

Reinventing Value Analysis

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August 4, 2014

Learning Objective

By the end of the presentation, members will be able to explain how the latest technology can improve their value analysis efforts.

Healthcare Supply Chain Challenge

Solve Value Analysis Math Problem

| Fact* | Challenge |
|---|-------------------------------------|
| On average non file = 28% supply purchases, 55% of items | Access to information |
| Average hospital ~ 14,000 active items; Average large IDN ~ 70,000 active items | Time & labor to access information |
| Industry data churn 20% annually | Time & labor to analyze information |

Item Churn Problem

14,000 x 20% = 2,800 item churn

70,000 x 20% = 14,000 item churn

Typically 1,000 items can be analyzed within one year

Q:

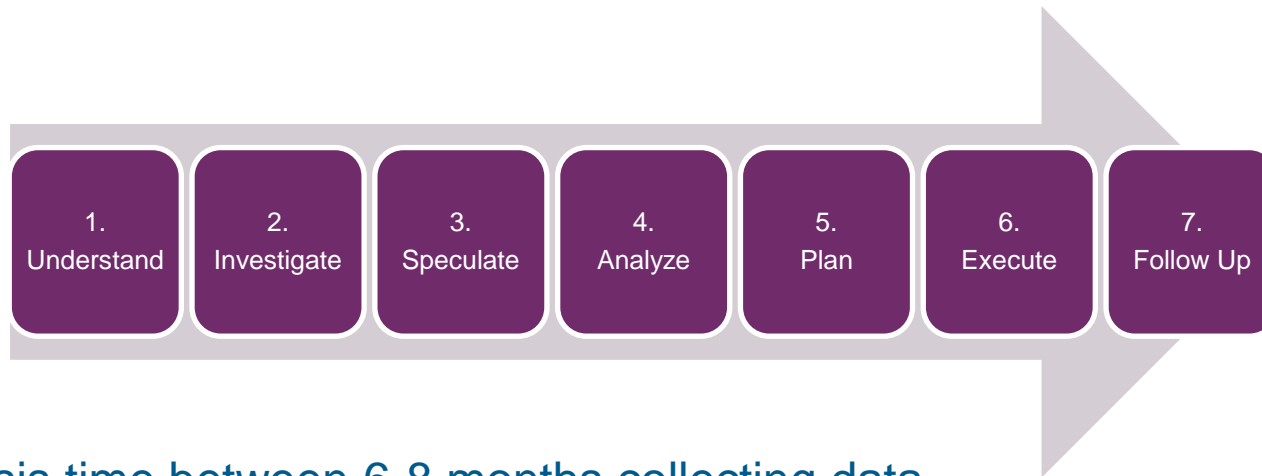
How many years will it take to catch up?

A:

Indefinite - current methods can not support

Healthcare Consultants “Fail Safe” VA

Traditional Product Evaluation Committee Structure



- ▶ Analysis time between 6-8 months collecting data
- ▶ Difficult to obtain competitive information
- ▶ Item master data not structured to support analysis
- ▶ Extensive online research needed to access pertinent clinical information
- ▶ Product mix and cost changes occur prior to project completion
- ▶ Difficult to enforce/capture/prevent non-compliance after analysis and standardization completed

