

SUPPLY SYNERGY

News, Information, and Items of Interest to the GNYHA Services/Premier Community

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CardiacFOCUS 2006: Keeping Abreast of Changes in a Volatile Marketplace

BY TIM GLENNON RN, MSN, MBA, CMRP,
Vice President, Clinical Resource Manage-
ment, GNYHA Services, Inc.

The mission of clinical resource management, as an integral part of the comprehensive GNYHA Services/Premier service offering, is to help our member hospitals achieve top quartile in quality patient outcomes and lowest quartile in cost. If last year's FOCUS initiative targeted orthopedics, this year it is cardiology and spine.

This article provides high-level summary information regarding a few of the national benchmarks identified in this latest version of CardiacFOCUS. FOCUS participants have access to much more detailed information, covering both regional and national benchmarks. Seventeen GNYHA member hospitals participated in the latest national Premier CardiacFOCUS initiative (version V), comprising data submitted by approximately 100 hospitals nationwide.

According to this latest FOCUS study, diagnostic cardiology cath lab supplies (catheters, wires, and sheaths used to diagnose the cardiovascular problem) cost on average \$60 per procedure. But the range across the database was significant: some hospitals spend 30% more per procedure, others spend 30% less than average.

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From Adversity to Opportunity:

GNYHA President Kenneth Raske Discusses GNYHA's 2006-07 Advocacy Agenda at GNYHA's Annual Meeting

BY MEG FIGLEY, Coordinating Manager, GNYHA Services, Inc.

The GNYHA 2006 Annual Meeting was held on April 18, 2006, at The Roosevelt Hotel New York City. At the meeting, GNYHA President Kenneth Raske delivered a presentation, "From Adversity to Opportunity," in which he laid out

GNYHA's advocacy agenda for 2006-07 and highlighted GNYHA's recent accomplishments, including successfully defeating proposed State Medicaid cuts and securing increased emergency room and nursing home rates (as *Supply Synergy* went to press, there had been no resolution to Governor George E. Pataki's vetoes of the State Legislature's health care funding cut restorations and new spending). Mr. Raske said that to ensure that the vetoes are overridden, the GNYHA/1199 SEIU Healthcare Education Project launched a massive advocacy campaign, including state-wide television and radio ads, several million pieces of direct mail thanking State legislators and urging them to continue to stand with the health care community, grassroots lobbying, and other activities. Mr. Raske

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Annual Meeting attendees at
The Roosevelt Hotel.



GNYHA President
Kenneth Raske giving
his annual address.

GNYHA SERVICES

PREMIER

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How Well Is Your Organization Managing Supply Chain Costs?

BY JAY FLIGSTEIN, Client Services Executive, Client Services, GNYHA Services, Inc.

WITH THE ENHANCED GNYHA SERVICES/PREMIERS SUPPLYFOCUS

benchmarking tool and database, your facility can manage supply chain costs more effectively. SupplyFOCUS enables your facility to compare its supply chain costs to a benchmark of a peer group of hospitals, helping your facility to easily identify opportunities for improvement. This program is being offered at no cost to GNYHA Services members.

On a quarterly basis, SupplyFOCUS will provide your facility with comparative benchmark peer group information, performance improvement benchmarking, and simple identification of cost-saving opportunities. All that is required is your facility's participation in the data submission program. The 2006 version of SupplyFOCUS has more functionality than ever before. Quarterly submissions allow you to identify trends and opportunities more quickly, and will permit you to monitor your facility's supply chain improvements as they are implemented.

SupplyFOCUS is an innovative information resource that gives your facility the data it needs to easily and efficiently identify opportunities for supply expense performance improvement. As the industry's largest comparative database of supply chain cost information for acute care hospitals, SupplyFOCUS enables your facility to monitor and track supply spending as part of total expenditures, then compare supply expense performance to that of similar groups of facilities.

