



MEDICAL/SURGICAL SUPPLIES AND PHYSICIAN PREFERENCE ITEMS – STRATEGIES TO IMPROVE YOUR PROGRAM

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With reimbursement and service line margins shrinking, supply chain managers need proven strategies to cut supply costs, especially in the area of medical surgical supplies, without affecting the quality of care. Nearly half of all med surg supplies used are in the area of physician preference items (PPIs), including devices and implants. PPI costs are growing by 10 percent annually.

What is fueling this growth? Currently, more than 10,000 baby boomers turn 65 every day and will make up nearly 20 percent of the population in 2030. This explosive growth in the U.S. aging population is having the same effect on orthopedic procedures, which is expected to grow by 13 percent over the next 10 years. Check out this infographic to get more information.

The need to act on this issue reached a new level of critical urgency when The Centers for Medicare and Medicaid Services proposed a mandatory bundled payment model encompassing total joints.

The Comprehensive Care for Joint Replacement (CCJR) bundled payment model covers care for joint replacement patients from admission through 90 days following discharge and includes physicians services, inpatient services, long-term care, rehabilitation, skilled nursing, durable medical equipment, pharmacy and more. The model will be implemented in January 2016, for five years in 75 cities that cover approximately 35 percent of the country's population. Providers in the areas will be required to participate in CCJR under the current proposal.

With this in mind, it is important to have a strategy in place to deal with PPI. What are some things that your strategy should include?

Develop a Value Analysis Team and Process

To be successful, facilities must develop value analysis processes and a stringent financial review of new procedures and device adoption as part of their standard processes and policies. Projects will impact all levels of the organization, from leadership to physicians, surgeons, nurses and materials managers. They should all be involved.

Make Sure Leadership and Physicians “Buy In”

The involvement of senior leadership assists in maintaining momentum on projects and highlights the significance of them to facility employees. Senior leadership must be willing to support the process, stay with it through difficult moments and see it through to completion. It is imperative that the facilities' physicians be engaged in the process from the outset as well, so they understand the objectives and feel engaged from the start.

Data Rules

Good data, especially relative to cost and outcomes, provides the facts and evidence needed to communicate the realities facing every stakeholder, both internally and externally. It can help drive standardization discussion and other areas to streamline procedures.

A good program, starting with these basics, will provide enhancement in clinical outcomes and quality through standardization and consistency between procedures. The impact is felt at each level as a less-is-more approach increases efficiency and decreases errors.

Amerinet provides PPI contracting through the Amerinet Clinical Advantage program. This program identifies potential cost savings opportunities for high-dollar physician preference items such as total joint implants, cardiac rhythm devices, etc. while maintaining or improving patient outcomes. This process driven evidence-based program utilizes a collaborative approach to drive savings solutions. The outcomes are measureable; the Amerinet Clinical Advantage program significantly improves margins while positively impacting both clinical outcomes and physician support. Completed projects have driven savings from 10 - 25 percent which has significantly improved bottom line procedural profits for participating organizations.

To learn more about how to develop a PPI program, [listen to this podcast](#), or contact me at lori.pilla@amerinet-gpo.com.

“Amerinet Clinical Advantage is the gift that keeps on giving. After an immediate \$385,000 reduction, we’re seeing an ongoing decrease in spending of 40 percent. It’s an outstanding purchasing resource for our outstanding organization.”

Alan Manning, Administrator
East End Health Alliance, Peconic Bay Medical Center