

2023 VIZIENT CONNECTIONS SUMMIT

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Cleaning Up Our Contracts

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Learning Objectives

- Outline key data needed to complete the evaluation process of a purchase service agreement.
- Discuss the benefit of combining multiple services into one master service agreement.

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Mission & Vision



Mission

UK HealthCare is committed to the pillars of academic health care - **research, education and clinical care**. Dedicated to the health of the people of Kentucky, we will provide the most advanced patient care and serve as an information resource. We will strengthen local health care and improve the delivery system by partnering with community hospitals and physicians. We will support the organization's education and research needs by offering cutting edge services on par with the nation's best providers

Vision

One Community Committed to Creating a Healthier Kentucky

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The Why behind the What and the How



History

University of Kentucky HealthCare (UKHC) made a strategic decision to **outsource** some of our critical support services

- Environmental Services (EVS) Contracted out 2005
- Food and Nutrition Services (FNS) Contracted out 2005
- Patient Transport Services (PTS) Contracted out 2018
- Patient Observation Services (POS) Contracted out 2021



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The Why behind the What and the How



University of Kentucky must go through a bid process to meet Kentucky state procurement law

Joint Commission compliance and requirements around contract management -
Ensuring all contracts meet the leadership chapter requirements

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Background - Beginning the Journey

Up for Review and Renewal: Food & Nutrition Services, EVS, Patient Transport Services
Up for Outsourcing Opportunity Evaluation: Patient Observation Services*

- In Fall of 2020*, UKHC Leadership decided to conduct an extensive review of the contracts and their alignment with operations
- At the time of evaluation, we were considering outsourcing Patient Observation Services and a contract was ultimately signed in 2021.

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Beginning the Journey

Food Services

Detailed review of food operations, including:

- Patient Floor Stock and Non-patient Floor Stock
- Catering, Patient Meal Service
- Café and technology used for check-out
- Procurement process and Product Utilization
- Physician Dining
- Retail Program
- Operational tours



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Beginning the Journey

Environmental Services, Patient Transport, Patient Observation Services

Detailed review of EVS, PTS and POS operations

- Scope of service
- Lock-ins
- Throughput times
- Patient Experience scores
- Operational Tours



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Beginning the Journey

Additional Reviews were conducted

- Financials for all contracts
- Process maps including invoice review, validation, and payment
- Reports and dashboards used to measure the performance of the Key Performance Indicators (KPI's) of services covered under the contracts
- Reports and results of inspections and/or audits that indicate operational compliance and readiness
- Interviews with key stakeholders: Administrators for services, CNOs, department directors, managers, front-line staff
- Current active contract and amendment review (EVS, FNS and PTS)

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Findings from the Review & Audit

Leading Practices in place during the audit: What we were doing well

- UKHC Executive Leadership Support
- Employee training and development were prioritized and consistent across system
- Management staff engaged and focused on the patient experience
- Leadership rounding ongoing and engaging
- Patient Transport and Environmental Services collaborative with nursing on patient throughput solutions



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Findings from the Review & Audit

Opportunities for Improvement: What we realized we needed



Standard work across all contracted service lines

- Invoice reconciliation and data validation
- Human resources support for hiring and retention
- Operational and Patient Experience Rounds
- Business reviews
- Clearly defined process to address scope changes

Joint Commission compliance (Leadership Chapter)

- How are we monitoring contracted services
- Personnel file management

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Findings from the Review & Audit

Opportunities For Improvement: Gap we needed to address

- **Match with UKHC's Organization changes (Entity model - 5 Entities)**
 - Chandler
 - Kentucky Children's Hospital
 - Good Sam Hospital
 - Eastern State Hospital
 - Ambulatory Locations

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Request For Proposal (RFP) Journey



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Initiative Considerations



IMPACT ON FRONT-LINE STAFF



RFP VOTING COMMITTEE

REPRESENTATIVE FROM ALL ENTITIES – 11 MEMBERS FROM OPERATIONS, FINANCE AND IT



RFP ADVISORY COMMITTEE

35 MEMBERS (INCLUDING BUT NOT LIMITED TO REGULATORY AND COMPLIANCE, NURSING MANAGERS AND DIRECTORS, PATIENT EXPERIENCE, FACILITIES PLANNING AND MAINTENANCE, OR, LAB, PHYSICIAN LEAD, APP LEAD, GME LEAD, MATERIALS MANAGEMENT, RADIOLOGY, SAFETY, INFECTION CONTROL, SENIOR LEADERSHIP)

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Creating the RFP Template



Food Services Requirements

- Food Quality Standard
- Food cost management, Waste Management associate education and training
- Full Time Employee (FTE) cost management and technology utilization
- Patient meal tracking, tray delivery, pick-up
- Café meal pricing
- Cleaning and sanitation
- Key Performance Indicators (examples- Meal Delivery times, Quality, Courtesy)
- Full outsource price breakdown by Entity (Including but not limited to management salaries, Hourly wages, guaranteed food expenses etc.)



