



## Supply Chain for ASCs

Gaining insights to map out a Sourcing Strategy

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### Introduction- Russell Ede

Russell Ede - Consultant specializing in Healthcare Supply Chain Operations, Group Purchasing and Supplier relations.

- (20) years of experience in healthcare Supply chain and the Continuum of care. Russ's leadership experience also includes Sourcing, Contracting and Program management on both a National & Regional level within the Group Purchasing industry for multiple (GPO's).

The following positions are among the key leadership roles that Russ has held:

- Vice President Custom Contracting & Non-Acute Program - Amerinet (Intalere)- St. Louis, MO
- Director of National Accounts - (Triple-S)
- Market Director Supply Chain Services division- MedAssets (Vizient) for Client (Tenet Health)
- Senior Contract Manager- ProMedica Health System/Lake Erie Regional Cooperative - Toledo, OH
- Materials Manager - Henry County Hospital - Napoleon, OH




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### Agenda -Key Takeaways

Today's agenda will cover:

- Sourcing Resources
- Key Business partners and their roles
  1. Group Purchasing Organizations
    - a) Insight into players and relationships
  2. Distribution
    - a) Getting the most out of your Distributor
- Efficiency & Technology
- Supply Chain Management tips
  1. Product Management
- Putting into practice




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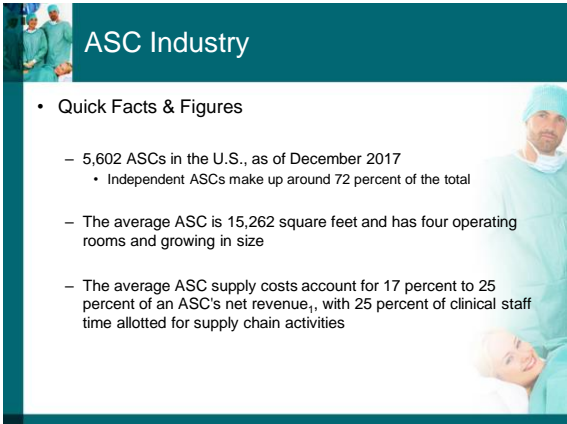
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## ASC Industry

- Quick Facts & Figures
  - 5,602 ASCs in the U.S., as of December 2017
    - Independent ASCs make up around 72 percent of the total
  - The average ASC is 15,262 square feet and has four operating rooms and growing in size
  - The average ASC supply costs account for 17 percent to 25 percent of an ASC's net revenue<sup>1</sup>, with 25 percent of clinical staff time allotted for supply chain activities

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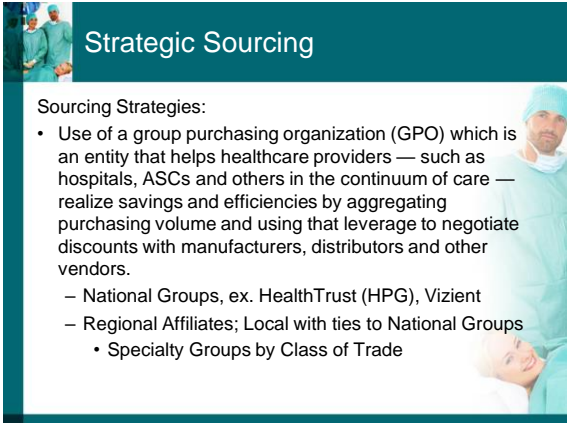
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## Strategic Sourcing

Sourcing Strategies:

- Use of a group purchasing organization (GPO) which is an entity that helps healthcare providers — such as hospitals, ASCs and others in the continuum of care — realize savings and efficiencies by aggregating purchasing volume and using that leverage to negotiate discounts with manufacturers, distributors and other vendors.
  - National Groups, ex. HealthTrust (HPG), Vizient
  - Regional Affiliates; Local with ties to National Groups
    - Specialty Groups by Class of Trade

