



# Impact Standardization Programs

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**vizient**<sup>™</sup>

# Impact Value

## Vizient's Impact Standardization

Programs drive sustainable member purchase commitment to participating awarded suppliers resulting in positive sales performance.

- ❖ Protection from competitive threats and rebidding
- ❖ Sustainable sales performance
- ❖ Pay for performance
- ❖ Program managed and administered on behalf of supplier
- ❖ Access to membership (80%)

More than  
**\$7B**  
in sales flow through  
Impact Program annually



# The Value of Impact Programs

## Rebates

- 100% of over \$1.65 billion in rebates returned to members
- Used to fund investment in technology, services, processes and people and other initiatives

## Flexibility

- 13 fully optional programs
- Member can sign up for all, none or any number in between.
- All awarded suppliers in Impact categories are offered the opportunity to participate

## Efficiencies

- A platform to encourage staff to reach compliance in designated product categories
- Assistance in reducing variation for non-clinically preferred products

# Current Impact Standardization Programs

## Traditional Programs

- Airway Management: 4/1/17 – 3/31/20
- Bedside Care: 10/1/19 – 9/30/22
- Family Care: 10/1/19 – 9/30/22
- General Medical: 7/1/16 – 6/30/21
- General Surgery: 1/1/16 – 12/31/20
- Infection Prevention: 4/1/17 – 3/31/20
- Imaging: 10/1/19 – 9/30/22
- Orthopedic: 10/1/17 – 9/30/20
- Patient Care: 7/1/16 – 6/30/21
- Specialty Care: 4/1/17 – 3/31/20
- Support Services: 1/1/12 – 6/30/20

## Aggregate Compliance Programs

- Food: 4/1/18 – 03/31/21
- Novaplus Pharmaceutical

## 2 Types of Programs

Traditional Programs require 75% overall aggregate program compliance and then 90% individual category compliance

Aggregate Compliance Programs require compliance of 80% across the entire program and will pay rebates whether or not an individual category is over 80%

# How Impact Works\*



Member signs up



Member chooses a supplier for each product category



Member allowed at least one opt-out for each program



Member/supplier agree on an annual purchase potential for each product category



Member purchases 90% of supplies in each category from chosen supplier



Viziient measures compliance quarterly



Member achieves 75% aggregate compliance and 90% compliance in each category



Member receives cash rebates each quarter via electronic deposit

\* Food and NOVAPLUS Pharmaceutical programs have no opt-outs and do not measure individual category compliance. compliance in the aggregate.

Instead, they require 80 percent

# Impact Patient Care Program

July 1 2016 – June 30 2021

Category
Adhesive Tapes
Bowel Management
Disposable Patient Positioners
Disposable Sharps Containers
Monitoring Electrodes
Nonsterile Kits
Patient Care Plastic and Steel Products
Patient Skin Care
Transparent Dressings
Urinary Catheters and Related Products
BONUS: Disposable Stethoscopes

# How It Works

## Impact Program Example

Product Categories	Supplier 1	Supplier 2	Participant selects one supplier per category.
Adhesive Tapes	\$100,000	\$100,000	90%
Bowel Management	\$100,000	\$100,000	90%
Disposable Patient Positioners	\$100,000	\$100,000	90%
Disposable Sharps Containers	\$100,000	\$100,000	90%
Monitoring Electrodes	\$100,000	\$100,000	90%
Nonsterile Kits	\$100,000	\$100,000	90%
Patient Care Plastic and Steel	\$100,000	\$100,000	90%
Patient Skin Care	\$100,000	\$100,000	90%
Transparent Dressings	\$100,000	\$100,000	90%
Wound Repair Supplies	\$100,000	\$100,000	90%

# How It Works

## Impact Program Example

Product Categories	Validated Potential (Annual)				
Adhesive Tapes	\$10,000				
Bowel Management	\$120,000				
Disposable Patient Positioners	\$255,000				
Disposable Sharps Containers	\$35,000				
Monitoring Electrodes	\$150,000				
Nonsterile Kits	\$250,000				
Patient Care Plastic and Steel	Opt Out				
Patient Skin Care	\$50,000				
Transparent Dressings	\$130,000				
<b>Overall Program Compliance</b>	<b>\$1,000,000</b>				

Participant Works With Chosen Suppliers To Set Annual Potential Spend Amounts For Each Category

A participant may opt out of one category (two in Orthopedic program) within the Impact program. They will NOT earn rebates on an opt out category and do not have to validate a potential.



