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**Enhancing the medical supply chain
with clinician-driven sourcing**

Creating value within federal health care organizations through procurement and clinician collaboration

Health care supply chain leaders are continually being challenged to reduce operational costs without sacrificing product quality, patient safety, or clinical support. Yet, many of today's federally-managed health care supply chain operations regularly encounter bureaucracy and operational barriers when trying to advance and innovate their supply chain. As a result, federal health care organizations supporting clinical missions may lag behind private sector counterparts to implement industry leading practices and new technologies.

One of the leading practices that commercial health care organizations have embraced by necessity is clinician-driven sourcing, engaging physicians and clinicians within the sourcing process in order to achieve tangible results to reduce unit price, improve clinical protocols, and standardize medical/surgical and clinically preferred products. For example, Cleveland Clinic developed an engagement model linking clinician staff to procurement practitioners that generated \$300 million in savings.¹ Following a similar approach, Intermountain Healthcare delivered an initiative to standardize medical and surgical supplies while collaborating with stakeholders (e.g., physicians and clinicians, executive leadership, medical logistics, and contracting).

Federal health care organizations must strive to provide quality patient care in a safe environment that is cost efficient and involves the voice of the clinician.

By minimizing unnecessary variation in supplies, the organization reduced caregiver education time by \$3 million.² Ultimately, this standardization effort saved Intermountain Healthcare \$24 million², leading the organization to be rated as the 'Best Supply Chain Healthcare Provider' in 2016.¹ Both Cleveland Clinic and Intermountain Healthcare were able to improve their supply chain strategies by recognizing the critical impact of clinician and physician engagement to drive success and buy-in to sourcing and standardization decisions.

Given the demonstrated success in commercial health care organizations, federal health organizations may likely benefit by embracing a clinician-driven sourcing approach.

Value Creation

Clinician-driven sourcing creates value for health care organizations by increasing partnerships between clinicians and procurement staff, improving safety and quality of care for patients, and enhancing customer service while reducing overall spend (Figure 1). This value proposition is particularly relevant to federally-managed health care supply chains that are being

increasingly expected to maintain and respond to a highly evolving landscape while improving operations and meeting patient and clinical needs at reduced costs.

Clinician-driven sourcing is rooted with a value analysis structure led by an executive-sponsored committee and engages stakeholders in various operational capacities based upon products and services reviewed. Figure 2 provides an example of a value analysis structure used in many commercial health care organizations.

A clinician-driven sourcing strategy provides a formal and informal mechanism for physicians, clinicians, and supply chain leaders to collaborate on sourcing and product/technology decisions. The focus of this collaboration involves both new and existing products, technology, and services. Enhancing collaboration between sourcing and clinicians not only increases patient quality of care by encouraging clinicians to discuss product and technology clinical efficacy merits, but offers the added benefit of cost savings by placing like-products on an even playing field for comparison and potential consolidation.

Clinicians must have the correct tools at the correct time in order to treat patients as quickly as possible with the least amount of complications. Since clinicians are using medical supplies to treat patients, they best understand the specific requirements that are needed for these supplies to be both safe and appropriate to use. Therefore, it is critical for their voice to be heard. By involving clinicians in the selection and decision-making process for medical supplies and equipment, clinicians feel more engaged and motivated to utilize the products and technologies that have been chosen by their peers. Failure to involve clinicians may, and usually does, result in products being ordered “off formulary” and at much higher prices.

A clinician-driven sourcing approach helps reduce the variation of clinically equivalent medical supplies that are used in facilities, which subsequently reduces the amount of time it takes to train clinicians on proper supply usage. When physicians and clinicians spend less time in training, they can allocate more time to taking care of their patients. Ultimately, the benefits of clinician engagement trickle down to patients in the form of better product selection to meet clinical needs, consistent use by clinicians (decreased variation), and ultimately better outcomes.

