



Put the patient at the center of your supply chain

Get ready for the future

As your hospital or health system grapples with the demands of a healthcare environment undergoing seismic change, now might be a good time to take a fresh look at how your supply chain fits into the mix and, while you're at it, familiarize yourself with the paradigm of the not-too-distant future.

According to Eugene S. Schneller, Ph.D., co-director of the Health Sector Supply Chain Research Consortium at Arizona State University, "the assessment and definition by supply chain leadership of the role of products and product cost in value-based purchasing, bundled payments, accountable care organizations, hospital readmissions and the three-part aim of better health, better care, and lower cost"¹ is one of the most important supply chain trends affecting hospitals and health systems.

Say hello to the patient-centered supply chain, a model that draws from such masters of supply chain innovation as Dell® and Amazon® to streamline supply chain processes and drive high-value healthcare.

Chain your supplies to outcomes

For years now, providers have employed a range of strategies to harness their supply chain's capacity and make it a catalyst for efficiency and cost savings. While these efforts have generated results, a major limitation of current supply chains is that they are not tied to outcomes. Most hospitals and health systems still lack a key ingredient that could turn their supply chain operations into powerful tools for better care—the ability to easily connect supply chain systems with clinical and billing applications.

What a patient-centered supply chain looks like

A patient-centered supply chain is one that joins supply chain systems with electronic medical records to support focused pursuit of the Triple Aim (better health, better care, lower costs), and the organization's specific objectives around quality, safety, and cost. At its core, it involves the fundamental redesign of how supplies are selected, moved, and delivered to the patient care setting.

"The organization identifies critical goals and objectives and then links the supply chain to them," says Michelle Robbins, Infor® healthcare supply chain strategy director.

The patient-centered supply chain approach:

- Automates the physician order in the electronic medical record.
- Pushes the order to an offsite consolidated service center.
- Triggers and automates the packaging and delivery of patient- and/or procedure-specific kits.
- Tracks orders in real time for inventory management.

Your organization wins with a patient-centered supply chain

Your hospital or health system realizes many advantages with a patient-centered supply chain:

Automated orders slash both hoarding and waste

Organizations gain greater visibility into supplies and can more effectively manage and distribute inventory because orders are automated and tracked in real-time.

“In a business sense, it’s like connecting your front office to your back office,” said Mark Weber, Infor chief business information officer. “Wal-Mart® knows what people are buying in the stores and can filter that all the way back to its distribution centers in China. We don’t have that yet in health care.”

“With a patient-centered supply chain, everything the caregiver needs is there when he or she arrives in the room to take care of the patient,” said Robbins.

As every healthcare leader knows, busy nurses and patient care technicians tend to hoard items to reduce time-wasting trips to the supply room 200 or 400 feet away. Supply hoarding translates into significant material waste, because supplies that are left in patient rooms but not used—or that nurses “stash” and forget—result in wasted dollars when those supplies are thrown away because they have expired or been contaminated.

Caregivers spend more time where they belong—at the bedside

The radical operational reconfiguration of the patient-centered supply chain:

- Reduces supply room visits.
- Deploys supply technicians, rather than nurses, to handle supply deliveries.
- Saves time by putting the right supplies where they’re needed, when they’re needed.
- Reduces the delay to patient care

The result? Clinicians and caregivers can spend most of their time where they want to be and are needed most—caring for patients.

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Michelle Robbins, Infor Healthcare Supply Chain Strategy Director

Stronger analytics support continuous improvement

The patient-centered supply chain pulls clinical, supply, and financial functions together with built-in analytics that can also be used to identify the best supplies with the most positive impact on care.

The result is the ability to:

- Better understand the costs of care and the variability of costs.
- Predict expenditures more accurately.
- Negotiate more favorable contracts.
- Standardize down to a core set of products.
- Reduce unnecessary variation.

Centralized storage optimizes efficiency

The patient-centered supply chain redesigns how and where materials are distributed and stored as well. Again, the concepts come from supply chain pioneers in industries outside of healthcare.

