



The Case for Supply Chain As a Strategic Asset in Healthcare

CAHPMM

October 21, 2015

Agenda and Objectives

- Introduction
- The case for the importance of the supply chain in healthcare
- A Provider's Story: How Intermountain Healthcare transformed their Supply Chain
- Three things we can all replicate



Introduction



- Who Am I?



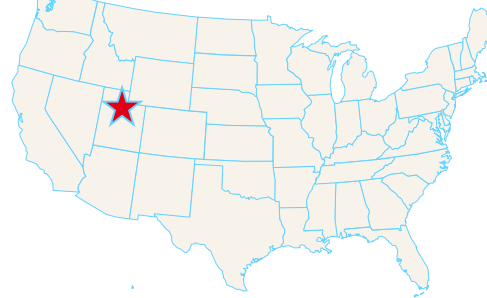
Intermountain in Brief



A Large, Integrated Health System with a Tradition of Innovation

Based in Salt
Lake City, Utah

Charge: "Be a Model Healthcare Organization"



34,000 Employees
\$1.8B Non-labor spend
AA+ Standard & Poor's rating
Aa1 Moody's rating



Continuum Care

- TeleHealth
- Home care
- LifeFlight
- Central lab
- Central pharmacy



Hospitals

- Since 1975
- 22 hospitals
- 2,800 licensed beds
- 37% of Utah hospitals



Health Plans

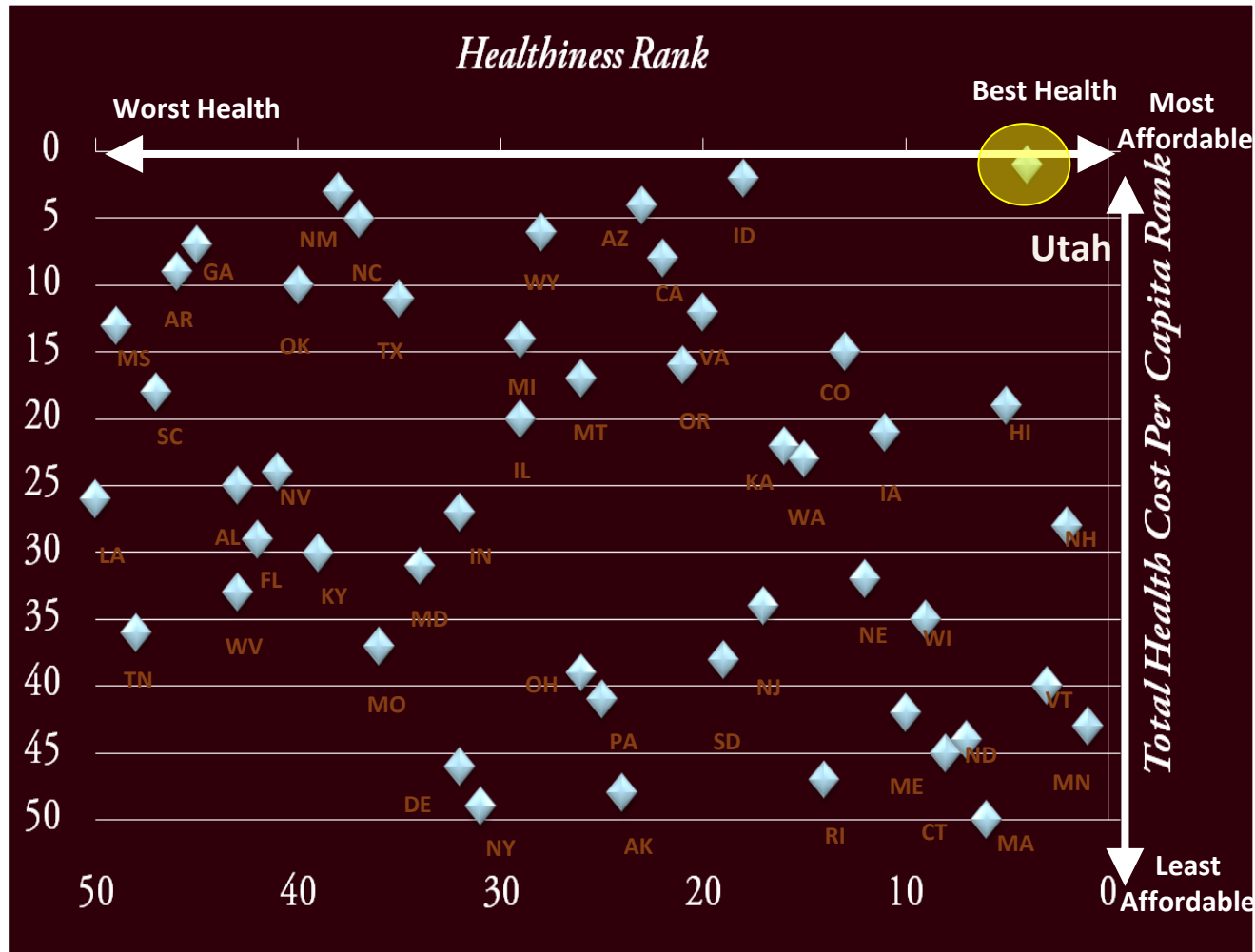
- Since 1983
- SelectHealth
- 630,000 members
- 25% of Utah market



