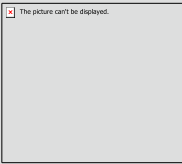




Metrics that Matter for High-Performing Clinical Spend Management Programs

October 18, 2016

High-performing clinical spend management programs share several key features



Governance Model

November 2015

Decision making is efficient and is legitimized by key clinical/operational stakeholders

Analytical Methodology

January 2016

Decisions are based on rigorous assessment of both clinical and financial factors and sound fact base

Clinician Engagement

February 2016

Clinicians are co-principals of decisions that effect financial performance and clinical outcomes

Performance Management

Today's focus

Meaningful metrics are tracked, goals are well-defined, and team members are accountable

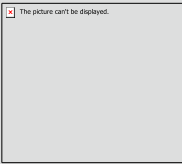
Data and Technology Infrastructure

C-Suite Support

Learning objectives

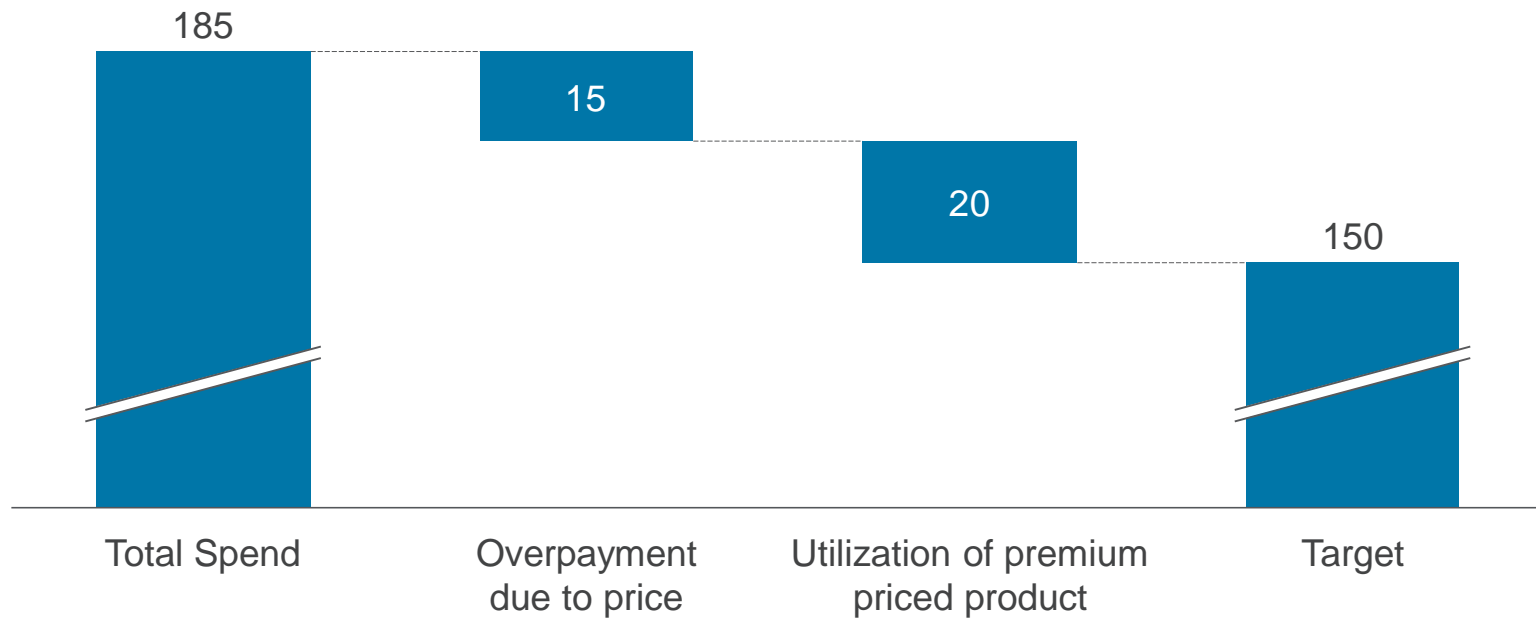
- ☐ Understand why metrics matter
- ☐ Define the KPIs that are right for your organization
- ☐ Illustrate how to overcome barriers that hold organizations back
- ☐ Share tips for how to get started