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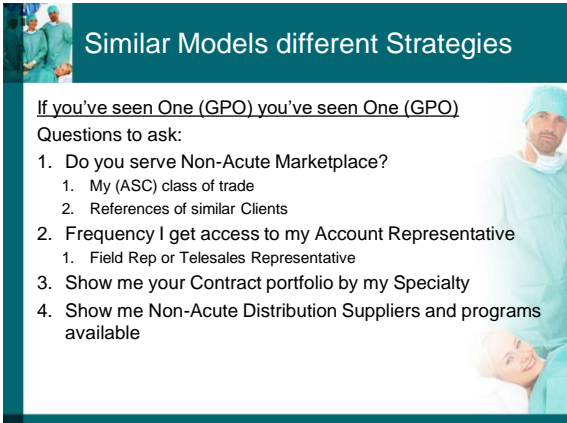
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## Similar Models different Strategies

If you've seen One (GPO) you've seen One (GPO)

Questions to ask:

1. Do you serve Non-Acute Marketplace?
  1. My (ASC) class of trade
  2. References of similar Clients
2. Frequency I get access to my Account Representative
  1. Field Rep or Telesales Representative
3. Show me your Contract portfolio by my Specialty
4. Show me Non-Acute Distribution Suppliers and programs available

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## Major GPO Players

- 1. Vizient (Irving, Texas) — \$100 billion annual spend volume.** Vizient, with offices in Irving, Texas, and Chicago, recently [acquired](#) MedAssets' Spend and Clinical Resource Management segment. The combined organization now serves a membership consisting of a little more than 50 percent of the nation's acute care providers. The company also serves more than 20 percent of the nation's ambulatory market. Vizient members include academic medical centers, pediatric facilities, community hospitals, integrated health delivery networks and non-acute healthcare.
- 2. Premier (Charlotte, N.C.) — More than \$50 billion annual spend volume.** Premier members include 3,750 hospitals, which account for 76 percent of U.S. community hospitals, and more than 130,000 other provider organizations. Premier combines its GPO with clinical data on 40 percent of U.S. hospital discharges, offering integrated data and analytics, supply chain and pharmacy solutions, and advisory and other services. Additionally, Premier said it offers performance improvement collaboratives, where hundreds of hospitals join forces to volunteer to work together to improve patient care. According to Premier, hospitals in these groups receive consulting and IT services from Premier to support them in their collective effort.

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## Major GPO Players continued

- 3. HealthTrust (Nashville, Tenn.) — \$30 billion annual spend volume.** Founded in 1999, HealthTrust members include 1,600 hospitals and more than 26,000 non-acute care sites in the U.S. and U.K. It offers the industry's only national committed model GPO. The company said other lines of business include HealthTrust inSight Advisory, which provides operator-informed guidance to the largest integrated delivery networks, and HealthTrust Workforce Solutions, which is the largest provider of vendor-neutral, healthcare contingent labor managed services program solutions in North America.
- 4. Intalere (St. Louis) — \$9 billion annual spend volume.** This privately owned company was established in 1986 as Amerinet, but [rebranded](#) last year as Intalere. Today, the company is substantially owned by Salt Lake City-based Intermountain Healthcare. Its members include 3,734 hospitals and more than 85,000 non-acute healthcare providers. Among Intalere's core strategic business drivers are value-added services beyond contracting, as well as a committed portfolio product with best pricing.

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## GPO Affiliates and Sponsors

The image displays five logos for GPO affiliates and sponsors. From top-left to bottom-right: Vizient (orange text), Premier (purple and blue logo with 'PREMIER' text), Provista (green and blue logo), Med Group (blue logo with 'The Specialty GPO' tagline), and Yankee Alliance (blue logo with 'Common goals. Uncommon results.' tagline). A 'CERTIFIED PREMIER SPONSOR' badge is also present in the center.

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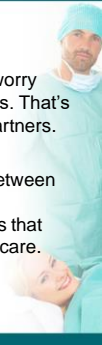
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## Strategic Sourcing

Distribution 101

- Healthcare providers have bigger challenges to worry about than where they'll get their medical supplies. That's why healthcare distributors are such important partners.
- Healthcare distributors are the vital connection between producers and providers. They offer the logistics infrastructure, expertise, and marketing resources that enable providers to focus on delivering excellent care.




