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Three Tactics to Fight Rising Costs in an ASC

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Learning Objectives

- Describe tactics to overcome barriers to lowering supply chain case costs.
- Discuss the execution of a successful tactics and best practices for supply chain cost management

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Overview of Tactics



Tactic #1: Data Overview

Understanding the macro & micro view at your facility



Tactic #2: Negotiations

Building long term partnerships through negotiations/contracting



Tactic #3: Execution

How to pull through on opportunities

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Data Overview: Tactic #1

Best Surgery Center wants to implement a contract with Supplier #1 for their sports medicine products. Five out of Six physicians use Supplier #1 already for their sports medicine products either in the surgery center or hospital.

Macro

- COVID-19
- Sunshine act

Micro

- State regulations
- 10-15 competitors
- Supplier #2 market leader
- New technology
- Innovative products

Internal

- \$2M spend in sports orthopedic space
- \$3M in additional spend outside sports
- Physician partners looking for cost savings (distributions)
- Supplier #1 makes up 50% of current business

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Data Overview: What's available at your site

Physician Preference



Case Volume



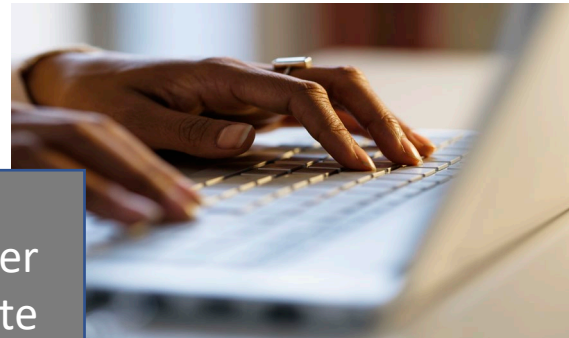
Payer Information



Supplies



Supplier Website



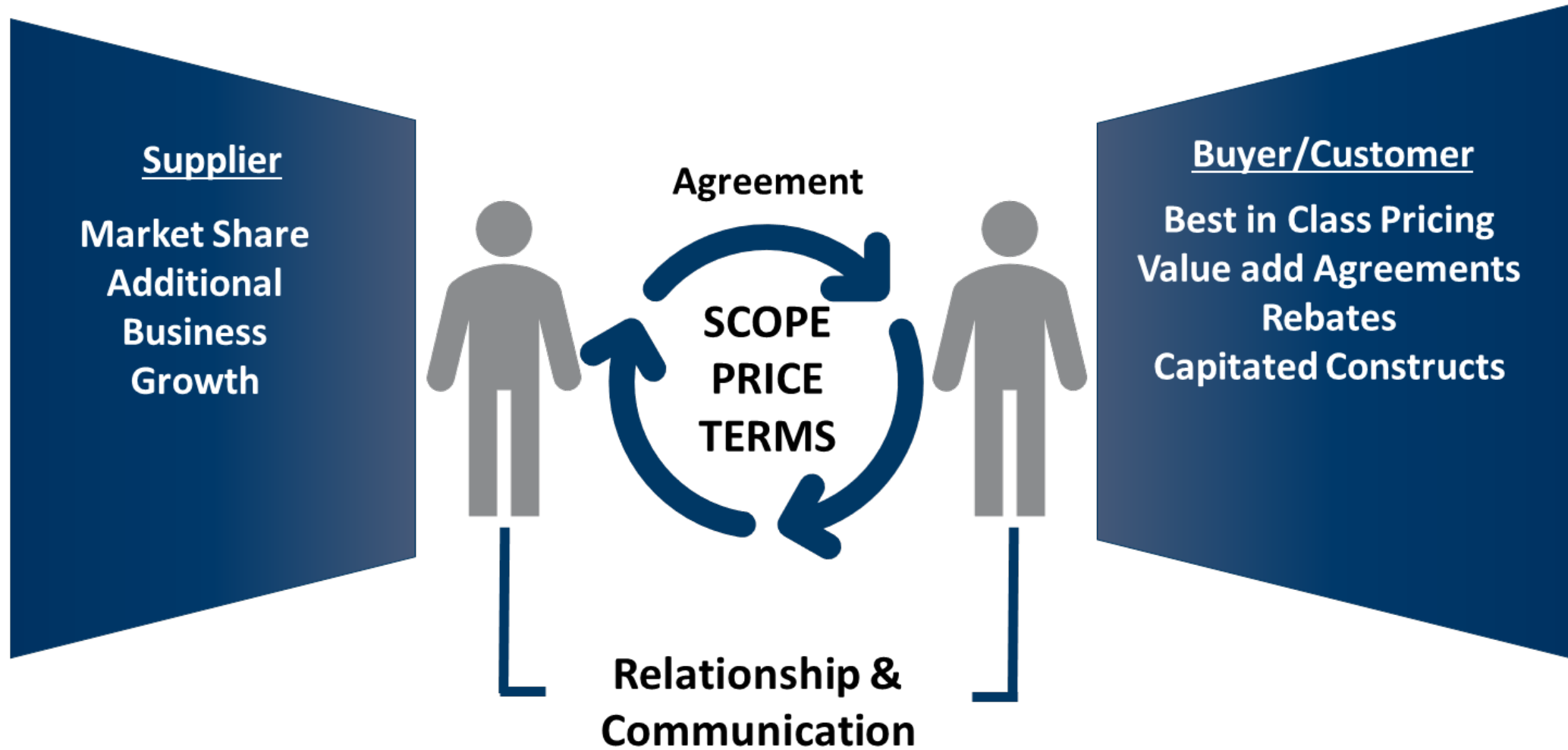
Global News



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Negotiation Strategy



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Contracting Barriers

1

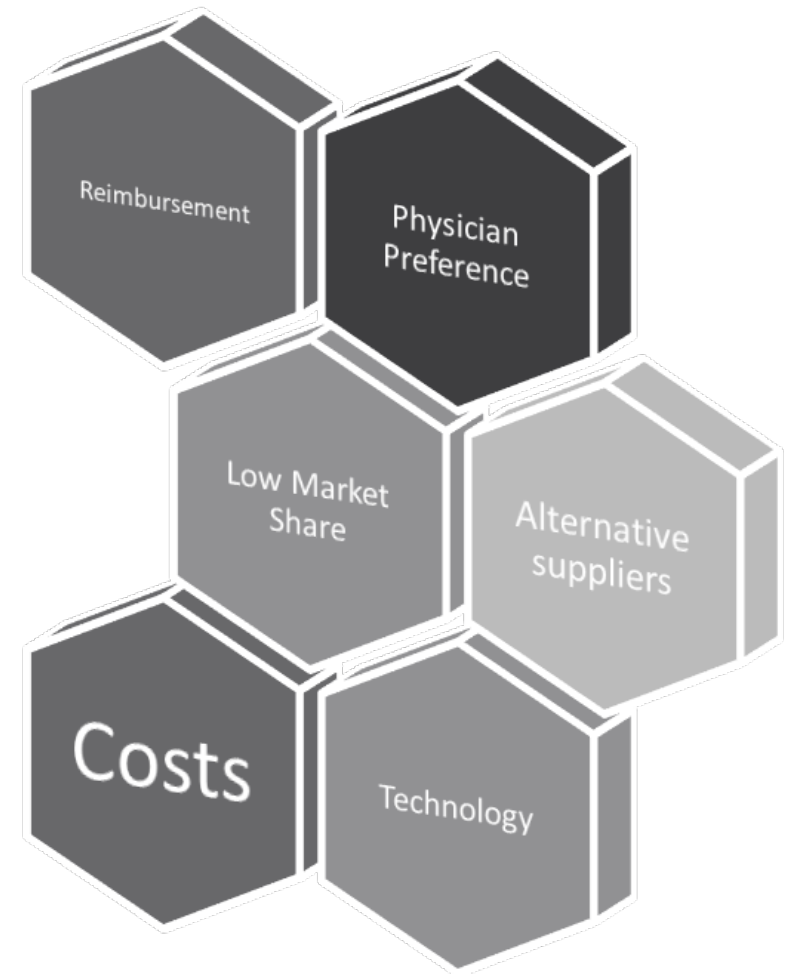
Identify Barriers

- Technology
- Physician Preference
- Alternative Suppliers
- Reimbursement
- Low Market Share
- Costs
- Storage space
- Capital
- Rep loyalty
- Service

