

Amerinet Western Regional Alliance (AWRA)

When the Health Resource Services (Seattle, Wash.) and the Western Alliance of Healthcare Resources (healthcare facilities throughout California and Nevada) collaborated in 2002 to form the Amerinet Western Regional Alliance, they did so to enhance Amerinet contracts such that they reflected regional choices, as well as to drive commitment to support better pricing and value adds. Since then, the alliance has added two more members – Strategic Resource Partners (Corvallis, Ore.) and the Amerinet Arizona Regional Council (throughout Arizona), and is open to new enrollees by invitation. Its mission has been – and continues to be – to improve the quality of its contracts and generate better financial outcomes.

The Journal of Healthcare Contracting: Have you found the alliance is providing members with more advantages than originally expected? What are these advantages?

Amerinet Western Regional Alliance: Two benefits have evolved over time. The first has been the ability to “cross-pollinate” ideas and contracts among the individual affiliates with some regional customization. Secondly, AWRA has been able to take a proactive approach to contracting for distribution. Rather than waiting for a proposal from a preferred distributor, AWRA has specified terms and conditions for a new enhanced multi-regional, single end date, preferred distributor agreement.

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JHC: How has being part of a regional purchasing alliance enabled members to leverage their buying power? Is this something your members have become better and smarter at over the years?

AWRA: Our group has been recognized for being able to deliver dollar volumes and commitment to enhanced contracts. Through trial and error, our key approach has become more refined – specifically, reciprocal growth of discounts and value-added services for the members, and increased market share for vendors based on achievement of dollar volumes beyond agreed-upon base sales. The foundation of our success and identification of opportunities has



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been the ability to mine our data. Customized and focused reports built through discussion and based on data from our preferred distributor and our GPO, Amerinet, are providing dynamic information and trending upon which contract opportunities are identified and stakeholder performance is evaluated (i.e., non-contract commodities, freight costs, “A” item lists).

JHC: How much savings did the alliance achieve in the first year, and how has this increased today?

AWRA: Since its inception, member-

achieved 500 percent growth and savings to member organizations.

JHC: Can you explain the process whereby your supply chain executives meet and make their decisions? How often do they meet and how do they arrive at purchasing decisions? Is there a full-time staff dedicated to the regional purchasing alliance?

AWRA: AWRA members, selected by their affiliate leadership and membership, meet three to four times a year with a very structured agenda. Agenda items include updates on activities

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ship and savings have grown steadily. With more than \$1.3 billion in group purchasing sales volume, AWRA has leveraged its purchasing volume to negotiate a preferred distribution agreement for medical surgical products, enabling all members access to the same distribution markups, guaranteed fill rates and consistent pricing for self branded products. The alliance has the commitment and ability to move market share with specific regional agreements. Within the first year, one recent supplier contract

and regional contract enhancements from all affiliates, distribution reports that are uniform for each affiliate, and vendor presentations. Vendor presentations have become much more defined with focus on deliverables rather than history. AWRA has developed vendor application forms requiring assessment of commodity dollar baselines, sales force availability and compliance with GPO reporting. The Alliance is chaired by a member of each affiliate, rotating through the affiliates approximately every two years. This person is supported

by Amerinet staff familiar with each of the affiliates, leadership interested in the dynamics of the group and an Amerinet-supplied administrative assistant with a talent for producing data in the relevant format. The chairperson and Laura Nolan, Senior Director, Regional Alliance Management, Amerinet, co-develop each meeting's agenda and pre-approve vendor presentations.

JHC: Does the purchasing alliance only work off of Amerinet's contracts? If so, why?

AWRA: The Alliance was developed to identify and enhance regional contract portfolios through the growth of new contracts and enhancement of existing Amerinet contracts.

JHC: How do you ensure that the interests of each of your facilities are considered and that each facility's needs are met?

AWRA: We do so through open and frank discussion that acknowledges differences among our members, but tries to provide options to meet unique regional expectations. If it is too difficult to create a contract to meet the needs of all the affiliates, a single affiliate can proceed individually.

JHC: How difficult is it to get buy-in from each of your facility's physicians and staff when it comes to purchasing off the alliance's contract?

AWRA: This actually is not a function of the alliance. Participants are encouraged to speak at their regional meetings to gauge the level of interest and then report back. However, we do not have a means to get buy-in other than financial

and cost management incentives. Rather, the contracts and sales force have to market themselves. Acceptability by providers is a given once it moves beyond regional recommendation.

JHC: What have been the greatest rewards you have reaped, individually and as an alliance?

AWRA: Individually, as a member and chair of AWRA, I have been enriched by working with some incredibly intelligent and talented peers. The synergies generated by focusing dedicated and forward-thinking individuals from

meetings can be a problem. Markets change, vendor representatives come and go, individual supporting facilities may be forced to make changes in their supply chain, member representation may be altered, and existing contracts and relationships may change in the interim between meetings. Each of these aspects has the potential to delay progress for the group.

JHC: How do you envision the future of your purchasing alliance in five or so years?

AWRA: AWRA has a dual role at this time. Not only is it a contracting

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varied backgrounds on the enhancing of contracts have honed my skills relating to the use of data, contract negotiation and group dynamics. In short, I have been able to better develop leadership skills, become a more skilled group facilitator and create a product/group that walks the talk of its mission. (Kathi Pressley, Olympic Medical Center, Port Angeles, Wash.)

JHC: If you could change one thing about the way your purchasing alliance works, what would that be?

AWRA: At times, continuity between

body with an agency granted by the member affiliates, it is also a mentoring entity for its members and GPO contacts. With more detailed access to data, trends and workflow processes provided by individual facilities and Amerinet, the effectiveness of AWRA should increase. AWRA's role will become more important in providing regional customization of national contracts through commitment, while exercising each region's choice for a unique regional contract palette that reflects national contracting efforts and regional preferences. **JHC**