

# Case Study



**Client:** A 450-bed, nonprofit medical center designed to provide quality healthcare to a large metropolitan community. The facility has continually grown to meet the community's expanding healthcare needs.

**Engagement:** Interim Director of Cardiology

## Issues to be Addressed:

The Department of Cardiology had no process in place to review purchase contracts to ensure that it was paying the lowest possible price on the costly supplies it uses daily. Other challenges included negotiating local supply contracts to further reduce costs, managing bulk purchases and determining the best methods to collaborate with physicians to provide the highest level of care.

## B. E. Smith's Process for Success

### Assessment

While every healthcare organization is unique, they all face the common challenge of offering state-of-the-art technology while also maintaining fiscal responsibility — a challenge that is particularly difficult in cardiology.

The Interim Director of Cardiology quickly determined that this growing facility needed to implement a disciplined, organized process of obtaining the expensive medical devices that physicians require for their patients while also reducing supply costs.

### Recommendations

During her departmental assessment, the Interim Director of Cardiology identified an 85 percent usage rate among cardiologists for one vendor's cardiac rhythm management products. As a result, she negotiated a one-year bulk inventory purchase, with contract allowances for new and emerging technologies and changes in usage patterns.

Other recommendations included negotiating local contracts to further reduce supply costs and collaborating with physicians to increase standardization and further improve patient care.

### Action Plan Results

The bulk inventory purchase resulted in a savings of more than \$1 million annually. This savings is a result of both line item pricing reductions, as well as additional overall discounts for the bulk purchase. All recommendations required a great amount of collaboration and teamwork with materials management to bring them to fruition.

As part of B. E. Smith's Interim Leadership services, an executive-level Project Leader provided guidance as necessary throughout the engagement, working to ensure program development, continuity and constant communication.

As a result of this achievement by the Interim Director of Cardiology, hospital leaders are now taking a more proactive approach to reduce supply expenses — including forming value analysis teams and securing further physician involvement in their efforts. This tremendous financial savings has laid a solid foundation for future supply cost reduction efforts.