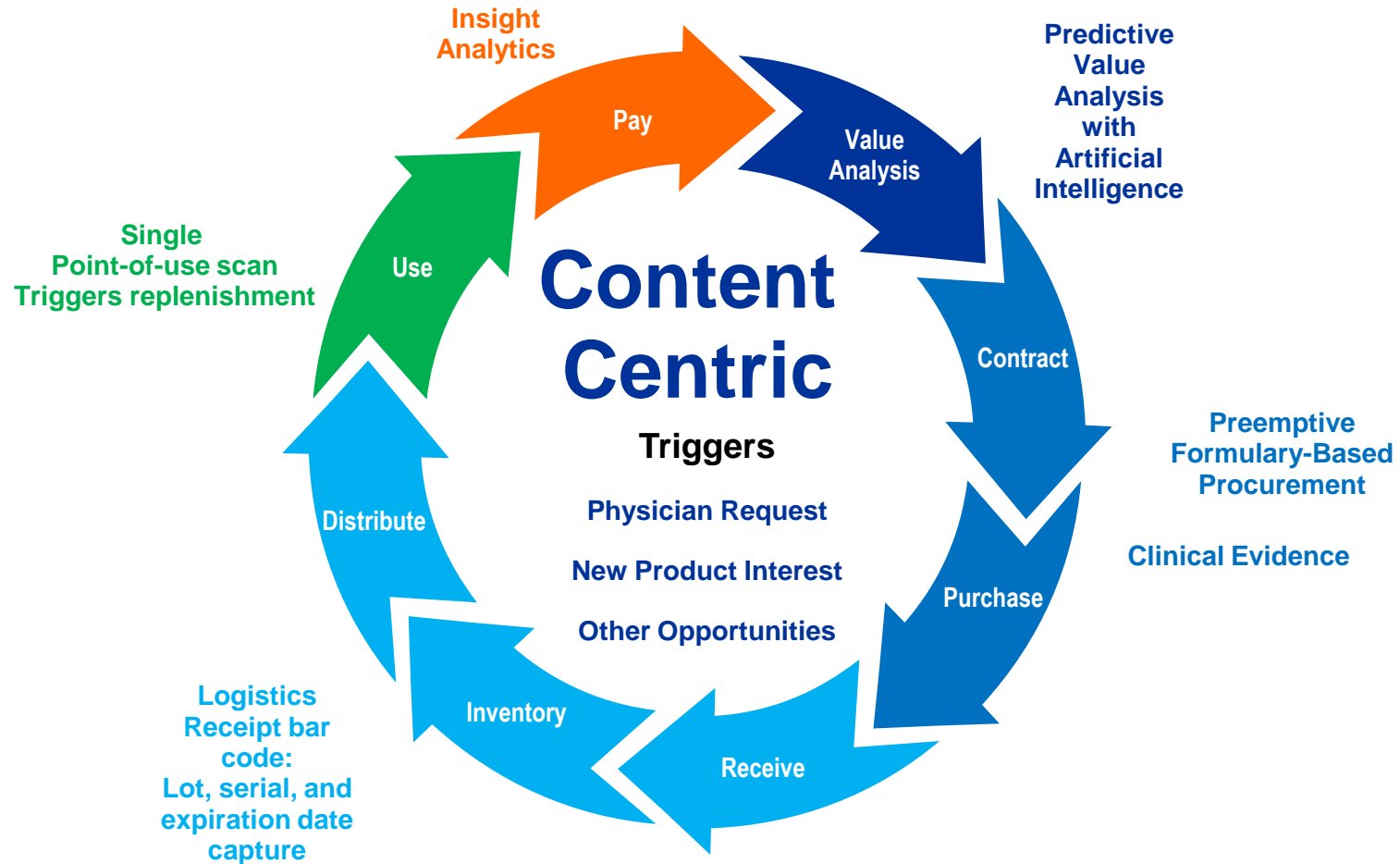
Embracing Change

Need for Predictive Analysis



Supply Chain 360

All data and processes feed and support VA



Enabling Data to Support Predictive Analysis

Process Steps – Normalization & Attribution

How to provide data consistency for automated product comparisons

- **Attribute**
 1. Variable –nouns, types
 2. Fixed – dimensional, material, etc
- **Normalize**
 - Standardize on one variant of the variable value to support comparison

Example:

Coke, Soda, Pop

- Normalize all alias terms to one version
- Retain alias mappings to original value

