

SUCCESS STORY



Premier consultants help St. Joseph's/Candler top three-year, \$1.74 million savings goal in less than two years

Less than two years after Premier's Supply Chain Performance Improvement (SCPI) consultants initiated a comprehensive partnership to reduce non-labor expense for the two-hospital system, St. Joseph's/Candler (SJ/C) in Savannah, Ga., savings already have topped the project's three-year \$1.74 million savings goal.

What's more, \$1.4 million of the savings was produced in the project's first year in 60 unique initiatives.

"Part of the agreement was to get as many of the savings up front in year one," said Joe Loya, Director of Purchasing & Distribution, and project co-chair. "It has worked out well. The way Premier put it together gave it both priority and direction. We used Premier's implementation plan when we have had meetings with our clinical staff. It has been very motivational for them."

One of the initiatives was a revision in the time patient IVs were changed. It was moved from a policy of up to 72 hours to 96 hours, saving

\$111,000. The average length of stay at the hospitals is 5.2 days.

"Under the former practice, we were changing the IV sets a half day before discharge. That didn't make sense," Loya said. "It was not like pulling teeth either. The IV change is a great example of making work easier for nursing and the patient avoids an IV change unless there is a problem. It helped nursing become more productive and saved a lot of money, too."

Another utilization practice change was from 10-cc to 5-cc pre-filled saline syringes. The larger syringes cost 48 cents; the smaller ones 25 cents, saving nearly \$90,000 – all the result of a simple product conversion and standardization change.

Among the most successful of the initiatives have been:

- converting to a Premier contracted supplier for chemistry analyzers, lab automation, reagents, and consumables and service, saving \$127,000

- participating in the federal 340B Drug Pricing Program, saving \$110,000

SCPI consultants used Premier's Focus tools – CardiacFocus, OrthopedicFocus and SpineFocus. "They compared us to other Premier members – the high and low and average," Loya said. "The good news is that we are doing well by comparison, yet Premier tools still identified another \$200,000 in savings in cardiology for CRM devices."

Loya likes such comparisons. The project co-chair said these kinds of processes "help validate what you're already doing. Some materials managers are skittish about sharing this kind of information. All it does is validate that we're on the right track. In lots of cases they (Premier tools) didn't find anything. What that did show, however, is that we are doing our job correctly. It's like a third set of eyes looking at what we're doing."

According to Tim Berkey, principal for Premier's SCPI unit and the St. Joseph's/Candler project lead, "Our engagement was



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ABOUT PREMIER, INC.

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ABOUT ST. JOSEPH'S/CANDLER

St. Joseph's/Candler of Savannah, Georgia, includes St. Joseph's Hospital and Candler Hospital, two of the oldest continuously operating hospitals in the United States. It is the largest healthcare system in southeast Georgia and the only faith based facility in Savannah. Through groundbreaking innovations in such services as cardiology, oncology, digestive diseases, neurosensory disorders, orthopaedics, women's and children's services and diabetes, St. Joseph's/Candler sets the standards for healthcare in the region.

to concentrate specifically on supply expense reduction in key clinical areas as well as reduction of purchased service expense." Focus areas included pharmacy, surgical services, med/surg nursing, cardiovascular services, laboratory, energy management, and linen utilization.

Tier pricing analysis and maximization of tier pricing in a number of contracts resulted in the largest aggregate amount of savings at \$364,000.

"This is yet another testimony to the fact that you can have outstanding savings without having an extremely large hit in any one area," Berkey said.

Fourteen Premier specialists engaged with the SJ/C staff during a series of on-site assessment visits to identify expense reduction opportunities that are deemed "clinically appropriate" and "operationally feasible." Also included was a review of the system's commitment documents.

"Both SJ/C Chief Financial Officer Greg Schaack, the project's executive sponsor, and Joe have given the initiative top priority," Berkey said. The cost savings effort "not only has visibility at the highest executive level but also strong support and intimate involvement with its success."

Loya said employees have seen this as "a very good experience. Even the frontline nurses who are serving on the committees are interested in hearing about the chances to save (resources or money...need to say what we are saving). Premier experts have pointed out where the cracks are and helped us fill them up. It's a very team-oriented process with very positive results."

One reason the engagement has been so successful, Berkey said, is the way the existing SJ/C Value Analysis Team (VAT) not only adapted its role to serve as the governing body for review and approval of all initiatives, but also gave the mission top priority. Premier's project manager facilitates the committee's monthly updates on implementation status and results.

"Greg chairs the monthly VAT meeting," Berkey said. "He has integrated our effort with the existing VAT effort and given it a high level of support. Joe has done a great job of staying on top of the effort. He runs the project on a day to day basis enthusiastically."

Loya said Premier consultants have done a good job managing and facilitating the process. "They have been very diligent in their follow up," he said. "We're looking for where we can do the most good. There are only so many hours in the day. Premier experts came in and validated what we are doing and helped us address areas for quick savings had not seen on our own."

"I'd absolutely recommend this to other members. It helped validate that we have some excellent contracts," Loya said. "When you are so consumed with daily operations, you don't have the luxury to do a full analysis of what you're doing. I really feel better after Premier had done this review."

He said it's also another level of assurance to the CEO and the CFO that "we are doing a good job of addressing areas that need improvement. It always helps to have a third party review and validate what you're doing."

ABOUT PREMIER'S SUPPLY CHAIN PERFORMANCE IMPROVEMENT

Premier's Supply Chain Performance Improvement team is dedicated to providing high-impact fee-for-service consulting services focused on assisting hospitals and health systems forge breakthrough improvements throughout the supply chain continuum. Backed by experts with more than 20 years experience on average, industry-leading comparative tools, and the power of Premier's group purchasing contracts, Supply Chain Performance Improvement is committed to helping healthcare organizations achieve top quartile performance. Our program knowledge and process of working closely with contracting staff ensures optimal utilization of supply chain programs. SCPI has a proven track record of savings – \$200 million member savings over past two years, and counting. For more information, contact the Premier Solution Center at 877.777.1552 or e-mail scpi_information@premierinc.com or go to www.premierinc.com.