Innovative Approaches to Leveraging Your Supply Chain Data Assets

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Novation

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Top Issues Confronting Hospitals

Senior Leadership /Physicians

Supply Chain Leaders

Additional Focus Areas Needed to Meet Cost Reduction Demands

- Contract Maximization

- Product Standardization

- Practice Variation

- Process Improvements

- Focus on other areas within the org for potential opportunities to save (staffing, labor, purchased services)

A High Quality Item File Should Be Top Priority

Why it's important:

- Helps HCOs identify opportunities to maximize their cost savings initiatives

- Provides a clear picture of your overall spend

- Sets the stage for the integration of clinical data

C-suite Talking Point

We can reduce our risk and help stop a 20 percent revenue leakage by addressing the incomplete item file.

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Chart a Course from Where You Are, to Where You Want to Be

No process

- No formal process for adding to or removing from the item master
- No expectation set for attributes that should be present for all products in the item master
- Unclear understanding related to benefits of effective item master management
- No control over spend through item master
- Very poor data quality
- Very little data completeness

Limited strategies for success

Reactive Item Master Management

- Process and team focused on catching rogue or special POs after orders are placed
- Many individuals with open access to add, remove or change item master
- Staff work to manually update item master from multiple sources, as available
- Little control over spend through item master
- Poor supply data quality
- Limited data completeness

Data cleansing

Proactive Item Master Management

- Clear expectations and processes defined within supply chain team and with those who order products
- Clear roles and responsibilities related to how and when products are added or removed from item master
- Identification of consistent data source for product data in the item master
- Good control of spend through item master
- Good supply data quality
- Good data completeness

Keeping "dirty data" out of the system

Advanced Item Master Management

- Realize the item master as the single source of truth for hospital supply chain operations
- Maximize spend control through item master
- High supply data quality

