



CASE STUDY

Orthopedic Surgeons Lead Sole Source Strategy to Standardize Supplies and Lower Costs

WHAT Orthopedic supply optimization

RESULTS Sole source alignment of orthopedic surgeons across 10 hospitals within 3 months

HOW Leveraged Lumere's consulting team and evidence-based insights to help accelerate speed to value

Situation

A 10-hospital integrated health system sought to optimize vendor selection of physician preference items (PPI) but faced the challenge of aligning physicians with this objective.

While the health system's supply chain team had access to concrete, unbiased clinical equivalency data, they required dedicated expertise to efficiently synthesize the data, prioritize initiatives, accelerate execution and optimize hip/knee contracts.

Of equal importance, they needed a resource that could build partnerships with the various stakeholders, unite them in the effort, and keep them moving in the same direction from project onset through completion.

Highlights

> CHALLENGES

- **Vendor and supply variability** in key clinical service lines
- **Lack of resources** to leverage data and insights for rapid identification and operationalization of strategies
- **Inability to engage and align** physicians in supply optimization efforts

> RESULTS

- **Optimized hip/knee selection** based on physician feedback within three months
- **Successfully engaged/aligned** orthopedic surgeons across 10 hospitals to a single sourcing strategy
- **Met clinician preference and variation reduction goals** with a strategy on track to deliver savings over \$400,000 in orthopedic spend
- **Equipped the health system with the knowledge** and capabilities to replicate this process for future initiatives



7 Key Steps to Accelerate Value

Lumere took the following actions to help the health system achieve success:

- 1 Defined current state:** Determined the health system's baseline spend (price and volume/mix) through Lumere's web-based Category Optimization sourcing solution
- 2 Built a roadmap:** Developed data-driven strategies to align clinically and financially minded stakeholders on a single narrative
- 3 Empowered physicians:** Engaged with practicing physicians and helped prepare them to lead the initiative in collaboration with supply chain and other key stakeholders
- 4 Analyzed data:** Conducted a targeted analysis that incorporated rebate structure, reimbursements, construct benchmarks, and/or when evidence supported premium pricing of technology
- 5 Recommended sourcing strategies:** Presented several strategies from which leaders could select one that met goals related to clinician preference and variation reduction
- 6 Supported evidence-based product selection:** Assisted in the development of a GPO-agnostic RFP to guide evidence based vendor and product selection
- 7 Established a path forward:** Equipped the health system with the knowledge, skills and solutions to support future supply optimization initiatives

Solution

The health system engaged Lumere, a GHX company, as a dedicated resource to help identify and prioritize high-opportunity, clinically intensive strategic sourcing and utilization projects; build alignment with stakeholders; and collectively drive these initiatives through to completion with a focus on accelerating speed to value.

STAKEHOLDER IDENTIFICATION AND ENGAGEMENT

A critical element to the initiative's success was executive and physician sponsorship and a high level of commitment across a broad range of stakeholders, including hospital executives, surgeons, supply chain, value analysis, revenue and finance. Lumere's team, armed with expert-curated clinical data, unbiased evidence and industry knowledge, built trust among the physician base and helped guide them to a single strategy for the betterment of their patients.

Most important was the engagement of a physician champion to lead the effort and work with service line leaders and executives at each of the health system's facilities.

The Lumere team met one-on-one with the physician champion to review data and the value proposition from both a research basis and financial perspective.

A SURGEON-LED, SOLE SOURCE STRATEGY

Lumere had to secure the support of orthopedic surgeons from all 10 hospitals dispersed across a large geographic area as well as convince them to lead rapid execution of the initiative.

Understanding that physicians are data-driven, Lumere built the case for total joint supply optimization using U.S.-based clinical research and evidence-based value analyses from unbiased sources, including leading orthopedic journals and associations.

To overcome the challenge of efficiently collecting input from hundreds of surgeons, Lumere worked with health system stakeholders to develop a simple-yet-effective survey administered to the surgeons. Lumere presented these collective insights, along with data and evidence, to the health system's supply chain and executive leadership teams.

To help gain the surgeons' trust and explain how their participation was necessary to success, the Lumere team also met with surgeons to understand their past experiences with similar initiatives and their goals for this latest strategy around total knee/hip procedures. This active participation from the physicians from the outset fostered engagement and encouraged open lines of communication.

PPI PRIORITIZATION

The health system had previously struggled to collect and present credible spend data using internal resources. The Lumere team, leveraging analysis from Lumere's Category Optimization sourcing solution, uncovered strategic insights previously unseen by executive leadership, including orthopedic vendor market share for each of the health system's 10 hospitals relative to other comparably sized U.S. health systems.

The health system's executive leadership gained a clear picture of its current state regarding vendors and supply utilization and costs.

A key discovery was that while the health system had been purchasing total joint supplies from four vendors, it was 94% compliant with two of these vendors.

The Sole Source Strategy

Multi-surgeon support



Evidence-based analyses



Survey distribution



Surgeon feedback



Engagement & communication



Per the health system's request, Lumere proposed multiple scenarios and strategies for hip and knee supply optimization that correlated with physician feedback and goals. The primary objective was to engage health system leaders in the selection of a single strategy which would satisfy all surgeons.

To establish a level playing field among the vendors, Lumere assisted the health system in the development of a GPO-agnostic request for proposal (RFP), which the health system sent to its hip and knee supply vendors.

Leveraging its evidence-based insights across 45 categories of PPI, Lumere helped the health system identify opportunities for supply optimization that would deliver the greatest value quickly.

Results

The entire initiative took three months with Lumere's help, resulting in a step-by-step approach that the health system can replicate for future supply optimization initiatives. Lumere also built the health system a tracking tool for ongoing measurement of orthopedic supply usage and spend.

Upon evaluating the RFPs, the physicians selected a sole source strategy that not only satisfied their goals related to clinician preference and variation reduction, but on track to deliver a significant cost savings to the health system.

The health system's executive leadership gained confidence in their physician's ability to use evidence and clinical data to achieve savings while also supporting optimal patient quality and outcomes.



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