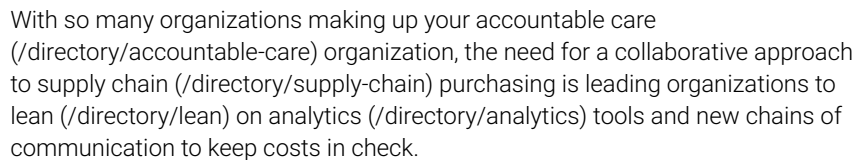


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Supply chain standardization helps some organizations save enough money to offset reimbursement cuts.

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For example, Beth Israel Deaconess Medical Center leverages analytics tools such as HealthcareIQ and Broadjump to help negotiate pricing on products and identify opportunities to standardize pricing throughout its system, said Steven Cashton, director of purchasing and contracting for the Boston-based facility. The facility is part of the Beth Israel Deaconess ACO, a participant in the Centers for Medicare and Medicaid Services' Pioneer ACO program.

Beth Israel also conducts regular roundtables, where supply staff members throughout its facilities learn what each is doing, share ideas and offer suggestions to one another, he said. "A lot gets discussed, so I'm on top of everyone to make sure things get done and someone's not going off in the wrong direction, as well as see where opportunities might be," added Cashton. "We can peek at what everyone system-wide is doing."

**[Also: See where the Medicare Shared Savings Program ACOs are** (<http://www.healthcarefinancenews.com/news/where-are-medicare-shared-savings-program-accountable-care-organizations-full-list>)

According to WellStar Health System's Anthony Trupiano, engaging physicians, nurses and other team members in the ACO process to discuss quality issues presents an important opportunity to share best practices across the organization. Six years ago, WellStar adopted a physician-led structure to develop specific strategies that include quality, patient experience, growth, efficiency and cost management, said Trupiano, the organization's senior vice president for supply chain. These service lines work together, incorporating shared learning and metrics across WellStar's ACO.

WellStar, located in metropolitan Atlanta, ensures physicians and clinicians are closely involved in discussions about new technologies, also a component of the ACO, especially relating to cardiology, surgical services and other high supply-cost specialties. Soliciting their input helps WellStar score buy-in from physicians, which sometimes can be tricky considering their roles in a healthcare organization. On top of that, Trupiano typically receives two or three calls a month from physicians suggesting ways to reduce costs.

"They know how to integrate the technologies into the total care of patients to improve quality and help us operate more efficiently, so they bring that knowledge we wouldn't have on the hospital side of things," he said.

**[Also: See how the remaining Pioneer ACOs performed (map)** (</news/see-how-remaining-pioneer-acos-performed-map>)

Meanwhile, Cashton said that supply chain standardization helped Beth Israel save enough money in the last four years to offset reimbursement (</directory/reimbursement>) cuts, "and that's the biggest win."

Trupiano said he can't ballpark how much WellStar has saved related directly to implementation of the ACO; however, its service lines have partnered with the supply chain to reduce supply cost by more than \$40 million over the past four years to position its ACO for success, he said.

That's not to say ACO hasn't created challenges. At Beth Israel, for example, the fact each facility operates on a different software system for procurement, accounting and finance makes things difficult, said Cashton. "They don't talk to each other, so we need to find tools that allows us to overlay over all those systems so we can look into what everyone's doing."

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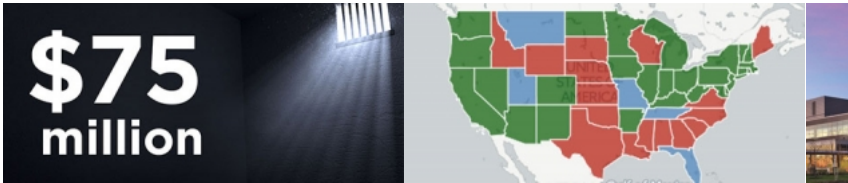
At WellStar, while information systems are integrated, "pulling out information in a meaningful way that can effect change has been difficult," added Trupiano.

Additionally, the ACO movement has yet to trickle down to the supply side, said Cashton. "It's still a developing model, so we're trying to see where we fit." In terms of utilization, Beth Israel also is evaluating how to eliminate variability in clinical practice – resulting in greater standardization of products used and, ultimately, reduced supply cost. There's now more focus moving toward ACOs around standardizing practice and removing variability, he added.

ACO models remain a work in progress on the supply side at WellStar as well, said Trupiano. In fact, the facility's taking an approach with supplies that, sometimes, could place less emphasis on cost reduction. For example, the facility's adopted products for intravenous tubing and related products that, while more expensive, will reduce infection risk, improving quality and lowering readmissions he said. "Those are good changes to make."

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