

# *The Journal of* Healthcare

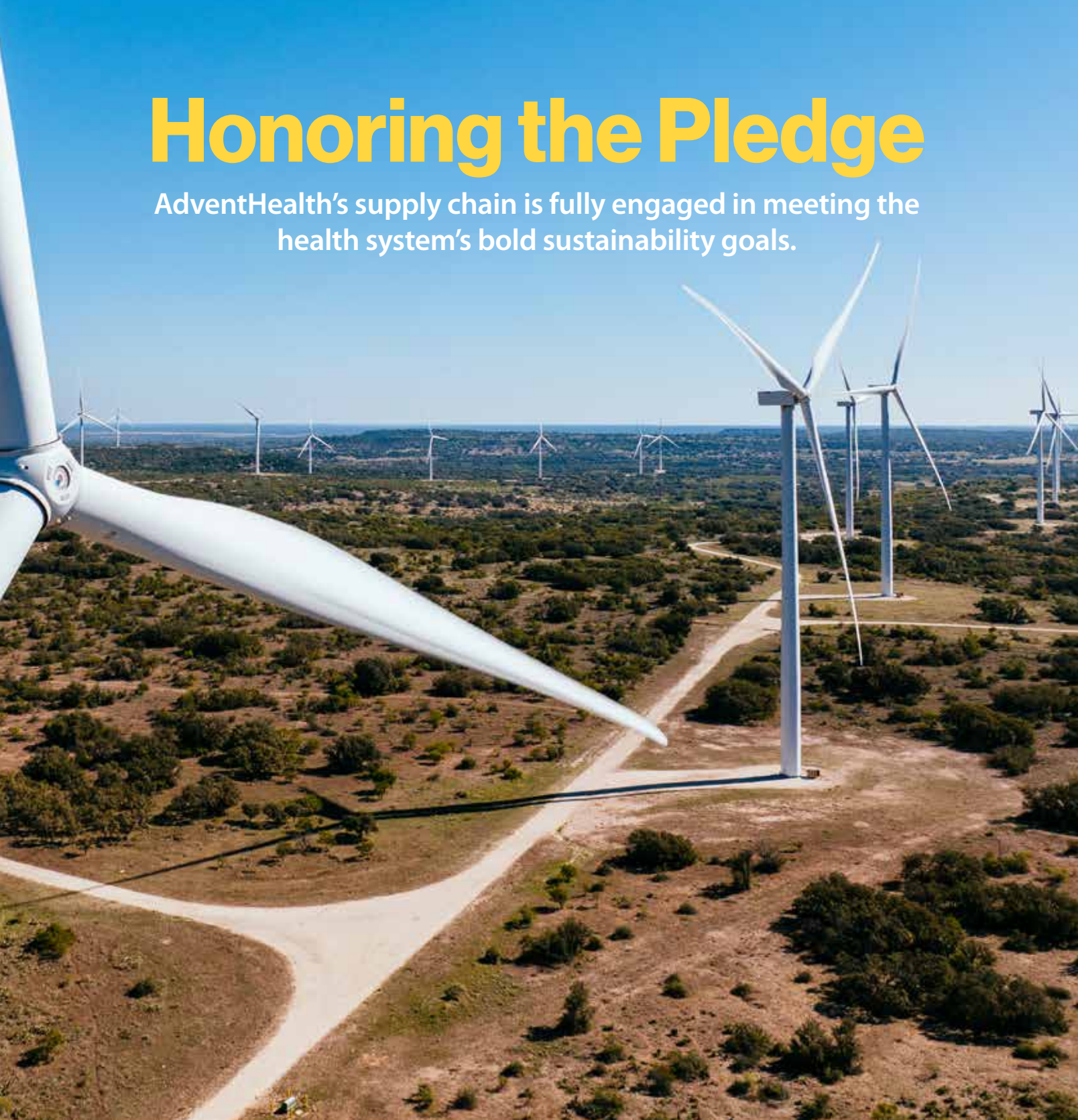
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C O N T R A C T I N G

June 2024 Vol. 20 • No. 3

## Honoring the Pledge

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# CONTENTS

JUNE 2024

- 2 Publisher's Letter: Audacious Goals**
- 4 Fortifying the Healthcare Supply Chain**  
Supply chain stakeholders discuss the value of strategic partnerships among suppliers and providers.
- 6 Transparency and Training**  
Methodist Le Bonheur Healthcare's Rusty Parker says these two things can enhance the relationship between supplier and provider.
- 11 Regional Reach**  
Northwell Health expands in the Northeast, brings two systems together.
- 14 Walmart Health Closing All 51 Locations**  
The retailer said it found it difficult to operate a profitable business due to a challenging reimbursement environment and rising costs.
- 15 inVio Health and CVS Partner**  
Collaboration aimed at increasing Medicare patients' access to value-based health care across South Carolina.
- 16 Tenet's New Era**  
IDN offloads regional hospital assets, invests in ASCs and soars in Q1.
- 32 From Here to There**  
Determining ways to strengthen the supply chain's efficiency, value and impact on care and the environment.
- 38 Cybersecurity Issues Threaten, Test Healthcare Supply Chain**  
Partnering with IT helps to construct digital rampart around transactional data.
- 46 Safeguarding the Caretakers**  
What are leading health systems doing to protect today's caregivers? And what role does the supply chain have?



## Feature

# Honoring the Pledge

AdventHealth's supply chain is fully engaged in meeting the health system's bold sustainability goals. ▶ **pg 22**

- 52 Reflecting on the COVID-19 Pandemic Four Years Later**  
How GPOs worked with members to provide necessary medical equipment to healthcare workers.
- 54 Why a Single Prime Vendor Distributor Isn't Always Enough**
- 56 Might Supply Chain Press for the Impossible?**  
It's time to rekindle our imagination versus react to surprise.
- 58 Supply Chain By the Numbers**
- 60 Industry News**



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# Audacious Goals



**This issue is jam-packed full of leading health systems and their audacious supply chain goals.**

For AdventHealth, it's sustainability. In October 2022, AdventHealth signed the U.S. Department of Health and Human Services' (HHS) Health Sector Climate Pledge – a commitment to reduce its Scope 1 and Scope 2 emissions by 50% by 2030 and to get to net zero by 2050. Scope 1 emissions include direct greenhouse gas emissions from sources that an organization owns or controls directly, while Scope 2 emissions include indirect purchased energy that comes from the energy an organization purchases and uses.

AdventHealth is going even further in its work to curb Scope 3 emissions, which are other indirect emissions. These emissions come from upstream and downstream operations, including supplies, purchased services, investments and business travel. Marisa Farabaugh, senior vice president and Chief Supply Chain Officer for AdventHealth, says the health system has been working with its suppliers to collect data measuring Scope 3 emissions to help understand their decarbonization initiatives.

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For Bon Secours Mercy Health, it's data. Dan Hurry, president of Advantus Health Partners and Chief Supply Chain Officer of Bon Secours Mercy Health, told JHC that over the last few years, Advantus has partnered with SupplyCopia to develop a platform that will glean insights from several million lines of data. "We've never had this kind of speed to an answer," Hurry said.

And for Banner Health, it's workplace safety for its caregivers. Banner is currently launching a multi-year journey on becoming a high reliability organization (HRO) to meet its safety and quality and efficiency goals. This work includes several new system wide initiatives that encompasses cultural changes, education in HRO principles, continuous improvement, teamwork and communication, accountability, transparency, reliability, and psychological safety. "This work will bring Banner closer to our mission of Making Healthcare Easier, So Life Can Be Better," said Denise Robson, Clinical Supply Program senior director, Supply Chain Services Clinical Alignment Team.

Sustainability, data insights and workplace safety are just a few of the myriad of challenges supply chain leaders are working to solve. Are you and your team working on something transformative? We want to hear about it! Email me at [jpritchard@sharemovingmedia.com](mailto:jpritchard@sharemovingmedia.com) and we may feature you and your team in an upcoming issue.

*The Journal of*  
**Healthcare**  
CONTRACTING

*The Journal of Healthcare Contracting*

is published bi-monthly

**by Share Moving Media**

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*The Journal of Healthcare Contracting*

(ISSN 1548-4165) is published monthly by

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201, Suwanee, GA 30024-6914. Copyright 2024

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# Fortifying the Healthcare Supply Chain

Supply chain stakeholders discuss the value of strategic partnerships among suppliers and providers.

**At this year's IDN Insights East event, attendees converged in Atlanta, Georgia** to get better insight from supply chain executives on how to build better partnerships between providers and suppliers in the healthcare supply sector.

Here is a brief overview of what was discussed at IDN Insights East, sponsored by Allergan Aesthetics.

## Insight into supply chain excellence

This year, panelists from major IDNs discussed their journeys to supply chain excellence at their organizations.

Dan Hurry, the president of Advantus Health Partners and Chief Supply Chain Officer at Bon Secours Mercy Health, covered how his team modeled their approach to supply chain resiliency by looking at how major department stores in the United States approach their supply chain operations.

For Henry Ford Health, VP of Operations Joe Pettinato shared how his organization has driven excellence by focusing on high density items and physician preference items, allowing Henry Ford Health to better prepare for any disruptions in the supply chain than before.

Donna Drummond, SVP and Chief Expense Officer and Chief Sustainability Officer for Northwell Health, offered a deep dive into her organization, discussed the insight they derive from their value analysis team that allows them to keep their med/surg supply spend at 27%.



## Building strategic partnerships

Strategic partnerships are the lifeblood of the healthcare supply chain, ensuring that all the needs of the providers and suppliers are met, while also meeting the needs of their communities and patients.

In a session with Pam Daigle, the GVP Strategic Sourcing for Premier, and Rusty Parker, senior director Supply Chain Management, Methodist

Le Bonheur Health, they discussed the importance for preparing the healthcare supply chain for the long game through strategic partnerships.

Parker said, “From a supplier standpoint, it is all about understanding what our goals and objectives are organizationally and how we can truly partner together, not just to get a new product on the shelf and pump up your sales numbers.”

Strategic partnerships start with a basic understanding of each other. If a supplier is coming in to sell to a provider, they need to understand the challenges and goals of those providers. A significant part of the goals and values of any IDN in the country is to meet the needs of and treat the patients in their communities – while each provider might have a similar mission and approach, each community’s needs will look different.

For Northwell Health, Drummond said, “We’ve made a commitment to understand our community’s sustainability needs and include them in our resiliency preparedness. We’re a member of Premier for pharmaceuticals and food but all our other contracts are Northwell alliance contracts that benefit all our hospitals as well as hospitals and other organizations that aren’t a part of the Northwell Health system.” ■



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\*Based on surgeon survey data. *Natrella*® (n = 516); AlloDerm™ (n = 203); Keller Funnel (n = 299); REVOLVE™ System (n = 98); STRATTICE™ (n = 147).<sup>1,2</sup>

References: 1. Data on file, Allergan Aesthetics, March 2024; Plastic Surgery Aesthetic Monthly Tracker. 2. Data on file, Allergan Aesthetics, July 2023; Surgical Scaffold AU Surgeon Perceptions 2023. 3. Data on file, Allergan Aesthetics, January 2022; Allergan Plastic Surgery Order Form. 4. Data on File, Allergan Aesthetics, January 2023; AlloDerm SELECT Ordering Information. 5. Data on file, Allergan Aesthetics, July 2023; Artia Ordering Sheet. 6. Data on file, Allergan Aesthetics, January 2023; STRATTICE Ordering Information.

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# Transparency and Training

Methodist Le Bonheur Healthcare's Rusty Parker says these two things can enhance the relationship between supplier and provider.

BY PETE MERCER

**Strategic partnerships start with a basic understanding of each other. If a supplier is coming in to sell to a provider, they need to understand the challenges and goals of those providers. Transparency is key here, allowing everyone to be on the same page from the onset of these relationships.**



“From a supplier standpoint, it is all about understanding what our goals and objectives are organizationally and how we can truly partner together, not just to get a new product on the shelf and pump up your sales numbers,” said Rusty Parker, senior director Supply Chain Management for Methodist Le Bonheur Healthcare.

At the recent IDN Insights East meeting Parker discussed building strategic partnerships between the providers, suppliers, and GPOs during a session with Pam Daigle, GPV Strategic Sourcing for Premier.

## Unique needs

Each provider might have the same kind of general mission (providing care for their communities), but each community's needs will look different. Methodist Le Bonheur Healthcare is in Memphis, Tennessee, and, according to Parker, it has “a lot going for it in healthcare.” They are best-in-class for treating obesity, diabetes, heart disease, stroke, and STDs, and run a high functioning trauma center in a city with a high crime rate.

Methodist Le Bonheur Healthcare operates six facilities across the city of Memphis. “People who do not have healthcare, people who are relying on the state and federal government to provide their healthcare, people who work for FedEx and have very good healthcare ...



We have got to find a way to balance how to maintain care across the patient population in a profitable manner,” said Parker

Suppliers who come in with a bigger picture of what organizations like Methodist Le Bonheur Healthcare need are going to be much more successful in creating partnerships with IDNs.

### Leveraging partnerships for efficiency

Healthcare providers are still navigating the fallout of the COVID-19 pandemic, while rising inflation is adding pressure on all fronts. Essentially, efficiency is being challenged at every turn, which can make it difficult to provide care across the continuum.

This is why so many organizations are leveraging their partnerships to improve efficiency across the board. In order to be successful navigating these challenges, providers need partners that will be transparent about their products.

Parker said, “I think transparency is how you really advance the initiative with your other IDN partners, when you are trying to build that strategic relationship. Just come out and be truthful with it. If you can’t do something, say so. It saves us all some time. Don’t promise something you can’t deliver on.”

With that transparency, you can have a better idea for when problems are coming down the line – which is just about inevitable. When that happens, everyone can be on the same page for what the next steps look like and how best to navigate any shortages or supply chain disruptions.

Transparency is also critical for knowing where the items are coming from. “Understanding where the products are being manufactured is

something that we need to know, but redundancy is the key,” Parker said. “What hamstrung us in 2020 is that the redundancies were not there. If there is a failure in one, it just snowballs and everyone in that market is struggling to keep up and support their customers.”



Rusty Parker

## Today’s technology can pull the data to make better predictions, giving providers and suppliers the leeway and framework to better respond to a crisis.

### Adding value to the equation

At the end of the day, providers are looking for a partner to add value to their operations. What can you do to add more value to each transaction with your clients? Depending on the product line, that might look like a team that exists to help train your customers in the implementation of your products, as well as some continued education after implementation.

