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December 2024 Vol. 20 • No. 6



## Women Leaders in Supply Chain



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# What a New Trump Administration Could Mean for Healthcare in America



**I have never been happier that an election** is finally over. The messaging, signs, news and angst among my friends and family caused great anxiety. I stayed up all night watching the results come in. I am happy it is over, and that it was decided without objection or conflict.

But I ask myself, what does a second Trump administration mean to our life's work in healthcare? Here are a few of my thoughts on what we may see.

Trump's administration would likely revisit and expand on its previous healthcare policies, which focused on reducing federal involvement, increasing market competition, and dismantling portions of the Affordable Care Act (ACA). Here's what could be expected from a second Trump term and its implications for Americans' access to healthcare.

## Repealing or Altering the ACA

Trump consistently targeted the ACA during his first term, aiming to dismantle its individual mandate and reduce its scope. While the Supreme Court upheld the ACA despite his administration's efforts, a renewed push to repeal or significantly alter it could resurface. This might involve promoting state-level control of healthcare, block grants for Medicaid, or changes to essential health benefit requirements, potentially leaving millions of Americans at risk of losing coverage.

## Focus on Price Transparency and Drug Costs

The Trump administration prioritized price transparency in hospitals and sought to lower prescription drug costs. A second term might amplify these efforts, pushing for broader implementation of regulations that require healthcare providers to disclose pricing upfront. While proponents argue this could empower consumers, critics caution that transparency alone may not address systemic affordability issues.

## Medicaid and Public Assistance Programs

A new Trump administration might tighten eligibility requirements for Medicaid, emphasizing work requirements or limiting federal funding. While

proponents argue these measures ensure responsible use of public resources, they could disproportionately affect low-income families and individuals with chronic conditions.

## Health Savings Accounts (HSAs) and Market-Driven Solutions

Trump's healthcare strategy has often championed market-driven solutions, including expanded use of HSAs and association health plans. These initiatives aim to provide consumers with more control over their healthcare spending, though critics warn they may leave vulnerable populations underinsured.

## The Impact on Public Health

Trump's handling of public health issues, including the COVID-19 pandemic, highlighted a preference for decentralization and a reduced role for federal agencies. This approach could extend to future public health crises, with states bearing greater responsibility for managing outbreaks.

Ultimately, a new Trump administration could prioritize deregulation, cost reduction, and consumer-driven solutions, reshaping the healthcare system. While these changes may benefit some, others risk facing reduced access and affordability challenges in a more fragmented system.

I have been highly critical of both campaigns not elevating, prioritizing and articulating their intentions for healthcare if they are elected. Now that we have a winner, I sure hope healthcare is elevated and addressed.

I'd love to hear your thoughts! Thanks for reading this issue of the *Journal of Healthcare Contracting!*



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\*Sources: Hamilton JR, Common and Frequently encountered Antibodies, Transfusion and Apheresis Science 2009;40:189-194 Walker RH et al Alloimmunization Following Blood Transfusion, 1989 Archives of Pathology and Lab medicine, 1989;113:254-268

1. IBSingleMonth (15) 5-8-20.pdf 2019 Ortho Annual Market Book (1).pdf (pg117).

2. Installed Base Report dated 12.31.2023.

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# Hand in Hand with Clinicians

How Scripps Health maintains a resilient supply chain through collaborative efforts with its clinical leaders.

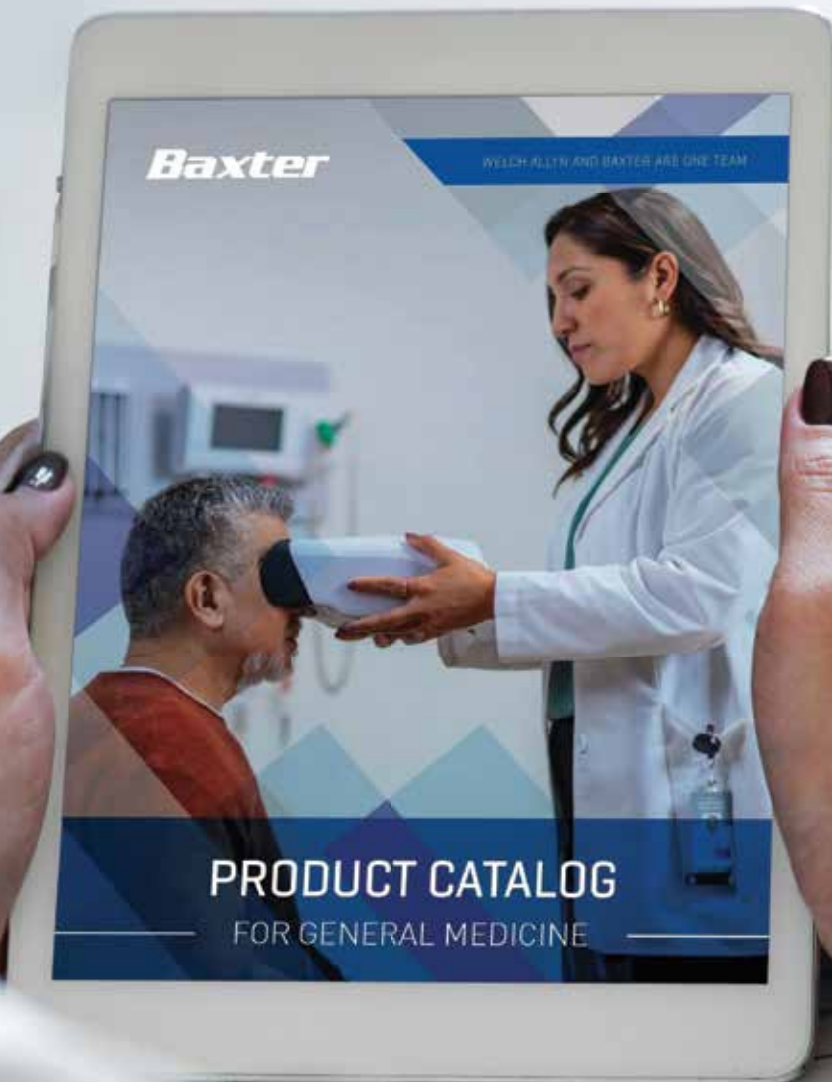
**Resiliency wasn't always a buzz word in the U.S. healthcare supply chain. But in today's post pandemic marketplace** – and with recent headlines of port strikes, hurricanes and IV solutions shortages – it's become a priority for hospital and health system supply chain teams.



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“Supply resiliency for us is making sure we can continually be agile in our supply chain, that we can mitigate those risks on some of the supply disruptions that are happening,” said Cecile Hozouri, VP of Supply Chain at San-Diego-based Scripps Health.

Being a flexible and responsive supply chain is what Hozouri and her team have focused on since the pandemic. For instance, prior to COVID-19, it probably would’ve taken over a week to get a clinically acceptable product approved if a shortage or disruption occurred, she said. But since the pandemic and moving forward, the supply chain team is just hours away from receiving an approval of clinically acceptable alternatives.

## “We’ve diverted thousands of pounds of disposal products out of our landfills. It’s been a win-win for our planet, and for our bottom line.”

“We have daily huddles throughout our supply chain, and then we huddle with our clinicians that are affected the most, to get that critical supply identified for alternative sourcing opportunities,” she said. “We’re constantly in what I would call ‘process improvement’ on resiliency. We have to mitigate disruptions quickly while maintaining our core supply chain functions.”

Scripps Health’s clinical leaders play a pivotal role in supply chain decisions. The chief medical officers for acute and ambulatory areas and its physician operations executives are part of a governance structure that meets regularly.

“We always have the ability to work through our governance structure in order to get things changed quickly when

we need to,” Hozouri said. “Our service lines are in step with us. We have really strong leaders in our service lines – cardiology, orthopedics, spine, etc. – and we’re constantly working hand in hand with them when it comes to certain products. Our surgery category has a co-management group that works closely with us, as do our anesthesiologists. And we have a very tight relationship with pharmacy and oversee a lot of that stock.”

Scripps Health has been working on RFPs that require some formulary pricing. The service line clinicians have worked closely with Hozouri and her team on gathering information needed when discussing contracts with suppliers. “We’re in the process of finishing our meetings on

those, discussing different strategies and how we can hold suppliers accountable to meet that formulary pricing,” she said.

The clinicians’ expertise gives the supply chain team more knowledge, coupled with our supply chain team providing data and clinical evidence to the clinicians when they evaluate how suppliers have supported the organization’s objectives. It helps too that their clinicians can offer feedback on clinically acceptable alternatives if the suppliers choose not to meet the agreed formulary.

The supply chain team has also partnered with nurses in the acute care hospitals on sustainability. Their sites have made some significant progress utilizing some reusable equipment instead of using one-time only items or disposable items that

just get thrown away. “We’ve reduced our costs, not only on the cost of the product, but also the cost in our waste stream,” Hozouri said. “We’ve diverted thousands of pounds of disposal products out of our landfills. It’s been a win-win for our planet, and for our bottom line.”

Collaboration with clinicians is critical when they start looking at data to determine if all facets of the health system are in alignment with what they’re trying to achieve clinically and financially. “We’re also really trying to reach out to our partners – service and suppliers – to have a reliable and flexible way to look at some of these contracts with fresh eyes,” she said. “We involve them early in the planning process to figure out what we’re going to be going after and then get the right clinicians together and review the opportunities. Some of these service providers are even coming to us with ideas of where we can lower our costs when they see trends of our data compared to others. That’s been very helpful.”

When Scripps Health has a business review with a vendor, Hozouri is always eager to understand the current state of the relationship and where the supplier and provider are headed together. “But what I really like to see is, what is it that they think we could be doing together? What are areas of opportunities that would reduce not only our costs but theirs?”

There have been a few suppliers that have come to Scripps Health with ideas, “and we’ve put those ideas to the test,” Hozouri said. “They’re seeing things we could possibly be working with our clinicians on to lower our cost and lower our overall spend with them. We really appreciate that kind of partnership when service and suppliers come together with us.” ■





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# Women Leaders in Supply Chain



**IVANA DRAHOTUSKI**

Administrative Director of Procurement, MMIS and Business Intelligence, Adventist Health

**MARIA SUMMERS**

Vice President, CHAMPS Group Purchasing

**SUSAN SCHRUPP**

Senior Vice President of Supply Chain and Chief Purchasing Officer, Community Health Systems

**ANDREA POULOPOULOS**

Senior Vice President, Supply Chain, Corewell Health

**CANDICE PYTLIK**

Vice-President for Strategic Sourcing and Procurement to Payment, Henry Ford Health

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# Ivana Drahotuski

Administrative Director of Procurement, MMIS and Business Intelligence for Adventist Health



**Ivana Drahotuski serves as the administrative director overseeing business intelligence, material management information system (MMIS) and procurement for Adventist Health. She leads 35 professionals structured in four different teams.**

## What's a recent or current project or initiative that you've been excited to work on?

We successfully integrated three new hospitals into our supply chain and materials management information standards. This process involved understanding their business models, purchasing patterns, and aligning them with ours. Additionally, we identified cost-savings and operational improvement opportunities during the integration that resulted in supply expense reductions for all organizations.

In our near future, we are converting our 27 hospitals from our current ERP to Oracle Cloud. I'm excited about designing our future-state infrastructure processes with new technology while collaborating with our partners and our core team through that ideation phase. I enjoy tackling complex challenges and finding straightforward solutions – solutions that are easy for our end users to adopt and implement into their daily operations

## Tell us a little bit about the teams you lead. What's unique?

I'm extremely proud of my team, which represents a diverse mix of generations, from Baby Boomers to Gen Z, with each member bringing unique experiences and perspectives. I expect them to approach every business challenge with an open mind, leveraging both their expertise and technology to deliver results.

As a shared service supporting over 250 supply chain professionals and numerous clinicians, we must remain agile and consistently deliver an exceptional customer service experience.

## How do you measure your collective success beyond just cost savings?

Driving impact on the financial bottom lines is always the key focus for every supply chain executive, so identifying and implementing those cost savings initiatives remains our top priority, but there are several critical KPIs that help us measure our supply chain organization success through the lens of prioritizing the patient outcome.

First, patient care impact is extremely important for us – product availability, quality of products, and timely delivery of supplies is our top priority.

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## Technology evolves rapidly and we need to stay current and adopt what's necessary to effectively support our customers.

With operational efficiency, we want to make sure we optimize our inventory and always have high responsiveness.

Supply chain resilience is another important factor. By resilience, I'm specifically referring to supplier performance and their ability to effectively support us. Making sure they have access to critical supplies, and they are also able to adapt to changing needs without compromising services. Our suppliers are a big part of our success.

Customer service. We pride ourselves in responding to any question or system issue within 24 hours. The urgent requests are solved, within one or two hours.

Another focus is technology and innovation adoption. Technology evolves rapidly and we need to stay current and adopt what's necessary to effectively support our customers.

Finally, team performance. KPIs are the measure of our performance. We monitor them monthly and address gaps quickly, which helps us be a high performer within our organization.

### As a leader, how do you try to anticipate and navigate disruptions?

Change is a constant in supply chain, and my teams must stay agile to adapt.

I'm deeply committed to a holistic approach in optimizing supply chain operations. My focus is on cultivating a team of highly skilled professionals who have a clear understanding of our operating model, including key processes and accountabilities, and equipping them with the technology to empower them to work both efficiently and strategically.

This alignment of the right talent, well defined processes, and adequate technology positions us for sustained high performance across the organization and quick response to internal and external disruptions.