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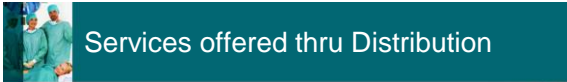
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## Services offered thru Distribution

Things your Distributor can do for your ASC

- **Reduce** the number of vendor transactions in the healthcare supply chain
- **Mitigate requirements** of minimum orders for healthcare providers
- **Deliver** medical products quickly and reliably
- **Answer** healthcare provider questions and provide information
- **Share expertise** about healthcare supply and logistics issues
- **Build relationships** with healthcare facilities and caregivers
- **Serve as a tracking and audit point** for transactions
- **Access to inventory management tools & equipment**




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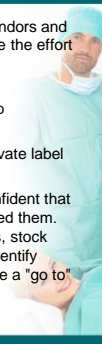


## Distribution distinction

**Understand your vendor and distributor relationships.** Vendors and distributors can be great assets to surgery centers if they make the effort to work with them.

1. Cost Plus models: Contract price plus Distribution mark-up
2. Fixed or Flexible
3. Items covered by my GPO contract versus Distribution private label

By working closely with their distributors, providers can be confident that they'll have the right products at the right place, when they need them. For example, distributors can provide reports on service levels, stock levels and shipping rates — information that can help ASCs identify pricey services and thereby reduce costs. It's important to have a "go to" person from your distributor who can explain your options and communicate price changes.




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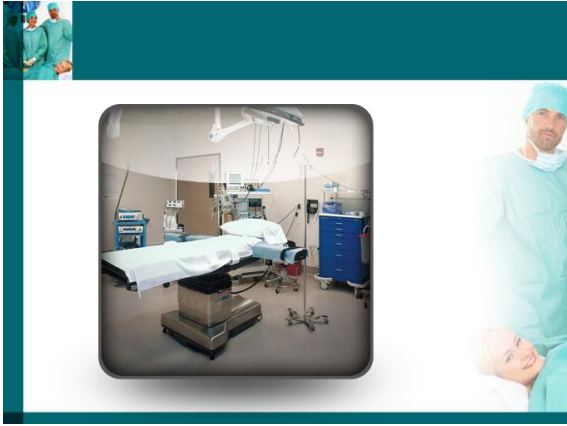
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## Efficiency & Technology

**Optimize operational efficiency**

- The two biggest expenses for ASCs are staffing and the cost of medical supplies and equipment.

**Technology plays an important role in inventory management**

- By eliminating manual inventory management processes, ASCs benefit from lower expenses, greater operational efficiency and a healthier bottom line. "Software can enable you to closely monitor supplies — keeping inventory low, freeing up working capital, and determining the real cost of supplies," explains Ann Geier, Chief Nursing Officer, SourceMed. "With this data in hand you can identify and capitalize on savings opportunities."

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## Data needed to improve

**Technology for leveraging data analysis**

- Many ASCs still don't possess data on supply usage, inventory level, product duplications and procedure cost by physician. Without this quantifiable data, ASCs will be hard-pressed to implement processes to enhance OR inventory management.
- To have a best-in-class non-acute supply chain, technology is critical. The best non-acute technology solutions are user friendly, generally less expensive to implement than an acute care solution.

Data analysis would especially improve preference cards. Since most ASCs have handwritten preference cards, material managers have no way of gathering data on supply consumption.

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## Plan and Involve others

**Maximizing your inventory**  
 The first step to improving your supply chain management involves building a team of ASC leaders, material managers, physicians and perioperative clinical staff.





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## Beckers ASC Review article

Inventory Optimization Solutions shared ways ASCs can improve supply chain management in Beckers ASC Review. Here are the 10 key takeaways:

- 1. Order preparation.** Barcode scanners can capture information on products needing to be ordered.
- 2. Order approval.** Overspending can be avoided by shifting the approval to the front of the purchasing process by reducing orders for products.
- 3. Order submission.** Ordering can be streamlined through technology such as autofax or email. Automating order submission also frees up time for supply chain personnel.