Medical Group

- Since 1994
- 1,100 employed physicians
- 4,000 affiliated physicians
- 185 clinics
- 22% of Utah physicians

State Rankings of Healthiness & Value



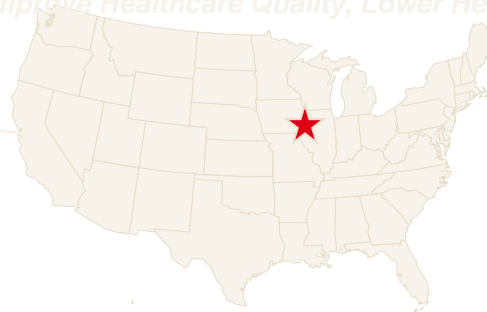
Amerinet



A Supply Chain Solutions Company

Charge: Improve Healthcare Quality, Lower Healthcare Costs

Based in St.
Louis,
Missouri



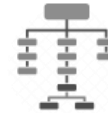
Values

- Trust
- Ethics
- Accountability
- Innovation
- Execution
- Communication



Data Analytics

- Accuprice
- Accusave
- Diagnostix
- Item Master Cleansing
- Robust toolset to aid in organizational excellence



Key Differentiators

- Customer Driven
- Portfolio Flexibility
- Service/Consultative Selling
- Total Value
- Price
- Data Integrity and Price Accuracy



People

- High Touch, High Service Model
- Clinical Specialist Team
- Member Input Boards and Groups

390 Employees
>\$8.0B Spend under Contract
>1600 Contracts across 9 Portfolios
Provider Owned

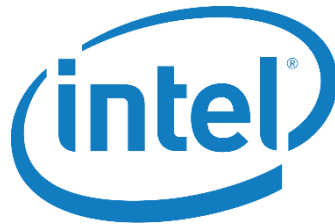
What do these Companies have in common?