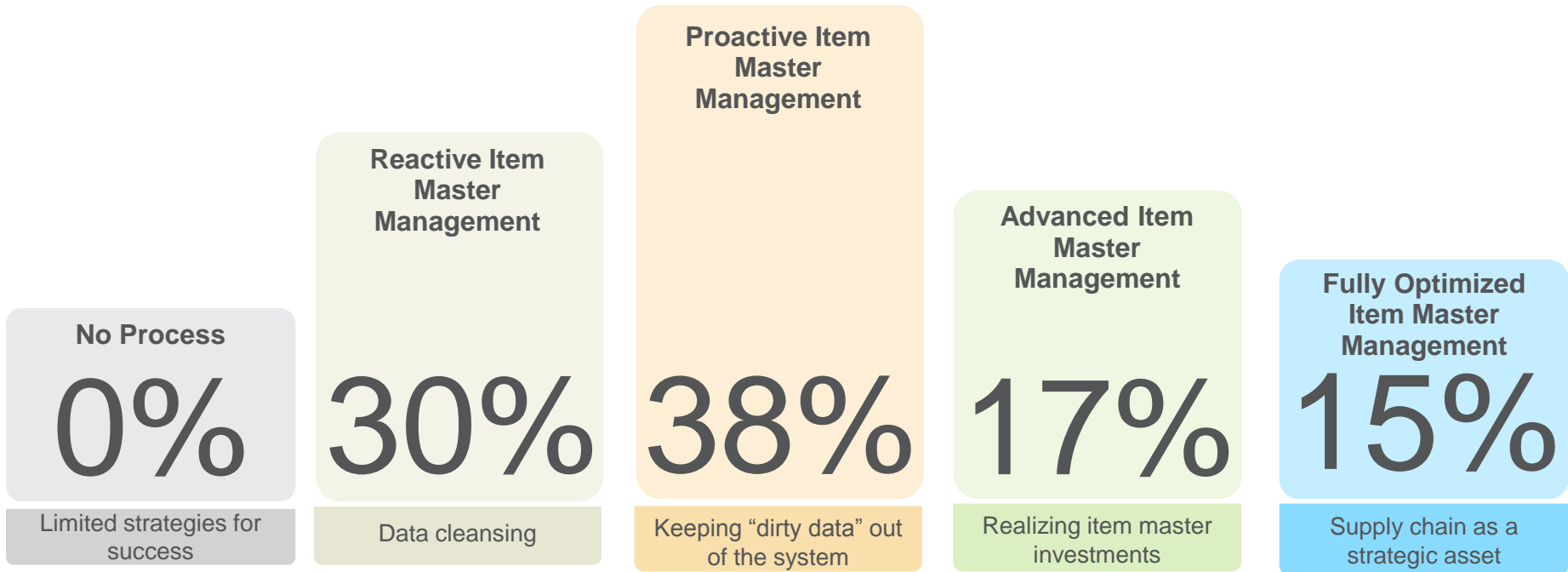**Realizing item master investments**

Fully Optimized Item Master Management

- Multidisciplinary teams leverage insight from item master, including value analysis, revenue management, contracting, sourcing and clinical stakeholders
- Fully realize the investment in your MMIS
- Recognition of supply data in the item master as a strategic asset for the enterprise
- Align and integrate item master data into all supply chain analytics

Supply chain as a strategic asset

Where Do Your Peers Rank Themselves?

When asked: "How would you describe your item master management process?"*

No Process

0%

Limited strategies for success

Reactive Item Master Management

30%

Data cleansing

Proactive Item Master Management

38%

Keeping "dirty data" out of the system

Advanced Item Master Management

17%

Realizing item master investments

Fully Optimized Item Master Management

15%

Supply chain as a strategic asset

*Source: VHA Primary Research from IDN Summit, Supply Chain Operations Webinar, n= 56

What Constitutes Dirty Data
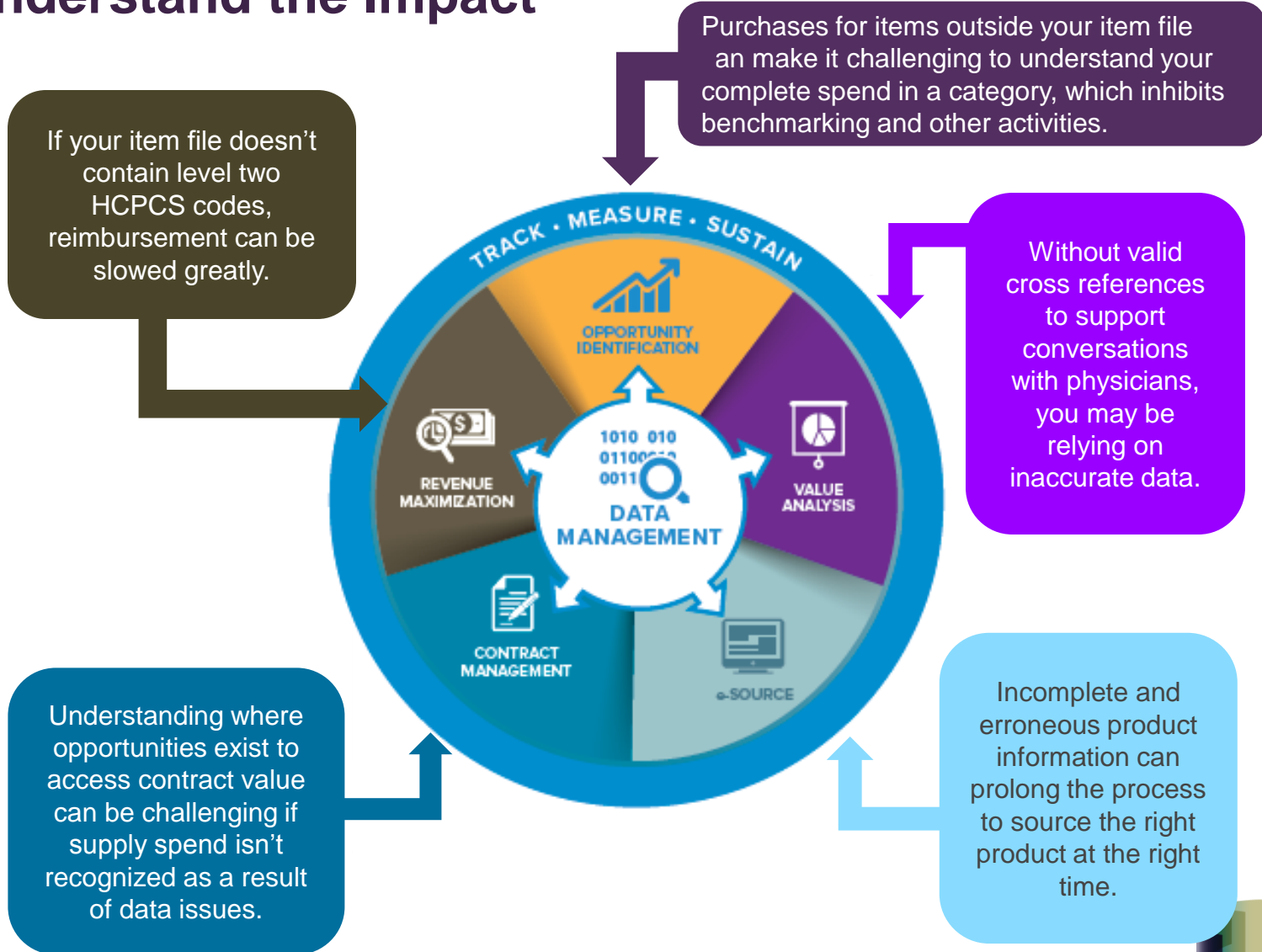
Common Characteristics

