising tide lifts all boats and if we can plant a seed in a prime supplier base, even from another state, then those dollars will go back into their local community. That's what I love about our expectation with our prime suppliers." ■

Supply Assurance



The topic of supply assurance took center stage during and immediately after the height of the pandemic.

Prior to 2020, supply chain challenges were rarely in the consumer spotlight. When personal protective equipment became scarce, supply chain conversations dominated the world.

The healthcare industry was at the center of the supply chain storm. Unfortunately, even after the pandemic essentially ended, manufacturers couldn't produce the volume of products needed and distributors developed novel and creative solutions to meet their customers' needs despite the limitations they encountered.

Laboratory and purchasing employees at healthcare facilities were presented with various options and new programs that sustained them so laboratory procedures and testing could continue. Fisher Healthcare responded to the challenges by establishing a supply assurance program for its customers that remains a key part of its distribution strategy today.

"While we couldn't solve all of the supply chain challenges we were facing, we had

the ability to put new processes in place so our customers could rely on us to meet their needs," said Patrick Jones, president, Fisher Healthcare. "We relied on our relationships and our buying power to take care of our customers. Our solutions worked, and we continue to rely on them even though product availability has dramatically improved over the past several months."

Allocation Process

One of the primary ways customers' needs are met is through a customer-oriented allocation process. Fisher Healthcare may offer alternative products when desired items aren't readily available. The process also incorporates communication tools to inform customers of market changes and potential shortages.

Quick Ship

A quick ship program for high turnover products is also effective in meeting customer and patient demand.

Fisher Healthcare maintains high inventory

levels of the most in demand products in its distribution centers. This step enables customers to remain confident that their most utilized products are available when they need them.

Internal Delivery

Laboratory professionals frequently express frustration with their own facilities when products arrive but aren't quickly delivered to their department. Fisher Healthcare's delivery solution can enable a more efficient internal supply chain process. A low unit of measure system enhances this feature by making it easier to store products where they are easily accessible to laboratory departments.

Reserve Inventory

Laboratories that need additional assurances for products critical to their workflows can participate in a customer reserve inventory program. Volume commitments and time bound purchase orders make this an effective solution for laboratories that want extra certainty for their inventory.

"We are 100 percent lab and diagnostics focused so we can provide lab expertise that is unparalleled in this industry," said Jones. "We know lab workflows and have dedicated resources who can quickly react to product shortages so our end customers can continue to care for their patients."

The tremendous supply chain challenges the healthcare industry faced will most certainly be examined as case studies in the future. Distributors, such as Fisher Healthcare, who found solutions and continue to refine them are innovators. Their work will help our nation's healthcare facilities be prepared and equipped for future public health disasters. ■



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Increasing American Manufacturing in the Wake of COVID-19

Supply chain leaders discuss the merits of investing in U.S.-based manufacturing for providers.

In the constant search for ways to cut costs across the board, one of the biggest points of debate for IDNs and providers is the decision between domestic or international manufacturing for their supplies. The pandemic illuminated the need for increased manufacturing in the United States as the demand for PPE and other materials skyrocketed. Companies without any onshore manufacturing were much more likely to struggle with sourcing materials for their clients, but the labor and raw material costs make domestic manufacturing harder to maintain for others. Essentially, it comes down to the needs and goals of the company.

The Journal of Healthcare Contracting publisher John Pritchard recently sat down with several supply chain leaders to discuss the merits of investing in U.S.-based manufacturing for providers:

- ▶ **Rene Gurdian**, Assistant Vice President of Supply Chain Finance and Strategy at Ochsner Health
- ▶ **George Godfrey**, Chief Supply Chain Officer at Baptist Health South Florida
- ▶ **Bob Boswell**, President and CEO at LeeSar & Cooperative Service of Florida
- ▶ **John Wood**, CEO of Encompass

Changing sourcing strategies after COVID

Because of the pressures that COVID created for the healthcare supply chain, many organizations had to look for new sourcing strategies to improve supply chain assurance

across the board. The biggest thing we learned from COVID is the lack of transparency and visibility around distribution and manufacturing, which led to the discovery of counterfeit products that did not meet the compliance standards required for their use in a healthcare setting. “We didn’t know where they were coming from. We didn’t know what types of challenges we were coming up against overseas,” Gurdian said.

At Ochsner, their Supply Chain leadership group has invested in several resiliency tools to better understand the bill of materials outside of the United States. This information provides their supply chain an improved transparent landscape that provides insight into the raw materials Ochsner is purchasing, which provides an opportunity to align long-term contingency plans on potential upcoming disruptions. Gurdian said,

“At Ochsner, our overarching goal is to try to educate our team members, whether it’s a PAR technician or a contract analyst, that while [these individuals] are not at the bedside directly, we are five to six degrees separated and we can potentially impact patient experience as well in tandem with the clinical experience.”

Patient care is of course the top priority, and that starts in places like supply closets. With the labor challenges facing healthcare within the nursing community, Gurdian used the example of hard-working nurses that need to spend time taking care of their patients, but that time is limited when they cannot locate the right products in

the right place due to disheveled supply closets. “At Ochsner, we pride ourselves on the format of PAR closets (supply closets) and products being in a place that nurses can quickly locate the product and return to the bedside to be with their patients.”

Godfrey’s team at Baptist Health is among the many that have struggled with item substitutions in the last few years. These companies that struggled with item substitutions faced prices that increased as high as 200% for out-of-contract transactions. When organizations like Baptist Health are tied up in a contract that cannot procure the items they need, they have to source the items on an off-contract basis.

“Historically, supply chains don’t have the reporting capabilities to understand the complexities in item substitutions,” Godfrey said. “We go through contract renewals; we have a process in place. We understand increases and decreases, but when it comes to item substitution and you are in the hand-to-hand combat of getting supplies for the patients, the tools and analysis are not robust.”

The application of technology can be tricky when it comes to the human element of your organization. Automating your processes and applications after COVID might seem like an obvious choice to make, but it shouldn’t be at the expense of your team.

Godfrey said, “We look at technology not to replace people, but more to enable our people to do an outstanding job at what they are called to do. Whether it’s using technology for workload management or deploying supplies into one of the 1,100 supply cabinets we manage across 12 hospitals, we try to be innovative at everything we do. Additionally, if we are trying to drive success in certain areas, we are trying to measure success as we go along.”

Onshoring manufacturing for healthcare companies will require higher labor and operational expenses, but it will also ensure the quality of the material and decrease shipping rates.



Bob Boswell



George Godfrey



John Wood



Rene Gurdian

Other organizations decided to improve their predictive analytics to improve their sourcing processes. At LeeSar, Boswell said through predictive analytics, they were able to leverage material resource planning capacity. He said, “We started leveraging more technology and freeing up our sourcing specialists and buyers to focus more on back orders. We also generate a daily pulse report that is a byproduct of our IT system. With this pulse report, we know the status of all inventory locations, current backorder and auto-sub status, raw and adjusted fill rates.”

Changing manufacturing processes after COVID

Sourcing strategies are among many things that have changed in the wake of COVID-19. If American manufacturing is going to be a viable option for providers going forward, there are things that need to change to make it more available for providers.

One of the biggest challenges facing domestic manufacturing is finding the people to fill these jobs. Labor costs and operational costs are higher for domestic manufacturing, but these costs can be offset with improved quality standards and smaller shipping windows.

For Encompass, John Wood and his team are considering shifting their manufacturing processes to nearshore instead of onshore.

“We have manufacturing in the U.S., but we have a big focus on moving to nearshore,” Wood said. “The mission for Encompass is really focused on the fact that we believe every patient, resident, caregiver, and family member needs to feel safe and comfortable in the healthcare environment. Safety is the biggest part of that, and the way we can assist people is

by creating innovative products that are reliably delivered and cost effective.”

Nearshore sourcing allows for improved shipping windows from offshore sourcing. Wood said that a facility in China would have to guess what customers need three months in advance, but a nearshore facility in Mexico could drastically reduce that window.

From Wood’s perspective, COVID has forced his team to be better at what they do. “The big problem through COVID was the difference in lag time in the cost system. On the manufacturing side, we were getting price increases six months before.”

Wood believes whatever challenges that providers face in supply chain are due to “something in the chain that shouldn’t be there,” not because the healthcare industry is erratic. He said, “It’s complicated, right? You’ve got distributors, manufacturers, providers, GPOs. It’s become quite a complex system. I would say we do a better job with our direct IDNs because we have salespeople who go out and help us implement programs.”

The future of American manufacturing

Are we prepared for another pandemic? Another supply chain gridlock? What happens if another significant disruption upsets the balance again? The answer is complicated, but introducing more American manufacturing could be the key to avoiding some of the challenges that came from the coronavirus pandemic.

Gurdian said, “I think what we’ve learned is that there was a lack of transparency and education between the sales side of the suppliers to the supply chain side of the suppliers. I can sell products all day, but that doesn’t mean that I know how it’s made or where it comes from. What I’ve

requested from any of the vendors that we talk to is to make sure that their team feels empowered to get some cross education with their peers in their organization within their organization’s supply chain department to really understand the products they are selling. It’s great to get a sale, but it’s not good if the product doesn’t show up.”

There’s of course a bit of give and take when it comes to engaging in domestic manufacturing. Onshoring manufacturing for healthcare companies will require higher labor and operational expenses, but it will also ensure the quality of the material and decrease shipping rates. Being able to visit the facilities for quality checks is a huge bonus for buyers, and it would have been a major advantage for healthcare organizations that were struggling with counterfeit products during the height of the pandemic. Ocean freight prices are astronomical, and it takes much longer for supplies to get in from an offshore source.

Another thing to consider for those looking to make a switch is the performance of their suppliers. Have you had difficulties in getting the supplies you needed? The quality of your supplier is a huge component to the success of your organization. “What we look at is supplier performance,” Godfrey said. “We are trying to move business away from the suppliers that do not manage their business very well.”

“At the end of the day, the most important thing is that patient care is not being compromised. Our first priority is to secure the supplies regardless of the source. In doing this there is a natural migration to the better performing and more consistent suppliers. Noble intentions are to support more domestic manufacturing and suppliers; the reality is that currently there are cost factors and limited supply in that space,” Boswell said. ■

Quality Care and Cost Savings Through Value Analysis



Healthcare providers nationwide continue to face a host of financial headwinds such as ongoing supply chain disruptions, staffing shortages and inflation.

The unparalleled challenges while caring for millions of COVID-19 patients have only fueled these substantial increased costs required to care for patients – putting hospital's financial steadiness at risk. According to a recent report from Kaufman Hall, the median operating margin for hospitals was 0% in April, leaving hospitals with little to no financial flexibility. While many hospitals and health systems are taking steps to identify opportunities for savings, many are also under the impression that they have run out of options.

Value analysis is a comprehensive solution for hospitals to combat these challenges as it identifies the right places to look for cost savings through evidence-based, standardized, and qualitative practices. A value analysis program reviews the quality, utilization, and overall cost of a product, practice, or procedure across categories. This guarantees that the organization delivers the best patient care while also creating value for the hospital or health system. However, hospitals need collaborative input from across their organization and

external partnerships to achieve their program goals and objectives.

Integration and collaboration as the key to success

A successful value analysis program should mitigate supply expense growth, accelerate and drive value, standardize operating models and processes, and enhance clinician and patient experiences – but these goals are more seamlessly accomplished when there is clinical integration across a supply chain process. This

clinical integration occurs when health-care systems engage clinicians in choosing and committing to certain suppliers – leading to improved quality control, efficiency and cost savings.

