

## SUCCESS STORY



### Service offered at no cost

The laboratory supply chain review is a unique value-added service our laboratory clinical specialists provide to ensure that hospitals receive the greatest value from laboratory agreements.

### Laboratory clinical specialists save Premier members \$10.7 million, increase contract uptake by \$46 million

Premier Purchasing Partner's three-member team of laboratory clinical specialists has saved members of the health care alliance more than \$10.7 million since the unit was formed less than 18 months ago while at the same time increasing contract volume by nearly \$46 million.

"Lab managers, faced with staffing shortages and other pressures, may not have time to keep up with the latest contracts and resources available," said Dennis Sumwalt, Premier's Managing Principal, Laboratory

Performance Improvement. "Our clinical specialists fill that role for them – becoming in essence an extra member of the team. They also work with contracted suppliers to help them with problems and challenges as they work with our members."

At no cost to member hospitals and health systems, the laboratory clinical specialists have produced significant savings opportunities, new contract uptake and contract optimization through laboratory supply chain reviews and rapid laboratory assessments by team members.

## “Premier laboratory clinical specialists can help you improve lab operations and profitability”

The laboratory clinical specialists' role is to work with Premier's more than 2,000 hospital labs and freestanding clinical laboratories – at no cost to them – to get the most value from Premier contracts and to help them improve lab operations and profitability. A key aspect of the specialists' work is close coordination with the Premier region directors as they help build productive, long-term relationships with laboratory and material management staffs.

Bon Secours Health System Inc., the Marriottsville, Md.-based Catholic health system that owns or manages 19 acute-care hospitals, will save \$1.8 million in its chemistry/immunoassay lab during the next six years. In addition to savings and contract uptake, Bon Secours benefited from a new decision-making process by the system's Laboratory Committee, coached by Helene Gulczynski, the lab clinical specialist serving the Northeast region. “It's no longer a single hospital making

a purchasing decision for the entire system. System standardization choices are now made using an objective decision matrix,” Gulczynski said. “It's a tribute to the BSHSI Lab Committee for embracing this process and moving forward. The process is being held up as a model for other Bon Secours hospital departments.”

Ron Brady, BSHSI Vice President of Materials Management, credited Gulczynski for her work with Bon Secours. “Her knowledge and experience were invaluable to our process. Without her involvement, it is very likely the benefits from our effort would be substantially less.” Excela Health in Western Pennsylvania recently joined Premier from VHA and Amerinet. By negotiating its Roche contract for routine and immunochemistry, the system will save about \$330,000 a year in operating expenses on contract volume of \$8 million during the next six years.

Describing the work of the clinical lab specialist who worked with Excela Health,

Gary Metcalfe, Vice President, Supply Chain Management, said, “Helene (Gulczynski) has been terrific for us and has performed as an extension of our staff. She has helped bridge the natural gap between pathology and the business side of healthcare. We all appreciate her efforts and look forward to future project successes.”

Mercy Hospital and Medical Center in Chicago saved \$50,000 annually by moving reference lab testing to Specialty Labs, thus transferring a half million dollars of off-contract spend to a Premier agreement.

According to David Szalko, Premier Region Director serving Mercy, the successful conversion of the reference laboratory was due in part to Premier Laboratory Clinical Specialist Debra DeVries' previous work with the laboratory director which resulted in numerous savings opportunities.

“These successes led to a level of confidence and comfort, especially because of Deb's extensive laboratory experience and contract knowledge,” Szalko said. “When Mercy rejoined Premier in early 2005, they had indicated that their reference lab was ‘off the table’ because they believed their current agreement was very aggressive and that conversion would be extremely difficult. The conversion turned out to be uneventful and the savings were tremendous.”

Other examples of savings abound.

Lafayette General Medical Center, Lafayette, La., will save more than \$45,000 annually and receive credit for \$253,350 of lab spend through Premier agreements that had been incorrectly assigned to another GPO. What began as an effort to drive savings in blood product utilization led to an analysis of the laboratory's contract utilization and the savings opportunities. Nearly \$13,000 in savings was achieved in just two existing





## “Our role is to help members get the most value out of Premier contracts”

Craig Seaman, regional director serving Vanderbilt University Medical Center; Jerry Hummel, a Premier CoC region director; and Laboratory Clinical Specialist Susan Helms, who serves members in Premier’s Southern region, worked together to bring huge savings

Another value added service laboratory clinical specialists provide is regional educational meetings for members and affiliates, held separately or in combination with other Premier business lines. Premier offers CEUs through PACE and ACHE for lab and materials management personnel who attend the regional meetings, thus providing additional value.