\$35 billion will be wasted on medical supplies and devices in 2016



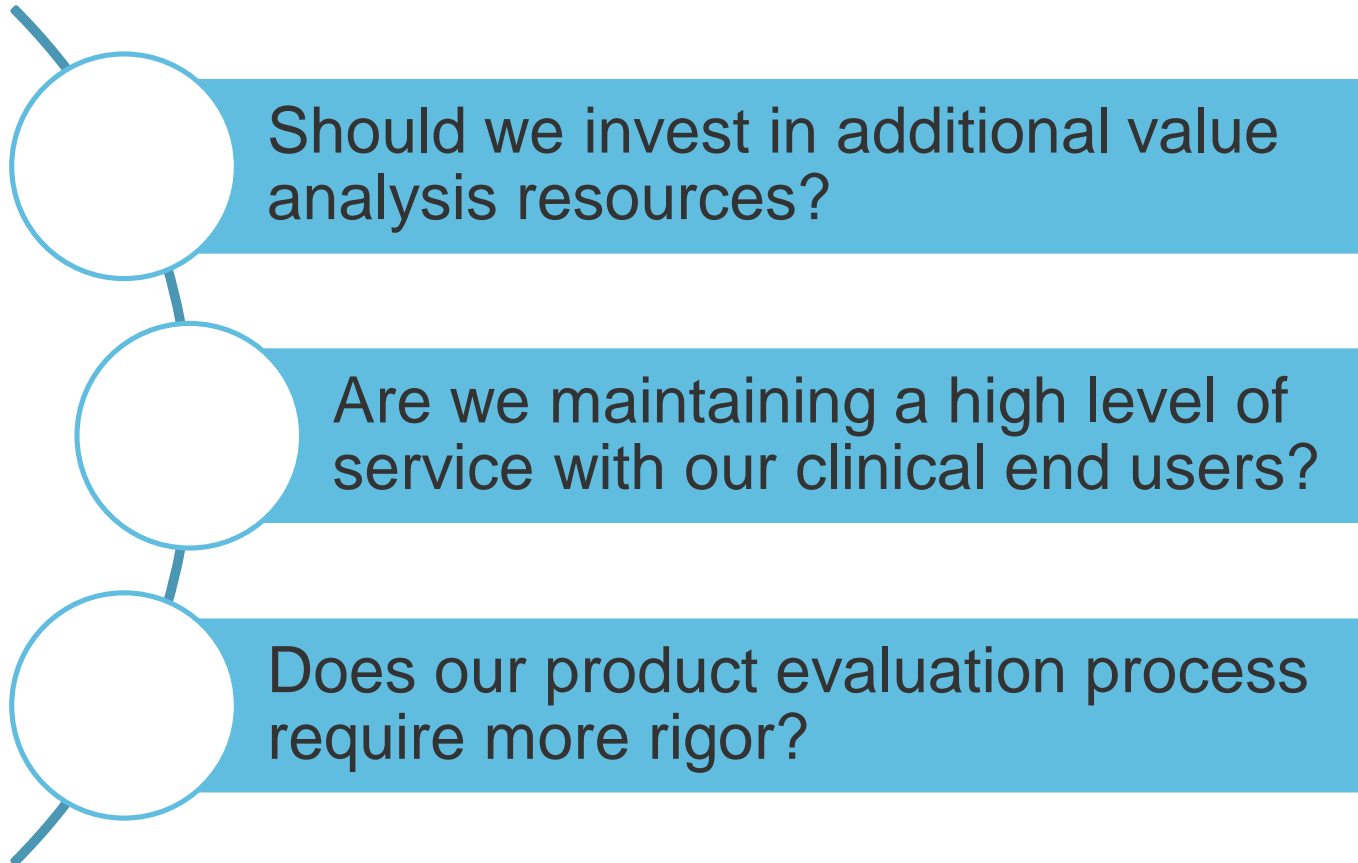
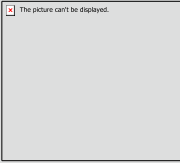
Estimated spend on medical devices in the U.S., 2015

USD, Billions

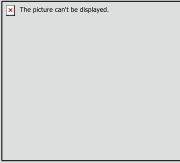


Cost reduction impacts profitability far greater than increase in volume due to high variable costs

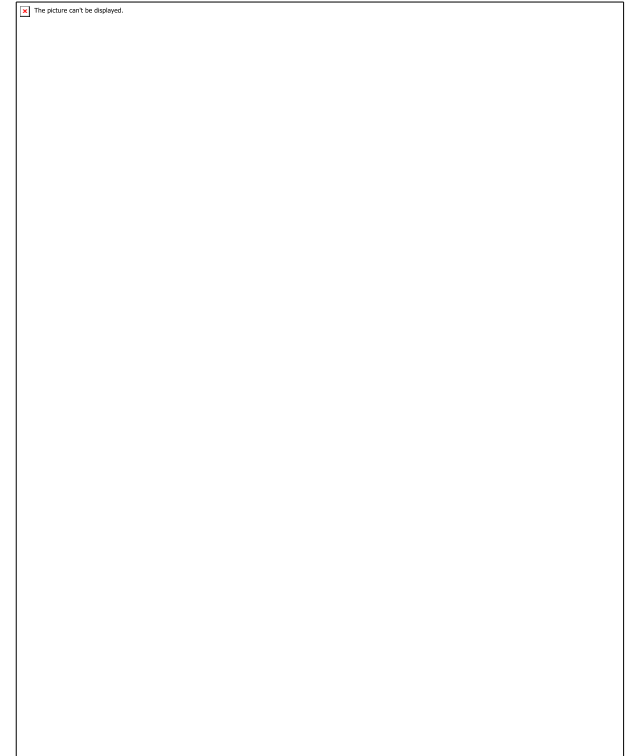
Hospitals that track the right metrics can answer important strategic questions...



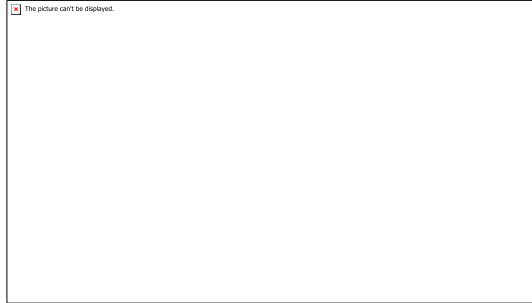
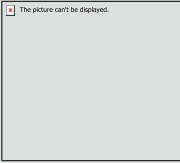
...and impact costs, quality, and outcomes



- Align your team around common goals that are higher level than completing day-to-day tasks
- Help to identify bottlenecks in your process to address issues sooner
- Highlight achievements like cost savings, and operational efficiencies that impact CQO
- Educate leadership on supply chain to help garner additional investment



Research has proven that metrics matter... and leaders keep making the same mistakes



Behavior trap #1: Failing to set proper expectations for the team and stakeholders

Behavior trap #2: Excusing subordinates from pursuit of the overall goals

Behavior trap #3: Waiting while the team prepares, prepares, and prepares

<https://hbr.org/2010/09/four-mistakes-leaders-keep-making> - Robert Schanffer

Audience Poll Question #1

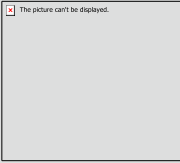
Does your supply chain organization currently have well-defined goals?

- A No, we just focus on organizational goals
- B No, we only have a savings goal
- C No, we haven't had time to set goals
- D Yes, we have well-defined goals
- E We have goals but they could be improved

Learning objectives

- ☐ Understand why metrics matter
- ☐ **Define the KPIs that are right for your organization**
- ☐ Illustrate how to overcome barriers that hold organizations back
- ☐ Share tips for how to get started

Supply chain metrics fall into three areas



Operational

- How much time are we spending on new product requests vs. managing existing spend?
- How many projects are we executing per month?
- How long does it take us to address a physician's request?

