

Implementing the four domains of clinical-supply integration



When it comes to operations in health care, many health systems have similar goals: lower costs, deliver a high quality of service that improves patient care, and achieve results that benefit the financial well-being of the health system as well as the patient. Presently, industry professionals are referring to this goal as the “cost, quality, and outcomes (CQO) movement.”¹ This approach encourages health systems to shift their thinking from viewing the organization as distinct and separate parts to a viewpoint of an integrated system.

Since purchasing accounts for about 25 percent of operating costs², much of the health system’s ability to provide and improve the delivery of care depends on the supply chain’s performance. The supply chain has to function at an optimal level in order to achieve better CQO results.

Like many goals, there is more than one way to get there. Some health systems are charting a new course toward better CQO with clinical-supply integration (CSI)—a strategy that connects supply utilization and cost reduction with clinical practices. When successful, a CSI strategy will integrate evidence-based decision-making to reduce supply variation and lower costs while improving the patient experience and outcome. However, the CSI path can be challenging for some health systems to adopt, implement, and commit to long-term. To be successful, each organization must address four critical areas and work together to overcome the barriers to change.

Defining clinical-supply integration

Health care as a whole is advancing beyond the “three P’s” (product, price, place) to include partnership as the fourth P. Clinical-supply integration involves bringing diverse groups together from within the organization to share knowledge and expertise and participate in joint decision-making that drives value for the health system and its patients. It means moving individual viewpoints toward a common vision.

It is important to understand that each organization’s journey toward CSI is a customized endeavor—there is no one-size-fits-all approach. Every health system should design their own CSI strategy.

But there are important steps and ideas your organization should consider to help begin or further improve your CSI strategy—beginning with four domains that your organization must embrace to be successful in CSI.

- 1. Engage clinicians**—You need a methodology to engage clinicians in standardization that includes two fundamental elements:
 - Create a governance structure—This is a systematic way to pull all supply chain endeavors together in an integrated, holistic approach.
 - Establish an alignment mechanism or strategy that addresses the “what’s in it for me” question. Consider responding to this question with gainsharing, capital investment or even good citizenship (being part of an organization that aspires to do good things in health care).
- 2. Provide insights to clinicians**—Express and demonstrate how clinicians are performing when compared to their peers and map differences to outcomes using real data, such as readmission rates and utilization patterns. Show how supply utilization patterns affect outcomes. Characterize their practice variation as it applies to medical devices and equipment, pharmacy, and general supply utilization patterns. In the absence of feedback, clinicians will presume they’re providing optimal care and remain unaware of potential cost reduction or quality improvement opportunities. With the right feedback, they can make the adjustments necessary to provide a high standard of care while achieving better CQO results.
- 3. Integrate knowledge for fact-based decision-making**—Pull all appropriate information together so that clinicians can make informed, evidence-based decisions. By incorporating research and analysis in the decision-making, not only will clinicians know what procedures are best, but they also will know which supplies support the best outcomes for their patients.

- 4. Develop and implement a systematic approach to change management**—Address how you will introduce new technology, manage vendor relationships and work together as a clinically integrated supply chain system. The traditional model allowed suppliers to interact directly with clinicians. The new CSI model requires health systems to approach and manage this relationship differently. As supply chain professionals and clinicians collaborate on supply decisions, health systems will need certain components in place to facilitate the change.

Vanderbilt University Medical Center **saved more than \$120 million in 10 years through clinical-supply integration, working together to make decisions and change practice.**

Getting clinicians on board

Achieving a clinically integrated supply chain requires health systems to first break out of the traditional silos that often exist, particularly with clinicians. Since medicine has traditionally been viewed as an individualized endeavor, clinicians tend to be focused more on the overall performance of their individual practice and less concerned about the costs and logistics associated with the supply chain function in the health system.

Both clinicians and health systems must change their perspective and determine how to optimize a care encounter that is now a team endeavor rather than an individual one. To facilitate the shift from an individual perspective to a holistic approach, health systems can use data to gain clinician support. Clinicians are scientists who are often competitive and respond to data. Actionable, accurate data is key to gaining clinician buy-in because they want their outcomes to be as good as or better than their peers.

