



Mary Washington Healthcare
Saves Nearly Seven Figures
with Category Optimization

“This has been one of our most successful ventures in terms of supply chain savings. It drove a lot of value and gave us confidence in GHX’s advising solutions.”

Richard Kirchgessner

Value Analysis Manager,
Mary Washington Healthcare

Highlights



40-50% cost reduction on coronary stents



More insights into vendor spending



Easier evidence-based product sourcing

Challenges

- Reducing supply chain costs after COVID-19
- Maintaining high-quality patient care

Solution

MWHC worked with GHX to:

- Use advanced analytics to identify cost-saving opportunities
- Prioritize areas with biggest financial impact
- Pivot its sourcing model
- Negotiate better pricing

Results

- Nearly seven figures in savings
- 40-50% cost reduction on coronary stents
- Savings reinvested into healthcare delivery

Customer

Virginia-based [Mary Washington Healthcare](#) (MWHC) plays a critical role in its community. Its two hospitals, three emergency departments and 60 outpatient facilities provide patients with vital services and the highest levels of care.

Challenges

Reducing costs while maintaining high levels of care

Like many healthcare providers, MWHC faced significant pressures resulting from the COVID-19 pandemic. Richard Kirchgessner, MWHC value analysis manager, explains:

“At the tail end of the pandemic, we were under financial stress like many other health systems across the country. This became more challenging with the loss of government stimulus funds.”

MWHC was determined to rebuild financial sustainability post-pandemic. MWHC leadership made it a strategic priority to reduce costs across the supply chain, all while maintaining excellent patient care.

Supporting care for the community

Finding savings and efficiencies wasn't just important for the organization, but the community too.

Kirchgessner says, “We are a safety net hospital for our community. If we aren't able to function at full capacity or hire enough staff, our patients might have to be referred elsewhere or face longer wait times. So there was an organization-wide effort to get the ship back on track.”

With the pandemic reaching its latter stages, Kirchgessner was primed to support MWHC's optimization efforts.

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Solution

Using GHX to optimize supply chain procurement

MWHC had access to powerful GHX analytics solutions, including [Category Optimization](#). Additionally, MWHC had access to a team of GHX advisors to turn raw analysis into actionable insights and help guide its cost-management decisions.

During a monthly meeting with GHX, as COVID-19's impact on the organization began to abate, Kirchgessner had an “aha moment”—GHX could not only give them a window into his organization's purchasing habits but also help drive down costs in the supply chain.

“GHX explained that they provide ‘Opportunity Assessments’, where their service line advisors review your analytics, make them more digestible and actually give you recommendations on where you could make the biggest financial impact,” Kirchgessner says.

Gaining insights into product and category spending

Firstly, GHX's Category Optimization solution transformed a tide of raw data into a stream of actionable insights derived directly from MWHC's own operational and purchase order history, helping to elucidate savings opportunities.



Category Optimization assigns commoditization scores to products and categories based on available data about how they compare clinically, functionally and on patient outcomes. It assesses what is being spent across an organization's vendor portfolio and whether evidence supports that spending.

GHX advisors then highlighted the consolidated evidence illuminated by the software to help prioritize the savings opportunities that were most actionable and achievable. They separated categories that might be more complicated from those that offered easier initiatives to successfully achieve.

Implementing more evidence-based product selection

Based on GHX's insights, MWHC embarked on several initiatives, including one focusing on the supply of coronary stents.

GHX highlighted that MWHC was paying above-average prices for coronary stents, which presented an opportunity for MWHC to switch up its sourcing strategy.

The team at MWHC noticed that market data showed many health systems were still successful using a different sourcing strategy with fewer vendors.

With robust clinical evidence—and each product clearly benchmarked against average market pricing—MWHC approached the vendors with a stronger negotiating hand, driving them to be more competitive.

Kirchgessner recalls, “One vendor went from being our most expensive stent to being the most competitive, which is pretty astonishing.”

Achieving clinician buy-in more easily

For the initiative to be successful, Kirchgessner needed cardiologists’ buy-in. While winning that buy-in and support can be challenging, GHX’s technology and services made it easier.

Based on the new vendor pricing, Kirchgessner drew up three proposals for new models of product sourcing and put them to a vote among MWHC’s physicians.

GHX’s easily digestible data, combined with unbiased product analysis, was precisely what Kirchgessner needed to have smart conversations with clinicians that weren’t just focused on price.

Kirchgessner says, “GHX’s data showed how products compared at the most objective level. We were able to take that in front of our physician partners, so they knew we weren’t just making a decision solely on cost alone, which built a lot of trust.”

Clinicians voted for the proposal that offered the greatest financial savings by switching more volume to a previously underused vendor.

Transforming day-to-day operations and decision-making

At the same time that Kirchgessner was successfully driving savings on previously sourced items, MWHC also began using Category Optimization to drive more informed decision making when clinicians request new products.

“With GHX, we can see if a claim that’s being marketed actually plays out in the literature and clinical trials, and see if we want to go and test these things,” explains Kirchgessner.

As they move forward, Kirchgessner notes that they will be realigning the organization based on the principles of value analysis maturation that GHX supports.

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Results

Nearly seven figures in savings

With GHX, MWHC is saving nearly seven figures across the supply chain for its coronary portfolio, while maintaining high-value patient care.

This translated to a 40–50% cost reduction on coronary stents, one of its most successful ventures in terms of supply chain savings.

“It drove a lot of value for us and gave us confidence in GHX’s advising solutions,” says Kirchgessner.

Reinvesting savings into patient care

Kirchgessner says these cost savings make a positive difference to MWHC’s coronary department and the wider community.

“We call it cost reductions, but truthfully a lot of money is reinvested back into our departments to improve the capacity, technology, and other innovations for patients in the community. It’s not just the hospital’s bottom line, it’s about being able to reinvest in the community as well.”

A true value-add for provider and patient

Without GHX, Kirchgessner says accumulating the research required for strategic decision-making would be too onerous to manage.

“It would take a very long time to get anything accomplished without GHX,” he says. “Pulling together clinical evidence in a manual way is resource intensive. Without GHX, how much time would we be spending and how close would we really be getting to the truth?”

Kirchgessner recommends GHX to healthcare providers looking to drive operational efficiencies, physician buy-in and cost savings, while putting patients first.

He says, “GHX actually listens to us, takes our feedback and makes their solution as effective as it can be. With GHX, you are not only getting a tool, but a partner.”

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» Discover how GHX can help maximize your sourcing process and reduce operational costs. **Schedule a demo.**