



# A Transformational Journey

*Building an Integrated Supply Chain in Health Care*

**JoAnne Levy, Vice President | April 14, 2016**

# Today's Agenda

- **What is the problem?** Challenges in Health Care Today
- **Who are we to solve it?** About ROi
- **What is the solution?** An Integrated Supply Chain Model
- **How is it working?** Some Results . . .
- **What is next?** The Health Care Supply Chain of the Future
- **Questions**



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# What is the Problem?

*Challenges in Health Care Today*



# Challenges in Health Care Market Dynamics

unbalanced  
utilization



decreasing  
reimbursements



increasing regulations



access



cost  
containment  
expectations



clinician shortages



managing populations



ensuring clinical quality





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# Who Are We to Solve this Problem?

*Resource Optimization & Innovation (ROi)*



# A Journey of Transformation

*Only health care provider to be recognized by Gartner as a Top 10 global health care supply chain for seven years in a row*

## Borne of a provider



Created Strategic Contracting & Sourcing Team

Consolidated Transportation Operations  
1<sup>st</sup> Provider-Owned Custom Procedure Tray Manufacturing Facility

1<sup>st</sup> Provider-Owned Repless Implant Program

Launched IV Compounding

2003

2005

2007

2009

2011

2013

2015

2002

2004

2006

2008

2010

2012

2014

2016

1<sup>st</sup> Provider-Owned Private Label



Collaborative Partnership With



Designed & Now Operate 200k sq. ft. CSC for a Fellow Provider Partner

Opened Consolidated Services Center  
Launched Pharmacy Repackaging Program

**Today: ROi is a provider-owned, Accountable Supply Chain Organization™ delivering end-to-end supply chain solutions to health care providers across the U.S.**

*We will transform the  
clinical, operational and  
financial performance of  
those we serve through an  
integrated supply chain.*

## Who Are We Our Owners



*Nation's Fifth Largest Catholic  
Health Care System*

**\$4.4 Billion**

Operating Revenue

**4,571**

Licensed Beds

**40,000**

Co-workers

**5,200**

Medical Staff



*Louisiana's Largest Non-Profit  
Health Care System*

**\$1.4 Billion**

Operating Revenue

**1,799**

Licensed Beds

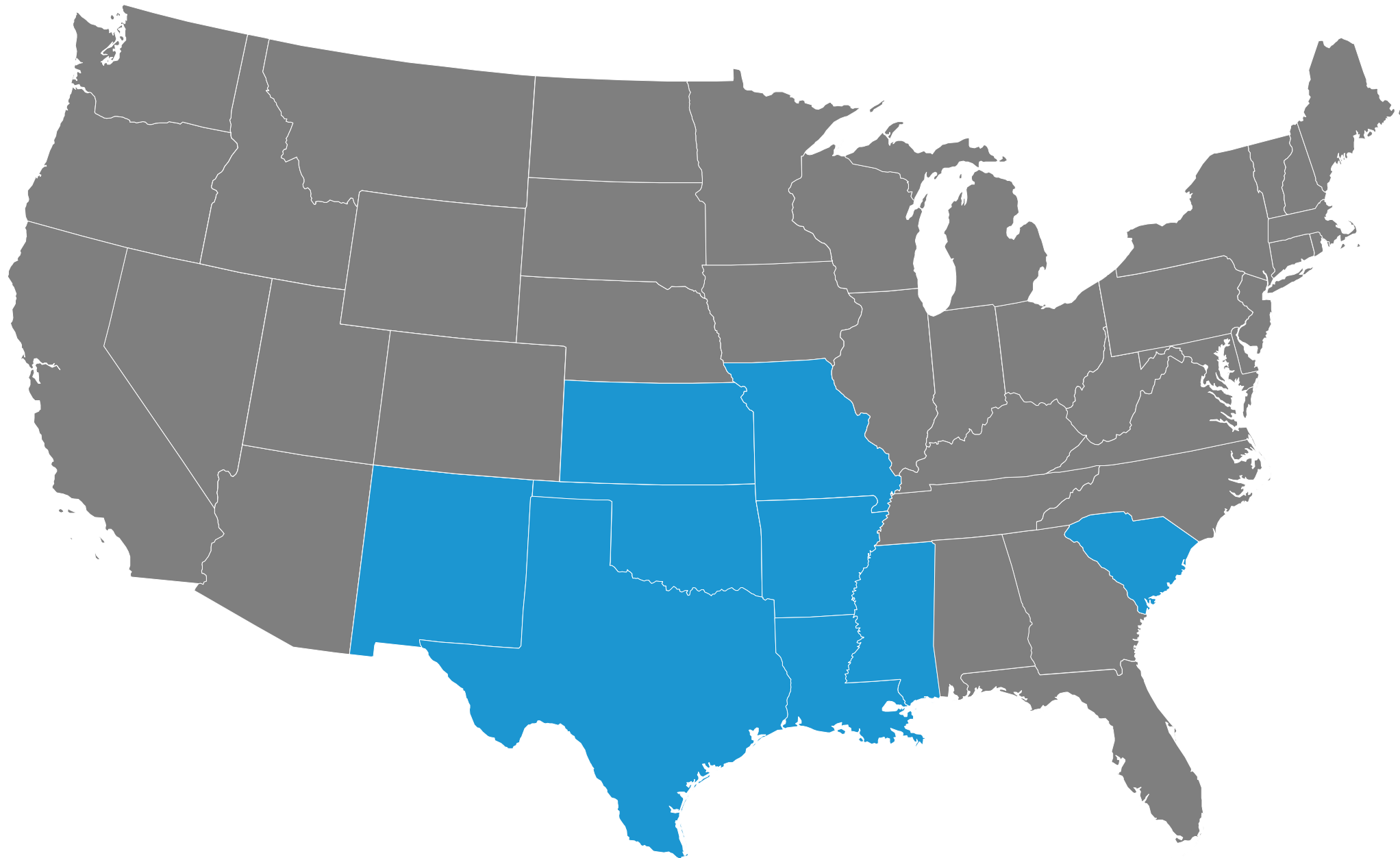
**10,897**

Co-workers

**2,095**

Medical Staff

# Who Are We Our Reach



*Today, we serve multiple customers who  
share a passion for supply chain excellence*



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## What is the Solution?

