



Aggregation of Purchasing thru Regional Programs

CAHPMM Conference

October 18, 2017



Moderator

Charlie Kirkpatrick -- AVP, Client Executive
Vizient

Panelists

Sean Farley, Director Organizational Procurement,
Virginia Mason – Intalere

J. Eric Guglielmoni – Enterprise Director
El Camino Hospital – Premier

Noel Skaling – Director, Supply Chain Management
Cottage Hospital – Vizient

Aggregation Groups



- Like minded organizations that come together to drive contract savings, operational and clinical support
- System or hospital anchored
- Independent member driven collaboratives
- Product area specific
- Not all are regional
- Aggregation Groups are growing

Virginia Mason Medical Center





VIRGINIA MASON MEDICAL CENTER

- Integrated health care system
- 501(c)3 not-for-profit
- 336-bed hospital
- Nine locations
- 500 physicians
- 5,500 employees
- Graduate Medical Education
- Research Institute
- Foundation
- Virginia Mason Institute
- Virginia Mason Memorial



Virginia Mason Locations

Medical Centers

- Bainbridge Island
- Bellevue
- Federal Way
- Issaquah
- Kirkland
- Lynnwood
- Seattle
- University Village

Administrative Centers

- Bothell
- Georgetown
- Seattle

Bailey-Boushay House

A Few Words About Me



Served as an
Army
Medical
Logistician
for 19 years



Active
Member in the
Health
Material
Management
Community



Virginia Mason Joint Procurement Teams



In 2001 the Virginia Mason Production System was Born



Toyota or Virginia Mason?

high quality is absolutely essential

there are highly intricate processes

there are a wide variety of products/services

worker safety is critical

there are complex supplier relationships

variability/unpredictability in demand

there is a need to keep costs low

there is waste

Intalere – Our GPO Partner



Health Resource Services (HRS) Our GPO Affiliate and Contracting Partner



How do we Leverage our GPO



INHA
Choice
Standard



Councils
Special Local



Virginia Mason Medical Center



El Camino Hospital

- Started at El Camino Hospital in 1969 and shortly thereafter won the Lottery. All expenses paid to...



El Camino Hospital

Started back at ECH in 1979 and stayed...

- 38 years in supply chain – 35 in Management
- Currently oversee Supply Chain for 2 hospitals with an annual supply spend of \$90M
- Married with Chihuahua's



El Camino Hospital is located in the San Francisco Bay Area, City of Mt. View.

- ▶ 450 Licensed Beds
- ▶ Fogarty Institute for Innovation on Campus
- ▶ Heavy Robotics
- ▶ Clinical Trials: TAVR–Watchman–Micra–MitraClip



El Camino Hospital Los Gatos

- ▶ 165 Licensed Beds
- ▶ Spine Center and Rehab Program



Aggregation – Choosing the right Partner

Criteria:

- ▶ Values
 - ▶ Partnership
 - ▶ Support
 - ▶ Compliance
 - ▶ Pricing
 - ▶ Product alignment
- 

Adventist Health



Overview

- ▶ Headquartered in Roseville, CA
- ▶ 19 Acute Care Hospitals
- ▶ More than 2,500 beds
- ▶ 260 Alternate Sites
- ▶ Largest network of rural health clinics in California
- ▶ Over 28,000 employees
- ▶ *Top 5 Premier Owner!*

Sponsored member program

- 105 acute care hospitals
- Over \$2 Billion in GPO contract spend (Adventist Health & sponsored members)
- Program highlights
 - No mandatory contract compliance
 - Support – 15 person materiel management team including analytical support to identify savings opportunities
 - Collaboration with multiple service lines via weekly and monthly calls & annual face to face meetings

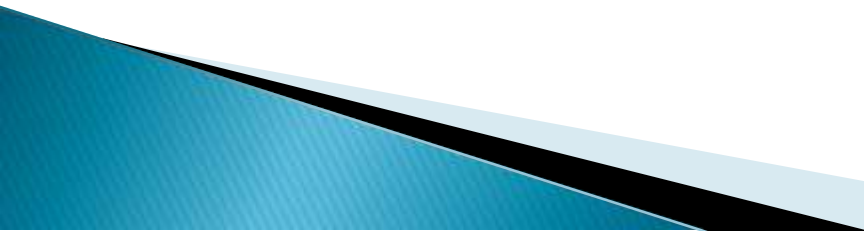
Adventist Health's Purchasing Advantage Program

- ▶ How is it structured
 - Our GPO, Premier, has various owners which are usually large healthcare systems. Adventist Health is one of these. In turn, Adventist Health sponsors an affiliate program for non-owned hospitals. This provides El Camino Hospital, access to enhanced (aggregated volume) purchasing agreements. The result is lower pricing that would not normally be extended to smaller and/or non-affiliated organizations.
- ▶ What geographic area do you cover
 - Multiple states
- ▶ Who are members
 - 19 Adventist Owned Hospitals including White Memorial and Glendale in SoCal, and San Joaquin and Hanford in the Central Valley
 - 85 affiliate hospitals, including El Camino, Enloe and Glenn Medical Centers in NorCal. Kaweah, Delano and Community Medical Centers in the Central Valley and Loma Linda in SoCal.
 - Plus over 2000 non acute Facilities