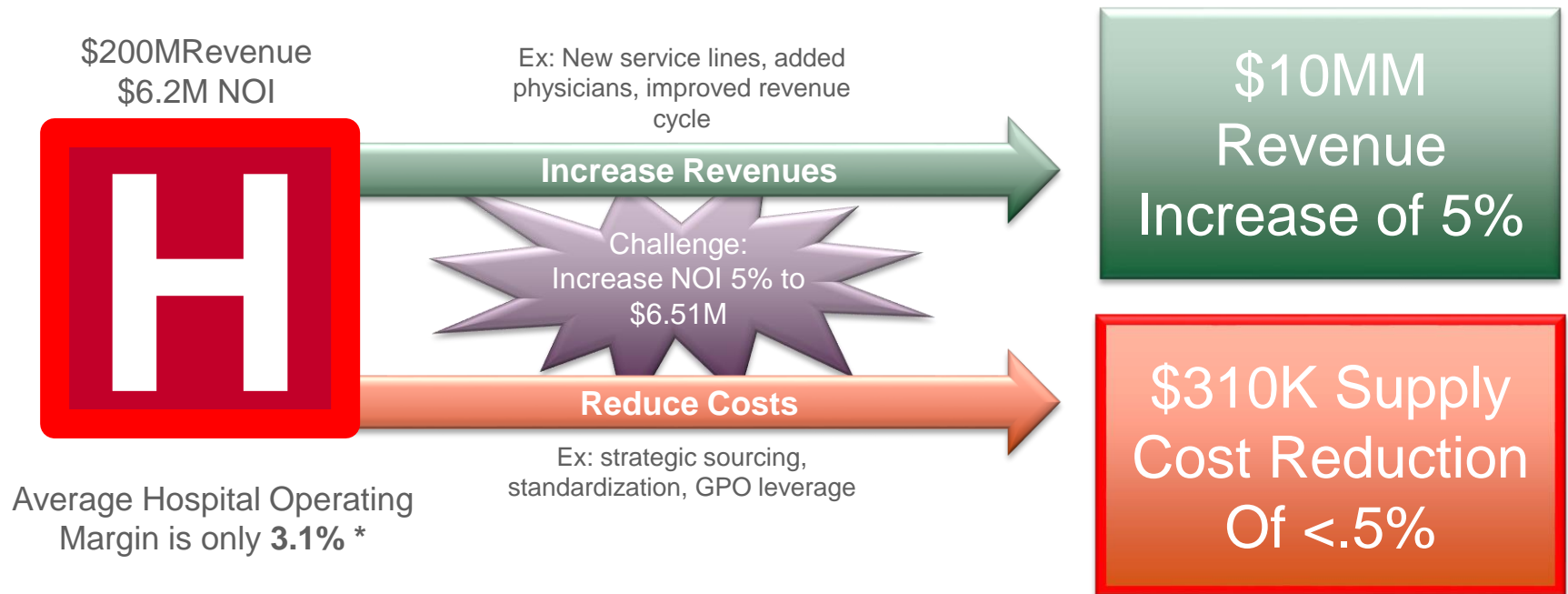
amazon.com[®]



INDITEX



Ways to Improve Financial Health



Supply Chain is an increasingly important business driver



- Long history in other industries
- External market forces causing Supply Chain to become a strategic focus
- Supply Chain is more than just med/surg
 - Encompasses every aspect of an organization's non-labor spend

"As [the cost of supplies] increased, it became clear to some of the more progressive systems that every dollar you could save in supplies would drop to the bottom line,"

-Dr Eugene Schneller, University of Arizona

www.beckershospitalreview.com/hospital-management-administration/supply-chain-s-evolution-from-the-basement-to-the-executive-suite.html

A Provider's Story: Intermountain Healthcare



Prior State: 2005

Current State: 2015

Tactical

Strategic

3 Centralized FTE's

Disparate Purchasing/AP
Teams and Policies

Supply Chain Who?