Whatever it looks like, it is important to ensure that your partners are benefiting from this partnership. Parker said, “Value add is just value at the pump. I hate rebates, I think everyone hates rebates. I understand why they are there, but I hate them. I would just love the value straight up. When you get past that, I think the value add is being that partner that’s there to help us mitigate disruptions or that partner that’s there to train our team on the equipment.”

Another way to add value, especially in the wake of so much supply chain disruption, is to work proactively and not reactively. When stakeholders can build a contingency plan for potential disruptions, they can better respond when it happens, Parker said. Today’s technology can pull the data to make better predictions, giving providers and suppliers the leeway and framework to better respond to a crisis.

Building these strategic partnerships can add significant value to both the suppliers and providers. “From an IDN standpoint, we do appreciate our vendors,” Parker said. “It may not feel that way, but we understand that we can’t do what we do as a healthcare organization without the support from our vendors. We also understand that we’re all competing with different objectives, but it is a partnership – and we appreciate those partnerships.” ■

# Stability through change: How automation makes life easier for lab professionals amid the workforce shortage



As healthcare organizations across the nation know, clinical labs continue to feel the strain of meeting rising demand with a stagnant workforce. Test volumes have rapidly swelled, and test menus have grown, yet the workforce of qualified lab professionals has not grown to match. The reasons behind this stagnation are clear: an aging workforce, dearth of new entrants to the field, lack of growth and retention opportunities, disparities in salary compared with other healthcare professionals, rising test volumes due to an aging population, growth of esoteric tests and additional volume fueled by the pandemic.

Laboratorians are being tasked to do more, take on more responsibilities and work longer hours. As it stands, the current situation has shown signs of improvement, but greater change is needed. Regardless of any specific solution, the importance of lab professionals must be given the attention it deserves. After all, people are the driving force behind patient care. The human element is what makes lab testing what it is.

The Association for Diagnostics & Laboratory Medicine (ADLM) recently published a white paper<sup>2</sup> recommending amendments to the Clinical Laboratory Improvement Amendments (CLIA) policy to help overcome lab staffing shortages. These include advocating for the value of lab medicine, diverse and equitable recruitment efforts, reclassifying lab tests based on performance complexity and developing educational programs to provide alternate entry points into lab medicine careers. Dramatic change like the proposed one takes time to germinate and bear fruit, so healthcare organizations must assess what they can do to mitigate the workforce shortage with existing solutions and technologies to help lab professionals perform their work efficiently while avoiding overwork and burnout.

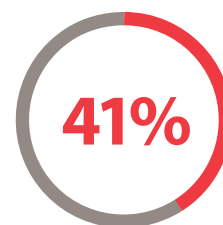
Automation is frequently seen as a solution, or at least a critical component in the strategy for navigating the labor shortage. Since its introduction, automation has transformed the landscape of the clinical lab, helping reduce turnaround times, decreasing manual specimen handling and helping eliminate human error. Across departments, today's lab instruments are capable of automating routine testing and performing a wide range of functions, including quality control (QC), maintenance and calibration verification. But, as with any industry, while automation has the potential to boost efficiencies, it also can boost inefficiencies depending on its implementation and the users.

In addition, some clinical lab workers may have mixed feelings about automation, given the fear that automation could lead to workforce reductions. Ideally, automation is a tool that enables greater productivity by redirecting workers from tedious manual processes to more interesting, value-added work. For clinical labs, this means replacing manual, repetitive tasks with critical work that benefits patient care.

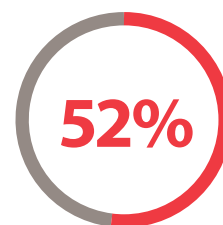
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**Chris Wilson**, Content Manager,  
Laboratory Products and Services,  
Cardinal Health



According to the *2023 Survey on Wage & Morale Issues Among Medical Laboratory Professionals*,<sup>1</sup> **41% of respondents indicated their laboratories were moderately understaffed**, with another 26% recorded as significantly understaffed.



**A majority of respondents (52%)** described themselves as overworked relative to their position.

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In the right setting, automated equipment is a boon to efficiency, safety and working conditions, but it cannot be forgotten that the human factor is vital. The knowledge and ability to solve complex challenges cannot be replaced.

Effective communication and collaboration between supply chain, hospital administrators, executives, and lab professionals must be facilitated to address concerns and ensure that automation complements rather than replaces human expertise. So, how can we be sure automation in the lab is making things easier for people without replacing the human element? Organizational decision-makers must consider where and how much automation is needed and if it will enhance productivity while positively affecting lab staff.

**Over the past decades, different lab departments have experienced varying levels of automation**



**Histology automation**

While the histological workflow has seen less change than in other areas of the lab, various steps can be automated, including tissue processing, slide staining, coverslipping and labeling.



**Hematology automation**

Automated hematology analyzers can eliminate the majority of commonly performed manual steps for tests like complete blood counts and differentials, speeding throughput and reducing errors.



**Blood bank automation**

Automating routine testing functions like liquid pipetting, reagent handling, incubation, centrifugation, reaction grading and interpretation, and data management gives medical laboratory scientists (MLS) and medical laboratory technicians (MLT) more time to work on processes like antibody identification, eluates, full crossmatching and discrepancies.



**Microbiology automation**

Because of the numerous microbiological specimen collection types, automation has been achieved at a lower rate than in lab departments like clinical chemistry and hematology. However, technological advancements have led to many labs implementing automated microbiology systems that offer abilities that include standardized and accurate inoculation and streaking and high-throughput processing with minimized interruptions.



**Clinical chemistry automation**

Clinical chemistry has seen the highest percentage of automation as far as lab departments go. Nearly every process can be automated, minimizing turnaround times and increasing throughput.

A clinical lab-focused distributor like Cardinal Health can make automation decisions easier for labs in a variety of ways. Understanding customers' goals is at the heart of our values, and we apply this customer-centric approach through our team of experienced diagnostic specialists who recommend automated solutions that help optimize each lab's performance. We also help labs gain additional efficiencies and cost savings through standardization, the management of instrument manufacturer relationships and our customized leasing options.

Cardinal Health has an extensive lab capital equipment portfolio that features competitive pricing and financing options. As your distributor, we can incorporate analyzers for multiple lab departments into a single contract and source capital equipment through the same channel as all your other lab products, helping maintain efficiencies with product procurement, laboratory data analytics, inventory levels and competitive pricing.

As automation continues to develop, the relationship between healthcare providers, distributors and supply chains is more important than ever. Whatever step you are in your automation journey, Cardinal Health can offer solutions that fit your needs and help your lab elevate healthcare diagnostics.



**References:** 1. Mitchell A. 2023 Wage and morale survey of medical laboratory professionals. Lighthouse Lab Services. <https://www.lighthouselabservices.com/2023-wage-and-morale-survey-of-medical-laboratory-professionals/>. Published July 18, 2023. Accessed November 8, 2023. 2. Deaton-Mohney E, Ehrmeyer S, Farnsworth C, Kunzler T, Strathmann F, Thomas M. AACC Whitepaper on overcoming lab staffing shortages. Association for Diagnostics & Laboratory Medicine. <https://www.aacc.org/advocacy-and-outreach/adlm-policy-reports/2023/aacc-whitepaper-on-overcoming-lab-staffing-shortages>. Published July 14, 2023.

# Regional Reach

Northwell Health expands in the Northeast, brings two systems together.

## Northwell Health births the most babies in New York state. It's a \$18 billion

organization with 87,000 employees and it recently acquired Connecticut-based Nuvance Health. The two nonprofit, mission-driven healthcare organizations form a new integrated regional health system serving communities across New York and Connecticut.

The new regional system brings together access to primary, specialty and hospital care through a network of a combined 14,500 providers and over 1,000 sites of care, including 28 hospitals.

"We've made a commitment to understand our community's sustainability needs and include them in our resiliency preparedness," Donna Drummond, chief sustainability officer for Northwell Health, told the audience at IDN Insights East this year. "We're a member of Premier for pharmaceuticals and food but all of our other contracts are Northwell alliance contracts that benefit all of our hospitals as well as hospitals and other organizations that aren't a part of the Northwell Health system."

"We believe in looking at things a little bit sideways to see where the best opportunity lies. We always listen," she said. "We're welcome to hearing new ideas and we believe prevention and early detection is the best and wisest use of healthcare money, and the least expensive."

## Supply chain spend

Northwell Health's supply chain is over \$5 billion in spend. It has two warehouses and manages a supplier diversity program that's supportive of Northwell Health's sustainability initiatives.

"Supply chain has always been a core operations function of our health system," Drummond said. "Some of the functions that don't fit other places like waste management and linen all gets managed in our supply chain. And pharmacy has always been a part of our supply chain."

Each hospital in Northwell Health's system has an executive director as the leader of the hospital and a team underneath to run the hospital.

"We're a highly matrixed organization," Drummond said. "We're purposefully complicated but it works well for us. We can nimbly respond to any issue that comes up."

Med/surg supplies are only 27% of the spend at Northwell Health. "That's a little surprising to most people," Drummond said. "But our pharmaceutical spend is high because we have a very successful specialty in retail pharmacy. So, our spend there is over \$1 billion this year."

Drummond also pointed out that its purchased services spend was 19%. "That's a significant number," she said. "We don't outsource food for the most part or engineering or environmental. But we outsource snow removal and elevator repair, for example, and those kinds of things are in that number."

## Value analysis, physician preference and clinical oversight

Northwell Health has a value analysis program and has a procedural product committee that addresses physician preference items.

"We consider cost and how much we're going to utilize the product," she said. "We're never going to stop a surgery or a process but we're constantly monitoring to find opportunities to reduce variability and utilization, or shift utilization to where it needs to be focused."

Northwell also has a clinical oversight committee that meets once a month. Surgeons, procurement staff members and financial staff members are all a part of it.

"When a new product is presented, we'll look at the costs, compare it to existing products and we'll look at the impact on revenue," Drummond said. "It's not always black and white. There are a lot of analytics that happen. Commercial products can be highly variable, and we need to make sure we analyze the entire bottom line margin impact."

It's all about the data for Northwell Health and making sure there's accurate pricing and product substitutes. It's critical when there's a recall.

"It's important for our procurement team to have frank conversations with our suppliers and distributors. These lead to great relationships," she said. "I was so proud to be a part of the team living through Covid and the relationships built with vendors. There was a mutual trust and commitment to doing the best for our patients. The responsiveness, innovation and ability to deliver truckloads as fast they as could was inspiring" ■

# Addressing Labor Challenges Through Integrated Kitting Solutions

BY RICK PARRISH, AVP OF CLINICAL IMPLEMENTATION

**The COVID-19 pandemic brought substantial supply chain disruptions to the healthcare ecosystem and the ripple effects have continued through labor shortages.** According to a workforce study conducted by NCSBN and the National Forum of State Nursing Workforce Centers, throughout the pandemic, approximately 100,000 nurses left the workforce. Also noted in the study, almost 900,000 nurses intend to leave the workforce by 2027, threatening the national health care system at large if solutions are not enacted.

Labor shortages are straining healthcare providers and negatively impacting nurse satisfaction and patient care. As a result of these shortages, clinicians are now having to perform non-standard job responsibilities, like managing, organizing and tracking down supplies. To reduce this burden for staff, it's critical for healthcare providers to work with a medical supply partner offering creative solutions so clinicians can perform their most important job responsibility: taking care of patients.

Regard, a provider-owned medical supply manufacturer, has expertise in mitigating against unprecedented disruptions and providing solutions. Regard addresses challenges stemming from healthcare's workforce crisis, which includes creating efficiencies through integrated kitting solutions. These kits bundle all the essential items for a procedure under one stock

keeping unit (SKU) – limiting product variation, reducing non-clinical tasks and standardizing care for improved nurse satisfaction and patient outcomes.

## Limiting Product Variation

When nurses are asked to use a variety of products for the same clinical task across multiple care units, they can have trouble adhering to procedural protocols. Ever-changing products can cause errors and frustration, especially with standard tasks like blood draws, which should be consistent no matter where the nurse is working. Regard's blood draw and blood collection kits, for example, bundle all the required and preferred items for blood collection in one SKU so nurses experience less obstacles and more consistency during their workday.

## Reducing Non-Clinical Tasks

Time is precious in healthcare, and for patients with conditions such as cardiac arrest, every minute's delay in resuscitation can lead to a drop in successful outcomes by 7-10%. That's why it is critical that nurses have the right supplies at the right time. However, nurses often spend too much time restocking supplies. For example, when nurses can easily restock a code cart drawer with one Regard kit SKU vs 80 individual SKUs they'll spend more time on important clinical duties instead of supply chain tasks, leading to

increased satisfaction and improved outcomes. In addition, the Regard code cart drawer kit offers electronic tools to easily track expiration dates for greater quality and regulatory compliance.

## Standardizing Care

Standardizing supplies and having comfort items in patient admission kit leads to uniform and high-quality experiences for patients. With the same personal hygiene items bundled in kit, for instance, healthcare providers can ensure each patient's care experience is consistent across facilities and care units. This means they'll have more time to focus on making patients comfortable and enhancing patient experience instead of tracking down various supplies upon admission.

Regard doesn't just provide kits. We have a team dedicated to adding value by enhancing supply chain processes and addressing healthcare providers' most urgent challenges. By working closely with providers amid today's difficult labor environment, Regard creates tailored and cost-effective solutions that enhance outcomes, boost efficiencies, and most importantly, allow clinicians to practice at the top of their license.

*Are your nurses spending more time managing inventory than they are on clinical tasks? Learn more about Regard's integrated kitting solutions at [regardsupplies.com](https://regardsupplies.com). ■*



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# Walmart Health Closing All 51 Locations

The retailer said it found it difficult to operate a profitable business due to a challenging reimbursement environment and rising costs.

BY DANIEL BEAIRD

## Walmart Health is closing all 51 primary care health centers across five states

over a 45- to 90-day span since its announcement on April 30. It's also shuttering its telehealth service Walmart Health Virtual Care.

Other retail-based commercial health-care providers (CHPs) have seen difficulties too. Walgreens has closed many of its VillageMD clinics and Amazon has cut hundreds of roles in its healthcare division, including its primary care company One Medical. CVS Health spent billions of dollars on its clinics for seniors but fell short of its revenue projections in the first quarter and cut its earnings outlook for 2024.

