

Case Study: Smarter Purchasing - Custom Surgical Kit Reformulation



Summary

Broward Health (BH) conducts various evaluations annually to determine opportunities for cost savings. In 2010, BH determined that waste had accumulated due to custom procedure kits (CPK), resulting in increased costs.

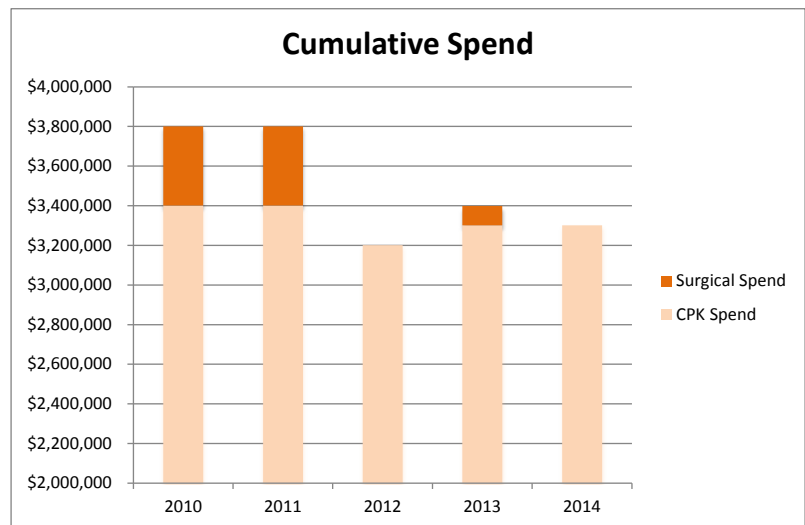
The hospital system worked with a consulting firm to analyze the CPK program, which led to successful identification of areas needing improvements and an action plan that put in place greater efficiencies.

The CPK review project yielded an overall 30 percent savings on the \$3.4MM annual CPK spend, plus an additional \$400K surgical single-pull stock keeping unit (SKU) spend which resulted in the elimination of 24,501 pounds of CPK waste.

Broward Health, Fort Lauderdale, Florida

The Problem/Situation

Every two years, Broward Health (BH) conducts an internal evaluation of its Custom Procedure Kit (CPK) program to determine opportunities for cost savings. In 2010, the hospital system worked with a CPK provider that specialized in custom procedure kits to do a complimentary analysis of its program. The provider reviewed the content of nearly 100 custom procedure kits and BH's current group purchasing organization (GPO) contract, promised an 18 percent guaranteed savings off the hospital system's current CPK spend. Initially, BH decided to stay with its original CPK vendor, which offered reduced pricing to offset these savings for a period of time and resulting in an immediate 11 percent savings. However, in 2012, BH decided to move forward with the new CPK vendor's recommendations, which led to 16 percent savings off the current CPK spend.



The Strategy

The provider performed a comprehensive utilization review by spending a week on-site with a six-member team, including clinicians, to review the contents of every custom procedure kit at each of BH's four hospitals. Each product was reviewed to determine if it was being used 95 to 100 percent of the time. If it wasn't, the product was a candidate for removal. The provider also looked at items that were being added to the sterile field outside of a CPK. Those items

About Broward Health

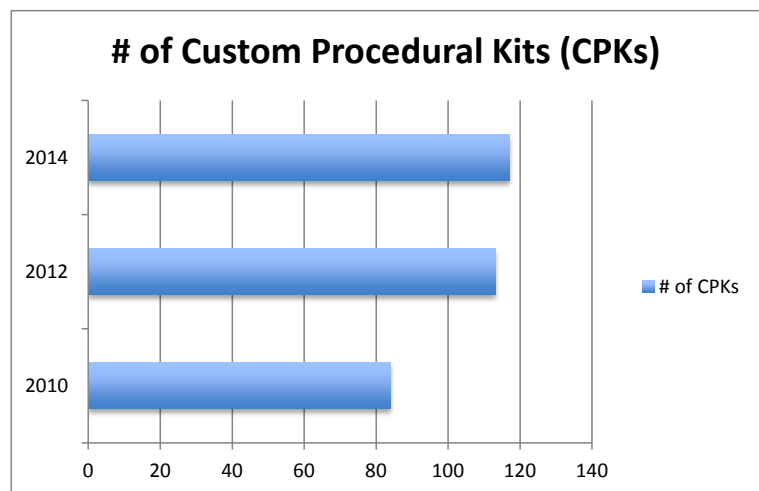
Broward Health, providing service for more than 75 years, is a nationally recognized system in South Florida that offers world-class health care to all. Broward Health includes Broward Health Medical Center, Broward Health North, Broward Health Imperial Point, Broward Health Coral Springs, Chris Evert Children's Hospital, Broward Health Weston, Broward Health Community Health Services, Broward Health Physician Group, Broward Health International, Broward Health Urgent Care, and the Broward Health Foundation. For more information, visit BrowardHealth.org.