- Non-standardized product information

- Large number of duplicate records within the item file

- Products with incomplete packaging data

- Product item that is missing vendor or manufacturer information

- Product descriptions that lack a consistent, standardized format

My Item Number	My Item Description	Standard Description	My MFG.	MFG. Parent Name	My Vendor Name	Vendor Parent Name	UNSPSC Code	UNSPSC Description	Product Spend Category	Vendor Catalog Number	MFG. Catalog Number
11700806	CATH BLUE TUBE	BLUE TUBE									

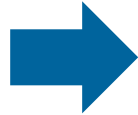| My Item Number	My Item Description	Standard Description	My MFG.	MFG. Parent Name	My Vendor Name	Vendor Parent Name	UNSPSC Code	UNSPSC Description	Product Spend Category	Vendor Catalog Number	MFG. Catalog Number
11700809	CATH RFA COOL TIP 84309 THERAPY COOL PATH LG CURVE	ABILATION CATHETER ELECTROPHYSOLOGY 7 FR 110 CM LENGTH LARGE CURVE QUADRIPOLAR 2-5-2MM SPACING 4MM TIP UNI-DIRECTIONAL STEERABLE	ST JUDE	ST JUDE MEDICAL INC	ST JUDE MEDICAL SC INC	ST JUDE MEDICAL INC.	42203416	CARDIAC ABILATION CATHETER	ELECTROPHYSOLOGY PRODUCTS	84308	84308

Understand the Impact

Purchases for items outside your item file an make it challenging to understand your complete spend in a category, which inhibits benchmarking and other activities.

If your item file doesn't contain level two HCPCS codes, reimbursement can be slowed greatly.

Without valid cross references to support conversations with physicians, you may be relying on inaccurate data.

TRACK • MEASURE • SUSTAIN

OPPORTUNITY IDENTIFICATION

VALUE ANALYSIS

1010 010 01100 0011

DATA MANAGEMENT

REVENUE MAXIMIZATION

CONTRACT MANAGEMENT

e-SOURCE

Understanding where opportunities exist to access contract value can be challenging if supply spend isn't recognized as a result of data issues.

Incomplete and erroneous product information can prolong the process to source the right product at the right time.

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How Dirty Data Reveals Itself

What You Start to See Happening

Why It Is Happening

Large variances between charge and purchasing activities

➡️ Product information is housed in disparate systems or information is received in an un-standardized format

Complaints from staff that their expertise and resources are being wasted or misused

➡️ Time and resources spend on cleaning and overcoming data challenges instead of strategic planning

Your contracts are underperforming and you can't take full advantage of your tier levels

➡️ A large number of products are being purchased outside of the item file

Transactions are coming through with incomplete product information when you run your spend report

➡️ A product order is placed with incomplete part number, manufacturer and/or product information

C-suite Talking Point

Enriched data frees up existing resources to focus on patient care.

The more accurate your pricing data, the more accurate your spend.

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Best Practices for Effective Data Management Strategy

- **Centralize** point of entry of product information into the item file

- **Define data standards** and acceptance criteria aligned to your organizations needs.

- Make your item file **all-inclusive**

- **Prioritize and align** your strategy to your resources and organizations objectives & goals.