Walmart said in a release it could not operate a profitable business due to a

challenging reimbursement environment and rising costs, including labor costs tied to a shortage of healthcare workers in the U.S. It's closing clinic locations in Arkansas, Florida, Georgia, Illinois and Texas.

### Walmart had recently announced expansion plans for Walmart Health

It was a surprising announcement because it came one month after Walmart

announced it planned to open 22 new locations in 2024 and even more locations in 2025. Walmart opened its first Walmart Health in Georgia in 2019. After Walmart disrupted the pharmaceutical industry with generic drugs as low as \$4 at its pharmacies, the retailer planned to do the same in other areas of healthcare.

But the healthcare business was tough to crack for Walmart against big hospitals and health systems. All Walmart associates with Walmart Health are eligible to transfer to any other Walmart or Sam's Club location. If after 90 days, they don't transfer or leave, eligible associates will receive severance benefits.

Walmart Health's provider partners will continue to serve existing patients while clinics are open. These providers will be paid for 90 days through their respective employers, after which eligible providers will receive transition payments.

Walmart said in a statement, "We are deeply grateful to these associates and providers for their caring service to patients in our communities and to the patients who trusted us with their care."

Walmart continues to operate its pharmacies and vision centers. ■







# inVio Health and CVS Partner

Collaboration aimed at increasing Medicare patients' access to value-based health care across South Carolina.

**CVS Accountable Care Organization, Inc. and inVio Health Network have** partnered to increase Medicare patients' access to value-based care across South Carolina. CVS Accountable Care is a division of CVS Health. The companies announced a collaboration to participate in a Medicare model through the Center for Medicare & Medicaid Innovation (CMMI). The new Accountable Care Organization (ACO) Realizing Equity, Access, and Community Health (REACH) program focuses on reducing barriers to receiving care.

CVS and inVio Health Network's goal together is to provide coordinated, patient-centered care to improve the health, clinical outcomes, and satisfaction of patients with Medicare. Since 2015, inVio Health Network and its partners successfully managed Medicare patients through MSSP, reducing costs for more than 60,000 Medicare patients.

inVio Health Network is of the largest integrated networks in the Southeast. Prisma Health Upstate and Prisma Health Midlands Networks operated as two separate organizations before, coming together in 2021 to form the inVio Network. The agreement continues to build on the Medicare Shared Savings Program (SSP), which is a similar CMS

program that ensures patients have access to equitable care.

CVS Accountable Care is a risk enablement and management partner associated with CVS Health. CVS Accountable Care financially supports providers on a path with different programs and service models to meet providers where they are. The sector of the company began in 2023, enabling 200 plus health systems and 70,000 clinicians in care contracts, improving care for over one million Medicare patients.

CVS Accountable Care will utilize their understanding of inVio Health Network's community needs through provider enablement, aiming to improve not only patient care but also community outcomes, while also strengthening care coordination for patients.

"We are on a collaborative value-based journey with our physicians and health-care clinicians to improve the quality and health across South Carolina, regionally, and nationally," said Dr. Bill Gerard, CEO of inVio Health Network, "This new model allows us to provide enhanced resources and clinical services across our network where we will be collaborating with MinuteClinic locations across South Carolina to be part of our network's ACO REACH program. We look forward to the incredible opportunities ahead as we transform healthcare together."

"Innovation programs and collaborations like these help us make a meaningful difference in the lives of Medicare patients across the United States by enabling more connected, effective care experiences for people who need it most," said Dr. Mohamed Diab, president, CVS Accountable Care. "Together, we are increasing access to value-based care, which can improve outcomes for Medicare patients while achieving lower costs." ■

# Tenet's New Era

IDN offloads regional hospital assets, invests in ASCs and soars in Q1.

Dallas-based Tenet Healthcare Corp. (NYSE: THC) reported first quarter net operating revenues of \$5.37 billion, beating the consensus of \$5.15 billion, and adjusted its fiscal year 2024 earnings outlook by an extra \$215 million.

This while the company sold select hospital operations like two California hospitals for \$550 million to Adventist Health in March and the University of California agreed to buy four hospitals from Tenet for \$975 million in February. It has entered into a revenue cycle services partnership with Adventist Health.

But it's positioned to replace the pre-tax earnings of those sold facilities and others, according to Chairman and CEO Dr. Saum Sutaria, due to its outperformance in the first quarter as well as adding multiple ambulatory surgery centers (ASCs) to its portfolio. Tenet operates in two segments – acute-care hospitals and ASCs. And ASCs are valued more highly than hospitals.

### Investing in ASCs

The gross proceeds from the hospital sales helped Tenet retire billions in debt, repurchase \$278 million worth of common stock and direct \$450 million of capital to its ambulatory business unit, United Surgical Partners International (USPI), which grew its net operating revenues by almost 10% year over year.

According to New York-based investment manager Steamboat Capital Partners, Tenet began selling regional hospital assets at after-tax valuations above what investors use on a pre-tax basis because it was frustrated that the market wasn't giving enough credit for



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1. Kochanek KD, Murphy SL, Xu JQ, Arias E. Mortality in the United States, 2022. NCHS Data Brief, no 492. Hyattsville, MD: National Center for Health Statistics. 2024. DOI: <https://dx.doi.org/10.15620/cdc:135850> Baxter, Hillrom, and Welch Allyn are trademarks of Baxter International Inc.

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almost half of Tenet's earnings coming from ASCs.

Dr. Sutaria says the valuations were a recognition of Tenet's work over a half decade to focus hospitals on high-acuity procedures generating strong profits. That offers an attractive base to build an expansion upon, he said. Packaging these hospitals with surrounding complementary sites that offer low-acuity cases and direct other consumers to the hospitals has allowed Tenet to be more opportunistic with its divestitures.

Meanwhile, its subsidiary USPI is on pace to meet its goal of 575 to 600 ASCs by 2025. It added about 30 ASCs in 2023 via M&As and de novo opens, and 45 more in the first quarter of 2024. It now has interests in over 500 ASCs, and it plans to spend about \$250 million in 2024 on M&As and de novo investments.

Dr. Sutaria says Tenet is in a new era with a higher proportion of its performance generated by ASCs. USPI reported \$995 million in first quarter revenue, while adding 32 service lines year to date – all while Tenet sold nine hospitals in California and South Carolina during that same quarter. The company expects to report approximately \$5 billion in the second quarter and over \$20 billion in full year revenues.

### Is a larger trend emerging?

Large health systems like Tenet continue to realign their portfolios. Tenet was the most active in the first quarter but Quorum Health, CommonSpirit Health and Ascension each had two divestitures in the quarter, while HCA Healthcare had one. Approximately 40% of the first quarter transactions



The 20 transactions featured four mega mergers including:

- ▶ Tenet's sale of four California hospitals to UCI Health.
- ▶ New York-based Northwell Health acquiring Connecticut-based NuVance Health.
- ▶ University of Minnesota acquiring M Health Fairview University of Minnesota Medical Center.
- ▶ Health Assurance Transformation Corp. (HATco), a subsidiary of venture capital firm General Catalyst, acquiring Summa Health System.

It's a slow but steady climb out of the pandemic as total transactional revenue for the first quarter was near a historical high of \$12 billion,

## Kaufman Hall reported that 40% of American hospitals continued to lose money into 2024 and the healthcare advisor anticipates continued financial headwinds to be a significant factor in M&A moving forward.

included portfolio realignments, according to Kaufman Hall.

The first quarter saw 20 announced transactions, representing the strongest first quarter for the industry since Q1 2020. But while there may be signs of industry performance stabilizing, it may not be enough to ensure long-term sustainability. Kaufman Hall reported that 40% of American hospitals continued to lose money into 2024 and the healthcare advisor anticipates continued financial headwinds to be a significant factor in M&A moving forward.

driven by the four mega mergers. The 20 transactions exceeded the number of transactions in the first quarter of 2021, 2022 and 2023 and more transactions are anticipated in 2024 than in previous years.

Financial pressures will drive most transactions as many hospitals will continue to see tight margins in 2024 and about 28% of the 65 announced hospital M&As in 2023 were driven by hospitals in financial distress. Meanwhile, health systems in good financial standing could seek mergers to stay competitive in the changing landscape. ■

# Do the Math

Does it make sense to supply your non-acute sites through self-distribution or a non-acute distributor? A veteran IDN supply chain leader shares his perspective.

## David Hargraves has a well-rounded view of the U.S. healthcare supply chain.

He currently serves as CEO of Pharma Logistics, a leading pharmaceutical reverse distributor. Prior to that, he worked on the GPO side as Senior Vice President, Supply Chain Services at Premier.

Before either of those roles, he helped lead one of the nation's most renowned supply chain teams at UPMC for nine years. Part of Hargraves' legacy at UPMC was setting up the distribution center that is still in use today. UPMC has been self-distributed in some shape or form for over 20 years. By bringing products in bulk to the distribution center, the IDN hoped to create greater efficiencies logistically, lower costs with manufacturers and enhance a greater service level with the acute hospitals.

But what Hargraves took away from that experience is that while self-distribution made sense for the large acute facilities, that wasn't always the case with the non-acute sites. The math didn't always add up.

"I'll say this, with one notable exception, no one that I'm aware of does full self-distribution, meaning every item at every level to every facility," he said. "It's not economically viable. With the size of the warehouse you'd need to stock every single SKU ... it's just not possible. All IDNs are hybrid to some degree."

"I agree with David," said Brad Clark, Vice President of Strategic Accounts, Henry Schein Medical. "At Henry Schein,

we have some IDNs that completely outsource their non-acute distribution to us while others leverage us across product categories including medical surgical supplies, equipment, laboratory, pharmaceuticals and/or vaccines. We are built to ship in low unit of measure, directly to the non-acute facilities while also supporting CSCs that are owned and operated by the IDNs. At the end of the day, it comes down to ensuring the right product is where it needs to be while having a distribution partner that provides an overall value to the IDN."



David Hargraves

## Factors to your distribution strategy

Indeed, there is more than one way for an IDN to service its acute and non-acute facilities. The most common is a replenishment model, where the IDN brings supplies in bulk to a distribution center where they inventory, pick, and then bring it out to various locations. One of the benefits to this is it eliminates having the asset inventories at every hospital doing the same thing. There's a benefit to freeing up space within the hospital walls to put it to more use for clinical care rather than storage of supplies.

IDNs may also choose to use cross-docking, where items come in via a common carrier like FedEx and UPS. Healthcare systems can choose to centralize that as well. The general benefit of cross-docking is a reduction of FTE because you don't need receiving personnel at every hospital location. You can also track supplies better and look for trends to reduce some of the cost.

The question every IDN must ask itself with these models is, can you still service every location? What about the frequency needed? What about distance? How much do they order? Those factors will all be very different for non-acute sites.

As a general rule, if you have a distant location ordering a small quantity, almost no matter what the frequency,

sending a lone truck or van out to that site is simply not economically viable.

Hargraves said that when he was at UPMC, there were small locations such as a 30-bed rural facility that were an-hour-and-a-half out from the distribution center. It made more sense to keep those with a larger national distributor who might already be operating in the area rather than self-distribute. “Fundamentally, the question supply chain leaders must ask is what’s the most efficient, lowest cost way to get the caregivers the products they need?”

Taking that idea one step further, non-acute facilities such as ambulatory surgery centers, imaging centers, cancer centers, physician offices, urgent care centers, etc., might be physically close to an IDN’s distribution center, but their average order sizes are very different

than the 300-, 500-, 800-bed urban hospitals. Think cases and cartons vs. pallets.

Those non-acute locations also typically didn’t have much storage space to put excess inventory, and no supply chain professionals exclusively devoted to receiving the product. Broadly speaking, when Hargraves and his team ran analytics on the costs involved in supplying the non-acute facilities during his tenure at UPMC, they found it was more efficient and less expensive to have a non-acute distributor service the majority of those locations than it was to service them through the IDN’s central distribution center.

Similarly, just as Hargraves and his team discovered the efficiency of having a non-acute distributor service most locations rather than relying on the central distribution center at UPMC, Hargraves

is leading his team to transform the pharmaceutical reverse distribution industry.

At Pharma Logistics, Hargraves has worked with his teams to materially expand available capacity, deliver substantial cost savings to customers, improve return credit visibility, and ensuring Pharma Logistics continues to maintain the highest compliance standards in the industry.

### New care settings

Another factor to consider is that care is moving outside the four walls of the hospital. “In general, it’s a better service for the patient and it’s a lower cost for the health system,” he said. “You add those two things together – it’s better and cheaper – you’re not going to stop that.”

The question is, will distributors and IDN’s adapt? Is that a new service that an IDN self-distributes? Or is there blending and blurring of lines in new services offered by distributors? National distributors have more people, more locations, and are used to doing small order sizes, kitting and customization. “There are some distributors out there doing it already, and some leading IDNs are really breaking ground and moving towards that today,” Hargraves said. “But I do think it’s the future.”

Yes, a big IDN with a distribution center could service its non-acute sites. But for the vast majority of them because of order size, service level, stocking, and the cost to transport, using self-distribution for those sites does not add up. “Your mileage may vary in any given location, but if you look broadly across the U.S., when you just get down to it, it’s more efficient, at a lower cost and higher service level to take care of those through a non-acute distributor.” ■

## Pros vs. Cons

**Supply chain leaders should consider the following four factors in their distribution strategy when servicing non-acute sites.**

**No. 1: Volume.** Running a distribution center is a business of scale. You need to have a volume that makes sense for the cost of the building, staff, and equipment inside. Can you properly stock the supplies needed by the non-acute sites and ship them at the right sizes?

**No. 2: Standardization.** Driving standardization lowers your cost. Is it easier to manage through a national distributor?

**No. 3: Location and routes.** The logistics of running those routes is a science. Where are you going to run? What size truck do you need? What time of the day are you going to run and deliver it?

**No. 4: Cost.** Pulling all your data together, what’s the cost to do it yourself vs. your cost to have a distributor do it?

# Prioritizing Non-Acute Care



## A Partnership that Delivers:

- Non-acute distribution model designed for price transparency and efficiency
- Customized and collaborative approach to growth and standardization delivering clinical, operational, and financial benefits
- Clear sight lines to drive visibility across the entire non-acute continuum
- Cost containment strategies and opportunities for savings across the network without compromising quality patient care
- And more

# Honoring the Pledge

AdventHealth's supply chain is fully engaged in meeting the health system's bold sustainability goals.