*An Integrated Supply Chain Model . . . What is that?*



# Provider-Owned Integrated Supply Chain Model



*Accelerating **Clinical,**  
**Operational and**  
**Financial Results***

## **ENGAGE and COLLABORATE**

- Knowledge Transfer Solutions
- Stakeholder Alignment
- Supply Chain Assessment & Strategy Development

## **CONTRACT and SOURCE**

- Formulary Development & Management
- Regard® Private Label Products
- Service Line Management
- Strategic Contracting & Sourcing

## **MANUFACTURE and PACKAGE**

- Centralized Print Management
- Custom Pack Solutions
- IV Compounding
- Medical Device Reprocessing
- Pharmaceutical Repackaging

## **WAREHOUSE and TRANSPORT**

- Consolidated Services Center (CSC) Design & Operations
- Transportation Management
- Centralized Capital Depot

## **MANAGE and USE**

- Centralized Document Storage
- Centralized Shared Services
- Medical Device Implant Solutions
- Supply Chain Outsourced Management
- Utilization & Standardization Programs

## **CONNECT and SHARE**

- EPIC Hosting & Implementation
- Telemedicine Solutions
- Revenue Management



Our Integrated Model › **CONTRACT** and **SOURCE**

# Comprehensive Contract Portfolio

*ROI's Integrated Sourcing Solutions team delivers documented clinical, operational and financial improvements for Mercy and our fellow provider partners*

- Broad portfolio of 1,200+ contracts covering all classes of trade
- Philosophy: Commitment + Coverage = Lowest Possible Cost

## Medical Devices and Implants

- Cardiology
- Vascular
- Interventional Radiology
- Neurosurgery
- Orthopedic

## Medical/Surgical Products and Services

- Nursing Supplies
- Surgical Supplies
- Pediatric
- Women's Health
- Sports Medicine

## Support Services

- Administrative Services
- Distribution Services
- Environmental Services
- Facilities and Maintenance
- Food and Nutrition
- Travel and Transportation
- Construction
- Contingent Labor
- IT & Telecommunications

## Clinical Products and Services

- Imaging & Radiopharmaceuticals
- Laboratory
- Pharmacy



# Regard® Private Label Products



## Overview

- Broad catalog of 2,000+ SKUs
- Domestic and international manufacturers
- Rigorous quality assurance/regulatory affairs audits
- >10% savings from branded manufacturers

Our team works directly with Original Equipment Manufacturers to develop Regard® products under specifications of equal or higher quality than name brand counterparts



# Our Integrated Model › **MANUFACTURE** and **PACKAGE** Pharmaceutical Repackaging



## Overview

- Pharmaceutical safety program
- Uses medication dispensing machines, three-step bedside scanning and verification equipment to track medication all the way to the patient

## Benefits

- Eliminates over 20,000 annual adverse medication errors
- Decreased errors in tablet count and product selection
- Increased efficiency in prescription preparation



## Our Integrated Model › MANUFACTURE and PACKAGE Custom Pack Solutions

*Program offers specialized surgical packs tailored specifically for clinical end-users at a price point that focuses on savings, not desired margins.*



*First provider-owned, FDA-regulated Custom Procedure Tray Manufacturing operation in the U.S.*

### Overview

- Activity-based pricing model with full price transparency
- No unauthorized substitutions
- Six week turnaround for pack changes
- Sterile custom packs, non-sterile bundle packs, O.R. clean up kits
- 5.8+ Sigma quality level
- 600,000 packs produced annually
- Dedicated clinical custom pack managers – no commissions on sales



## Our Integrated Model › MANUFACTURE and PACKAGE IV Compounding



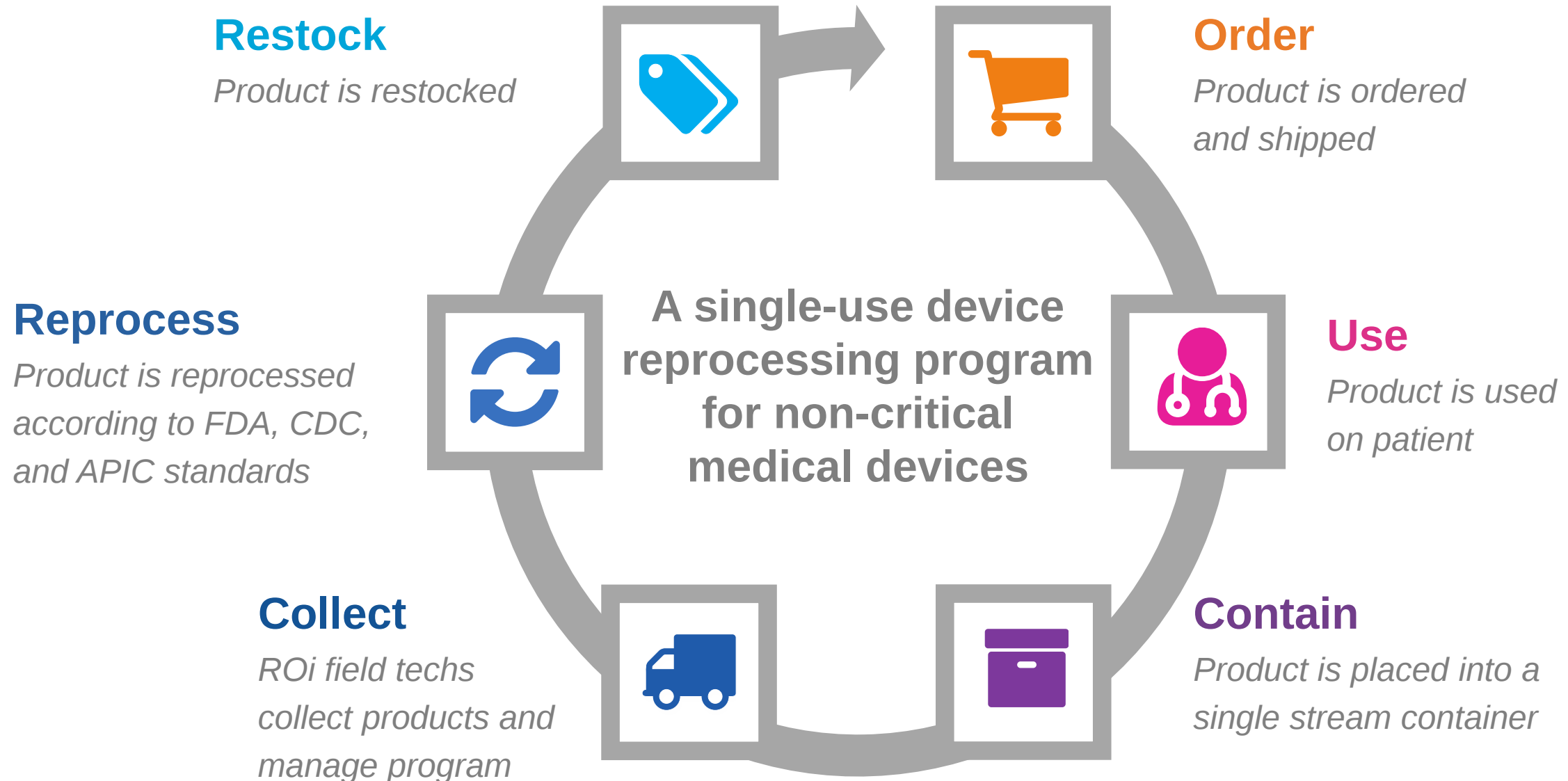
*Registered with the FDA as an Outsourcing Facility*