Adventist Health's Purchasing Advantage Program

- ▶ What is the primary focus
 - Value through volume and **CHOICE**
- ▶ What is your contracting process
 - Adventist provides sourcing managers and analysts for contracting categories. They represent us on large nationwide aggregated purchasing groups to ensure that we get the nationwide aggregated pricing.
- ▶ How often do you meet
 - We have weekly and monthly standing calls, although emails and side calls are routine. The annual face to face meeting is the highlight. Process has created valuable relationships.
- ▶ What else do you want us to know about your group
 - One has to put up with Lowell Church's puns, and Kaul's jokes!

Adventist Health's Purchasing Advantage Program

- ▶ Joined late 2012
 - ▶ \$4,360,000 estimated savings
 - ▶ 313 – price activations by Adventist Health on behalf of El Camino Hospital over last 12 months
 - ▶ .5 FTE annual cost avoidance with Adventist Health working on behalf of El Camino Hospital
 - Vendor meetings
 - Price activations
 - Analytics
 - Communication – Vendor and Customer
- 



SBCH 1891



SBCH today



CELEBRATING
125
YEARS



Noel Skaling, CMRP



- Director of Supply Chain Management at Cottage Health
 - Co-Chair of the West Coast Purchasing Coalition's (WCPC) Operations Committee
- **Responsibilities**
 - Supply Chain Management & Purchasing, IT implementations, Clinical Improvement initiatives
- **Years in industry**
 - 20 years of health care supply chain experience
- **Something about me**
 - Born & raised in Santa Barbara, CA

Cottage Health, Santa Barbara

- 520 licensed Beds, Roughly \$850M in revenue, Op margin of about 6%
- Supply & RX spend is \$130M & additional \$130M in total service spend
- **Santa Barbara Cottage Hospital (Main Campus):**
 - Provides cutting edge services to the entire central coast with services not found from LA to San Jose, including an iMRI surgical suite and a Level 1 Trauma Center.
- **Goleta Valley Cottage:**
 - A 60 bed facility that focuses on Orthopedics and Urology.
 - Location of our Center for Wound Care and separate MOB with Pediatric Clinic which is a piece of the larger Cottage Children's Medical Center.
- **Santa Ynez Valley Cottage:**
 - Critical access hospital that provides a myriad of outpatient services.
- **Pacific Diagnostic Labs:**
 - Reference Lab, located in Goleta that has clinics/draw stations from San Luis Obispo to the edge of LA
- **Cottage Rehabilitation Hospital:** 38 bed facility focused on PT and recovery
- Outpatient Surgery Center and a separate Surgical Eye Center
- Cottage Health has been growing and constructing for the past 13 years & plan to be completed in 5 years.

Celebrating its 125th year



Membership: 11 Health Systems

- **Arizona**
 - Tucson Medical Center, Tucson
- **California**
 - Citrus Valley Health Partners, Covina
 - CHOMP, Monterey
 - Cottage Health, Santa Barbara
 - NorthBay Healthcare, Fairfield
 - PIH Health, Whittier & Downey
 - Redlands Community Hospital, Redlands
 - Sierra View District Hospital, Porterville
 - Torrance Memorial MC, Torrance
 - Washington Hospital Health System, Fremont
- **Oregon**
 - Tuality Health, Hillsboro





Structure:

- Committees
 - Board of Directors
 - Executive Oversight Committee: Quarterly Meetings
 - Operations Committee: Monthly Meetings
 - Pharmacy Committee: Monthly Meetings
 - Has separate membership list and operates independent of Operations Committee
- One equal membership level (Each member has a equal vote)
- All-member participation in strategy development
- Focused on: value, quality of services and products considered

- **Culturally Aligned**
 - Like-minded healthcare organization
 - Mid-sized, community based
 - High utilization of Vizient contracts

- **Financially Motivated**
 - To remove significant supply cost from operating budget
 - Willing to undertake product conversions
 - Data-driven and able to exchange analytical information

- **Organizationally Committed**
 - Engaged administration that supports supply chain activities
 - Executive support for change management
 - Prepared to participate in committed contracts
 - Engage physicians, align staff, and adapt to new processes

- **Contracting Process**
 - Members review category
 - a. Benchmarks, current membership market–share, current local & Vizient agreements
 - b. Discuss market conditions & internal factors for changing suppliers
 - Go to market for supplier responses
 - a. Discuss with internal stakeholders on ability to convert and/or evaluate products
 - Review opportunity and contract

- **What you Should Know: Membership Growth**
 - WCPC is in a growth stage



THANK YOU

