Drive Cost Savings by Utilizing a Mobile App for Product Comparison

University of Vermont Health Network
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Physicians Drive Medical Device Cost Savings by Utilizing a Mobile App for Product Comparison

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Contracting, Purchasing & Value Analysis
The University of Vermont Health Network
Cost Alone Does Not Impact Physician Behavior

“Finally, trying to make physicians focus strictly on cost may be off base as well. Some care, even more expensive care, is worth it. What we really should attend to is value — the quality and impact relative to the cost. It is certainly harder to determine value than price, but that metric might make more of a difference to physicians, and to their patients.”

UVMHN engaged a technology and negotiation company to help us strengthen physician collaboration efforts, provide enhanced transparency on supply costs and manage costs in the cardiovascular spend category.

NSINC developed a mobile device application for physicians to utilize when making CRM implant selections.
Health Care Cost Control Issues

MD-Admin Alignment

Data Analytics

Asymmetrical Information

Limited Choice

Transparency

Efficiency
Single/Dual Vendor Contracts

Core Concerns

- Advanced Tech Utilization
- Chasing Rebates
- Limited Team Engagement
- Confirmation of “Real” Savings?
- Limited Oversight
- Reduced Competition
UVMHN Supply Chain CRM Strategies

- **Pre 2013**
  Supply chain negotiated with vendors based on historical utilization

- **2013 – 2015**
  Participation in regional GPO network

- **2016 - CRM Goals**
  - Reduce costs
  - Preserve physician choice
  - Enhance Data analytics
  - Promote product quality standards

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Single/Dual Vendor Contracts

- Advanced Tech Utilization
- Limited Team Engagement
- Confirmation of “Real” Savings?
- Reduced Competition
- Chasing Rebates
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Process Overview

Step 1: Needs Assessment
- Data Analysis
- Alignment

Month 1-2
- MD/ADMIN GOALS
- Current Agreements
- Historical Strategies
- Utilization Trends
- Average Purchase Price
- "ID True Alternatives"

Step 2: RFP
- NEPTUNE PPA
- Initiate Scorecards

Month 1-3
- Savings Targets
- Data Cleansing
- Negotiation Prep
- Strategic Recommendations
- Performance Monitoring

Step 3: Monitor Trends & Performance

Month 3-6
- Monitor Progress
- Negotiation Training
- + Strategic Recommendations
- Performance Monitoring 12 Months
How does supply-chain collaborate with physicians to make value-based product sections?

The University of Vermont Health Network implemented a mobile device application with relative cost and basic implantable device features.

The results were significant utilization savings, stronger physician alignment, and more thoughtful product selection for patience care.
UVMHN engaged a technology and negotiation company to help us strengthen physician collaboration efforts, provide enhanced transparency on supply costs and manage costs in the cardiovascular spend category.

NSINC developed a mobile device application for physicians to utilize when making CRM implant selections.
• Benefits of the Mobile Application:
  ➢ Physicians see and understand pricing deltas among suppliers, product features and technology in a manner that is relevant to their clinical workflow
  ➢ Utilization cost reduction by selecting higher-end more costly technology only when appropriate for clinical care
Refocus on Value, Not Cost

Benefits of the Mobile Application:

➢ Physicians see and understand pricing deltas among suppliers, product features and technology in a manner that is relevant to their clinical workflow

➢ Utilization cost reduction by selecting higher-end more costly technology only when appropriate for clinical care
Continuous Monitoring

➢ Calculated savings based upon product utilization on a bi-weekly basis per provider
➢ Developed weekly progress reports to capture usage trends by modality, bulk purchases, competitive-change-out incentives, and missed savings opportunities
➢ Progress reports shared with providers to understand clinical decision-making and collaboratively develop proactive future savings strategies
Bulk Purchase Savings Trends

Bulk Purchases:
- 2012: $1,478,933
- 2013: $831,850
- 2014: $652,143
- 2015: $804,235
- 2016: $395,170
- 2017: $485,000

Bulk Discounts:
- 2012: -8%
- 2013: -7%
- 2014: -5%
- 2015: -5%
- 2016: -18%
- 2017: -24%

Prior to NSINC Engagement:
- Average Bulk Size >$600k
- Average Discount <7%

Post NSINC Engagement:
- Average Bulk Size <$500k
- Average Discount >12%
CRM Initiative Market Share Per Vendor

2015

- Medtronic: 86%
- Boston Scientific: 10%
- Biotronik: 2%
- St. Jude: 2%

UVMMC CRM MS

- Medtronic: 61%
- Biotronik: 31%
- Boston Scientific: 7%
- St. Jude: 1%

2016
## CRM Initiative Savings Comparison for First Hospital to Implement

### GPO
**Single/Dual Vendor**
**No Transparency Tools**

<table>
<thead>
<tr>
<th>Vendor</th>
<th>MS</th>
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<tbody>
<tr>
<td>MDT</td>
<td>82%</td>
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<tr>
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</tr>
<tr>
<td>BIO</td>
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</tr>
<tr>
<td>BSC</td>
<td>14%</td>
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| Total Spend | $ 4,446,000.00 |
| Total Savings | $ 400,140.00 |

### All Play
**Neptune PPA Alignment/Layering**

<table>
<thead>
<tr>
<th>Vendor</th>
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<tbody>
<tr>
<td>MDT</td>
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<tr>
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<td>5%</td>
</tr>
<tr>
<td>BIO</td>
<td>34%</td>
</tr>
<tr>
<td>BSC</td>
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| Total Spend | $ 3,651,711.00 |
| Total Savings | $ 1,001,234.00 |
UVM Health Network 2016 CRM Savings Per Hospital

- **Total Saved**
  - **UVMC**: $1,001,234.00
  - **CVPH**: $225,694.00
  - **CVMC**: $14,512.00

- **Total Spend**
  - **UVMC**: $3,651,711.00
  - **CVPH**: $1,705,792.00
  - **CVMC**: $285,654.00
Questions and Answers?
Evaluation How-to:

Why?
- Your feedback **drives** SIG Event content
- By signing and submitting your evaluation, you are automatically entered into a prize drawing

How?
- From the **App**
  1. Select **Schedule**
  2. Select Schedule **by Day**
  3. Select **Day**
  4. Select **Session S33**
  5. Scroll to **Session Survey**

**COMPLETE & SUBMIT EVAL**
Session #33

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All Tweeters will be entered to win a $50 Gift Card.

The winner will be announced Thursday, October 12, 2017