Compare your physicians’ performance and operating costs to those at other hospitals—not just to each other internally. Consider not only cost drivers from a supply chain perspective, but also around length of stay, readmission rates, care coordination, risk management and complications.

Barriers to success

A chief objective of CSI is to remove costs that bring little to no value to care delivery and outcomes. To accomplish this, start by addressing any clinician fears that the CSI initiative is challenging their decision-making. Help clinicians understand that your goal is to lower costs and make the normal, routine things easy, allowing them

to focus on more complex and unusual issues that require their expertise. Reassure clinicians that health system leaders want them to make decisions regarding their practice as it's clinically warranted.

At the same time, since the CSI goal is to further improve care and decrease costs, an initial approach is to evaluate components of care delivery and supply variation that do not measurably improve outcomes. After the evaluation, health systems may refine and even eliminate specific supplies and materials.

Clinical-supply integration means change. Challenges will always arise when trying to change behavior and culture. Health systems on a path to implement or improve CSI may face these barriers:

- Organizational culture—Traditional health system culture can be particularly challenging in two areas.
 - Historically, clinicians are used to functioning in silos. Often, they are accustomed to success as an individual practice endeavor rather than something achieved as a group. This can foster clinician fear of losing autonomy. Let clinicians know that their input on clinical supply chain decisions is important and will benefit the entire organization.
 - The traditional supplier-clinician relationship also can be a difficult habit to overcome. Over time, clinicians and suppliers develop business relationships, which include interacting in a familiar way. However, that interaction may need to change so that supplier relationships are with the entire system, not just one clinician. Clinicians should encourage this among suppliers. These relationships must now be defined by everyone working together for the health system's benefit.
- Misaligned incentives—Listen intently to understand where each stakeholder stands at that moment and from there, determine how to achieve your goals together. Answer the “what's in it for me” question. Potential responses are capital investment potential, good citizenship and better outcomes for patients.
- Professional training—Clinicians are not trained in logistics and supply chain operations, so collaborating with colleagues to make large-scale supply chain decisions is new to them. They may need interpersonal training, as well as supply chain education.



To learn more about clinical-supply integration, contact Martin Lucenti, MD, PhD, senior principal, at martin.lucenti@vizientinc.com.

A uniting force for CQO success

An increasing number of health care organizations are choosing clinical-supply integration as their path to achieving cost, quality and outcomes success. Clinical-supply integration is a uniting force that requires supply chain and clinicians to work together to improve processes, services, products and culture—with the ultimate goals of improving quality and the organization's long-term financial standing. The general CSI philosophy is that if you focus on quality, cost will take care of itself. So the primary focus should always be on providing and improving upon quality health care.

Successful CSI implementation does require health systems to overcome cultural and behavioral challenges, but quality and financial results are proving to be well worth the effort.

View our clinical-supply integration webinar

As part of its Supply Chain Leadership Series, Vizient® featured a webcast on the benefits and barriers to clinical-supply integration. The **November 2018 webcast**, showcases Teresa Dail, RN, BSN, CMRP, chief supply chain officer at Vanderbilt University Medical Center and chair of the Association for Healthcare Resource & Materials Management (AHRMM); and Martin Lucenti, MD, PhD, senior principal at Vizient.

The program helps familiarize supply chain leaders, managers, directors and executives with clinical-supply integration and it includes a discussion about critical success factors for organizations to implement a clinically integrated supply chain. The Supply Chain Leadership Series is a complimentary part of Vizient membership.

- 1 Cost, quality and outcomes (CQO) movement. Association for Health Care Resource & Materials Management website. <http://www.ahrmm.org/cqo-movement/index.shtml>. Accessed November 1, 2018..
- 2 Vizient Savings Actualyzer data.

As the nation's largest member-driven health care performance improvement company, Vizient provides network-powered insights in the critical areas of clinical, operational, and supply chain performance and empowers members to deliver exceptional, cost-effective care.