### When it comes to diversity in the U.S. healthcare supply chain workforce, has the industry improved since you started your career? If so, in what ways? And how can we improve?

Diversity in healthcare supply chain workforce has improved in the past decade. I strongly believe that diversity significantly enhances team performance and ideation by fostering a broader range of ideas and innovative solutions.

Equity ensures all members feel valued and empowered to contribute, which boosts engagement and morale.

### What's the best piece of advice you ever received?

Be curious and explore. My background wasn't in supply chain; I entered this field over 20 years ago, driven by curiosity. I was amazed at how intricate and vast the supply chain puzzle is, offering many directions for professional growth. It can be overwhelming at times, like in any business, due to the many moving parts and market pressures from all sides (internal and external). However, I believe that staying curious and being willing to explore and try new strategies is key to moving forward.

Don't fear making mistakes – they are part of growth.

Don't let setbacks discourage you – view them as challenges and keep pushing forward.

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during outbreaks of new viral pathogens such as novel coronaviruses.

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products, competitive contracts and distribution partnerships, a robust education rollout, a local presence in the conversion process, and industry-leading customer service post conversion, Metrex's team of infection prevention professionals is dedicated to making its vision of a world without preventable healthcare-associated infections a reality. ■

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**Future-proof**

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**Effective**

Disinfection against 60 pathogens including MDRO.

Part No.	Description
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**CaviWipes Bleach**

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# Maria Summers

Vice President of CHAMPS Group Purchasing



**As the Vice President of CHAMPS Group Purchasing, Maria Summers' primary** responsibility is to grow the GPO by building strategic partnerships and ensuring members realize their savings potential through the program's supply chain solutions. She leads an incredibly talented team that is committed to consistently delivering quality results by creating strong, trustworthy relationships with members and vendors. Her role also involves collaborating with other leaders to ensure that their solutions not only meet the needs of the healthcare industry but also stay aligned with emerging trends and challenges, and markets outside of healthcare.

## **What is a recent or current project you've been excited to work on?**

I have had the privilege of working for CHAMPS for over 13 years, and I still derive immense joy and excitement from new projects and challenges.

In 2023, CHAMPS partnered with Premier SmartPO™ – a one-stop purchasing and inventory management solution. This ERP solution saves members both time and money by streamlining and simplifying the procurement process and helping them identify opportunities for cost savings. Most importantly, it is very cost effective for the Continuum of Care market of healthcare; really for any organization! I'm proud to support this solution offering for our membership.

In addition, we have recently embarked on an exciting venture to collaborate with a national channel partner, officially expanding CHAMPS into the public sector and more strategically into private, commercial organizations.

This opportunity has enabled us to thoroughly re-evaluate and restructure our sales and service team, ultimately empowering us to capitalize on our strengths in account management. The future is promising for CHAMPS, and I'm excited to lead the team into this new chapter, bringing greater value, savings, and benefits to all organizations that are a part of our membership.

## **Tell us a little bit about your team.**

### **What's unique about them and the way you go about your work?**

At CHAMPS, we've achieved milestones that might have once seemed daunting, and this success is a direct result of my team's unwavering dedication and exceptional work ethic. What makes the team truly unique is their diverse range of skills and deep understanding of the industries we serve.

Our members and suppliers gain tremendous value from dedicated account managers who possess specialized expertise across various trade sectors and are skilled at understanding our members' businesses and identifying their greatest potential for savings in both the CHAMPS and Premier portfolios. We've been fortunate enough to bring



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on incredible talent in recent years. The team's growth includes additional account managers and member developers to support a rapidly growing membership base, vendor relations, expanded field operations, and contracting experts.

We are strategically structured to ensure maximum efficiency and deep proficiency, streamlining our operations and focusing on areas such as acute and non-acute healthcare and private-sector non-healthcare. By offering direct access to account managers, we empower our members and suppliers to save both time and resources, further enhancing their positive experience with CHAMPS.

My team has consistently impressed me as they've confronted new challenges and ambitious goals. Each and every one of them demonstrates a genuine passion for advancing CHAMPS to new heights of customer satisfaction, all while maintaining a true love for the work we do in this industry. In short, they inspire me to be the best leader I can be.

### What industry level trends are you keeping an eye on as we head into the close of 2024 and beginning of 2025?

There are a few important issues that I am closely monitoring as we head into 2025.

**Sustainability:** As the push for greener supply chains continues to become more prominent, keeping an eye on sustainable sourcing and waste reduction strategies is key. This includes determining how we can meet members' expectations and properly provide these options in our portfolio.

**Technological advancements:** Emerging technologies like AI are reshaping supply chain efficiency and transparency

**As the push for greener supply chains continues to become more prominent, keeping an eye on sustainable sourcing and waste reduction strategies is key.**



and need to be assessed carefully to determine how our team can best utilize these new tools.

**Regulatory changes:** Staying informed about healthcare regulations that may impact procurement and supply chain processes.

**Stability:** There is work being done in the policy arena intended to lead to overall increased stability in our supply chain by increasing diversification and domestic sourcing. As we have witnessed in recent years, through the global pandemic, with natural disasters that can impact manufacturing, and even workforce disruptions like the port strike, it is increasingly important to implement strategies that can help ensure a stable and resilient supply chain.

### When it comes to diversity in the U.S. healthcare supply chain workforce, has the industry improved since you started your career? If so, in what ways? And, what work remains to be done?

Yes, there has certainly been progress made. Today, there are initiatives that directly focus on increasing diversity in the supply chain workforce and that ensure practices are in place to facilitate spending with diverse vendors.

At CHAMPS, our regional portfolio is made up of about 30% diverse and local vendors. I'm proud of how our portfolio has evolved and grown to include an increase in diverse agreements with woman-owned and minority-owned businesses, and the positive impact this has had on our members and communities.

While there has been an improvement in the diversity of the workforce across the industry, it is vital we continue to do more. Diverse perspectives generate new ideas and drive innovation. By incorporating individuals from varied backgrounds, healthcare supply chains can better address disparities and promote economic opportunity for minority-owned businesses. This not only strengthens member trust and satisfaction but also enhances overall organizational performance, resilience, and social responsibility.

In 2022 and 2023, CHAMPS was recognized as an "Inclusive Workplace" by Best Companies Group and COLOR Magazine. I'm honored to work for an organization that prioritizes inclusion and belonging and fosters a healthy workplace culture. We hope to receive this recognition again for 2024 when awardees are announced in December. Enhancing Diversity, Equity, Inclusion, and Belonging is a long-term commitment for our organization.

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# Susan Schrupp

Senior Vice President of Supply Chain and Chief Purchasing Officer for Community Health Systems



## As the Senior Vice President of Supply Chain and Chief Purchasing Officer for

Community Health Systems, Susan Schrupp oversees supply and purchased services expenses for the company. Her primary focus in support of the mission to provide quality care to patients is to manage an efficient and effective supply chain of product, equipment, and services. This involves overseeing corporate supply chain, partnering with their Shared Business Operations for the Procure to Pay function and their hospital supply chain departments. They engage with clinical and operational leaders to align on getting the right products at the right price. Schrupp also oversees the biomedical engineering service line, which is a unique aspect of her role. They're developing a standardized service line for the organization by leveraging technology and services to optimize life-cycle management of assets. Schrupp is excited about building this out as a full-fledged service line in partnership with the clinical teams which requires a clear strategy and stakeholder alignment with their mission and vision of the company.

## What is a recent or current project you've been excited to work on?

One of the most exciting projects is the implementation of the Oracle cloud-based ERP system across 67 hospitals within one year. This significant achievement involved converting data from five legacy systems and standardizing our processes. I'm particularly excited about the next phase, where we'll optimize the system to drive further efficiencies in our requisitioning, sourcing, procure-to-pay process, and receiving processes, which will benefit our team members, clinicians, suppliers and GPO partner, HealthTrust. This standardization will allow us to streamline payments, implement automation and minimize touches, leading to end-to-end improvements in how we do business. I'm thrilled we are on a single system and working with our hospital team members to drive benefits so our clinicians can have greater focus on patient care.

## What industry level trends are you keeping an eye on as we head into the close of 2024 and beginning of 2025?

As we approach 2025, our team is closely monitoring several key trends in the healthcare supply chain and especially IV solutions. Right now, we're focused on disaster response, particularly considering recent hurricanes affecting our communities and hospitals. It's critical our teams stay alert on how these developments evolve and how we can provide support to the affected communities and health systems during crises.

I'm also excited about advancements in data mining capabilities, which enhances our inventory visibility and decision-making processes. We are always focused on finding ways to be more efficient, and awareness of supply risk areas through our HealthTrust

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## **While the industry has made strides in gender and racial diversity, broadening the scope to include people with different abilities represents a significant opportunity. I believe this is the next step to move forward and create impact with diversity and inclusion within our industry.**

global sourcing team is crucial for monitoring and mitigating strategies. The ways that we are innovating and automating business processes, like those from our partnership with Oracle, continue to be essential for keeping our operations streamlined in a rapidly changing environment.

### **When it comes to diversity in the U.S. healthcare supply chain workforce, has the industry improved since you started your career? If so, in what ways? And what work remains to be done?**

There has certainly been significant progress in diversity in this field since I began my career. There's been a notable increase in women and individuals from various backgrounds taking on leadership roles. Early in my career, especially in a field like purchasing, we did not see many women represented. But today, I'm proud to be in a leadership role and that I get to witness the strides that we've made.

My personal journey, influenced by my parents' careers in purchasing and healthcare, has given me a unique perspective on both healthcare and supply chain, while also demonstrating that with the right support and determination, anyone can rise and thrive in their roles.

However, there's still work to be done, particularly in creating inclusive environments for individuals with disabilities. As a mother of two adult children with disabilities, I'm passionate about tapping into the potential of neurodiverse individuals in the workplace. While the industry has made strides in gender and racial diversity, broadening the scope to include people with different abilities represents a significant opportunity. I believe this is the next step to move

forward and create impact with diversity and inclusion within our industry.

### **What is the best piece of advice you've ever received?**

The best advice I received was from a former boss who encouraged me to be clear and concise in communication, especially during uncomfortable conversations.

This guidance has significantly impacted my career – emphasizing the importance of providing helpful feedback to drive growth and innovation within organizations. It's crucial to maintain a strong and confident voice while also remaining open to continuous learning and improvement. I've learned that giving feedback is a skill that requires thoughtfulness and responsibility, particularly for women in professional environments where our input may be perceived differently. By cultivating courage and clarity in communication, we can positively impact our teams and organizations, fostering a culture of openness and continuous improvement.

I'd also add, moving to Nashville, and always maxing out your 401K contributions were both outstanding runner up advice provided to me.

# Centralizing purchased services like continuing education provides savings

As health systems cut costs, purchased services categories can hold the key

**As health systems face increasing financial pressure with inflation following the COVID-19 pandemic, rising operational costs, continued labor shortages, supply chain disruptions and stock market fluctuations have combined to undermine financial stability.** Many health systems are struggling to offset shrinking margins.

Purchased services from health information management and education to information systems, environmental services and maintenance support can help these costs if they are managed correctly. But they are often decentralized, managed at the department level and lack central oversight. This causes them to be difficult to track and time-consuming to improve.

The AHA's 2023 Cost of Caring report shows an 18% increase in purchased services between 2019 and 2022 as hospitals have been forced to incur additional costs as they renew and renegotiate their purchased services contracts. These are often locally negotiated vendors, contracts and invoices that pass through purchasing and accounting with little to no careful review.

## Franciscan Health finds significant savings with HPC

Franciscan Health, an Indiana-based nonprofit Catholic health system, partnered with HPC International eight years ago to oversee and implement savings strategies within their education spend category. HPC is a contracted supplier with Franciscan Health's GPO Health-

Trust and its HPC Education Manager, powered by HPC's proprietary S.M.A.R.T. Hub and a team of experts, helped Franciscan Health improve centralization, control and oversight of their continuing education and professional training and development expenses.

HPC provided program communications, training materials, expense tracking reports and program workflows, and Franciscan Health's leadership team successfully launched HPC's service in less than a month.

"We are pleased with the service provided by HPC's team for the Franciscan Health Supply Chain department," said Steve Ellis, vice president of supply chain for Franciscan Health. "The support from HPC is having an impact on our department, which is beneficial to all team members. The efficiency and effectiveness

of HPC's processes have resulted in substantial time savings for us."

HPC has worked collaboratively with the Franciscan Health supply chain, accounting, human resources, physician, nursing and clinical education teams to streamline the purchasing process, consistently delivering annual cost savings of up to 20% back to the organization. Franciscan Health leverages HPC's expertise to strategically manage more expenses and negotiate deeper discounts on educational spend for more team members across an expanded set of education-related spend categories.

"As participation has increased each year, the period it takes to recoup the service fee has decreased – and every dollar saved in purchased services drops to the bottom line to be reallocated," Ellis said.

HPC has become an invaluable partner to Franciscan Health and the overall satisfaction with the service remains high. Healthcare requires constant planning, measurement, adaptation and innovation. HealthTrust offers HPC Education Manager and HPC S.M.A.R.T. Hub to all of its members. It's a program that provides flexibility and ingenuity to supply chain teams while centrally managing educational expenses within the purchased services space. ■



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# Andrea Pouloupoulos

Senior Vice President, Supply Chain, Corewell Health



## **As the Senior Vice President of supply chain for Corewell Health,**

Andrea Pouloupoulos and her team are responsible for managing nearly \$4 billion in total spend across both the direct and indirect continuum. In addition to sourcing and contracting supply chain operations, Pouloupoulos also leads sustainability, supplier diversity and supplier related or material related resiliency.

