

Singapore Healthcare Supply Chain Management Congress

Connecting the Dots Between
Supply Chain & Patient Care

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Discussion Summary

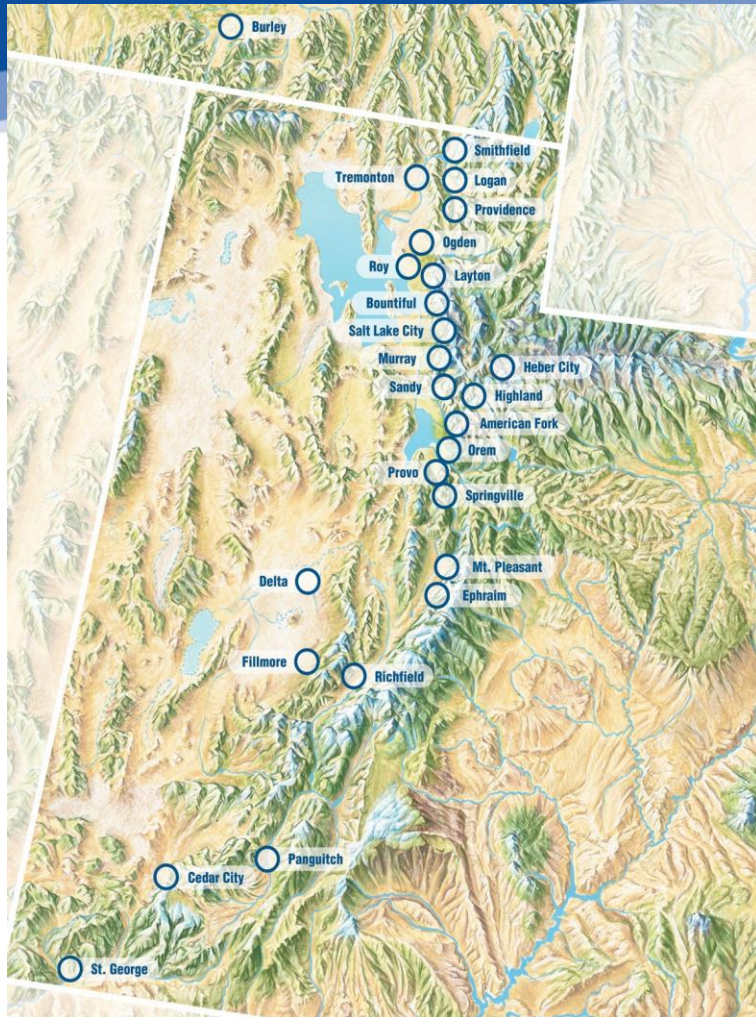
1. Introduction – Intermountain Healthcare
2. **Supply Chain Story – at Intermountain Healthcare**
3. It's more than just buying stuff!
4. **Connecting supply chain to clinical**
5. Examples
6. **Summary**
7. Questions

