



# **Data Driven Supply Chain Decision Making**

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Solutions**

# Agenda

- Overview of ASC Supply Chain
- Get Control of Data With Use of Technology
- Data Driven Cost Reduction Initiatives
- Advanced Practice to Drive Out Costs
- Questions

# ASC Supply Chain Overview

## Current Overview of ASC Market Procurement Practices

- Lack of Information Technology
- Limited Personnel at ASC

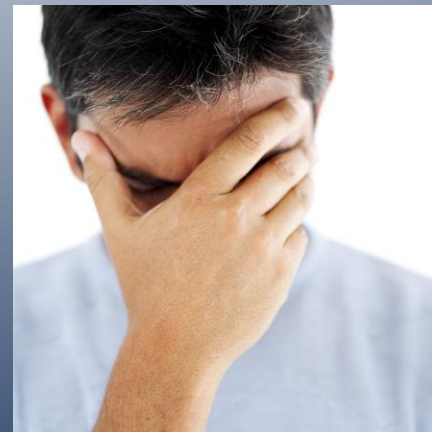


# Current Overview of ASC Market Procurement Practices

Supply Chain Governance Limited

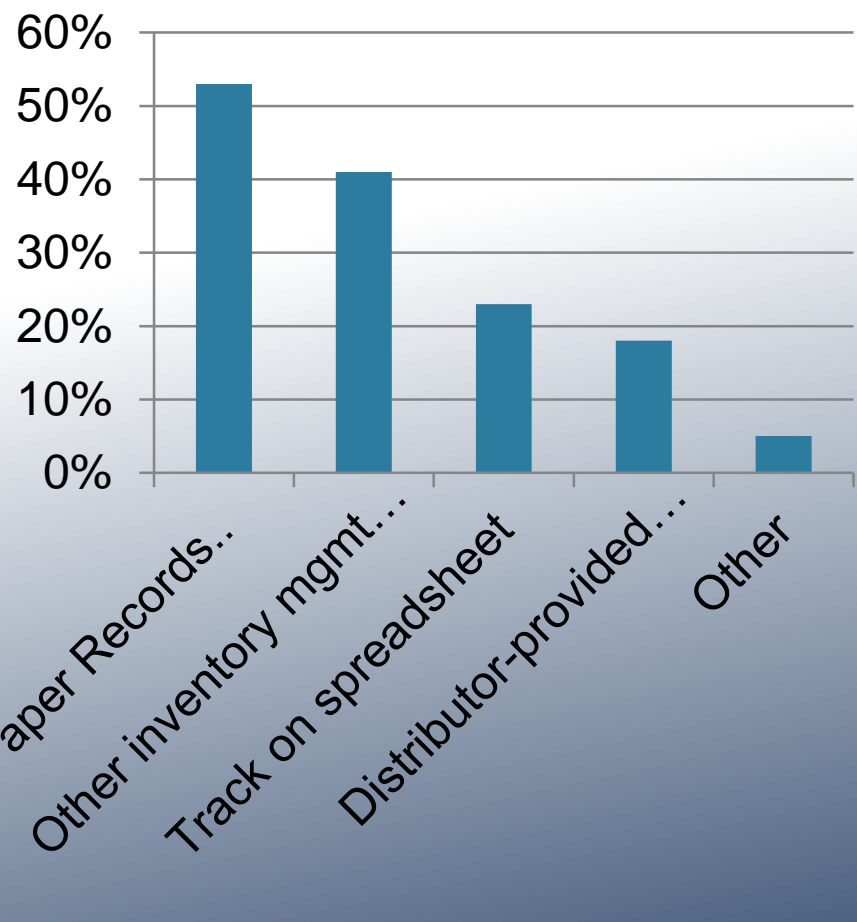
Minimal Focus on Standardization and Value  
Analysis Process