Very Few Strategic Supplier
Relationships



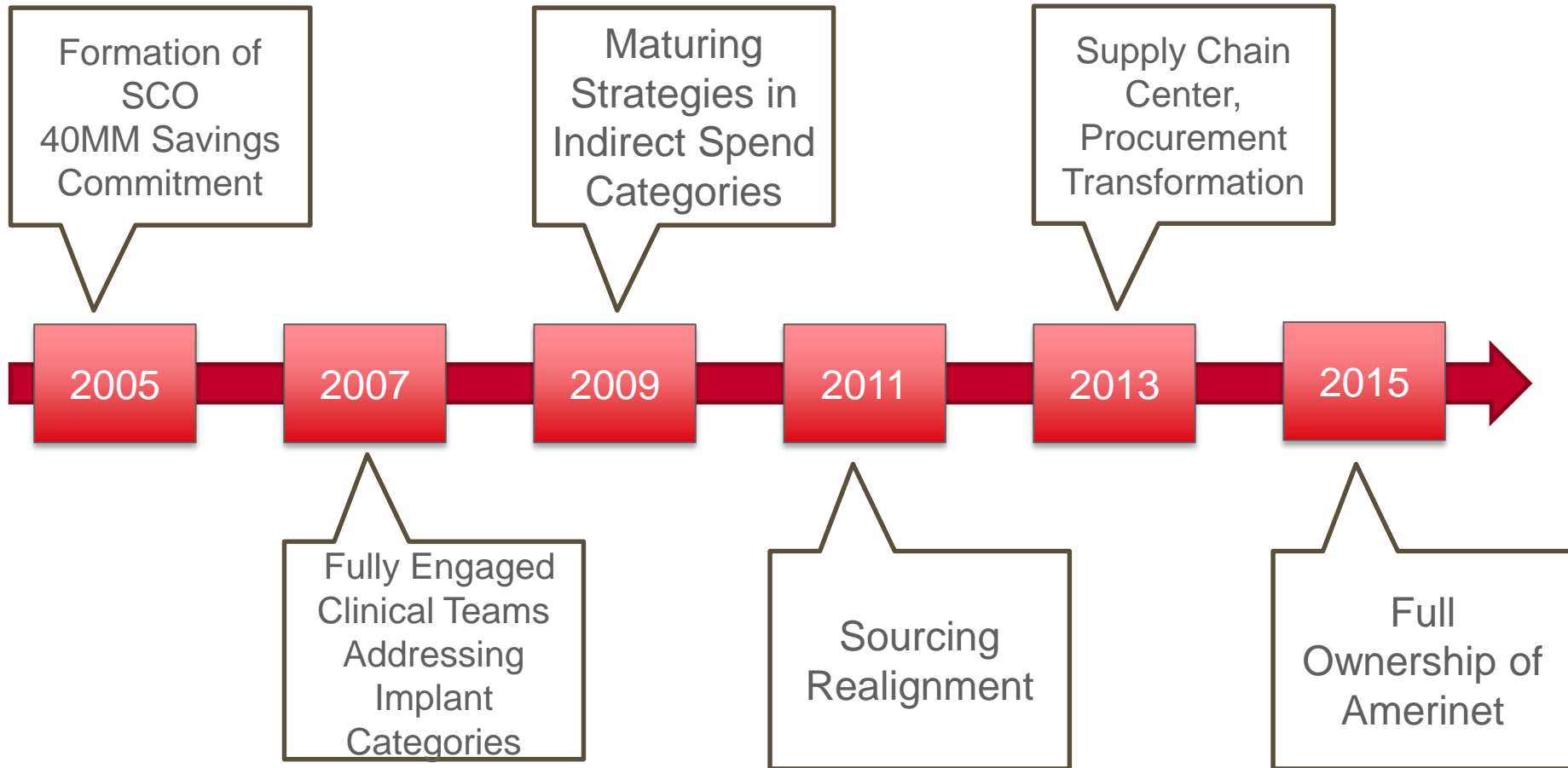
>400 FTE Report to Supply
Chain

Centralized Purchasing, AP,
and Distribution in a 40MM
Supply Chain Center

C-Suite Support, AHRMM,
Gartner, WERC Recognition

Robust Methodology to drive
Supplier Value

Timeline



Outcome



- Supply Chain a strategic asset worthy of investment
- Industry recognition
- Intermountain well positioned to address changing healthcare landscape



Intermountain Supply Chain



2014 Gartner Top-Ten Healthcare Supply Chains

1. Cardinal Health
2. Mayo Clinic
3. **Intermountain
Healthcare**
4. Owens & Minor
5. CVS Caremark
6. Mercy
7. Johnson & Johnson
8. AmerisourceBergen
9. McKesson
10. Walgreens



WERC Certified Distribution Center

- Certification held by only 40 facilities worldwide
 - Colgate-Palmolive
 - DHL
 - Ingersoll-Rand
 - Starbucks
- Intermountain scored in top 5 of all certified facilities

So What?



- Other Industries see supply chain as a strategic asset to their business
- Healthcare is starting to recognize the need
- Some providers have already elevated their supply chains



What can we do to help increase the perception and strategic importance of the supply chain in healthcare?

Suggestion #1



- Don't be the weak link in your organization
 - Invest in yourself
 - Don't wait to be asked about what you can do, or what you think
 - Be expert at what you do
 - Broadcast that expertise



Suggestion #2



- Be bold in defining your strategy

- Rely on experts
- Look for external inspiration
- Execute
- Execute
- Execute



Suggestion #3



- Supply Chain is a team sport
 - Find strategic partners that can help you meet your goals
 - Focus on the role that you were meant to play



Summary



- Healthcare is changing
- Supply Chain should be strategic
- Supply Chain **should be** a key component in your organization's success
 - It's up to us to make it that way

Questions?



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