BY DANIEL BEAIRD

## Supply chain leaders play a critical role in reducing the

carbon footprint of hospitals and health systems. To that end, Altamonte Springs, Florida-based AdventHealth, and its supply chain team in particular, has been on a journey to discover how it can lessen its environmental impact. It estimates that its supply chain activity accounts for up to 40% of its emissions footprint, while another 40% is estimated to be tied into its investment portfolio.

In October 2022, AdventHealth signed the U.S. Department of Health and Human Services' (HHS) Health Sector Climate Pledge – a commitment to reduce its Scope 1 and Scope 2 emissions by 50% by 2030 and to get to net zero by 2050. Scope 1 emissions include direct greenhouse gas emissions from sources that an organization owns or controls directly, while Scope 2 emissions include indirect purchased energy that comes from the energy an organization purchases and uses.







## HONORING THE PLEDGE

Five potential levers for AdventHealth to achieve its 2030 emissions reduction goal, based on financial and operational considerations, include:

- ▶ On-site renewable energy generation.
- ▶ Virtual power purchase agreements (VPPAs).
- ▶ Energy efficiency improvements.
- ▶ Grid greening.
- ▶ Utility Partnerships (community solar programs)

In particular, AdventHealth sees on-site renewable energy generation and power purchase agreements serving as significant contributors to reducing their Scope 1 and 2 emissions.

### Reducing Scope 3 emissions with suppliers

Meanwhile, supply chain leaders enter the critical work with Scope 3 emissions, which are other indirect emissions. These emissions come from upstream and downstream operations, including supplies, purchased services, investments and business travel.

Marisa Farabaugh is senior vice president and Chief Supply Chain Officer for AdventHealth and says the health system has been working with its suppliers to collect data measuring Scope 3 emissions to help understand their decarbonization initiatives.

Many suppliers are early in their decarbonization journeys. To help its suppliers along, AdventHealth will soon be requesting information in its RFPs and through other discussions to make clear to suppliers that it is focused on sustainability.

“When we talk about this with our supplier community, we truly hear the gamut. Some suppliers are already on this



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journey and have been abating their carbon footprint for many years,” Farabaugh said. She says those suppliers are working on more sophisticated solutions at the manufacturing level and even at the supplier community level.

“They’ve got the education and the understanding, and they’ve moved upstream to abate their carbon footprint,” she added. “But there are other suppliers that don’t always understand environmental sustainability and how to unpack their own carbon footprint.”

Farabaugh thinks the provider community needs to highlight the importance of this to its suppliers.

“As health systems, we need to come together and show this is important to us,” Farabaugh explained. “If we are all uniting around the work, it will drive the

supplier community who are not already on this journey.” But education is still needed on the provider side, too.

“The provider community – and in particular the chief supply chain officers or supply chain leaders – are beginning to understand their role in this,” she said. “There are still gaps in education for the provider leadership in understanding how much of their carbon footprint is tied to the supply chain.”

It’s a complex undertaking given the number of items a provider like AdventHealth purchases and the number of suppliers that support their needs. So, AdventHealth is launching a platform to help complete its annual carbon footprint work and to help complete hybrid accounting in the supply chain space, giving ‘credit’ and acknowledging

the suppliers that are progressing in their decarbonization efforts.

“We’re in our third year now of calculating our carbon footprint across the organization. Early on, we learned the data was showing us that supply chain accounts for up to 40% of our overall footprint. That’s a lot of emissions attributed to the supply chain. So, when we think about addressing Scope 3 emissions, it’s imperative that we have our trading partners and other provider supply chain leaders at the table,” Farabaugh said.

### Signing the HHS Health Sector Climate Pledge

When AdventHealth signed the HHS Health Sector Pledge, it tasked



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Farabaugh and Rob Roy, senior vice president and chief investment officer for AdventHealth, to co-lead the space and help create a plan and roadmap for the health system to tackle its Scope 1, Scope 2 and Scope 3 emissions.

Over 130 organizations have joined the HHS Health Sector Climate Pledge, which was launched on Earth Day 2022, demonstrating a commitment to lowering greenhouse gas emissions and building more climate resistant infrastructure. HHS publicly recognized AdventHealth for installing more than 1,800 solar panels on its parking garage. AdventHealth is also actively under construction for a solar project on their corporate campus that will be one of the largest solar projects on a business campus within the state of Florida. This project is 3 MW, is expected to generate 30% of clean energy for the campus and provide 62 EV stations on their campus.

The HHS Health Sector Climate Pledge is still open and health sector groups are encouraged to sign on. Pledge signers commit to:

- ▶ Reducing organizational emissions by 50% by 2030 (from baseline no earlier than 2008) and achieve net zero by 2050, publicly accounting for progress on this goal every year.
- ▶ Designating an executive-level lead for their work on reducing emissions within six months of signing the pledge and conducting an inventory of Scope 3 emissions by the end of 2024.
- ▶ Developing and releasing a climate resilience plan for continuous operations within six months of signing the pledge, anticipating the needs of groups in their community that experience disproportionate risk of climate-related harm.

“I’ve learned a lot,” Farabaugh said. “It was a space that I had passion in, but not a lot of technical expertise. It’s been a fun journey to learn so much with a key group of people internally and externally who have helped educate us. I am deeply grateful for the partnership with Rob Roy and Kate Reid on this work and all the contributions of our lean environmental sustainability core team. We are blessed to have our CFO, Paul Rathbun, and our CEO, Terry Shaw, both highly interested and committed to the work.”

**“We’re conducting a facility condition assessment right now of major plant equipment across our more than 50 hospitals within nine states to understand the life of the equipment and to better understand the energy usage of this equipment.”**

### Two Texas farms and AdventHealth’s roadmap

Putting together the full roadmap for AdventHealth’s 2030 and 2050 goals is Farabaugh and Roy’s responsibility.

“Our first focus was on our 2030 goals. We have a plan to reduce our Scope 1 and Scope 2 emissions by 50% by 2030 as our primary focus. Last December, we executed two virtual power purchase agreements (VPPAs), one of which is a wind farm in Texas that’s producing clean energy via wind, and another is a solar farm to be built in Texas that will produce clean energy via solar,” Farabaugh explained.

Through those VPPAs with key strategic partners, AdventHealth will offset renewable energy credits for

its electricity needs. With the size of these agreements, this will position AdventHealth to be 100% on renewable electricity by 2026.

“The HHS pledge calls us to a 50% reduction in Scope 1 and Scope 2 emissions by 2030 and with just moving to the two VPPAs that we’ve executed on, we’re actually exceeding that 50% goal by four years earlier – in 2026 – than the target time period,” she said. “We’re conducting a facility condition assessment right now of major plant

equipment across our more than 50 hospitals within nine states to understand the life of the equipment and to better understand the energy usage of this equipment.”

AdventHealth’s current assessment, target setting, planning and communication activities mark the beginning of its environmental sustainability work. They will become part of an iterative process that will evolve as standards and technologies continue to change.

“We’re highly tied into the journey,” Farabaugh said. “We have a great team to help think through the process, communicate it out, and help to drive this monumental change that ultimately will drive toward our mission of helping our communities feel whole.” ■

# Leveraging Sustainable Practices in Healthcare Manufacturing

**Introducing sustainable practices into the healthcare space is not only imperative to protect the environment, but also necessary to optimize and improve the healthcare supply chain.** For many, sustainability and emissions reduction can feel like a nebulous, constantly moving target, especially when they don't understand how to move towards sustainable practices.

That's where the data comes in!

In a recent podcast, Jenna Agins, the Assistant Director for Energy and Sustainability for NYU Langone Health system, and JoAnna Abrams, the CEO of MindClick, spoke to *The Journal of Healthcare Contracting* about sustainability in the healthcare industry, the collaboration between NYU Langone Health and MindClick, and the large role that data plays in improving sustainable practices.



Jenna Agins



JoAnna Abrams

## Reducing carbon emissions at NYU Langone Health

Through a partnership with MindClick, NYU Langone is working towards more sustainable practices by leveraging its collected data. MindClick is a sustainability data and analytics company that helps their customers tap into quality data and analytics that will help to measure and drive progress for the sustainability of products purchased by health systems.

MindClick also partners with suppliers like B. Braun to gather data about their products and overall operations. Abrams said, "We help translate that information into a format that people, like Jenna, can use to track their progress and collaborate to make modifications to the ways in which products are brought to market that support their sustainability goals."

Sustainability is a team sport, requiring participation from both providers and suppliers to be effective. When these organizations are equipped with the data that they need to make the necessary adjustments, it makes a significant impact on supply chain practices, as well as the cultures of these organizations, leading to more sustainability down the road.

Agins said, "We have a very substantial carbon neutrality goal for [NYU Langone Health]. That means all parts of the health system need to be working in tandem towards reaching those goals. This encompasses every part of our operations, which means tackling our supply chain, the largest portion of our Scope 3 emissions. We

are developing a comprehensive carbon inventory that includes those Scope 3 emissions, so that we can understand where we can and should be making changes and progress quickly.”

Her team will then use the data collected to develop long-term goals that will contribute to NYU Langone’s carbon neutrality goal and “more aggressively target embodied carbon” in all of their purchases and operations.

### Collaborating for sustainability

One of the challenges that the team at NYU Langone faces each year is amassing the necessary data tied to individual SKUs or items to avoid certain dangerous chemicals, as well as the ability to track how much they were spending in specific product categories that meet the minimum performance threshold for those products.

Abrams said, “This is an enormous undertaking – there are not enough resources to go to each supplier and get into the level of SKU detail in a way that you can trust the confidence and the quality of the data, and then finally submit your own reporting without the help of an organization like MindClick. We came to support NYU Langone in pulling that data together, ensuring the quality of it, and helping their team produce the analytics that they were looking for.”

The team at NYU Langone has been committed to reducing the “chemicals of concern” in their furniture and other furnishings for quite a while, but any organization with over 13 million square feet of space would have trouble completing the task on any comprehensive level.

“Our Interiors team is really committed to reaching its goals around

these issues,” Agins said. We’re a health system, so the health of our staff and patients in the facilities in which they work or are being treated is paramount for us. We’ve been working towards these long-term goals, but it becomes increasingly challenging as we continue to grow as a health system.”

She said that Abrams and the rest of her team at MindClick were able to step in to show the impact of the choices the organization is making as a whole. “Who are our best suppliers? How can we move more of our business towards those suppliers that are meeting the criteria?”

MindClick has tapped into a way for suppliers to commit to eliminating any known chemicals of concern, which

is only one of the metrics under the environmental sustainability umbrella. The biggest obstacle that healthcare organizations have faced in their sustainability practices is getting the data on the quality of the purchases and their choices in suppliers.

Abrams says that information and data they have collected has helped distributors and manufacturers better support organizations like NYU Langone Health to meet those goals.

She said, “The distributors we’re working with have struggled over the years as to how they can support their customers. By bringing in a partner like us, we can provide the flow of information through all the partners in the supply chain.” ■

## Behind the Ratings

The MindClick Sustainability Assessment Program (MSAP) was created through the Hospitality Sustainable Purchasing Consortium in collaboration with the USGBC, designers, purchasing agents, sustainability experts, and 20 FF&E vendors.

MSAP rates social and environmental impacts throughout the product life cycle. MindClick assigns a score out of a possible 200 points based on 9 key metrics.

Certifications and eco-labels provide the proof points. MSAP consolidates the results through ratings, making it easy to compare products and performance and buy better.





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# From Here to There

Determining ways to strengthen the supply chain's efficiency, value and impact on care and the environment.



## From his vantage point as president of Advantus Health Partners and Chief

Supply Chain Officer of Bon Secours Mercy Health, Dan Hurry believes the financial squeeze that U.S. healthcare providers have experienced over the last few years is unsustainable. New advances in technology are being introduced to the market – robotics, novel drugs, surgical tools and procedures – but the way providers get reimbursed remains the same.

“When you squeeze or remove margin, it naturally creates a pinch on what we do in supply chain,” Hurry said. “How do we manage that? How do we get around it?”

Today’s leaders need to be more thoughtful and comprehensive of how

they view the supply chain’s impact on the continuum of care. It will take a shift in thinking from contract management to true supply chain management.

How do we get there? Hurry provides a few ideas in a recent discussion with *The Journal of Healthcare Contracting*.

## Data transformation

There are more and more great insights coming through technological advances, but the U.S. healthcare supply chain still has one great weakness – an absence of a uniform language. There is no common UPC or UDI to standardize data and create absolute visibility into the supply chain. The industry has been too slow to adopt.

That lack of uniformity has been a source of frustration and bewilderment for Hurry, who came from the retail world where every item could be tracked through a standardized process.



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“It’s not a matter of the ability to do this,” said Hurry. “I think you’ve got market forces that don’t want continuity of the insights into pricing where platforms can tell you Widget A costs a certain amount in Houston but costs a different amount in Boston and Chicago. Right now, that doesn’t exist.”

“Capability is not the issue. It’s the desire and impetus because what comes after common language is common insights. Once those walls get broken, the technical side will move quickly,” he said.

Today, though, not even 50% of the products in most hospital and health system item masters have something resembling a UDI that the IDN can use for a universal language. “When we think about the digital side of what we do, if you don’t have that common language, it’s hard to make sense of the data and the insights,” said Hurry. “Even insights from AI are built off common language. So, how do we build the infrastructure?”

Over the last few years, Advantus has partnered with SupplyCopia to develop a platform that will glean insights from several million lines of data.

“We have this rich information from our data lake that can tell us where we use things, how we use things, and who we use them for,” Hurry said.

Through the platform, anybody on the supply chain team can now ask a question and get near instantaneous visibility into a product category. For instance, someone can get the answers to how many total joints were done during a certain time period, how many of those were done with one specific supplier, and what the readmission rate was.

“We’ve never had this kind of speed to an answer,” Hurry said. “The only challenge with it is that it works well in our

data lake, but doesn’t necessarily transform where anybody else can plug into it, because it’s subject to the data that’s built into the infrastructure. We are a large sample size, so we get good insights, but hopefully the next evolution will be a common language as an industry.”



Dan Hurry

## Sustainability

Sustainability should not be a do-it-yourself project for today’s IDNs. Bon Secours Mercy Health uses a mix of industry partnerships and internal reviews to enhance its sustainability efforts.