2

Plan of Action

- Trial alternative products
- Efficiency programs
- Educate with data
- Utilize SCO Menu of options
- Rebate agreements
- Sub-specialty meetings to gain physician alignment



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Negotiation Strategy: Tactic #2



Barriers

- Interpersonal issues
- Poor Communication
- “Hardball” attitudes
- Resistant to Change



At the Table Concept

Build Trust

Concessions can show you consider relationship to be mutually beneficial



Open Minded

Limit Cognitive Bias

Build your top bullets for what you want out of the negotiation then do the same but from the other perspective



Partnership Mentality

Mutually Beneficial

Negotiations do not have to be a win lose mentality. Rely on tradeoffs to achieve your goals instead of compromises.



Long Term Strategy

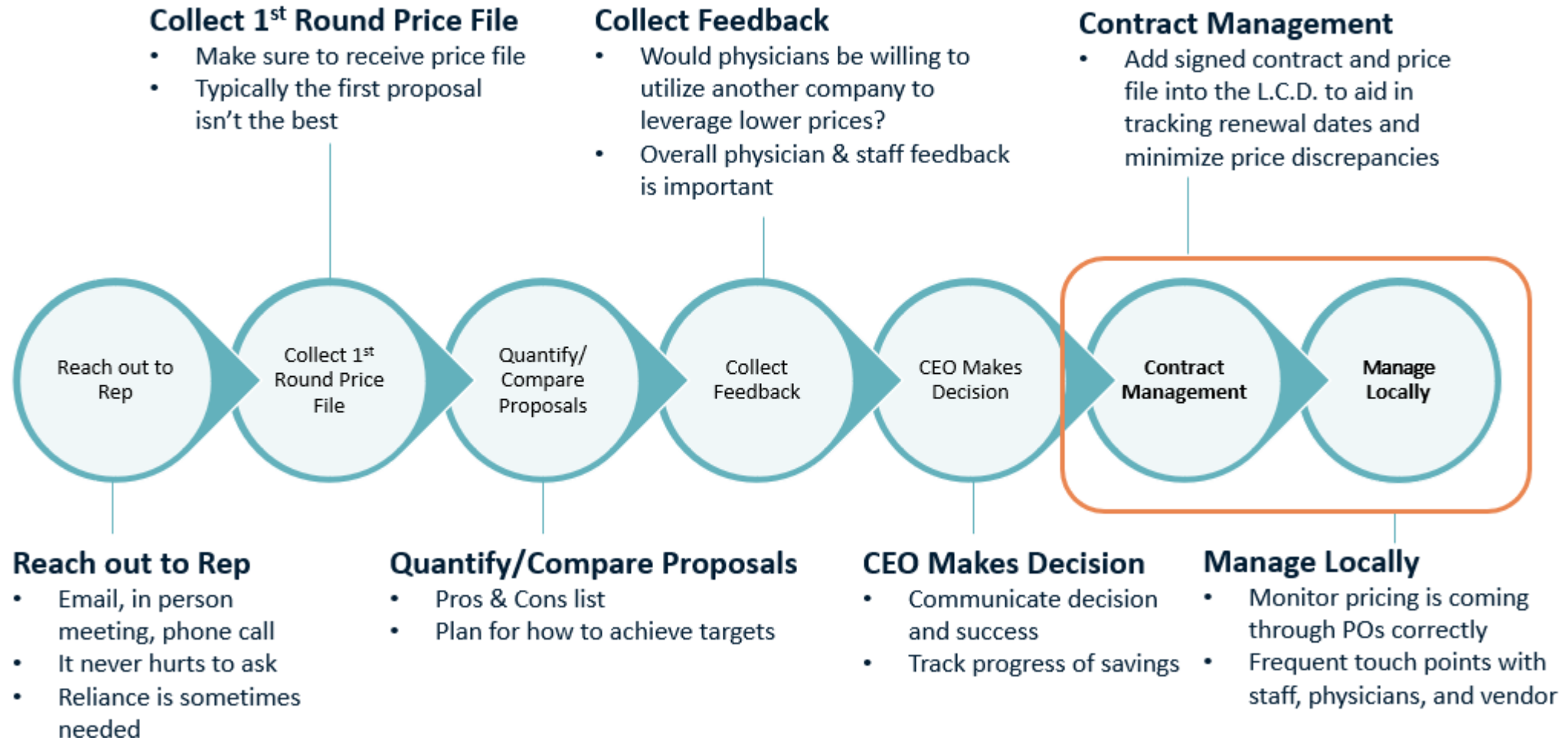
Relationships

Try to build a rapport and trust with who you are negotiating. People tend to mirror negotiation tactics.