### Overview

- Dedicated clean room and packaging/storage space inside Consolidated Services Center (CSC)
- Products: IV solutions bags and syringes
- Regulated by FDA and DEA
- Compliant with cGMP and USP<797>
- Leverages existing CSC assets including ordering process and quality control



# Our Integrated Model › MANUFACTURE and PACKAGE Medical Device Reprocessing



**Products:** Blood pressure cuffs, pulse oximetry probes, pneumatic compression (dvt) sleeves, surgical tourniquets and cerebral somatic sensors



# Self Distribution & Transportation



## Distribution Operations

- 380,000 square feet across three facilities (Springfield, St. Louis and Baton Rouge)
- Improved service levels
- Platform for product standardization and innovation of new services
- Platform for shared services

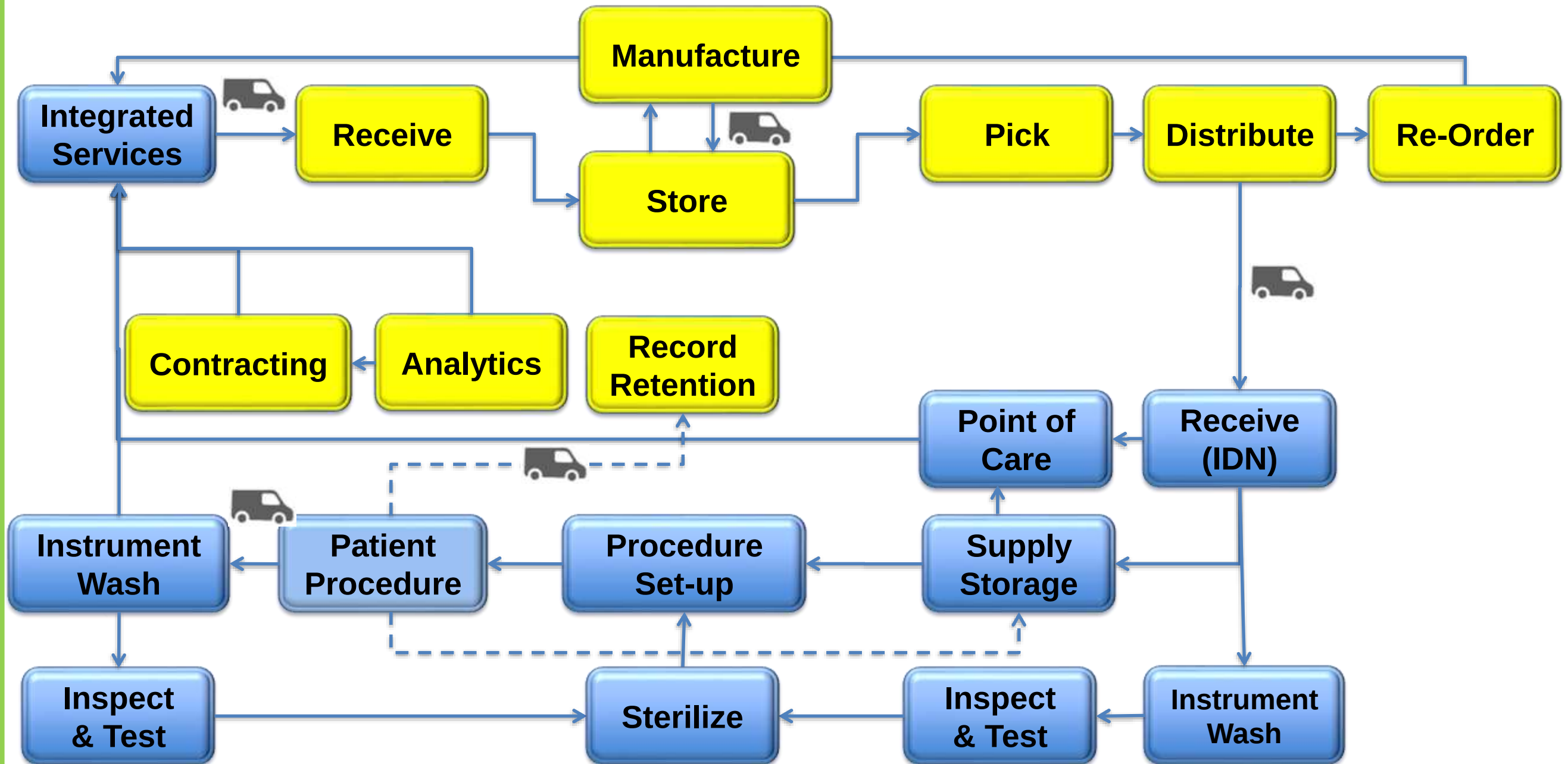


## Transportation Operations

- Private fleet of over 100 vehicles
- Operate 24/7, 365 days per year
- Improved service levels and lower costs than 3<sup>rd</sup> party options
- 1,000+ stops daily across Mercy
- Courier services: Lab Specimens, Medical Supplies, Interoffice Mail, X-rays, Laundry