# Potential Defined

**Potential** - The potential purchase volume (“Potential”) for Supplier’s Program Category for each Participant will be determined by mutual agreement of the Participant and Supplier

- Determined using 100% of purchases for the product category
  - Based on products covered in agreement
  - Includes agreed upon volume of contracted and comparable competitive product
- Participant must be validated in all program categories in order for their compliance to be measured to determine rebate eligibility
- Accurately setting participant’s potential is critical to participant’s AND supplier’s success in the program

# How It Works

## Impact Program Example

Product Categories	Validated Potential (Annual)	Validated Quarterly Potential (Annual/4)	Current Purchases (Quarter)	Compliance	Compliance
Adhesive Tapes	\$10,000	\$2,500	\$2,300	92%	92%
Bowel Management	\$120,000	\$30,000	\$8,000	27%	27%
Disposable	\$63,750	\$8,750	\$35,500	40%	40%
Disposable	\$8,750	\$8,750	\$8,600	98%	98%
Monitoring	\$37,500	\$37,500	\$35,000	93%	93%
Nonsterile Kits	\$250,000	\$62,500	\$56,500	90%	90%
Patient Care Plastic and Steel	Opt Out	Opt Out	Opt Out	0%	0%
Patient Skin Care	\$50,000	\$12,500	\$12,500	100%	100%
Transparent Dressings	\$130,000	\$32,500	\$29,500	91%	91%
<b>Overall Program Compliance</b>	<b>\$1,000,000</b>	<b>\$250,000</b>	<b>\$187,500</b>	<b>25%</b>	<b>25%</b>

Annual category potentials are divided by four to accommodate quarterly compliance measurement.

Supplier reported sales are used to measure program compliance.

# How It Works

## Impact Program Example

Category	Validated Potential (Annual)	Validated Quarterly Potential (Annual/4)	Current Purchases (Quarter)	Compliance
Adhesive Tapes	\$10,000	\$2,500	\$2,300	92%
Bowel Management	\$120,000	\$30,000	\$28,000	93%
Disposable Patient Positioners	\$255,000	\$63,750	\$60,000	94%
Disposable Sharps Containers	\$35,000	\$8,750	\$8,000	91%
Monitoring Electrodes	\$150,000	\$37,500	\$35,000	93%
Nonsterile Kits	\$250,000	\$62,500	\$58,000	93%
Opt Out	Opt Out	Opt Out	Opt Out	Opt Out
Transparent Dressings	\$50,000	\$12,500	\$12,000	96%
Transparent Dressings	\$130,000	\$32,500	\$29,500	92%
<b>Overall Program Compliance</b>	<b>\$1,000,000</b>	<b>\$250,000</b>	<b>\$187,500</b>	<b>75%</b>

Compliance is first measured at the program level.

Validated category potentials are summed to calculate total program potential.

Total program potential is divided by four to facilitate quarterly measurement.

Quarterly potential number is compared to supplier reported sales to calculate compliance.

Participant is eligible for rebates if they reach 75% compliance.

# How It Works

## Impact Program Example

If participant has reached the overall program compliance requirement then each category is evaluated for compliance.

Program compliant participants earn rebates in categories where they reach 90% compliance.

Participants will not earn rebates in categories where they do not reach 90% compliance.

Product Categories	Validated Potential (Annual)	Validated Quarterly Potential (Annual/4)	Current Purchases (Quarter)	Percent Compliant (Purchases/Potential)	Rebate Paid?
Adhesive Tapes		\$2,500	\$2,300	92%	YES
Bowel Managem		\$30,000	\$8,000	27%	NO
Disposable Patie		\$63,750	\$35,600	56%	NO
Disposable Sharps Containers	\$35,000	\$8,750	\$8,600	98%	YES
Monitoring Electrodes	\$150,000	\$37,500	\$35,000	93%	YES
Nonsterile Kits			0	90%	YES
Patient Care Plastic and Steel			0	90%	NO
Patient Skin Care	\$50,000	\$12,500	\$12,000	96%	YES
Transparent Dressings	\$130,000	\$32,500	\$29,500	91%	YES
<b>Overall Program Compliance</b>	<b>\$1,000,000</b>	<b>\$250,000</b>	<b>\$187,500</b>	<b>75%</b>	<b>6 of 9</b>