A strong value analysis program will ensure a healthcare system's stakeholders, including clinicians, are working in lockstep to achieve their goals and objectives, but this can only be accomplished with the right governance and structure in place. HealthTrust leverages its operational expertise to build this structure with clearly defined roles and responsibilities so a value analysis program can be advanced or adopted across an organization. From there, HealthTrust helps teams make optimal decisions around cost effective products while assuring that hospitals never compromise on care.

Working with experts at HealthTrust

HealthTrust takes a holistic approach to the value analysis process and offers more than just a playbook for execution. From start to finish, HealthTrust partners with hospitals and health systems to cross challenges they face by using its operational expertise, contract familiarity and strong network, which helps leaders effectively develop strategies for supplies and foresee shortages or barriers.

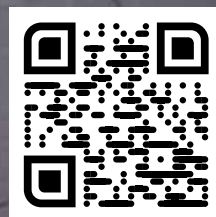
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Ten People to Watch in Healthcare Contracting

Editor's note: Encompass, this year's sponsor of *The Journal of Healthcare Contracting's* *Ten People to Watch in Healthcare Contracting*, would like to thank industry stakeholders who made the effort to nominate this year's "Ten People." And congratulations to the Ten, who share their insights and experiences with *The Journal of Healthcare Contracting* readers this month. They are:

- ▶ **Shireen Ahmad**, Interim Vice President, GPO Business, Financial Insights, and Analytics, CommonSpirit Health*
- ▶ **Brad Forth**, System Vice President of Sourcing and Vendor Management at SSM Health
- ▶ **Sara Henderson**, MBA, Vice President, Supply Chain, Avera Health
- ▶ **Bill Kellar**, Vice President, Strategic Sourcing, HCA
- ▶ **Jack Koczela**, Director of Analytics & Transformation, Supply Chain, Froedtert Health
- ▶ **Andrew Maze**, System Director for Purchased Services and Laboratory Sourcing, Providence St. Joseph Health
- ▶ **Michael Novak**, Director, SCM Inventory Services COE, Cleveland Clinic
- ▶ **Josh Sandler**, Executive Vice President, Elevate Supply and Expense Management, a subsidiary of Ovation Healthcare
- ▶ **Amy Whitaker**, Vice President of Supply Chain at Mercyhealth
- ▶ **Dawn Wells**, MPH, Assistant Vice President, Supply Chain, Northwell Health



SHIREEN AHMAD
 INTERIM VICE PRESIDENT,
 GPO BUSINESS,
 FINANCIAL INSIGHTS,
 AND ANALYTICS,
 COMMONSPIRIT HEALTH®

Shireen Ahmad serves as the Interim Vice President of GPO Business, Financial

Insights and Analytics at CommonSpirit Health, a faith-based, nonprofit health system operating in 22 states across the country. She helps the organization devise strategies for bringing as much spend under management to help their operating divisions optimize savings opportunities and capture as much value as possible.

Any recent stories of wins/successful supply chain projects you can share?

We recently onboarded a hospital that had entered a management agreement with our organization. After five years of negative margins, they have seen three months of successive profit after a number of revenue enhancing and cost cutting measures that my team has actively engaged in. Helping turn this hospital around that provides vital healthcare in an underserved area has been extremely fulfilling and I view it as a big win.

What about upcoming initiatives you are excited to be working on?

I am most excited about the relaunch of our wholly owned GPO which is focused on filling a gap that we see in the marketplace. Our National GPO covers a large

number of items, but doesn't necessarily cover niche or specialty products. Our wholly owned GPO is bolstered by strong relationships with key vendors in physician preference items and we've been able to leverage that successfully on behalf of our members.

How do you measure the success of your team and its impact on the organization as a whole?

Each team is given a set of goals and objectives that have either a positive impact or create efficiencies for the department or organization. The measurements and determinants of success often vary from year to year based on what we set out to achieve. Completion of the goals set is not the only expected outcome, we also gauge it through stakeholder satisfaction, whether it is a

Division CFO that is able to take away actionable insights from our financial reporting or a member that is able to see a true decrease in their supply expense through their income statements.

What's the biggest takeaway for you as a supply chain leader over the last few years of marketplace disruptions?

You have to be nimble enough to mobilize quickly when a disruption is imminent and have relationships established with key vendors. You have to constantly survey the environment for disruptions and shortages, develop contingency plans quickly and execute on them. We were fortunate to have great relationships with reputable vendors and manufacturers that helped sustain us through the pandemic that helped us avoid many of the challenges felt by other health systems.

What are the keys to a successful provider/supplier relationship?

Communicating early and often is key. Disruptions in the marketplace require providers and suppliers to have even stronger relationships. Providers need clearer upstream visibility into the supply chain to be able to anticipate issues as they arise from raw material sourcing to production impacts. And providers also need to communicate shifting needs so that suppliers can anticipate and plan accordingly.



BRAD FORTH

SYSTEM VICE PRESIDENT OF SOURCING AND
VENDOR MANAGEMENT, SSM HEALTH

Brad Forth is the System Vice President of Sourcing and Vendor Management at SSM Health, which provides health care to communities across Illinois, Missouri, Oklahoma and Wisconsin. The IDN has a centralized sourcing contracting function, and supply chain is responsible for all non-FTE labor expense for the organization. Forth’s team covers everything from traditional med-surg to implant, capital medical equipment, lab, pharmacy, IT, and purchased services.

What are some stories of recent supply chain wins/successful projects you can share?

I’ve been here for four years, and in that time, we’ve driven a lot of change through the organization to establish a functional foundation that is enabling our successes. Historically, we had a centralized sourcing and contracting “function-ish.” We would put together system agreements, but Oklahoma may have a carve-out rebate, or Wisconsin may have negotiated a local agreement with that same supplier.

When you looked outside of the traditional supply chain space, the team was selective on what they were supporting. They would support some purchased services, or bigger categories, but they hadn’t holistically managed that spend. Overall, there were no processes or controls to really manage our spend or align it to defined standards.

We have changed that significantly. We are now contracting centrally. We’ve built a team filled with amazing talent. The business rules and processes that we implemented to centralize our function have really enabled us to intentionally engage our end-users to collaboratively manage our spend and minimize unnecessary variation.

Getting the foundational pieces operational was extremely important. They enable the successes that we’ve been able to have.

The new challenges that we are facing are around supply assurance and mitigating supplier reactions, or predictions, to inflation.

If you look historically at this function, it generated anywhere between \$25 to \$30 million in annualized value for the organization. Since we’ve implemented our changes, the last two years, we’ve delivered over \$100 million each year. So, 4x growth in the value that we’re delivering.

Whereas historically, the team would maybe do 500 contracts a year and the annualized spend under those was \$300 – \$400 million, last year, we did close to 2,000 contracts, and the annualized spend flowing through those was \$1.5 billion. So, we’re touching a lot more and really managing more spend, which is enabling us to partner with our clinicians, physicians, and business owners to generate a lot of wins.

What has sourcing been like this year compared to the last few?

Sourcing hasn’t changed all that much, but the challenges we’re facing are



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One of the key ways I measure success is through our retention rate and team engagement. If we have a motivated workforce that's excited to be here, we're delivering on value, and we have low turnover, that tells me we're doing something right.

different. You have the constants of aligning with our clinical programs or our service lines to support their defined standards of care: identifying key attributes in the products or services that they need, verifying clinical acceptability, and working to put together a strategy that drives competitive friction to determine what the market will bear.

The new challenges that we are facing are around supply assurance and mitigating supplier reactions, or predictions, to inflation. Historically suppliers wouldn't come midterm looking for price increases or insist on building guaranteed year-over-year price increases into agreements. They are now. The team has gotten really comfortable with those conversations and deploying mitigating strategies. The team is also now spending an inordinate amount of time sourcing clinically acceptable subs necessitated by all of the backorders. The team is working to balance these headwinds with our strategic efforts, but necessary to support the immediate needs of our caregivers.

Besides value, what are some other ways you measure success for your team?

We do maintain qualitative type metrics beyond value. We have metrics around productivity, number of contracting actions per FTE, number of new requests received and completed.

But I don't really consider any of those a measure of success. One of the key ways I measure success is through our retention rate and team

engagement. If we have a motivated workforce that's excited to be here, we're delivering on value, and we have low turnover, that tells me we're doing something right. I sit back and watch how the team engages with each other, how they engage with our end users, how our end users engage with them, to get a sense of how things are going. If I can see positive, respectful, strategic engagements, I'm super happy and view that as success.

SUPPLIER RELATIONS

In your experience, what are some keys to a successful partnership between suppliers and providers?

At the core, the supplier needs to have a true desire to support us in caring for the communities that we're blessed to serve.

There has to be a focus on patient outcomes, care for the community or efforts around population health. Then deploying a solutions-based approach to align and truly support us.

I recognize our supplier's motivation is to sell. I don't begrudge them for that. That is their job, and that's what they are tasked to do, but that can't be their North Star. If it is, that's where relationships start to get sideways.

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AD-115 Rev B



SARA HENDERSON, MBA
VICE PRESIDENT, SUPPLY CHAIN, AVERA HEALTH

Sara Henderson is the Vice President of Supply Chain for the Avera Health System based out of Sioux Falls, South

Dakota. She oversees the functions and departments used to manage supply chain services. Supply Chain at Avera consists of the management of flow of products and services to include: strategic sourcing, value analysis and contracting for all medical and non-medical supplies, non-clinical services, information technology hardware and applications; optimizing cost management strategies in non-labor spend; vendor management; procurement and data management; logistics, fleet and courier through its 72,000 square mile footprint; a central distribution center; print and overall supply management for the delivery of care.

**Any recent stories of wins/
successful supply chain
projects you can share?**

It's interesting as supply chain is often behind the scenes helping. During the last few years, we've been presented many opportunities to work on meaningful projects to help support the improvement of our supply chain. The most recent projects that I would like to elevate are related to the growth in talent and interconnectivity of our supply chain organization due to the circumstances that have come our way. Through all the challenges that we face on a daily basis, our team has tackled them head-on with an eye to improve processes for the future proofing. These challenges have taught us that the power of an interconnected team is the greatest asset an organization can have. Each has unique skill sets, but all have to work together to make it a successful team.

Operationally, we have realigned our employees across the network in a way that allows them a common leadership structure to share their best practices and standardize many hospital and procedural supply operations. When you are an organization spread out geographically, maintaining common standards throughout all sites can be difficult. By aligning reporting relationships and creating standards, we are seeing employees share their talents to educate others throughout the system. They are finding efficiencies within their groups and then deploying those standard practices to all employees. Employees have developed a support network and have even shared staff for coverage from facility to facility when there may be a need for back-up in a tight situation.

Strategic Sourcing has been revamped to include a more mature governance structure, policies to align and visibility and

oversight into all non-labor spend. The components of the structure include a competitive bid requirement, relationship-based agreement insights, a senior executive oversight group, and enhanced service line involvement. We have completed and are in the process of several large sourcing projects with physician-driven PPI decisions in spinal implants, orthopedic implants and osteobiologics. We have built a process that can be repeatable, yet individualized enough to ensure the clinicians bring their expertise to the decision-making process through value analysis. Our goal now is to refine this process and deliver the process at a faster speed.