# Unified Supply Chain – Overview of ROi Activities

## Transportation Activities





Our Integrated Model › **MANAGE** and **USE**

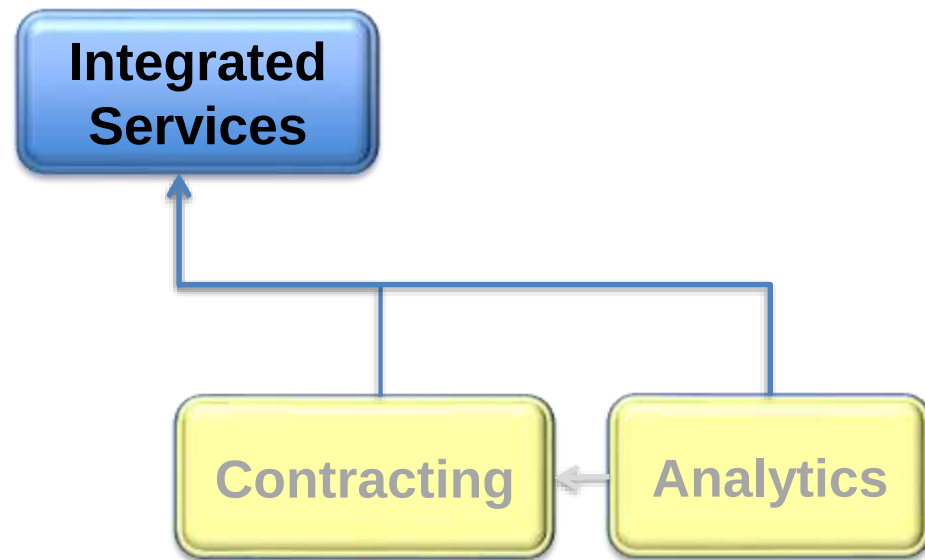
## Unified Supply Chain – Master Data, Purchasing, Customer Service



Our Integrated Model › **MANAGE** and **USE**

## Centralized Shared Services

Tools: Lawson, Tecsys, MD Buyline, GHX, Salesforce



Customer Service

Item File Management  
Contract Designation

Requisitions: Punch-out to suppliers  
web sites, Generated from Templates,  
or Manually Created

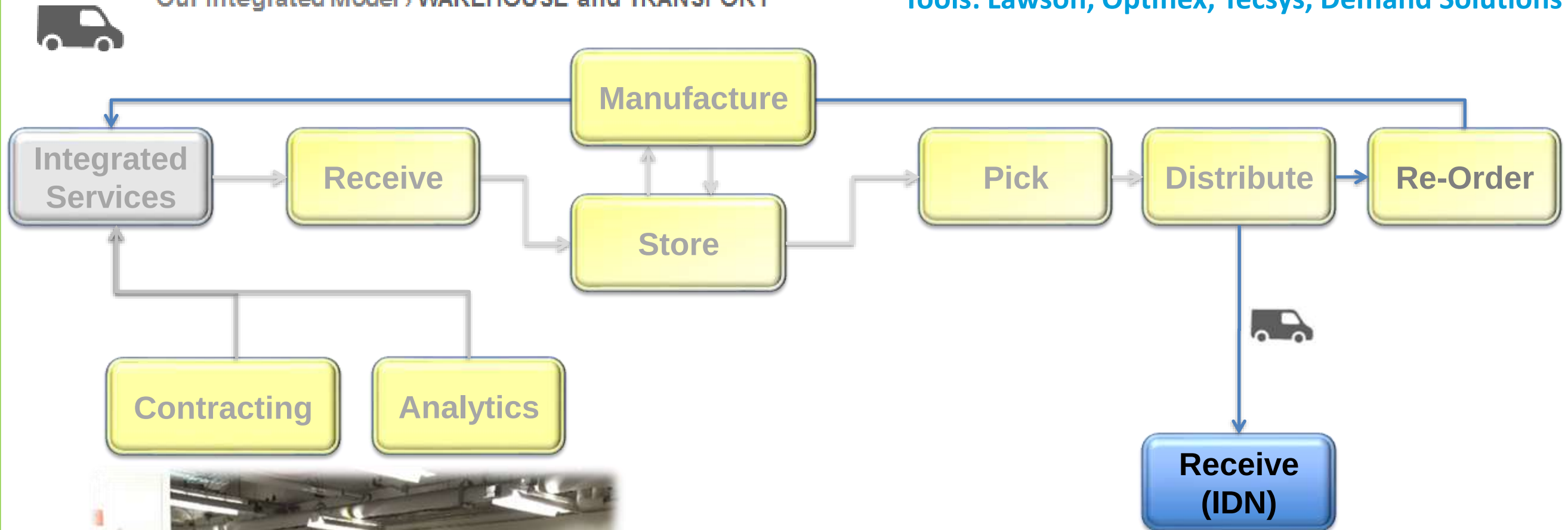
Purchase Orders:  
Auto Generated from Inventory  
Created from Requisition



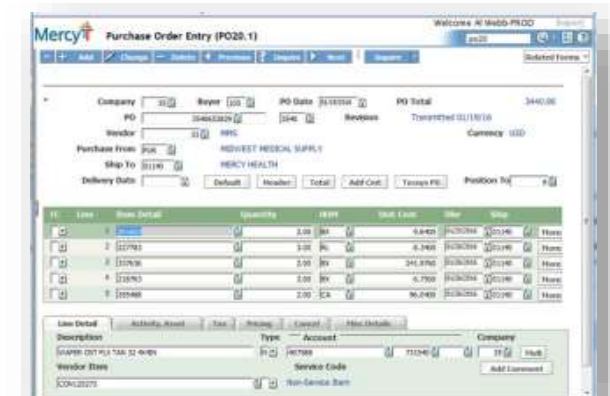
# Unified Supply Chain – IDN Receipt / Reorder