## **What are some recent or current projects you've been excited to work on?**

Corewell Health's integration over the last two years. We have worked incredibly hard throughout that time to streamline operations across our legacy organizations, as well as leverage our spend and supplier contracts in a way that allows us to maximize value. While we were an early adopter from a supply chain perspective in working through the challenges of the integration and standing up what is now Corewell Health, some of that work continues to linger, and likely will for years to come.

In terms of future projects, we will be opening a new automated Consolidated Service Center (CSC) in Q3 of 2026 that will support all of Corewell Health. Currently we have distribution centers on both sides of the state of Michigan. Our future state CSC will essentially reduce that footprint down to one 300,000-square-foot facility. We're looking to automate processes that drive efficiency while ensuring our operational team members can focus on the stuff that really matters.

## **What has it been like planning and preparing for the CSC, especially with so many marketplace disruptions?**

First and foremost, we have a labor scarcity issue. We continue to work diligently to recruit team members to take on the roles of those needed within our CSCs or current state distribution centers, but it's tough, frankly, to find potential team members that are interested in doing the work. The automation will allow us to reduce our reliance on more conventional labor and create opportunities for us to redirect the talents of those team members to what would be considered more impactful work for the organization.

As we think about what we will inventory in our CSC, we are finding ourselves in this position of taking a step back and evaluating criticality, as well as shortage related data, that we have available to ensure that we are stocking some of these risk materials or medical supplies to a greater extent with a more thoughtful strategy than what we have traditionally. This will, in turn, mitigate many of the back-order challenges that we currently face due to a reliance on suppliers and their distribution networks. Our future CSC will create an opportunity for us to sit in the driver's seat



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# Maintaining relationships with other health system supply chain leaders and supply chain focused third parties has helped to ensure that I am staying abreast of what may come our way.

and empower supply chain team members to make decisions that we haven't been able to historically.

### What makes your supply chain team tick? How do you measure success beyond just numbers?

We have an incredibly talented, dedicated team across the state of Michigan. The integration of Corewell Health has allowed us an opportunity to expand our school of thought, perspectives, and ideas and come together to determine what is best for Corewell Health. We've been able to ask, "what do we need to do" or "where is there the need for alignment" to ensure that we're positioned well for the future. The team is comprised of individuals that have shown a willingness and an excitement to look beyond what was considered the norm and be flexible and open to change.

We are obviously focused on numbers as a supply chain team. But in addition to savings and ensuring that we are bringing value back to the organization through cost avoidance or reduction in expenses year over year, we also have a robust scorecard of metrics that we track across the continuum. Each is indicative of a specific area that we deem critical to the organization. Product standardization is one example. Our sustainability related goals, supplier performance management, and supplier diversity are others. We have developed an approach that allows us to both celebrate the soft wins, but also the

opportunity to reference quantitative objective metrics to help us understand how we're trending and further celebrate those wins as we continue to make progress.

### Looking at the headlines in recent years – inflation, global disruptors, shipping issues, cyber security, etc. – how do you try to anticipate and prepare your team for those uncertainties?

There are two levers that I often pull. One is maintaining a network across the healthcare supply chain. Each of us faces very similar challenges day to day, but there are also instances in which there are unique challenges or hurdles which the trickle-down hasn't yet occurred.

Maintaining relationships with other health system supply chain leaders and supply chain focused third parties has helped to ensure that I am staying abreast of what may come our way. It's important to leverage lessons learned from those that have already faced the same challenges and are willing to share their experiences to ensure others don't make the same missteps.

Secondly, we also work alongside our GPO, Vizient, and consider them a partner and extension of the supply chain team. Vizient does an excellent job in ensuring that we're staying in front of what may come in terms of challenges and mitigating them appropriately in advance.

### What is the best piece of advice you've received in your career?

Your team is your superpower. Moving into this role and having the opportunity to be responsible for supply chain at Corewell Health has only further confirmed the fact that having the right people in the right seats who are dedicated and truly focused on the mission, vision, and values of the organization is what is necessary to be successful. My success is dependent on their success; in that we have to work as a team rooted in trust to be able to accomplish all that we have ahead of us. The challenges that we're currently facing are certainly not going to be in our rear-view window anytime soon.



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

Vice President for Strategic Sourcing and Procurement to Payment at Henry Ford Health



**Candice Pytlik is the Vice President for Strategic Sourcing and Procurement to Payment at Henry Ford Health.** The Strategic Sourcing team is responsible for all clinical and non-clinical sourcing and contract management as well as new product introduction, supplier management and value analysis activities. The Procurement to Payment team is responsible for processing all purchase orders and initiating all supplier payments on behalf of Henry Ford Health.

## **What is a recent or current project you've been excited to work on?**

Most recently we have been working on a joint venture which added eight acute hospitals to our health system. The joint venture with Ascension Health closed on October 1, 2024. The opportunity to be part of coming together with another organization and improving the healthcare we deliver in Michigan is a once in a lifetime career opportunity and I am so excited to be a part of this integration.

## **Tell us a little bit about your team. What's unique about them and the way you go about your work? How do you measure your collective success beyond just cost savings?**

At Henry Ford Health my team has a unique opportunity to collaborate with our clinicians on a frequent basis. I have never worked with a more engaged group of clinicians who want to provide feedback to the supply chain organization to ensure we are contracting for the highest quality products and suppliers. We have a number of ways of measuring our success beyond cost savings, we measure our supplier diversity and are being inclusive in our sourcing events and providing opportunities to our diverse suppliers. We have a focus on contract compliance which demonstrates to our supplier partners that we are going to meet our commitments and do what we say we are going to do. We also measure some of the additional value adds our team brings during contract negotiation which could include cost avoidance, education and training, improved quality metrics, and clinician/patient satisfaction.

## **How do you try to anticipate challenges and prepare your team to navigate uncertainties?**

I try to make sure myself and the team dedicates time to collaborate with each other, our suppliers and our customers to ensure we are aligned on potentials risks and changes in the complex healthcare ecosystem. When a challenge does

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## **Working with our suppliers to increase transparency and resiliency will continue to be a key initiative over the upcoming year, and I believe will influence our contract sourcing methodology in the future.**



present itself, I work to involve the team with the resolution so we are learning and enhancing our ability to respond to future challenges.

### **What industry level trends are you keeping an eye on as we head into the close of 2024 and beginning of 2025?**

I see a continued focus on resiliency. Recent natural disasters have provided a reminder of how fragile the supply chain still is. Working with our suppliers to increase transparency and resiliency will continue to be a key initiative over the upcoming year, and I believe will influence our contract sourcing methodology in the future.

### **When it comes to diversity in the U.S. healthcare supply chain workforce, has the industry improved since you started your career? If so, in what ways? And, what work remains to be done?**

I think there are several key initiatives we need to focus on to discuss diversity in the healthcare supply chain. We need to focus on diversity within the workforce, diversity within our leadership teams, and finally diversity within our supply base.

From a diversity in the workplace perspective, I believe companies are strategically trying to ensure they have

representation within the workplace. I had the unique opportunity to be mentored by a female executive leader in the healthcare supply chain and I feel that is my call to action is to give back and mentor other diverse leaders.

Over the past few years, the new suppliers I have met are working to solve a unique healthcare problem or have strategically differentiated themselves against their competition. Companies need to continue to be intentional with including diverse suppliers on any opportunities and looking for creative contracting opportunities to help mentor and grow these businesses.

### **What is the best piece of advice you've ever received?**

The best piece of advice I have ever received is to always make yourself uncomfortable. Take on the special project, apply for the promotion. The best learning opportunities come from the moments of feeling uncomfortable.

# Jennifer McPherren

Senior Vice President, Chief Procurement and Real Estate Officer, Sentara Health



## **Jennifer McPherren is the Senior Vice President and Chief Procurement**

and Real Estate Officer for Sentara Health, a 12-hospital healthcare delivery organization with a large integrated health plan headquartered in the state of Virginia. Sentara is a true Integrated Delivery Network exceeding \$11 billion in revenues. Half comes from the provider side of their business and the other half comes from their insurance plan sector.

McPherren has oversight for all supply chain functions including procurement, sourcing, contracting, value analysis, supply chain analytics, distribution, logistics, receiving and courier services. But just as complex, she also manages the Corporate Facilities arm of the organization which is comprised of planning, design, construction, facilities management and property management and real estate services. Sentara has one of the largest healthcare footprints in Virginia with over 700 active leases and approximately 12 million square feet of buildings.

## **What's unique about your team?**

### **How do you measure success beyond just numbers?**

Our approach at Sentara has focused on securing specialized content experts in each operational area they represent.

For our contract negotiators, we focus on hiring attorneys who either litigate for a living or have a proven contract transaction background. For our clinical sourcing and value analysis roles, we seek to hire nurses or technicians who are experts in the service lines they support. They come to us competent in the vendor product offerings and the needs of their correlating physicians. Our ERP Release Manager hire had strong applications integration skills while at the same time was versed in distribution and warehousing systems. Our System Operations Director, who is responsible for moving thousands of packages daily, comes from the logistics industry. Our data analysts, for the most part, are engineers or Six Sigma Lean experts.

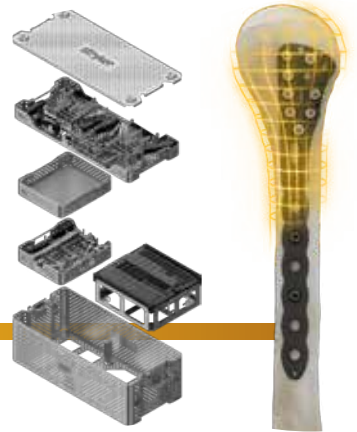
We consciously ensure that we have a balanced hiring approach. We seek talent from the healthcare industry, but we also bring in people from outside our industry to make sure we're considering solutions in the most progressive way possible. This approach has allowed us to meet the organization's ever-evolving demands while remaining a lean team, which has yielded substantive value and has positioned the division as a strategic lever for the business. We measure key indicators within each pillar of the supply chain division. There are only 50 metrics on our dashboard we concentrate on that create clarity as to how we're achieving our targets, but more importantly, consistently advancing our program.

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### **Do you have a story of how that outside perspective has benefited your organization and your supply chain?**

Sentara Health has a large courier fleet. Our vision and approach towards operations was always rooted from the health-care lens for courier services. Recently we brought in a leader who came to us from the Air Force. He had logistical oversight and managed over 100,000 military vehicles and specialized equipment moving them all over the globe. His fresh approach focused on efficiencies on how we can deploy things differently, allowing us to absorb more volume with the same number of resources, leveraging both our team members and our vehicles in a more effective manner. It has improved our customer satisfaction with the hospitals we serve, as well as our 300 sites of care.

Bringing in someone from outside the healthcare industry who thinks about our operations differently has allowed us to support our customers in a much broader fashion.

### **What's a recent project or initiative you've been excited about?**

Our Sentara Community Care mobile outreach program. We're investing in making health and wellness services easy and convenient by bringing care directly to the neighborhoods in the communities we serve. It focuses on the uninsured and underinsured residents of Virginia.

We've retrofitted different types of mobile units to bring medical and social health services to historically marginalized and under-resourced communities. We provide care where it's convenient for those patients where they live, work,

**We're investing in making health and wellness services easy and convenient by bringing care directly to the neighborhoods in the communities we serve.**

learn, play and worship. Picture large buses equipped with mammography, mobile CT or ultrasound units. We go into communities where it may be difficult to travel or get time away from work or family obligations in an effort to advance health equity and improve disparity gaps. Patientis will get comprehensive care, whether it's behavioral health services, checkups, prenatal care, breast imaging or whatever their needs may be.

### **How do you try to anticipate disruptions and prepare your team to face them?**

I lean on my leadership team. We have intentional sessions where we ask, "What would be catastrophic and how would we handle it? What keeps you up at night? What skill sets don't we have that are needed on the team? What are we not doing today and what's preventing us from doing it?" Then we make active plans on how to solve them.

A good example relates to the recent events we're managing through with IV fluids. Unrelated we were preparing for potential impacts of the longshoreman strike, and we considered, "What are our most critical items and how much supply do we have on hand?"

Sentara is a just-in-time organization, so our forecasting capabilities are critical to ensure we have the product in stock we need. Our team spent time identifying critical supplies, ordering up and bringing them into our safety reserve warehouse. The benefit of planning for the strike was timely as we had additional supply on hand that was impacted by the manufacturer affected by the hurricane.

### **How do you invest in your team and provide opportunities for them to grow in their roles?**

One of the reasons I joined Sentara was because of the leadership's commitment to invest in the supply chain division. Right away we completed a large assessment of the roles and responsibilities within each of the supply chain pillars and discovered there weren't a lot of opportunities for advancement or specialization. We spent time determining where we wanted to be in five years and what positions need to be created to help us get there. How do we recruit and retain exceptional talent in those roles? How do we create layers for both expectations and opportunities to advance people in a meaningful way?



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\*The National Academies of Sciences, Engineering and Medicine (NASEM) workshop, March 3–4, 2024

# The critical importance of specialized lab distribution



## Laboratory medicine crucially informs and impacts clinical decision making, patient outcomes and organizational value across the healthcare landscape.

But, while healthcare delivery hinges on diagnostic results, organizations may still be underinvesting in their lab resources. Fully servicing the clinical needs of the lab helps ensure efficient and reliable operations that support the evolving needs of patients across the care continuum.