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Creating the RFP Template



Environmental Services, Patient Transport, Patient Observation Services

- Scope, Sq. footage, Cleaning frequencies
- Associate hiring, retention, education, training, audits program
- Infection control protocols
- Full Time Employee cost management and technology utilization
- Key Performance Indicators (example: Turnaround time, response time)
- Full outsource price breakdown by Entity (Including but not limited to management salaries, Hourly wages, direct expenses)

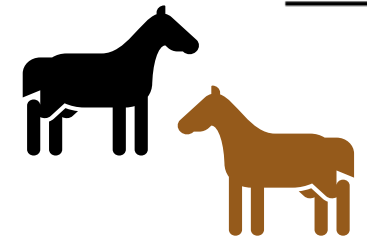


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Request for Proposal (RFP)



October 2021 - RFP Posted

All communication was between UK Purchasing and Suppliers
UK Purchasing team organized transportation for Vendor tours



November 2021 - Proposals came back



December-February 2022 - UK HealthCare internal RFP review of all vendor proposals



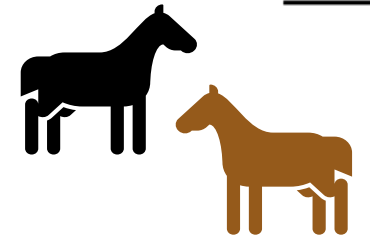
March 2022 - Vendor Presentations

RFP Voting team required to attend
RFP Advisory Team invited but optional
All presentations were virtual and recorded and could be viewed later by the committee members

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Request for Proposal (RFP)



Factors considered during RFP review, voting and feedback

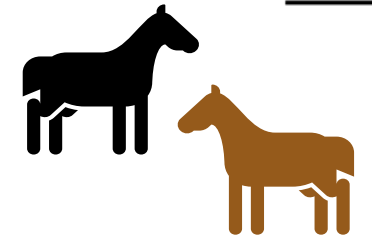
- Start-up cost
- Investment needs
- Technological offerings
 - Point of Sale (self-check-out and scan to go)
- Analytics and Dashboards (rounding software, quality audit programs)
- Employee Engagement and Patient Experience programs
- KPIs and 'At risk model'
- Corporate support and synergies

* Analysis conducted for all 4 service lines across all entities

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Feedback and Voting Process



Advisory and Voting team members submitted **feedback and votes** for each Supplier and each Service line after vendor presentations

- Cultural fit
- Patient care programs (example: response time, patient meal programs)
- Staff and Structure
- Patient Experience (examples: software capabilities, strategic partnerships, resource availability)
- Technology and ability to customize tools to meet UK's requirements
- Quality and Safety (example: Infection control, Safety programs)
- Finance (Cost management, KPI program, and at-risk model)



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Lessons Learned



Final Contract Signed November 2022

- Have realistic timelines
- Expect Delays- Negotiations, Operations (approx. \$60 M annual contract)
 - Started talks in April 2021
 - Signed contract in November 2022

**Initial anticipated timeframe for a signed contract - April 2022

- Confirm with the vendor that their review team includes operational leaders besides finance and corporate Leadership.
- Challenges related to scope creeps or changes (example: cleaning frequencies).
- Practices in place that were not accounted for in the contract (curtain laundry).

- It will not be perfect!
- Expect to have Change order forms after the final Master Service Agreement (MSA) is signed.