Your information is pooled with more than 400 acute care hospitals to generate comprehensive comparative reports highlighting up to 40 indicators measuring cost and operations performance against a peer group. Reports include financial benchmarks, such as total supply expense as a percentage of net patient revenue, total operating expense, and many others. In addition to providing high-level indicators, SupplyFOCUS offers performance indicators for primary areas of high supply consumption, including the operating room, pharmacy, cath lab, laboratory, laundry, food and nutrition, and radiology. This enables more actionable detailed analysis at the department level.

To ensure relevance of our comparative database, we provide standardized definitions for hospitals to adhere to when submitting data. Additionally, your facility can choose its peer groups, with expert guidance available at no cost from GNYHA Services/Premier. This enables comparisons that meet your facility's specific needs. Delimiters include case mix index, volume, and other important peer group criteria like geographic region, specialty programs, and teaching status. As your data are returned, GNYHA Services/Premier will assist you in interpreting the data, identifying opportunities, and developing performance improvement plans.

To participate in SupplyFOCUS, your facility must submit a set of clearly defined indicators to GNYHA Services/Premier on a regular basis. Your facility can perform data submissions by completing a questionnaire and forwarding it to your Client Services Executive, or by using our Internet-based data collection program. The GNYHA Services Client Service Executives and Field Service Analytics team will be supporting your staff with training and education. To get started please contact your facility's Client Service Executive. For more information, please contact Jay Fligstein at (646) 831-1493 or fligstein@gnyha.org or your facility's GNYHA Services Client Service Executive. ■■■

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▲ GNYHA President Ken Raske reviewing the advocacy agenda for next year.

said GNYHA and 1199 were also prepared to go to court if the Governor made good on his threat to declare the Legislature's restorations unconstitutional and ignore the Legislature's expected overrides and implement his budget cuts.

On the Federal and regulatory fronts, Mr. Raske discussed the Centers for Medicare & Medicaid Services' proposed changes to the inpatient prospective payment system, which would significantly redistribute funding and have a particularly harmful effect on providers of cardiac services. He said GNYHA is exploring the creation of a national Healthcare Education Project campaign to promote adequate Federal funding for all providers. To address skyrocketing medical malpractice premiums, GNYHA urged New York, New Jersey, Connecticut, and Rhode Island senators to support caps on pain and suffering awards at \$750,000, and worked with Governor Pataki and the Legislature on proposals linking tort reform with quality improvement. Mr. Raske also discussed GNYHA's advocacy efforts with regard to managed care companies' abusive practices, and the acquisition of capital as a means of restructuring the health care system.

Finally, Mr. Raske emphasized GNYHA's focus on quality and patient safety, vigilance against fraud and abuse, treatment of the uninsured, improving language access and cultural competence, and promoting diversity in hospitals' senior management and on their boards. ■■■

A Matter **OF** REPROCESSING

BY ALISON B. FLYNN,

Associate Vice President, Nexera, Inc.,
a subsidiary of GNYHA Ventures, Inc.

Reprocessing single use devices (SUDs) offers an effective, cost-cutting strategy. Savings can be used to fund new health care programs, pay existing debt, and create initiatives to improve patient care. The bottom line is that when reprocessing is implemented correctly—with support from all hospital stakeholders—everyone, including patients, wins.

To ensure a successful operation, hospitals planning to reprocess should follow several key guidelines when developing policies.

Projects often begin with the best intentions, but veer off course due to the lack of a clearly identified project leader. An individual from finance or materials management would be the ideal candidate, but clinical leaders, who collaborate with the project leader, should be chosen from key departments to directly oversee reprocessing.

If the answer to any of the questions listed in the box is “no” or “not sure,” then it’s prudent to continue the due-diligence process. A reputable reproces-

sor should be able to answer these questions immediately and provide credible documentation.