For healthcare organizations looking to optimize their supply chains to best support their labs, the importance of choosing the right laboratory distributor cannot be overstated. Specialized lab distribution and supply chain collaboration is vital to driving efficiency, optimizing per-

formance and expanding access to testing for a wider population of patients.

Healthcare organizations must prioritize relationships with distributors that are equipped to serve their laboratory needs. Neglecting laboratory-specific needs can lead to increased costs and operational

inefficiencies, inconsistent service quality, challenges with specialized product handling, and, ultimately, compromised quality and patient care.

Choosing a specialized lab distributor can also yield significant advantages when compared to buying direct. A specialized distributor can help streamline operations, finances, and staffing, and provide the ability to manage multiple invoices from separate manufacturers.

Utilizing specialized solutions and aligning lab strategy into the greater hospital or health system supply chain strategy can help labs better optimize. With a team

of specialists dedicated to exclusively supporting laboratories, Cardinal Health makes laboratory customers a priority through an offering that includes no hidden fees, lab focused distribution services; expansive product choice; unique programs; and proven supply chain solutions.

### Product breadth

Supporting the lab means offering a broad selection of supplies and equipment to meet the preferences of laboratorians across the country. To help customers save and standardize, the Cardinal Health™ Laboratory Products Portfolio features product diversity, extensive national brand access, exclusive manufacturers, a comprehensive private brand portfolio and a robust capital equipment offering. As lab technology and automation evolves, our portfolio evolves in turn to help ensure our offering stays in lockstep with customer needs. Additionally, Cardinal Health is an authorized distributor for all Group Purchasing Organizations (GPOs).

### Specialized handling and cold-chain network

Nearly one-fifth of lab customer spend involves products requiring refrigeration, freezing or chemical storage.\* A robust cold-chain network with stringent temperature compliance during transportation is essential to maintaining product integrity. Cardinal Health maintains cold chain solutions across 34 laboratory distribution centers to help ensure temperature-controlled storage, transportation and delivery of critical laboratory products for our customers across the country.

### Sequestered lots

Lab customers depend on consistent service quality and product availability, even amid supply disruptions. The Cardinal Health™ Sequestered Lot Program reserves inventory of a single lot number, minimizing recalibration requirements due to multiple lot switches and helps optimize labor utilization and reduce costs associated with multiple lot changeovers. The Cardinal Health™ Quality Assurance Program (QAP) team

oversees select order renewals and creates standardized or custom shipping cycles to best fit a customer's standing order requirements for products that include reagents and controls, test kits, glucose strips, specimen collection and rapid tests.

### Low unit of measure distribution

Ordering and delivery flexibility helps improve supply chain efficiency by reducing added time and cost. Cardinal Health customers can order in the right unit of measure based on usage, enabling more flexible supply chain strategies and reducing inventory and storage space requirements.

### Seasonal support for respiratory testing

With a large percentage of lab revenue tied to respiratory testing products (COVID-19, Flu, Strep A, Mono, RSV), the ability to manage seasonal volatility in demand is vital. Cardinal Health offers a first-of-its-kind Reserved Inventory Program (RIP) that leverages historical data to help inform customer purchase decision and allow for local stocking of reserved inventory. Our customers have stated that they are looking for solutions that enable distributors to “always have inventory ready for the flu season so we can order and be sure we will receive our kits from you.” †

RIP participants note that, “maintaining test kit inventory has not been a problem since joining the program.”

### Kitting

Optimized specimen collection kits help organizations drive efficiency, adhere to specialized sample collection requirements, improve specimen integrity and implement new capabilities like at-home testing or gaps



in care programs. From helping reduce blood culture contamination to optimizing the urine collection process, Cardinal Health works to accommodate specialized inpatient and outpatient testing requirements. Our knowledgeable team has the expertise to support organizations during every step of the process through identifying use cases and testing requirements, determining the most effective kit configuration to support collection protocols and providing guidance on how to improve specimen integrity during collection and transport.



### Focused lab industry expertise

Cardinal Health is committed to being our customers' lab distributor of choice, and our people form the connective tissue that supports each account. Our team of dedicated lab sales professionals, diagnostic specialists, Independent Reference Lab (IRL) specialists and lab marketing experts have a proven track record of understanding and addressing lab-specific needs. People are the heart of the value we provide, leveraging decades of experience serving the industry to build strategic supply chain relationships and support a shared vision to propel laboratories forward.

### Expansive distribution network

Cardinal Health continues to expand our distribution capacity and integrate new technology and automation solutions to deliver operational efficiencies to our customers. Our wide-reaching footprint enables us to keep inventory close to customers, so they can receive the product right when they need it.

As you evaluate distributors, consider the following set of questions to help ensure your prospective resources can meet your specialized laboratory distribution needs.

1. How do you manage products requiring specialized handling?
2. What are your cold chain capacities and how do you ensure temperature compliance during transportation and storage?
3. Are there fees associated with ancillary distribution services?
4. Will I see any surprise fees on my invoice that we did not previously discuss?
5. Do you have an easy-to-use online ordering platform?
6. How do you support supply chain needs during high-demand seasons, such as respiratory testing season?
7. Do you have access to key suppliers within our specific channel?
8. How does your private brand offering compare in quality and savings to leading distributors?

9. What is the depth of your capital equipment offering, including exclusive suppliers and specialist support?
10. How well do your lab representatives understand the unique needs of our laboratory compared to other departments?

### Choosing a distributor that works for you

As healthcare organizations face mounting pressures to reduce costs and improve efficiency, understanding the true costs of lab distribution decisions is key to unlocking both. A dedicated lab distributor with a strategic focus, comprehensive offering and deep industry expertise can support the delivery of high-quality patient care by helping your labs operate more efficiently and cost-effectively.

When your patient care is on the line, choose a distributor who cares about more than their bottom line. Cardinal Health can help your organization maximize the value of laboratory distribution so you can best serve your patients' needs. Learn more at [cardinalhealth.com/labdistribution](https://cardinalhealth.com/labdistribution). ■

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# Jessica Burns

Chief Operating Officer of Valify



**As the COO of Valify, Jessica Burns' role is multifaceted and centers around** driving operational excellence across the organization. She manages Valify's strategic roadmaps, financials, and internal processes to ensure alignment with business objectives. This includes streamlining client delivery, data management, business intelligence functions, client onboarding, service level agreements, and quality assurance. Burns is also heavily focused on automating their operational and client delivery processes, which allows Valify to provide rapid and valuable insights into non-labor cost management for clients. By fostering an environment of continuous improvement, she ensures that operational efficiency and client success remain at the forefront of Valify's initiatives.

## **What is a recent or current project you've been excited to work on?**

One of the most exciting projects we have recently undertaken at Valify is integrating AI into our application. We have been training our large language model (LLM) to provide our clients with the ability to rapidly generate data insights on their purchased services spend. This project is transforming how our clients can quickly access and interpret their spending data, enabling them to identify cost-saving opportunities more efficiently. It has been incredibly rewarding to see how this integration enhances their ability to manage non-labor costs effectively.

## **How has the category of purchased services changed over the last few years? Why is power benchmarking so important for today's health systems?**

In the last few years, especially post-pandemic, there has been more awareness of the significant portion of overall healthcare spending on purchased services, which often accounts for nearly 50% of an organization's non-labor expenditures. With the complexities in contracts and service requirements, healthcare organizations have recognized the need for continuous monitoring and benchmarking. Power benchmarking is crucial because it allows health systems to compare their spending against industry standards, identify inefficiencies, and make data-driven decisions to ensure their expenditures align with current needs and market conditions. This ongoing evaluation is essential to optimizing costs and dedicating more resources to patient care.

## **What industry-level trends are you keeping an eye on as we head into the close of 2024 and beginning of 2025?**

As we approach 2025, Valify is particularly focused on the expanding role of AI and data analytics in healthcare cost management. AI is becoming a transformative

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## **Organizations are increasingly recognizing the value that diverse perspectives bring to strategic decision-making, innovation, and operational efficiency. However, there is still work to be done to ensure diversity extends across all levels, from entry-level to executive leadership positions.**

force, allowing healthcare organizations to rapidly analyze large volumes of data, uncover spending patterns, and make more informed strategic decisions. We are also monitoring advancements in automation. These technologies can significantly enhance operational efficiencies and improve data quality by quickly identifying inconsistencies or errors in our clients' data, allowing for more accurate insights and optimized decision-making. Additionally, with the ongoing focus on reducing healthcare costs, there is a push toward more dynamic, real-time data analysis, helping organizations adapt to market changes quickly. These trends will continue to shape the landscape of cost management and operational strategy in the healthcare industry.

### **When it comes to diversity in the U.S. healthcare supply chain workforce, has the industry improved since you started your career? If so, in what ways? And, what work remains to be done?**

There have been significant improvements in diversity within the healthcare supply chain workforce, with more women and individuals from various backgrounds taking on leadership roles. Organizations are increasingly recognizing the value that diverse perspectives bring to strategic decision-making, innovation, and operational efficiency. However, there is still work to be done to ensure diversity extends across all levels, from entry-level to executive leadership positions. Ongoing efforts are needed to create inclusive environments where diverse

talent can thrive and contribute to driving the industry forward.

### **What is the best piece of advice you've ever received?**

The best piece of advice I received early in my career was to be "confident yet humble." This principle has guided me through many challenging situations, reminding me to lead with conviction while staying open to learning and collaboration. This advice was given to me by a CIO who deeply believed in the power of servant leadership and emphasized the importance of leading by serving others. He encouraged every manager in the organization to undergo servant leadership training, emphasizing the importance of leading by serving others. Inspired by this guidance, I later took on the role of teaching servant leadership at a local university. This approach has shaped my leadership style, reinforcing the idea that success in healthcare is achieved not just through strategic decisions, but also by nurturing and empowering those around us.

# Diving into Today's ASC Market

Experts share leading trends of a rising segment in the U.S. healthcare sector.

**Ambulatory surgery centers provide a much-needed service for both patients and healthcare facilities** – a cost-effective, convenient alternative for surgical care and procedures that do not require a hospital stay. At the recent IDN West meeting, Jason Harris, executive director, corporate healthcare development and ambulatory surgery centers for Allergan Aesthetics, hosted an ASC discussion panel with Rena Courtaay, MBA, BSN, RN, CASC, vice president of ambulatory surgery at Trinity Health, and Trevin Hunt, MB, RNA, senior consultant for Avanza Healthcare Strategies, where they discussed the current ASC market and what it may look like in the future.



Jason Harris

**Jason Harris: Can you give us your impressions of what the ASC market looks like today?**

**Trevin Hunt:** Primarily, it's being driven by the payers. I would say Medicare is the biggest driver of the development of ASCs. When you talk about health systems, if they don't already have an ASC, odds are they're going to be either buying a local ASC or developing an ASC with a physician partnership.



Trevin Hunt



Rena Courtaay

One of the other main drivers, if you're talking about health systems, is if they have employed physicians with the foundation. That's an incentive that they have to recruit physicians, if they can bring them in and give them ownership of those ASCs.

Another driver when it comes to health systems is a lot of the smaller ASCs in communities are struggling a little bit, and by bringing on a health system partner, then they get some advantages by partnering with them when it comes to supplies, just economies of scale for the ASC.

**Rena Courtaay:** ASCs have the fastest growth predicted in the healthcare sector. Over the next five years, ASCs are set to grow 22%, which is higher than any other vertical in healthcare. Everybody wants to be a part of this, and that's what I see.

When COVID happened, ASCs were still open after a certain point and hospitals had to keep closing. All of a sudden, those total joints could be done as outpatient surgeries. Before that, people were saying, "Oh, we can't send those people." Yes, you can! It really accelerated moving some of those big procedures into ASCs, especially for physician groups that were slow to adopt this migration.



**Harris: Can you talk about how the ownership model drives behavior, as far as types of cases accepted, contracting, and product decisions?**

**Hunt:** It is going to depend I think more than anything else on the community, because the payer contracting in one community can be way different than another community. A lot of it depends on what's driving that partnership.

One of the big things that I've seen is, if you have a community that has existing ASCs that have been there for years and they don't have great payer contracts with commercial payers, it really makes that whole community a challenge for even a hospital to partner with it and substantially change it. Whereas if you have a community that doesn't have a lot of ASCs, the payers and Medicare want to see an ASC in that space, and you can usually get pretty good contracts. The case mix is also something that's going to really drive it.

**Courtay:** With physician-owned ASCs, they're going to bring commercial cases there. They're going to take some of their government payers to the hospital, especially Medicaid. They'll take it to the hospital, because we don't make money on implant heavy cases with government payers. Depending on what it is for Medicare, they may not bring anything. They primarily want to bring profitable cases when it's a physician-owned surgery center.

**Harris: Can you tell if there are any service line impairments you see when shifting from the hospital to the ASC setting?**

**Courtay:** The biggest one is total joints and that's going to continue. I mean,



**One of the big things that I've seen is, if you have a community that has existing ASCs that have been there for years and they don't have great payer contracts with commercial payers, it really makes that whole community a challenge for even a hospital to partner with it and substantially change it.**

when you look at a graph of total joints in 2014, outpatient total joints were way down. Right now, it's way up and it's expected that 60-70% of all total joints over the next 5-10 years will be outpatient. It's very easy to do these as outpatients.