For example, one industry partner, the Healthcare Anchor Network (HAN) catalyzes health systems to leverage their hiring, purchasing, investing, and other key assets to build inclusive local economies to address economic and racial inequities in community conditions that impact poor health. Another industry partner, Practice Greenhealth, is a leading sustainable health care organization, delivering environmental solutions to more than 1,400 hospitals and health systems in the U.S. and Canada.

In 2021, Bon Secours Mercy Health was one of 12 health systems that signed the Impact Purchasing Commitment (IPC) to build healthy, equitable, and climate-resilient local economies through how they spend their dollars. The commitment directs health care purchasing toward industries that decrease their carbon footprint, produce safer products and services, and grow economic opportunities for people of color- and women-owned businesses by at least \$1 billion over five years. Health system signatories committed to adopting sustainable procurement goals, which help build additional momentum garnered by hospitals in the Practice Greenhealth network to purchase goods and services that minimize damage to community health and the environment. The commitment was designed by the Healthcare Anchor Network in partnership with Health Care Without Harm and Practice Greenhealth.

Internally, Advantus, as the supply chain team for Bon Secours Mercy Health, looks at their environmental impact in some simple – but effective – ways. “For instance, the more we can get into consolidated distribution (i.e. everything going on fewer trucks thus fewer vehicles on the road), the better off we are with the environment because your current footprint completely changes in the energy or consumption that takes place,” said Hurry. “To move those things the final mile like we do is certainly reduced in that effort. We’re constantly looking at simplified logic to make an impact. Measuring it is yet another challenge on having to get true throughput on whatever carbon emissions or water intake might be. This process involves continuous learning.”

## Resiliency

The debate over onshore manufacturing versus overseas manufacturing has gone back and forth over the last few years due to economic factors. Bon Secours Mercy Health has a new partnership with a company that's about to open a large manufacturing center in Ohio for domestic production of PPE products, and Advantus will be the first health care client for the new company. "We'll continue to grow and support that while balancing it with the global equation," said Hurry.

During the pandemic, shortages of PPE and assorted med/surg supplies garnered most of the headlines. But the

reality is, pharmaceuticals have been going through the same issues long before the pandemic hit and still do today. "Probably on average, we manage about 70 pharmaceutical shortages every single day," said Hurry. "Whether the shortage is about to come, it's here, or we just came on the other side of it, on a day-in-day-out basis, there are a lot of drugs that we look at with a very fine-tooth comb."

Fortunately, because of Advantus's inventory strategy, the hospitals and health systems that they work with have not experienced a drug shortage. "We're getting ahead of it and not being as reactive to what happens," Hurry said. "Craig Wright

and the pharmacy team overall do a tremendous job staying ahead of that." This July, Advantus will open a distribution center exclusively for pharmaceutical products they believe are distressed or a challenge to augment their efforts operationally.

Advantus approaches its supply chain resiliency in several well-defined stages. The closer the product gets to the point of use, (bedside, OR, cath lab, etc.), the shorter the days on hand. In those settings, a health system might stock a week's worth of supply. However, the supply is built with redundancy, because upstream, depending on the criticality of items, there may be another 30 days' worth within the basement of every site.

Further upstream with distribution partners, there may be upwards of six months of supply because of an IDN's strategic relationship with them. So, if there is a shortage or disruption, it rarely impacts the provider at the point of care.

"If there is a shortage, we're looking at it upstream and asking when it would impact us and would it impact us at all," said Hurry. "If this is a three-month issue or a concern with a particular product mix, and it happens to be on our list of where we're carrying six months, technically it's not a problem for us. We're aware of it, we're going to stay ahead of it, we're going to keep an eye on it, we're going to manage it accordingly, but it never becomes a problem for us. That's what we differentiate. We relate that it's a problem and we identify that problem. It only becomes a problem if we don't have it when somebody needs to use it."

All those incremental steps are managed. "I wish more people did something like that in the industry, because their distributors will be good partners in supporting those efforts," concluded Hurry. ■



# Navigating Market Shifts

How hospitals succeed with clinically-led strategic sourcing and total cost management

**Hospitals and health systems constantly balance the need to deliver quality care while running a successful business.** As shifts in sites of care, payment models and patient choices drive macro changes, how do providers deliver exceptional care while maintaining financial performance?

According to HealthTrust Performance Group (HealthTrust), a leading healthcare performance improvement company, organizations should consider the following to successfully navigate these market shifts:

## Empowering acute and non-acute care organizations with total cost management

ASC innovation around surgical and anesthesia techniques, as well as recovery strategies, has been a major contributor to the decreasing number of procedures on the CMS “inpatient only” list. That’s good news for patients, but the impact on hospitals is significant.

In response, hospitals are reevaluating their care delivery strategies by consolidating activities, analyzing value streams to remove waste, and seeking economies of scale. Simultaneously, non-acute care organizations like physician offices and ASCs are engaging in similar work to improve efficiencies.

## Harnessing physician input for shared decision-making

Healthcare organizations that will succeed in today’s challenging environment are



those that engage physicians in shared decision-making and collaboration, particularly when focusing on growth areas that ASCs can’t capture.

“It’s important to have conversations with physician leaders to identify potential commodity savings so organizations can stand up businesses for new growth,” said Dr. Young, HealthTrust’s Chief Medical Officer. “With cardiology, for example, if you want to start a complex EP program or TAVR program but have a lot of variation in drug-eluting stents, those are essentially commodities with existing standardization opportunities.”

## Optimizing healthcare value – HealthTrust’s impact across diverse care settings

Healthcare organizations recognize that GPO and contracting services alone aren’t

enough to manage financial performance. In response, HealthTrust has built capabilities around its core GPO, focusing on labor, purchased services, and clinical and operational efficiency improvements.

“Our members expect us to have a differentiated market value and to simplify everything as much as possible,” said Dr. Young. “That means an easy-to-use contract portfolio, operational guidance and strategies that promote efficiencies. They want transparency in the supply chain, analytics and the business, as well as supply chain resiliency and business continuity plans.”

HealthTrust offers the same robust contracting, clinical strategy services and seamless contract portfolio to acute care members and to non-acute physician practices and ASCs through HealthTrust’s AdvantageTrust group. HealthTrust has a unique viewpoint of the market through both acute and non-acute lenses, leading to a broad perspective and ability to identify areas members should prioritize.

HealthTrust is committed to helping all members understand policy, payment and regulatory factors, as well as market dynamics. Based on this knowledge, organizations can conduct scenario planning and identify the best ways to deal with today’s evolving business environment.

With the inevitable shift in care taking place, the need for strategic partnerships that deliver meaningful value are increasingly necessary. Learn more about how HealthTrust provides strategies for success at [healthtrustpg.com](http://healthtrustpg.com). ■

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# Cybersecurity Issues Threaten, Test Healthcare Supply Chain

Partnering with IT helps to construct digital rampart around transactional data.

BY R. DANA BARLOW

**Editor's note:** *The following is part 1 of a series of articles on cybersecurity in the U.S. healthcare system.*

## **Burgeoning cyberattacks against healthcare provider organizations, payers, suppliers, vendors and retail**

corporations continue to make headlines and tax both the defensive and offensive playbooks of the victims, no matter how many resources – financial, operational, technological or workforce – they erect to fortify and shore up IT infrastructure.



In fact, a wealth of studies and surveys hearkening back to the pre-pandemic years show that healthcare organizations are still playing catch-up in a desperate but perpetual chase toward cybersecurity throughout the enterprise.

The digital realm in which healthcare supply chain operates comprises networks and clouds accessed internally by large groups of staffers and contractors as well as externally by remote versions of the same, a trend accelerated by the global pandemic.

Much of the media coverage on cyberattacks in the U.S. healthcare sector centers on breaches for financial and patient data rather than on product and service strategic sourcing, contracting and transactions, but this doesn't lure supply chain executives into a false sense of security.

Whether hackers electronically reach into contracting catalogues, email systems, product and purchasing databases all linked with clinical, financial and patient systems, hackers and hacktivists (from thrill-seeking enthusiasts to hired contractual goons or corporate stooges) know how to navigate their way through the complex web of confidential, private and heretofore thought-to-be-secure information via data breaches, phishing scams and ransomware attacks.

Factor in artificial intelligence (AI) either as a new defensive or offensive weapon, and depending on your intent, the digital fortress under which you operate that is designed to protect servers, desktops, laptops, tablets, mobile smartphones, likely no longer feels impenetrable. It's enough to motivate a yearning for those analog days of fax machines, land lines, pagers and sticky notes.

### Fortress of certitude

Supply chain executives at some of the leading integrated delivery networks (IDNs) across the country express confidence in their cybersecurity playbooks for both defensive (protective) and offensive (preventive) measures. They acknowledge the need for comprehensive and ongoing risk assessments linked with information security executives like never before.

**While we understand the basic requirements and standards associated with cybersecurity, our IT Security Team – and consultants under management of IT – conduct the assessments, determine risk and work with the supplier to ensure appropriate mitigation is put in place per the risk.**

In the past, supply chain largely relied on inventory management systems, materials management information systems or supply chain modules of enterprise resource planning (ERP) systems, but nowadays the software spread extends to a variety of integrated business intelligence tools that include contract and customer relationship management, demand management, lifecycle costing and warehouse management specialties that can incorporate robotic process automation (RPA) and internet of things (IoT)/machine-to-machine (M2M) communications with external equipment.

One of supply chain's fundamental tactics involves working with IT and collaborating on a business partner assessment questionnaire.

"Mayo Clinic has a comprehensive intake and lifecycle third-party risk management process," said Bruce Goff, senior

director, Category Management, Supply Chain, who oversees third-party risk management for the Rochester, Minnesota-based organization. "The TPRM process is managed by our Supply Chain, but actual risks and their severity are defined by our IT, cybersecurity, compliance, and other areas. As risks are identified, risk management tasks – mainly related to contract language and obligations – are

defined. Higher risks that are outside norms are escalated to the appropriate oversight committee. After an agreement is executed, there is an implementation assurance process before go-live. Finally, during the course of the contract, we also conduct lifecycle management activities on a one-, two-, or three-year cycle depending on the level of risk or if the vendor has a security incident."

Joe Dudas, division chair, Supply Chain Management Innovation and Planning at Mayo, emphasizes supply chain's hands-on involvement in this process as opposed to shifting accountability and responsibility to IT alone.

"Our most senior leadership is engaged in this as is our Chief Supply Chain Officer (Jim Francis) who governs the process and oversees the results," Dudas noted. "Supply Chain is the active manager of our TPRM processes – meaning

all our supplier relationships – and built into our procurement and supplier relationship processes. While we understand the basic requirements and standards associated with cybersecurity, our IT Security Team – and consultants under management of IT – conduct the assessments, determine risk and work with the supplier to ensure appropriate mitigation is put in place per the risk. This is comprehensive, not limited to supply chain systems.”

Any organization, regardless of location, size or type, can and should apply this logic to their own processes, according to Goff.

## Every device you buy – whether it be minor equipment, capital, blood pressure cuffs, IV pumps, compression sleeves – everything is connecting to the internet so you can integrate it with your network.

“[Mayo Clinic] has a very integrated and clinically driven supply chain function,” Goff said. “We work across all categories of supply – direct, indirect, purchased services. So, we already occupy a key position. For organizations not as integrated, the function needs to be located and empowered to facilitate these issues based upon your culture. It also requires a strong internal customer service attitude so that things stay moving.”

“The bottom line is that no department gets a pass or can throw it over the cube wall,” he continued. “Design a process that takes in various data points so they can review through their risk lens. Put some reasonable turnaround metrics in place that are sized for your organization.

Try to document decisions so that over time you have more objectives – think playbooks – for faster and more consistent decision making. That is doable at all-sized organizations.”

Mayo Clinic’s assessments are multi-dimensional and are based on the criticality of the system, the information contained and transmitted and the vulnerability per architectural, security, finance and historical risks, etc., Dudas insisted. “We would not purchase a system or enable it if risks were high and not mitigated,” he added.

Goff cited the use of “offshore services” as one example “where we

have less control and less information to analyze the risk.”

### Parallel pathways

At BJC HealthCare, St. Louis, supply chain and IT mutually embrace their respective expertise when it comes to assessing third-party risk.

“Supply chain’s role is to assess risk and engage IT security to determine organizational risk and actions required of a supplier to do business with our company,” said Tom Harvieux, BJC’s Chief Supply Chain Officer. Harvieux’s team worked with IT security to develop an assessment questionnaire that suppliers and vendors must

complete prior to any contract signing or product purchasing.

“The bottom line is that almost anything we buy that’s not a disposable product and that touches a patient in some way or form tries to collect [operating and patient] data and connect to our network. For example, a knee implant now will have a sensor in it to see how the knee is performing, and that’s looking to connect to the internet. That’s how far this is going. Every device you buy – whether it be minor equipment, capital, blood pressure cuffs, IV pumps, compression sleeves – everything is connecting to the internet so you can integrate it with your network.”

Harvieux acknowledges that any piece of capital equipment not only connects online to the manufacturer for maintenance and technology upgrading but also to the electronic health or medical record of the patient. “That’s why we make sure our IT security looks at our agreements with the understanding that these products are both online and inside our network,” he added. “That’s the norm now.”

Milwaukee-based Froedtert Theda-Care Health Inc.’s supply chain team operates with similar caution and preparation.

“We work closely with our IT department to ensure that our supply chain systems are monitored frequently and remain secure,” assured Jacob Groenewold, vice president and Chief Supply Chain Officer. “We also work closely with our ERP provider to maintain a secure environment and provide regular updates to maintain up to date software platforms across our enterprise. Our IT department has a very robust cyber security program, which includes frequent testing of employees and regular education to keep us of us informed of current threats in the

market. ‘Phishing’ emails are constantly attacking us, and our IT team does a good job of working to educate us on the ever-increasing threat to our systems.”

Froedtert’s supply chain team relies on an IT assessment, too.

“Each of our vendors must go through third-party risk assessments to ensure they meet our standards for security,” indicated Jack Koczela, director, Sourcing & Transformation, Supply Chain. “In partnership with IT, we re-evaluate our vendors on a regular basis depending on the level of risk they bring to our organization.”

The cybersecurity assessment also includes teeth to close doors.

“We have had a few vendors that were unable to meet our security standards for the [software-as-a-service] solution they were hosting,” Koczela noted. “We followed our standard IT security vetting process, and they were unable to demonstrate full compliance with our requirements. After

numerous conversations with the vendor, we agreed to remove the problematic function from the contract and proceed with the rest.”