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## 10 Key Takeaways continued

- 4. Vendor communication.** Using data interchange technology, supply chain staff can communicate with suppliers to receive confirmation orders have been placed, and when the supplies are on their way.
- 5. Mobile apps.** Supply chain apps allow staff to place orders electronically, and approvers can approve and submit them seamlessly.
- 6. Tracking costs.** Technology can help ASC administrators keep track of business plans, track inventory and manage costs




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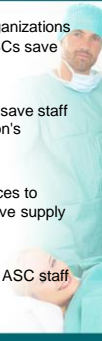
## 10 Key Takeaways continued

**7. Standardize products.** Working with group purchasing organizations to determine which products can be standardized can help ASCs save costs.

**8. Take advantage of the cloud.** Using cloud technology will save staff time because the software can be adapted to fit an organization's structure, and software doesn't need to be installed.

**9. Electronic three match invoice approval.** Checking invoices to ensure they match the confirmed price and quantity can improve supply chain accuracy.

**10. Automate orders.** Automating orders can free up time for ASC staff members who have to wear multiple hats.




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## Product Management Checklist

- **Product consolidation:** ORs contain a surplus of "like" commodity products, such as bouffant caps. Consider consolidating these types of products from three vendors to one. Another quick-fix involves combining individually pulled products into either standard or custom procedure-specific kits or packs. Review pack program annually for item changes, waste elimination and practice changes.
- **Product consignment:** Discuss consignment opportunities with vendors for costly products, like orthopedic and spine.




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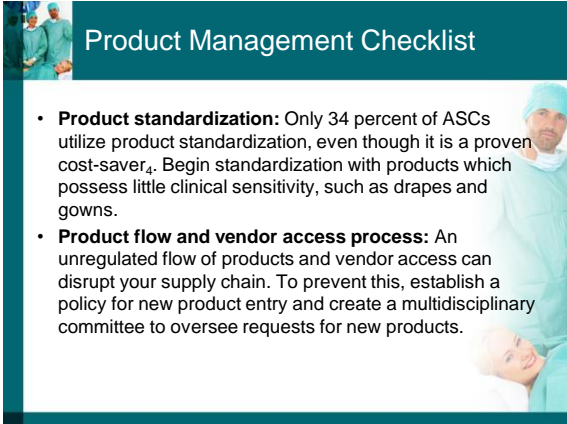
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## Product Management Checklist

- **Product standardization:** Only 34 percent of ASCs utilize product standardization, even though it is a proven cost-saver<sup>4</sup>. Begin standardization with products which possess little clinical sensitivity, such as drapes and gowns.
- **Product flow and vendor access process:** An unregulated flow of products and vendor access can disrupt your supply chain. To prevent this, establish a policy for new product entry and create a multidisciplinary committee to oversee requests for new products.

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## Putting Supply chain management practices into place in your ASC

- Applying a systematic approach puts the same kind of rigor and intensity into the Supply Chain that Clinicians use in Patient Care. Below are three components of a systematic approach that supply chain leaders should work to implement in their non-acute supply chains:
  1. **Designate a Supply lead.** Identify someone whom is responsible for the management and flow of Sourcing, Supply chain management. Obtain regular input from key team members
  2. **Review Strategic partners** and manage the relationship as to get value for your patronage
  3. **Uniform processes.** Uniform processes define how an organization manages its program. This starts with discovering which processes are in play (and which are missing), implementing methods to capture data and ensuring appropriate vendors are being utilized by the facilities.

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## Review

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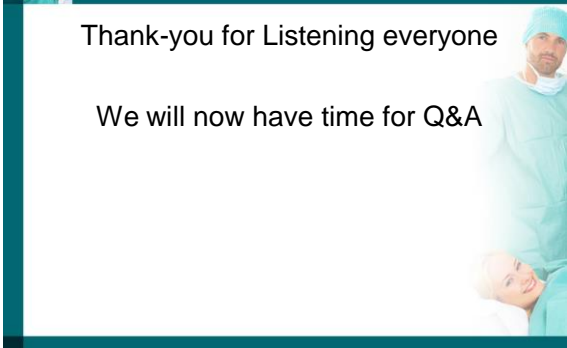
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In Closing



Thank-you for Listening everyone

We will now have time for Q&A

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