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Key Takeaways



Negotiation of a single master service agreement addressing FNS, EVS, PTS and POS with one supplier resulted in improved

- Contract management efficiencies
 - unified term dates for all services
 - standardized renewal terms
 - a distinct and auditable change order process
- Enhanced partnership value and overall savings
 - Partnership and investment
- Accountable performance measures.
 - Agreed upon KPIs and performance-based management fees
 - mutually agreeable cost adjustment terms
 - staffing guarantees

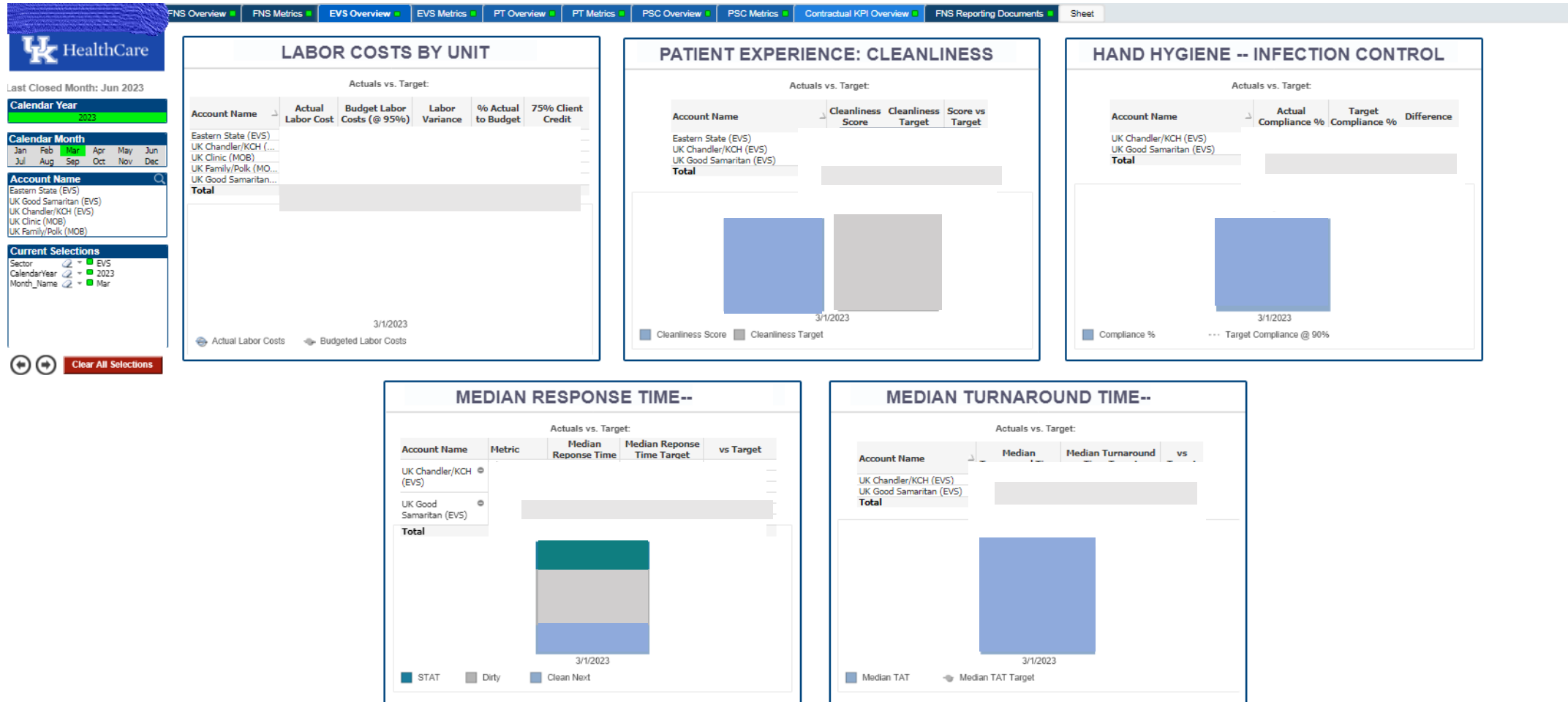
Now What?

- How do we manage the contract and partner with the Supplier to ensure appropriate KPI reporting?
 - Establish Quarterly Quality Partnership Programs and business reviews.
 - Review KPIs on a monthly basis.

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Key Takeaways



Source UK Healthcare Compass Reporting

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Thank You!



- **Executive Sponsors** - Angie Lang and Lorra Miracle
- **UK Purchasing Department** - Wendy Brown, Naomi Emmons, Barry Swanson
- **UKHC Supply Chain Management**
- **UK Legal, Compliance and Risk Management**
- **RFP Voting Committee**
- **RFP Advisory Committee**

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Questions?



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