

CLINICAL STANDARDIZATION

- STRATEGY TO ENHANCE THE VALUE OF OUR PURCHASES OF RADIOLOGICAL, PHARMACEUTICAL, LABORATORY, AND MEDICAL SURGICAL SUPPLIES -

Clinical standardization is an integral part of the Health Care Effectiveness Disease Management process. Standardization includes medical-surgical, radiology and laboratory supplies and equipment. The process began in July 2002 and has gained momentum as each of the facilities increase their compliance with the process.

A standstill budget does not allow for inflation, nor for the cost of new technologies. This makes it imperative that we find ways to decrease our costs. Increasing the volume of purchases from vendors allows them to give us the best price for their products. The savings that we show are based on the exact amount we were spending on the products compared to the prices for the same product after the standardization process.

Purchasing through our Group Purchasing Organization, Amerinet, has enabled us to leverage our volume with other hospitals in the country. Purchasing from the GPO has also given us choices. Prices for supplies and equipment prior to Amerinet and the standardization process were inflated. In fiscal year 1999-2000, the LSUHSC-HCSD spent 63.6 million dollars on medical-surgical, laboratory, and radiology supplies. For fiscal year 2003-2004, the LSUHSC-HCSD spent 62 million dollars for medical-surgical, radiology and laboratory supplies. This is a 1.6 million dollar savings. This savings is phenomenal because inflation and increasing cost of new technology accounts for a 4-6% increase in the cost of supplies and equipment each year.

Standardization not only drives the cost per product down, but also decreases the amount of inventory we must keep on hand, gives us fewer vendors to interact with, simplifies biomedical management and tracking, increases patient and provider safety, and decreases education and training requirements.

Each facility has set up a structured Product Standardization Committee which coordinates all product evaluations. The Director of Statewide standardization coordinates all supply and equipment evaluations. Cost analysis is reviewed for savings prior to the evaluation process. If products are categorized as "clinically acceptable" and a savings can be gained, the products are accepted.

User teams, "value analysis groups", meet to discuss the standardization process. The process is outlined, along with timetables developed. Input is received from the clinical users to get a baseline list of acceptable products or vendors. Usage data is collected and "request for bids" are sent out by Amerinet on our behalf. Responses are returned and data is compiled for us by Amerinet. The teams meet and review the results for pricing and clinical data. Savings are calculated based on the current prices versus the proposed prices. Clinicians select two vendors for each category. All vendors are notified of the results.

Products are selected for standardization based on high volume or high dollar products. Products that are extremely costly must be managed and criteria for usage must be in place. To date, the standardization process has saved \$5,409,643. The goal for the 2004-2005 fiscal year is 2 million dollars of savings. Our savings are a one-time savings based on lowering the cost and maintaining the same volume of usage. The major areas for savings since July 2002 include cardiology/radiology (\$1,871,296) and orthopedic (\$626,700) supplies.