Enabling Data to Support Predictive Analysis

Process Steps – Creating Product Families

1. Select key attributes to create product family groupings
2. Review automated comparison for value analysis

| No. | Family Name | No. of Item | No. of Preferred Item |
|-----|---|-------------|-----------------------|
| 1 | GLOVE PROTECTIVE | 15 | 3 |
| 2 | GLOVE PROTECTIVE LATEX-FREE | 8 | 1 |
| 3 | GLOVE SURGICAL POLYMER STERILE LATEX 8 | 8 | 1 |
| 4 | GLOVE SURGICAL SYNTHETIC: POLYISOPRENE STERILE LATEX-FREE 7.5 | 8 | 4 |
| 5 | GLOVE SURGICAL SYNTHETIC: POLYISOPRENE STERILE LATEX-FREE 8.5 | 8 | 5 |
| 6 | GLOVE SURGICAL POLYMER STERILE LATEX 6.5 | 8 | 1 |
| 7 | GLOVE SURGICAL SYNTHETIC: POLYISOPRENE STERILE LATEX-FREE 7 | 8 | 3 |
| 8 | GLOVE SURGICAL SYNTHETIC: POLYISOPRENE STERILE LATEX-FREE 6.5 | | |
| 9 | GLOVE SURGICAL SYNTHETIC: POLYISOPRENE STERILE LATEX-FREE 6 | | |
| 10 | GLOVE SURGICAL SYNTHETIC: POLYISOPRENE STERILE LATEX-FREE 8 | | |
| 11 | GLOVE PROTECTIVE LATEX | | |
| 12 | GLOVE SURGICAL POLYMER STERILE LATEX 7 | | |
| 13 | GLOVE SURGICAL POLYMER STERILE LATEX 7.5 | | |
| 14 | GLOVE SURGICAL SYNTHETIC: POLYISOPRENE STERILE LATEX-FREE 5.5 | | |
| 15 | GLOVE SURGICAL POLYMER STERILE LATEX 6 | | |
| 16 | GLOVE SURGICAL SYNTHETIC: POLYISOPRENE STERILE LATEX-FREE 9 | | |
| 17 | GLOVE SURGICAL POLYMER STERILE LATEX 9 | | |
| 18 | GLOVE SURGICAL NITRILE: POLYMER: RUBBER STERILE LATEX 6.5 | | |
| 19 | GLOVE SURGICAL NITRILE: POLYMER: RUBBER STERILE LATEX 7.5 | | |
| 20 | GLOVE SURGICAL NITRILE: POLYMER: RUBBER STERILE LATEX 8.5 | | |
| 21 | GLOVE SURGICAL POLYMER STERILE LATEX 8.5 | | |
| 22 | GLOVE SURGICAL NITRILE: POLYMER: RUBBER STERILE LATEX 6 | | |
| 23 | GLOVE SURGICAL NITRILE: POLYMER: RUBBER STERILE LATEX 7 | | |
| 24 | GLOVE SURGICAL NITRILE: POLYMER: RUBBER STERILE LATEX 8 | | |
| 25 | GLOVE SURGICAL NEOPRENE STERILE LATEX-FREE 6.5 | | |
| 26 | GLOVE SURGICAL NITRILE: POLYMER: RUBBER STERILE LATEX 9 | | |
| 27 | GLOVE SURGICAL: MICROOPTIC LATEX 8.5 | | |
| 28 | GLOVE SURGICAL NITRILE STERILE LATEX 6.5 | | |
| 29 | GLOVE SURGICAL NITRILE: POLYMER STERILE LATEX 6.5 | | |

View Item Family of Noun: GLOVE

Option: Item Family Built Upon Specific Noun Value and another Attribute's Value

TYPE List

| No. | Value | #Item |
|-----|------------|-------|
| 1 | SURGICAL | 152 |
| 2 | PROTECTIVE | 29 |

Functionally Equivalent Item Family Setting

| No. | Attribute |
|-----|-------------|
| 1 | NOUN |
| 2 | TYPE |
| 3 | COMPOSITION |
| 4 | STERILITY |
| 5 | LATEXITY |
| 6 | CODED-SIZE |

Close

Enabling Data to Support Predictive Analysis

The Value of Product Families

- ▶ Quantitative values
 - ▶ Number of different products
 - ▶ Quantity and associated price
- ▶ Abilities
 - ▶ Detect new non-authorized products entering the system
 - ▶ Benchmark best practice for product utilization by product family
 - ▶ Compare and consolidate product use across a network
 - ▶ Prioritize standardization initiatives based on predicted value