were candidates to add to the kit. The team of professionals were in operating room (OR) suites observing case set ups. The team posed questions such as, "Are you using this sponge each time?" and "Why are you pulling a ¾ sheet to put in a ring stand?" In addition, there were clinical equivalents presented that were the same exact product, but from a different manufacturer at a reduced cost. In total, this process resulted in the elimination of redundant packs and the creation of packs that were high volume.

Implementation Process

At first, BH remained with its original vendor, realizing an immediate 11 percent savings. However at the onset of 2012, the hospital system was able to change to the new CPK provider, resulting in an additional 16 percent savings. The 2012 provider's utilization review exceeded the original review savings by nine percent, resulting in a cumulative savings of 27 percent by the end of 2012, in addition to creating three new CPKs. The partnership between BH and the provider was critical to this success. The implementation team was led by Brian Bravo, Broward Health's corporate procurement officer and included representatives from purchasing, value analysis, materials operations, OR, catheterization laboratory (Cath Lab), labor and delivery (L&D), interventional radiology (IR), and the CPK provider team. The implementation team worked together to ensure that the process was seamlessly integrated without incident or service disruption. Weekly meetings were implemented in the period leading up to the utilization review and now, three years later, are still being held bi-weekly to address any open issues. The product that was ultimately delivered was favorably received by staff, and to date there have been minimal changes.

In total, 117 CPKs were identified from OR, IR, cath lab, L&D, and ultrasound. Additional CPKs were needed as a result of the significant reduction in single pull SKUs, ensuring clinicians' needs were met for greater efficiency and successful patient outcomes. Ultimately, the hospital saved over one million dollars on CPKs.

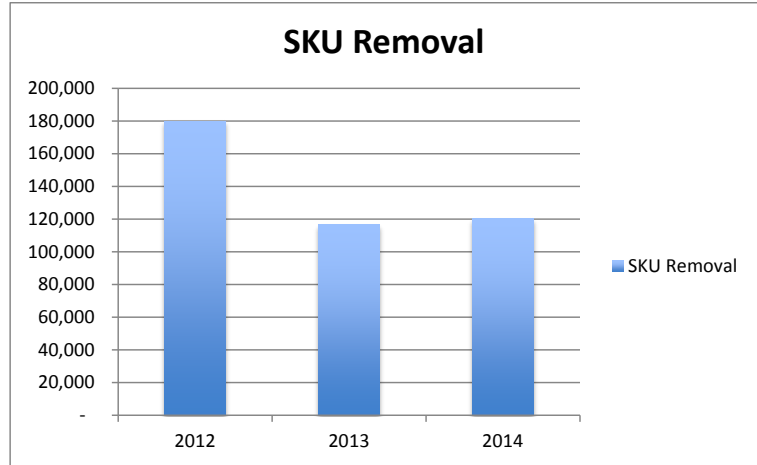


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Benefits

- Reduction in ordering, stocking and administrative soft costs.
- Improved clinician satisfaction (*quality & convenience*).
- Standardization of CPKs across the system.
- Improved productivity and efficiency.
- Reduced 79 percent of single sterile pulls/SKUs.
- Overall 30 percent savings on CPK Spend (\$3.4 million CPK & \$400,000 single pull spend).
- Supplier diversity benefits: Implemented business partnerships with a woman-owned business (CPK provider/manufacturer) and a local minority-owned business (just in time [JIT] distributor).
- Elimination of 24,501 pounds of CPK waste – 14,601 pounds in 2012; 9,900 pounds in 2013; and a neutral waste avoidance in 2014.