The Johnson Family



Intermountain Healthcare

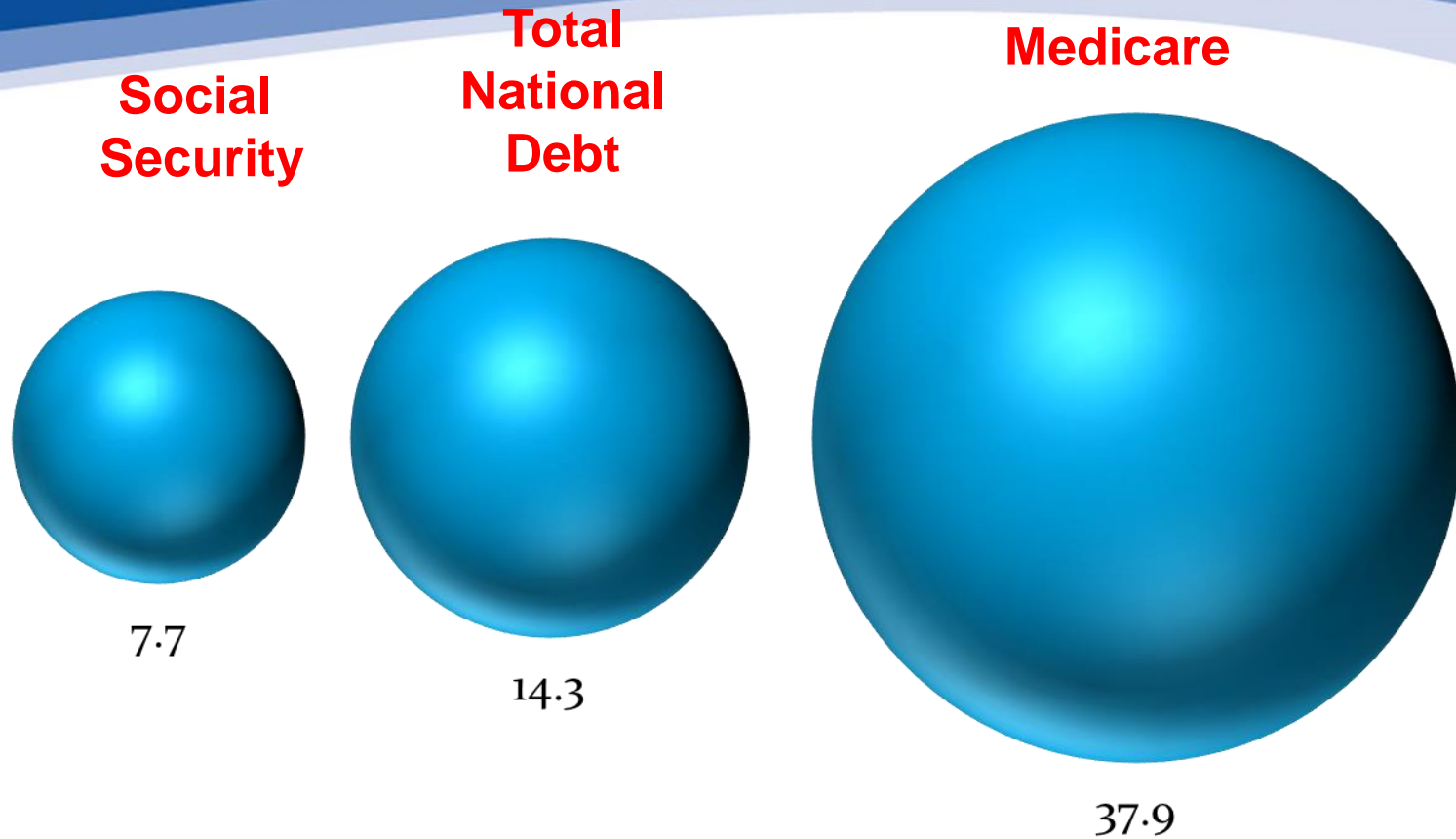
Intermountain Healthcare Facts



- **Largest company in the state of Utah – 34,000 employees**
- **Created in 1975 as LDS Church “gifts” it’s hospitals to the community**
- **Rated the #1 or #2 hospital organizations in the nation each year during the past decade**
- **\$4.5 billion in Net Patient Services Revenue**
- **\$5.5 billion in Assets**
- **23 hospitals, 180 clinics, 1,200 phys’s**
- **Health plans (Select Health) 550,000 Members**
- **AA+ Standard & Poor’s Aa1 Moody’s**

Healthcare Crisis in the United States

Unfunded Federal Obligations (\$ Trillions)



The Washington Post

SATURDAY, APRIL 11, 2009

“If all doctors practiced to the standard of Intermountain Healthcare in Salt Lake City, Medicare would cost 40% less.”

One thing they agree on...



First Presidential debate
Oct. 3, 2012

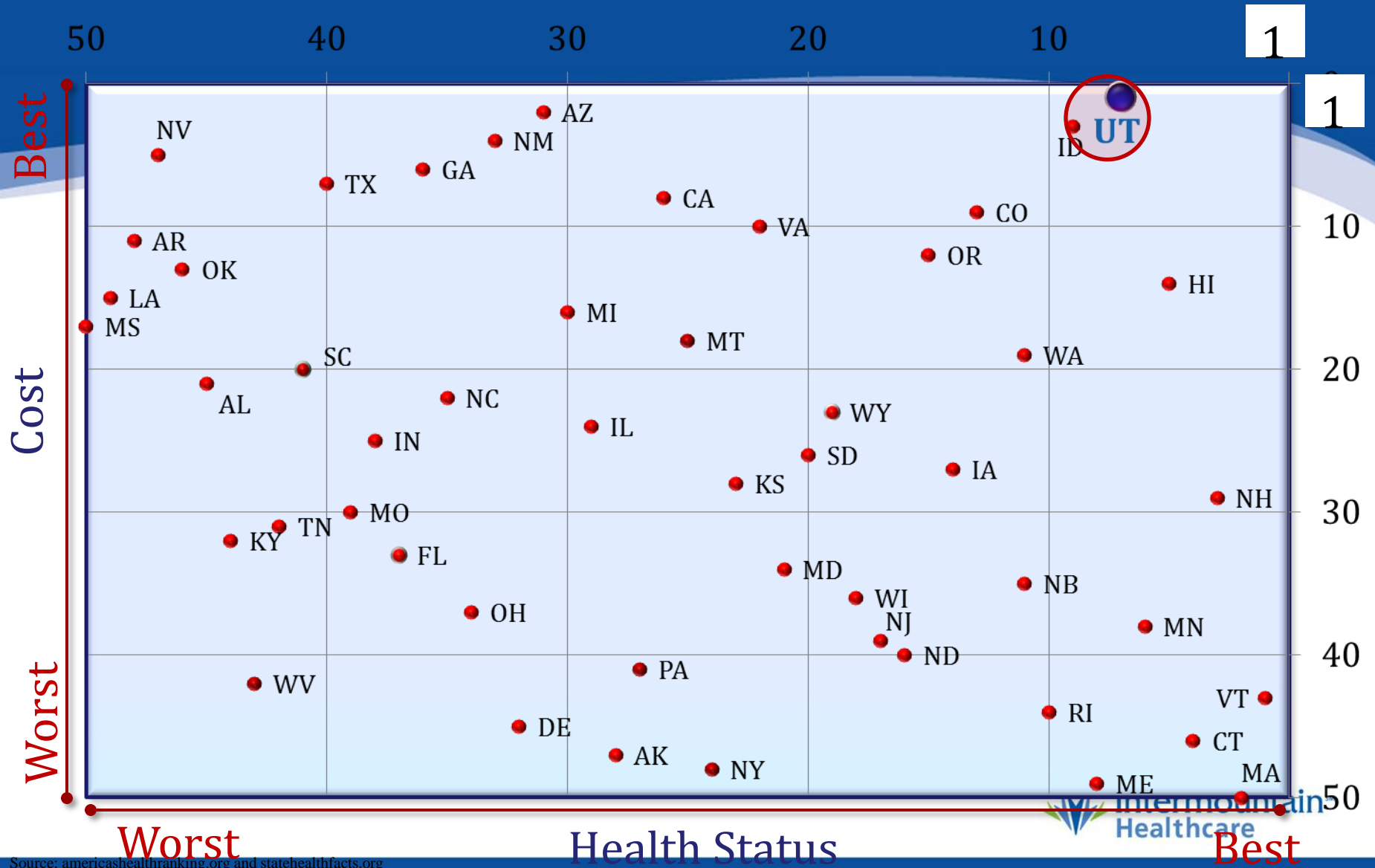
"We...need to put insurance plans, providers, hospitals, doctors on targets such that they have an incentive, as you say, performance pay, for doing an excellent job, for keeping costs down, and that's happening.