Opportunity for Standardization

By Product Family or Supplier

| Savings Capture by Vendor | | | | | | |
|---|----------------------------------|--------------|-----------------------|-------------------------|---------------------|------------------|
| Period: Mar 01, 2014 - Jul 22, 2014 ? | | | | | | |
| View by: All Users My Savings Capture e | | | | | | |
| Savings Capture List by Vendor | | | | | | |
| All Corporations Search | | | | | | |
| No. | Vendor Name | No. of Items | Realized Savings (\$) | Missed Opportunity (\$) | Target Savings (\$) | Total Spend (\$) |
| 1 | All Vendors | 5,912 | 146,810 | 192,546 | 453,858.16 | 7,692,511.12 |
| 2 | CARDINAL HEALTH (FORM ALLEGI... | 1,970 | 64,252 | 54,178 | 149,370.37 | 2,531,701.12 |
| 3 | STRYKER ORTHOPEDICS (WI) | 319 | 17,924 | 14,065 | 15,095.30 | 255,852.58 |
| 4 | SYNTHES LTD | 297 | 12,335 | 9,794 | 9,793.72 | 134,221.29 |
| 5 | BIOMET INC | 21 | 3,988 | 6,595 | 6,595.49 | 33,981.54 |
| 6 | MEDTRONIC CARDIAC RHYTHM DIS... | 23 | 2,871 | 1,359 | 13,685.70 | 231,960.95 |
| 7 | AESCULAP INSTRUMENTS | 53 | 2,788 | 2,142 | 2,333.62 | 39,552.86 |
| 8 | VYGON (FRMLY ADVANCED MED S... | 3 | 2,666 | 104 | 233.33 | 3,954.70 |
| 9 | ZIMMER | 52 | 2,466 | 1,160 | 5,703.60 | 96,671.19 |
| 10 | BIOSENSE WEBSTER INC | 12 | 2,387 | 3,297 | 3,759.48 | 63,720.04 |
| 11 | DJ ORTHO | 113 | 2,374 | 4,277 | 4,277.27 | 20,395.25 |
| 12 | SOFAMOR DANEK (WI) | 30 | 2,353 | 3,173 | 4,778.12 | 80,985.02 |
| 13 | SMITH NEPHEW INC/RICHARDS | 46 | 2,239 | 68 | 648.04 | 10,983.66 |
| 14 | SYNAPSE MEDICAL | 1 | 2,017 | 0 | 141.60 | 2,400.00 |
| 15 | DEPUY ORTHOPAEDICS INC (MILW... | 46 | 1,846 | 1,414 | 1,413.86 | 13,467.84 |
| 16 | COOK INC (FRT CHG UNDER \$200) | 114 | 1,207 | 321 | 3,018.14 | 51,154.95 |
| 17 | INTEGRA LIFESCIENCES | 44 | 1,171 | 6,024 | 6,024.19 | 54,269.68 |
| 18 | BOSTON SCIENTIFIC SCI MED | 97 | 1,094 | 638 | 6,525.12 | 110,595.20 |
| 19 | ORTHOHELIX SURGICAL DESIGNS INC | 27 | 1,064 | 1,463 | 1,462.61 | 12,267.00 |
| 20 | MEDTRONIC NEUROLOGICAL | 6 | 1,008 | 180 | 5,656.03 | 95,865.00 |
| 21 | TERUMO CORPORATION | 51 | 998 | 350 | 2,779.70 | 47,113.53 |
| 22 | ARTHREX (WISC) | 48 | 945 | 193 | 2,617.39 | 44,362.58 |
| 23 | BOSTON SCIENTIFIC MICROVASIVE | 76 | 919 | 943 | 9,955.46 | 168,736.63 |
| 24 | BARD ELECTROPHYSIOLOGY | 4 | 872 | 39 | 317.36 | 5,379.00 |
| 25 | MEDAFOR | 1 | 738 | 140 | 2,276.10 | 38,578.00 |
| 26 | OLYMPUS AMERICA INC (FORM G... | 13 | 676 | 0 | 2,011.86 | 34,099.34 |
| 27 | COVIDIEN (KENDALL HEALTHCARE ... | 13 | 650 | 59 | 2,865.20 | 48,562.68 |
| 28 | MUSCULOSKELETAL TRANSPLANT... | 9 | 620 | 2,817 | 3,173.16 | 53,782.37 |

Artificial Intelligence Assisted Search

Finds Equivalent Products via The Library

☐ Mark all 0 marked item(s)

No results were found

Suggestions:

- * Check your spelling.
- * Try different search terms that have the same meaning.
- * Try more general search terms.
- * Click [here](#) to continue searching in the Matrix
- * Click [here](#) to continue searching in the Library

Search

Looking For:
2090 VL-H in the current document

Results:
1 document(s) with 4 instance(s)

Results:

- Richard-Allen_Surgi
 - Surgeon's 2090
 - VL-H None Non
 - CUTTING 2090
 - 2090 Regular Su

☒ Collapse file paths

[Show Fewer Options](#)

[Save and View this PDF in](#)

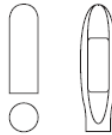
[Find a word in the current](#)

RICHARD-ALLAN Surgical Needles

Surgical Needle Reference Guide

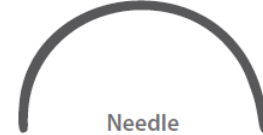
2050 — Reference Number Description — Kidney Blunt ½ Circle Taper