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Execution: Tactic #3- Contracting Process



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Execution: You've Signed a Local Contract - Now what?

Post Contract Award Hurdles

- How do I prepare for personnel turnover and its negative effects on contract management?
- How do I keep up with multiple expiring contracts?
- What can I do to help ensure I'm receiving the best rates possible on my contracts?
- How do I stop price discrepancies?

Tips & Tricks

- One location for contracts
 - Ex: Files, software, electronically
- Business Reviews with the vendor to check health of agreement
 - Quarterly for high spend contracts and annually for low spend contracts
 - Holds suppliers accountable
 - Keeps team aligned to objectives
- Include in Core Leadership Team discussion
 - Monitor satisfaction of contracts

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Execution: Empowered to Focus on Internal & External Alignment

Physician Alignment

- Is there a clear, stated commitment to alignment?
- What do I do if my physician has a high preference?
- What if my physician has never used the economical supplier's products?
- Are the physicians satisfied with the product?

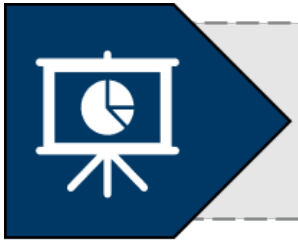
Tips & Tricks

- Product fairs
- Cadaver labs
- Trials
- Rating sheets
- Switched products for a case
- Include termination language for worst case

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Lessons Learned



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Tactic #2: Negotiations

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Tactic #3: Execution

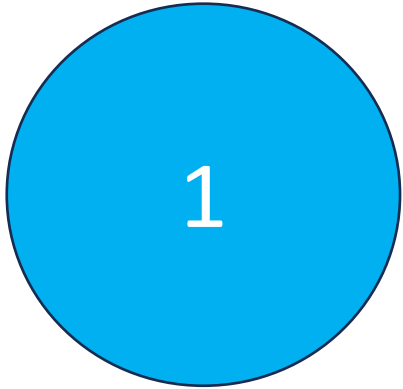
Maintaining & aligning to negotiated contracts

1. Each project is going to come with different challenges
2. Repetition
3. It takes time to build a new process
 - Don't rush
 - Take your time
 - Make mistakes

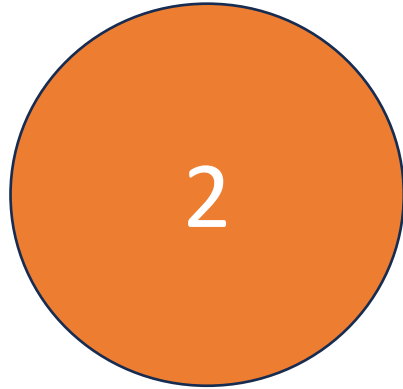
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Key Takeaways



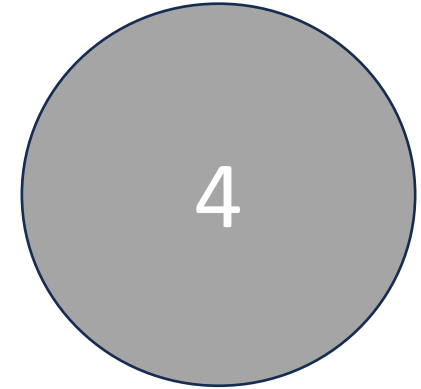
Understand your current environment: Macro, Micro, Internal



Data gathering: utilize all available resources to support research needs



Create Favorable Negotiations Environment: identify strategy, eliminate barriers, and develop long-term partnership



Execute Strategy: implement contracts, aligning staff, physicians, and suppliers to long term strategy

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Questions?



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