Because reprocessing impacts many areas in the hospital, departmental representation and participation in the de-

Different reprocessing companies offer different value propositions. When evaluating proposals, ask the following questions:

- ▶ What kind of savings have you achieved at institutions of similar bed size? *Ask for current client references.*
- ▶ What type of implementation resources will you provide? *Is hospital staff training included?*
- ▶ Do you comply with the Food and Drug Administration Quality System Requirements and are you ISO 9001- and 13485-certified? *Ask for documentation to demonstrate this.*

cision-making process is essential. This group should include senior-level hospital administration, and managers and directors of the impacted departments. While the prospective savings might encourage the financial and supply chain departments, if end-user support does not exist, chances are high that compliance will be low. It is up to the clinical end-user to determine whether to use

the reprocessed item. Not all clinicians will feel comfortable using a reprocessed device—a stigma around the purchase and the reuse of Single Use Devices (SUD) still exists in some circles. To allow these individuals to voice concerns, the reprocessing team should create a forum for honest, objective inquiry into the merits of reprocessing.

Educating the staff on the scientific validation of reprocessing is vital to gaining clinical and operational support. Overcome negative reactions. The FDA requires reproducers to submit extensive paperwork proving that their methods of cleaning, sterilization, validation, and functional performance testing render an SUD safe and effective. Staff is not always familiar with this.

Before the start of the initiative, forecast your savings. The standard rule of thumb is that the average facility will save approximately half of its Original Equipment Manufacturer (OEM) spend. For example, if a new drill bit costs \$100, the same reprocessed drill bit can be purchased for \$50. There are many factors not addressed by this simple arithmetic that need to be considered to gauge total savings. These include the hospital’s ability to estimate compliance. After implementing reprocessing, a hospital can expect to pay a higher price across the OEM spectrum due to a lower number of OEM pur-

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Meet the GNYHA Services Regional Foodservice Task Force (RFTF)

BY JAY EDMOND, Director, Food and Nutrition Program, GNYHA Services, Inc.

ESTABLISHED IN JANUARY 2006, the Regional Foodservice Task Force (RFTF) was created to act as a forum for food service directors (FSDs) to provide input to GNYHA Services in identifying critical issues in food contracting. The RFTF meets quarterly to address key contracting matters, and to give recommendations regarding new contracting opportunities for both national and regional development. Currently, the group is made up of seven members representing a cross-section of the GNYHA Services membership. The RFTF was instrumental in identifying issues on matters pertaining to contract structure, and desired value-added services to include in GNYHA food contracts. ■■■

The following people currently serve on the RFTF:

Margo Alexander	Liberty Health System
Patrick LaMont	Maimonides Medical Center
Chris Trivlis	Montefiore Medical Center
Mimi Wang	Mary Manny Walsh
Jim McConville	John T. Mather Hospital
Nancy Leonard	Rome Hospital
Nick Pretto	Stellaris Health Network

Making Strides With Technology:

Lenox Hill Hospital Finds Major Savings with Help of Supply Chain Advisor and GNYHA Services Team

BY MEG FIGLEY, Coordinating Manager, Client Services, GNYHA Services, Inc.

With the help of the GNYHA Services team, Lenox Hill Hospital (LHH) is the first GNYHA Services member to take full advantage of Premier's Supply Chain Advisor (SCA) Tools, and is thrilled with the results. By utilizing each of SCA's three components—Contract Manager, Exchange Manager, and Spend Manager—LHH has price activated 143 Premier contracts, 23 GNYHA Services regional enhancements, and loaded 52 local contracts. With these tools, GNYHA Services was able to identify 39 additional GNYHA Services/Premier contracting opportunities, of which \$518,000 has already been price activated yielding a savings of \$123,000.



From left to right: Mike Gilroy, Lenox Hill Hospital and Lisa Fishelberg, GNYHA Services overseeing great savings.

We invite members to submit articles of interest regarding your facilities. Contact Meg Figley for more information at figley@gnyha.org.