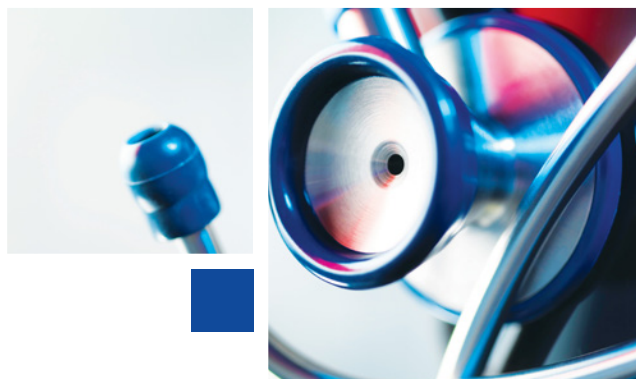
Companies such as Wal-Mart, Amazon, and Dell rely on large service centers or warehouses for inventory storage; the current healthcare environment of mergers, acquisitions, and affiliations is producing the mass health systems need to justify the creation of similar service centers. These large, centralized distribution points bring additional efficiencies and cost benefits, and can be used to house pharmacy inventory, linens, copy centers, and supplies.

A recent study by the Massachusetts Institute of Technology concluded that offsite warehouses where inventory is pooled can yield significant savings for hospitals and health systems.

According to the authors:

“The savings would be achieved as a result of a dramatic reduction in inventory holding costs and also a dramatic reduction in on-hand inventory. On-hand inventory would be reduced because there would be one stocking location instead of multiple locations throughout the hospital.”²

The study also suggests that the benefit could be further enhanced if several hospitals pool their inventories in a single location.



New supply chain delivers patient benefits

In addition to the many advantages your organization realizes from a patient-centered supply chain, patients, and especially their health outcomes, benefit as well:

Fewer errors improve the quality of patient care; reduce costs.

Today, most care outside of the emergency room is reactive. With the way most systems currently work, if the physician decides to have a patient's feeding tube changed later in the day, the nurse usually has to spend time collecting the required supplies. In a patient-centered supply chain, the hospital's clinical staff pre-determines the items needed for the feeding tube change and kicks the order out to the consolidated service center, where those supplies are proactively picked, packed, and delivered so the nurse can spend more time at the bedside focusing on direct patient care.

Connecting the supply chain with clinical care helps to codify and ensure the use of best practices and evidence-based medicine. These same strategies can be applied across the continuum of care.

The result is the ability to:

- Reduce avoidable readmissions.
- Decrease hospital-acquired infections and other adverse events.
- Increase compliance with the core measures of the Centers for Medicare and Medicaid Services.

Tap your supply chain to reach Triple Aim goals

The patient-centered model parallels other trends within the healthcare industry as a whole. The Association for Healthcare Resource & Materials Management (AHRMM) sees supply chain as a key driver of the operational efficiencies hospitals and health systems will need to make the successful leap from volume to value and meet the more stringent cost and quality requirements of the ACA. The Cost, Quality, and Outcomes initiative, launched by AHRMM in 2013, focuses on the intersection of these three dimensions and puts supply chain at center stage, spotlighting the function's potential to directly impact clinical quality and patient outcomes while continuing to perform its more traditional cost-management role.³

"The idea makes sense because supply chain professionals understand patient flow, know the materials used in the delivery of patient care, and they already incorporate analytics in everyday decision making," says Beth Meyers, R.N., Infor nurse executive and healthcare analytics strategy director. "In this sense, supply chain is really at the crux of a health system's ability to impact cost, quality and outcomes."

Connect performance and outcome for quality improvement

Most current healthcare supply chain systems lack a connection with performance and outcomes. The implementation of a patient-centered supply chain creates this connection—a connection that offers the best strategy for delivering the value and cost-efficiency that consumers, governments, and payers are starting to demand. The opportunities for continuous quality improvement made possible by these changes will only expand as payers, patients, and the provisions of the Affordable Care Act begin holding providers to tighter standards, while patient volume due to the aging population continues to climb.

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Beth Meyers, Infor Nurse Executive and Healthcare Analytics Strategy Director

The patient-centered supply chain at a glance



Frees caregivers to focus more on patients



Reduces supply waste



Integrates clinical and non-clinical best practices



Uses clinical orders to drive supply requirements



Facilitates continuous improvement with continuous data collection



Provides real-time tracking to route people and supplies

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