Financial

- What is the financial impact of our work?
- How much cost avoidance is value analysis responsible for?

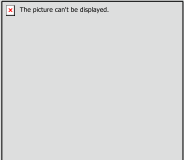
Clinical

- Is our process keeping out products that pose unreasonable safety risk?
- Are products that promised superior outcomes delivering results?

Audience Poll Question #2:

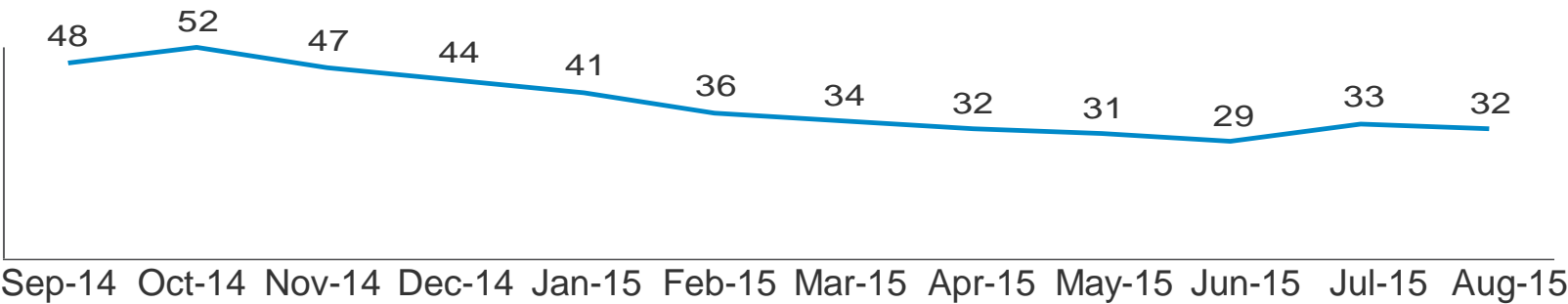
Which of these areas of metrics is your team tracking today?

- A Operational only
- B Financial only
- C Clinical only
- D Two of the areas but not all three
- E All three areas

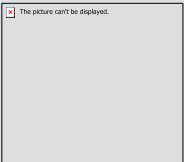


Average days to resolve requests illustrates effectiveness

Average days to resolve a request, by submission month

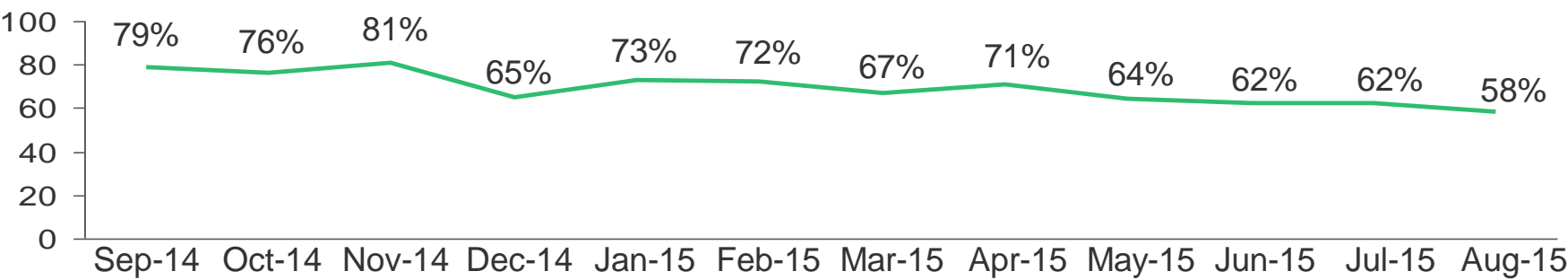


This metric is key to keeping physician “customers” satisfied



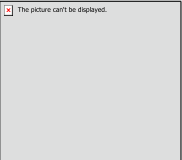
The new product approval rate provides insight into the rigor of your review process

