

Success Story

Amerinet Contract Utilization Manager

A Short Take on Success

The Challenge

- Rising supply chain costs
- Low utilization of GPO agreements

The Solution

- Convert to more Amerinet agreements
- Place an Amerinet contract utilization manager on-site
- Implement bi-weekly task force meetings with clinicians and materials manager

The Outcome

- Saved \$237,000 in annualized spend in nine months
- Achieved success rate of 61 percent in presented contract savings opportunities
- Improved collaboration and communication across facilities

Amerinet Contract Utilization Manager Helped Northern Arizona Healthcare Save \$237,000 in Annualized Spend In Nine Months



The Challenge

Northern Arizona Healthcare (NAH), the largest healthcare organization in Northern and Central Arizona, was faced with rising supply chain costs. An Amerinet member since 1999, NAH realized it needed to find a way to increase utilization of the agreements provided by its group purchasing organization (GPO) in order to combat this industry-wide dilemma.

After a review of the agreements being utilized, NAH realized they only had 185 signed letters of commitment (LOCs) with Amerinet suppliers. Realizing this number could be improved, NAH needed to find a way to uncover and then implement all the contract opportunities available to them. As a result, NAH requested Amerinet place a permanent staff member within its facility to help maximize contract utilization and save the organization more money.

"Utilizing Amerinet contracts is a great benefit to NAH because it enables us to incorporate into a larger buying power and leverage discounts with suppliers," said Mike O'Connor, interim director, materials management, NAH. "And Amerinet offers tremendous flexibility on suppliers so we can find the right fit for our facility."

The Solution

Amerinet placed a contract utilization manager into NAH's Flagstaff facility. The first priority was to initiate an Amerinet Savings RoadmapSM to analyze and compare NAH's current spend with opportunities within the Amerinet portfolio.

"The data provided to us was very clear, but our quest to standardize on the opportunities presented in the Amerinet Savings Roadmap proved to be a challenge because our organization is comprised of multiple facilities, so it can never be just one person making a decision," said Perry Davidson, senior buyer at NAH.

The Amerinet on-site utilization manager quickly realized NAH needed a process for reviewing and approving contract changes. While some contracts are easy to switch over, others require clinical support.

With the suggestion and supervision from the Amerinet on-site utilization manager, NAH brought together empowered clinicians, directors, material managers and senior buyers from each facility, along with the secretary to the director of materials management, to form the Inpatient Value Analysis Team (VAT) task force. The mission of VAT was to review the opportunities presented from the Amerinet Savings Roadmap during organized, bi-weekly video conferences that the Amerinet on-site utilization manager organized and planned.

"In some cases, we were able to make an immediate decision to switch suppliers," said Davidson. "If a product needed further review, then the team was required to complete their evaluations by the next meeting to ensure decisions were made in a timely manner."

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The Amerinet on-site utilization manager supervises all clinical questions during the evaluation process. With the goal of trying to get all facilities to standardize on the same product, the utilization manager coordinates supplier representatives to come to the facility to provide samples and more information to staff.

In addition to managing the VAT task force, the duties of the Amerinet on-site utilization manager include working closely with NAH's contract manager to resolve any pricing discrepancies or communication breakdowns with Amerinet suppliers to ensure a quick resolution of issues. The Amerinet on-site utilization manager also holds one-on-one meetings with different department directors at NAH to review contracts that are available to them through Amerinet. A great deal of time and hard work is spent thoroughly reading contracts, understanding the terms and conditions and investigating the roadblocks of switching suppliers.

The Outcome

In the first nine months after creating the VAT task force, NAH saved \$237,000 in annualized spend with a success rate of 61 percent in presented contract savings opportunities.

Because of the Amerinet on-site utilization manager, the doors of communication across all facilities at NAH are now wide open. At first, it was difficult to get even five minutes of the clinicians' time. But after clinicians attended the VAT task force meetings they quickly realized their input was needed and valued. And now the clinicians from different facilities know each other better and are working together for the benefit of the entire organization.

"To finalize the work of the task force, an implementation checklist process was developed to ensure staff from the multiple departments and facilities carry out the decisions approved at the task force meetings," said Davidson.

The checklist process addresses the steps involved with contracts, inputting the product information into the Materials Management Information System (MMIS), in addition to notifying the suppliers of usage for inventory, the warehouse for stocking and distribution to floors, the clinicians for communication to the units and to the buyers for purchasing.

NAH has also increased its amount of signed LOCs from 185 to 293 since having an Amerinet on-site utilization manager for a year and a half. And more than 500 suppliers are reporting sales with NAH since some Amerinet agreements do not require a signed LOC.

To further validate the benefits of this position, the Amerinet on-site utilization manager tracks both the approved and rejected annualized savings opportunities by supplier and contract number in a standardized spreadsheet, which is provided as a weekly report to NAH executives. The report is broken into categories to demonstrate where the savings resulted from. Thus far, 40 percent of the savings achieved was a result of the work completed by the Amerinet on-site utilization manager, 25 percent was from the Amerinet Savings Roadmap, 25 percent was from capital review, 5 percent was from revenue recovery and 5 percent was miscellaneous.

"We are pleased that our GPO, Amerinet, has taken an active role in helping to drive down costs. Because our on-site Amerinet utilization manager has taken a leadership role, we continue to have many, many cost-savings opportunities to evaluate," said Davidson.

Since establishing this position in 2004, Amerinet currently has eight on-site utilization managers in member facilities across the country. The goal of this position is to help members save money while increasing utilization of Amerinet contracts and programs.



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About Amerinet Inc.

As a leading national healthcare solutions organization, Amerinet collaborates with acute and non-acute care providers to create and deliver unique solutions through performance improvement resources, guidance and ongoing support. With better product standardization and utilization, new financial tools beyond contracting and alliances that help lower costs, raise revenue and champion quality, Amerinet enriches healthcare delivery for its members and the communities they serve. To learn more about how Amerinet can help you successfully navigate the future of healthcare reform, visit www.amerinet-gpo.com.

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