

Supply Chain Collaboration

Hospitals Collaborating with Suppliers to Improve Efficiencies

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Now, more than ever, it is important for both suppliers and supply chain professionals to work together for the betterment of healthcare. We cannot achieve The Triple Aim or Cost, Quality, and Outcomes (CQO) if all parties work on opposite teams. Collaboration will allow us to achieve efficiencies to reduce cost and produce positive patient outcomes. The suppliers can offer solutions, based on previous experiences, to some of the problems that the healthcare supply chain is faced with in order to drive down costs.

The healthcare supply chain has moved into the driver seat, purchasing the supplies and services for providers, instead of being relegated to the basement or the backdoor. The AHRMM community has helped elevate the supply chain officer of tomorrow with the knowledge they need to succeed. Supply chain is no longer just the people who place orders; they have transitioned to key points of contact in their facilities. They have achieved this through collaboration and hard work with clinical staff. They are armed with tools to measure CQO for the procedures that are taking place in their facilities. They are more knowledgeable about the reimbursement of the supplies and aware that clinical outcomes are a significant factor.

Suppliers need to be engaged in what is happening in the healthcare world and work with supply chain professionals to resolve issues in order to limit the negative impact on the total cost of care. GPOs are working with the supplier communities to educate



them on what is happening in healthcare. This enables them to partner more with the customers/members. Healthcare has moved from reimbursement for care (regardless of the outcomes) to a system of reward for positive clinical outcomes. Where suppliers used to once sell to physicians and clinicians, they are now working with supply chain and clinical professional teams to secure the deal. No longer is the most recent gadget on the market the only reason to buy the product. Suppliers must be able to provide data that justifies the additional cost

for the product by demonstrating its value can improve patient outcomes, and in turn reduce the bottom line costs for the facility. The bottom line is not just the cost of the product but also the benefit of the outcome. The supplier must answer the question: How is this product going to reduce the length of stay, prevent hospital acquired conditions, or prevent never events?

Collaborating together, the GPOs, manufacturers, suppliers, and providers will be able to achieve the healthcare partnership

that is needed for the future. All parties are faced with the financial pressures to do more with less. All parties are becoming more creative on how to achieve CQO without financial peril. The pressures on healthcare supply chain are becoming evident to everyone in the process—from the manufacturers to providers.

Suppliers are becoming more and more valuable partners, providing the ability to limit orders to multiple locations instead consolidating to one location and enabling consolidate billing. This frees supply chain professionals to reduce the overhead cost to process orders by being more streamlined and having less paperwork. Since distributors can provide next-day delivery, supply chain can reduce their inventory levels, which allows them to concentrate on revenue-based space versus inventory space. Suppliers like Owens & Minor, Medline, Cardinal Health, and others have developed programs to work with providers to reduce supply cost.

Kit manufacturers have gotten creative in how they position their product offerings

by creating custom kits for standard pricing and lower inventory levels to assist product standardization. The kit manufacturers' sales force is educated on the clinical benefits of the kit components, why providers are impacted by lower reimbursement, and how to listen to the needs of the providers. They are asking what their burning problems are and discussing how they can help solve these problems. Having been on the provider side of the table for years, and now on the manufacturer side of the table, I find myself educating sales personnel on the importance of bar coding for documentation; and where I once would not consider a kit, I find myself recommending that kit for documentation and assurance that every patient is being cared for properly. When the provider's clinical protocols are followed, hospital acquired conditions will be avoided.

There are many options out there today that enable providers and suppliers to collaborate on reducing costs. It was once thought that standardization of product lines would be enough to cut costs; however, today we are faced with

not only standardization but going that extra step to ensure that the cost, quality, and outcomes are each considered in that standardization process. Just buying that bedpan that you think works best is not all that needs to be considered. Every supply chain professional needs to be in-tune with how products work. Rounding with your clinical staff and getting the feedback from the clinical hands will help supply chain professionals eliminate waste. I found that when you get out of the conference rooms, onto the floors and talk to those providing the hands on care, you will learn that the product that passed the evaluation process may not be working as well as the product that failed your cost test.

Collaboration is not just the responsibility of the providers, suppliers, and manufacturers to achieve CQO. The supply chain professional needs to remember their roots and reach out to every person that touches the products along the way to ensure that every piece is working as it should. Supply chain needs to make sure orders come in correctly, on time, in usable condition, and at the negotiated price to ensure operating costs are not eating up time while you fix invoices and deal with shortages.

When supply chain is looking at reviewing inventory levels, be sure to include your supplier and manufacturers of the product in that review. Provide them with the updated usage so you can be sure to have the product needed, at the time that it's needed, with minimal interruptions. Collaboration on this important point will enable the supplier and manufacturers to keep what you need when you need it, and eliminate product waste due to dead inventory that they stocked just for you.

Collaboration is here to stay and is not just a buzzword of the day. It is required to develop strategic responses to enhance hospital bottom lines and improve patient care. Working together—supply chain, manufacturers, suppliers, and providers—means patients win.



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