New product approval rate, by decision month



Organizations on average approve over 85% of product requests

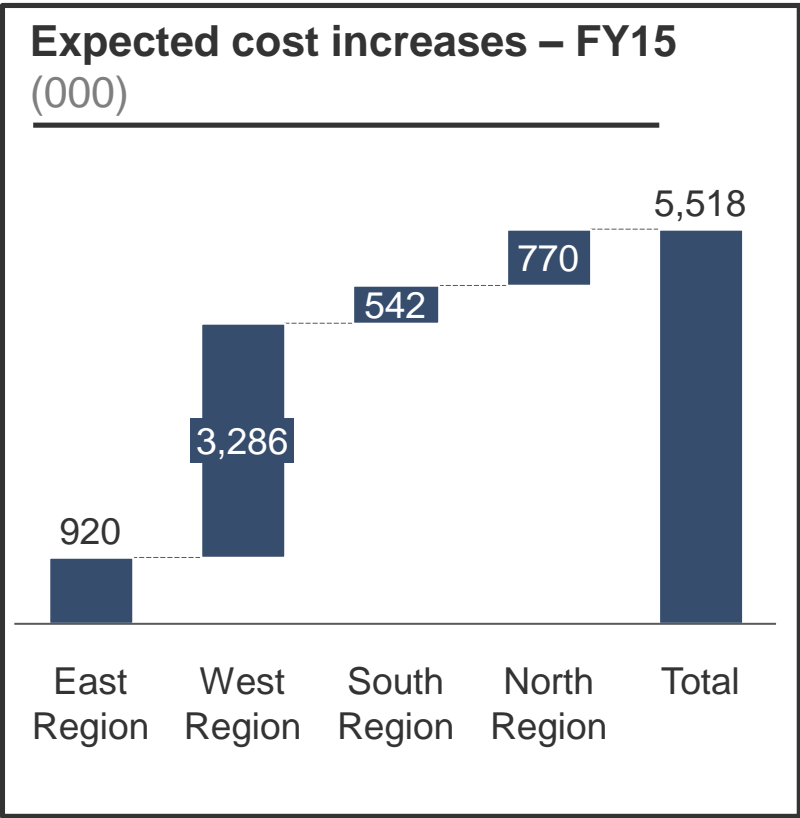
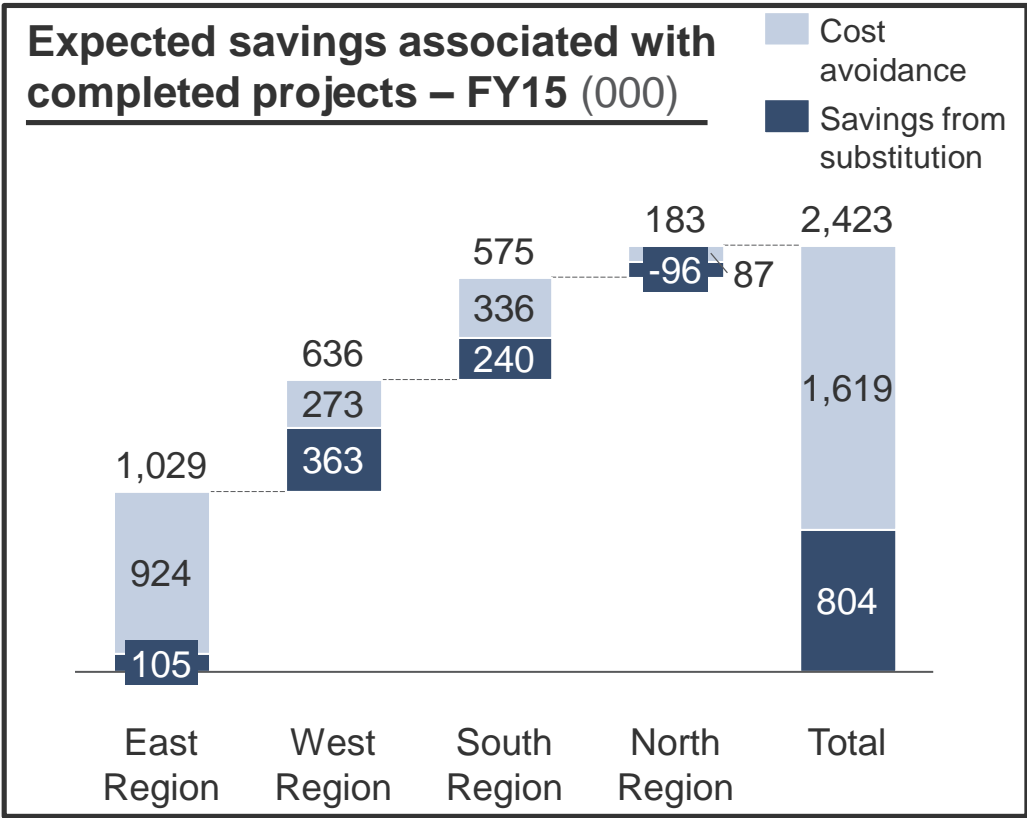
Incomplete projects in the last 90 days helps identify reasons for delays and prevents bottlenecks



28
Incomplete projects
started >90 days ago

Project	Owner	Date started	Current status
Total knee systems contracting	James Henderson	April 23, 2015	Ortho VAT has been unable to meet for 2 months
NPR for Lutonix balloon	Shelly Smith	May 10, 2015	CVIR coordinator unable to provide exact models needed
NPR for Zimmer shoulder	James Henderson	July 27, 2015	Unknown – needs further investigation
Drug eluting stents contracting	Lily Wong	July 7, 2015	Financial projections delayed pending payor analysis

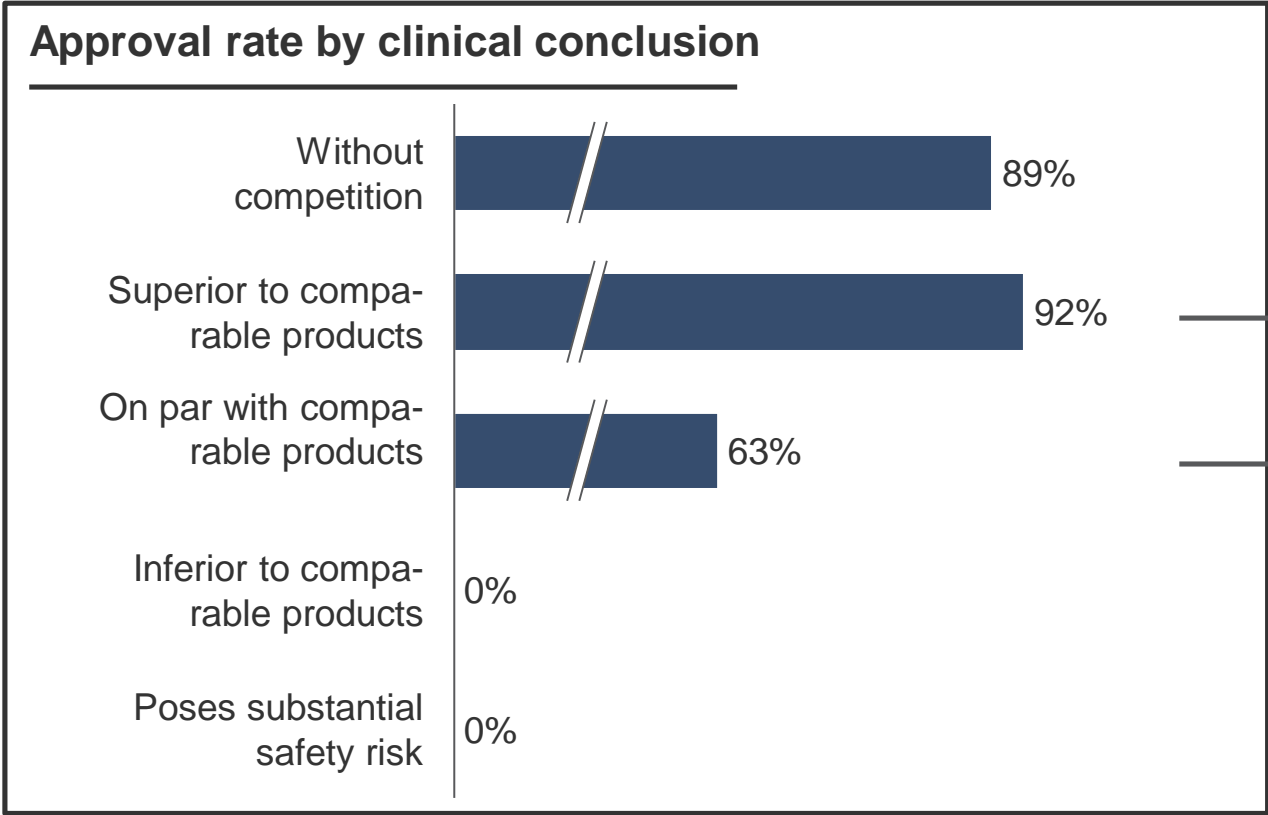
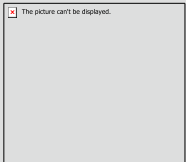
Compare projected savings with new spend to determine the overall financial impact of your VAT