Intermountain Healthcare does it superbly well." Mitt Romney

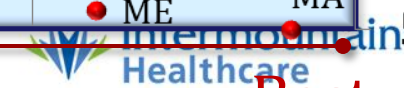
"They do." Barack Obama

State Rankings:

Health Status vs. Cost



Source: americashealthranking.org and statehealthfacts.org



Timing of Elective Inductions



Timing of Elective Inductions



Elective Deliveries <39 Weeks Intermountain Healthcare



ACE Inhibitors for Heart Failure

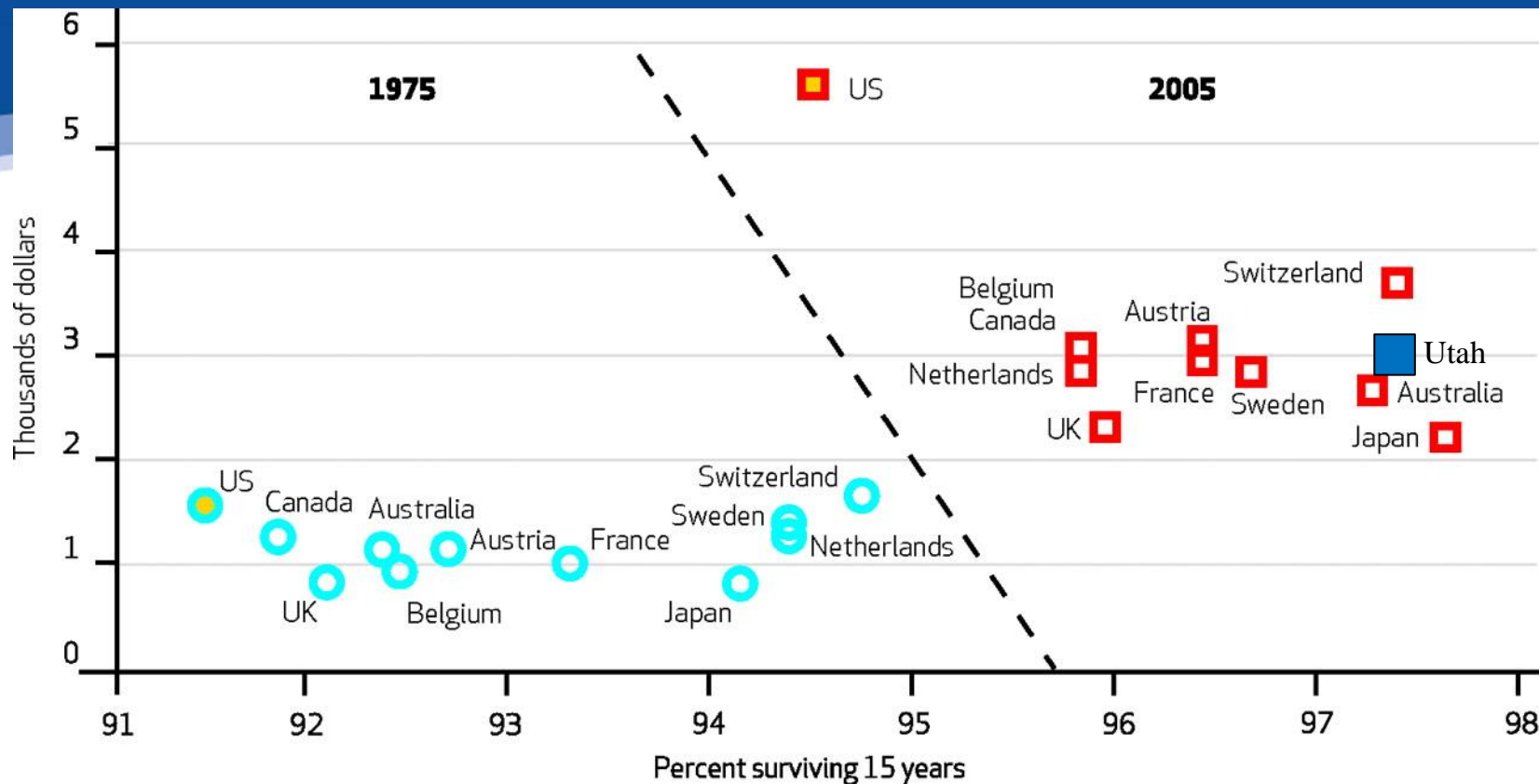


- Compliance increased from 65% to 95% in 1 year
- Readmissions within 1 yr reduced from 47% to 39%
- 551 readmissions avoided per year
- 331 lives saved per year
- \$2.5 Million reductions in healthcare expenditures

A Learning Organization

- Identify Key Process
- Measure Current Outcomes
- Identify Best Practices
- Define Pathway to Improve
- Implement New Processes
- Re-measure Outcomes

Per Capita Health Spending And 15-Year Survival For 45-Year-Old Women, United States And 12 Comparison Countries, 1975 And 2005.