Loosely organized infrastructure does not promote  
best practices



# More than on-half of Surgery Centers rely on paper records for supply chain management

## How ASCs Manage Supply Chain



## Current Materials Management Systems in Use

- |                          |                   |
|--------------------------|-------------------|
| Advantx                  | SIS / Surgisource |
| Source Medical           | Vision            |
| Lawson                   | Peoplesoft        |
| Cerner                   | Epic              |
| Excel                    | Fishbowl          |
| GE                       | Infosource        |
| Intacct                  | McKesson          |
| Mediclick                | Misys             |
| IOS                      | MedProcure        |
| Nextech                  | ORMIS             |
| Provconnect              | SNAP              |
| Supplier Provided System | Other             |

# Summary of Challenges to Supply Chain in ASC Market

- Lack of Effective Information Technology
- Information Vacuum
- Inefficient Procurement Policies, Practices, and Processes
- Lack of Clinician Alignment Towards Most Cost Effective Options
- Rising Demand for High Tech Therapy
- Balance of Time and Priorities

## Solutions to Consider:

- Common Procurement Technology Platform
- Centralized Procurement
- Enterprise-wide Policy Discipline
- Highly Engaged GPO Partner



# Use Technology to Gain Control of Data

- **A Materials Management Information System is a Necessary Tool to Take Action on Efficient Reduction in Supply Chain Costs**
  - Designed exclusively for healthcare industry
  - Web based & wireless capable
  - Simple, easy to use internet browser interface
  - Connectivity to primary suppliers via EDI
  - Affordable subscription fee vs. expensive capital outlay
  - Helps surgery centers manage their total supply spend



# KEY FUNCTIONALITY NEEDED

- Purchase Orders
- Receiving
- Requisitioning
- Departmental Usage
- Invoice Matching
- Patient Usage
- Multiple Organizations
- Multiple facilities / locations with a single Inventory Master
- Unlimited Inventory Locations
- Par Cart Management
- Online Help
- Lot & Expiration Date Tracking
- Auto-replenishment
- Barcode Scanning & Printing
- Extensive Reporting
- Data Upload / Extraction Utility
- Interface Engine
- User-Defined Security Settings
- Digital Dashboard w/ Email Alerts
- Contract / price management
- Consignment Inventory Tracking
- EDI–Electronic Data Interchange



# A Materials Management System Reduces Operational Costs



From a Study by the Center for Advanced Purchasing Studies; Robert J. Trent, PhD and Michael G. Kolchin, D.B.A., C.P.M. of Lehigh University

# Positive Impact of Higher Integration with GPO Delivers Maximized Cost Savings

Maximize the utilization of your national GPO portfolio to reduce supply and purchased services costs



- Physician Preference Items
- Regionalized Spend
- Specialty Items
- Appropriateness of Use
- Reduction of Waste
- Standardization
- Foundation of Cost Control
- Negotiated Terms and Conditions
- Ease of Use

# Using a Data Driven Approach to Supply Chain Management

## Benefits for Surgery Centers:

- Cost Savings
- Formulary Management
- Increased Contract Coverage and Compliance



