Aligning Purchasing Practices with Sustainability Missions

According to a recent Johnson & Johnson survey of nearly 300 healthcare professionals, many in our industry (41 percent) said they felt the healthcare sector was doing poorly at purchasing greener products and services. And yet an overwhelming majority of respondents—93 percent—said they believed that waste-reduction strategies benefit their facilities, particularly in operating rooms and cafeterias.

Purchasing and waste reduction are inextricably linked as the products and services hospitals bring in through the front door exit most often through the back as waste. While procurement professionals don’t feel the impact of hospital waste on their own budgets or bottom lines, waste reduction can positively impact an entire hospital’s bottom line. For example, a pilot project at Kaiser Permanente’s Vacaville, California, hospital1 to reuse plastic sharps containers showed that Kaiser could save $2.3 million in waste disposal costs each year, just by implementing this one single change at every facility.

Purchasing products that have a reduced effect on human health and the environment, known as environmentally preferable purchasing (EPP), has other benefits: better quality products, products that are longer lasting, using less energy and water, reduced waste, and even products that improve patient outcomes—all of which is good for a facility overall and its patients.

Unfortunately, it’s often not easy for individual facilities or organizations to purchase greener products. The healthcare supply chain is large, regulated, and complex, but when groups of companies come together to establish standards and increase demands, the supply chain responds and the market transforms.

Making Collaborative Progress

One of the most effective ways to change the supply chain is to have all the parts of the supply chain—for example, medical products companies, GPOs, hospitals, and healthcare organizations—in the same room over time. This provides the opportunity for the entire supply chain to make change, together increasing the availability of greener products and services across healthcare more quickly than otherwise might happen, a process called a ‘market transformation.’ Recent work to have the entire supply chain in the same room has resulted in:

• The development of Standardized Environmental Questions for Medical Products, which creates an industry standard for evaluating the sustainability of medical products;

• The establishment of the EPP Business Leadership Coalition, designed to provide broader, shared involvement on the part of hospitals, GPOs, and businesses; and

• A collaboration among and between Practice Greenhealth hospital members supportive of environmentally preferable products.

Through this collaborative work, participants have made great progress in transforming the supply chain. They have created the industry’s first set of standardized environmental criteria for medical products—questions that can be used in requests for proposals (RFPs), requests for information (RFIs), or in the value analysis process to evaluate sustainability for medical products under consideration. Five of the largest GPOs have

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committed to asking these questions in applicable contracts, and more than 150 hospitals have signed an EPP pledge to support this work and consider these environmental attributes.

**Rethinking Product Costs to Improve Bottom Lines**

Greener products and services may have positive cost implications. For many medical devices and services, there are submerged costs that are not always reflected in the purchase price and may not be considered during purchasing decisions, but should be. Beyond the initial acquisition price, these costs include use, such as energy and water costs, maintenance, and end-of-life costs such as disposal. A Total Cost of Ownership approach reflects these submerged costs when factoring in what products and services to buy; and when this approach is taken, greener products and services often become a better value than traditional products.

For example, there is Kaiser Permanente’s decision to switch to reusable gowns and basin sets. Although these reusable products cost much more initially than disposable gowns and basins, their reuse has resulted in the elimination of 30 tons of waste from the landfill each year (waste is a significant cost for all healthcare systems), as well as a direct 3.8 percent cost savings. By changing to rigid endoscopes with a camera head that could be autoclaved, Kaiser eliminated the purchase of chemical cleaning cassettes for a less harmful sterilization procedure safer for staff. Kaiser was able to reduce sterilization costs by 31 percent and save a potential $1 million annual savings on cleaning cassettes.

**Industry-Wide Savings and Impacts**

Since 2010, the entire healthcare market has been purchasing more and more environmentally preferable products and devices, and the signs of progress across the board are remarkable. In those five years, hundreds of hospitals have spent more than $435 million on greener electronics, $12 million on furnishings free of chemicals of concern, $174 million on reprocessed single-use devices, and $6.7 million on ECOLOGO or Green Seal certified cleaning agents. These purchasing decisions have created an industry that’s leading the way, as well as hospitals and healthcare facilities that are safer for patients, have fewer negative environmental impacts, and most importantly, have aligned their purchasing practices with their sustainability missions without harming the bottom line. Continuing to provide the market with cost-effective, high-quality products that help hospitals operate in a more environmentally friendly way means continuing to work with supply chain professionals who think outside the box and are ready to collaborate with partners, peers, and competitors.

**References**


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