—The GNYHA Services Team

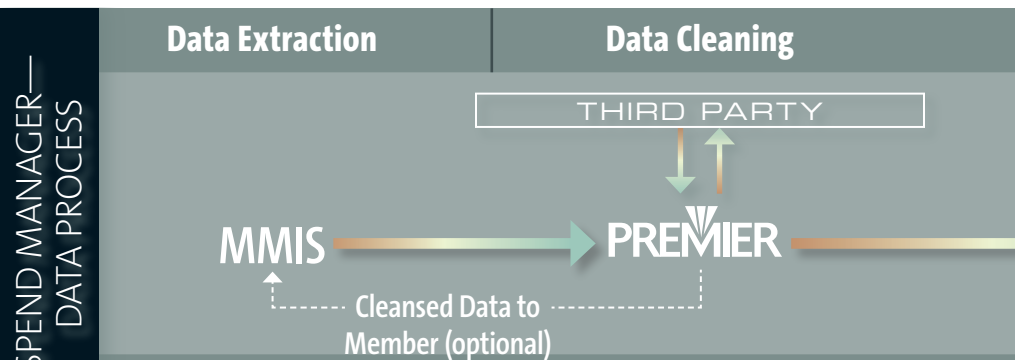
desktops. It then allows users to load the pricing into their Materials Management Information System (MMIS). Exchange Manager, powered by Global Healthcare Exchange (GHX), letting users purchase online and compare their purchase order (PO) prices to their contract prices. This process enables users to ensure that they are paying the contracted price. Spend Manager provides the analytic capabilities to identify savings opportunities by combining all the GNYHA Services and Premier contracts, and the hospitals price activation information, with the hospitals spend and the vendor reported spend in one database.

The Lenox Hill Project

The multi-dimensional GNYHA Services team began assisting Victoria Miller and Mike Gilroy, LHH's Associate Vice President and Materials Executive, respectively, with the implementation of SCA in November 2005. To LHH's satisfaction, what began as a two-month project has spanned into a five-month project, as the GNYHA Services team continues to find additional savings opportunities. The first

The Breakdown of SCA

SCA is an online contract management tool that integrates and automates a hospital's supply chain by displaying contract offerings and eliminating time-consuming manual data entry. The online Contract Manager component has all the GNYHA Services and Premier contract information and allows users to activate contract pricing from their



The GNYHA Services–LabCorp Promise: Unprecedented Savings on Reference Laboratory Products

BY PRAFUL SHAH, Associate Vice President of Clinical Diagnostic Services, GNYHA Services, Inc.

The GNYHA Services–LabCorp Agreement

On December 31, 2004, Premier's agreement with Laboratory Corporation of America Holdings (LabCorp) for reference laboratory products expired. In the new contracting cycle, Premier awarded contracts to ARUP Labs, Quest Diagnostics and Specialty Labs and discontinued its LabCorp agreement. Since GNYHA Services members made up 25% of Premier's business with LabCorp, GNYHA Services commenced aggressive negotiations with LabCorp in an effort to ensure that there was no contract gap for this high-expenditure laboratory service area. The ensuing agreement, which had a start date of March 1, 2005, ensures that GNYHA Services members can continue to access LabCorp's extensive suite of tests under a very aggressive pricing structure.

United Iroquois Shared Services' (UISS) main reference lab contract was with LabCorp. With the GNYHA Services direct agreement, we were able to provide UISS with cost control and great savings. Lynda Russell, Director of Purchasing at UISS, states, "The UISS staff and membership have worked diligently to foster, maintain and enhance a successful long-term local contract with LabCorp, for many years prior to UISS joining the Premier program through GNYHA Services. It was vitally important to the success of our new contract portfolio that LabCorp be included in the contractual offerings. The savings realized by our membership, coupled with the expanded discounted test listing, has proven to be a tremendous success."

How GNYHA Services Agreement With LabCorp Brings Savings to Members

- LabCorp works with GNYHA Services and individual members to identify potential savings opportunities.
- LabCorp provides all of the necessary tools and data sets and works with members to utilize the agreement
- Every savings opportunity that LabCorp has identified for members has brought significant cost reduction. ■■

step in the process was to organize LHH's contracts by utilizing the SCA, GHX, and Spend Manager technologies. The next step was to begin to activate all the contracts in SCA and adjust LHH's item file to allow more vendors to go through GHX. All of LHH's contracts are now in GHX, and when LHH issues a PO through GHX, contract price discrepancies are reported in the GHX order center and are worked daily by the team.

gy to enhance on-contract spend, validate pricing, and analyze purchasing. LHH had started this process on their own by cleaning and maintaining their item master." Thanks to Spend Manager, LHH has increased savings by increasing on-contract spend, identifying contract and conversion savings opportunities, improved its purchasing decisions, and ensured they were paying the contracted price. When asked about implementa-

The dedication of time is the biggest challenge to implementing this technology, but the results justify the sacrifice.