Muennig P A , Glied S A Health Aff 2011;29:2105-2113
 Additional Information, Paul Grundy, IBM Corporation, 2012

Intermountain Healthcare

Principles that never change

1. Not for profit must never mean not as efficient
2. Operate as a system with no unnecessary variation or waste
3. Understand and implement best practices including those from other industries



Intermountain Healthcare

Principles that never change - more

4. Invest in R&D and process development – always supported by data
5. Healthcare is a “team sport” with an integrated and aligned approach
6. Always do the right thing which is usually the best long-term financial decision



Supply Chain Organization

*at Intermountain
Healthcare*

Intermountain Supply Chain Center

327,000 sq ft - Distribution Center & MUCH MORE



Everything Supply Chain

Sourcing, Contracting, Analytics, Systems, Purchasing, Accounts Payable,
Couriers, Logistics, Warehousing, Distribution plus 12-15 programs

Intermountain Supply Chain

Gartner rankings provide validation that we are focused on the right

2013 Gartner Top-Ten Healthcare Supply Chains

1. Cardinal Health
2. Mayo Clinic
3. Owens & Minor
4. **Intermountain Healthcare**
5. McKesson
6. BD
7. Johnson & Johnson
8. Walgreens
9. CVS Caremark
10. Sisters of Mercy

How?

Critical Success Factors

- **Supply chain became a strategic focus by senior leadership**
- \$3 Million initially investment and 25 new FTEs – skilled & talented
- Centralized buyers and reporting relationships of the warehouse
- Added couriers, travel services, publishing and central laundry
- Ongoing investments in our people
- Earned trust of stakeholders – management, clinicians & physicians
- Implemented effective strategies
- Deliver on commitments - **\$400 million in last eight years**

Low Hanging Fruit

Evidence based waste in supply chain in healthcare

Why?

Costly	Inconsistent Best Practices
Inefficient	No Bar Codes
Preference Based Decisions	Non Standardization

1. Not-for-profit presence
2. Focus on clinical quality at all costs
3. Industry dependence upon GPOs
4. Lack of supply chain talent – pay & strategy
5. Hospital executives haven't viewed traditional Materials Management as strategic – left in basement

**It's more than
just buying
STUFF!**

There are no supply chain issues

Only healthcare issues

**It's not about improving supply
chain.**

It's about improving healthcare.

Imagine a world...

... where a **patient's records** capture the **brand, dosage, and lot number of each drug and medical device** she uses, along with the name of the physician who ordered the product and the nurse who administered it; where bedside scanning confirms that she gets the **right product in the right dosage at the right time**; where hospitals and pharmacies know the exact location of **short-supply** medical devices and drugs and when they can be delivered; where regulators can **recall** adulterated products with accuracy and speed from every point in the supply chain; and where manufacturers can monitor **real-time demand changes** and shift their production schedules accordingly.*