One such meeting was held for the Kentucky-Tennessee region and hosted by The Medical Center at Bowling Green, Ky., and its parent, Commonwealth Health Corporation. The morning session for both lab and materials management staffs focused on laboratory supply distribution, new equipment and supply contract optimization. The afternoon lab track included a group discussion about best practices in blood utilization as well as sessions on lean process design, Premier contracting tools, and laboratory automation.

“We believe that laboratories will achieve optimum savings when supplier agreements are regularly reviewed and managed over time,” Sumwalt said. “The laboratory supply chain review is a unique value-added service our laboratory clinical specialists provide to ensure that hospitals receive the greatest value from laboratory agreements.”

Supply chain reviews audit hospital invoice charges against supplier price agreements, monitoring pricing for tier compliance, and resolve aggregation and supplier performance issues. “These detailed analyses, leading to sustained savings, enhance the financial performance of laboratories.

contracts as the result of signing member designation forms (MDFs).

Ingalls Memorial Hospital, Harvey, Ill. will save \$136,610 by optimizing the contracts in the laboratory portfolio.

Aggregation and contract optimization opportunities have helped Adventist Health in Roseville, Calif., to achieve more than \$200,000 in savings on the annual cost of reagents and consumables.

Saint Mary’s Regional Medical Center, Reno, Nev., a new affiliate of Catholic Healthcare West, achieved laboratory supply savings of \$127,813 annually through aggregating volume with their Premier owner.

Alegent Health, Omaha, Neb. saved \$71,542 through credits and tier adjustments.

The laboratory clinical specialists also have had quite an impact in the continuum of care (CoC) arena outside the hospital where a number of Premier owners are building successful affiliate programs.

to new Vanderbilt affiliate, Healthcare Laboratory of America of Franklin, Tenn. Simply by bring existing volume in four areas under Premier contracts, volume increased by nearly \$1,050,000 with savings of more than \$210,000.

“Additional savings are expected as contracts are reviewed,” said Helms, “and Vanderbilt could very well experience additional savings through aggregation of Healthcare Laboratory of American volume when it converts to Premier contracts.”

In Iowa, 17 member hospitals of Health Enterprises Cooperative (HEC), the group purchasing organization of Health Enterprises in Cedar Rapids, are sharing \$500,000 in savings because of the addition of Weland Clinical Laboratories, P.C., as a CoC affiliate. Debra DeVries, the laboratory clinical specialist who serves the West region, helped make the savings a reality by working with the former affiliate of Amerinet to get its purchases on Premier contracts. The resulting volume increase pushed all cooperative members into a more favorable contract tier.



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## ABOUT PREMIER, INC.

Premier, Inc., the leader in helping hospitals accelerate performance on both clinical outcomes and supply chain costs, is a healthcare alliance entirely owned by more than 200 of the nation's leading not-for-profit hospitals and healthcare systems. These organizations operate or are affiliated with nearly 1,500 hospitals and more than 38,500 other healthcare sites. Premier Purchasing Partners provides an array of services supporting health services delivery including group purchasing totaling more than \$25 billion annually in supplies and equipment purchasing, as well as supply chain and clinical performance improvement services. Premier Healthcare Informatics offers performance measurement, benchmarking, and reporting products and advisory services supporting quality improvement. Premier Insurance Management Services helps hospitals manage insurance costs and improve risk management and claims capabilities. Headquartered in San Diego, Premier has offices in Charlotte, NC, and Washington, DC. For more information, visit [www.premierinc.com](http://www.premierinc.com).

Debra DeVries, who serves the West region, says there is a great deal of opportunity in lab contracts. "It's the nature of the lab beast. There are lots of suppliers and lots of choices. Lab directors don't have the time to study contracts and utilization issues. We're a no-cost resource to help them to do that."

The laboratory clinical specialists also serve as liaisons between Premier members and contracted suppliers. "We mend broken fences and help suppliers handle service problems," said Gulczynski. "Our goal is to make both members and suppliers happy."

Said Susan Helms, who serves the Southern region, "Our role is to help members get the most value out of Premier contracts. We want to help them with savings and demonstrate the value of the Premier contracts."

For more information about Premier's Laboratory Clinical Specialists program, please contact the Premier Solution Center at 877.777.1552 or email [scpi\\_info@premierinc.com](mailto:scpi_info@premierinc.com).

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