Lastly, our purchasing department has been leading our efforts around backorder and substitute management, along with the rest of the supply chain departments, and with our primary med/surg distributor. They have created

We are a rural health network that has far-reaching logistical challenges. If we can appropriately connect our data and technology and our logistical pathway for our goods, we can then continue to keep rural healthcare at a reasonable cost while maximizing the integrated network we have in our organization.

a mechanism to collectively work back-orders and find substitutes, get clinicians engaged as soon as appropriate and refine the communication method to get notices out to the respective areas that will be impacted. If there is a system-wide critical issue, there is a mechanism to bring forward directly to our enterprise incident command for response and communication. Luckily, we have not had to use this final step in several months, but it's set up to be deployed if necessary.

What about upcoming initiatives you are excited to be working on?

We have done a great job managing people and processes throughout our organization with the tools and resources that we have available. We are now starting on the deployment of a new enterprise resource planning (ERP) system to enhance the technology needed to help us get to the next step in our supply chain refinement. Through this deployment, we are refining many of our processes and are leveraging the technology to simplify and automate tasks that are currently done manually. We are aligning processes

from several independent technology applications into one that will provide greater visibility to our end users and a simpler process for the start and management of projects within our supply chain.

In addition, we are increasing partnerships both internal and external to reduce unnecessary redundancies in our supply chain. We are building an Integrated Service Center with our pharmacy, biomed, home medical equipment (HME) and other supply chain service which will be located adjacent to our prime med/surg distributor. We are a rural health network that has far-reaching logistical challenges. If we can appropriately connect our data and technology and our logistical pathway for our goods, we can then continue to keep rural healthcare at a reasonable cost while maximizing the integrated network we have in our organization.

These projects combined will allow us to redesign and encourage a supply chain that is truly integrated, with reduced touches while still maintaining the proper levels of safety stock. Both projects will not be without a lot of dedicated time and work, but we are all excited to continue to enhance our supply chain network through the next 18 months.

How do you measure the success of your team and its impact on the organization as a whole?

We have the regular financial metrics for the hard data improvements like savings and cost per CMI adjusted patient discharge. These are used to gauge our overall supply chain financial impacts and keep us aligned to how we are doing overall. However, I also believe that soft metrics should be used to determine the success of the team within the organization.

Another, equally important measurement is the ability to be seen as a trusted partner to our clinicians and stakeholders throughout the organization. We measure this by being involved in the projects and programs up front, and by the trust level placed in employees to run a sourcing event for a system-wide decision. By being the first call when there is a problem, knowing that we will find a solution and deliver on the ask is a measurement to know we are a trusted integrated partner. After all, we are here to make sure we continue to fill that "magic cabinet" in healthcare that keeps refilling. We take pride in being seen as a partner to care.



BILL KELLAR
VICE PRESIDENT, STRATEGIC SOURCING,
HCA HEALTHCARE

Bill Kellar has been with HCA Healthcare for 14 years and has been Vice President of Strategic Sourcing since July 2022.

His role encompasses all spend within HCA, including \$14 billion in purchased services and another \$7 billion in supply spend. His team represents HCA within HealthTrust for all contracts voted on and ensures contracts are in place for all categories that its GPO does not cover.

Kellar worked for Ardent Health Services in between his two stints with HCA, returning to HCA in 2011 as the Supply Chain CEO for its TriStar division, where he was responsible for all supply chain operations for that division.

There's been so much complexity and chaos in the supply chain the last few years. How do you tackle strategic sourcing in an era of so much disruption?

It certainly has presented some challenges for us that we took for granted. The question is, when is it going to stop? Everybody would like to know the answer to that, but there's just so much uncertainty. As a result of these supply disruptions, we've looked to source from different suppliers if there's been a failure to supply or prices have increased beyond a level of tolerance for us. With the size of HCA, that's not an easy task. Suppliers, oftentimes, want to have contracts with us, but I don't think they really appreciate the scale of our organization.

It's the dog that finally caught the car concept. Be careful what you ask for.

Being the largest healthcare system in the world, we have different expectations of our suppliers based on our supply chain model and the scope and scale of what we utilize on a daily,

weekly, monthly and annual basis. You have to be able to take on that volume. And sometimes that compromises their relationships with their other customers.

Sometimes we can't move the business and to offset price increases we have to look at different ways to manage utilization if there is a limited supply of the product. That requires us to continue partnering with our clinicians or we take on price increases that we normally would not consider, especially if it is a category where they have a significant market share and there's not a lot of alternatives in the marketplace.

These are things we haven't had to deal with a lot before COVID-19. But what it has done is forced us to understand where products are sourced and manufactured. There was a lot of conversation during COVID-19 about near shoring. In my opinion that's something that is going to take a long time to accomplish and a strategy that continues to be important to

We've recently partnered with a supplier that has been able to demonstrate some significant savings between 20% and 50%.

Maximize Value

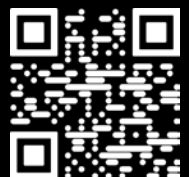
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the entire U.S. health system. It's just going to take a while for that to be a reality.

Now that COVID-19 is over, I think the emphasis on that strategy is getting weaker. We tend to have short memories until it happens again. I think some health systems are going back to old strategies because of the cost pressures, and they are sourcing some products from overseas at a better price point once again.

What projects have you been able to implement successfully at your size and scale?

With all the pressure on commodities right now, the price increases are more than anybody's seen who's been doing this for more than 10 years. We've had to look at other categories for savings to offset these increases we're seeing. The two different areas we focused on were purchased services and medical devices. The GPO has some contract coverage in the medical device spend categories, but not necessarily all of them. We have had success in reducing cost in the medical device categories of primary total joints, trauma implants, and drug eluting stents for a few examples.

Right out of COVID-19, we did what we call a refresh of our total joint category – hips and knees – and we were able to successfully achieve a price decrease that resulted in savings for us in the range of \$8 million to \$12 million per year.

Trauma is another category where we worked with our contracted suppliers and generated another \$14 million to \$20 million in savings opportunities.

With drug eluting stents we also renegotiated pricing that resulted in another \$7.5 million in savings.

We have also renewed our efforts in the purchased services category to identify and realize cost savings. Even though many of our purchased services categories are not necessarily supply cost savings, it still represents cost savings that impacts the bottom line.

For example, we expect to see some big savings in managed print services. This represents traditional copiers (multifunctional units) and desktop printing. We've recently partnered with a supplier that has been able to demonstrate some significant savings between 20% and 50%. Based on our scale, that represents quite a bit of opportunity.

Also, production print. I'd say most health systems today have outsourced high production print and we have as well. We use a third party but still keep it within our operation. We

recently negotiated an agreement on behalf of the entire company that is going to generate savings in the \$13 million range by restructuring the agreement and how we manage it.

We probably have another 10 to 12 categories we're still looking at. Take document destruction, for example. Even in this digital age, we still have a lot of paper documents and medical records. You'd be surprised how much it costs to categorize, or what we call index, and then store those documents based on state or federal document retention laws around maintaining those documents for a period of time. Document destruction costs money, but so does document storage each month. So, that's another category that we're taking a really hard look at.

I'd say most health systems today have outsourced high production print and we have as well.

What upcoming projects are you looking forward to working on?

We're looking at a hip fracture program within the total joint space and we're still working on a few other categories within the implant space. Total shoulders is a category that's growing. The technology has dramatically improved and we're seeing more of these procedures being done.

The current cost of a total shoulder is typically two to three times the cost of a total hip or a total knee and they are reimbursed at the same rate. It's important we take a look at this category if we have the desire to promote service line growth.

Then, thoracic fixation is another one. Historically, open heart surgeons would use cabling to bring the sternum back together after they saw through the middle of it. Clinical data suggest that patient outcomes are better and so we're seeing a trend where surgeons are using more plates and screws versus cabling.



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JACK KOCZELA

DIRECTOR OF ANALYTICS & TRANSFORMATION,
SUPPLY CHAIN, FROEDTERT HEALTH

Jack Koczela is Director of Analytics & Transformation for Supply Chain. His responsibilities span all Supply Chain

Data, Analytics, and Systems responsibilities. He also oversees several Supply Chain services, including the self-distribution operation, courier network and internal print shop.

Any recent stories of successful projects you can share?

Several come to mind:

- ▶ In partnership with our Value Analysis teams, we have developed Clinically Integrated Supply Chain Analytics. Using lessons learned from the COVID-19 pandemic, we've developed more than 15 different dashboards that track our supply/implant clinical usage and how it impacts contract compliance and clinical outcomes. These dashboards have helped to drive conversations around savings, standardizations and contract conversions. For example, during the global contracts shortage, these data models guided our strategy to ensure we never ran out. Many of us desire a clinically integrated supply chain – these dashboards actualize that goal.
- ▶ As we moved to a virtual world, we recognized the risk of staff disconnecting from their team and job. Through structured huddles and

informal “coffee talks,” we continue to break down silos. This year, all my teams achieved top tier performance on our annual staff engagement survey.

- ▶ Finally, we recently partnered with several key suppliers, GHX and Infor to develop a complete P2P process for implant (aka “Bill Only” orders). Through this effort, we now automate 60% of our implant orders. We have been able to shave days off our suppliers’ revenue cycle, significantly reduce the buyers’ workload and, most importantly, lead the way for other suppliers and providers to complete their own implant ordering automation.

What are the most important attributes of a successful supply chain team today?

A shared vision of success and a hunger to get there together. Supply Chain has a broad

span of responsibilities and a variety of different jobs under one umbrella. Everyone must understand how their role leads back to better patient care. As leaders, we need to hold up shining examples of how we are part of the patient care team.

How do you measure the success of your team and its impact on the organization as a whole?

Five years ago, we set out to create a Supply Chain Department Balanced Scorecard. We've been publishing that monthly to our team, several senior leaders, key customers, and even to some key supplier partners. This scorecard measures our organizational goals and benchmarks us against our industry peers. This scorecard has helped us drive and communicate the story of millions of dollars in savings, supply disruptions and recoveries, dramatic increases in diverse supplier spend and many other successes.

Supply Chain has a broad span of responsibilities and a variety of different jobs under one umbrella. Everyone must understand how their role leads back to better patient care. As leaders, we need to hold up shining examples of how we are part of the patient care team.

What's the biggest takeaway for you as a supply chain leader over the last few years of marketplace disruptions?

Live your values. In our department, we begin every meeting with a reflection on our organizational values,

including “Work Together,” “Own It” and “Break Through.” In times of disruption, we relied on these values. We found that “working together” – using personal connections and communications – dramatically reduces disruptions. With creativity, and in-

novation, we have been able to break through barriers and use data to drive substitute or conservation strategies. Right now, our internal distribution operation is filling orders at an unadjusted 99.3% – far ahead of industry averages.

SUPPLIER RELATIONS

With all the disruption in the marketplace, you've probably had some not-so-successful experiences with suppliers over the last few years.

What should suppliers avoid doing?

1. Do not try to sell me anything new when the current situation is not acceptable.
2. Do not switch my point of contact too often. Instead, build trust through consistent contact, especially when the stakes are low.
3. Do not hide things when disruptions occur – be transparent and communicate! We know that disruptions are going to happen. I want to hear the news from you first, not from my inventory team or from a clinician when we run out of a product.

Are you engaging with suppliers remotely or in person?

Both. Frequent video collaboration and the opportunities to add a breadth of expertise to conversations has proven very

valuable. We are also returning to more in person meetings, which I find very helpful for building trust and having deeper conversations.