Our Integrated Model › **WAREHOUSE** and **TRANSPORT**

Tools: Lawson, Optiflex, Tecsys, Demand Solutions



Daily shipments are received; PARS, Kits, LOM



Automated reorders

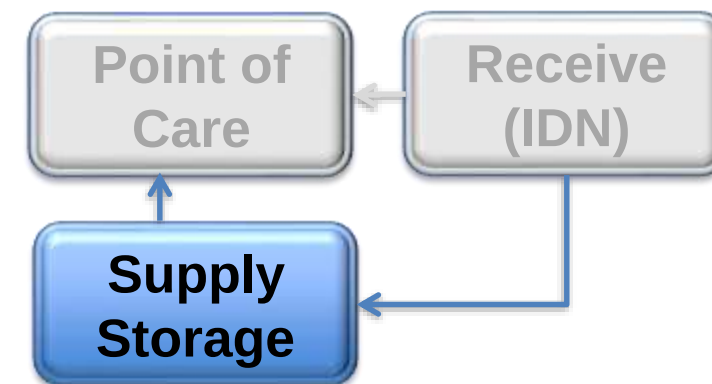


# Unified Supply Chain – Supply Storage

Tools: Lawson, Instacount



Each bin is marked with  
Description, Manufacturer  
Part Number, & Barcode



Add bar codes  
as needed



## Unified Supply Chain – Point of Care

Tools: Lawson, Omnicell, Optiflex, Instacount

### Overview

- Oversight of all supply chain processes in the OR, Cath Lab, ED, EVS and general nursing areas
- Replenishment of supplies to nursing and procedural areas
- Point of care includes: *central sterile/instrument reprocessing, supply/linen distribution, mailroom, receiving, recalls, crash carts and inventory management*



**Omnicell Storage**



**Inventory Control, Product Scanning**



**Patient Charge**



Our Integrated Model › **MANAGE** and **USE**

# Unified Supply Chain – Instrument Decontamination

Tools: Instacount



Our Integrated Model › **PACKAGE**



15 Scan Locations – between Central Sterile and OR



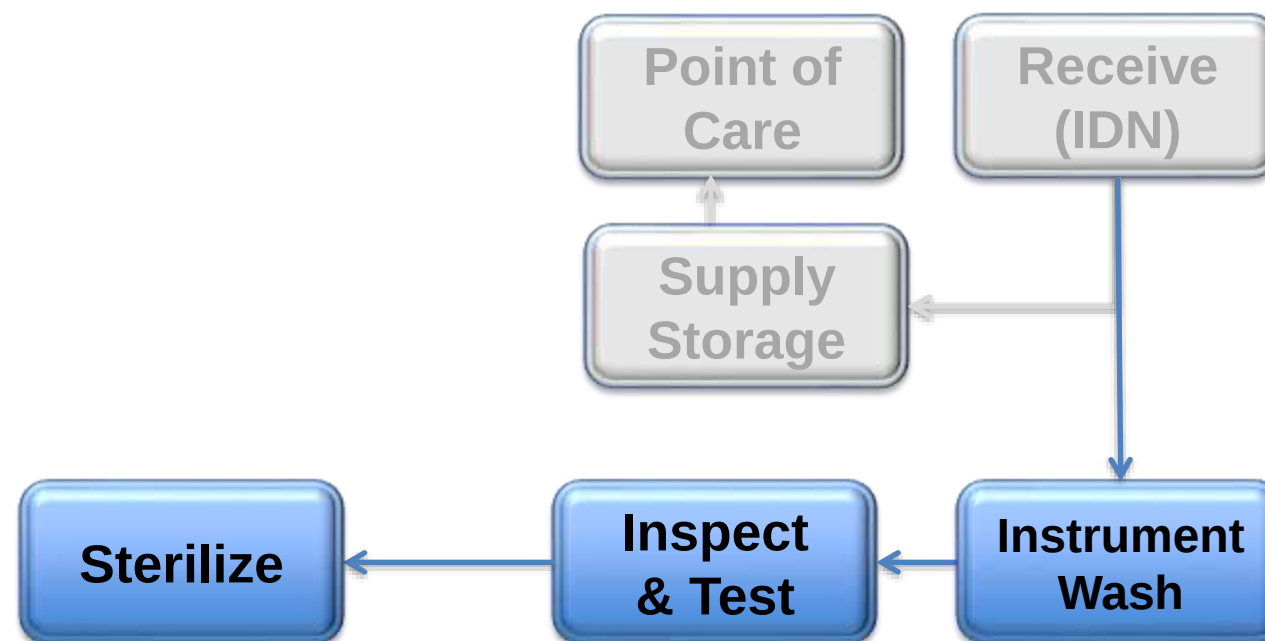
Wash



Inspect/Test/Container



Sterilize





## Unified Supply Chain – Procedure Set-up; New OR Process

Tools: Tecsyst

Pick List

Case Combined Pick List

| Item Name                                                     | Open | PRN | Lawson | Comments |
|---------------------------------------------------------------|------|-----|--------|----------|
| B01401<br>PAD GROUNDING ADULT E7507 - CSC                     | 1    | 0   | 43204  |          |
| C01101<br>PK CUST BASIN KIT WASHINGTON ONLY<br>GS0179 - CSC   | 1    | 0   | 880152 |          |
| C01103<br>PREP CHLORAPREP ORNG 26ML 260815 - CSC              | 1    | 0   | 195471 |          |
| C01312<br>ADH SKIN SURE CLOSE II SC70407 - CSC                | 1    | 0   | 297443 |          |
| C01501<br>SPNG LAP XRAY DET 18X18 REGARD 236354 - CSC         | 2    | 0   | 263079 |          |
| F01205<br>DRAIN CHANNEL 19FR HUBLESS 072230 - CSC             | 0    | 0   | 103527 |          |
| F01210<br>DRAIN RESERVOIR JP 400ML SU130-1000                 | 0    | 0   | 42099  |          |
| N01301<br>SUC NEPTUNE SNGL PORT 700015000                     | 1    | 0   | 184028 |          |
| O02203<br>SOL IRRIG SALINE 0.9% 1000ML BOTTLE<br>2F7124 - CSC | 1    | 0   | 347469 |          |
| P01103<br>SUT MAXON 1 60IN GS-25 GRN GMM632L                  | 1    | 0   | 267580 |          |
| P01121<br>SUT MONOCRYL 4-0 27IN PS-2 Y426H                    | 1    | 0   | 52039  |          |
| P01205<br>SUT POLYSORB 0 UNDYED 36IN GS-CL954 - CSC           | 1    | 0   | 164118 |          |