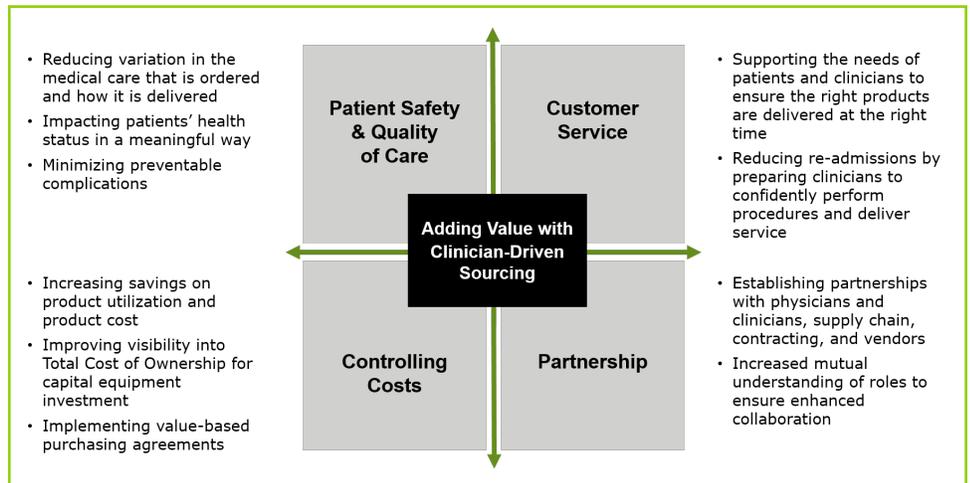


Figure 1: Adding Value with Clinician-Driven Sourcing³

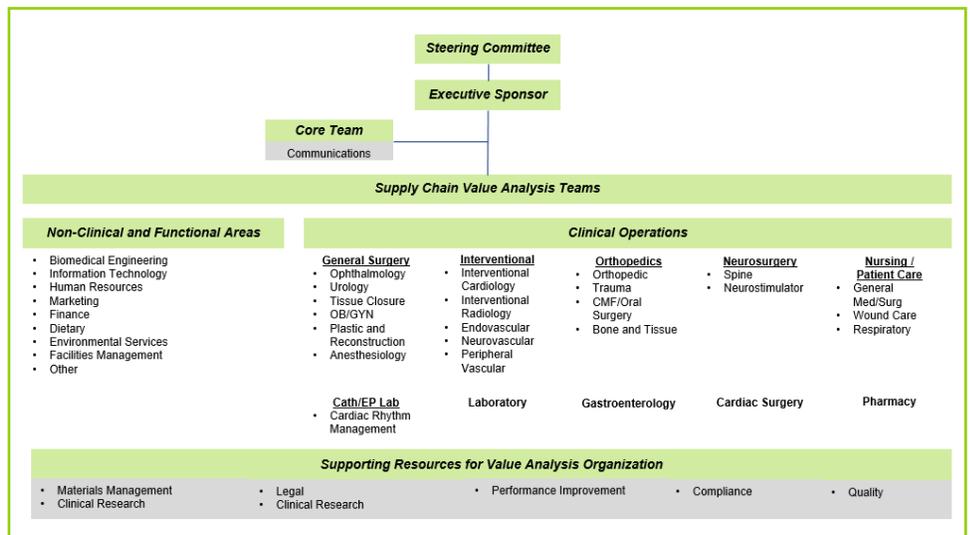


Figure 2: Example Value Analysis Structure

Physicians, clinicians and supply chain professionals, who are all committed to the well-being of patients and to procuring the right items at the best price, must work together to ensure that sound sourcing decisions are based on patient safety and quality of patient care.

Implementing a Clinician-Driven Sourcing Strategy

To implement strategic sourcing while meeting clinical requirements, clinician input and knowledge is needed across three key phases of the strategic sourcing process shown in Figure 3. This three-phase process for clinician-driven sourcing is one that federal health care organizations can institute and infuse into medical supply chain decision making and operations:

Phase 1: Plan

Focuses on planning and preparing sourcing activities and value analysis teams to ensure the appropriate structure is in place for clinician involvement. Upfront planning by reviewing spend and usage data and engaging in market assessments are essential to ensure each value analysis team is adequately prepared to review products to yield the best outcomes and value. Therefore, this first phase ensures that all subsequent collaboration points are productive and focused on the task at hand.