# Using a Data Driven Approach to Supply Chain Management

## Benefits for Surgery Centers (Continued):

- Improved Customer Service
- Accounts Payable Efficiencies

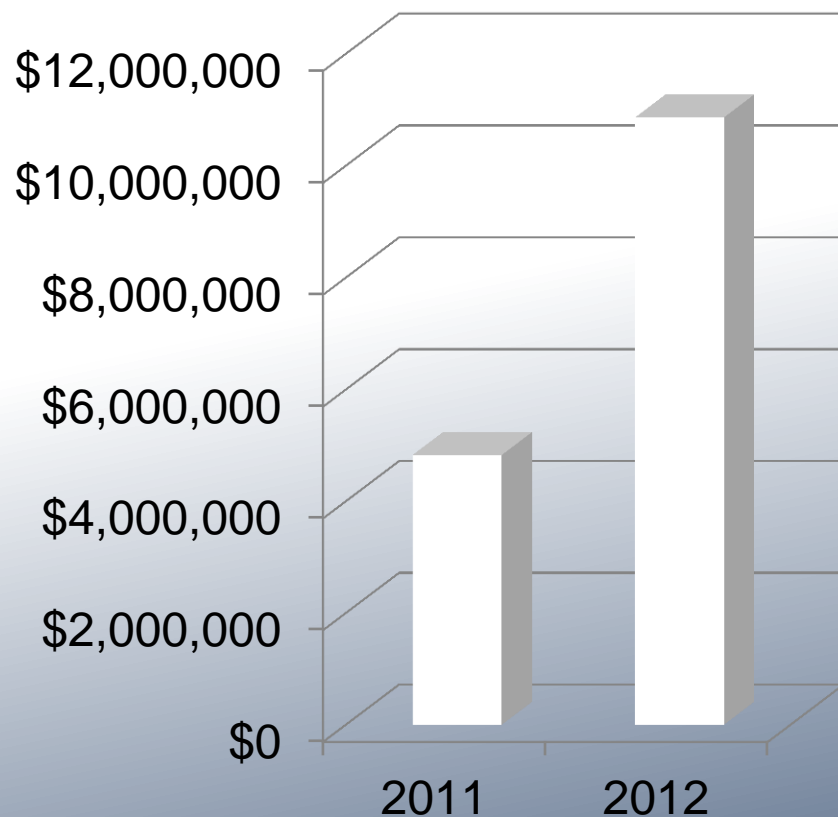
# Using a Data Driven Approach to Supply Chain Management

## Benefits for Surgery Centers (Continued):

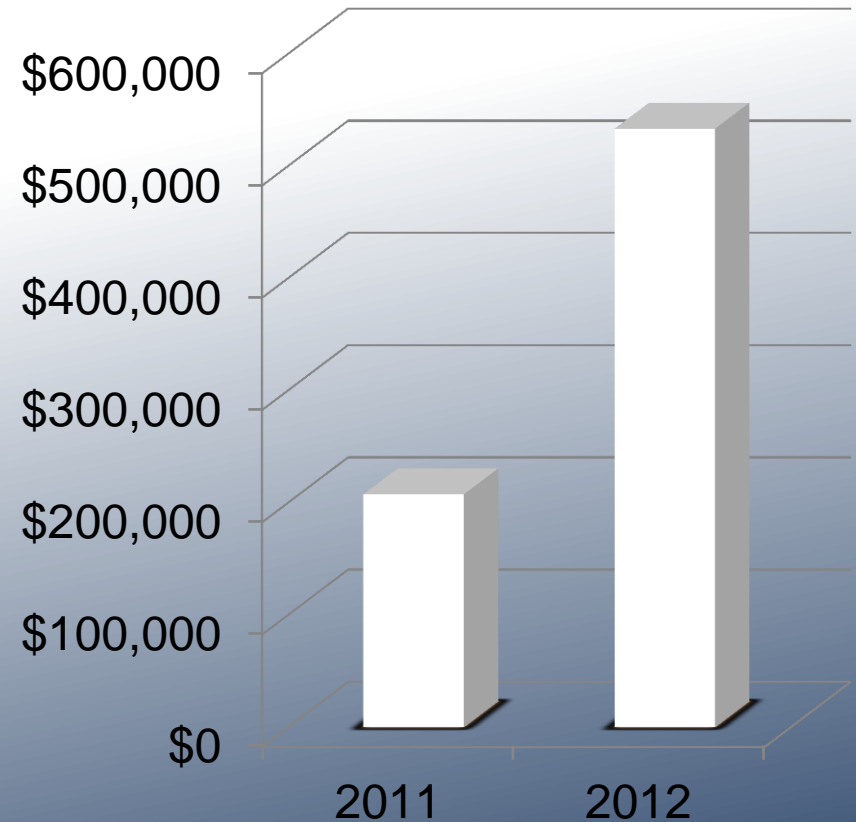
- Sourcing/Procurement Efficiencies
- Key Performance Measures and Service Level Agreements
- Benchmarking and Reporting

