

Success Story

Amerinet Clinical Advantage

A Short Take on Success

The Challenge

- ▶ Achieve competitive market pricing and profitability for a growing service line of total joint replacement products, while maintaining access to supplier preferences for current and new surgeons
- ▶ Illustrate cost comparisons of physician preferred implants with various suppliers in a straight forward manner

The Solution

- ▶ Amerinet Clinical Advantage Program:
 - Single-source, consultative approach to evaluation and management of physician preference implant (PPI) costs provides major savings
 - Collaborative physician-driven method prompts physician engagement in the comparison process

The Outcome

- ▶ Customized PPI cost-savings solution
- ▶ Immediate savings of \$385,000 and ongoing 40 percent decrease in spend
- ▶ Contribution margin analysis prompted physicians to approve additional savings opportunity of \$150,000
- ▶ Increased volumes at the newly-negotiated price points yielded an additional \$165,000 savings, bringing the total to \$700,000

“Market knowledge was extensive and the price-points supplied were dead on. Clinical Advantage is the gift that keeps on giving. After an immediate \$385,000 reduction, we’re seeing an on-going decrease in spending of 40 percent. It’s an outstanding purchasing resource for our entire facility.”

*Alan Manning, Administrator,
Material Management
East End Health Alliance,
Peconic Bay Medical Center*

Amerinet Brings New Efficiencies, Significant Savings to East End Health Alliance Total Joint Replacement Program



The Challenge

East End Health Alliance® (EEHA) consists of three facilities – Eastern Long Island Hospital, Peconic Bay Medical Center and Southampton Hospital – operating as an integrated regional healthcare delivery system. The Alliance hospitals are all critical healthcare providers serving a combined population of 300,000 residents in a 300 square mile area. More than 16,000 inpatients and 60,000 emergency room visitors are seen annually. The hospitals in the Alliance employ over 2,500 individuals and generate nearly \$1 billion of regional revenue. They are an essential component of the local economy.

The Alliance became an integrated delivery network in order to address multiple challenges facing the three stand-alone hospitals. Small primary markets, internal competition and undercapitalized facilities resulted in underdeveloped clinical staff and available services; as well as a difficult negotiating position with suppliers. Via right-sizing and regionalizing, EEHA is now achieving their mission of providing excellent, comprehensive healthcare in the community, while managing to negotiate the changes inherent in today’s complicated healthcare delivery system.

The collaborative philosophy central to the EEHA approach in patient care, operations and clinical integration, however, remained underdeveloped

in certain critical areas of materials management, particularly in the procurement of total joint replacement (TJR) implants. “We were using six different TJR suppliers at a cost of almost \$2 million,” explained Materials Management Administrator Alan Manning of Peconic Bay Medical Center. Implant costs continue to outpace reimbursements and hospitals nationwide are facing this additional strain on operating budgets. “We knew we had to do better with pricing, but the priority was making sure our surgeons had access to the specific products they wanted to use.”

In order to achieve their orthopedic supply purchasing goal of honoring physician product preferences, while still realizing cost-savings and revenue growth, the Alliance began to investigate how Amerinet Clinical Advantage could help solve their problem.

The Solution

The Amerinet Clinical Advantage program aligned with EEHA’s collaborative philosophy, working towards a common goal to lower implant costs and improve margins while respecting physician preferences and enhancing quality outcomes. Amerinet Clinical Advantage promotes a united course of action among administrators, clinicians and suppliers. It delivers immediate, up-front savings and invokes on-going strategic and systemic changes in the entire implant procurement process. Manning explains, “It’s the gift that keeps on giving.”

The Alliance asked their Amerinet Clinical Advantage specialist to perform a benchmark assessment of total TJR spending. “They went through our figures with a fine-tooth comb,” said Manning. “The report we received was more than just a study of supplier pricing, it was a resource. Amerinet was able to pin-point costs and ROI at the procedure level, making it possible to define our implant spending

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objectives and create an actual business plan based on the information provided.”

The proprietary study provided to members utilizing Clinical Advantage is a quantitative, evidence-based tool that illustrates clear pathways to cost reduction and improved margins. The analysis is empirical and all-inclusive, incorporating up-to-the minute actionable opportunities in national and regional market fluctuations and volume. Objectivity and credibility are key drivers in the process. Amerinet’s Clinical Advantage program utilizes unbiased competitive data and supplier mix options to build customized contracting solutions.

The Clinical Advantage consulting group created unique and individual contracts specifically for the East End Health Alliance.

The Outcome

By re-pricing EEHA’s \$1.96 million TJR implant spend, an immediate savings of \$385,000 was realized. This represented a decrease of 40 percent over the pre-project purchase amounts.

Significant cost reductions, increased margins and a re-vamped, goal-driven implant purchasing process would be a valuable outcome in its own right. Yet, the savings did not stop there. “We took the results to our orthopedic surgeons,” said Manning, “and showed them how, using Amerinet Clinical Advantage, we could create a business plan for each doctor based on every single procedure performed. Having the ability to offer, in black-and-white, a straight-forward chart listing each surgeon’s individual costs and returns made a huge difference. Once several surgeons switched to a comparable but lower-cost alternative, the process took on a life of its own. We saw \$150,000 in additional savings.” Total project savings are now \$700,000 due to increased volume.

The Clinical Advantage process can also support clinical outcomes and quality of patient care via standardization, i.e. reducing the number of suppliers. The impact is felt throughout the continuum of care as a less-is-more approach can increase efficiency and decrease errors. In the end, a collaborative PPI project strategy that supports physician ownership coupled with a thorough knowledge of the device market is the proven winning combination.

Based on the outstanding results achieved using Amerinet Clinical Advantage for TJR implants, the administration at EEHA is now investigating feasibility of the program for cardiac rhythm management products.



Contact Summary

Contact

Amerinet Customer Service
877-711-5600
info@amerinet-gpo.com

About Amerinet Inc.

As a leading national healthcare solutions organization, Amerinet collaborates with acute and non-acute care providers to create and deliver unique solutions through performance improvement resources, guidance and ongoing support. With better product standardization and utilization, new financial tools beyond contracting and alliances that help lower costs, raise revenue and champion quality, Amerinet enriches healthcare delivery for its members and the communities they serve. To learn more about how Amerinet can help you successfully navigate the future of healthcare reform, visit www.amerinet-gpo.com.

Amerinet Inc.

2060 Craigshire Road
St. Louis, MO 63146
877-711-5700

www.amerinet-gpo.com