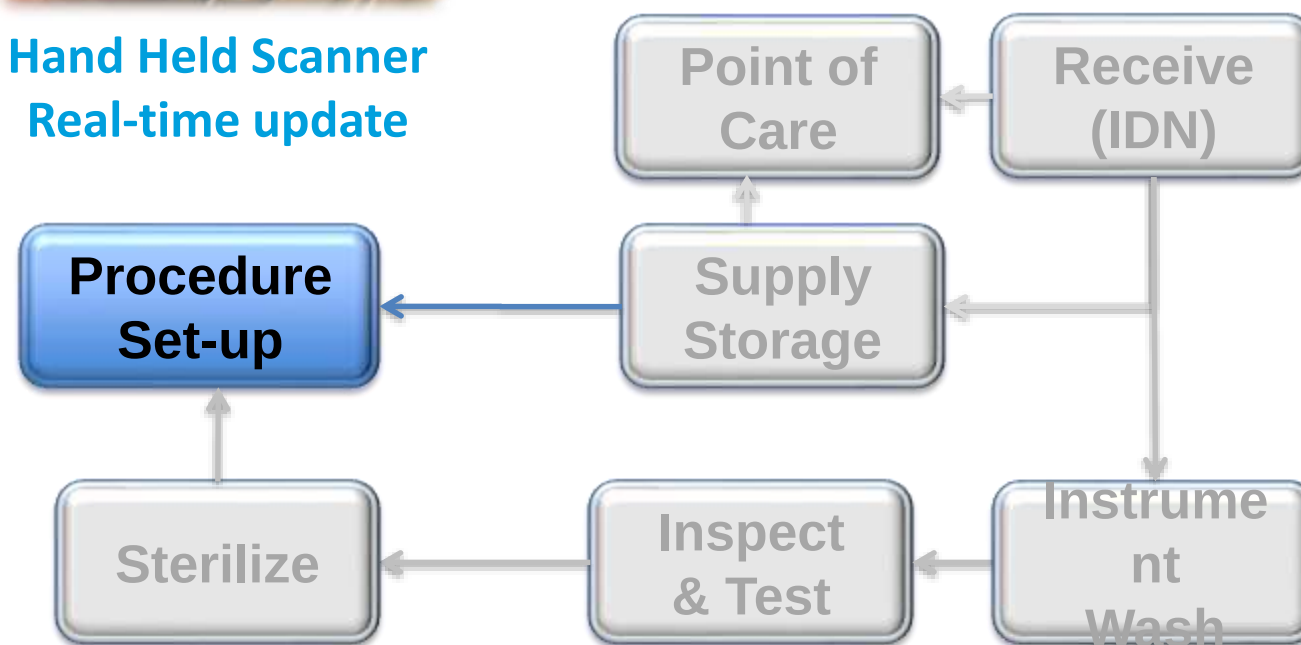
Tecsyst Pick List



Hand Held Scanner  
Real-time update



Supply Cart  
Ready for Surgery



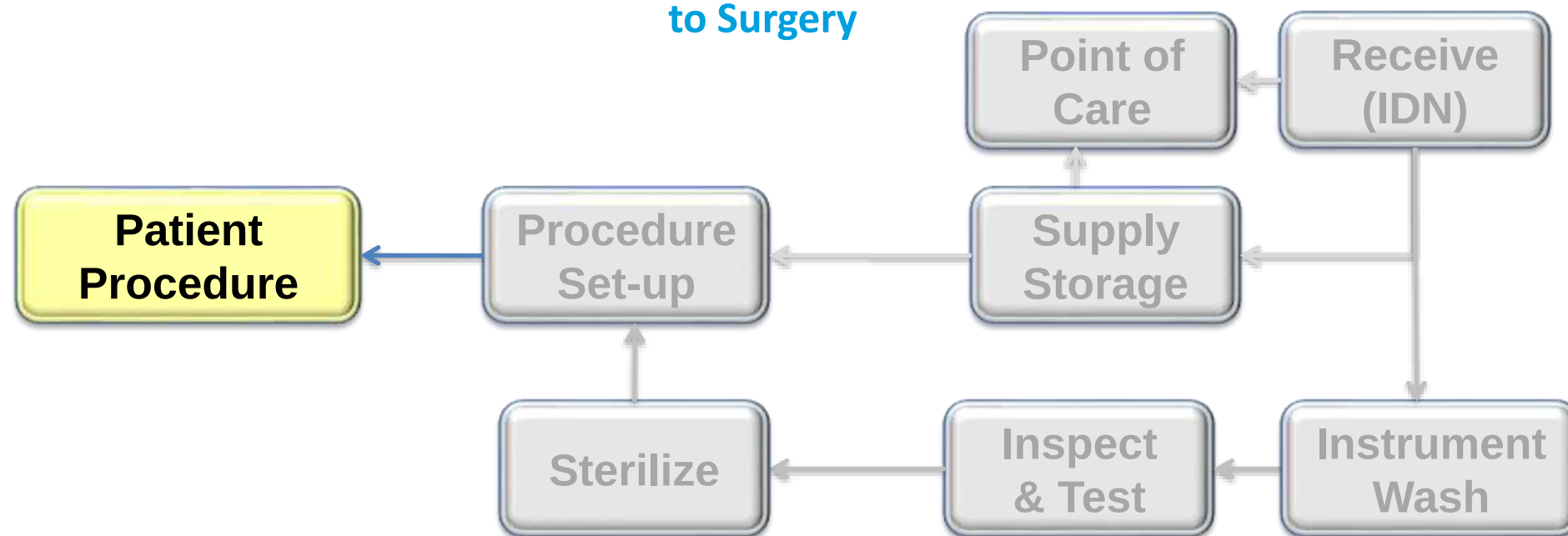


# Unified Supply Chain - Procedures

Tools: Tecsys, EPIC



Supply Cart moved to Surgery





# Unified Supply Chain – Sterile Processing



Tools: Instacount