- **Establish controls** that support your objectives & goals within supply chain (formulary, standardization, cost savings, etc.)

- Establish frequency of **measurement on key metrics** reflective of performance in data management strategy.

C-suite Talking Point

If we want better control of our spend and better benchmarking, we need to capture 100 percent of the items in our item file for valid decision-making.

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Benefits of a Quality Item File Extend Beyond the Supply Chain

A High-functioning Item File Helps You:

- Redirect cost savings toward patient care and safety for better outcomes by gaining control over supply spend

- Increase patient safety through quality based decisions and recall management support by ensuring data completeness

- Improved data quality when combined with clinical data spend allows hospitals and clinicians to analyze spend to determine total cost of care

Quality
Patient Care

Supply Chain Operations

Cost
Supplies & Procedures

Outcomes
Revenue from Clinical Care at the Appropriate Costs

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Measuring Data Management Performance

- Identifying opportunities is not enough

- Need the ability to track your progress, measure your performance and be able to sustain your savings for long term success
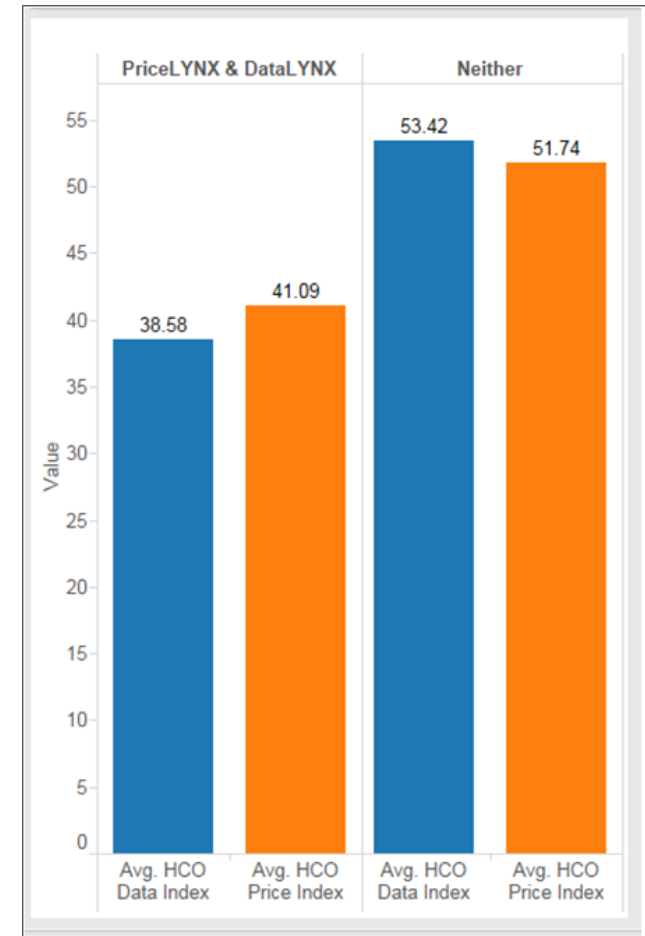
C-suite Talking Point

The analytic solutions we use must not only identify opportunities but help track our progress, measure the results and sustain the savings.

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How Can You Make the Case for Change?

Quantify the Impact

- Hospitals that engage in data management and price performance efforts experience:
  - A price index that is 10 points lower
  - A data index that is 15 points lower

Conclusion

- Traditional methods are falling short

- Need to begin with the end in mind

- Need to be able to identify quality data and understand the impact poor quality has on your process in order to develop a data management process based on best practices

- A quality item file affects more than just the supply chain side of the business

- Educating the C-Suite on the value that a complete item file has on the rest of the organization

Action Items

To determine the health of your item file today ask yourself these questions:

- Do I know where our organization is on the journey towards a fully optimized data management process in order for us to get to the next level?

- Do I understand what constitutes quality data and the best practices I can incorporate to improve upon it?

- Does my C-Suite understand the importance of having quality data as a single source of information and how it affects not only supply chain savings, but long-term value-based decision-making ?

- Are we able to not only identify opportunities for improvement but also track, measure and sustain our success?

Remember to communicate with your leadership team on what you've learned and refer to the C-Suite tips for discussion starters.

Questions

Contact DJ Semersky at DSEMERSK@novationco.com