At Stanford (CA) Medicine, the supply chain team invokes its risk detection and management procedures before contracting and onboarding of a supplier, according to Amanda Chawla, MHA, FACHE, CMRP, senior vice president and Chief Supply Chain Officer.

“At this foundation layer, it is essential to have clear vetting criteria and standards of expectations of the partnership upfront, negotiating and being super clear on cybersecurity criteria/role is important,” Chawla said. “Setting that clear expectation of what we directly control and what the supplier controls is essential.

“For supplier cyber risks, you have to pick where the line is between what you’ll direct versus what you demand your suppliers take care of,” she continued.

“Where do you focus your teams, investments and controls versus legal shifting of risk to suppliers? You can invest in active auditing of your supplier’s remote operations, but there’s always some point at which you have to rely on them to meet their contract obligations to keep their services functioning. Once you know where you’ll draw the line, you can establish technical and process controls to detect problems. For example, your cyber monitoring and business process monitoring should link to each other so that cyber issues like phishing are detected and your organization can realize and react to phishing coming from your supply chain. It could be a sign your supplier is under larger attack that could affect their ability to service customers.”

### A ‘team sport’

Such efforts should offer mutual value, according to Mike Mucha, Stanford’s Chief Information Security Officer.

“Giving your partner a heads up about a problem you’re seeing should be presented and received as helpful,” he added. “We’re all in this together!”

For Coral Gables, Florida-based Baptist Health South Florida, cybersecurity remains a team sport, notes George Godfrey, Chief Supply Chain Officer and corporate vice president, Financial Shared Services.

“We are joined at the hip with our IT partners on an ongoing basis for any new technology we’re sourcing,” he said. “We’re doing technical reviews so if it’s a new technology that we’ve never deployed or even when we go to replace a technology, we’re also making sure that there’s no other connection points that we’re not aware of that changes the



game. That's an ongoing, day-to-day process that two groups manage because we will not issue a PO until those reviews are completed and until the group is satisfied that we have minimized the risk to the system.

"The clinical partners can push for something really quick, and we will honor that, but we will make sure we don't move superfast and make a mistake that could [affect] the system," he added.

## It's very difficult and expensive for a single healthcare provider to assess the many suppliers – even when having a supplier fill out a multi-page risk assessment form.

Much depends on the size and type of an organization's IT system as well, according to Godfrey. He says that larger platforms – including ERPs, business intelligence tools and contract management systems – may offer different levels of security than smaller niche systems.

"When you're building a fortress, you have to be pure," he noted. "You have to put in layers of protection no matter what system you have. If you get too fragmented it gives you more systems you must monitor, more systems

you have to fortify, more systems you have to pay attention to versus trying to do your best to leverage larger applications that can do many things. You try to implement technology that you can leverage over multiple applications." In short, larger organizations tend to use larger systems with more sophisticated technologies.

Godfrey admits the challenges in assessing data access and transmission

risks among the myriad suppliers, vendors and service companies that providers use, including online exchanges, pharmaceutical distributors and wholesalers, product manufacturers and distributors, transportation services and payment services.

"The challenge is how to ensure external suppliers are well protected from a cybersecurity standpoint," he said. "It's very difficult and expensive for a single healthcare provider to assess the many suppliers – even when having a supplier fill out a multi-page risk assessment form.

Hopefully, we're doing enough and that it's providing value.

"We're typically requiring this for any medical device that will connect to our system," Godfrey continued. "It's not that we're requiring a multi-form security review for a vendor that's supplying snacks in vending machine. But if I'm connecting a [magnetic resonance imaging] unit or a [computed tomography] scanner, any type of major medical equipment that could have patient information, we're going through a lot of due diligence to ensure that the manufacturer has followed strict guidelines that are stated by the FDA, and then there's guidelines about what firewalls we're going to have and what firewalls they're going to have and how we're going to connect."

The breach of UnitedHealthcare's Change Healthcare system admittedly gives Godfrey pause about the effectiveness of provider assessment efforts. "This was a major clearinghouse where you could have given them a survey and they could have provided a long list of steps they take to prevent cybersecurity issues," he observed. "But at the end of the day, whatever they did didn't work." Per an "AMA Update" report, Change Healthcare isolated its systems to prevent the cyberattack from affecting the connected systems of UnitedHealthcare, UnitedHealth Group and Optum. ■

*Back in March, the "AMA Update" cited a Cisco Talos Intelligence Group report that found healthcare as the industry most targeted by cybercriminals during the first half of 2023. In fact, in nearly half of the attacks, hackers "exploited public-facing applications to establish initial access." Healthcare slipped off Cisco Talos' "top targeted" list in the third quarter, according to the "AMA Update," but finished the year as No. 3 behind manufacturing and education.*

*Per the "AMA Update," the Department of Health and Human Services Office for Civil Rights reported 733 large data breaches involving nearly 134.8 million people in 2023, compared with 55.9 million people affected by breaches reported in 2022. See [ocrportal.hhs.gov/ocr/breach/breach\\_report.jsf](https://ocrportal.hhs.gov/ocr/breach/breach_report.jsf).*

*For the 13th consecutive year, the United States held the title for the highest data breach costs in the world with an average total cost of \$9.48 million, according to IBM Security's report titled, "Cost of a Data Breach Report 2023." See [www.ibm.com/downloads/cas/E3G5JMBP](https://www.ibm.com/downloads/cas/E3G5JMBP). Within the healthcare sector alone the average cost of a studied breach approached \$11 million in 2023, a 53% increase since 2020, according to the report.*



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# Tech-Enabled Transformation: A Supply Chain Success Story Solving the Digital Manufacturing Disconnect

To solve the digital manufacturing disconnect, Dukal has launched an EDI-driven supply chain solution that provides unprecedented order transparency, tracking, and customer collaboration.

**As the healthcare industry continues to grapple with increasing challenges across the manufacturing and supply chain landscape, port congestion and freight transportation issues have continued to emerge as significant disruptors.** The need to adjust supply chains in a matter of hours or days rather than weeks has become the new norm.

Recognizing the need for transformative industry change, Dukal launched a cross-functional effort to achieve combined business, IT, and planning benefits. This effort involved cross-functional and cross-geographical teams focused on agility, customer centricity, data interchanges, speed, and customer satisfaction.

The Dukal team implemented Dukal InSight™, built on Microsoft's Dynamics 365 Business Central and in partnership with Mallory Alexander International Logistics' order management process, to quickly deploy real-time visibility of customers' orders from purchase to delivery. The project took around 36 months to complete, and identified opportunities to provide customers:

- ▶ Real-time visibility with on-time and accurate delivery
- ▶ Inventory assignment at the factory level, eliminating the industry practice of arbitrary allocation
- ▶ Timely and collaborative communication to overcome disruptions before they impact business or patient health

## The Challenge:

With only 25% of companies digitally networked, enterprises must move from linear to connected ecosystems of partners and suppliers – to create supply chains that are resilient and sustainable.<sup>1</sup>

## The Solution:

Dukal has built connectivity and agility into its supply chain operations to deliver adaptability and industry-leading transparency and communication with integrated business planning, transport and warehouse logistics, product innovation, and customer collaboration at the center of the solution.

## EDI: Empowering Transformation

Electronic Data Interchange (EDI) is a cornerstone of Dukal's transformative strategy, facilitating seamless communication and collaboration throughout the

supply chain. By leveraging EDI technology, Dukal empowers distributors and self-distributing health systems with real-time visibility, enabling proactive decision-making and mitigating disruptions before they impact patient care or business health.

## Advanced Product Assignment and Collaborative Communication

Through streamlined processes and customer collaboration, product is assigned from the start of production to their dock – ensuring health systems have what they need when they need it.

## Overcoming Disruptions with Proactive Solutions

Dukal's proactive approach to supply chain management allows for the identification of potential disruptions to maximize customer efficiency and avoid costly delays and out of stock situations.

**Dukal InSight™ is delivering impact in every process across the supply chain. In the first six months, 40% have experienced a 5x or greater improvement in:**



End-to-end supply chain visibility



Lead time estimation



Accessibility to order status on all open orders



Certainty of product availability, of delivery estimates, of actual delivery



Ability to anticipate and correct disruptions

## Conclusion:

Dukal's innovative use of EDI exemplifies the transformative potential of technology in healthcare supply chain management. By prioritizing transparency, collaboration, and proactive solutions, Dukal is redefining what it means to be a trusted partner in healthcare. ■

<sup>1</sup> www.ey.com/en\_us/coo



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# Safeguarding the Caretakers

What are leading health systems doing to protect today's caregivers?  
And what role does the supply chain have?



**When it comes to the safety of nurses and the patients they care for in hospitals and health systems, there are no silos. Everything is tied together, which means today's providers need a holistic approach across all departments and staff, including the supply chain, said Emily Champlin, associate director, Regulatory Advocacy at ANA.**

For instance, staffing is directly related to workplace violence, one of the top focus areas for the ANA. Less staff on the floor means less backup and less eyes watching for certain behaviors from patients and visitors. Fewer staff also increases the likelihood of burnout and fatigue.

“There’s a lot of injury in patient handling, needle sticks, and workplace violence that happens if you have inadequate staffing levels,” Champlin said. “It’s all tied back to having a holistic perspective of nurse safety in the workplace.”

*The Journal of Healthcare Contracting* reached out to national organizations,

health system nursing leaders, and leading supply chain executives, to get their insights on a critical topic for today's healthcare providers. The following are their stories.

## Banner Health's multi-year journey

Banner Health's Denise Robson believes it's imperative for medical products, services, and technology to be vetted and managed from a safety perspective to prevent staff and patient injuries. Supply Chain plays a very important role in this process, from new product and technology introduction to product substitutions, standardizations, and utilization initiatives.

“Supply Chain can assist in reviewing options based on needed clinical attributes thereby finding the right product when there are several items available from different vendors. This can remove any preferential biases,” said Robson, Clinical Supply Program senior director, Supply Chain Services Clinical Alignment Team, for the Southwest-based IDN. “Having clinicians who work in supply chain is key as they bridge the gap between supply chain and the clinical teams by providing unbiased review and keep safety,

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quality, and economic performance as the priorities,” she said.

During the pandemic when Banner had a critical shortage of fetal scalp electrodes, the IDN’s Clinical Team in Supply Chain was key in notifying and pulling together the right subject matter experts to determine next steps, Robson said. “We collaborated with clinicians from our labor and delivery teams across the system and came up with an interim plan to ensure we could utilize our current stock of products safely and without disruption to PT care.”

**“Timely and efficient delivery of these resources prevents shortages, reduces the risk of errors, and promotes continuity of care, ultimately enhancing the overall safety and well-being of both nurses and patients in the communities that we are blessed to serve.”**

Banner is currently launching a multi-year journey on becoming a high reliability organization (HRO) to meet its safety and quality and efficiency goals. This work includes several new system-wide initiatives that encompasses cultural changes, education in HRO principles, continuous improvement, teamwork and communication, accountability, transparency, reliability, and psychological safety. “This work will bring Banner closer to our mission of Making Healthcare Easier, So Life Can Be Better,” Robson said.

### **Hackensack Meridian ensuring safety in every setting**

New Jersey-based Hackensack Meridian has built a strong nursing culture with a reputation as a safe place to work, “a place where nurses can work autonomously and spend their entire career,” said Regina Foley, executive vice president, Chief Nurse Executive and Chief Clinical Transformation and Integration Officer.

The healthcare supply chain impacts nurses in significant ways, said Foley. “We know that supply chain workflow can be cumbersome and time consuming for our nurses. We continue to explore ways to

enhance the efficiency and safety of this process, including the use of handheld barcode or radio frequency identification (RFID) scanning tools in place of traditional supply chain management.”

More generally, Hackensack Meridian has been focused on utilizing artificial intelligence, informatics and robotics to help transform some of these processes and tools. They have several pilots in place already – AI-driven chatbots to enhance the patient experience and AI solutions to help detect chronic disease earlier on. Algorithms are already being deployed

across many clinical departments to speed up some of the more mundane processes for clinicians, Foley said. “These not only save our nurses time and increase job satisfaction, but also help to elevate the quality of care provided to our patients.”

“As we shift into different care settings, such as our Hospital at Home program, we will have different supply chain needs – from medication management to diagnostics,” she continued. “I view that as an opportunity for the Supply Chain to work with us to help ensure the safety of our nurses and our patients in every healthcare setting.”

### **SSM Health’s improved outcomes**

Brad Forth, vice president, Sourcing & Vendor Management, at SSM Health, said Supply Chain plays a critical role in nurse and patient safety throughout the lifecycle of their work. To start, Supply Chain engages with the care givers to develop product and service solutions necessary to support the delivery of exceptional and safe health care services. “Through this work we collaboratively reduce unnecessary variation...both in care delivery and product utilization,” Forth said.

This consistency in practice and supply allows for optimized workflows, effective education, generation of actionable data, and other key contributors to the delivery of safe care and improved outcomes. The Supply Chain operations support nurse and patient safety by ensuring the availability of these supplies, Forth said. “Timely and efficient delivery of these resources prevents shortages, reduces the risk of errors, and promotes

continuity of care, ultimately enhancing the overall safety and well-being of both nurses and patients in the communities that we are blessed to serve.”

Forth said SSM Health’s Supply Chain team is continually engaging with nursing leadership throughout the system on various initiatives in support of improved outcomes and safety for both care givers and patients, including:

▶ **Standardized IV Start Kits:**

“We transitioned from 19 IV start kits to two for the system (one for short term, one for long term). Through this effort, we worked closely with our caregivers to ensure the products included in the kits would support our efforts in reducing CLABSI (central line bloodstream infections) and dressing integrity.”

▶ **Hazardous Drug Spill Kits:**

Kit revision designed around needs and gaps identified by the nursing and USP team. These revisions allowed for the proper designation of components to keep end users safe, adequately clean drug spills, meet storage requirements, and fulfill guidelines of the regulatory governing bodies.

▶ **Patient Care (Pediatrics):**

Not all of SSM Health’s engagement, and developed solutions, are done as a full system, Forth said. “Given the specific needs in geographies, patient populations, and service lines we do also get very specific. We regularly collaborate with our clinical teams at Cardinal Glennon to create formularies for product categories specific to

pediatrics. Most suppliers focus on the adult population, which may leave gaps in supplies for pediatric populations. Working collaboratively with our suppliers to address and solve for these gaps allows us to create a formulary for all patient populations we serve while retaining alignment to our system strategy in a particular space.”