Expected spend vs. actual spend detects issues earlier and improves forecasting

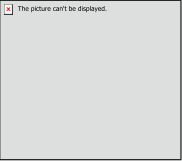


Clinical conclusion data ensures alignment of decision making with evidence



45% of products deemed “superior” did not include review of alternatives. 82% of these had more than one related product marked as available in IntelligencePRO.

55% of products with a clinical conclusion “on par with comparable products” were approved despite causing cost increases



Monitor products with high risk for safety issues

Product Approved	# of Recalls
Persona Knee by Zimmer	43
Endovive Safety PEG Kits by Boston Scientific	14
Ventralight ST Mesh by C.R. Bard	12
Vcare and Vcare DX by CONMED	7
Gender Solutions NexGen High-Flex Knee by Zimmer	5

Product Approved*	Adverse events (serious/total)	Serious Event Rate	Avg for similar products
ALYTE Y Mesh Graft by C.R.Bard	75/75	100%	90%
Aris by Coloplast, Inc.	796/802	99%	96%
Meniscal Cinch by Arthrex	62/63	98%	24%
PROCEED Ventral Patch by Ethicon	159/166	96%	93%
Zilver PTX Drug-Eluting Peripheral Stent by Cook	234/257	91%	48%

While hospitals may need to adopt products with high adverse event rates or a recall history, data allows you to manage those products appropriately

Learning objectives

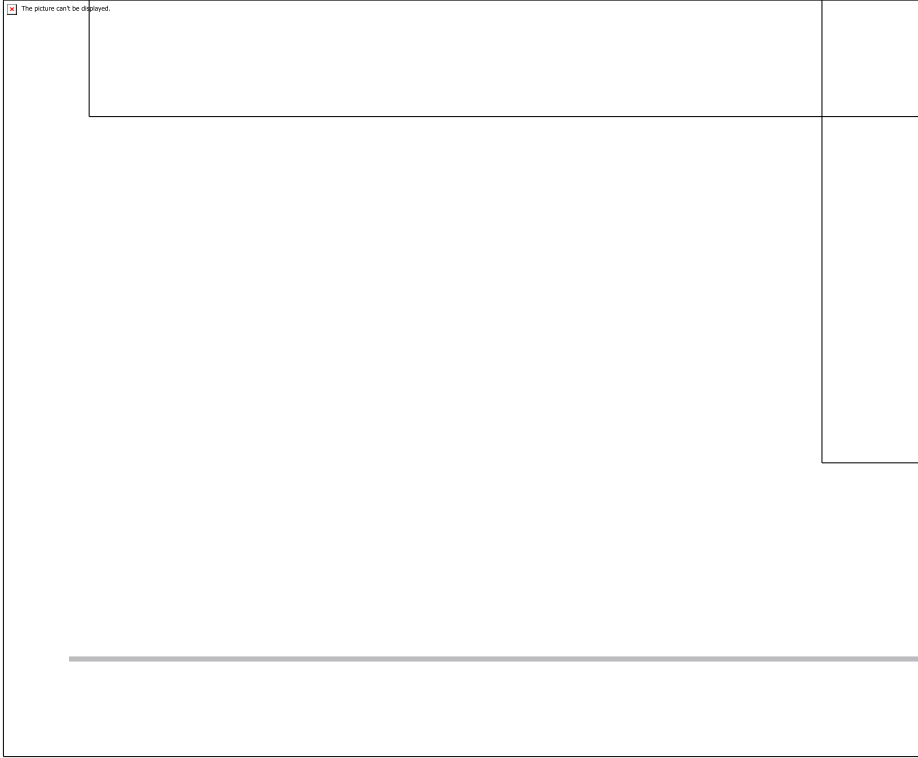
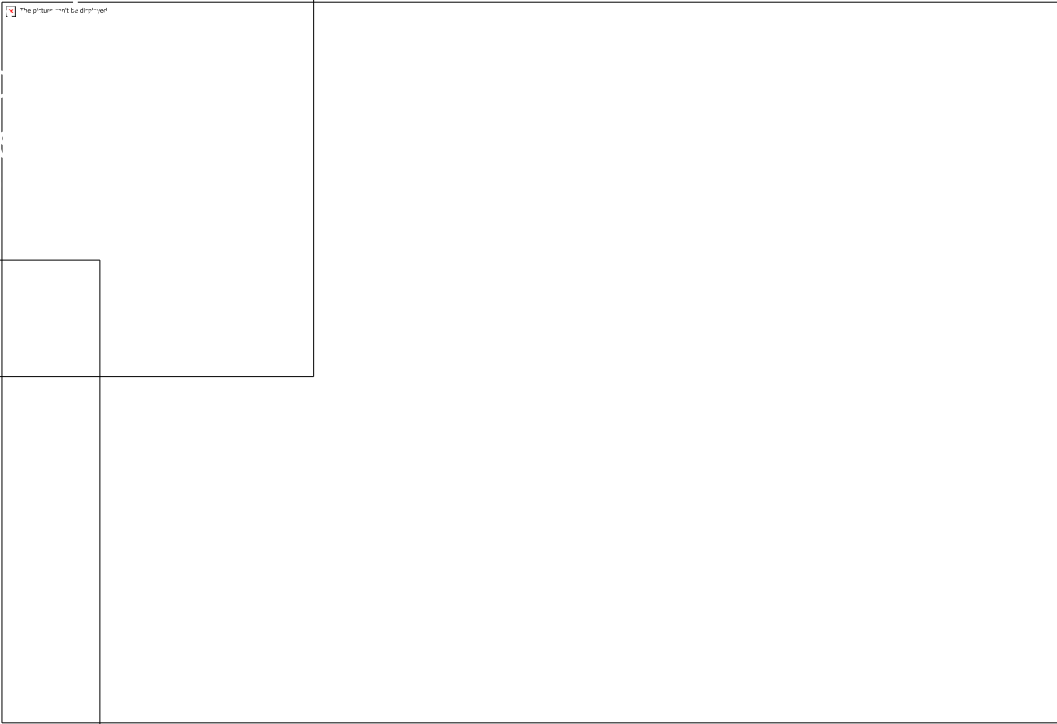
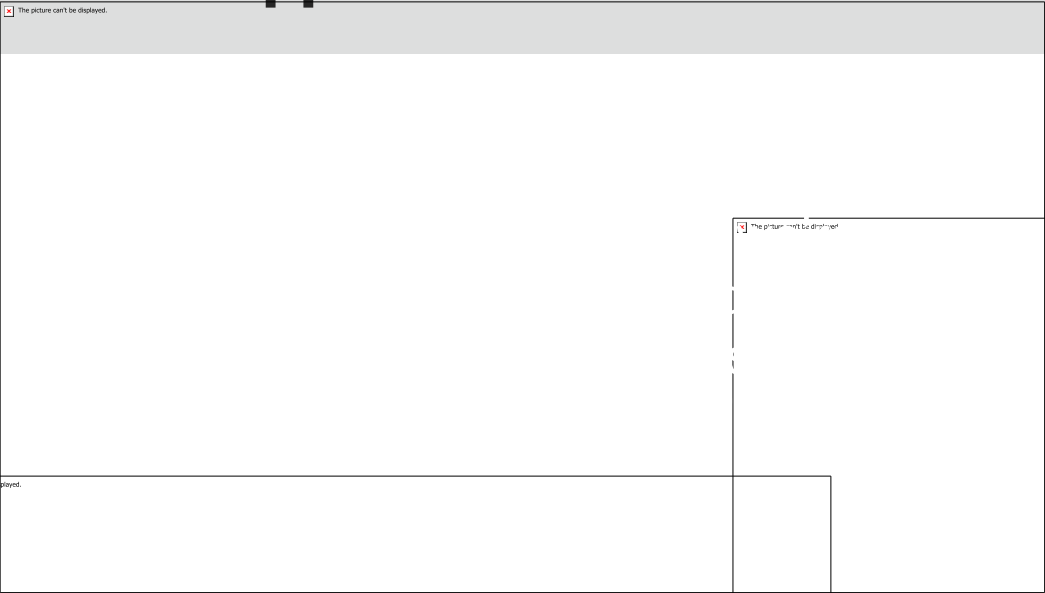
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Audience Poll Question #3:

