

Collaboration and Data are Key Drivers for New Ways to Recover Costs and Reduce Spend for Hospitals



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THE GENERAL RULE of thumb is that you will never be paid more than you are today for the services you provide, and supply chain is the second largest expense in a hospital. Real-time supply chain costs serve as an indicator of how efficiently resources are being used by different parts of the organization. Armed with this information, healthcare providers are beginning to predict what their supply needs are instead of being reactive, which most of the time results in excess purchasing that inflates costs across the board.

Breaking down the silos and creating seamless processes have been driving forces behind many of the choices being made by healthcare organizations at a systemic level. As healthcare providers attempt to deliver improved patient care at reduced costs, the impact that supply chain can have on both outcomes has come into focus. This

focus is changing the environment and what is expected of supply chain professionals across the country. To address questions supply chain professionals might have about how to meet this changing environment, AHRMM released the 2017 Cost, Quality, and Outcomes report on Population Health Management. This report takes a closer look at how the supply chain can impact population health and quality initiatives.

The findings of the AHRMM report state, “Supply chain is central to effective population health management.” The report goes on to break down seven areas of population health that were found to be directly impacted by supply chain, and gives helpful suggestions for organizations looking to make improvements to their system. The two most directly related to how supply chain is managed are:



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1. Cross-functional collaboration drives improved results in care and cost.
2. Supply chain enables data-driven decisions.

These two points reinforce what we already knew, that the days of spreadsheets are over. Organizations are going to be thinking about supply chain as a central piece of their population health efforts, and the information needed by each department is going to have to be available instantly and in a format that is digestible to each one's individual needs.

As our organizations fundamentally change the way they deliver care, we also will have to change the way we manage our supply chains. The way we do this is by embracing technology. According to the AHRMM report,

“Technology is key to implementing, managing, and sustaining most population health management programs where information sharing and communication between various parties is critical to improving the health of a population. While some hospitals and health

systems are developing solutions internally, others are leveraging third-party solutions providers with expertise in this area.”

At face value, most individuals could get behind this conclusion. As you dig deeper, there are many barriers when trying to find a technological solution to effectively manage the supply chain. One such barrier is the non-uniform purchasing interactions that supply chain professionals have to oversee. Another is trying to translate supply chain language to stakeholders in other departments that have different albeit, just as important objectives in mind when they consider supply chain. Fortunately, technology partners who can provide opportunities to collaborate to purchase and sell inventory can be valuable allies in the process of reducing costs and waste, while establishing new pathways of creating efficiencies directly relating to the need for better cost at the point of care. These companies provide real-time data, both visual and analytical that can help you translate to your system leaders what impact supply choices are having on the organization as a whole. Equipped with these tools, supply chain

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professionals can proactively “lift the hood” and help their organizations meet the goals of the Triple Aim.

In the past, supply chain professionals simply had to react to the changing demands of the organizations they supported, largely working behind the curtain. As ARHMM eloquently concluded those days are over, and new resources are emerging to help them not only understand, but to exceed any future expectations. 

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