

2024 VIZIENT CONNECTIONS SUMMIT

vizient.

REFLECTION

REFLECT | ADAPT | EVOLVE



How to Centralize Procurement and Purchasing for a Multilocation Network

Diane J. McIntyre, CPM, Director, Procurement & Project Coordination,
Main Line Health

Kristine Krause, Vice President of Supply Chain, Sono Bello

Larry Krueger, CPPM-CPIM, Director of Procurement, US Eye

REFLECTION

Disclosure of Financial Relationships



Vizient, Inc., Jointly Accredited for Interprofessional Continuing Education, defines companies to be ineligible as those whose primary business is producing, marketing, selling, re-selling, or distributing healthcare products used by or on patients.

An individual is considered to have a relevant financial relationship if the educational content an individual can control is related to the business lines or products of the ineligible company.

No one in a position to control the content of this educational activity has relevant financial relationships with ineligible companies.

REFLECTION

Learning Objectives

- Describe methods to centralize procurement and purchasing.
- Discuss strategies to engage internal stakeholders across all functions operations, finance, and clinical.



How to Centralize Procurement and Purchasing for a Multilocation Network

Diane J. McIntyre, CPM, Director, Procurement & Project Coordination,
Main Line Health

Kristine Krause, Vice President of Supply Chain, Sono Bello

Larry Krueger, CPPM-CPIM, Director of Procurement, US Eye

REFLECTION

Level-Set: Central Procurement vs. Purchasing

Definitions:

- **Central Procurement** (Step 1): Contracting, pricing, vendor selection, vendor relationships, and GPO relationship
- **Central Purchasing** (Step 2): Acquiring goods via a centralized team through a preferred purchasing system



Main Line Health®

Main Line Health, a large health system in the Philadelphia suburbs, owns and manages a large network of physician practices and urgent care centers (125 practices; many with multiple ship to locations). The network consists of specialty, primary care and surgical practices located through out the Philadelphia suburbs. (Chester, Delaware and Montgomery County)

Procurement & Purchasing:

- Centralized Procurement and Purchasing
- Contracting is managed centrally
- In collaboration with our clinical team, we built a supply formulary and all items in this formulary are built into our ERP.
- Our practices requisition supplies through the ERP and orders are placed by 2 staff members.

Non-formulary / Capital:

For all supplies outside of the formulary, or capital purchases,

- Separate routing system for approvals
- In process of updating this process and procedures

Furniture and equipment:

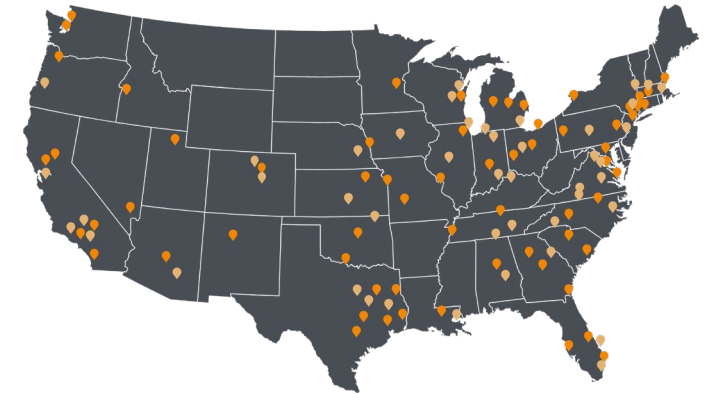
Furniture and equipment is standardized for the most part throughout our practices

Company Overview



Highlights:

- In Business Since 2008
- Headquarters = Kirkland, WA
- Surgery Centers = 61
- Consultation Offices = 48
- States = 37
- Surgeons = 185+
- Procedure Types =
 - Liposuction (awake)
 - Excess Skin Removal (awake)
 - Breast Augmentation (asleep)



Central Procurement (Contracting)

- Supply Chain Team creates all items in Purchasing System
- Each Center creates Weekly Purchase Orders (*excluding Central Order items*)
- Supply Chain Team approves all Purchase Orders
- Centers cannot order items outside of Purchasing System

Central Purchasing (Ordering)

- Includes five critical items:
 - Epinephrine
 - Lactated Ringers
 - Surgical Packs
 - Lidocaine
 - Fat Canisters
- Centers enter Weekly Inventory Counts for each item into Purchasing System
- Supply Chain Team calculates quantities needed based on Surgical Forecast
- Supply Chain Team creates Purchase Orders

REFLECTION

US Eye is a PE backed healthcare management group with 5 ASCs and 60+ clinical/retail locations across 4 states.

Independent Operations:

Independence

- Initially, all of these offices and entities operated independently

Fragmented operations

- Purchasing
- Contracting
- Procurement
- *Lack of oversight and visibility*

Integration Efforts:

Unified ERP

- Established our ERP platform and integrated all locations

Contract migration

- All contracts moved to the National level with our GPO
- Selected relationships/partners by category
- Instituted national model reducing decision-making

Procurement:

Centralized procurement model

- All locations submit requisitions
- Eliminated ordering outside of our controlled environment
- Ordering must go through our centralized team

Outcomes:

- Better relationships
- Better pricing
- Consistent product mix and alignment
- Better visibility to spend
- More opportunity to standardize and streamline
- Overall, more effective purchasing

REFLECTION

Panel Discussion: Critical Stakeholder Engagement



Questions:

- Who were your critical stakeholders?
- Why were they important to central procurement and purchasing?

REFLECTION

Panel Discussion: Tools and/or Technology



Questions:

- What tools or technology are you deploying to support your teams?
- And why?

REFLECTION

Panel Discussion: Effective Collaboration and Partnerships



Question:

- Ambulatory care providers are complicated and often understaffed when it comes to procurement and purchasing. How do you leverage partnerships or create collaboration to achieve results?

REFLECTION

Panel Discussion: Implications of Acquisitions or New Builds to Procurement

vizient.

Question:

- As you acquire or build new locations, how do you optimize results while also remaining flexible?

REFLECTION

Things to do:

- **Communicate** – Communication with stakeholders is the key
- **Manage with dates** – Having a project with date expectations is necessary
- **Educate**– Educating the stakeholders on new processes is necessary. A clear plan on how to share any changes or new processes to be implemented is important.
- **Manage Expectations** - Managing expectations from the outset is important.
- **Obtain Feedback** – Obtain feedback from others including the practices before rolling out a new process.

Things to avoid:

- **Overexplaining** – Most stakeholders are not versed in supply chain. Don't be too technical.
- **Moving too fast** – Complete a task and make sure there is full understanding before proceeding.
- **Wrong stakeholders** – not including the right people
- **Closed-minded** – Don't get stuck with one approach instead of being open to other ideas.

Key Takeaways

- **Start Small** – Centralize one category or segment at a time
- **Centralize Procurement First** – Then move to centralize purchasing
- **Leverage Technology** – Purchasing systems provide control
- **Simplify Processes** – Clinical staff should focus on patient care
- **Change Brings Opportunity** – Growth is a welcome challenge

Questions?



Contact:

Diane J. McIntyre, Main Line Health - McIntyreD@MLHS.ORG

Kristine Krause, Sono Bello - kkrause@sonobello.com

Larry Krueger, US Eye - lkrueger@USEye.com

REFLECTION