Eye/Point Diagram



Wire Diameter 205000 0.056 in

Needle Length 2.244 in



Needle

| Straight | Reverse Cutting | Cutting | Taper | Troc | Blunt |
|-------------------|-----------------|-----------|---------|------|--------|
| Regular Surgeon's | | 2134 VL-M | 2146 L | None | 2051 H |
| | | | 2147 VL | | |
| | | | 2200 VL | | |

3/8 Circle


| Eye | Reverse Cutting | Cutting | Taper | Troc | Blunt |
|-------------------|-----------------|---------|--------|--------|-------|
| Regular Surgeon's | 2090 VL-H | 2441 H | 2168 H | 2169 H | None |
| | 2124 VL | | 2195 M | | |
| | 2145 M | | | | |

Product Library of Manufacturer Catalogs

Extends Access to Information

Mark all 0 marked item(s) Ven/Mfr CatNum Search surgical glove latex 6.5 sterile

GLOVE SURGICAL ENCORE POLYMER 6.5 9 MILS CREAM STERILE LATEX
 UOM/QOE = BX/50, PR/1
 Organization Item ID: 23506
 Supplied By CARDINAL HEALTH (FORM ALLEGIANCE) (5785002)
 Mfr. By ANSELL HEALTHCARE (5785002)
 UNSPSC = 42132205 HCPCS = UNBILLABLE
 Contract Price: \$150.00 (BX/200)
 Item Master Price: \$38.81 (BX/50); \$0.78 (PR/1)
 IDN's Last Price Paid: \$38.81 (BX)
 ☆☆☆☆☆ (0 reviews)



Search

Looking For:
5785002 5785002 in the current document

Results:
1 document(s) with 2 instance(s)

New Search

Results:

- surgical_glove_catal
- 5785002 5785002

✓ Collapse file paths

Show Fewer Options

Save and View this PDF in

Find a word in the current

Latex, Powder-Free Surgical Gloves



| SIZE | PRODUCT # |
|---------------------------------------|-----------|
| 5 1/2 | 5785000 |
| 6 | 5785001 |
| 6 1/2 | 5785002 |
| 7 | 5785003 |
| 7 1/2 | 5785004 |
| 8 | 5785005 |
| 8 1/2 | 5785006 |
| 9 | 5785007 |
| 50 Pairs/Dispenser Box – 4 Boxes/Case | |

Encore[®] Latex, Powder-Free Surgical Gloves



Encore[®] surgical gloves are powder-free and made from natural rubber latex. The gloves have a textured finish for superior grip and handling, and their low protein levels help reduce the risk of latex sensitization in healthcare workers and patients.

- **Material:** Natural rubber latex*
- **Color:** Cream
- **Donning Agent:** Polymer coating (powder-free)
- **Cuff Style:** Beaded cuff, SureFit Technology™
- **Finish:** Textured
- **Minimum Length:** 11.0 in (280 mm)
- **Average Fingertip Thickness:** 0.23 mm (9.0 mils)
- **Average Cuff Thickness:** 0.17 mm (7.0 mils)



Latex, Powder-Free Surgical Gloves


McKesson Strategic Supply Sourcing™

Helps enforce standardization at the point of requisition

- ▶ Guides users to standardized products
- ▶ Helps eliminate spend, product leakage against standardized products
- ▶ Provides visibility to maverick item requests

Requisition: MSS5140710185358868517


Requisition Header Information | Item List | **Item Replacement** | Approval Path



[SCREW BONE DVR TITANIUM 1.16 L 12 MM OD 3.5 MM CORTICAL](#)
 Corporation = 1004 - CORPORATION 1004
 UOM/QOE = EA/1
 Supplied By DEPUY ORTHOPAEDICS INC (MILW/RACINE) (CS12000)
 Mfr. By DEPUY ORTHOPAEDICS INC (CS12000)
 Last Price Paid: **No Prior Purchase**
 Target Price: **\$56.25 (Standard UOM/1)**

Note: Purchasing Preferred Items may bring additional Cost Savings resulting from improved contract compliance and better Tier Level Pricing. These additional savings are not displayed here.