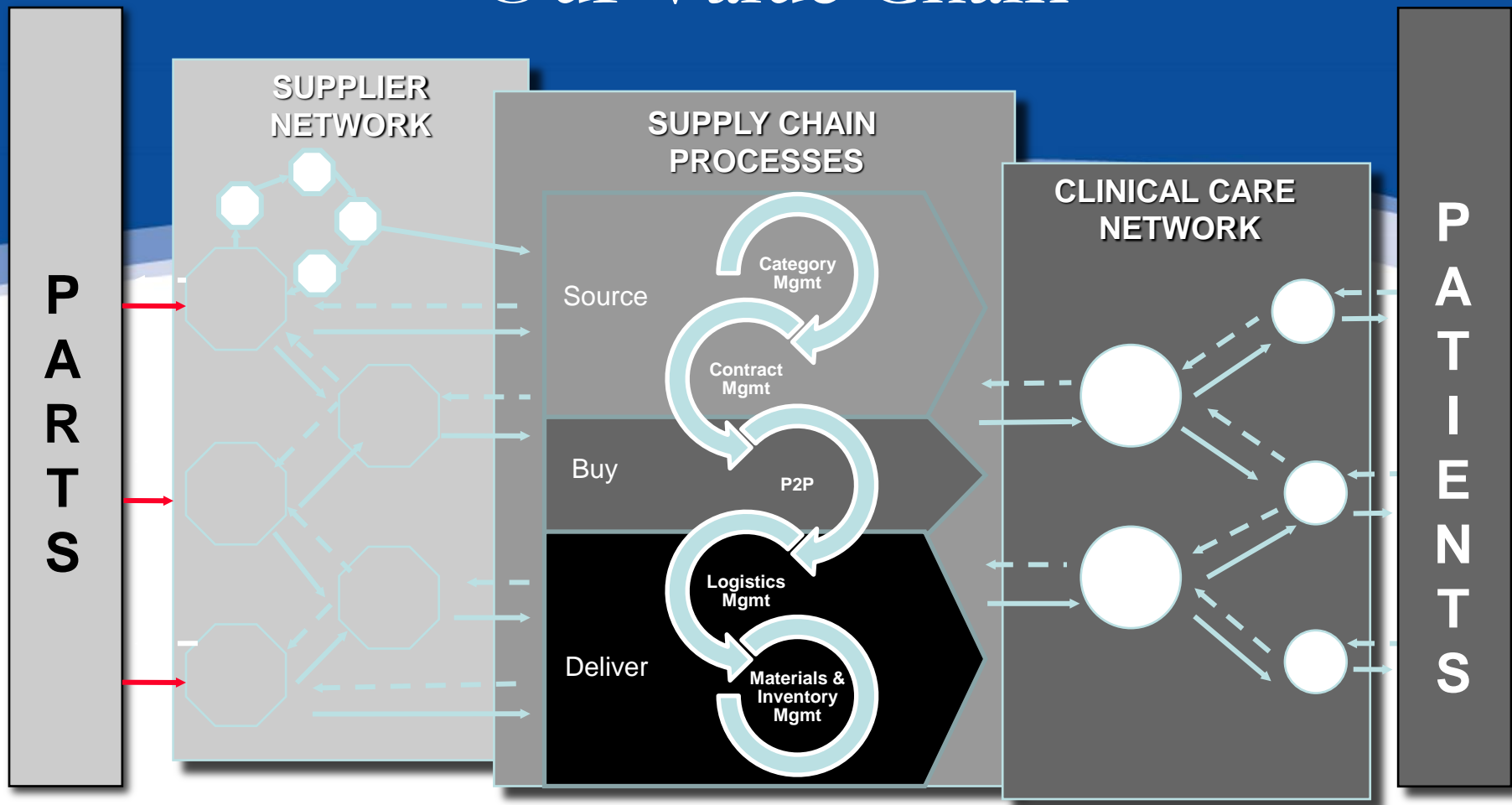
This world is technologically possible today. But it has yet to become a reality

Intermountain produced a video for the industry to promote data standards

What if the data standards in grocery stores worked like they did in the healthcare supply chain?

http://youtu.be/g7D6pm_bLyU

Our Value Chain



Supplier Relationship Management

Customer Relationship Management

Connecting Supply Chain to Clinical

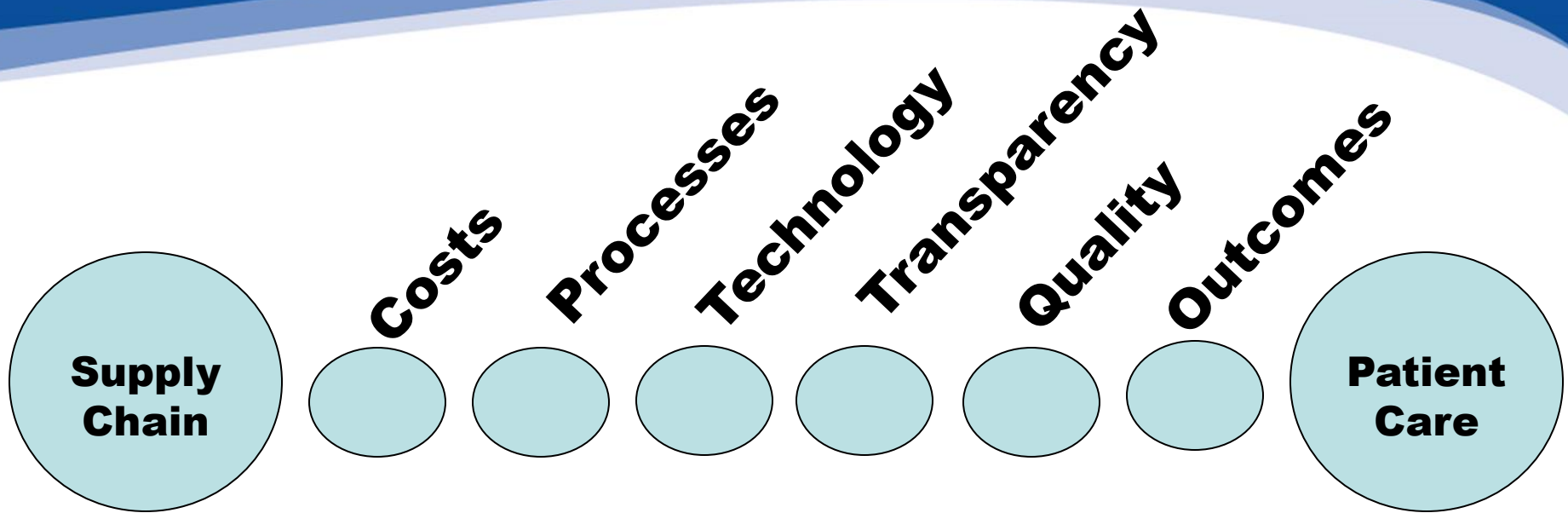
Patient



- **Lack of standardization**
- **Preference based decisions**
- **Inefficient processes**
- **Lot's of waste**