MIKE GILROY, Lenox Hill Hospital

In the limited time LHH has been using the GHX contract center, we have found \$4,000 per month in savings where the vendor acknowledged a price discrepancy, and the billed price was higher than the contracted price. Finally, Spend Manager was employed to analyze nine months worth of LHH's purchasing data and to find savings opportunities.

Spend Manager uses data from a hospital's MMIS system that is run through Premier's cleansing process. As stated by Lisa Fishelberg, Senior Financial Analyst at GNYHA Services and a major contributor to the LHH project, "The critical success factor for this project has been Lenox Hill's desire to use supply chain technolo-

tion process hurdles, Mike Gilroy stated, "The dedication of time is the biggest challenge to implementing this technology, but the results justify the sacrifice. Hospitals have to go this way [with technology] because that's the way the industry is heading." Victoria Miller added, "Hospitals that want to implement this kind of technology should assess their own situations. There are obstacles, but the payoff is great."

The next steps are to continue increasing the utilization of GHX with GHX's new fax capability, using spend manager for savings opportunities, and maximizing the technology available to LHH to improve decision making. ■■

Integration of Contract Data

Load Data in Spend Manager

SUPPLY CHAIN ADVISOR

PREMIER

Spend Manager

The Fight for PRICING Transparency

BY AL LOBIONDO, Senior Vice President, Supply Chain Management, GNYHA Services, Inc. and Chair of Health, Industry Group Purchasing Association

On May 9, 2006, ECRI (formerly the Emergency Care Research Institute), a nonprofit health services research agency, sued the Guidant Corporation, a manufacturer of cardiac rhythm devices, in response to Guidant's claim that ECRI's publication of prices paid by hospitals is forbidden. ECRI contends that publishing comparisons of prices paid by hospitals for medical devices is its First Amendment right, and has petitioned the Federal District Court of Pennsylvania to rule on whether ECRI is within its rights to reject Guidant's claim.

The dispute is the most recent development in the health care industry's battle for

pricing transparency. Guidant has made significant moves over the last two years to fight for pricing confidentiality, the most prominent being its lawsuit against Apsen Healthcare Metrics, a hospital consulting firm that surveys hospitals on pricing issues to provide operating margin data to its customers. The court initially ruled in favor of Guidant, which asserted that transparency interferes with its confidentiality agreements, contracts, potential contractual relations, and that it is a misappropriation of trade secrets but the case has since been settled. More unsettling than the initial ruling is its potential disruption to providers that use documented

data and surveys to help them understand pricing, and the precedent this may set for other manufacturers to follow Guidant's lead. Additionally, there is concern that this type of legal activity may restrict hospitals from retrieving necessary data required to make informed pricing decisions and that, in an exercise of caution, hospitals might become very conservative about sharing their information.

On April 28, 2006, the Health Industry Group Purchasing Association (HIGPA) board decided to endorse the formation and to be part of a new coalition that will include group purchasing organizations, hospitals, integrated delivery networks, consultants, and other entities that provide cost management and revenue enhancement services to hospitals. The coalition's activities will include educating consumers on the importance of price transparency and how the outcomes of these lawsuits will impact their businesses' potential legal actions in support of pricing transparency and potentially seeking legislative or regulatory options. ■■■

CardiacFOCUS 2006: *Keeping Abreast of Changes in a Volatile Marketplace* continued from page 1

Key Point

Procedure costs reflect not only the price of the product, but product utilization. The average procedure uses three catheters, at an average cost of \$11.50 each; some hospitals consistently use less than three catheters, others may use four—clearly utilization is a variable that needs to be considered (consistent with quality patient care) when looking to control procedure costs. Add to this the variability in product price: some hospitals pay more than \$20 for the same \$11.50 catheter, while others pay less than \$8. So, in a hospital using more than the average number of supplies at higher than the average price, significant costs add up quickly.

