


A Canadian Provider Perspective

MEDSC Fall Meeting

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Canadian Healthcare Supply Chain

Not significantly different: Pressures are the same:

- Payer is the Government in each province
- Approximately 85% of healthcare funding is raised through tax revenues
- Fee structures relate to cost of service
- Quality, Safety, Access & Financial Targets/Measures
- Financial Sustainability Concerns
- Increased Focus on “Wellness” and “Healthy Choices”
- Technology – Process Redesign - Change Management

Canadian Healthcare Supply Chain

Not Significantly Different:

- Supply Chain Effectiveness/Efficiency garnering C Suite Attention
- Higher levels of collaboration across Hospital sector
- Recognition of the need for investment to support change
- Supply chain related activities are 20-30% of operating costs
- The need for reliable accurate data to support decision making is paramount
- Providers are working with Suppliers on solutions

Ontario Facts

- Population – 12,800,000
- Hospitals – 159
- Budget - \$19B
- Expenditures
 - 78% Labour
 - 19% Supplies/Services
 - 3% Medical Device Technology
- Aging Population having significant impact on services and access
- Serious concerns regarding Sustainability

Healthcare system consumes \$0.46 of every tax dollar and if left unchecked this will climb to \$0.70 by 2022

Canadian Healthcare Supply Chain

Champlain Health Supply Services

- CHSS is a not for profit shared service organization owned by six member hospitals in the Champlain LHIN established in 2009
- Mandate to identify and deliver strategic sourcing services to participating Hospitals
- Savings are retained by Hospitals to be redirected to patients care services
- Services include Sourcing, Contract Management, Data Management and Harmonization

Canadian Healthcare Supply Chain

Champlain Health Supply Services

- Board of Directors – Representatives of the 6 Owner Hospitals
- 3 Associate member organizations
- 4 Additional organizations represented through contract affiliations with Owner Members
- Operations Committee provides input in Opportunity Identification, Direction, and is accountable for commitment - SOW's
- Regional Product Evaluation/Standardization Committee

Canadian Healthcare Supply Chain

- The Ottawa Hospital - Member
- Queensway Carleton Hospital- Member
- Bruyere Continuing Care- Member
- Montfort Hospital- Member
- Pembroke Regional Hospital- Member
- Arnprior & District Memorial Hospital - Member
- Cornwall General Hospital- Associate Member
- Hawkesbury & District Hospital - Associate Member
- Renfrew - Associate Member
- Carleton Place - Affiliate Member
- Kemptville - Affiliate Member
- The Heart Institute - Affiliate Member
- Deep River - Affiliate Member

CHSS Overview

- \$2B in total annual spend
- 3800 beds
- \$470m in non-compensation spend
- \$210m in-scope for CHSS
- Target \$32m in Savings/10 years
- Actual \$32m in 6.5 years. Improved Pricing, Contract Management, Data Management and Harmonization

Lessons Learned

Successes

- \$ 6 mil + in savings to date (exceeding business case targets)
- Early establishment of Board and Operation Committees fostered early working relationships, formulated project oversight, generated buy-in & support
- Stakeholder involvement in decision making
- Team commitment to project schedule
- Process Analysis to identify similarities and differences to create an organizational model representing the interests of the members that drives key decision making
- Identification and implementation of a Regional data base (organization, location, people and product/ item master catalogues) creating a regional solution that works in all stakeholder environments
- Effort to identify early wins, key data points, standardization
- Project on-time – Under Budget
- Obtaining MOF Funding to implement CHSS

Lessons Learned con't

Shortcomings

- Availability of IT Resources (Hospitals & third party vendors) to satisfy technical solution requirements
- Business case Funding Model - Level of effort during implementation common across all sites, BC sharing formula disproportionate to level of effort
- Resistance to Regional procurement model (opportunity for communication improvement)
- Insufficient emphasis on Organizational Design and Change Management initiatives (holistic training, audience specific communication, website content) to visibly display management involvement/commitment
- Not enough celebrating of successes

Lessons Learned con't

Surprises

- Implication of the BPS Procurement Directive – Significant impact on Hospitals and the resources supporting CHSS Implementation
- The extent of the effort required to satisfy the savings validation requirements of the Supply Chain Secretariat
- Auditor Generals office selected the CHSS project for an audit of the MOF Supply Chain Secretariate
- Resource implication for hospitals to support the Procurement Assessment were greater than anticipated to accommodate the financial, process, human resource and IT review requirements
- CHSS recognized by Global Healthcare Exchange as Canada's Leading EDI Healthcare enterprise
- CHSS recognized as on of the Top 100 Supply Chain Transformation projects in North America in 2012

Future Objectives

- Continued Growth in Regional Contracting
- Collaborative Strategic Sourcing with Other SSO's & Organizations
- Expanding In-Scope Spend to Capital and Services
- Completing On-Boarding Business Cases to the Regional Warehouse
- Investigating Collaborative Opportunities in Procurement and Payment Transactional efficiencies with Meditech Hospitals.