Connecting the Dots Supply Chain to Patient Care



Transparency Through the Entire Supply Chain is Critical



Patient-Centered Excellence Requires Teamwork, Coordination & Collaboration

Hospitals

*Administration
Clinical Ops
Supply Chain
Leadership*

Payers

*Gov't
Commercial
Individual*

Suppliers

*Distributors
Manufacturers
Service Providers*

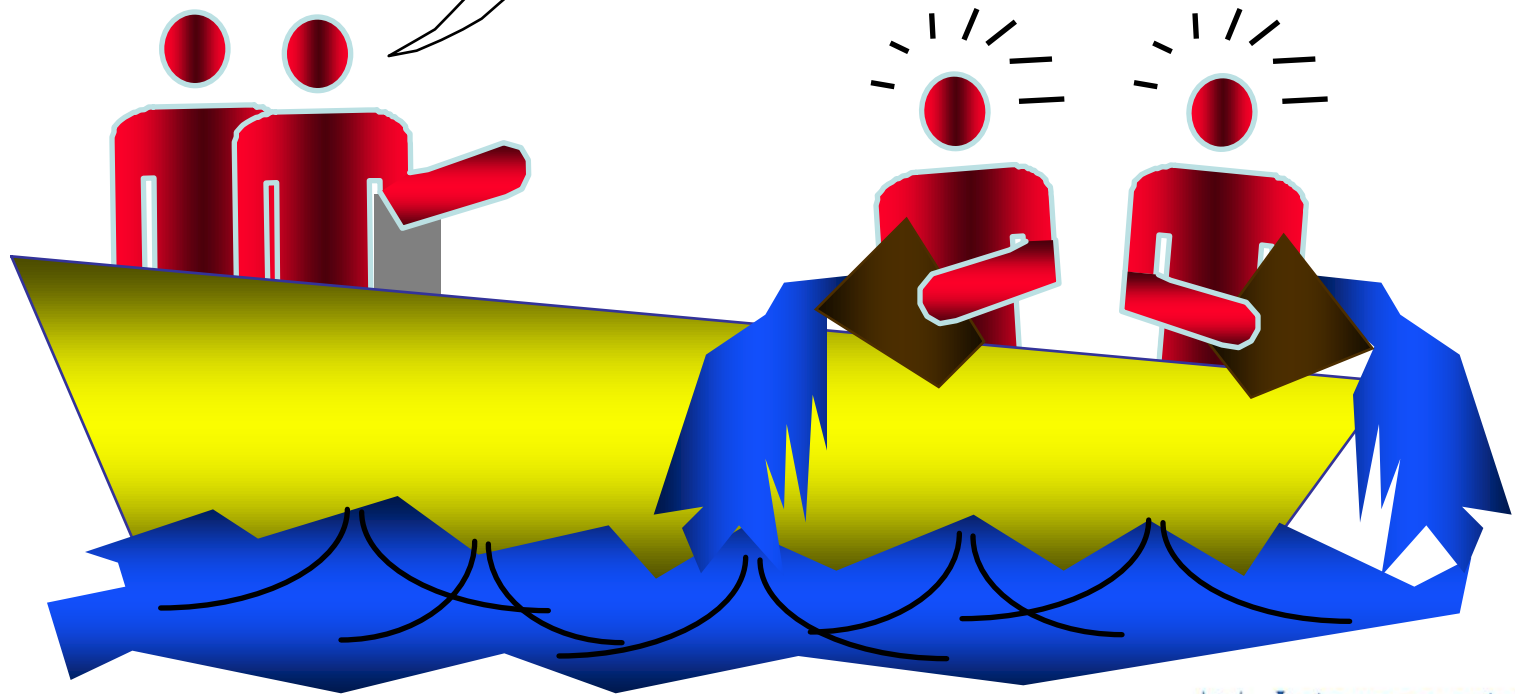
Physicians

*Employed
Affiliated*



Teamwork – Clinicians & Supply Chain

**Sure Glad
There's No Hole
In This End!**



Comparative Effectiveness versus Comparative *Cost* Effectiveness

Comparative Effectiveness (CE):

- Researchers compare two or more therapies aimed at the same medical condition...this is strictly clinical
- They try to determine which can be judged “better” in terms of the positive / negative clinical outcomes
- Amazingly, **most current clinical guidelines lack this kind of rigorous scientific foundation**
- As an example, **just 11%** of more than 2,700 recommendations approved by cardiologists for treating heart patients **are supported by high-quality scientific testing**, according to new research¹

Comparative Effectiveness versus Comparative *Cost* Effectiveness

Comparative Cost Effectiveness (CCE):

- CCE evaluates several alternative therapeutic strategies (drugs, devices, technologies) capable of achieving a given therapeutic goal
- CCE asks what is the *total episode of care** cost to achieve a given improvement in clinical outcomes?
- CCE determines which is the least-cost strategy while maintaining – or ideally improving – clinical outcomes
- CCE is a rational, appropriate form of inquiry in a nation dismayed over the rising cost of its health care
- CCE is a powerful business intelligence tool for hospitals and health care systems to make product acquisition and medical utilization decisions

Even new technology and higher costs does not guarantee improved clinical excellence



Spine Spending Skyrockets without Improving Health Status

February 18, 2008

Total US expenditures on adult spine problems increased 65% in inflation-adjusted dollars from 1997 to 2005, reaching \$85.9 billion in 2005 and outpacing overall growth in health spending. Yet more spending has not produced better results. Over that same time, patients with spine problems reported greater limitations in physical function, work or school activities and social life, according to a new *JAMA* study. The authors conclude, “We did not observe improvements in health outcomes commensurate with the increasing costs over time. Spine problems may offer opportunities to reduce expenditures without worsening clinical outcomes.”