# How It Works

## Impact Program Example

Product Categories	Validated Potential (Annual)	Validated Quarterly Potential (Annual/4)	Current Purchases (Quarter)	Percent Compliant (Purchases/Potential)	Rebate Paid?
Adhesive Tapes	\$10,000	\$2,500	\$2,300	92%	YES
Bonding	\$8,000	\$2,000	\$1,800	27%	NO
Disposable Sharps Containers	\$35,000	\$8,750	\$8,600	98%	YES
Monitoring Electrodes	\$150,000	\$37,500	\$35,000	93%	YES
Nonsterile Kits	\$250,000	\$62,500	\$56,500	90%	YES
Patient Care Plastic and Steel	Opt Out				NO
Patient Skin Care	\$50,000				YES
Transparent Dressings	\$130,000				YES
<b>Overall Program Compliance</b>	<b>\$1,000,000</b>	<b>\$250,000</b>	<b>\$187,500</b>	<b>75%</b>	<b>6 of 9</b>
<b>BONUS: Bonus Category</b>	<b>\$100,000</b>	<b>\$25,000</b>	<b>\$24,000</b>	<b>96%</b>	<b>BONUS PAID</b>

Bonus categories are included as optional categories in some programs, these categories are not included in the calculations of a participants overall program compliance

Participant must be overall compliant in the program and at least 90% compliant in a bonus category to be paid a rebate



# How It Works

## Impact Program Example

What if the participant is below 75% overall compliance...?

Product Categories	Validated Potential (Annual)	Validated Quarterly Potential (Annual/4)	Current Purchases (Quarter)	Percent Compliant (Purchases/Potential)	Rebate Paid?
Adhesive Tapes	\$10,000			2%	NO
Bowel Management	\$120,000			7%	NO
Disposable Patient Positioners	\$255,000	\$63,750	\$35,600	56%	NO
Disposable Sharps Containers	\$35,000	\$8,750	\$8,600	98%	NO
Monitoring Electrodes	\$150,000	\$37,500	\$35,000	93%	NO
Nonsterile Kits	\$250,000	\$62,500	\$56,500	90%	NO
Patient Care Plastic and Steel	\$120,000	\$30,000	\$2,000	7%	NO
Patient Skin Care				96%	NO
Transparent Dress				91%	NO
<b>Overall Program Compliance</b>	<b>\$1,120,000</b>	<b>\$280,000</b>	<b>\$189,500</b>	<b>68%</b>	<b>0 of 9</b>
<b>BONUS: Bonus Category</b>	<b>\$100,000</b>	<b>\$25,000</b>	<b>\$24,000</b>	<b>96%</b>	<b>NO BONUS</b>

With this category now validated the participant falls below 75% overall compliance.

The participant will receive NO rebates for the program if they are not overall compliant, even if they are over 90% compliant in individual categories.

# How It Works

## Impact Program Example

Product Categories	Validated Potential (Annual)	Validated Quarterly Potential (Annual/4)	Current Purchases (Quarter)	Percent Compliant (Purchases/Potential)	Rebate Paid?
Adhesive Tapes	\$10,000	\$2,500	\$2,300	92%	YES
Bowel Management	\$120,000	\$30,000	\$8,000	27%	NO
Disposable Patient Positioners	\$255,000	\$63,750	\$35,600	56%	NO
Disposable Sharps Containers	\$35,000	\$8,750	\$8,600	98%	YES
Monitoring Electrodes	\$150,000	\$37,500	\$35,000	93%	YES
Nonsterile Kits	\$250,000	\$62,500	\$56,500	90%	YES
Patient Care Plastic and Steel	Opt Out	Opt Out	Opt Out		NO
Patient Skin Care	\$50,000	\$12,500	\$12,000	96%	YES
Transparent Dressings	\$130,000	\$32,500	\$29,500	91%	YES
<b>Overall Program Compliance</b>	<b>\$1,000,000</b>	<b>\$250,000</b>	<b>\$187,500</b>	<b>75%</b>	<b>6 of 9</b>
<b>BONUS: Bonus Category</b>	<b>\$100,000</b>	<b>\$25,000</b>	<b>\$24,000</b>	<b>96%</b>	<b>BONUS PAID</b>

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