After Procedure/Surgery,  
instruments are returned



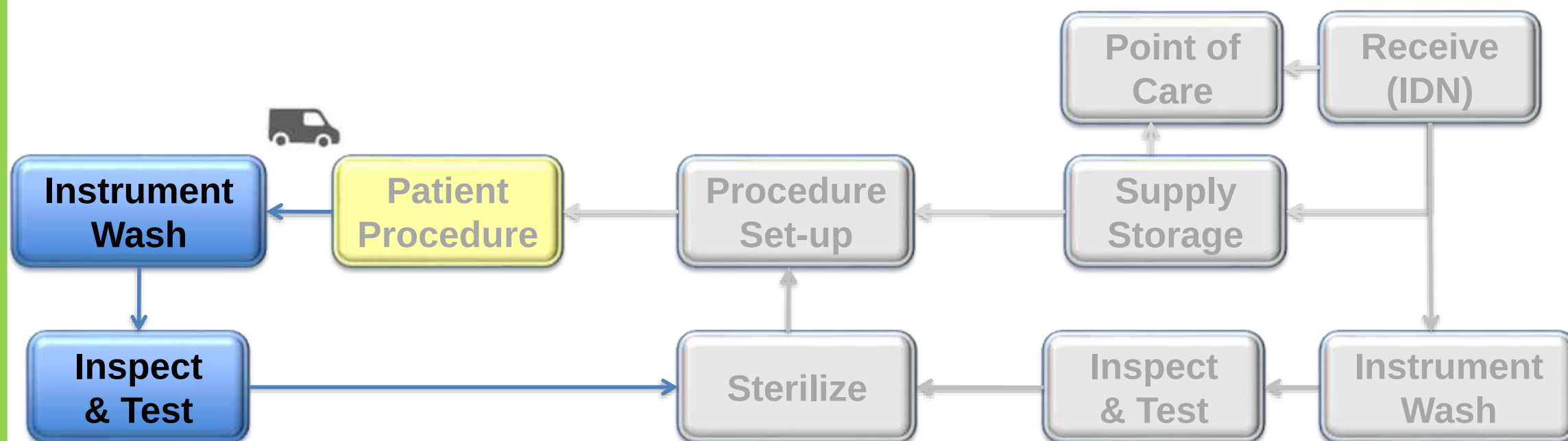
Disassembled, Inspected,  
Scrubbed, Washed, Tested



Packed Sets

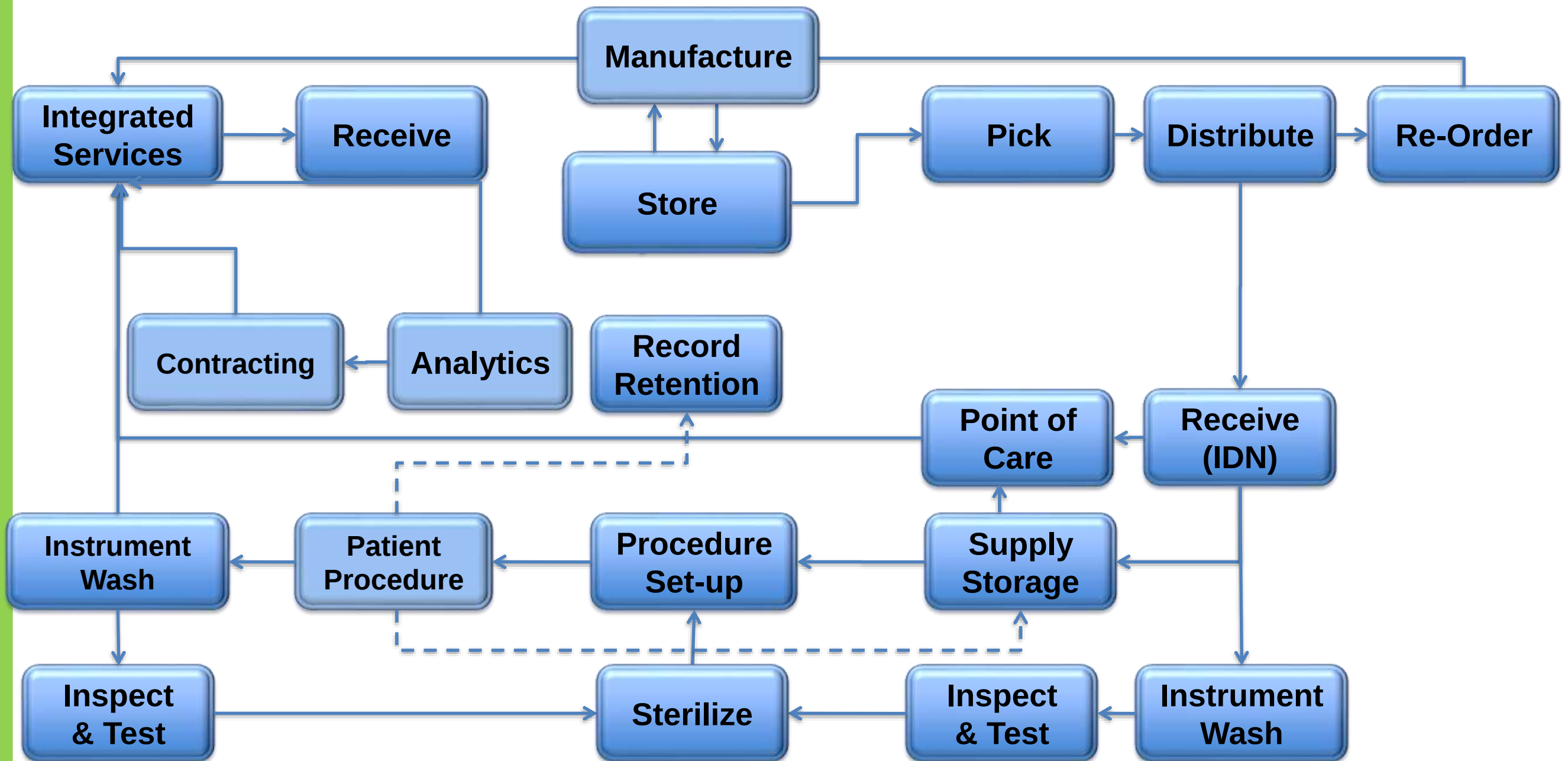


Sterilized





# Unified Supply Chain – Overview of ROi Activities





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# How is it Working?