# Positive Results Achieved With Focus on Technology and Action on Data!

## Contracted Purchases



## Savings Achieved

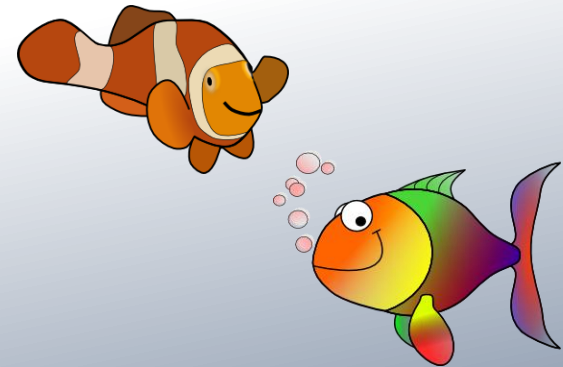


**125% increase in contract coverage**  
**157% increase in cost savings**

# Moving Beyond Commodity Spend

- Maximize savings by aggregating and standardizing commodity items
- Examples of Commodities:

IV Start Kits	Tongue Blades	Bedpans
Underpads	Mucus Traps	Denture Cups
Head Covers	Alcohol Wipes	Medicine Cups
Shoe Covers	Iodine Wipes	Urinals
Applicators	Nail Polish Remover	Water Pitchers
Exam Table Paper	Sani-cloth	Admit Kits
Adhesive Bandages	Trash Can Liners	Gauze
Bulb Syringes	Vessel Loops	Sponges



## Go where the big fish are:

- **Capital**
- **Purchased Services**

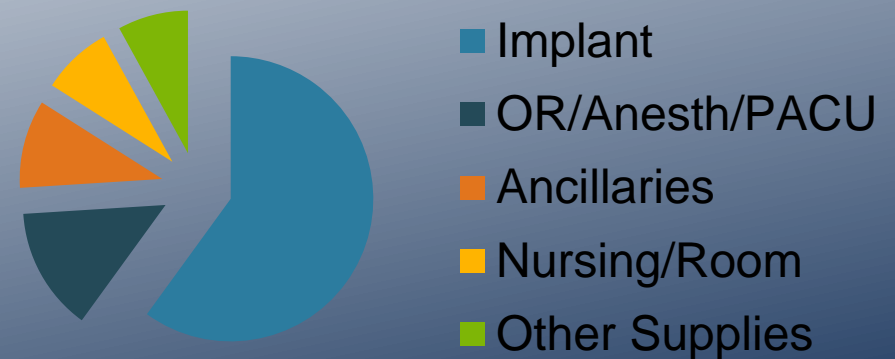


# Improving the Validity of Case Costing

- Identify the procedures for costs to be tracked
- The 4 W's for data collection
- How will data be collected and where will it be stored?
- Identify champion/owner of process
- Validate and audit data points
- Share results and take action to standardize to best practice

Expense Category	Dr. Jones Case
Nursing/Room Charge	8%
Implant Cost	60%
OR/Anesthesia/PACU	14%
Other Supplies	8%
Additional Ancillaries	10%
Total Variable Costs	\$ 9,871
Total Fixed Costs	\$ 3,626
<b>Total Cost per Case</b>	<b>\$ 13,497</b>
Average Reimbursement	\$ 12,918
<b>Profit/(Loss)</b>	<b>\$ (579)</b>

**Costs for Total Knee**





# Managing Supply Utilization in Operating Room

- **Operating Room Value Analysis Team (OR VAT):**
- **Goal:** provide system-wide coordination, communication and execution of planned supply chain utilization initiatives as demonstrated by:
  - Standardization of best practices in discipline-specific delivery of services
  - Standardization of product use through value analysis in a clinically integrated supply chain
  - Review emerging technology and it's impact on equipment and consumable supplies

## **Summary:**

Adopting best practices that utilize the most cost effective product to advance patient safety and provide positive clinical outcomes



# Questions?

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