The other specialty that we keep hearing about is that all the cardiovascular is moving out. It's moved out a little bit, but there are a few factors why that hasn't really been the big move that everyone thought. Most cardiovascular and cardiologists are employed, so health systems do not want to move – that's their highest margin business. They don't want to open an ASC for their employee cardiologists and EP surgeons, so that's one reason. The second reason is

because of the regulatory environment, many states won't allow interventional cardiology at an ASC.

**Hunt:** I did a due diligence project where we were looking at cardiology, and the thing that I found when I interviewed the physicians is that they're really hesitant to move to an ASC. In addition to what you already said, there's also resistance on the part of the surgeons. With the total joints, it's just crazy how fast they're moving out of the hospital OR. I think in most situations, if possible, you're going to see a hospital partnering with those physicians, because they just lost a huge chunk of revenue out of the hospital. Getting 51% of it is better than getting none. ■

**Editor's note:** The Journal of Healthcare Contracting would like to thank Allergan Aesthetics for sponsoring the recent IDN West meeting.

# IV Fluid Supply Disrupted

Healthcare providers urged take steps to help mitigate the risk of shortages.

## Hurricane Helene forced the temporary closure of a manufacturing plant

critical to the IV fluid supply in the United States. As a result, several major healthcare organizations quickly released recommended conversation strategies for healthcare providers to help mitigate the potential IV fluid supply disruption.

Baxter International's North Carolina-based North Cove manufacturing site was significantly impacted by the rain and storm surge from Hurricane Helene, the company said, which was unprecedented in Western North Carolina and resulted in water permeating the facility. On November 21, Baxter announced that the company has released the first product, 1-liter IV solutions, that has been manufactured since Hurricane Helene. Baxter stated in a press release that this is ahead of the company's original expectations, and made possible by the dedication and resilience of the North Cove and broader Baxter teams, working in coordination with FDA.

Because the facility is a significant producer of large volume IV fluids for the U.S., which includes saline, dextrose and lactated ringers, Vizient was encouraging healthcare providers to take immediate action to manage their inventory and implement conservation strategies to help mitigate the risk of shortages, said John Thompson, senior vice president, med/surg, lab and capital equipment for Vizient.

Strategies Vizient recommended for inventory management include:

- ▶ Evaluate IV fluid supplies on a health system-wide basis and redeploy solutions to areas of greatest need.



- ▶ Minimize unit stock of large-volume bags to the extent possible or stock product only in critical care areas where fluids are an essential component of emergency supplies.
- ▶ Ensure smaller volume bags are stocked in other supply areas, especially pediatric areas.
- ▶ Ensure purchasing agents have active backorders in place to help ensure your facility is obtaining allocations as available.

The ASHP and the University of Utah also released updated recommendations for managing intravenous fluid shortages and conserving supply. The management

and conservation resource, created in 2022, was updated following the hurricane to reflect the current supply status of small- and large-volume intravenous solutions. The document provides operational steps that organizations may consider in conserving inventory and managing fluid shortages. The updated recommendations reflect best practices related to multiple aspects of patient care, including considerations for intravenous hydration and alternate routes of administration.

The general recommendations included:

- ▶ Implement an organization-specific action plan to conserve IV fluids where possible. Organizations must be flexible as the status of specific products may vary. Establish policies to allow for interchanges between clinically equivalent products when possible.
- ▶ Ensure an interdisciplinary team is making rationing decisions using an ethical framework.
- ▶ Communicate changes in shortage status and action plan adjustments to stakeholders as soon as possible.
- ▶ Identify vulnerable and populations with specific needs, such as pediatric and neonatal patients, and consider specific policies and practices that reserve or prioritize fluid products for their needs.

For the full list of ASHP recommendations, scan the QR code. ■





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# An Entrepreneurial Spirit in Supply Chain

Yes, healthcare, supply chain can generate income and revenue.

BY R. DANA BARLOW



**Outside of the healthcare provider organization market segment, companies** generally regard the supply chain with a modicum of respect for managing assets used in the manufacture and sale of products. This links the supply chain in most other market segments directly to the top-line revenue stream as well as to the bottom-line expense stream.

Supply chain within the healthcare provider organization market segment, however, typically fails to experience similar benefits and rapport.

Supply chain as a department and function may serve as specialists in strategic sourcing, product and service evaluation, contracting, purchasing, logistics, distribution and process facilitation – all of which typically fall on the expenditure side of

the budget. But a growing number of entrepreneurial supply chain teams also are creating, developing, launching and sharing revenue-generating processes and products to promote and reinforce additional value to their provider organization and to others. These teams not only work to control costs but also to generate income.

Some of these entrepreneurial provider-based supply chain teams have launched a bevy of revenue-generating enterprises to help their own operations and processes as well as those of affiliated facilities and provider customers. The menu can include running consolidated/shared service centers where they sell supply chain services such as contracting, distribution, inventory management, laundry and sterile processing to affiliate facilities; group purchasing services for bulk and cooperative buying; software-based products that facilitate ordering, tracking and tracing, management consulting and process facilitation; mechanical products for materials handling and stocking; or even investing in domestic manufacturing ventures for backorder- and stockout-susceptible personal protective equipment (PPE), intravenous fluids and other relevant products.

Among this burgeoning group of supply chain-emerging income incubators, five shared their experiences with the *Journal of Healthcare Contracting*, not only highlighting what they did and why, but also explaining what motivated them to do it, the entrepreneurial spirit necessary and how to sell supply chain-generated income ventures to a C-suite that may expect them to stay in their original lane to control costs.

### MultiCare Health

The Tacoma, Washington-based integrated delivery network (IDN) foresees tremendous growth and opportunity in harnessing business intelligence and digital expansion, according to Jason Moulding, Chief Supply Chain Officer (CSCO).

“Our Supply Chain division has been heavily investing in business intelligence



and insights for the past several years,” Moulding told *JHC*. “We embarked on our digital transformation journey back in late 2019 just before COVID-19 which was very fortunate, as we had a foundation to quickly build dashboards for inventory management when days on hand became an important ratio. Now our Supply Chain Resource Analytics team has grown significantly and the amount of disparate data that we can collect and ‘paint a picture’ with has improved financial, clinical and operational efficiencies. This is an area of our supply chain that we’re going to continually invest in as I believe it’s our competitive advantage and value that we bring to our organization and our customers.”

**WHAT THEY DID:** An internal supply chain team created a suite of software products to help clinicians and administrators more effectively and efficiently manage operations.

“One of the major functions within MultiCare’s Supply Chain Management is our Innovation and Application Development team,” said Matthew Palcich, system



director, Resource Analytics. “Over the last couple of years, we have partnered internally with stakeholders and subject matter experts to develop multiple offerings leveraging a combination of reporting expertise and low-code application development.” Palcich listed some of the key areas of development as in:

- ▶ **Procedural Analytics Intelligence** – a dynamic and flexible data eco system leveraged to compare physician cost per case, reimbursement and quality metrics to drive improvement across the full spectrum of procedural areas.
- ▶ **Substitute Item Database** – integrated workflow, approval and data capture of substitute activity leveraged to enable speed to execution and data enrichment for operational teams.
- ▶ **Savings /Initiative Tracker** – Single source of truth for all savings initiatives and results that is linked to data sources, intuitive user experience for data entry, and transparent results for value-based reporting to senior leadership.
- ▶ **Demand Planning Suite** – a highly integrated application focused on identifying lead time variation, demand

signals and inventory availability that is quick to stand up targeted initiative-based reporting for supply shortages and visibility to run daily operations and senior leadership.

Because these products were developed internally by a dedicated team rather than relying on third-party vendors, MultiCare Health enjoyed a number of benefits through their methodology, according to Naresh Thapa, assistant vice president, Supply Chain Strategy & Integration.

“This helped us quickly pivot to and align with our own organizational need and strategy around analytics,” Thapa indicated. “Having a dedicated team allowed us to conduct internal assessments and gather feedback from our stakeholders. This also led us to identify areas where tailored solutions could drive significant improvements. Our in-house solutions have a greater return on investment compared to purchasing external ones.

Strategic foresight aided in recruiting team members, Thapa noted. “When you have a good strategy and vision of where you want to be, hiring the right



Naresh Thapa



Doug Bowen

**“Since 2017, SCVN has been a huge success and has created significant incremental value to the supply chain for both Banner and the other participants.”**

talent becomes easier,” he said. “We recruited individuals, both internally and externally, with the right mix of technical skills and having operational experience. The products that we developed have proven to be successful within our

organization. Once we got good traction internally, we started pitching these to our colleagues in the community. We are already engaged with other healthcare systems in implementing the products that we have devoted.”

MultiCare also launched Myriadd Supply Network as a business-to-business, nonprofit venture that offers aggregation for contracting and distribution, non-labor expense management and operations improvement consulting, led by Moulding as president.

“Myriadd plays a crucial role in driving revenue for our organization,” Thapa said. “The Myriadd Supply Network generates additional revenue through our aggregation group by collecting administrative fees and reducing supply expenses. Myriadd Strategies focuses on optimizing supply chain processes and integrating advanced analytics. This helps enhance efficiency, reduce costs, and improve operations, leading to significant savings.” Myriadd works with Vizient as its aggregation solutions and GPO partner in the venture.

**MOTIVATION:** At first, internal satisfaction and success drove innovation, followed quickly by the desire to share expertise.

“We have been intentionally investing in our analytics division within supply chain,” Palcich said. “Our ambition to become the preferred vendor of choice for health systems significantly influenced our strategic decision to prioritize analytics and application development as core competencies. As we observed substantial internal improvements and cost efficiencies in the last three years, it became evident that other health systems could also benefit from the applications we developed and continue to make it better. Consequently, expanding our approach externally was a natural progression in our journey towards continuous improvement and optimization.”

Being a provider gave them a leg up, according to Thapa. “Our value

# Happy Holidays



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proposition lies in our unique position as healthcare providers addressing health-care-related challenges,” he noted. “Our competitive advantage comes from our direct experience in solving these issues firsthand. My goal is to turn this division into a revenue center. Investing in innovative solutions can lead to long-term savings and efficiencies.”

MultiCare works with four other healthcare systems, according to Thapa, with the proceeds reinvested in the organization.

**C-SUITE EXPOSURE:** COVID-19 certainly elevated Supply Chain’s recognition within MultiCare, Thapa observed. “The importance of supply chain has been significantly recognized in the wake of the global pandemic. The focus has shifted from merely reducing supply costs to creating value across the entire system,” he said. “To enhance visibility at the C-suite level, it’s crucial to demonstrate ROI by highlighting strategic value. This involves identifying new revenue streams and future-proofing the organization by staying ahead of technological advancements and trends. While our work has traditionally centered on cost reduction, developing problem-solving tools that also generate revenue effectively lowers the supply chain’s cost to serve the organization, paving a new path for cost reduction.”

**Banner Health**

The Phoenix-based IDN sought to control its own destiny by setting up its own regional GPO, called Supply Chain Value Network, that it operates with its consolidated service center that has been active for two decades running, according

**“The strength isn’t a packaged program to implement, but our clinicians and supply chain teams helping member hospitals create whatever specific structure works for them, then partnering with them on supply decisions.”**

to Doug Bowen, senior vice president, Supply Chain Services.

**WHAT THEY DID:** Banner developed and grew SCVN organically – first internally before expanding outward to affiliate providers. “SCVN allows Banner to offer contracts and all supply chain service offerings to selected independent healthcare sites,” Bowen noted. “These partnerships create supply chain synergies to improve supply chain operations across all enterprises and throughout the continuum of care. Since 2017, SCVN has been a huge success and has created significant incremental value to the supply chain for both Banner and the other participants.”

**MOTIVATION:** Bowen’s team viewed this as something atypical and different for supply chain. “We saw this as an opportunity to bring in revenue that would help us fund supply chain improvements, move us in the direction of being a revenue generating department, reduce the impact of inflation and create incremental value,” he said. “We have marketed the program mainly to those facilities that were already Banner affiliates through our national GPO where we can identify additional value through our SCVN contracts. In addition to that we have marketed to some organizations outside of Banner where we have relationships within that organization.”

**C-SUITE EXPOSURE:** Running the CSC for 20 years certainly helped. “For us it was an easy sell as we utilized our existing resources to work on the SCVN GPO contracts so there were no incremental costs – just new revenue in the form of incremental administrative fees,” Bowen said. “We have now added one resource to handle the management of the sales reports and administrative fee reconciliation.”

**Cleveland Clinic**

The Cleveland-based IDN concentrates on clinician, physician and surgeon involvement to the point that the philosophy remains ingrained, according to Steve Downey, Chief Supply Chain and Patient Support Services Officer, Supply Chain Services.

**WHAT THEY DID:** Supply Chain formed an operational link between the professions and a joint venture offering supply chain services. “Cleveland Clinic spent significant effort getting physician alignment with supply chain,” Downey said. “We developed our medical director model, created new ways to partner and drove best practices. [See “Physician/Surgeon-Supply Chain Relations Fueled by Circle of Trust,” September 2024 JHC] That then led us to form Excelerate, a joint venture with Ohio Health, Cleveland



Clinic and Vizient, to serve as a clinically driven supply solution for health systems. It leverages the supply alignment and selection practices that Cleveland [Clinic] and other top hospitals have used to narrow their supply formulary in the hardest-to-manage category of physician-preferred items (PPI). There are now dozens of hospitals using the program saving millions in value. Suppliers appreciate the program because it drives compliance to their products when on formulary.”

Revenue generated by Excelerate is funneled back into the organization.