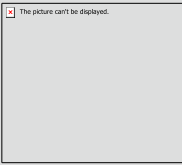
How often does your team track and/or share metrics?

- A Weekly
- B Monthly
- C Quarterly
- D Annually
- E Not at all

Barrier #1: Managing metrics is difficult without sufficient support

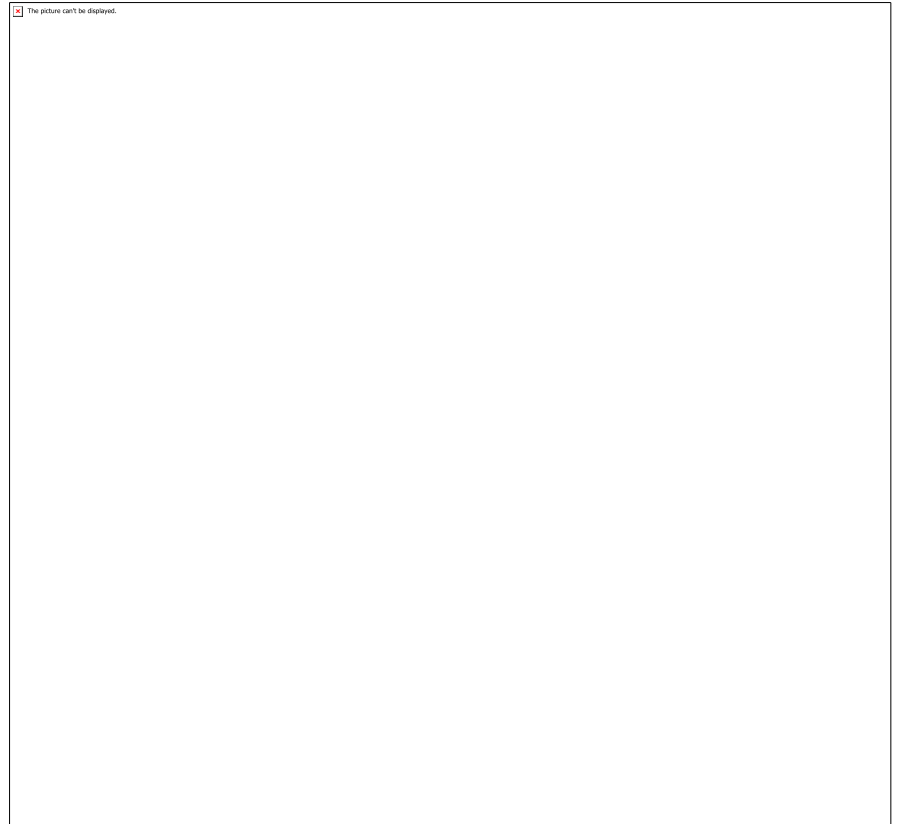


Barrier #1: Managing metrics is difficult without sufficient support

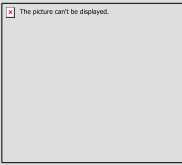


How to take action

- Leverage technology to provide better access to clinical and financial data
- Utilize automated workflows to streamline processes and generate custom reports or dashboards
- No time? Determine if other tasks can be deprioritized temporarily while metrics are developed and reported on for the first time