### ANA advocacy and initiatives

Workplace violence as a safety issue for healthcare workers has only increased post pandemic, Champlin said. ANA member surveys report more evidence of not just physical but verbal violence, which adds up to the enormous amount of burnout in the industry.

“People have noticed a dramatic increase,” Champlin said. “It’s growing into a powder keg.”

According to the American Nurses Foundation’s workplace survey of over 11,800 nurses in 2022:

- ▶ Almost one-third (29%) of nurse respondents have experienced one or more incidents of physical violence at work.
- ▶ 60% of nurse respondents have experienced one or more incidents of violence, bullying, at work. 55% of this is from patients and 49% from patients’ families.

According to ANA data, out of all nurses who experience workplace violence, as many as 80% of their cases go unreported. ANA’s top recommendation for better visibility of this issue within hospitals and health systems is a

workplace violence prevention committee made up of diverse perspectives from across the organization. “That way, everyone problem-solves to create a prevention program using different perspectives,” Champlin said.

At the national level, ANA formed the National Workplace Violence Prevention Committee late last year. The committee consists of leaders across the healthcare continuum and private security. ANA is planning to release a toolkit that helps the individual nurse figure out how to keep themselves safe and how to scale things up in their systems.

“We also have a lot of advocacy on workplace violence and safety in general,” said Champlin.

ANA’s End Nurse Abuse webpage has resources for individuals and organizations, including education and research. ANA’s updated Position Statement on Workplace Violence will be released later this year and both the current version and new version include step-by-step instructions for both the individual nurse and leadership or systems.

The top legislative item related to the issue is the Workplace Violence Prevention for Healthcare and Social Service Workers Act, which puts a timeline on OSHA’s work to release prevention standards for workplace violence in healthcare. OSHA’s standards have been long-awaited by industry stakeholders, Champlin said. “They began their rule-making process in May 2023, but we still haven’t seen a proposed rule. So, we sent a sign-on letter from nursing organizations across the country this April urging quick action from the agency because nurses cannot continue to wait.” ■



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— Mark Welch, Senior Vice President, Novant Health

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# Less is more with the PURELL® ES10 Touch-Free Dispenser

It's the simplest, most sustainable touch-free dispensing system ever introduced by GOJO

## PURELL®, America's No. 1 brand in

hospitals, introduces the PURELL® ES10 Touch-Free Dispenser. The touch-free hand hygiene dispenser is exceptionally quiet when dispensing premium, high-quality foam in a consistent, efficacious dose. Plus, its slim design fits in tight spaces.

## Less is more

Less is more with the PURELL® ES10 Touch-Free Dispenser. Through its groundbreaking technology, it offers:

- › Less maintenance with easy-to-check product levels and no batteries to change
- › Less waste with 30% less plastic per refill and simplified recycling
- › More smart solutions to help customize hand hygiene plans through flexible data collection options
- › More ways to impress with consistent dispensing and modern finishes

The PURELL® ES10 Touch-Free Dispenser offers a quick and efficient solution in high-use healthcare spaces and less maintenance promotes health and safety.

## Easy refills without changing batteries

Patented Energy-on-the-Refill technology allows users to never change or buy



batteries and an AA battery included on every refill eliminates battery expense and inventory. Transparent refills take less time and labor than cabinets or small sight windows and help users check multiple dispensers at once. Refills are easy to match and drop into place, and a simple locking option helps prevent tampering.

## Suite of technologies and services

Downtime and workflow disruptions are reduced through smart and simple management capabilities. For example, users can customize hand hygiene plans, save time and improve outcomes with the PURELL SMARTLINK Hand Hygiene System. This comprehensive set of tools also includes on-going clinical guidance, to help facilities make sense of the data throughout the life of your customers' SMARTLINK service.

From the complimentary DISPENSER ADVISOR app that helps identify usage patterns in smaller facilities or more remote dispenser locations, to PURELL SMARTLINK Service Alerts, which provides real-time alerts 24/7 on refills and dispenser maintenance needs across a fleet of dispensers – only PURELL offers the right technology options to ensure product is ready whenever its needed.

## Sustainable practices

The PURELL® ES10 Touch-Free Dispenser also reduces product waste and helps protect the earth. The refill bottle and plastic components are easy to recycle, and the collar and alkaline AA batteries are easy to pull apart. The dispenser's Cradle to Cradle Certified™ soap and sanitizer formulas validate that safe ingredients are chosen and prioritize sustainable practices. There is 30% less plastic per refill and 38% lower greenhouse gas emissions.

## Sleek, modern designs for healthcare facilities

The PURELL® ES10 Touch-Free Dispenser offers modern finishes, including graphite, white and chrome. It fits in tight spaces and is ADA compliant for wall protrusion. It is exceptionally quiet when dispensing the perfect amount of gentle foam, ensuring healthcare workers get an efficacious dose every time while soothing hands, even with frequent use.

Whether its patient rooms, study halls or high-traffic areas, the PURELL® ES10 Touch-Free Dispenser fits in all critical spaces. Its lineup includes the PURELL® ES10 Floor Stand, PURELL® ES10 Hand Sanitizer Dispenser and PURELL® ES10 Hand Soap Dispenser. ■

# Trusted & Trustworthy

It's true. The PURELL® brand is trusted and preferred by healthcare workers.

But more importantly, we work tirelessly to earn that trust.

Our hand hygiene is gentle on hands, even with frequent use. And our powerful surface products can even be used near patients and on electronics.

**The Difference Is Clear.**



Contact your distributor or GOJO representative today.



# Reflecting on the COVID-19 Pandemic Four Years Later

How GPOs worked with members to provide necessary medical equipment to healthcare workers.



**Four years after the onset of the COVID-19 pandemic, healthcare providers and patients across the country are still dealing with the aftermath of the outbreak.** Throughout the pandemic and beyond, healthcare group purchasing organizations (GPOs) have continued to serve as the sourcing and contracting partners to long-term care facilities, surgery centers, clinics, and hospitals across the country.

As the COVID-19 pandemic began, GPOs worked diligently with all stakeholders across the healthcare industry, as well as federal, state, and local health and emergency management agencies, so healthcare providers of all sizes could focus on their core mission: providing first-class patient care. GPOs used several strategies to help mitigate stress and prepare the healthcare industry in case of a future outbreak:

**Helping healthcare providers access Personal Protective Equipment (PPE).** One GPO used its global sourcing aim to identify new manufacturing capacity streams, ultimately contracting with several different PPE suppliers to secure millions of masks, respirators, and gowns.

**Enabling a supply of essential medical supplies.** Multiple GPOs worked with non-traditional and adjacent industries such as distilleries, textile manufacturers, and automobile manufacturers to fill supply gaps for essential products such as hand sanitizer, isolation gowns, and surgical caps.



**By Todd Ebert, R.Ph., President and CEO of the Healthcare Supply Chain Association (HSCA)**

**Driving quality throughout the healthcare system.** A GPO worked around-the-clock to vet new manufacturers for compliance with standards set by the FDA and National Institute for Occupational Safety and Health (NIOSH) to ensure product viability and quality on behalf of the GPO's provider members.

**Increasing the supply of critical drugs.** Multiple GPOs launched programs to strengthen the resiliency of the supply chain for essential drugs, helping to strengthen competition, mitigate shortages, and increase supplies of critical drugs for patients.

**Working with policymakers and public officials to inform response efforts.** Many GPOs worked closely with the White House to provide data on surge demand, clinical utilization, and barriers to providing care and improving healthcare delivery during the pandemic.

The Healthcare Supply Chain Association (HSCA), which represents the nation's leading traditional healthcare GPOs, works diligently with its member GPOs and their healthcare provider members to ensure that auxiliary services are in place in case a major health emergency like the COVID-19 pandemic occurs again. Since the pandemic, HSCA and its member GPOs have also worked diligently with Congress to provide recommendations on how to effectively prevent and mitigate drug and product shortages affecting the healthcare industry. These recommendations include:

**Invest in quality and building secondary supply lines.** HSCA and its member GPOs recommend that Congress should not only incentivize

production, but also invest in quality and capacity, including the addition of secondary supply lines and having alternate or backup sources of API to support long-term access to generic medications.

**Maintain and/or require buffer inventory.** HSCA and its member GPOs recommend that the federal government, through the Administration for Strategic Preparedness and Response (ASPR), and the Strategic National Stockpile (SNS), create, maintain, and/or require buffer inventory for critical medications and devices so there is always an auxiliary supply available.

**Create incentives to increase domestic manufacturing.** Should Congress elect to create incentives related to domestic manufacturing, HSCA recommends that the incentives be tied to quality and the amount of product sold in the U.S. For incentives to tangibly impact pricing dynamics, they must align with quality products being made and sold in the U.S.

**Increase transparency.** Healthcare GPOs are leaders in transparency. HSCA recommends that input from GPOs and other private industry stakeholders be used to determine which drugs and products should be considered for buffer inventory.

**Mitigate product delays.** HSCA recommends that Congress encourage FDA

to provide 503B compounding facilities with more flexibility to meet provider demand and loosen restrictions to allow 503B compounders to make certain high-risk products in anticipation of a potential shortage, rather than only in response to an existing shortage.

**Increase facility inspections.** HSCA recommends that Congress increase funding for and encourage the FDA to increase the number of inspections. HSCA further recommends that Congress encourage FDA to begin unannounced foreign inspections for API suppliers and drug product manufacturers.

## HSCA recommends that input from GPOs and other private industry stakeholders be used to determine which drugs and products should be considered for buffer inventory.

Reflecting on the pandemic four years later, it is important to consider the ways that GPOs continue to work with their healthcare provider members to continue mitigating and preventing shortages of necessary medical equipment, products, and devices, and how they work to bolster the resiliency of the healthcare supply chain. By providing recommendations to Congress and working with private and public industry stakeholders, HSCA and its member GPOs encourage collaboration and transparency across the supply chain and are better prepared to help patients across the country access the necessary products, devices, and medications they need in case another public health emergency occurs. ■



# Why a Single Prime Vendor Distributor Isn't Always Enough

In an article in the February 2024 edition of *JHC*, Elizabeth Hilla offered suggestions on how to encourage manufacturers to work with your preferred prime vendor.

We do certainly understand the article's premise that procuring as many products as possible through a single distributor partner can create some efficiencies for a health-care provider. However, we advise providers not to rely solely on a single full-line wholesaler, but to explore the benefits of



By KC Meleski,  
President,  
CME Corp

“best in breed” specialty distributors as complementary product sources to offset the risks associated with “putting all your eggs in one basket” as they say.

Our company, for example, is an equipment-only distributor who also specializes in delivery, logistics, installation, and biomedical services. We work with a range of healthcare providers to help them equip their facilities quickly and cost-effectively so they can treat patients and generate revenue without breaking stride.

Other specialty distributors may offer deep expertise in a specific clinical area, such as laboratory medicine, cardiology, or dermatology. These companies usually offer more product selection within their area of focus, along with





## By focusing on a narrower product offering, specialty distributors become product experts, allowing them to offer viable, alternative equipment solutions within a vendor's product line or across manufacturing partners.

Strong manufacturer relationships also make it possible for specialty distributors to offer competitive pricing to their healthcare clients.

### Specialty distributors offer more than just products

In addition to focusing on a single product category or clinical area, some specialty distributors bolster their product offering with the services providers need: project management, delivery, installation, equipment maintenance and in-service training.

**Project management:** Some specialty distributors offer sophisticated procurement and planning services. Project managers (PM) can facilitate the efficient procurement of medical equipment by coordinating everything from warehousing and logistics through to delivery, and installation.

**Installation:** Expert installation services offered by an equipment distributor ensures medical equipment is installed properly and ready for use without interfering with the workflow of in-house technicians or patient care, saving time, and reducing the risk of incomplete or faulty assembly that could lead to the injury of patients or staff.

**Biomedical services:** Inspection, testing, and asset tagging of medical equipment by the specialty distributor's

biomedical technicians free in-house biomedical teams to address regular maintenance tasks. Post delivery and installation, biomedical technicians can also work with healthcare facilities to establish equipment maintenance plans aimed at ensuring the reliability of medical equipment and compliance with regulations.

**In-service training:** Many specialty distributors have clinical experts – nurses, medical technologies, etc. – on staff to train providers in product use. The type of clinical personnel and expertise depends on the distributor's specialty area.

### Using multiple distributors adds resilience

During the pandemic, many providers found that single-source relationships were risky (all the eggs in one basket, as they say). Having established relationships with multiple distribution partners reduces that risk.

Within the multifaceted healthcare industry there are varied medical supply and equipment needs – and specialty distributors are positioned to meet those needs. We are one of the wide and varied body of distribution companies with specialized expertise and we encourage you to include specialty distributors in your channel mix. For more information about the specific services we provide, in addition to our focused medical equipment product offering, visit [cmecorp.com](http://cmecorp.com). ■

on-staff experts to help providers choose and use these products.

### Specialty distributors provide product expertise built on relationships with manufacturers

The relationships specialty distributors have with their manufacturing partners are unique and deep. By focusing on a narrower product offering, specialty distributors become product experts, allowing them to offer viable, alternative equipment solutions within a vendor's product line or across manufacturing partners. In the face of supply chain or budget constraints this is invaluable.



# Might Supply Chain Press for the Impossible?

It's time to rekindle our imagination versus react to surprise.

BY R. DANA BARLOW

**The American public watched the grainy, post-midnight video of the Baltimore harbor with bated breath and an element of curiosity.** If we didn't know the headline already, we likely wouldn't have been craning our necks at what was transpiring.

At first, it looked like a recording of a cargo ship in the background creeping toward the Francis Scott Key Bridge with the scant headlights and taillights of vehicles traversing the 57-year-old structure in the foreground.

Within seconds, however, the cargo ship lost power and hit one of the main bridge column supports, resulting in the bridge collapsing into the water, claiming the lives of six construction workers that had been repairing the pavement in advance of the morning rush hour.

Rightfully, the media concentrated on the loss of life first and the heroism of those who closed the bridge to traffic seconds before the disaster, thereby saving even more lives. Then media coverage and analysis shifted to ripple effects on the supply chain.

As we've witnessed time and again, supply chain's crisis management philosophy embraces a reactive thought process instead of proactive contemplation.

Creativity seems to take a back seat to contrivance and convenience.