Phase 2: Develop

Ensures that the development of health care facility supply and equipment needs includes the voice of the clinician from initial requirements development through acquisition strategy formulation.

Phase 3: Execute

Involves executing contracting and procurement actions to acquire the medical supplies, equipment, and services based on the collaborative efforts between clinicians and supply chain staff. Notice in Figure 3 below that clinician participation is included in all phases of the sourcing process and in just about every activity.

Success Factors

Establishment of a viable clinician-driven sourcing strategy must be supported from the highest levels of leadership within the organization. By promoting an environment that legitimizes the support and partnership needed to effectively build solid and sustainable partnerships, federal health care organizations can function efficiently and at the highest levels of productivity and mission support. In order for a transformation to be effective, leadership should enforce a change management strategy to communicate timely updates to the broader organization and train employees to use the new system and/or processes. Additionally, empowering clinicians to serve as advocates, or “Change Champions,” for the new process will help all clinicians get on board with the standardized products.

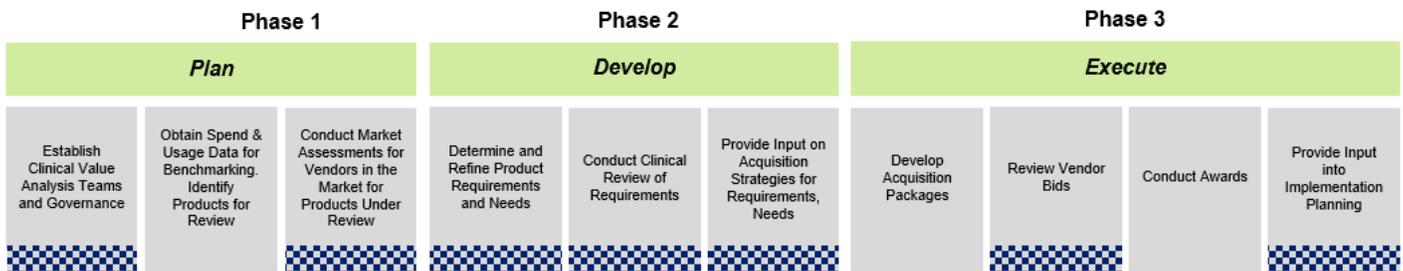


Figure 3: High-Level Strategic Sourcing Process

Clinician and Supply Chain/Procurement Staff Integration Point

Supply Chain/Procurement Staff

There are several important considerations to note for an effective Clinician-Driven Sourcing strategy:

- Commitment to change must be driven by leadership and endorsed by clinician and procurement staff as well as end users
- Product and service decisions should be determined through a logical and objective process driven by clinicians and clinical research
- Spend, utilization, and any other market data used to make sourcing and procurement decisions should be based on accurate and verifiable sources
- Measurement and tracking of performance should be monitored to ensure that any specified business goals and objectives are achieved

- Organizational leadership should assemble a change champion network of clinicians who are responsible for supporting the supply chain transformation within their hospitals
- Providing the best care to patients should be the primary driver of this standardization strategy, rather than focusing on cost optimization

Take Action

The deliberate execution of a clinician-driven sourcing strategy provides the required foundation to elevate supply chain practices within federal health care organizations. Physicians, clinicians and supply chain professionals, who are all committed to the well-being of patients and to procuring the right items at the best price, must work together to ensure that sound

sourcing decisions are based on patient safety and quality of patient care. Using a clinician-driven sourcing standardization approach will minimize variation in medical practice and reduce the amount of time that clinicians must spend learning how to use functionally equivalent products.

Commercial health care organizations have proven the measureable value (both clinical and business/financial) that comes from clinician-driven sourcing. For this sourcing strategy to be effective, it must be rooted in an organization's willingness to embrace change and should emanate throughout the leadership structure. Federal health care organizations must strive to provide quality patient care in a safe environment that is cost efficient and fully involves the voice of the clinician.

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