As far as interventional cardiology is concerned, the latest FOCUS study reveals that average supply utilization per

procedure (consisting of balloon catheter, guiding catheter, and inflation device) is slightly more than 1 of each item, with average usage of drug eluting stent (DES) and guidewire rounding up to about 1.5 stents/guidewires each per procedure. As for DES, the current average selling price (ASP) is approximately \$2,300, down from \$2,700 last year. Those hospitals participating in our GNYHA Services/Premier DES second sourcing program are continuing to realize value from the program, paying approximately 10% less than the ASP. Clearly, this is a program that continues to prove its worth, even more than one year after its inception.

Finally, in cardiac rhythm management (CRM), the heart failure pacer/defibrillator (CRT-D system, including leads) carries an average price of \$30,000, with a range of more than \$10,000 in either

direction for the same device. The average dual-chamber pacemaker (device and leads) costs approximately \$6,400, with a swing of roughly 30% in either direction. Pricing variations like this will weigh even more heavily next year in light of anticipated inpatient Medicare reimbursement reductions planned for 2007–08 in specialties like cardiac and orthopedics: over 20% reduction in reimbursement for DRG 515–ICDs, and over 30% reduction in reimbursement for DRG 558–DES is anticipated.

Bottom Line

The Clinical and Supply FOCUS Suite of products provides members with valuable information at no cost—and this information can then be translated into meaningful savings. For help, contact Tim Glennon, (212) 506-5445. ■■■

GNYHA Services Educational Program on Legal Issues That Affect Business in the Health Care Sector

BY MEG FIGLEY, Coordinating Manager, Client Services, GNYHA Services, Inc.

The first program in the new GNYHA Services educational program series, "Legal Issues That Affect Business in the Health Care Sector," was held on April 4, 2006. The program provided an opportunity for members to review the relevant and timely topics of conflicts of interest, industry codes of conduct, fraud and abuse laws and relevant regulatory safe harbor provisions, and hospital compliance plans.

Susan C. Waltman, Senior Vice President and General Counsel of GNYHA, began the program with an informative presentation on the current compliance climate. As GNYHA's general counsel for close to 20 years, Ms. Waltman has extensive experience in health care law and regulation, as well as firsthand knowledge of GNYHA's members and the issues that affect them. She has also been recognized for her dedicated work in the area of emergency preparedness.

Ed Kornreich, Esq., co-chair of Proskauer Rose LLP's Health Care Law Department, continued the program

with an in-depth discussion on fraud and abuse laws. Mr. Kornreich is a recognized authority on legal, regulatory, and business issues related to health care services. He was named one of the "Outstanding Fraud and Compliance Lawyers of 2004" in *Nightingale's Healthcare News*, and was recognized as one of the "40 Health Care Lawyers Who Have Made Their Mark" by the *National Law Journal*.

The program concluded with a presentation by Lori R. Levinson, Esq., Vice President and Associate General Counsel of GNYHA Ventures. Ms. Levinson's presentation focused on industry codes of conduct and conflicts of interest issues. Ms. Levinson has been with GNYHA for 13 years and is responsible for the legal issues relating to GNYHA's businesses, including its group purchasing services and other business ventures. She also serves as the Deputy Compliance Officer for GNYHA Ventures and its subsidiaries, and is the Compliance Officer for Innovatix, LLC, an affiliate of GNYHA Ventures. After

these didactic presentations, attendees broke out into small groups to apply the lessons they learned during the program to pre-written hypothetical situations. Attendees earned 2.25 hours toward Association for Healthcare Resource and Materials Management continuing education units for this program.