Supply chain is perfectly positioned at the *intersection of cost, quality, and outcomes* to take the lead on responding to the demands of healthcare reform



Supply chain must adjust and change the way it has traditionally approached its work (primarily focused on costs) to accommodate this broader focus

Supply Chain Strategies in Healthcare Reform...

Will Require Much More Working Together Between Us...

Three-Phase Roadmap



Examples

1

Intermountain Bone Marrow Transplant Unit

A Patient Story: Reducing Clinical Product Variation

Catheter related blood stream infections
impact patient recovery & are non-reimbursable

Upon research it was noted that a significant number of our system's catheter related blood stream infections occurred in our **Bone Marrow Transplant Unit**

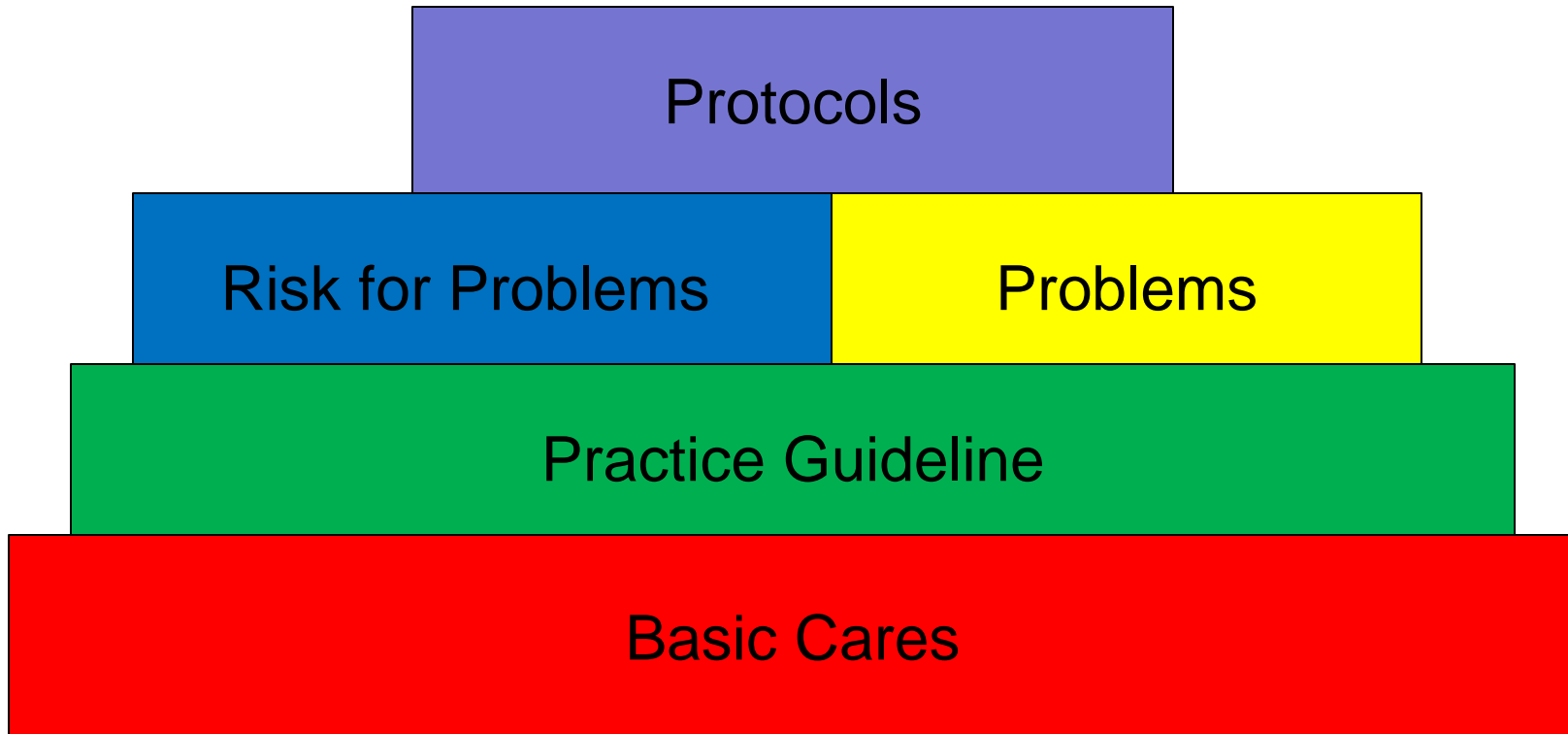
A committee was formed of clinicians and supply chain to **research the practices and products that had best outcomes**

Resulted in a significant **reduction in catheter related blood stream infections.**

2

Connecting Intermountain's CPGs (Collaborative Practice Guidelines) to Supply Chain