What are the keys to a successful provider/supplier relationship?

Broadly speaking, trust is the foundation of a successful relationship. More specifically, Katie Vitasek from the University of Tennessee gave a fantastic presentation on five rules for better partnership. Two that stuck with me are focusing on outcomes versus transactions, and focusing on the “what” rather than the “how.” I take this to mean that providers need to lean into relationships and set big goals with their supplier partners. If healthcare providers and suppliers can collaborate to focus on what needs to be done, and agree on outcomes, we can deliver transformative value.



ANDREW MAZE

SYSTEM DIRECTOR FOR PURCHASED SERVICES
AND LABORATORY SOURCING,
PROVIDENCE ST. JOSEPH HEALTH

Andrew Maze is the System Director for Purchased Services and Laboratory Sourcing for The Resource, Engineering and Hospitality Group of Providence Health in Renton, Washington. This includes EVS along with all non-medical products and services. He supports a team of highly knowledgeable and skilled contract managers and contract administrators that are 100% focused on the mission of Providence.

What are some stories of recent supply chain wins/successful projects you can share?

We've had some big ones. Last year, we completed one of the largest Oracle Cloud transitions in healthcare for an ERP system. We just went live with our final wave, which was successful and is now being stabilized.

Our lab team negotiated a system-wide reference lab agreement, which saved Providence an excess of \$6 million. We are now on a fully integrated and interfaced reference lab program with one of the national leading Reference Labs. We now have the majority of our send-out and esoteric testing going to them which resulted in conversion away from several other labs. This work created a ton of transactional efficiencies as well because we now have one preferred trading partner that we're fully aligned with.

We also helped lower our contingent labor spend by tens of millions of dollars as part of our post COVID-19 Respond and Recover Initiative. We are seeing bill rates for travel and per diem lowered by anywhere from 30% to 40%, along with increases in new hires and retention. All of this mitigates the premium labor spend, which is not sustainable under the current reimbursement environment.

Lastly, as a combined purchased services team, we achieved 135% of our savings goals for FY 2022 and we have continued to build our culture and establish efficient processes.

This is hard work, and it's easy for leaders who are constantly fighting fires to feel a sense of burn out.

How do you measure the success of your team and its impact on the organization as a whole?

Our primary measurement is confirming that the products and services we have sourced support our staff in delivering exceptional patient care to our communities. This is an essential component to the advancement of our mission, and it's a critical success factor for us. Providence's mission is based upon compassion and empathy, caring for the most poor and vulnerable in society. The products and services that we source are essential to delivering on that.

So, that's our first measurement of success. We ask:

- ▶ Did we perform care for our communities?
- ▶ Did we provide community support the way that we needed to that's aligned with our historical practice of doing so?

The second part involves measuring savings attainment and procure-to-pay transactional efficiency – both of which lead to a lower economic burden for the organization. Our goal is to create a healthy, well-sourced and well-integrated supply chain environment. So, are we managing our supply ecosystem well? Are we creating back-office efficiencies to make the system run better than it's ever run?

Part of that was the ERP deployment to modernize our tools and modernize the foundation and information systems for which we do everything.

The third thing that we measure success on is retention. Are we caring for those that are caring for others? Are we caring for our staff, or are they burning out? Are they feeling disengaged in their work and disconnected overall? We are surveying all the time with our employee engagement survey, and making sure that we understand the policy organization. We're monitoring retention, and we're monitoring career advancement for our staff to ensure that they're well-engaged and that they have opportunity.

What's the biggest takeaway for you as a supply chain leader over the last few years of marketplace disruptions?

Relationships are still key. When everything is backed up at a port or completely on back order, it will be the relationships you have cultivated with your supplier partners that will allow for innovation and joint problem solving.

You never know when you're going to need to rely on those relationships. I had relationships during the pandemic that I had to rely on that were established back

when I was doing marketing for a distributor 15 years ago. Some of those companies were Tier C suppliers, but they were the ones who bailed us out. For instance, at one point during the pandemic, I couldn't get nasal swabs. I knew the CEO of a domestic manufacturer, so I called and told him we needed 200,000 swabs. Within a week they were delivering. Those types of relationships and those actions will never be forgotten.

During the pandemic, I got every single one of our testing suppliers on the same command center call, and we went one to one to one with them. They all gave a report as to where their inventory was, where their production was at, and what they were going to supply us for that week. If one couldn't supply, we went to the other, and the other was able to work it out. We had suppliers that normally compete on the same call, working as a team to meet the needs of our health system during the pandemic. I don't know of any other health system that did that, but we did.

Second to this is the need for every supply chain leader to ensure they are taking care of themselves as people. This is hard work, and it's easy for leaders who are constantly fighting fires to feel a sense of burn out.

What are the most important attributes of a successful supply chain team today?

Integrity, thoughtfulness, compassion/empathy, resilience, analytical acumen, and responsiveness.

A lot of those are behavior traits, some are character traits, and some are skill. When we look for somebody, we want to know, do they take initiative? Are they proactive? Do they have the integrity that the organization expects out of all our caregivers and represents our mission? Is it all about them, or do they have compassion and empathy for the needs of others?

And do they have the analytical and negotiation prowess, to be able to take on key suppliers? Because we're a multi-billion-dollar supply chain, we have the best of the best from these companies hired to call on us, and we must put the right leaders in place that know how to hold their own and be strong negotiators and strong strategists. Otherwise, they're going to meet with the supplier, and they're going to begin having those discussions and they're not going to be able to advance initiatives. We are really looking for that knowledge worker who knows how to solve problems and apply critical thinking skills to their work. I have to say that we have so many of these individuals and it's an honor to work with them.

We're monitoring retention, and we're monitoring career advancement for our staff to ensure that they're well-engaged and that they have opportunity.



MICHAEL NOVAK
DIRECTOR, SCM
INVENTORY
SERVICES COE,
CLEVELAND CLINIC

Mike Novak is the Director of the Inventory Management Center of Excellence, at the Cleveland Clinic. He leads an enterprise team of implementation managers and analysts that are focused on:

- ▶ Implementation and support of enterprise inventory management systems and strategy, including clinical point of use
- ▶ Deployment of standard inventory processes and workflows
- ▶ New hospital activations, including new build and integration projects
- ▶ Strategic initiative project management and consulting services for Supply Chain Operations
- ▶ Identification and implementation of inventory savings and cost avoidance opportunities
- ▶ Subject matter expertise for inventory control and valuation accounting and auditing
- ▶ Coordination of monthly supply conversion activity
- ▶ Inventory system end-user support

Any recent stories of successful projects you can share?

Over the past 18 months, we’ve been busy with a handful of large-scale enterprise strategic projects, such as; (1) continued expansion of our inventory management transformation program across the enterprise; (2) the opening of two newly built hospitals, one being in London, England; (3) supply chain system conversions of 6 recently acquired hospitals.

The keys to our success on all these projects, is our team’s solution focused approach, ability to work cross-functionally with clinical and other support

services, and our passion around the work – we understand the importance our solutions have on the delivery of high-quality patient care.

How do you measure the success of your team and its impact on the organization as a whole?

The success within our team is measured by the expansion and support of our inventory strategy, systems, and processes across the enterprise. The impact to the organization is that we have enhanced

visibility into our inventory enabling us to optimize our materials and clinical workflows and empowering our materials management teams to deliver quality and consistent service to our caregivers.

Over the past seven years, our team has deployed our clinical inventory management system (mix of RFID and Kanban) in over 150 departments, spanning across 35 facilities. Included in these deployments are over 450 point-of-use devices, throughout our ORs and Procedural spaces, which are highly integrated with our EMR. We currently have over \$130M of inventory managed in our clinical spaces, which provides enhanced visibility into inventory and usage across the enterprise.

What’s the biggest takeaway for you as a supply chain leader over the last few years of marketplace disruptions?

The importance of having real-time visibility into inventory and utilization. Our enterprise leverages this as an important data point when making critical clinical decisions, such as; preparedness to resume surgical case volume and our PPE protocols through COVID, or response strategy around the increase in supply disruptions (i.e. tourniquet cuffs).

What are the most important attributes of a successful supply chain team today?

- ▶ Several come to mind:
- ▶ Resilient
- ▶ Clinically integrated
- ▶ Innovative
- ▶ Automated
- ▶ Data-Driven
- ▶ Quality Master Data



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JOSH SANDLER
EXECUTIVE VICE
PRESIDENT, ELEVATE
SUPPLY AND EXPENSE
MANAGEMENT,
A SUBSIDIARY OF
OVATION HEALTHCARE

Josh Sandler leads Ovation Healthcare’s Supply and Expense Management

business, Elevate. In the role, he leads a shared service function for 167 members with over 900 sites, bringing forward supply chain operations, strategic sourcing, workforce optimization, and other spend management offerings, such as employee benefits, capital lifecycle management, and centralized management capabilities in the purchased services space.

Any recent stories of successful projects you can share?

We recently finalized a preferred distribution agreement with a new medical-surgical distributor, which not only delivered significant financial value to the health systems and hospitals we support, but also enhanced operational efficiencies and supported product continuity.

What’s the biggest takeaway for you as a supply chain leader over the last few years of marketplace disruptions?

While there is always a need for structure and process, we still need to remain nimble. I believe our market is making efforts to become more proactive as it relates to managing supplies to ensure that we are more resilient. We’ve historically been a very reactive community. Therefore, being nimble allows you to pivot quickly to deal with the latest disruption or need that must be addressed.

What are the most important attributes of a successful supply chain team today?

Culture is one of, if not the most, important attribute of any successful team, and supply chain is no different. You can have the best

strategy and process, but without a strong culture, you’ll never have sustained success. Trust and communication are also hugely important. Given all the different directions the team is pulled in, as leaders we and team members must trust that our teammates are doing what needs to be done to support our stakeholders, and we need to communicate to one another to ensure we all have awareness of what is occurring.

How do you measure the success of your team and its impact on the organization as a whole?

Our success is truly derived from the success of the health systems and hospitals we serve. Given the labor challenges in the market, our drive is to alleviate as much of the corporate, and often the onsite supply chain, burden from our members so they can focus on delivering care to the patients and communities they serve.

What are the keys to a successful provider/supplier relationship?

Communication/transparency.

We need to ensure that there is a healthy flow of communication going in both directions, especially given the volatile marketplace. Effective communication and transparency are essential to align on demand planning, manage risk, and prevent any disruptions in patient care.

Culture. No different than above with a team, it’s difficult for a relationship to be successful if there isn’t an alignment of cultures. A poor cultural fit easily leads to miscommunication and misunderstandings and negatively impacts the success of the relationship.

You can have the best strategy and process, but without a strong culture, you’ll never have sustained success.

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AMY WHITAKER
VICE PRESIDENT OF
SUPPLY CHAIN,
MERCYHEALTH

Amy Whitaker is the Vice President of Supply Chain at Mercyhealth. She is accountable for all Supply Chain functions in the organization, including operations, sourcing, procurement, item master and analytics and clinical integration/value analysis.

Any recent stories of successful projects you can share?

We are currently undergoing an overhaul, if you will. We are currently restructuring our sub departments and aligning our partners in a more strategic way. We are also in the middle of consolidating our ERP systems (from 2 to 1). This work has been challenging, but meaningful. We hope to improve our overall contribution to the organization.

What are some initiatives you are excited to work on currently or in the future?