*The Results*



# Overall Outcomes of Integrated Supply Chains

## For businesses in general:

- Supply chain as a strategic imperative
- Focus on cultural change focus/long-term
- Transform supply chain from cost center to profit center
- Catalyst for health care transformation

## For ROi:

- Recognized as top 10 global healthcare supply chain
- Returning \$50 million in annual savings for owners



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## What is Next?

*The Health Care Supply Chain of the Future*



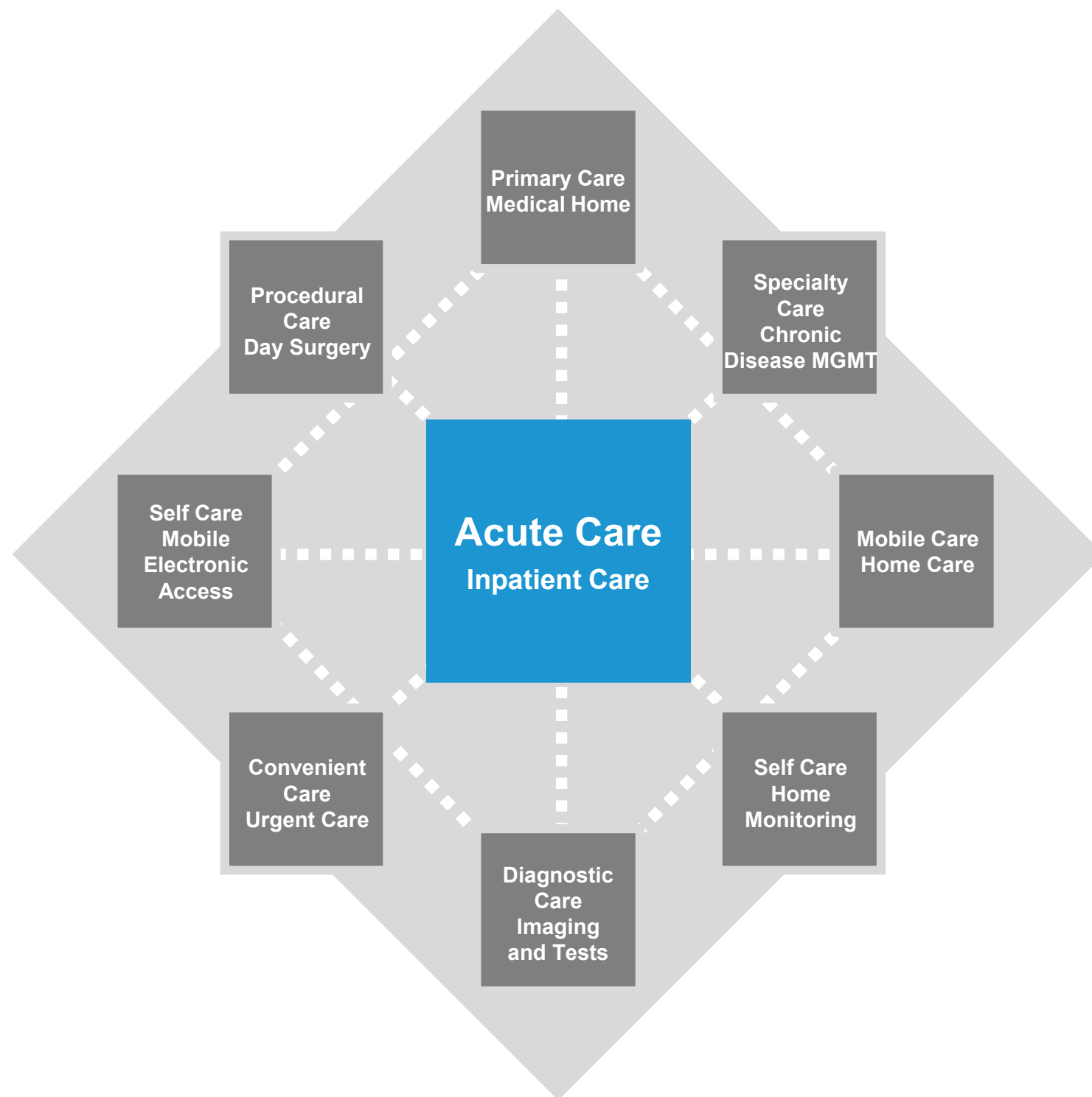
# The Future Will Look Very Different

## *Intel Health Innovation Barometer: Customized care at the intersection of healthcare and technology*

- Traditional hospitals, according to 57% of people, will be obsolete
- Majority of people (84%) would be willing to share their personal health information to advance and lower health care costs
- 72% of those surveyed would be willing to see a doctor via video conference for non-urgent appointments
- 66% of people say they would prefer a care regimen designed specifically for them based on their genetic profile or biology
- More than half of people (53%) would trust a test they personally administered as much or more than if that same test was performed by a doctor
- About 30% of people would trust themselves to perform their own ultrasound

Source: Intel Health Innovation Barometer, 2013, sample of 12,000 adults aged 18 and older with a margin of error of +/- 0.89 percentage points

# Supply Chain at All Points of Care



*As health care continues to diversify and compartmentalize, the challenges change and present new opportunities; ROi is devoted to staying at the forefront of supply chain management*

## Where We're Headed

# Innovation

Step 1

**Imagine & Ideate**

*Investment: Collaborative Thinking*

Step 2

**Explore & Evaluate**

*Investment: Time*

Step 3

**Focus & Finish**

*Investment: Financial*

***Core, Adjacent & Transformational Innovations***



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# Thank you!

# Questions?