Steve Downey

“Funds from the program cover the costs of employees serving it, such as sourcing,” Downey assured. “There are clinicians supporting Excelerate, including from member hospitals.”

Downey cautioned against viewing what Excelerate offers as a “canned” program that could be applied elsewhere because of the customized nature of its solutions for clients. “The strength isn’t a packaged program to implement, but our clinicians and supply chain teams helping member hospitals create whatever specific structure works for them, then partnering with them on supply decisions,” he clarified. “As the products are vetted by the clinical teams, those clinicians then become available to others to understand the decision criteria. Then the program helps leverage the purchasing at scale, across the collection of committed members.”

At press time in October, Michelle Clouse, executive director, Excelerate Clinical Partnerships, quantified their current membership reach at 229 hospitals and rising. “I believe the biggest value that we bring is understanding – as a provider ourselves – the benefits we real-

ize throughout the organization by having a clinically aligned supply chain,” she told *JHC*. “Because we’ve been through it, we can talk with members about their journey and meet them where they are to support them along the way.”

**MOTIVATION:** In short, they saw a gap. “It was a real need, driving standardization for quality, operational and financial reasons,” Downey insisted. “The team then assessed the market and saw that no one was doing a clinical-aligned, health system-operated GPO model. It takes patience though; many programs take years to come to maturity.”

Downey acknowledged that many organizations already may have implemented their version of a clinically aligned supply chain. “But building it as a service for others, and then growing and leveraging that size and scale to a point where it generates value for the membership is the long part,” he added.

**C-SUITE EXPOSURE:** The C-suite looked for results. “The new solution should have enough revenue potential and be worth the time and effort required,” Downey noted. “Executives also look for ways to help fellow health systems, and having a solution that proved effective at yours and being able to help someone else with that program generates collective value. The team also needs a track record of success – start small and build up the reputation of execution and ability.”



Michelle Clouse



Dan Hurry

### Bon Secours Mercy Health

Senior executives at the Cincinnati-based IDN recognized that the organization’s supply chain operation needed

to progress to the next level, according to Dan Hurry, CSCO, Bon Secours Mercy Health, and president, Advantus Health Partners.

**WHAT THEY DID:** Hurry convinced the C-suite that in the name of simplicity the next step in the organization’s development was to extract its supply chain operation and spin it off.

“We took the supply chain entity within the industry, and moved it into an independent organization, a company that we set up called Advantus Health Partners,” Hurry noted. Advantus offers a cornucopia of supply chain services,

including clinical engineering and health-care technology management in partnership with GE Healthcare, as well as dietary, environmental services and patient transport services to Bon Secours Mercy and other Advantus members. Against the backdrop of the pandemic-related supply shortages and to support domestic production, they also invested in Emerge Manufacturing, a local firm that makes a variety of in-demand medical products.

Advantus works with more than 120 other acute care facilities and more than 1,000 nonacute care facilities outside of the Bon Secours Mercy network, according to Hurry.

**MOTIVATION:** The organization itself planted the seed as far back as 2016 because they “felt the need to find innovation within their supply chain model and wanted to go at-risk and find somebody that was a change agent, so they recruited me,” Hurry recalled. He shared a vision and strategy and achieved some incremental wins during the next several years that built credibility and generated trust with proven results even before Bon Secours merged with Mercy Health.

When the pandemic emerged in early 2020, Hurry admitted that he and his team faced some brief trepidation and hesitation about launching Advantus. “Some asked, ‘Should we wait?’ and I absolutely said, ‘No way,’” he recalled. Hurry felt the global crisis would demonstrate their model and capabilities in real time with real results. Advantus debuted in 2021.

“The reason we did it was really two-fold. One, we wanted to [demonstrate] a continuous effort to optimize the supply chain model for the ministry while also offering to the marketplace the ability to bolt on to what we’re doing in the ministry for those who maybe could use some support. We also saw it as an opportunity to convert it into a revenue-generating entity back to the ministry. So, it works hand-in-hand with generating continuous value for others while leveraging the expertise we have in place. The business model is rather simple.”

Hurry’s motivation for Advantus is the desire to keep supply chain simple by offering a menu of services. “How do we keep it easy? How do we make it most effective for others without complicating it?” he noted. “We do have some traditional things that are as simple as

**“Whether we like it or not in the healthcare industry, supply chain always seems to be considered a secondary or tertiary role. So, you need to prove that you’re different and you need to do it through credible results.”**



plug-and-play with the agreements or contracts or partnerships we have in the marketplace. But the biggest thing that we bring forward that we believe is a differentiator is the services that we provide. We can be an available outsourced entity where we come in and run a supply chain for somebody, we could be the leadership for a supply chain at an organization or we can even provide micromanagement solutions, whether it involves surgical navigation, which in short form is resources that we apply to the surgical suite (for the OR or cath lab) to help optimize a supply chain within that area or it involved clinical resource project managers that cover a broad array of clinical products.

“We’ll also interface with people in the C-suite all the way to those that might be at a dock to help support, throughput, opportunities, initiatives and everything in between, or we can just come in and help people assess where they are, maybe on their journey within their own supply chain optimization, and show where we can help them maybe either augment what they’re doing, accelerate what they’re doing or bring new insights that they may not have seen already,” he added.

**C-SUITE EXPOSURE:** Supply chain’s influence and success is built on results produced, according to Hurry. “Whether we like it or not in the healthcare industry, supply chain always seems to be considered a secondary or tertiary role,” he indicated. “So, you need to prove that you’re different and you need to do it through credible results. I’ve seen a lot of people just mimic others and say, ‘Well, they’re doing it over there.’ You need to figure out the solution within your own walls, the culture of your own organization, the politics that come



be shaken apart, which can lead to damage and the need to flip over each tote and remove an identification sticker.

**MOTIVATION:** Simply put, that step in the process was inefficient and unsafe for the workers doing it, Corry noted, something she experienced personally. “During COVID when it was all hands on deck, I was ‘destacking’ with the team because we needed hands,” Corry recalled. “We realized that we hated doing this and that it was a three-FTE job and it was one of our highest areas for

**“We do have some traditional things that are as simple as plug-and-play with the agreements or contracts or partnerships we have in the marketplace. But the biggest thing that we bring forward that we believe is a differentiator is the services that we provide.”**

within the walls of any organization, but diligence, perseverance and results are always going to win.”

### Intermountain Health

The Salt Lake City-based IDN engineered a big win for its own staffers in the consolidated service center, according to CSCO Allison Corry, by automating an unnerving step within a larger process.

**WHAT THEY DID:** Supply chain staff in the warehouse worked with an engineering firm to design what they call a “tote destacker” that automatically pulls apart empty supply totes that are returned in stacks. Unfortunately, those stacks can be “vacuum-sealed” so tightly that they must

injury. So, they came up with the idea of automating it. We found somebody who could engineer it for us and invested in some capital and technology.

**C-SUITE EXPOSURE:** Although this improvement didn’t attract C-suite attention, it did amplify the ingenuity of the team. “We haven’t thought about marketing it because it’s custom to our picking line, but I do co-present with DOJ Engineering, the partner we used, on the opportunity and advantage to having an engineering approach to anything you’re doing – especially in the warehouse,” she said. “You may think it sounds too expensive, but it’s not as expensive as a pick line. Our investment [in people and tech] paid for itself quickly.” ■

# Beyond the Bottom Line

There's nothing wrong with entrepreneurial spirit in supply chain – but there is a problem when it doesn't exist.

BY R. DANA BARLOW

Within the healthcare provider community, the supply chain stereotype, by and large, represents a department that acquires products and services for clinicians and administrators as cost effectively as possible, while controlling and reducing expenses along the way.

Many supply chain executives, leaders, managers and professionals find themselves programmed with this mindset.

Generating income for the top-line revenue side of the balance sheet remains the exception rather than the rule, wielded by a small, but growing number of supply chain leaders who harbor a certain type of attitude, personality and spirit that ignites and fuels entrepreneurial passion.

For them, the bottom line is that supply chain is so much more than the bottom line.

Four executives, embedded within forward-thinking progressive teams of innovators, recognize and embrace this.

## MultiCare Health

That's how MultiCare Health System, Tacoma, Washington, developed its suite of digital products and its Myriadd Supply Network venture that includes consulting, contracting and distribution for its parent organization and four other external health systems.

"Leaders and teams that embrace a creative mindset, have a passion for learning and possess the confidence to tackle challenging problems are likely to succeed in this field," said Matthew Palcich, system director, Resource Analytics, MultiCare Health System. "A fundamental aspect of developing high-quality products is the commitment to continuous improvement. By perpetually applying the Plan-Do-Study-Act (PDSA) cycle across all product offerings, we ensure they consistently improve and adapt to the evolving needs of users. Staying closely connected to the work and the operators within the supply chain guarantees that our products remain focused on addressing real-world problems. We have found that the optimal combination of application development expertise, business process knowledge and naturally curious individuals tends to yield the most effective collaborators for

this work. Bring these kinds of folks together and empower autonomy so that folks have freedom to align their knowledge with their creativity."

## Banner Health

More than 1,400 miles to the southeast from MultiCare Health, Phoenix-based Banner Health relies on entrepreneurial thinking to fuel its two-decade-old consolidated service center and its regional group purchasing organization, Supply Chain Value Network (SCVN).

"This is about learning to 'sell' the value of what supply chain professionals can do for any organization," insisted Doug Bowen, senior vice president, Supply Chain Services. "Selling' is about value creation. Informing the customer about what you can do for them, how your actions will improve their outcomes, and how you can align with them for shared success."

## Cleveland Clinic

More than 2,000 miles to the northeast from Banner Health, the supply chain leaders at Cleveland Clinic recognize entrepreneurialism as a different way of thinking for the profession, according to Steve Downey, Chief Supply Chain and Patient Support Services Officer.

"It's a commercial mindset," Downey told the *Journal of Healthcare Contracting*. "What do others need that has value and how do we provide that? You need to step outside your own problem set and imagine what else they are facing and how they will consume what you've built. Many new ideas fail because it's custom-designed for their own system and doesn't flex to where the customer needs it to be. Commercial organizations understand markets, customer stratification, competitive positioning, customization vs. standardization, and built commercial teams to deliver that. It takes a unique leader to be able to wear both hats. Most find the value comes from developing partnerships with commercial firms that have the expertise vs. a health system."

### **Bon Secours Mercy Health**

Nearly 250 miles to the southwest Cleveland Clinic in Cincinnati, the supply chain team at Bon Secours Mercy Health and its Advantus Health Partners business venture recognizes the need to punch through stereotypes. As a contract services provider, Advantus offers its parent organization and a host of additional external clients a variety of supply chain services from which to choose.

"You just have to have an inner passion for change," insisted Dan Hurry, CSCO, Bon Secours Mercy, and president, Advantus. "This extends much beyond a job or a role. It becomes a life passion. You also have to be a fearless leader and not fear the unknown as you work to reshape the future. You also must have humility about what it is that you do as well as a passion for others because not everybody may see the world the same way that you do. You need to recognize that and understand your place at all times."

Hurry admitted that his passion for change and operational improvement in supply chain is personal. Before he entered the healthcare industry, Hurry suffered from a cancerous tumor in his chest "and experienced a very poor care continuum, if you will," he recalled. "From the world that I came from at the time, all I could think was, 'Gosh, the supply chain must be a mess in healthcare,' because I couldn't believe all the errors and mistakes that took place, the [procedural] delays and getting results in such critical time. From that moment on it felt like God gave me a calling to step into

something different even though I really quite honestly enjoyed where I was. I'm a person that doesn't complain about things unless I'm going to engage, and I decided to pivot my life into a different direction rather than complain." That was 12 years ago.

Since then, Hurry has applied that entrepreneurial spirit to identify compatible colleagues. "I've been able to be surrounded by people that I've recruited or interfaced with that have a similar passion to drive change and it's just continued to grow over the years to what we are today. And honestly, I think we're just warming up."

Hurry encourages others to embrace and grow their entrepreneurial spirit to drive meaningful change in whatever facility type they work and wherever it's located.

"The reality in our roles and supply chain is that you'll never truly know who you've impacted, how you've impacted them and what you've done to deliver care, but you have to have the humility to realize everything that you do does exactly that," he said. "Whether it's efficiency, whether it's effectiveness in making sure people have the right thing at the right time, you are absolutely impacting care, even if it's the mindset of a clinician that you've enabled to have peace of mind because they always can rely on supply chain. You're impacting the care delivery model within a locality, whether it's small or big, one person's life matters. When you think about it that way, then it's just scale beyond that."

## **New Roads**

### **Is the time ripe for a supply chain fiscal lane change?**

Supply chain within healthcare providers is all about costs – controlling them, reducing them – so executives, leaders, managers and professionals need to stay in their lane and concentrate on what they're supposed to do best, right?

Not so fast, harrumph a handful of progressively minded supply chain executives. After all, who says supply chain can't save money AND make money – particularly if that money

made compensates for budget cuts to support the department? A quartet of prominent integrated delivery networks is part of a growing group of providers around the nation paving the way to a new mindset.

"A fundamental principle of our supply chain discipline, which influences all our activities, is delivering exceptional value to our customers," said Matthew Palcich, system

## **“There are two ways to generate financial benefits, save your way to it or build revenue. Good supply chains think about both sides of that.”**

director, Resource Analytics, MultiCare Health System, Tacoma, Washington. “Naturally, extending this value to positively impact the bottom line through revenue-generating initiatives is a logical progression. In this context, partnerships are [and] were essential. Our developers possess deep expertise in understanding process and supply chain challenges. However, full-stack and portable application development and support require significant investments. These are difficult to sustain internally without substantial revenue streams. The products that we have developed are getting noticed in our healthcare community. Our products are gaining recognition within the healthcare community, and other health systems are increasingly open to partnering with us as they navigate their own build-versus-buy decisions.”