Reactions to these events seem to be defined by several phrases that should give us pause. These phrases may be years apart, but they reflect disasters spanning nearly a quarter century. The most recent observation links two disasters as historical bookends, according to a March 29, 2024, story in *The Washington Post* headlined, "Officials studied Baltimore bridge risks but didn't prepare for ship strike."

When terrorists flew two commercial jets into the World Trade Center's twin towers on Sept. 11, 2001, Maryland transportation officials said they expressed concern that terrorists could destroy the FSK Bridge, too, the *Post* reported.

"... state officials worried about terrorism had focused on bombs and bad guys in small boats, not an errant 95,000-gross-ton container ship, according

to a former official with the Maryland Transportation Authority, the independent agency that runs the Key Bridge and the state's other tolled bridges, highways and tunnels, and a former senior state transportation official."

"The assumption was a truck bomb or something like that," the former senior transportation official said."

## **Creativity. Imagination. Ingenuity. Intuitiveness. These all represent the bedrock layers, if not hallmarks, of strategic thinking within crisis management.**

Referring to a cargo ship, rather than a truck bomb: "It never occurred to anybody."

During the 20th anniversary remembrance of 9/11, a History Channel documentary titled, "9/11: Four Flights," referenced two published historical analyses titled, "Touching History," and "The Only Plane in the Sky," respectively. It posited two painful observations that should encourage, if not enforce, a complete overhaul of our crisis management/disaster planning mentality.

"The thinking on 9/11 was that a terrorist is not going to board an airplane with a bomb because they might get hurt," said Lynn Spencer, the author of "Touching History," and National Transportation Safety Board (NTSB) accident investigator.

"The idea of a suicide bomber, of a suicide pilot, had never been contemplated

as a serious threat," acknowledged Garrett Graff, the author of "The Only Plane in the Sky."

John Farmer, senior counsel of the 9/11 Commission detonated the clincher. "There was a systemwide failure of imagination. After all the dollars we spent, there was nothing anyone could do. ... They're now sitting

in those seats, and at that point, it's just going to play out."

Creativity. Imagination. Ingenuity. Intuitiveness. These all represent the bedrock layers, if not hallmarks, of strategic thinking within crisis management.

From a supply chain perspective, both the 9/11 terrorist attacks and the FSK Bridge accident disrupted transportation, which remains at the heart of organizational fortification. Prevent access to airways, bridges, ports and roads and products simply go ... nowhere.

Globally, the supply chain has weathered a plethora of clogging problems, including floods, hurricanes, wildfires, the COVID-19 pandemic and even the container ship blocking the Suez Canal last year.

We must rethink and act – not react – now to earn the shelf confidence the public needs to feel about the cultural supply chain. ■

R. Dana Barlow contributes to *The Journal of Healthcare Contracting* as a senior writer and columnist. Barlow has nearly four decades of journalistic experience and has covered healthcare supply chain issues for more than 30 years. He can be reached at [rickdanabarlow@wingfootmedia.biz](mailto:rickdanabarlow@wingfootmedia.biz).

# Supply Chain By the Numbers

BY JOHN STRONG, CO-FOUNDER AND CHIEF CONSULTING OFFICER, ACCESS STRATEGY PARTNERS INC

## Can stockpiles be the solution?

On May 6, 2024, Senate Finance Committee Chairperson Ron Wyden (D-OR) announced the “Drug Shortage Prevention and Mitigation Act”<sup>1</sup>, with the goal being to spur manufacturing of drugs at risk of being in short supply. Hospitals would receive lump-sum Medicare payments of between **5% to 25%** of the price of targeted drugs to build up stockpiles. You might say, “Wait a minute!”

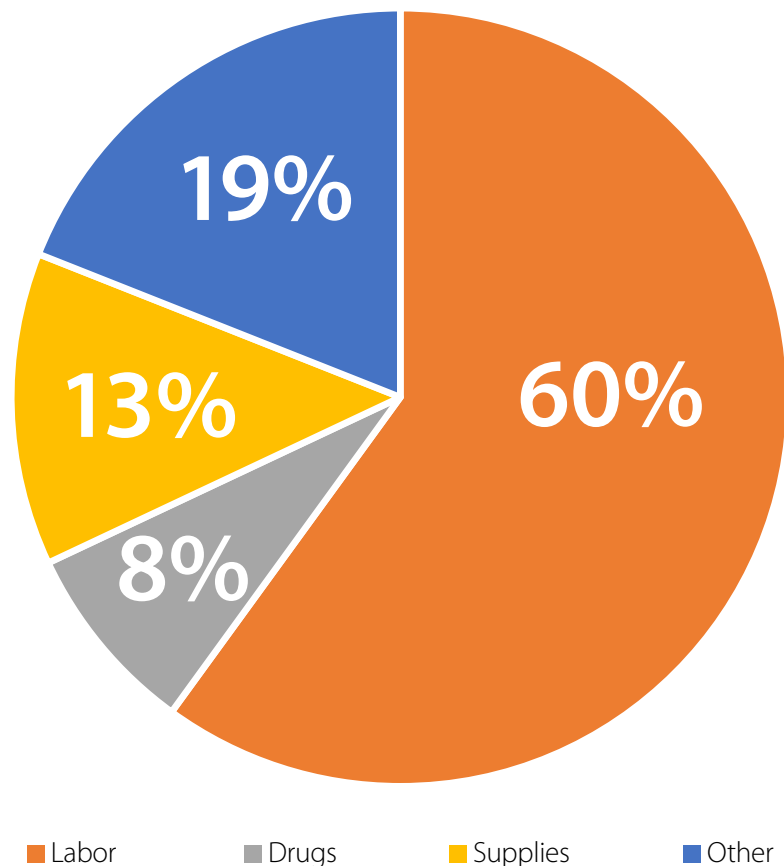
The federal government says it is working hard to reduce the cost of health-care. While drug shortages are a serious problem in the U.S., it seems like the “cure” hardly attacks the root problems. Stockpiling comes with inherent risks that the bill ignores:

- › Expiration dates and outdated leading to waste and added expense for the entire health system;
- › Ongoing inventory expense for the purchaser. With interest rates in the 6 to 7 percent range, holding excess inventory may only solve one problem and cost hospitals more;
- › The lack of a common platform to locate pharmaceuticals and relocate them around the country;
- › Indirect labor costs to manage hospital stockpiles will be higher; and
- › The plan could cause supply chain “bullwhips” to occur with inventory spiking and then subsiding back to near-shortage levels.

## Supply chain influence requires greater resources

Controlling expenses under a supply chain umbrella has always been a challenge, but is needed more than ever. A recent report by the American Hospital Association shows just how much influence supply and expense related matters can influence success. As the pie chart<sup>2</sup> illustrates, Drugs and Supplies account for **21%** of hospital expenses – and that does not include purchased services, which is included in “labor”.

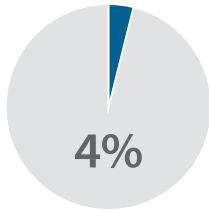
As the same report notes, economy-wide inflation grew **12.4%** between 2021 and 2023, while Medicare reimbursement grew **5.2%**.



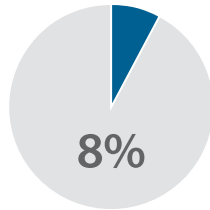
Source: © 2024 by American Hospital Association

## Growth of expenses continues to lead adjusted discharges

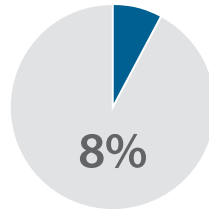
On a calendar day basis, three sets of key materials-related expenses continue to grow faster than calendar day adjusted discharges, according to Kaufman Hall's April 2024 "Hospital Flash Report."<sup>3</sup> This is based on an April 2023 to April 2024 comparison.



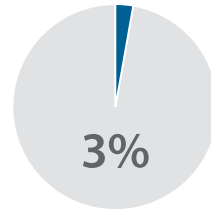
Adjusted discharges per calendar day



Supply expense per calendar day



Drugs expense per calendar day



Purchased services expense per calendar day

## U.S. endoscope market growing

In 2023, the United States endoscope market accounted for approximately **\$4.4 billion** in spend.

Estimates<sup>4</sup> indicate that it will grow to more than **\$10.4 billion by 2033, a 9% CAGR**. These growth factors are influenced by an aging population, a rising demand for minimally invasive surgeries and a growing prevalence of gastrointestinal diseases in the U.S.

New technology is already available that improves outcomes and speeds up procedures. Screening programs are increasing, and health awareness is also contributing to this trend. At the same time, concerns about reusable endoscopes have led to significant interest in disposable endoscopes. This is driven by concerns about infection control and cross contamination from faulty cleaning.

Endoscopic procedure growth may be limited by reimbursement at both the inpatient and outpatient level. In some cases, inadequate reimbursement fails to cover even the materials required for certain procedures.<sup>5</sup>

## Evolution of the organ transplant market

Organ transplant technology has not changed much over the years – until now. New methods are on the horizon, that feature “iceless” solutions that will extend the life of organs for transplant. Temperature and pressure maintenance, along with onboard sensors designed to minimize primary graft dysfunction (PGD) are available now.

***As chronic disease rates climb, so does the need for organ transplants. In parallel with organizational shifts in government-managed organ procurement services, medtech companies are stepping up to address a new pool of donors.<sup>6</sup>***

Some of these companies are still in their early-funding rounds, and others have commercial products on the market. Here are three companies that are expanding the horizon of organ transplantation in the U.S.

Company	Founded	Location	Indications
Paragonix Technologies	2010	Cambridge, MA	heart, lung, liver
Organ Recovery Systems	1998	Chicago, IL	kidney
TransMedics Group Inc.	1999	Andover, MA	heart, lung, liver

<sup>1</sup> McAuliff, Michael, "Modern Healthcare", May 6, 2024.

<sup>2</sup> American Hospital Association, "Hospitals and Health Systems Continue to Face Escalating Operational Costs and Economic Pressures as they Care for Patients and Communities", April 2024, © American Hospital Association.

<sup>3</sup> Kaufman Hall, "National Hospital Flash Report, April 2024", © 2024 by Kaufman Hall.

<sup>4</sup> At: [www.linkedin.com/pulse/us-endoscopes-market-janet-bernard-wlfnf/](https://www.linkedin.com/pulse/us-endoscopes-market-janet-bernard-wlfnf/)

<sup>5</sup> ASPI analysis of reimbursement data from Definitive Data, accessed May 14, 2024.

<sup>6</sup> Miller, Collin, "Push for Evolution of Organ Transplant Market", MedTech Strategist, April 2024, and original ASPI research.

# Industry News

## Hospitals no longer required to report COVID-19 data to CDC

COVID-19 data reporting requirements, including COVID-19 admissions, ICU capacity, and other related statistics for hospitals have recently changed. The Department for Health and Human Services stated that April 30, 2024 is the last day hospitals must report their COVID-19 data to the Centers for Disease Control and Prevention's (CDC's) National Healthcare Safety Network (NHSN).

Required data included how many adult and pediatric patients were admitted to a reporting hospital for COVID-19, whether those patients' conditions were laboratory-confirmed or suspected and whether they were being cared for in an ICU.

The CDC is continuing to encourage voluntary self-reporting of hospital data. It will begin making voluntary data available for online viewing beginning May 10, per its COVID Data Tracker webpage.

## New pilot program to make Cleveland Child care sites lead safe

Lead Safe Cleveland Coalition, Starting Point and Cleveland Clinic have launched the Lead Safe Child Care Pilot Program to award 30 selected Cleveland child care providers with grant funds and services to address and eliminate lead hazards at their sites.

This program, funded by Cleveland Clinic, is the first-of-its-kind in the nation and an urgent response to eliminate lead poisoning in Cleveland children, who are four times more likely to have elevated blood lead levels than the na-

tional average. Currently, 12,604 children receive care at 509 child care sites in Cleveland—273 of which operate out of facilities built before 1978, according to Starting Point's data bank.

The pilot program is part of an expansion of the coalition's Lead Safe Home Fund, which provides families and owners with the resources they need to live lead safe. Extending services to child care providers will reduce children's exposure to lead outside of their homes.

## CommonSpirit Health announces plans to expand in-house GPO

CommonSpirit Health, one of the nation's largest nonprofit health systems,

recently announced its plans to grow its internal Group Purchasing Organization (GPO) – Edgewise. Edgewise is CommonSpirit Health's in-house GPO and also provides GPO services to member organizations outside CommonSpirit. By growing Edgewise's reach and scope, CommonSpirit will be able to serve the diverse needs and provide even greater value to its members.

CommonSpirit is also releasing a Request For Proposal for a support Group Purchasing Organization (GPO). While a third-party GPO will continue to play a role in CommonSpirit's procurement strategy, the scope of this partnership will be redefined to meet CommonSpirit's changing needs. ■

## Mayo Clinic, Terasaki Institute launch collaboration for transplant innovation

Mayo Clinic and Terasaki Institute for Biomedical Innovation announced a research collaboration centered on improving organ transplant outcomes. Beginning in April 2024, Mayo Clinic biomedical researchers and Terasaki Institute scientists will work together on two core areas: real-time monitoring of donated organ health from procurement to transplant surgery and developing predictive technologies to determine which transplant recipients have a higher likelihood of rejection.

This will be done by creating prognostic signatures and assays for antibody-mediated rejection of organ transplant. These initial projects are expected to take 24 to 30 months to complete.

This latest collaboration is part of Mayo Clinic's Transforming Transplant initiative, which has the goal of providing organ transplants for everyone who needs one



## Choosing Cabinetry that Brings Value

**Cabinetry design can determine the value and benefit it brings to the clinical environment.** Medical-grade cabinetry can have a significant impact on efficiency, safety and the healthcare experience. While lower cost alternatives may seem like a good option, there can be additional associated costs. Involving us earlier in the project can take the pressure off you and help ensure the cabinetry you choose provides lasting value while minimizing additional expenses.

See why lower cost isn't always best at:  
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# Strengthening Methodist Le Bonheur Healthcare's Supply Chain Resilience

Learn how Methodist Le Bonheur Healthcare resolved six different product shortages for their health system in less than a year with Premier GPO support.

“”

Premier's best kept secret comes baked into the GPO at no additional cost. I have never had this type of support before.

**Rusty Parker**  
Senior Director of Supply Chain Management  
Methodist Le Bonheur Healthcare