We are focusing on building a strong clinically integrated Supply Chain. With this, we are focusing on data, including quality and patient outcomes. As we are driving our pricing down, we are also ensuring that we are improving our patient outcomes. As a nurse, this is a passion of mine. We are also opening a new hospital next month in Crystal Lake, Illinois. The

work and planning leading up to our opening has been tremendous. To see it all come together is very rewarding for our organization. It is the first hospital in Crystal Lake. The community is very excited for our opening and we are honored to serve and care for the community.

What's the biggest takeaway for you as a supply chain leader over the last few years of marketplace disruptions?

Supply disruption has always been something monitored by supply chain leaders. Supply chain disruptions and out-of-stock supplies have become the norm. I believe the key is to build a resilient supply chain that is predicting shortages, not reacting to the news of a shortage. This approach allows supply chain teams to make the correct supply decisions and pivot to equivalent products quickly, while maintaining our commitment to quality care for our patients.

How do you measure the success of your team and its impact on the organization as a whole?

Each division within Supply Chain has measurable Key Performance Indicators (KPIs) that are reported out monthly. We track our progress and highlight our shortcomings. I share the KPI dashboard during our team meetings and with my leader.

What are the most important attributes of a successful supply chain team today?

Flexible, nimble, clinically integrated and highly skilled.

What are the keys to a successful provider/supplier relationship?

Transparency. Everyone talks about building partnerships.

Those relationships are built with trust and respect. Trust and respect is a two-way street. We all have the same goal, to save and improve lives. I believe the more we unite under that commonality the stronger our health systems will become.

What should suppliers avoid doing in their interactions with hospitals and health systems?

We have seen an increase in suppliers bringing items in for use in our ORs that have not been vetted for use in our health system. Some of this activity stems from supply shortages. However, it creates such disruption I would urge suppliers to avoid this behavior.



DAWN WELLS, MPH
ASSISTANT
VICE PRESIDENT,
SUPPLY CHAIN,
NORTHWELL HEALTH

Dawn Wells leads supply chain operations for the Ambulatory network

of Northwell Health, comprised of more than 800 physician practices and outpatient facilities. She also serves as the procurement lead on the cross functional team dedicated to the seamless integration of acquired and new ambulatory facilities. In addition to these responsibilities, Wells leads and supports all supplier diversity initiatives, ensuring that there is a system wide commitment to maintaining the diversity of the health system's suppliers, including, but not limited to, maintaining a standardized process for measuring goals, and partnering with external agencies to educate and deliver information to diverse suppliers within the communities that we serve.

Any recent stories of successful supply chain projects you can share?

In the first half of 2023 my team has been instrumental in the onboarding of over 10 practice acquisitions inclusive of both single practice physician, and multi-site, multi-specialty practices. The complexity of each acquisition can be contingent upon service line, time to go live, and size. We continue to be successful in implementing go lives on schedule; generally, with no clinical, and minor administrative interruptions. I am very proud of the teamwork displayed and the commitment to the continued growth of the health system.

What about upcoming initiatives you are excited to be working on?

The increasing shift towards outpatient care continues to inform the growth of the health system and I am very excited to be a part of the growth. The shift to true value analysis in the outpatient setting is both exciting and difficult. I am lucky to work with a wonderful team of leaders and colleagues who empower me to take on the challenge. I am also excited to continue the important work towards supplier diversity. We recently launched an internal communications plan aimed at activating increased internal support toward our goals. I am extremely

grateful for the organizational support in these initiatives and excited for the continued collaborations system wide.

How do you measure the success of your team and its impact on the organization as a whole?

Supply chain touches every area of an organization, and in healthcare the impact is measured by making sure that our clinicians and patients have the right product at the right time. Additionally, I feel that we are successful in our roles when we are able to be a trusted resource, often in a consultative manner, to the clinical and administrative leadership of the organization. It is important that we not only save money, but that we understand the product mix and are able to offer the technology to make each transaction as seamless as possible to the end user.

What's the biggest takeaway for you as a supply chain leader over the last few years of marketplace disruptions?

Never settle for what you have already accomplished, always look for new innovation, and be flexible.

What are the keys to a successful provider/supplier relationship?

Innovation, collaboration, and transparency. Recent market disruptions have highlighted the need for flexibility on both sides of the equation and both provider and supplier need to be willing to collaborate while providing the necessary transparency to understand each other's needs. ■

Alleviating Front-Line Anxiety

Nursing shortages, high agency costs put the onus on health systems to find ways to relieve the burden.

A recent survey conducted by the American Nurses Foundation and Joslin Insight found that 64% of nurses reported feeling stressed and 57% said they were exhausted. The survey also identified an increase in verbal abuse toward nurses in the workplace with 53% reporting an increase in verbal abuse since the start of the pandemic. Ultimately, 84% of nurses said they are stressed or burned out.

Four healthcare supply chain executives recently joined Publisher John Pritchard and *The Journal of Healthcare Contracting* to discuss the issues surrounding the stress of front-line healthcare workers and how the supply chain can help. The executives were:

- ▶ **Ed Bonetti** – Vice President of Supply Chain Services for Vizient and UMass Memorial Health Care
- ▶ **John Dockins** – Executive Director of Sourcing & Vendor Management for Cleveland Clinic
- ▶ **Nate Mickish** – Vice President of Strategic Sourcing for Texas Health Resources
- ▶ **Alissa Strange** – Contract Portfolio Manager for Froedtert Health

The discussion was sponsored by Hollister, an independent, employee-owned company that develops, manufactures and markets healthcare products and services worldwide.



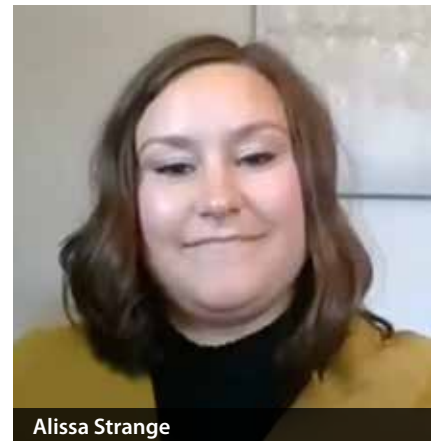
Ed Bonetti



John Dockins



Nate Mickish



Alissa Strange

Nursing shortages and high agency costs

“There’s a national nursing shortage and massive burnout,” said John Dockins, executive director of sourcing & vendor management for Cleveland Clinic. “We saw the same

thing during the pandemic and like most, we had to close floors due to staffing issues.”

Dockins says floors have reopened but staffing agency costs remain high.

The average weekly pay for a travel nurse at the beginning of 2023 was

67% higher than the rate three years earlier at the beginning of 2020, according to a report by Vivian Health. The peak was in December 2021 at \$3,782 per week. Wages have dropped since then, hitting a floor in July 2022 of \$2,997 per week.

“We’re struggling with labor costs and recruitment and we’re trying to manage burnout,” added Ed Bonetti, vice president of supply chain services for Vizient and UMass Memorial Health in Worcester, Mass. “And dealing with supply chain resiliency adds a layer of burden and complexity on the staff and we’re attempting to ease that through some operational improvements.”

Alissa Strange said they are seeing the same at Froedtert Health in Wisconsin. “It’s gotten better but there’s still plenty of work to do with nursing turnover, satisfaction and recruitment,” said Strange, a contract portfolio manager for Froedtert Health. “Our nursing leadership has removed some documentation off of the nurses’ plates so they can focus on patient care.”

Nate Mickish added that it was a little easier to source masks than it was to find a qualified nurse during the pandemic. “For as uncomfortable as I might have been as a supply chain professional, our HR people, like many HR leaders around the nation, faced a bigger challenge during the pandemic. They deserve just as many bows as the supply chain people do,” said Mickish, vice president of strategic sourcing for Texas Health Resources (THR).

Cleveland Clinic’s supply chain team has partnered with its talent acquisition team and nursing team to tap into local universities to create a pipeline of candidates who want to be nurses. According to Dockins, Cleveland Clinic is asking what economic and social aspects are preventing certain populations from getting into school and how does Cleveland Clinic partner with those universities to create a job share program for students during their four years.

“How do we subsidize it? How do we pay for transportation and meals? How do we address the entire problem of someone

“Any anxiety a caregiver is having is probably going to be seen by the patients. So, transparency and operational sensitivity have been a pathway for a long time.

– Nate Mickish – Vice President of Strategic Sourcing for Texas Health Resources

wanting to be a nurse but can’t make it through or doesn’t have the opportunity,” Dockins asked. “This is a longer-term play for us to address the staffing shortage.”

A transparent supply chain can help manage front-line caregiver stress

THR has continued some of the processes implemented during the pandemic. Its supply chain is transparent throughout the organization and inventory on hand and burn rates are clearly communicated.

“It’s important to manage not only the actual safety of staff relating to PPE but also to manage their perception to reduce their anxiety,” Mickish said. “Any anxiety a caregiver is having is probably going to be seen by the patients. So, transparency and operational sensitivity have been a pathway for a long time.”

THR has collected over 2,000 survey responses from front-line staff during the past year on a variety of different product categories in order to guide its sourcing strategy and decisions. But according to Mickish, there are many categories it hasn’t touched because they might be too disruptive and could add another stressor to the environment.

At UMass Memorial Health, Bonetti says they use what they call a critical supply SWAT team. “We’re still dealing with a little less than 50 disruptions per week,” he said. “We have a monthly meeting and

have representation from many of the nursing floors. We’re able to manage those disruptions and find resolutions with an average of two and a half per week that we have to escalate up to the clinical team either for conversions, substitutions or changes in practice.”

“We’ve created a repository of all our substitutes, shortages and changes in protocol and we’ve posted them on our intranet,” Bonetti added. “There’s a link on our intranet for our clinicians to see what’s happening.”

UMass Memorial Health is also engaging its supplier community to help alleviate stress on its front-line staff. Bonetti says it’s a combination of engagement with its clinical staff and its vendors.

The value in value analysis

“There’s work surrounding value analysis to make sure we aren’t putting undue burden on it,” he said. “While we need to be mindful and manage, we still need to find savings. We’re intentional about it and hoping it gains traction with the clinical staff.”

UMass’ clinical staff is engaged in the committee structure of its value analysis process.

“We want the appropriate feedback from the clinical team,” Bonetti said. “Much of what’s happened the past couple of years has created a lot of interactions and touchpoints and trust. We’re trying to continue that.”

Bonetti says when dealing with low-cost items, for example, UMass Memorial Health doesn't want to introduce any unknown struggles downstream for the clinical team. When evaluating a product, they ask if there's a clinical care gap or if there are quantifiable savings that can be realized. They also ask about business continuity and maintaining operations.

Clinical staff at UMass preapprove substitutes and if they get three approved substitutes, then they start the process of sourcing. "We can tell the clinical staff if their primary substitute isn't available and if their secondary substitute is. So, we're trying to proactively hardwire some of these new processes," Bonetti said.

Supplier metrics and fixing a dysfunctional process

At Cleveland Clinic, supply chain is heavily focused on how to help its clinicians spend more time with patients through supply resiliency and metrics like on-time in-full (OTIF) or a supplier's ability to deliver product within prescribed delivery windows and at full quantities ordered.

"Before the pandemic, you thought 'I'm dual sourced so I'm safe,'" Dockins said. "Well, if your Tier 4 supplier within those two primaries come from the same part of the world, you aren't dual sourced at all. So how do we start measuring supplier performance and hold them accountable? We're implementing world event monitoring, so we get a heads up around the world."