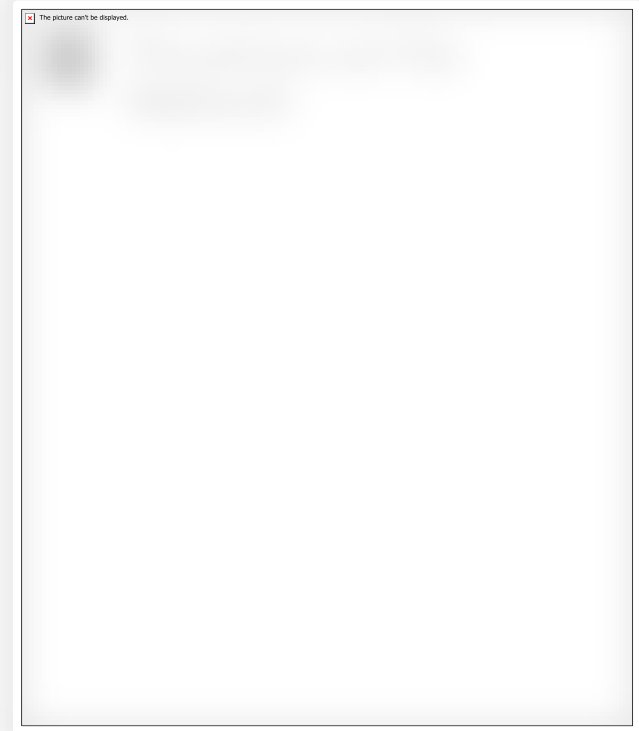


Barrier #2: Metrics alone can be misleading, understanding the full narrative is critical



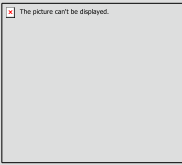
Examples:

- A fall in the new product approval rate or rise in savings could be seen as negative, proof of an anti-clinical environment
- Important to balance thoroughness of review with need to provide quick turnaround for physicians
- Projects started but not completed may reflect changes in organizational priorities or staffing levels, not poor team performance

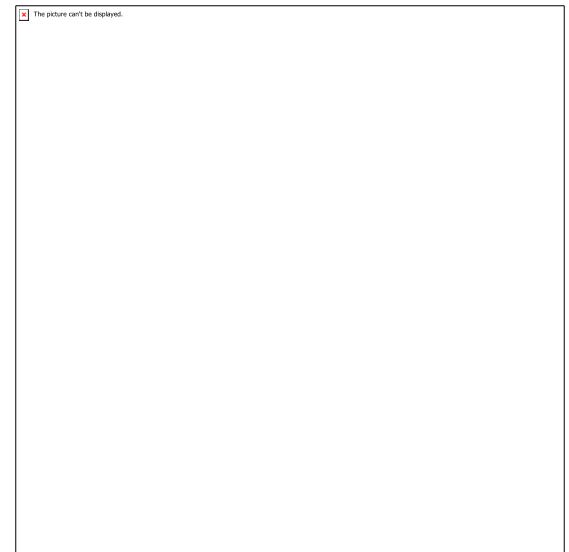


Always be prepared to address alternative interpretations, even if they're incorrect, and answer any questions from stakeholders.

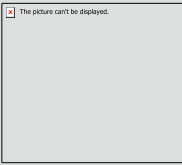
Barrier #2: Metrics alone can be misleading...especially for financial metrics



- Costs don't always go down because sometimes more expensive products are appropriate and provide better outcomes
- Measure cost avoidance to fully capture benefit of value analysis program
- Be sure to take a total cost of ownership approach (TCO). Include training, service contracts, and additional resource utilization that can offset savings if not accounted for



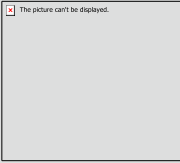
Barrier #3: Using metrics to engage stakeholders is challenging



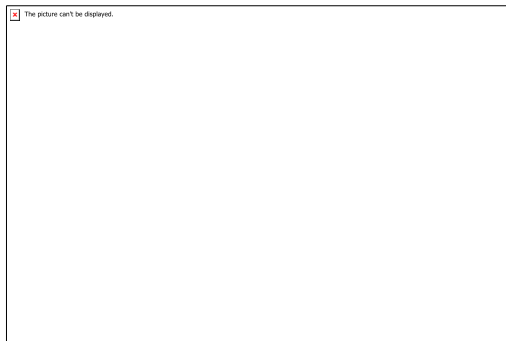
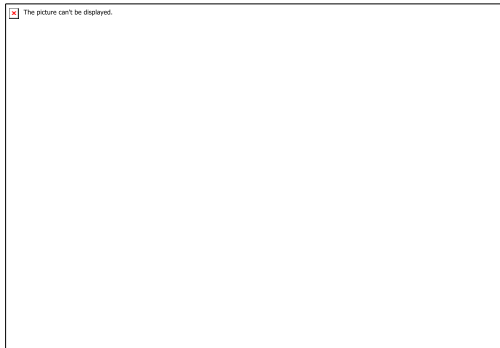
- Get a standing slot on the existing executive meeting agenda
- Learn how the C-Suite likes to be communicated with and tailor your approach accordingly – Is it synthesizing a thumbnail view? Or also providing the complete set of data to evaluate on their own?
- Establish trust by illustrating your expertise and how supply chain's efforts impact costs, quality, and outcomes
- Share relevant metrics and details on follow-up activities to show progress
- Be clear about your ask and articulate how leadership can help
- Don't be shy about calling about issues... that's how to drive change

Educating stakeholders now helps to support investment in supply chain later.

