

BECKER'S

# HOSPITAL REVIEW

## The healthcare executive's 2-minute read on priorities for 2017: Supply chain and asset relifing

2017 has not been like any other year for hospital and health system executives. Leaders are already tasked with defining clear priorities for their organizations and teams, and now they must do so amid major uncertainty and potential regulatory change.

*Becker's Hospital Review* connected with thought leaders at Chicago-based Prism Healthcare Partners on the most pressing issues for hospital and health system executives to address in 2017. Prism's experts shared their recommendations for leaders in nine key focus areas.

Stay tuned for the next article in the series.

### Supply chain

The pharmacy will prove to be a supply chain priority for hospitals in 2017, says Kenneth Lowrie, RPh, Managing Director at Prism Healthcare Partners. Additionally, pharmacy plays a key role in population health management, and ensuring appropriate drug use can be a highly cost-effective strategy.

Nationwide, pharmacy prices are on the rise. In hospitals, increased pharmacy costs are driven by inefficient utilization, inflation and new drug approvals. In the outpatient setting, specialty drugs especially fuel increased costs. It is

imperative that hospitals develop both short and long-term tactical strategies to mitigate pharmaceutical cost increases, advises Lowrie. For instance, an effective design for medication management must include a practical, sustainable drug cost containment model with detailed goals and measurable outcomes. It is essential to collect and constantly monitor data to analyze drug expenditures and drug-use patterns. Additionally, if your hospital is eligible and participates in the Federal 340B Drug Purchasing Program, then full expansion of the program such as setting up a contract pharmacy through a compliant and focused effort is essential to yield full benefits.

At the same time, hospitals must prioritize patient safety and quality of care, notes Ramona Lacy, FACHE, Managing Partner with Prism. The transition to value-based purchasing and bundled payments has placed a spotlight on care variation and its impact on supply expense. By understanding the total cost of care and patient outcomes by prescriber, the ability to standardize (where appropriate) becomes fact-based and facility-specific.

In addition to pharmacy costs, Jan van Londen, Managing Director with Prism, identifies physician preference cards as another opportunity for hospitals to reduce waste and the cost of OR supplies. A tremendous

amount of money is wasted by inefficient use of OR supplies. Specifically, inaccurate OR preference cards result in unnecessary items being pulled and many unused items being disposed of after surgical cases. Strategies and tools such as standardizing physician preference cards, redesigning processes to efficiently manage OR inventory and setting up OR supply chain dashboards can deliver a 2 to 4 percent savings on total OR supply usage, according to van Londen.

### Asset relifing

Hospital and health system CFOs must ensure their real estate is in line with their operations, advises Timothy Baker, Managing Partner of Principle Valuation LLC, a Member of Prism Healthcare Partners. Is it working for or against you? Leaders should look at what they have and see if there is a case behind monetizing certain assets.

Along those same lines, Baker recommends CFOs ensure that assets on the books are aligned with the organization's long-term strategy. Make sure the books accurately account for the assets, remove assets that are no longer in use and appropriately life the ones that are (i.e., asset relifing). This is essential for providers contemplating any type of refinancing or bond offering. ■