According to McKinsey & Company, the consumer industry began using the more rigorous OTIF delivery metric, moving away from the traditional case-fill rate, in an effort to optimize its supply chains.

"So how do we start measuring supplier performance and hold them accountable? We're implementing world event monitoring, so we get a heads up around the world."

— John Dockins, Executive Director of Sourcing & Vendor Management for Cleveland Clinic

It measures the extent to which shipments are delivered to their destination according to both the quantity and schedule. OTIF is now widely used to judge the performance of the supply chain, especially in inventory planning, inventory optimization and order fulfillment. But many challenges remain in the supply chain process.

"Part of it is just making sure you are securing product in the first place," Mickish said. "We're working with some interesting data sets that are helping us map the world by category. There are certain parts of the world where a big portion of the production is right there and it's not just China."

Mickish added that THR is still maturing on the predictive side of things.

"But it's amazing what we can get done with clinicians in developing different care pathways if a two-week notice turns into a six- to eight-week notice," Mickish said. "Our team is structured with category managers that are assigned specific categories and it makes it easier to mobilize and connect with the clinical staff. And our system safety briefing every Friday gives us a forum to get ahead of these backorder issues."

"Hopefully, the pandemic taught us we don't live in a post scarcity world," he added. "I think many of us thought we did in 2019."

"You learn quickly that if certain items are out, it affects patient care," Strange said. "If we've been burned in the past

by suppliers, there have been times we've gone off contract to find someone else. We're not dealing with backorders on test tubes or something like that. We'll go to someone else."

Strange says the pandemic shed light on where things come from. "You can tell a difference with a supplier who is great at communicating when backorders are coming up versus one who isn't," she said.

Bonetti says it's still about trying to fix a dysfunctional process.

"All of the disruptions add to it but we're making progress," he said. "At UMass, we're being consistent with things like the colorization of our bins, the placement of products and even our labels. We're trying to be clear in our communication with nurses so it's obvious to them where product is when they enter the room, and we have some nurses who travel to different hospitals so we're trying to develop a level of consistency across hospitals."

"When you stay at a Courtyard by Marriott, you might not know what city you're in, but the room is laid out the same way," he added. "We're considering doing that as well." ■

Scan the QR code to watch the discussion:



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3. Hollister Data on File, ref-02775, February 2022.



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Ochsner Health Recognized as an Exceptional Workplace

Ochsner Health receives 2023 Gallup Exceptional Workplace Award recognizing exceptional employee engagement.



Healthcare industry employees have continued to face increased workplace

challenges since the pandemic, as clinicians balance staff shortages, stress and burnout, and disease transmission with their daily responsibilities. To allow staff to perform confidently in the workplace, it is essential for medical industry leaders to foster a supportive workplace culture and make a commitment to employee well-being.

A positive business culture prioritizes the welfare of its employees foremost. In the constantly changing healthcare marketplace, the companies that stand out are the ones that support their employees throughout all levels of the organization and that foster trust, open communication, and support within the workplace.

Ochsner Health's health system was recognized in 2023 for its exceptional workplace culture. Ochsner Health was awarded the Gallup Exceptional Workplace Award (GEWA) in early 2023, which recognizes the most engaged workplace cultures in the world. The award elevates organizations that are committed to developing human

potential. It celebrates businesses that “put the engagement of their people at the center of their business strategy and weave that commitment into their organizational culture,” according to GEWA.

Ochsner Health delivers health services to patients throughout Louisiana, Mississippi, and the Gulf South. The not-for-profit healthcare system's mission is to inspire healthier and stronger communities through leadership in cancer care, cardiology, neurosciences, liver and kidney transplants, pediatrics, and more.

“The medical industry has greatly changed because of the pandemic. Medical staff and providers were challenged in ways we had not seen before, including being stretched thin, resulting in staffing shortages in New Orleans and around the country. We invest not only in our employees but also in our communities,” said Tracy Schiro, executive vice president and chief human resources officer of Ochsner Health.

Nationally, only 32% of employees in the U.S. workforce are considered engaged with their business' vision and values. In 2022, Ochsner's employee engagement reached an all-time high and was ranked in the 86th percentile across healthcare organizations throughout the country, according to a March 2023 press release from Ochsner Health.

Organizations that are nominated for the award prioritize investing in their

employees by always listening, measuring, and making decisions that ensure employee satisfaction and a unique company culture.

Engaged employees equals business results

Ochsner Health's company culture is unique in that it prioritizes people first. Ochsner invests in its culture by providing benefits, resources, and programs to engage employees in the workplace. This engagement fuels commitment and passion for everyday work among all staff from physicians, providers, clinicians to non-clinical staff.

Ochsner Health maintains engagement throughout an individual's career by fostering a company culture that values compassion and a patient-first environment. Employees are empowered in growth and professional development at all levels of their career through access to in-person and online education programs that encourage individualized growth.

"Our culture is one of pride, connection to purpose, collaboration and innovation resulting in the relentless pursuit of making Ochsner the leading destination for the region's top talent and for high-quality healthcare. We value the growth, health, and wellbeing of each member of our Ochsner team," said Schiro.

Navigating workplace challenges

Businesses inevitably run into challenges when carrying out everyday operations. In the face of workplace challenges, considering employee's well-being first and foremost contributes to a resilient and successful operation.

"One of the biggest challenges the medical field has faced is staffing. Ochsner has an innovative approach

to supporting the pipeline of healthcare workers into the organization. Ochsner increasingly invests in internal and external workforce development opportunities. As we face a shortage of caregivers, Ochsner is being intentional about how we grow our workforce. We are focused on people first and on training providers who will build careers in our communities," said Schiro.

Ochsner has an innovative approach to supporting the pipeline of healthcare workers into the organization.

The pandemic has seen unpredictability within the workplace because of healthcare staffing shortages and continued disease challenges. Due to these circumstances, national healthcare systems are struggling to retain employees. Ochsner Health has experienced its return on investment in culture firsthand and has exemplified that investing in its people leads to great rewards.

Ochsner has adapted to pandemic and workplace-related challenges by ensuring that employees are committed to their work and provide high-quality healthcare. The strong company culture and commitment to exceptional healthcare has assisted in the face of national workplace challenges.

Keys to an award-winning workplace

The development of an award-winning workplace begins pre-hire, according to Schiro. Ochsner supports the pipeline of healthcare workers through its Career Outreach and Workforce Development team. The Career Outreach team mentors' students early on in their healthcare education

experience and assists them on the path to nursing, healthcare, and corporate fields. Students participate in facility tours, continuing education opportunities, and hiring events to expose them to the medical field while in school. The Workforce Development team assists high school and college aged students with growth into healthcare careers through nursing pre-apprenticeships and pipeline programs.

"Ochsner is an award-winning workplace because we intentionally invest in culture and employee experience. This is done through a comprehensive listening strategy, as well as shaping positive experiences throughout an employee's entire journey with Ochsner, including pre-hire," said Schiro. "Each employee, clinical and non-clinical, truly cares about our patients and the community. It is evident in everything they do and even when you simply walk into an Ochsner facility."

Ochsner recognizes that success for an award-winning workplace relies on taking care of all members of a team from healthcare staff to executive leadership. The culture strives to create a positive experience throughout the entire career journey for all healthcare employees. Culture at the company reflects pride, connection to purpose, collaboration, and innovation, according to Schiro.

"Ochsner is proud to have a bold vision to inspire healthier lives and stronger communities," said Schiro. "We are fueled by the talent, passion, and diversity of our employees who continue to push the limits to advance medicine to change and save lives. We won't slow down." ■

Enhancing Exam/Procedure Chairs: Innovations that Make a Difference

In the world of medical advancements, much attention is given to cutting-edge instruments and imaging technologies. However, it's essential not to overlook the technology embedded within the very chairs or tables that hold patients during examinations and procedures. Patient comfort, sense of security, and various chair features all play a significant role in maneuverability, caregiver access, ergonomics, and overall practice safety, ultimately impacting patient outcomes. Recognizing this, MTI has emerged as a market leader, continually innovating exam and procedure room chairs to elevate the healthcare experience.



Over the past five years, MTI has introduced an impressive lineup of 11 next-generation chairs, solidifying its position as an industry leader. Their comprehensive range of fully-powered and programmable exam and procedure chairs are packed with features to assist specialists in achieving improved patient outcomes.

Understanding that each medical specialty focuses on specific areas of the anatomy and requires precise patient positioning, MTI has engaged specialists for over two decades, gathering valuable feedback and insights to shape their chair designs. By collaborating with ENTs, dermatologists, ophthalmologists, oral surgeons, podiatrists, and other specialists, MTI has crafted chairs that align seamlessly with their unique workflows.

The result is a collection of chairs and cabinets that feature multiple accessories, offering a customizable workspace to meet individual requirements.

One common concern expressed by specialists is the need for better access to patients' head, neck, and shoulder areas. In response, MTI has incorporated tapered back sections into their next-generation chairs, making them thinner and facilitating easier caregiver access. This sleek design ensures that caregivers can treat patients without any hindrances, minimizing bending, straining, or stretching during procedures.

The safety of both patients and caregivers is paramount, as it significantly impacts the success of a practice. Shockingly, healthcare-related injuries account

for one out of every five workplace injuries reported in the United States, with healthcare workers being four times more likely to experience work-related injuries compared to construction workers. Recognizing this issue, MTI has invested considerable time and effort in engineering ADA compliant chairs with low entry heights, streamlining patient transfers, which can help reduce the risk of patient falls and caregiver back injuries. These safety measures can not only help mitigate liability concerns but also enhance patient satisfaction and employee retention.

In addition to addressing specialists' specific requests, MTI has integrated reliable and modern innovations into their chairs. One such advancement is the integration of SmartTech™ technology, which harnesses the power of MTI's Smart Controller™ and Smart Safety™ features. Through a centralized computer controller, this technology enhances safety, reduces energy consumption, provides smoother movement, and allows for additional memory options and personalized user preferences.

Exam and procedure chairs are more than mere tools; they are critical components that can directly impact patient outcomes in specialty care. When it comes to elevating the patient experience, facilitating caregiver workflows, and ensuring utmost safety, MTI's commitment to innovation shines through. By combining advanced technology with design features tailored to specialists' needs, MTI is revolutionizing specialized equipment for specialty healthcare. ■



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I read *The Journal of Healthcare Contracting* because the articles are short and condensed, saving time but still giving me all the relative insight. The print vs online issue is preferred since most of the content I keep up with is online. It is nice not having to stare at monitor to get information. Reading what peers are doing is insightful and on most occasions the insight confirms what I believe is critical now and what longer term strategies may need developed.



— Mark Welch, Senior Vice President, Novant Health

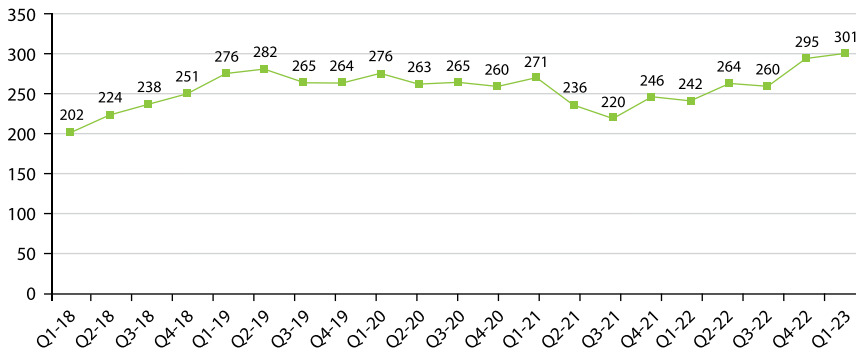
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Supply Chain By the Numbers

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

Drug Shortages Cost Billions, Upend Patients' Lives

17 additional drugs went into shortage in May 2023.¹ Active drug shortages now total more than 320 through the first two quarters of the year.