Opportunity to link products to care processes



3

Product Standardization Strategy



Categorize Products

Define Ownership

- Red Items
- Yellow Items
- Green Items

Declare Standard

- Committees

Implement Standard

- Materials and Clinical Coordination
- Facility Product Teams
- Newsletter

Monitor Compliance

- Reports
- Follow-Up
- Issues "Hot-Line"



Product Standardization =
Improved Patient Quality at Decreased Cost

Other ways to connect supply chain to patient care

- **Managing variation** of use to outcomes of care
- Watching **new product and technology** introductions
- **Reducing** number of products and suppliers

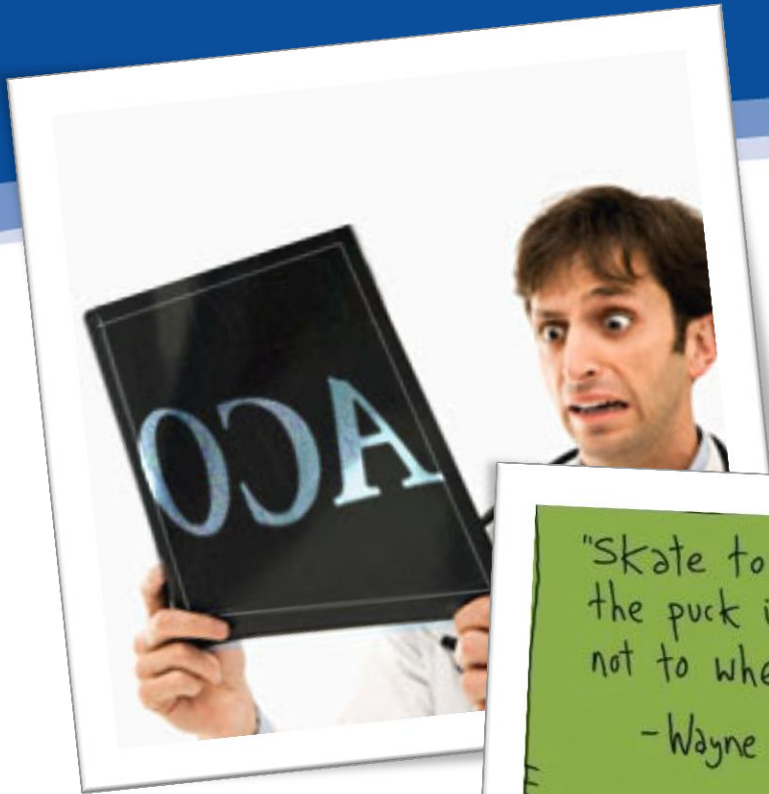
Summary

**The Supply Chain Organization
required to support Healthcare in a
“Fee for Service”**

**environment today is dramatically
different than that required to
support an**

**“Accountable Care Organization”
environment in the future**

The Future

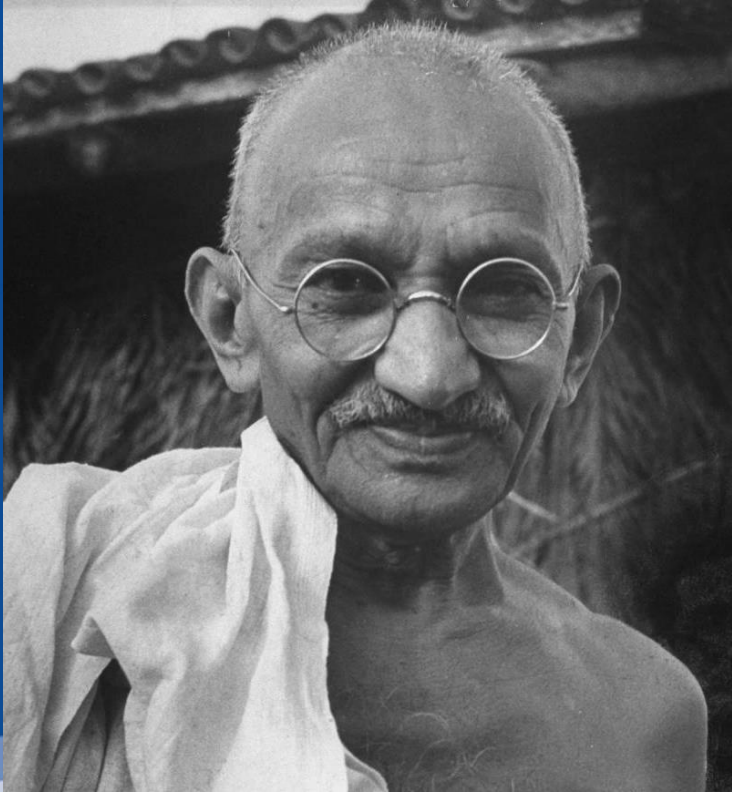


Discussion - Questions

- **Can we change?**
- **What if we don't change?**
- **How are we going to change?**
- **What are some of the options?**
- **How fast is it coming?**
- **Can Suppliers change?**

There is Power and Huge Benefit in Supply Chain Management in Healthcare

- A penny saved is a penny invested somewhere else in healthcare
- When we allow personal preference guide decisions we pay more
- When we don't have standards we pay more
- When we don't leverage our company we pay more
- Personal preference shouldn't be confused with clinical excellence



Live as if you were to
die tomorrow, but learn
as if you were to live
forever.

-Gandhi



Thanks

