

PURCHASED SERVICES: LESSONS LEARNED

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Introduction

Scottsdale Lincoln Health Network

- **Founded in 1962**
- **Regional health care system serving Scottsdale / Phoenix in the NE Valley**
 - **Five medical centers - 1300+ beds**
 - **Variety of outpatient services including surgery centers**
 - **Home health services**
 - **Research institute**
 - **Community outreach and health education services**
 - **Level One Trauma Center**
 - **Centers of excellence for Orthopedics, Oncology, Cardiology, Women's and Children's Health, Stroke Care.**
- **Among country's first to achieve system wide *Magnet* nursing status, one of only 25 national "system" *Magnet* designations**

Recognition

**SHC recognized as a Top
11 Supply Chain
Performer by
Healthcare Purchasing
News in 2012**

**SHC recognized as a “Top 5”
supply chain performer by
GHX in 2012**

**SHC earned the Healthcare
Purchasing News 2011 Sure
Award for Excellence in
Supply Chain Leadership**

**SHC Supply Chain
awarded the Arizona
Quality Association
Showcase Award in
2013**

Purchased Services Strategy

- 1. Identify 2013 Total Purchased Services Spend – \$135 Million
- 2. Gather Spend Data From Accounts Payable – Not on Purchase Orders
- 3. Create Spread Sheet Identifying Purchased Services Expenses
- 4. Set Overall Cost Savings Target - \$ 3 Million
- 5. Track and Monitor on a Monthly Basis Through ESSSC Committee
- 6. Enlist GPO Support

	FY13 GOAL \$3,000,000	FY TO DATE: (1/1/14) \$2,459,334					1/14/2014
EVALUATION ITEMS IN REVIEW							
DEPT	INITIATIVE NAME	ACTION / FOLLOW UP	PROJE CT START DATE	OWNER	ANNUAL SPEND	SAVINGS IDENTIFIED	ACTION ITEMS/ COMMENTS / BARRIERS
EVS	Waste Management	New Contract being RFP'd	6/1/13	Bean	\$347,192	\$39,000	Stericycle bid in
EVS	Document Destruction	New Contract being RFP'd		Bean/Donofrio	\$69,721		WCPC review. Cintas and Shred-It VHA contracted suppliers
IT	Record Storage	New VHA contract	8/1/13	Donofrio	\$160,000	\$47,500	Pending Legal Review
IT	Transcription Services Review			LaPorte/Cramer			Mmodal and Transcend VHA contracted suppliers
Linen	Angelica	Negotiating	5/1/13	Bean			Contract being finalized
various	Nurse Scheduling Software			Cramer			
				SUB-TOTAL	\$576,913	\$86,500	
PROJECTS COMPLETED							
DEPT	INITIATIVE NAME	ACTION / FOLLOW UP	SUBMI T DATE	CONTA CT	ANNUAL SPEND	SAVINGS IMPLEMENT ED	ACTION ITEMS/ COMMENTS / BARRIERS
IT	Auxillio Contract Review	Joint Print Management agreement with JCL	1/1/14	Cramer	\$1,700,000	\$859,334	
	Cell Phone review	re-evaluate cell phone usage	1/1/14	Zarubi		\$100,000	
	Biomed	renegotiating service and maintenance	1/1/14	Bean		\$1,500,000	
		SAVINGS TO DATE			\$ 1,700,000	\$ 2,459,334	

Lessons Learned

- Difficult to Pull Accurate Data
- Managers Not Willing to Take Responsibility for Purchased Services

Success Stories

- Print Management Services
- Elevator Contracts
- Physician Contracts
- Legal Services

Purchased Services Strategy

- 1. Identify New Purchased Services Spend for Affiliated Organization - \$175 Million
- 2. Continue to Gather Data from Both Organizations
- 3. Set New Cost Savings Target for 2014 = \$5 Million
- 4. Incorporate Purchased Services Cost Savings into Integration Team Process
- 5. Track and Monitor on a Monthly Basis through Integration Steering Committee
- 6. Utilize GPO Support
- Future Projects
 - Bigmed Services
 - Records Storage
 - Waste Removal Services
 - Natural Gas