A recent Premier survey of 233 hospital and health system staff showed more than

75% were spending at least 10 hours per week

trying to mitigate supply shortages.²

Taxpayers could **save \$228 Million to \$2.15 Billion** if Medicare bought **7 generic oral oncology drugs** from The Mark Cuban Drug Company.³

More than **100 million lives** are covered under Synergie Medication Collective, the new independent company formed from a coalition of Blue Cross Blue Shield carriers. Almost all Blues plans are participating and have invested in the company. Synergie is looking to disrupt the growing specialty drug market which represented a **spend of \$407 billion** in 2021.⁴

Pharmaceutical manufacturer's industry **average effective tax rate is a low 11.6%**. This is a **40% decrease** from the tax rate before the 2017 tax law.⁸

CIVICA

Civica Rx, the nonprofit generics drug company owned by healthcare systems, is 5 years old.

To date, they have:

Produced **60 generic medications in 80 SKUs**

Delivered 120 million vials of product.⁵

Drug shortages in the U.S. are costing facilities at least \$359 million annually,

and a report in the Annals of Internal Medicine from 2019 estimates that the prices of drugs under shortage increased more than twice as quickly as they would if they were not in short supply.

This adds an additional \$230 million annually

to U.S. drug costs.⁶

500,000

is the number of patients whose cancer therapy may be interrupted by drug shortages. The chemotherapies that are in short supply are "cheap generic drugs that don't make much profit — and few companies want to manufacture them."⁷

Need no-risk spare change to reach your savings target this year?

Vendor Activity Audits are a great way to recover working capital and review your procurement processes at the same time. "We've seen a tremendous increase in recoveries per-bed, post-COVID" said Chris Ahlgrim, principal of Archstone, a healthcare focused supply chain audit firm. "Staff turnover and shortages as well as remote work has probably contributed to this increase, especially in areas such as waste management and service contracts."

Archstone Average Recoveries per Bed⁹:

- ▶ Pre-COVID: \$650/per bed
- ▶ Post-COVID: \$975/per bed

50% increase

Operating Room minutes are up 33%

through May 2023 versus the same month in 2020.

On a year-over-year basis, they are up 5%.

Supply expenses are up 5% in May 2023 versus May of 2022¹⁰. Although inflationary pressures still exist, perhaps price increases are starting to flatten out a bit as the result of longer-term contracts and aggressive supply chain intervention against further increases.

5.8% is the CMS estimate of

average hospital spending growth 2022-2031. However, in 2023, CMS is estimating faster spending growth of 9.3%, followed by a "normalization" of growth around 6.1%.¹¹

Is there hope for trading partner collaboration in healthcare?

In most U. S. industries, trading partner collaboration is the norm, resulting in reduced expenses, faster development of technology, and true partnership. A recent report from The Advisory

Board Company, revealed that in healthcare technology

50% to 70% of provider-vendor partnerships fail

when it comes to SaaS (versus HER).¹²

The arms race for Pulsed Field Ablation (PFA) is on and coming for the **\$8 billion** electrophysiology market.¹³

Here is a brief rundown of some of the major and minor players in the American market.¹⁴

The Big Guys

Boston Scientific (Farapulse)

J & J Biosense Webster (VARIPULSE)

Medtronic (*Sphere-9*)

New to the Game

Actus Medical (AcQBlate)

Field Medical (FieldForce)

Galvanize Therapeutics (CENTAURI)

Energy Costs Can Yield Big Savings

according to Dr. Jeff Thompson, CEO emeritus and executive advisor at Gunderson Health System in La Crosse Wisconsin.

Gunderson Health invested about \$2 million in replacing pumps, motors and other parts of their heating and cooling systems **that now generate about \$1.2 million in annual savings.**¹⁵

C. difficile infection (CDI) is responsible for:

223,000 Healthcare-associated infections (HAIs) annually
12,000 deaths annually

\$6.3 billion in healthcare costs annually.¹⁶

While hand washing and disinfection are important, it tells us that other actions, like disinfecting stethoscopes and other patient contact items, may lead to a reduction in the spread of HAIs.

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6 Company website.

7 Abbott, Brianna, "Cancer-Drug Shortages Upend Patient's Care", The Wall Street Journal, June 30, 2023, p.A1.A7.

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Sustainability in Medical Manufacturing

Medical manufacturers, distributors, and suppliers all impact the natural environment as a result of their operations. Sustainable practices within the medical industry not only protect the environment, but also keep companies in step with their competitors. Healthcare industry leaders are increasingly evaluating their companies' environmental impact and making the necessary business adjustments to effectively implement sustainable change.

In a recent podcast, Artha Salgado, Director of Environmental Sustainability at Ansell, discussed how stakeholders can ignite a mindset of change in the medical industry toward a sustainable future.

Ansell is a global safety solutions organization that specializes in personal protective equipment for the healthcare industry. Ansell prioritizes environmental sustainability and strives to integrate environmentally beneficial practices throughout company operations. The manufacturer also focuses sustainability initiatives on overall energy and emissions, water stewardship, zero waste in manufacturing facilities, biodiversity impacts, and sustainable packaging, with a commitment to achieve net-zero carbon emissions and source 100% of electricity from renewable sources by 2040.

Waste Reduction

Waste produced as a result of medical industry operations have a substantial impact on the environment. Implementing waste reduction tactics within the industry starts at the source. Employees at Ansell are engaged in a culture and mindset of sustainability throughout all steps of the



manufacturing process. Ansell aims to reduce paper and plastic packaging, ensure that all paper-based packaging is made with recycled content, and make 100% of packaging material recyclable, reusable, or compostable by 2026.

“We focus quite significantly on segregation and source for waste reduction. We try to minimize the material that is being used, thereby also minimizing shipping volumes. We make sure that more packaging material or more product is going into containers. When the packaging comes to our end users or our customers, we make sure that we are giving them the most sustainable packaging options available to optimize their utilization,” said Salgado.

Sustainable Surgical Materials

Surgical material manufacturing can be more sustainable through a focus on minimizing material used, decreasing shipping volumes, and using recycled packaging options. Also, if a company prioritizes sustainability initiatives on an overall scale, such as through efficient energy use, waste reduction, and sustainable packaging, then in turn, all individual medical products are manufactured with a sustainability focus.

“If we were to shift all our electricity to renewables in one of our manufacturing facilities, the environmental impact of the product that is manufactured in that facility becomes small automatically. And it's not just one product line, it's everything that is manufactured there,” said Salgado.

The healthcare industry has become increasingly interdependent and connected. Ansell's sustainability efforts have resounding impacts throughout the med-surg industry, and their partners have also begun reporting and disclosing encouraging emissions, water, and waste reduction efforts.

“As an organization, we can directly influence what happens during the manufacturing phase, then we can influence what happens upstream in terms of the raw materials, and then we can engage with customers and end users when it comes to an end-of-life part of the process. Ansell applies these environmental commitments to all our manufacturing sites, irrespective of whether it is surgical, industrial or life sciences,” said Salgado. ■

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Preparedness Priorities On Capitol Hill

In June, more than 100 distributors, along with some of their key manufacturer partners, came to HIDA's Washington Summit and Fly-In to ask Congressional leaders to support legislation to strengthen the healthcare supply chain. Participants met with the offices of over 80 Senators and Representatives. In these meetings, HIDA stressed the following legislative priorities:

- ▶ **PAHPA Reauthorization:** HIDA urges Congress to reauthorize the Pandemic and All-Hazards Preparedness Act (PAHPA) prior to its September 30, 2023 expiration. PAHPA's all-hazards approach provides an opportunity to ensure consistency across all disaster response efforts.



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critical medical supplies were delayed an average of 29 days throughout the transportation system. HIDA supports the creation of a “fast pass” process to expedite medical supplies throughout the nation’s transportation system.

Based on our meetings with elected officials, two encouraging takeaways were present in our conversations on Capitol Hill. First, we found broad areas of bipartisan agreement. Republicans and Democrats both want to ensure that mistakes during the COVID-19 pandemic, especially the shortage of supplies in the Strategic National Stockpile, are not repeated. Congress wants to closely examine how federal preparedness agencies are using their existing legal authority before seeking to expand that authority.

Second, Congress considered a robust role for the private sector to be essential. The value of public-private partnerships and vendor-managed inventory was discussed positively and repeatedly. The Strategic National Stockpile should only be one part of the supply chain continuum, and it should provide a backstop during ramp-up of production during the early stages of a public health emergency.

Efforts such as the Washington Summit and Fly-In are key means of advocacy for our members. As Congress continues to deliberate on preparedness efforts, HIDA will continue to educate our elected officials about the need for strong public-private partnerships that strengthen the medical supply chain. ■

- ▶ **Domestic Manufacturing Incentives:** HIDA recommends a package of incentives to sustain the industrial base of critical products – such as government support to reduce capital expenditures through tax incentives, and committed long-term contracts of at least 5 years with federal procurement agencies.
- ▶ **Fast Pass For Medical Supplies:** In 2021 and 2022, transportation delays became a healthcare issue. HIDA research estimates that approximately 31,000-46,000 containers of

Congress considered a robust role for the private sector to be essential.

Creating ‘Communities of Immunity’

The month of August marks the nationwide initiative to stay up to date on vaccinations to prevent disease and keep the population healthy.

When fall flu season inevitably comes around, doctors reiterate that patients should receive a vaccination to protect themselves and others. Vaccines provide disease immunity to the individual and also the community at whole by preventing transmissible infectious diseases.



August is National Immunization Awareness Month (NIAM), held to observe the importance of population-wide vaccination. According to the National Foundation for Infectious Diseases and Voices for Vaccines, among U.S. children vaccinated in the last 20 years, vaccines will prevent 21 million hospitalizations and more than 700,000 deaths.

“For people living across the nation, it is important to know that vaccines are

the best way to prevent serious illness, hospitalization, and even death from infectious diseases. Vaccination is essential to creating communities of immunity and protecting vulnerable people who can’t get vaccinated,” said American Academy of Family Physicians (AAFP) President Dr. Tochi Iroku-Malize.

The AAFP and the Advisory Committee on Immunization Practices (ACIP) develop recommendations for vaccinations

and provide age group specific immunization schedules to the population each year.

Keeping children up to date on vaccinations

Many children missed routine check-ups and childhood vaccinations because of the COVID-19 pandemic, according to the Office of Disease Prevention and Health Promotion (OASH) and the Centers for Disease Control and Prevention (CDC). The pandemic affected schools across the nation from enforcing state and national vaccination requirements. According to the CDC, vaccination coverage nationally decreased to 94%, one percentage point lower than the previous year, for all required vaccines for children during the 2020-21 school year.

To get children back on track to begin school and to protect themselves and others, it is important for them to receive all of the required vaccines. If parents delay early childhood vaccinations, children are more susceptible to highly contagious diseases such as measles, whooping cough, and chickenpox. These transmissible diseases are serious, and even deadly, for young children that are unvaccinated.