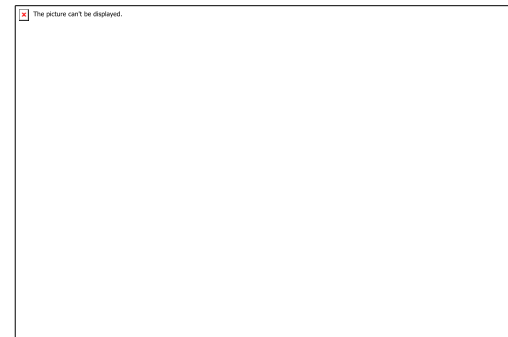
Barrier #3: Using metrics to engage stakeholders is challenging... especially for physicians



Think like a physician



Think like a patient



Learning objectives

- ☐ Understand why metrics matter
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- ☐ **Share tips on how to get started**

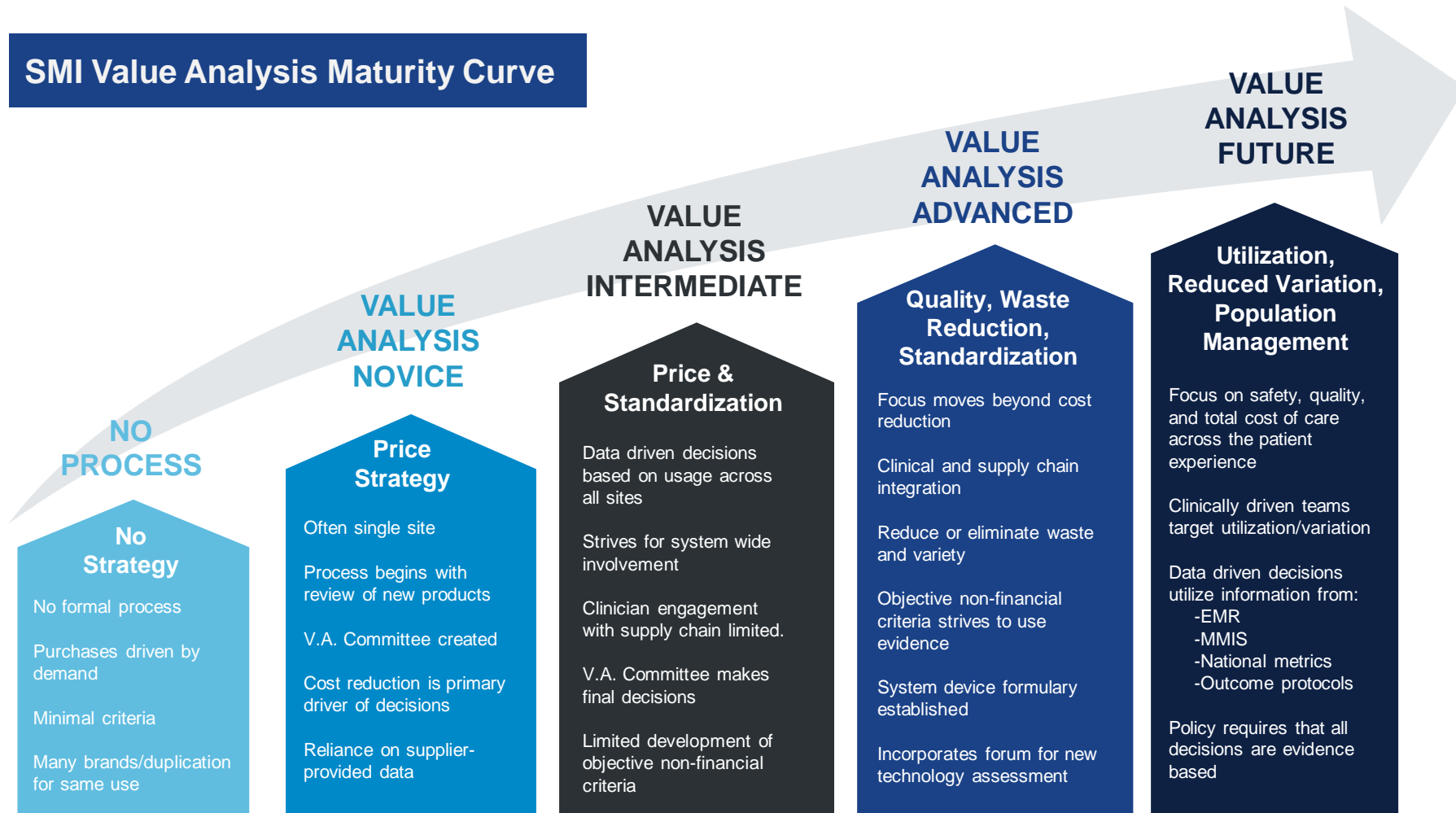
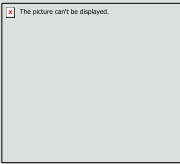
Steps to becoming a metrics-driven supply chain



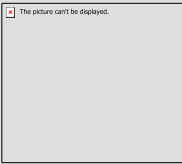
Step	Considerations
1 Revisit your team's objectives	<ul style="list-style-type: none">▪ Review the value analysis program's mission
2 Meet with team and stakeholders to set goals	<ul style="list-style-type: none">▪ Be realistic but ambitious▪ Build consensus among the team
3 Develop list of initial metrics to track based on goals	<ul style="list-style-type: none">▪ Start simple; choose 3-5 key metrics to track that relate to goals▪ If you're more advanced, add more
4 Designate a team member to own metric tracking	<ul style="list-style-type: none">▪ Leverage technology to simplify tracking and reporting
5 Review performance on a regular basis	<ul style="list-style-type: none">▪ Establish forums to regularly review metrics (e.g. start of VAC meeting)

Most importantly, don't wait...start today to get your metrics in motion.

Remember, measuring KPIs is key to a robust value analysis program



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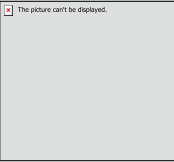
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C-Suite Support



QUESTIONS?

Find more resources under Insights & Ideas at www.procuredhealth.com

