

SPECTRUM HEALTH



Spectrum Health – Who We Are

Spectrum Health is a not-for-profit health system based in west Michigan. Spectrum Health is comprised of ;

- 11 hospitals including Helen Devos Childrens Hospital
- Priority Health – A Health Insurance Provider
- 173 ambulatory and service sites
- 960 advanced practice providers and employed physicians
- West Michigan’s largest employer with 20,800 employees

Spectrum Health – GLHPN

The Great Lakes Healthcare Purchasing Network (GLHPN) is a Supply Network created by Spectrum Health to support and strengthen healthcare organizations by seeking opportunities to reduce costs, improve efficiencies, and increase hospital resources.

- Consists of 21 Member Hospitals within West Michigan
- Since 2003 - Saved more than \$21 million for our members
- Currently focusing on Purchased Services

Spectrum Health Supply Chain

- Self distribution with a centralized warehouse
- The majority of our contracts are customized in conjunction with our GPO contract portfolio
- Since July of this year, we have completed 46 contracts and currently have 61 active projects in progress
- Regional Aggregation through Spectrum Health GLHPN

Contract Decision Process Shift

- From Value Analysis to Evidenced-Based Value Analysis (or the lack thereof)
- From Brand Name to Product Attributes
- The Emerging Market of Generic Physician Preference Companies
- “Déjà vu All Over Again”
- Wake Up Call...It is 1980, as pharmaceutical patents expire, generic drug manufactures begin to emerge

Medical Based Evidence

The Lines are Blurred....

- Medical Based Evidence or the Lack Thereof ?
- Who makes the best Hip, Pacemaker or Stent?
- Ask each of the name brand companies that make these products and you will get the answer
- Ask the consumer population in your community and the vast majority will tell you they have no idea

Medical Based Evidence Continued

The Dilemma for Healthcare Providers....

- Revenue for hospitals will continue to decline
- High Cost or High Value ? Should hospitals purchase new technology as an early adaptor or wait to see if it performs as advertised over time
- Marketing Pressure “Keeping up with the Jones “ buy it or lose market share

Medical Based Evidence Continued

Expensive new technology 5 years later that has failed to improve outcomes:

- Should hospitals purchase new technology as an early adaptor or wait for to see if it performs as advertised?
- Would the decision to purchase change today based on what we know now?

Just What is Evidenced Based Medicine?

Medical evidence or the lack thereof...

- Two doctors came to the table to defend their opposing stance on the identical product sighting medical “data” from the same medical journal
- “Just Say No” Jack Freidman, Senior VP for Accountable Care and Payer Services, Providence Health

Non Salary Expense - Services

Spectrum Health's Total Non Salary Expense Exceeds \$1 Billion Annually

Approximately 50% of That Spend is Decentralized Without a Purchase Order

Non Salary Expense W/O PO

What we found:

- 28 Temporary Labor Contracts
- 19 Medical Transcription Companies
- 13 Elevator Service Contracts

Non Salary Expense W/O PO Continued

13 ELEVATOR SERVICE CONTRACTS:

- All had separate contract terms and pricing
- 6 contracts were with the same company
- 1 was a “handshake” deal

Non Salary Expense W/O PO Continued

- We now have one centralized contract
- Mitigated a major risk by eliminating the handshake agreement
- Saved 28%

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