Supply Expense Management

Service Highlights

- Through our service line approach, clients can grow and maximize financially viable services while strengthening collaboration with physicians and clinicians.
- Our supply chain improvement philosophy focuses on driving expense management by aligning supply chain processes with critical functions and financial controls lending itself to a clinically integrated model.
- Our consultants are implementation experts with significant hands-on experience as healthcare and supply chain executives.
- Our Services Include:
  - Project management
  - Organizational assessment
  - Data analysis/benchmarking
  - Clinical analysis with proven PPI methodology that incorporates utilization, patient financial assessment leading to the most optimal contracts
  - Pharmacy assessment
  - Laboratory review
  - Purchased/Support and Shared Services (over 200 categories supported by FTI’s SpendCube Categorization/Comparative Benchmark data tool)
  - Procurement review and optimization
  - Inventory reduction and logistics management
  - Contract Management/Business Intelligence
  - Financial Performance tracking and measurement

Survival in a post-reform environment will depend upon a provider’s ability to make margins at or below Medicare rates. FTI’s two-pronged, data-driven approach identifies opportunities to implement product cost reductions as well as infrastructure and cultural changes to attain sustainable and measurable financial improvement. The supply chain has a vital—and often underestimated—impact on the financial health of an organization. Total supply expense, including drugs, purchased services, implants and consumables is exceeded only by labor expense. At the same time, the selection of purchased goods and services can also influence patient safety and satisfaction. As a consequence, a comprehensive supply chain strategy that addresses expense management, data capture and efficient logistics is essential adapting to declining reimbursement and competition for patients. That is the reason hospital and healthcare system executives rely on experts at FTI Healthcare to assess overall supply chain cost effectiveness and offer solutions that reduce costs, enhance the quality of support operations and strengthen the organization’s competitive position.

With extensive hands-on experience managing and optimizing the supply chain at a wide range of hospitals and healthcare organizations, supply expense management professionals at FTI Healthcare deliver data-driven analysis along with a clear roadmap for implementation. Assessing multiple perspectives of client supply chain performance, we review expense management functions that impact operational effectiveness, cost performance and customer satisfaction to determine where performance is relative to leading practices. We then deliver highly credible findings that identify opportunities to build a more effective and responsive operation. Our methodology has been internally developed to add value with sustainable annuity revenue tools that can be easily incorporated into current business processes.

FTI advisors work hand in hand with hospital administrators, physicians and supply chain executives, gathering input and building consensus at every level. Our advisors have walked in the shoes of our client counterparts; FTI consultants have extensive experience as practitioners in the provider sector as clinicians and supply chain executives. Leveraging their firsthand knowledge, our advisors offer evidence-based findings and recommendations to engage physicians in dialogue around standardization, utilization and contracting opportunities.

Our experience has also shown that most hospitals have less specificity surrounding their services GL vs. product categories. FTI understands that non-clinical purchased services spend typically grows incrementally due to poor data and strategic planning; risk adverse manager behavior and poor visibility to cost at an executive level. Our subject matter experts can quickly identify process weaknesses, design policy and procedures to address gaps, implement with education and provide sustainable performance management tools.

The review process focuses on such critical areas as cross-functional teaming, contract management, inventory planning and procurement. Our implementation method is driven by a deep understanding of the culture, motivations, and relationships with suppliers and the hospital. The ultimate goal of our approach is to create an expense management strategy that ensures rapid transformation with sustainable operational, quality, cost and customer-satisfaction improvements.
DATA-DRIVEN APPROACH FOCUSES ON FAST, PRACTICAL RESULTS

Our approach begins with a comprehensive data analysis and review of key infrastructure processes. We leverage comparative analysis to quickly identify high value supply cost opportunities. At the same time, we identify areas to enhance performance of major functions within supply chain, perioperative services along with purchase/support and shared service operations.

Phase I Analysis for Improvement includes the following steps:

- Conduct an analysis of non-labor expense to identify quantifiable opportunities for sustainable cost reduction
- Conduct surveys and/or interviews with key personnel impacting supply expense management
- Evaluate core supply chain processes and technology
- Complete performance analyses of supply chain functions in relation to leading practices and protocols
- Detailed process/technology performance reviews
- Identify high-value process improvement performance gaps
- Evaluate current contracting and sourcing strategies focused on new innovative approaches for linking mutual incentives to reduce utilization, standardize products, lower G&A and cost of distribution.
  - Examine current contracting strategies and approaches
  - Examine supplier sourcing strategies relative to total cost, reimbursement and product line profitability
- Provide recommendations surrounding process and system improvement opportunities with regards to product and data management.
- Validate findings with management, staff and stakeholders
- Produce portfolio of infrastructure improvements gaining consensus of rank order for implementation

During the implementation phase, we engage the critical stakeholders in validating our results and ensure buy-in for a successful implementation. We formalize an introduction of new technology through a process that considers clinical quality, patient safety, training, credentialing and financial impact. We assist our clients in developing a transparent process for the evaluation of products so that all stakeholders understand and comply with the process and selection criteria. The goal is to balance physician product preference as well as purchase/support and shared services with the hospital’s ability to remain competitive and to continue to invest in new services, new technology and talent. Our experience has taught us that measurement and tracking is critical in sustaining results. We work closely with our clients to implement leading-edge tracking tools to measure supply chain and data management improvements.

Phase II to realize the identified and approved opportunities, FTI will:

- Establish preferred service providers that drive best practice and supply base consolidation
- Lead/assist with contract negotiation based on approved contract strategy
- Drive iterative consolidation and cost reduction by category
- Define and track performance and cost metrics
- Identify critical control points to help reduce sourcing risk
- Measure the financial impacts of our joint effort
- Other Optional Service Tasks may include
  - Data management
  - AP Automation
  - IT Operations
  - Energy Management
  - Construction consulting services