“Different vaccines are given at different ages as young children’s immune systems develop. It’s important that they stay up to date with vaccinations to keep

them healthy or boost immunity that can fade over time. If they get behind on vaccinations, it can open the door for the child to get sick and potentially spread that disease to other people as well,” said Dr. Iroku-Malize.

The best way to protect children from preventable diseases is through routine vaccination. One-time vaccinations throughout childhood are essential to provide immunity against certain life-threatening diseases before children are exposed. According to the CDC, vaccines use small amounts of antigens to help a child’s immune system recognize and fight serious diseases if they are to be exposed in the environment.

Vaccines are tested to ensure that they are safe for children to receive at the recommended ages, and they can be administered at routine well-being doctor’s visits that young children are likely already attending.

“Before vaccines are made available to the public, multiple stages of research, testing, and clinical trials are conducted to make sure they are safe and effective,” said Dr. Iroku-Malize. “If you have questions or are unsure about a certain vaccine or immunization in general, talk with your family physician. They will help you make the decision that’s best for you and your family’s health.”

During the pandemic, misinformation widely circulated regarding the COVID-19 vaccines and vaccines in general. False information spread publicly about vaccines is confusing and makes it more difficult to find trustworthy and scientifically-based vaccine information, said Dr. Iroku-Malize. Primary care physicians thoroughly understand the risk and benefits of vaccines, and can provide through and detailed information to

assist families in the process of making the decision to vaccinate themselves and their children.

“Family physicians are well-prepared to address vaccine hesitancy and answer any questions patients may have. Primary care physicians and doctors are trusted sources of information and develop relationships with our patients. This provides the opportunity to have honest and open conversations with our patients about their concerns. When a patient expresses concern, I reassure them about the vaccine safety process,” said Dr. Iroku-Malize.

“For people living across the nation, it is important to know that vaccines are the best way to prevent serious illness, hospitalization, and even death from infectious diseases. Vaccination is essential to creating communities of immunity and protecting vulnerable people who can’t get vaccinated.”

— American Academy of Family Physicians (AAFP) President Dr. Tochi Iroku-Malize.

Vaccines as a benefit to the population

The benefits of vaccination to the population at large are that they protect the health and well-being of the people around you, including family, friends, coworkers, classmates, and even strangers.

“When you get vaccinated, you protect yourself and those around you. Your vaccination status impacts those who are unable to get vaccinated, such as infants under six months old and people who are immunocompromised,” said Dr. Iroku-Malize.

According to the CDC, vaccines have reduced the prevalence of diseases that once caused serious illness and death.

The immunity that vaccines provide have the potential to prevent the incidence of illnesses such as the flu, COVID-19, Hepatitis B, HPV, and many more.

“Vaccines have eradicated many diseases that at one time were disabling or deadly. Without vaccines, diseases like polio could come back and threaten public health on a large scale,” said Dr. Iroku-Malize.

AAFP encourages “creating a community of immunity” through vaccination. AAFP provides the public with detailed vaccine schedules, guides patients through disease “practice planning” that

encourages healthy behaviors in patients and publishes extensive patient vaccine education information. These resources inform the public on vaccine efficacy and increase trust in vaccine safety so that more of the population is encouraged to receive immunizations.

“The AAFP shares resources and tools with our physician members, and we also advocate for equitable access to vaccines year-round. During National Immunization Awareness Month in August, and year-round, we continue to promote the importance of vaccination to both family physicians and the public,” said Dr. Iroku-Malize. ■

Industry News

Intermountain Health to join consortium to improve patient outcomes for most common conditions found in critically ill patients

Researchers from Intermountain Health are helping to lead a national consortium of healthcare systems and hospitals in a new federally-funded initiative that will use advanced technologies – including AI and machine learning – to improve treatment for patients with acute respiratory distress syndrome (ARDS), pneumonia, and sepsis – the most common and devastating conditions found in critically ill patients.

Hundreds of thousands of people infected with the COVID virus during the pandemic who were hospitalized and in critical condition ultimately died from these conditions. ARDS, pneumonia, and sepsis, together kills hundreds of thousands of people in the United States each year.

Through a major \$51.6 million grant from the National Institutes of Health, researchers from 22 hospitals from across the country – collaborating through a clinical coordinating center at Vanderbilt University Medical Center – will identify what makes these patients different, which will allow researchers to find targeted treatments for them.

The consortium will start enrolling patients by early 2024 and hopes to enroll 5,000 patients overall in the next five years.

Sarasota Memorial Health breaks ground on \$75M research facility

Sarasota Memorial Health Care System is breaking new ground with a \$75 million Research and Education Institute that will expand clinical research opportunities and provide an innovative, interdisciplinary learning environment for physicians, nurses and researchers.

The 5-story, 80,000 square-foot facility, slated to open next to the health system's Sarasota (FL) hospital in 2025, is designed to promote collaboration and discovery in medical education and research for Sarasota Memorial's expanding clinical and graduate medical education programs and research team.

Aspirus Health, St. Luke's partner to expand healthcare access

Aspirus Health announced that St. Luke's has signed a letter of intent to affiliate with Aspirus. By affiliating with St. Luke's, based in Duluth, MN, these organizations will expand access to care for more people across the region in northeastern Minnesota, northern and central Wisconsin and the Upper Peninsula of Michigan.

This affiliation will work to improve the health and wellbeing of every patient and community these organizations serve, expanding their impact, investing in infrastructure, and improving the health of people they serve.

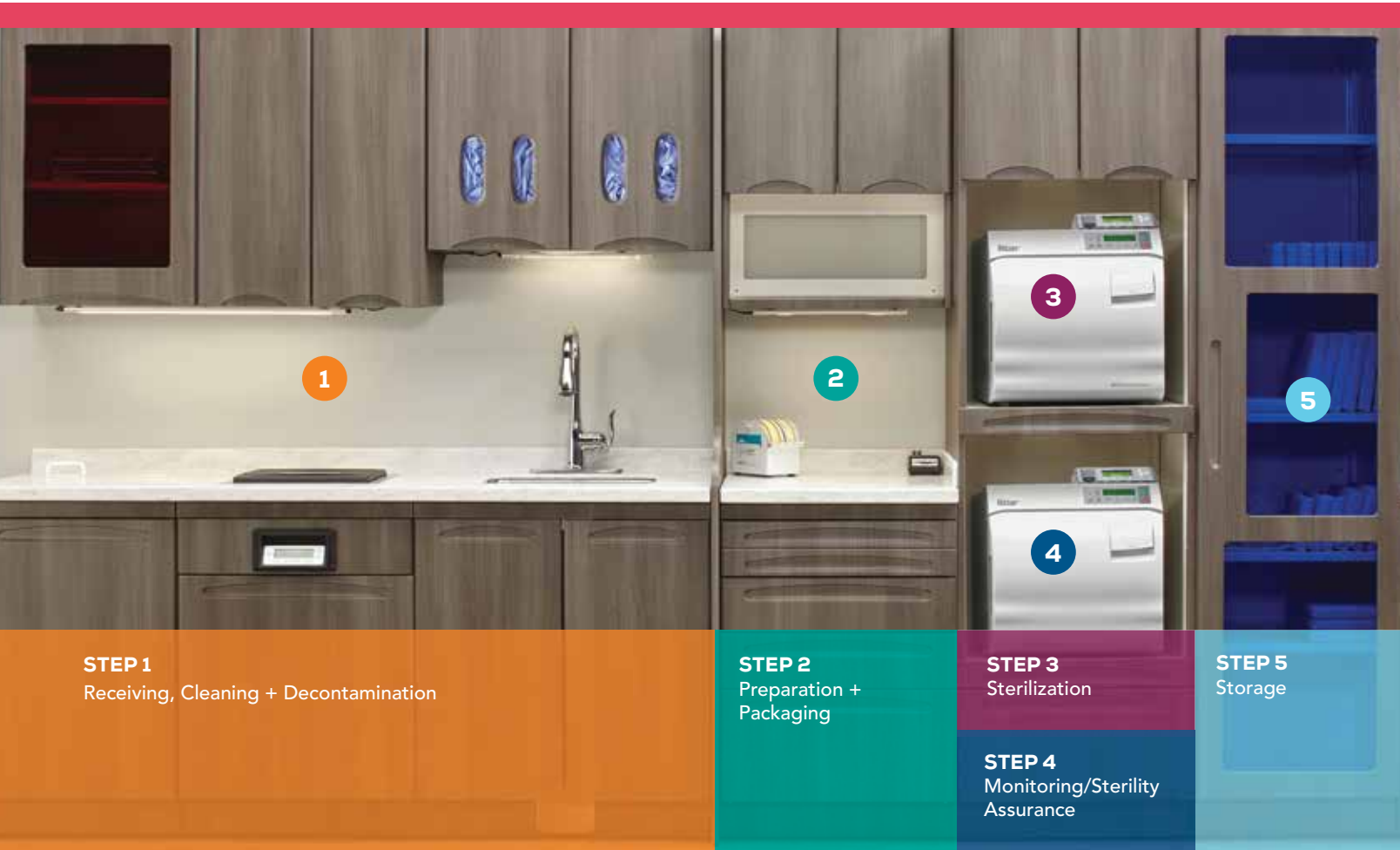
This agreement will enable both organizations to build on their collective strengths and specialties to create a broader health network patients can count on, as well as expanded opportunities for each organization's dedicated staff.

Together the new organization will operate 19 hospitals and 130 outpatient locations, with nearly 14,000 team members, including more than 1,300 affiliated, independent, and employed physicians and advance practice providers. The system will operate headquarters in Wausau, WI and also maintain corporate offices in Duluth, MN.

New HHS initiative aims to strengthen nation's health workforce

The U.S. Department of Health and Human Services recently launched the HHS Health Workforce Initiative during an event at Lincoln-West School of Science and Health, a public high school in Cleveland, Ohio, which prepares students for college and careers in health care.

The goal of the HHS Health Workforce Initiative is to support, strengthen, and grow the health workforce by leveraging programs across the Department, including through the \$2.7 billion workforce investment proposed in the President's Fiscal Year 2024 Budget for the Health Resources and Services Administration's (HRSA) workforce training, scholarship, loan repayment and well-being programs. ■



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a short
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As the number of outpatient clinics increase, instrument processing becomes a greater challenge. You may already understand the need for effective sterilization to reduce risk—but **instrument processing is more than sterilization** and it begins before you ever touch an instrument. Midmark instrument processing solutions were designed around CDC-recommended¹ best practices to help make regulatory compliance to clinical standards as easy (and as automated) as possible.

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¹ <https://www.cdc.gov/infectioncontrol/guidelines/disinfection/sterilization/sterilizing-practices.html>



Now Available - Premier's 2023 Supply Chain Resiliency Guide

Ongoing workforce challenges, product shortages and inflation have revealed the critical role of healthcare supply chain resiliency and its impact on timely, cost-effective and high-quality patient care.

What follows is Premier's 2023 Supply Chain Resiliency Guide, inclusive of key trends, data insights and recommended strategies for managing today's most pressing supply chain challenges.

Survey insights from a broad cross section of healthcare and supply chain leaders inform this resource to support decision-making on risk prevention and mitigation strategies, as well as comprehensive recommendations for advancing a stronger supply chain.

Together with our members, Premier remains committed to mitigating shortages, building healthier markets and tackling cost pressures with pioneering strategies and value-driven partnerships.



See the difference of partnering with Premier via our **2023 Supply Chain Resiliency Guide**.