Recommended Alternative



[SCREW BONE VARIAX TITANIUM L 12 MM OD 3.5 MM FOOT NONLOCKING NONLOCKING: T10 HEAD](#)
 Corporation = 1004 - CORPORATION 1004
 UOM/QOE = EA/1
 Supplied By STRYKER ORTHOPAEDICS (WI) (40-35012)
 Mfr. By STRYKER ORTHOPAEDICS (40-35012)
 Last Price Paid: **\$56.25 (EA)**
 Target Price: **\$15.60 (Standard UOM/1)**

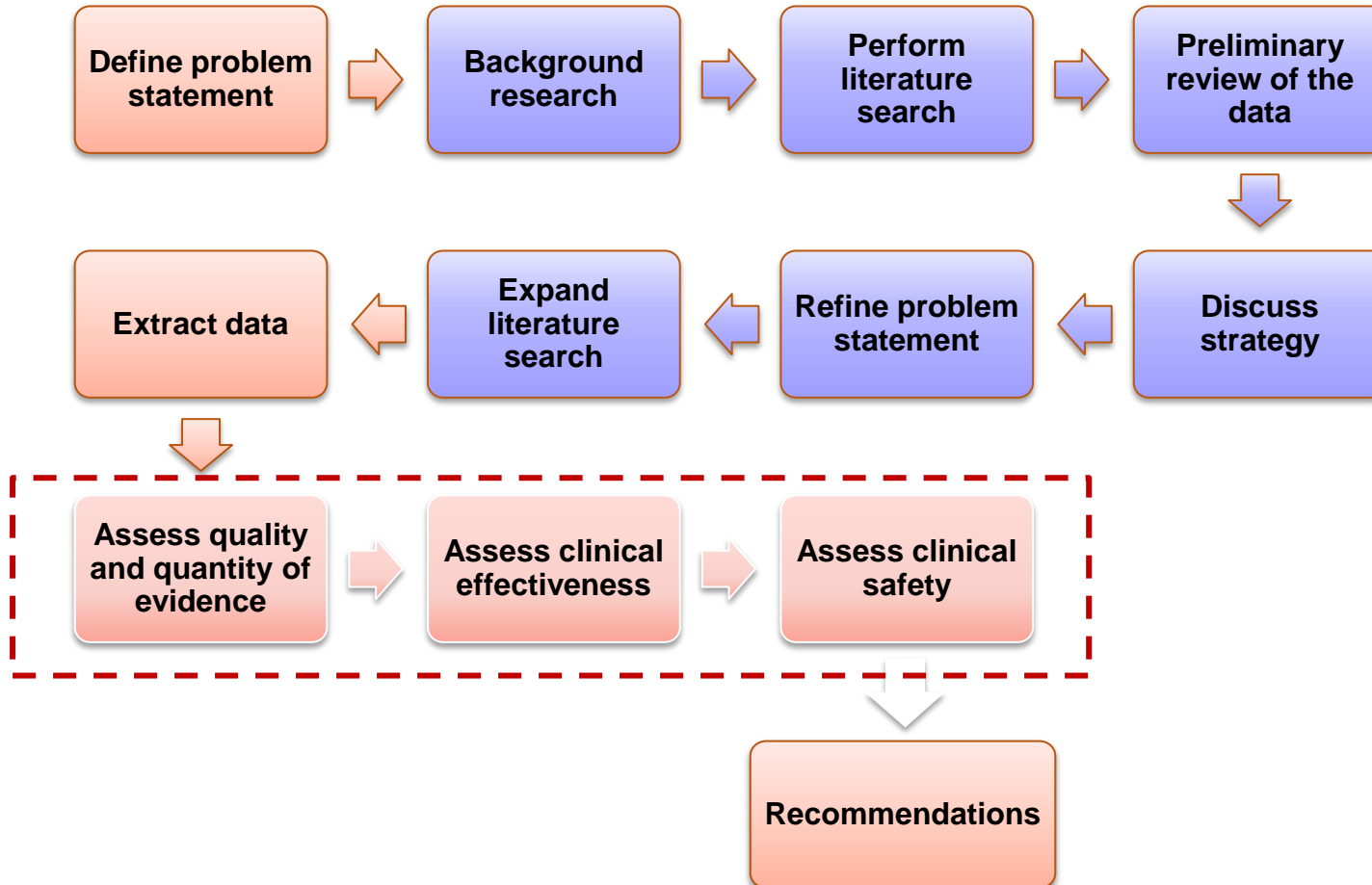
| | UOM/QOE | Price (\$) | Quantity | Extended Cost (\$) |
|--|---------|------------|----------|--------------------|
| Current Item | EA/1 | 59.28 | 25 | 1,482.00 |
| Replaced Item | EA/1 | 56.25 | 25 | 1,406.25 |
| Your savings after the replacement: | | | | \$75.75 |