The Pacific Northwest-based IDN not only operates its own consolidated service center but has developed digital products and a supply chain services venture, Myriadd Supply Network, which caters to its parent organization and four external customer systems.

Much depends on where the departmentally generated revenue ultimately ends up getting booked, according to Doug Bowen, senior vice president, Supply Chain Services, Banner Health, Phoenix. “The challenge many have is the income stream generated from supply chain efforts gets allocated to larger revenue accounts and is not available to fund supply chain operations or improvement,” he lamented. “The goal of providing an income stream and a supply chain P&L is lost. It is important to have a shared understanding with leadership as to how the funds will be reinvested in the organization. Some of the proceeds should be allocated to growing the program.”

Banner has operated its own consolidated service center for two decades and created a regional group purchasing organization, Supply Chain Value Network (SCVN) to service itself and other external customers.

Steve Downey, Chief Supply Chain and Patient Support Services Officer, Cleveland Clinic, understands operational options from which supply chain must choose.

“There are two ways to generate financial benefits,” he explained, “save your way to it or build revenue. Good supply chains think about both sides of that. In a recent conversation with a consumer-packaged-goods supply chain, they

outlined a number of programs they were doing that are designed to drive revenue increases at stores, improve competitive positioning and allow for greater pricing through unique delivery mechanisms, none of which had cost savings components. In healthcare supply chain, it could be new products, services, fee-based partnerships or even co-development. Or it could be designed to help the health system drive extra patient volume, like removing barriers in throughput, maximizing clinician time, capturing more usage versus waste or aligning EMR data better with supply data.”

Cleveland Clinic co-founded Exceleerate as a joint venture supply chain services firm with Ohio Health and Vizient.

Cincinnati-based Bon Secours Mercy Health not only invested in a local manufacturing venture, Emerge Manufacturing, for in-demand healthcare produces, but also formed Advantus Health Partners as an independent supply chain service company that handles its own needs as well as that of hundreds of additional external acute care and non-acute care customers.

Depending on the specialty, Advantus also will establish, develop and grow partnerships with companies, such as GE Healthcare for capital equipment and SupplyCopia for digital products, according to Dan Hurry, CSCO, Bon Secours Mercy Health, and president, Advantus Health Partners.

“We look for key leaders or companies in the industry that can help augment or reshape how we view the digital supply chain,” Hurry said. For example, for the last several years Advantus and SupplyCopia have been working on tools that can track and analyze product utilization from prep to patient scheduling through consumption during surgery to disposition, he added. “We’re exploring how to look at the impact of every step of the supply chain digitally. Right now, it’s a little bit of a reactive mode but we’re working on some elements for a proactive view as you get outside of the industry,” he said. “Barriers in common language in this industry make it a little difficult, but we absolutely believe that you’ve got to have key insights and data intelligence to drive effective solutions down the road.”

While the fruit of their venture may not be quite ready for prime time yet, Hurry remains excited at the prospect of this “machine-learning technology that’s got the algorithms to advance into true AI,” he added.

# The Strategic Advantage of Supplier Diversity in Healthcare

**In recent years, supplier diversity has taken center stage across industries, including healthcare.**

The movement began as a means to address systemic inequalities and increase access to opportunities for minority-owned, woman-owned, veteran-owned, and other underrepresented businesses. However, it has evolved far beyond a social responsibility initiative. Partnering with diverse suppliers is a powerful strategy that not only strengthens communities but also enhances the resilience and flexibility of the supply chain.

One of the most common misconceptions about supplier diversity is that working with diverse suppliers involves a trade-off in quality, service, or efficiency. In truth, partnering with diverse suppliers should be viewed as an added benefit within sourcing, since smaller vendors can offer specialized, market-specific services.

Locally-owned suppliers have a deep commitment to their communities and unique understanding of the challenges within their markets. By partnering with community-focused suppliers, healthcare organizations can enhance their capacity to address population-specific needs, bridging gaps in care and fostering community trust.

In the fast-paced world of healthcare, flexibility and responsiveness are paramount. Smaller, diverse suppliers often excel in these areas, offering more flexible and customized options. For health systems that require tailored solutions, especially during times of crisis or demand surges, partnering with agile, diverse suppliers can be a significant advantage.

Supplier diversity extends beyond minority-, woman-, and veteran-owned businesses, encompassing a wide range of small and diverse entities that add critical value to healthcare supply chains. If your organization is looking for opportunities to grow partnerships with diverse suppliers, HIDA has resources that can help. Our list of diverse suppliers operating within the healthcare supply chain can

be found on the HIDA website. And if you'd like to learn more about our Supplier Diversity Council and other programs, please reach out.

Today, supplier diversity is a strategic asset – not just a checkbox – that strengthens both the organization and the communities it serves, fostering an inclusive economy and valuable partnerships adaptable to healthcare's complexities. ■



**By Manpreet Kaur Sandhu,  
Director of  
Education &  
Industry Affairs;  
Health Industry  
Distributors  
Association**



# Q&A: Optimizing Expense Management in Indirect and Purchased Services Spend

**Supply chain healthcare leaders must prepare for the unpredictable through a robust expense management strategy for indirect and purchased services.** Kim Allen, VP of Strategic Sourcing, HealthTrust, shares best practices for how providers can strengthen their overall indirect and purchased services strategy to achieve cost savings and increase efficiencies.

## **Q: Why is it important to have an overall expense management strategy in indirect and purchased services?**

**Kim Allen:** Purchased services can represent over 40% of a health system's non-labor spend. While managing this portfolio may be challenging, strategically overseeing indirect and purchased services contracts can be the tipping point that determines a health system's financial success. Health systems that take a holistic approach to expense management, including their indirect and purchased services portfolios, maximize their opportunities for financial stability and long-term success.

## **Q: What challenges can healthcare leaders face when implementing a strategy for indirect and purchased services?**

**Allen:** Fragmented service contracts and decentralized spending make standardization and oversight complex. Similarly, resistance to change from departments accustomed to vendor preferences or long-standing contracts can delay processes and implementation. Limited internal expertise or data analytics resources to effectively monitor and optimize purchased service spend can create road-

blocks – underscoring the importance of partnering with an expert with deep experience supporting healthcare providers in these areas.

## **Q: How should health systems be engaging their GPOs for support?**

**Allen:** Health systems should rely on their GPOs to identify opportunities that maximize value creation while minimizing disruption. After identifying key focus areas, GPOs should collaborate with health systems on supplier selection, emphasizing negotiating and managing contracts tailored to the health system's specific needs. GPOs provide data-driven insights and benchmarking to assess cost-effectiveness and drive informed decision-making. By leveraging their GPO partner's expertise, health systems gain continuous education on market trends, regulatory changes and cost-saving innovations in non-clinical service areas.

## **Q: What are the indirect and purchased service categories that are typically overlooked but offer opportunities for immediate value?**

**Allen:** These categories can include facilities management, such as contracted services like HVAC, janitorial and security – all of which can often be optimized for cost savings and service quality. Working with a GPO partner can streamline vendor contracts and consolidate IT services – reducing redundancy and lowering costs. Improving efficiency and sustainability in waste management and environmental services can drive immediate savings and long-term environmental benefits. Other commonly overlooked areas include Treasury and Accounts Payable agreements such as credit and ACH, Office Supplies, and Food Procurement. All of these can be effectively leveraged by a GPO, which translates into significant savings for health systems.

HealthTrust Performance Group is committed to strengthening provider performance and clinical excellence through total spend management solutions that leverage operator experience, scale and innovation. ■



By Kim Allen,  
VP of Strategic  
Sourcing at  
HealthTrust



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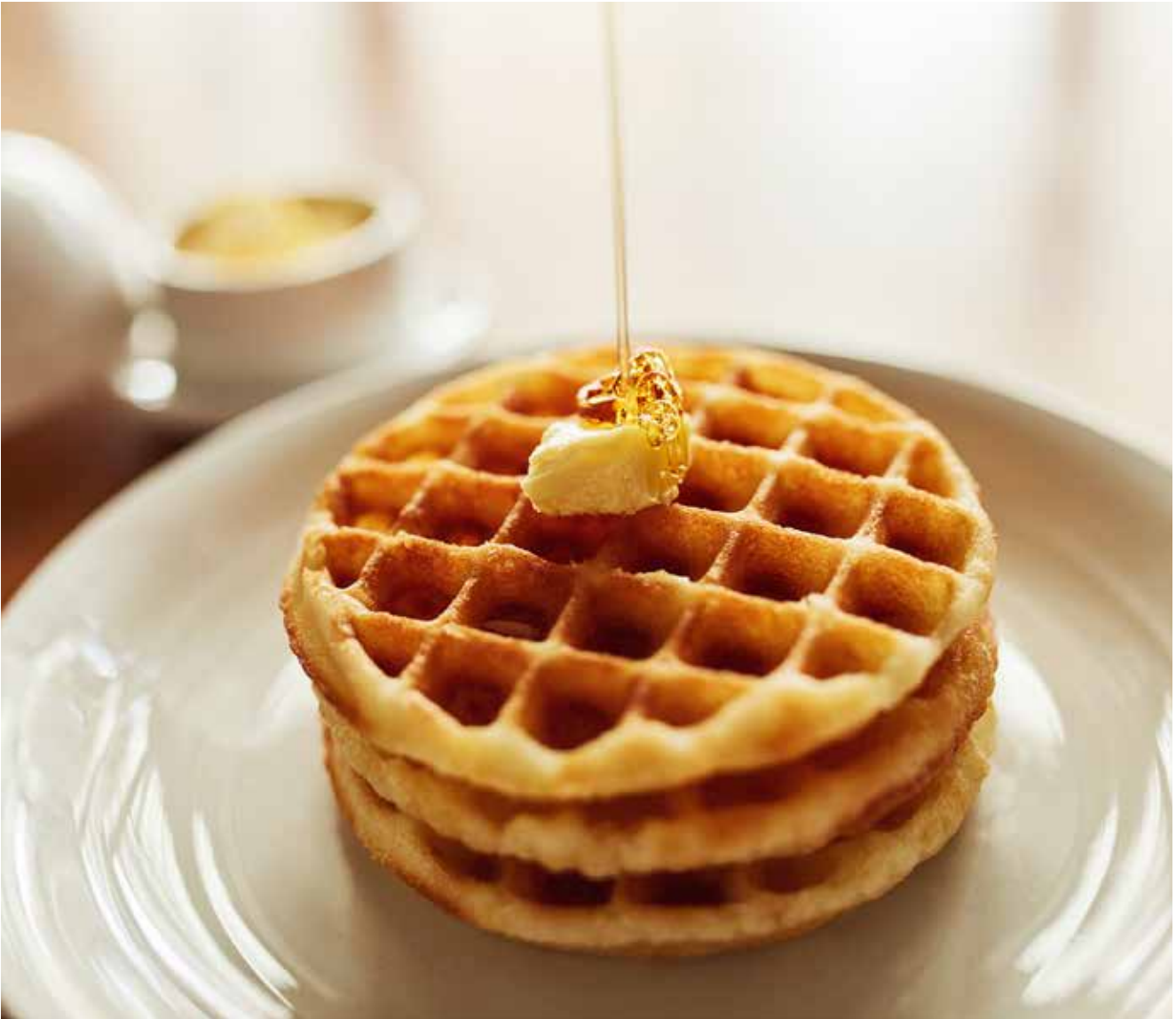
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# Why Supply Chain Should be the Waffle House of Hospitals

BY R. DANA BARLOW

Driving north-south on interstates 94 or east-west on 10, among others, and you'd be hard-pressed to miss near the exit ramps a familiar sign consisting of 11 yellow squares, each containing a black letter used to spell two words that epitomize a different type of Southern comfort.

More than offering a hearty and relatively wholesome breakfast after a long night of entertainment or weary travel, or even serving a few classic lunch options and dinner dishes, Waffle House also represents something else of discernable and reliable value. (Noteworthy factoid: Back in the mid-1960s, Waffle House briefly served Chick-fil-A sandwiches under license, too, until they overshadowed the restaurant chain's original fare. You don't mess with hash browns.)

The Federal Emergency Management Agency (FEMA), meteorologists, weather forecasters and disaster planners use Waffle House's schedule to determine atmospheric and climate severity. Basically, authorities use Waffle House activities and behaviors to gauge how dangerous a hurricane or tornado or other weather phenomena might be.

Waffle House remains reliably open 24 hours a day, seven days a week, 365 days a year. (Why didn't Tim Allen use Waffle House instead of Denny's for his 1994 film, "The Santa Clause?") The chain maintains locations in 19 states that span the southwest, southern Great Plains, Rust Belt, mid-Atlantic states and the Deep South with the bulk peppered throughout Georgia, the Carolinas and Florida.

When a hurricane makes landfall and the local Waffle House location continues serving customers, this business behavior calms and reassures the public. If it closes, however, then that simple activity signals authorities and residents alike that it's time to evacuate. By the same token, Waffle House also functions as a refuge during recovery efforts – whether people need a warm and

dry place to hang out for a while, to eat a quick meal, to charge electronic devices or just to mingle socially with others.

In a way, Waffle House could serve as a hospitality-oriented caduceus.