We would like to thank the attendees for participating in this event. We look forward to seeing you at our future educational programs. ■■



Meeting attendees: Carter Lard, U.H. Brooklyn; Jason Weiss, SUNY Downstate Medical Center; Maureen Crystal, U.H. Brooklyn; and Lisa Mardjonovic, Our Lady of Mercy

2006 SAVE THE DATE Clinical Updates at GNYHA

Operating Room Efficiencies and Inventory Management

Sponsored by Cardinal

DATE: Wednesday, September 20

TIME: 9 am to 1 pm

Medication Safety at the Point of Care

Sponsored by Alaris

DATE: Thursday, Oct 12

TIME: 9 am to 1 pm

Understanding Hepatitis and Appropriate Barrier Protection

Sponsored by Ansell

DATE: Wednesday, October 18

TIME: 9 am to 1 pm

Latest Advances in Secretion Clearance

Sponsored by Smiths Medical Family of Companies

DATE: Thursday, November 9

TIME: 9 am to 1 pm

GI Reimbursement: What's New and What to Do?

Sponsored by Olympus

DATE: Thursday, November 16

TIME: 9 am to 1 pm

Prevention of Surgical Site Infections

Sponsored by Sage Products, Inc.

DATE: Wednesday, December 13

TIME: 9 am to 1 pm

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The Western New York Purchasing Alliance: A Leading New York Health Care Association

BY DAN DUNPHY, Regional Director, Supply Chain Services, GNYHA Services, Inc.

The Western New York Purchasing Alliance (WNYPA), an affiliate member of the GNYHA Services, Inc. and Premier Inc. group purchasing programs was formed in fall 2004 to provide joint purchasing services to both acute and alternate care facilities in the western New York region. WNYPA is one of five leading New York health care associations that came together in 2004 to form a statewide group purchasing program that has enabled each association, by pooling its volume with other associations, to generate deeper capital equipment and supply discounts for their members. Representing 15 hospitals and 25 alternate care fa-

The mission of WNYPA is to improve and sustain the economic health of Western New York health care constituents through collaboration, partnerships, and quality-focused initiatives. This mission is served utilizing the following strategic objectives:

- ▶ Assist in improving the financial margins, operational goals, and clinical efficiencies of our members.
- ▶ Serve as a neutral third party in the collection and analysis of financial and clinical information for the purposes of benchmarking and performance improvement.
- ▶ Development of regional programs and services that advance the interest of its members and the Western New York community at large.

start, the group has developed contracts valued at over \$62 million per year that have generated savings for its members of about \$8.8 million, an average savings of 14%. WNYPA members use the Premier national contract portfolio, GNYHA

Services-enhanced and direct contracts, and local contracts to cover 70% of their purchases. Premier contract participation is well over \$200 million per year.

The WNYPA works with GNYHA Services and Premier to maximize savings and achieve best tier pricing for members. Some contracts include reusable sharps, freight management, orthopaedic implants, and spine and bone tissue products. WNYPA most

recently finalized a 15-year agreement to build and operate a regional laundry with capacity of more than 30 million pounds per year. Other initiatives presently being explored are a community blood bank and a technology assessment center. ■

A Matter of Reprocessing

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chased items. A materials manager will need to analyze the trade-off between a higher cost OEM and lower cost reprocessed item and will also need to evaluate which instruments should be carved out based on defined criteria. A savings analysis should consist of information on the percentage of device items that are regularly rejected by the reprocessor, the number of pickups and deliveries per week, turnaround time, and shipping costs.

A hospital may have secondary streams of savings through waste avoidance, e.g., the reduction of sharps, municipal solid, and regulated waste. These savings, though small, should be quantified and entered into the financial forecasts.

Finally, create a transparent process to address three fundamental operational items:

1 COLLECTION PROCEDURES AND THEIR MANAGEMENT.

Hospital staff must be trained to properly collect SUDs. The project leader should monitor and reevaluate the collection process and hold weekly or biweekly update meetings.

2 USE OF REPROCESSED ITEMS.

In order to use a reprocessed device to achieve savings, senior management must allow the staff to engage in candid discussion regarding the quality and effectiveness of reprocessing.

3 DEVELOPMENT OF AN ACCURATE FINANCIAL TRACKING MECHANISM TO MONITOR SAVINGS.

Tracking the use of all OEM and reprocessed SUDs throughout the facility is a necessary challenge. Analysis should be performed on a weekly to monthly basis to continually identify usage trends and communicate this information to the departments. ■

We look forward to seeing you at the 2006 Premier Breakthroughs Conference.