Embracing Change

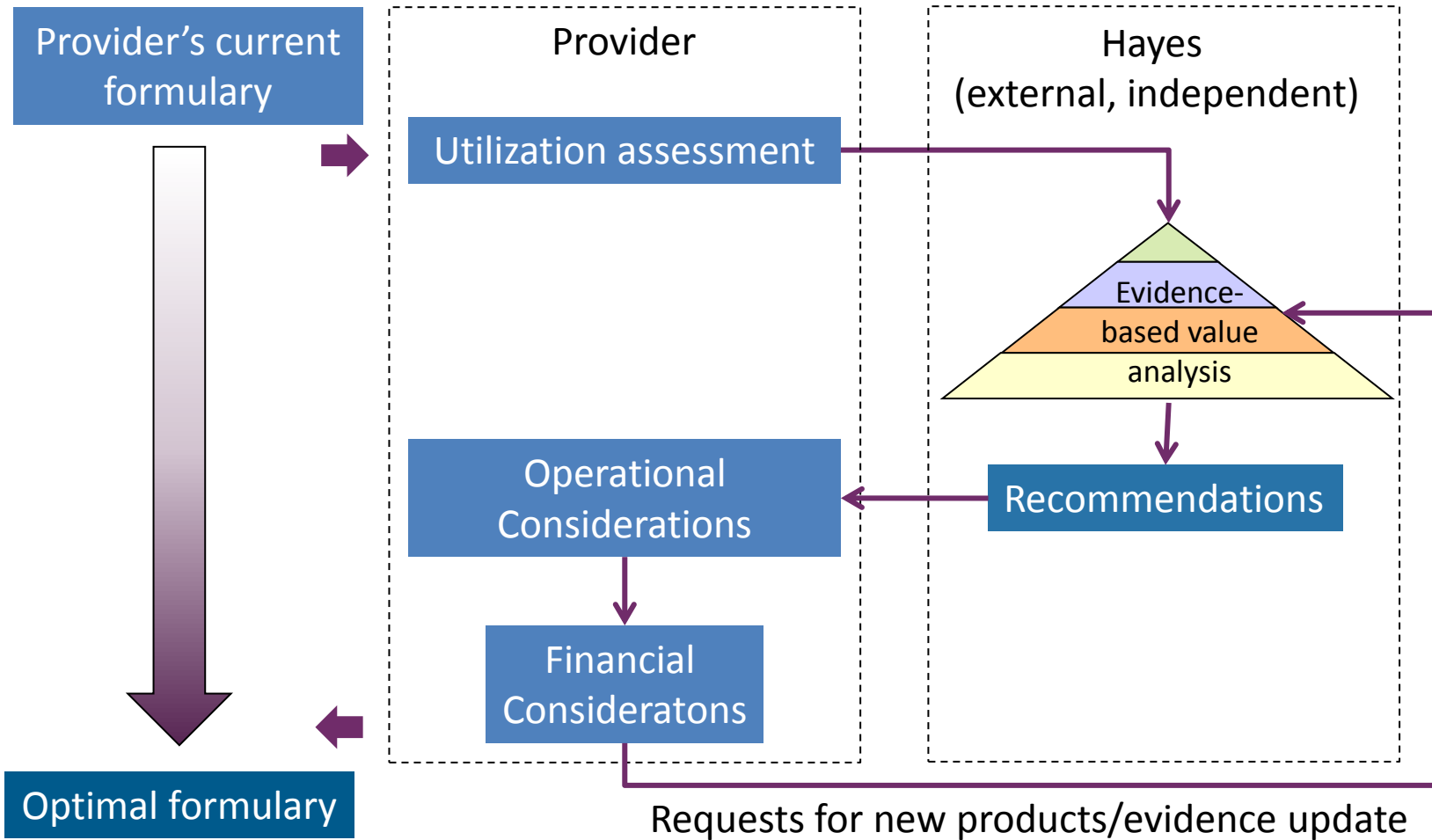
Need for Predictive Analysis



Hayes Methodology



Integrating EBVA

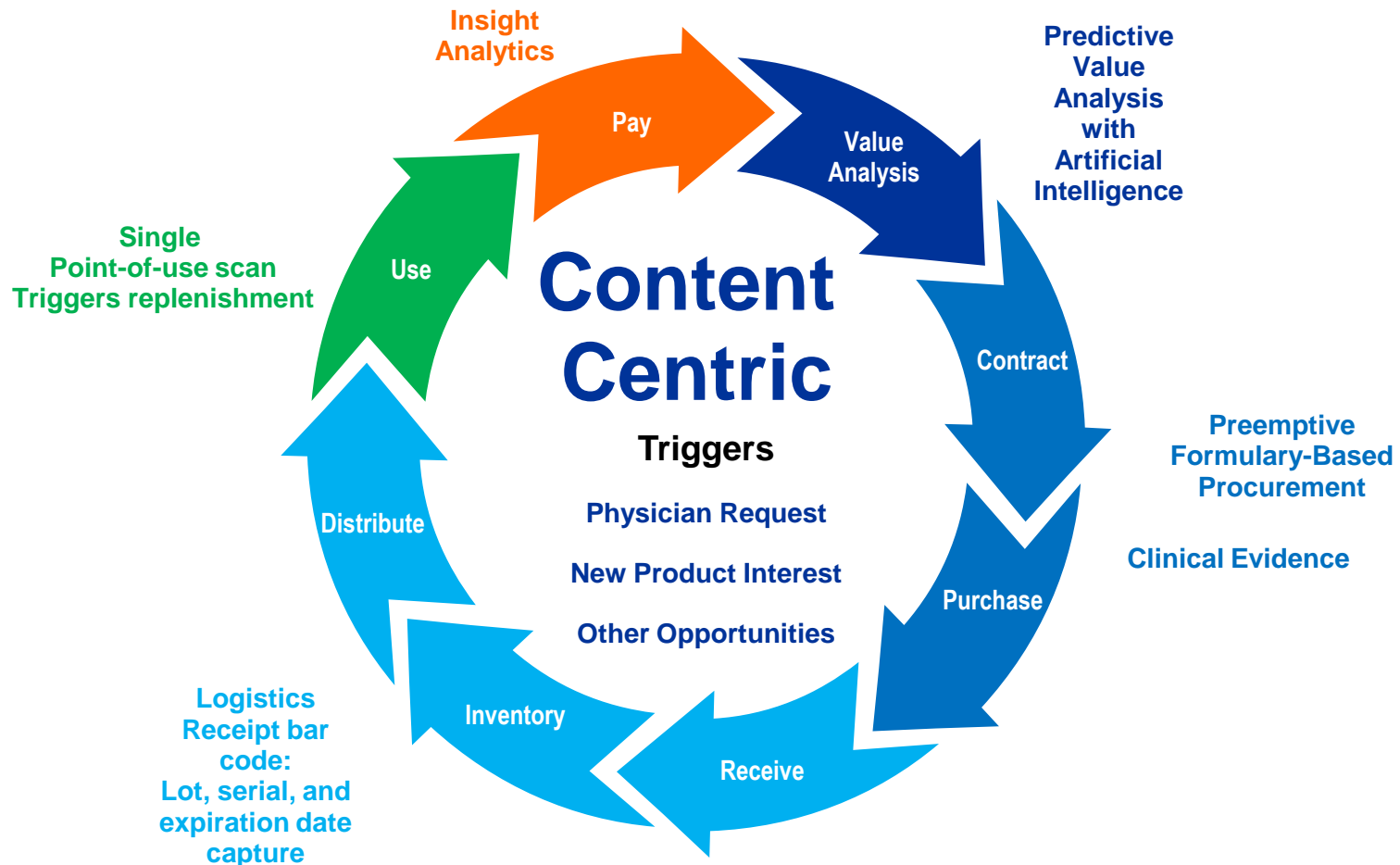


What Hayes, Inc team provides

- ▶ Unbiased analytics of the published Evidence
- ▶ Review by a team of clinicians & analysts with variety of both patient care and supply chain backgrounds
- ▶ Extensive Knowledge Center library of over 4000 reports including literature searches, product and technology comparisons, and full technology assessment reports
- ▶ Creation of new reports driven by need within our membership: newer technologies, requests for standardization, safety alerts and/or recalls
- ▶ Focus on quality and safety parameters first, patient outcomes, clear review of the evidence, and then factor in the cost and other contracting needs.

Supply Chain 360

All data and processes feed and support VA



Thank you

www.mckesson.com/supplychain