FEMA tracks and color-codes Waffle House operations, too, with green signifying full operations, yellow meaning partial operations with a limited menu that hinges on power and staff availability and red indicating that it's high time for the townfolk to skedaddle.

They call it the "Waffle House Index." What a respectable reputation to have.

Hospitals and other healthcare facilities shouldn't waffle about their disaster planning and preparations either. They should implement the "Supply Chain Index."

Granted, the SCI may be a bit more complex than the WHI. After all, when is anything related to healthcare simple? Providers would have to ensure that all products on the storeroom and ware-

of the enterprise resource planning (ERP) system could be linked to the item master, charge (data) master (CDM), electronic health record (EHR), surgical scheduling and patient billing to close the loop.

Dwindling supplies could trigger a digital alert to the supplier (be that the distributor or manufacturer-direct or online exchange) for replenishment with medical procedure scheduling and payer reimbursement hanging in the balance. This merely reinforces how integral supply chain is to hospitals and other healthcare facilities as it is to Waffle House and disaster recovery efforts.

Admittedly, this doesn't represent rocket science as the healthcare provider and supplier industry segments have debated and discussed such an idealistic and utopian model for more than 50 years running. Unfortunately, convincing all participants in the healthcare marketplace to embrace such unity with unanimity tends to be slower than molasses.

## **When a hurricane makes landfall and the local Waffle House location continues serving customers, this business behavior calms and reassures the public.**

house shelves are electronically – and accurately – recorded in the database – bonus points for using GS1 Healthcare supply data standards because that could translate into multiple facilities working in alignment within a local area or community.

The materials management information system (MMIS) or supply chain module

Hospitals generally keep the same schedule as Waffle House, but perhaps such dedication may be something too many fail to appreciate. Until it's no longer available.

As a helpful reminder, maybe hospitals should start serving waffles in the cafeteria and/or bestowing waffle lapel pins to their capable supply chain crews, whichever is more, ahem, cost effective. ■

R. Dana Barlow serves as a senior writer and columnist for *The Journal of Healthcare Contracting*. 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).

# The Disruptors Disrupted

Retailers find primary care tough sledding.

BY DANIEL BEAIRD

**Entities trying to disrupt the healthcare industry is nothing new. But consumerism, digital innovation, labor shortages and rising costs have driven more to enter the space in efforts to offer value-based care. These include commercial healthcare providers (CHPs) like tech companies, payers, retailers and senior-focused primary care providers.**

Some of the most recognizable names in retail like Walmart, Walgreens, CVS Health and Amazon have tried to disrupt the primary care industry recently only to see considerable challenges. This year's shortcomings were led by Walmart Health's closing of all 51 of its primary care health centers across five states. That was a marked difference from what the retail giant said in 2023 when it announced it was expanding and would have almost 80 Walmart Health primary care centers in seven states by the end of 2024.

For those in primary care, Walmart referenced a familiar refrain – a challenging reimbursement environment and rising costs – that led to closing all of its health centers within a 45- to 90-day span from its announcement last April. Locations closed in Arkansas, Florida, Georgia, Illinois and Texas. Other retail-based CHPs saw difficulties too. Walgreens closed many of its VillageMD clinics, CVS Health cut its earnings outlook for 2024 amid spending billions of dollars on its Oak Street Health senior-based clinics and Amazon cut hundreds of roles in its healthcare division, including in its primary care company One Medical.

Walmart admitted in a press release that there wasn't a sustainable business



model for it to continue. The complexity of scaling a clinical operation proved harder than anticipated, but the big box retailer continues to operate its pharmacies and vision centers. The timing of the pandemic and rising labor costs and real estate costs, along with health insurance burdens like complex billing, prior authorizations, denials and appeals, all played a factor in the perfect storm of closures.

## More primary care closures

Walgreens is considering fully selling its stake in VillageMD as the company is evaluating its options amid VillageMD's ongoing and expected future cash requirements, Walgreens Boots Alliance disclosed

in a filing with the Securities and Exchange Commission (SEC). It invested \$5.2 billion to acquire a controlling stake in VillageMD in 2021, doubling its stake in the primary care provider at the time.

But it lost almost \$6 billion in the second quarter of 2024 as VillageMD's value plummeted. Like Walmart, Walgreens had originally planned to expand VillageMD with more locations inside existing Walgreens stores. It had over 200 such locations in 2023 but reevaluated its position in primary care after its healthcare division experienced \$1.7 billion in operating losses.

Last fall, it announced plans to close 60 underperforming VillageMD clinics and exit five markets. But after the second quarter numbers this year, Walgreens planned to cut over 160 clinics and focus on locations in heavily populated areas where patients can be treated by a single doctor.

## Positioned differently

CVS Health owns major insurance plan Aetna, and has large health services, pharmacy and wellness divisions. It's positioned a little differently than Walmart and Walgreens. But media reports have said that CVS management has discussed the idea of breaking up the company to improve its operations, while being pushed by a major hedge fund investor. That includes its drug stores and its pharmacy benefit management company Caremark and Aetna. It also includes its clinic operator Oak Street

Health, a senior-focused primary care provider that's become a scalable model serving the over age 65 population.

CVS Health bought Oak Street Health in 2023 for over \$10 billion and is rolling out a new format in U.S. markets featuring Oak Street Health clinics next to CVS pharmacies in reformatted drug stores. Oak Street Health's success has been built around the Medicare Advantage product while also using technology in conjunction with in-person care. However, it's faced its own challenge as it's agreed to pay \$60 million to resolve allegations that it violated the False Claims Act by paying kickbacks to third-party insurance agents in exchange for recruiting seniors to Oak Street Health's clinics.

Retailers are learning painful lessons about the healthcare industry, according to the AHA. It's expensive and primary care can't be viewed as just a profit center. Providing patients high-quality primary care doesn't leave much room for profit. Building a positive primary care relationship is key to higher quality, personalized care with early identification of risk factors for disease and coordination and continuity of care.

But CVS Health and Amazon both continue to invest in their healthcare strategies, and their healthcare aspirations extend beyond primary care. Amazon has invested heavily in the healthcare supply chain, cloud services, pharmacy and artificial intelligence (AI). It also acquired One Medical in 2023 for \$3.9 billion for its primary care model, which has close to 250 clinics in over 20 U.S. markets and expanded a year after Amazon's acquisition.

CVS Health has been an aggressive investor, but it recently announced plans to cut \$2 billion in costs over the next few years due to rising medical expenses. Its health insurance subsidiary Aetna has performed poorly, including a 39% dip

in second quarter operating income. But its health services sector continues to drive significant revenue with over \$42 billion in the second quarter and near analyst expectations.

More than 100 million Americans lack access to primary care, according

to the National Association of Community Health Centers. Addressing this group and their needs is open for disruption. But it's difficult and it must be met where the patients are to excel. Only the most committed disruptors can succeed. ■

## Cleveland Clinic and Amazon One Medical announce collaboration to expand access to care

Cleveland Clinic and Amazon One Medical recently announced the organizations are collaborating to deliver seamless primary and specialty care in Northeast Ohio. Amazon One Medical, a hybrid virtual and in-person primary care organization, will open its first primary care office in affiliation with Cleveland Clinic next year, offering same and next-day appointment availability, onsite lab services and wrap-around virtual care support for members.

This new relationship will ensure that patients have increased access to seamless coordinated care through Amazon One Medical's innovative care model and Cleveland Clinic's high-quality network of specialists, hospitals, and facilities, according to a release.

"This collaboration demonstrates a shared commitment from both organizations to meet the needs of our patients and to enhance the care we provide to our communities," said Tom Mihaljevic, M.D., Cleveland Clinic CEO and President, who holds the Morton L. Mandel CEO Chair. "Amazon One Medical will complement our current primary care offerings, enabling patient access to essential health services."

Amazon One Medical is designed to improve the patient experience at every touch point, including thoughtfully designed offices, convenient appointments and ample time between patients and their providers. Members also enjoy 24/7/365 virtual care services through the Amazon One Medical mobile app, including on-demand video visits, secure provider messaging, "Treat Me Now" digital assessments for common health concerns, easy vaccine and medical record access, prescription renewals and proactive reminders for follow-up care and referral needs.

"We look forward to collaborating with Cleveland Clinic to deliver a high-quality patient experience and seamless continuation of care across all settings to deliver the highest levels of health, care, and value," said Trent Green, Chief Executive Officer at Amazon One Medical. "Teaming up with Cleveland Clinic advances our mission of improving the health care experience, bringing our human-centered and technology-powered model to individuals and employers in the greater Cleveland area."

# Industry News

## Intermountain Health recognized as best healthcare employer in Nevada by Forbes

Intermountain Health was recognized as the top healthcare employer in Nevada in the 2024 Forbes Best Employers. This is the first time Intermountain Health has landed on the Forbes list for Nevada. Overall, Intermountain was sixth employer rated among all companies in the Silver State.

Intermountain entered the Nevada area with the acquisition of Healthcare Partners in mid-2019. Now, the healthcare system has over 65 clinics in Southern Nevada, stretched from Pahrump to Mesquite.

A new 90,000 square foot healthcare facility, the Badura Clinic, was also recently announced with a groundbreaking in May. This new building that is located southwest Las Vegas will house numerous clinics and services including pediatrics, women’s health, adult primary care, senior primary care, and cancer care that includes radiation and oncology.

## Gartner announces ranking of the Gartner Healthcare Supply Chain Top 25 for 2024

Gartner, Inc. has released its 16th annual Gartner Healthcare Supply Chain Top 25 ranking, which recognizes U.S. health systems that demonstrate leadership in supply chain.

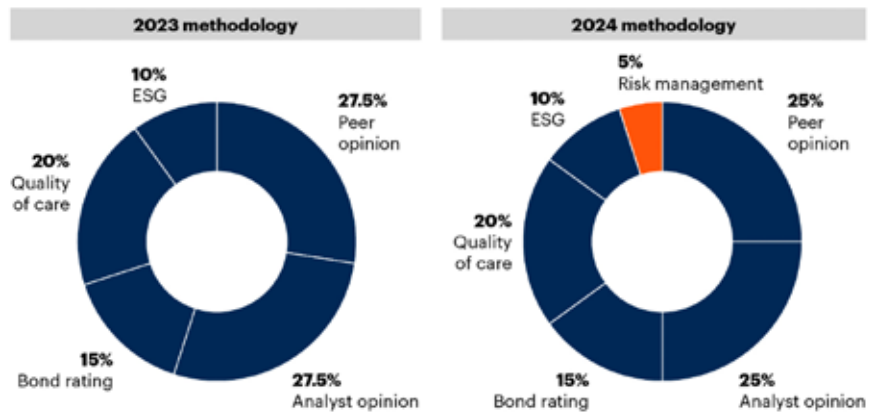
AdventHealth claims the top spot for the first time, jumping two spots from 2023. Stanford Health Care, Bon Secours Mercy Health, Corewell Health and Banner Health round out the top five. Inova, Endeavor Health, St. Luke’s Health

System and Vanderbilt Health debut on the 2024 ranking, while BayCare Health System and HCA Healthcare return this year.

For the Healthcare Supply Chain Top 25 for 2024, Gartner has added a quantitative risk management component to the ranking to credit health systems for taking a leading role in their approach to risk management. Twelve health systems in the Top 25 and Masters received a score of 10 out of 10 for risk management and 23 received some credit in this area.

In its seventh year, the Healthcare Supply Chain Top 25 Masters category recognizes sustained supply chain leadership at health systems. This recognition is awarded only to supply chains that have achieved a top-five score at least seven times in the past 10 years. Cleveland Clinic attains Masters status for the first time joining Mayo Clinic and Intermountain Healthcare who have both achieved Masters status for seven years in a row.

### Healthcare Supply Chain Top 25 adds Risk Management Component at 5%



Source: Gartner 05282024\_C

## Community Health Systems’ Northwest Healthcare to acquire 10 Carbon Health Urgent Care Centers

Northwest Urgent Care, LLC, a Tucson, Arizona, subsidiary of Community Health Systems, Inc., has signed an agreement to acquire 10 Arizona urgent care centers from Carbon Health.

Northwest Urgent Care, LLC is part of Northwest Healthcare’s integrated healthcare network serving Tucson and its surrounding communities. This strategic acquisition will expand capacity and increase Northwest Healthcare’s network to more than 80 sites of care when the transaction is completed in the fourth quarter of this year.

## Are your exam chairs compliant?

According to the US Access Board<sup>1</sup>, "Currently, on the market there is one examination chair which reaches a low transfer height below 17 inches, the Midmark 626 Barrier-Free® examination chair..." For clinics looking to improve both patient access and caregiver safety, this chair represents a crucial advancement.

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<sup>1</sup> <https://www.federalregister.gov/documents/2024/07/25/2024-16266/standards-for-accessible-medical-diagnostic-equipment>



# Navigate Labor Shortages and Improve Supply Chain Operations With Strategic Support

Saint Francis Health System recently utilized Nexera workforce support to advance their supply chain maturity while facing staffing challenges. Saint Francis was in need of skilled resources to execute on transformation efforts in the midst of labor shortages, so the organization tapped into Nexera for interim support in three main areas:

- Sourcing/Contracting
- Inventory and Logistics
- Value Analysis

As a result, Saint Francis gained invaluable support operating their supply chain in each area mentioned above while also seeing more than \$5.6 million in implemented savings.

Listen firsthand to how Saint Francis and Nexera partnered together to enhance their supply chain operations while navigating labor shortages.

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