

2023 HEALTHTRUST UNIVERSITY CONFERENCE

PLAYING TO WIN

ALIGNED FOR SUCCESS
OPTIMIZING OUTCOMES

Improving Efficiencies & Managing Costs in the Laboratory

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July 19, 2023



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Meet the Presenters



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Director, Advisory Services
HealthTrust



Moderator: Drew Preslar, MBA
AVP, Advisory Services
HealthTrust



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VP, Advisory Services
HealthTrust



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Disclosures

- The presenters have no real or perceived conflicts of interest related to this presentation

Note: This program may contain the mention of suppliers, brands, products, services or drugs presented in a case study or comparative format using evidence-based research. Such examples are intended for educational and informational purposes and should not be perceived as an endorsement of any particular supplier, brand, product, service or drug.

Learning Objectives

At the end of this session, participants should be able to:

1. Identify components of a cross-departmental structure which helps to identify, vet and implement savings initiatives.
2. Recall concepts that are important to the success of a cross-functional team structure.
3. Describe critical evaluation aspects of an initiative to make the best decision for the healthcare system.



Part 1

Project Formation

CE Credit Deadline: 8/25/23

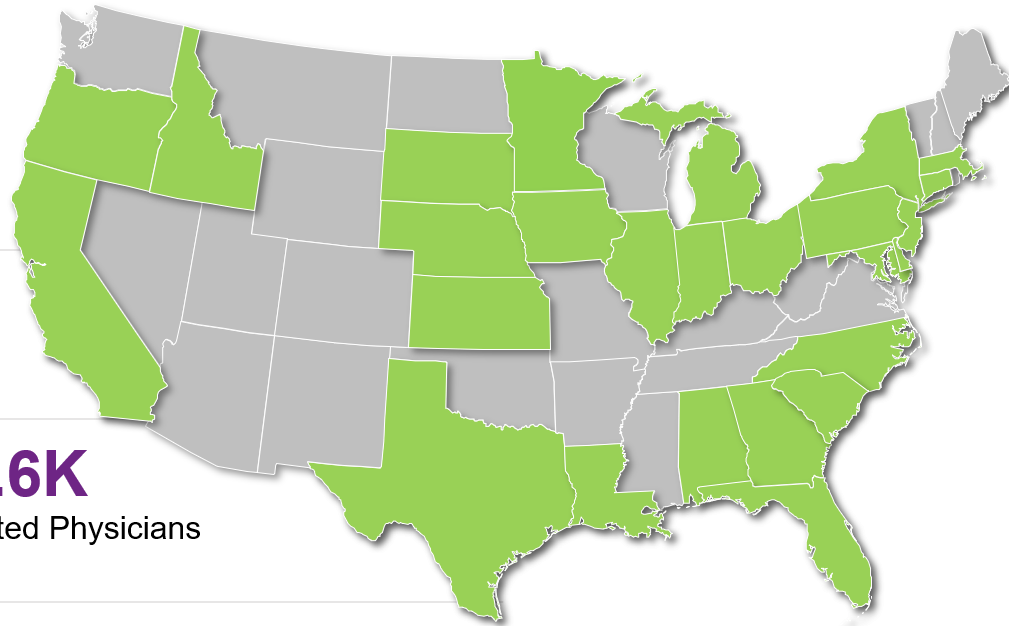
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Discussion Question

1. What prompted Trinity to embark on this journey?
 - What is the size and scale of Trinity Health?
 - How were Lab opportunities identified prior to this project?
 - What were the challenges that Trinity was dealing with?

Trinity Health Overview

One of the Largest Catholic Health Care Systems in the Nation



\$21.5B
In Revenue

26
States

1.3M*
Attributed Lives

\$1.4B*
Community Benefit Ministry

123K
Colleagues

8.3K
Employed Physicians
and Clinicians

26.6K
Affiliated Physicians

88
Hospitals**

17
Clinically Integrated
Networks

135
Continuing
Care Locations**

24
PACE Center
Locations**

136
Urgent Care
Locations**

FY22 data recast to include MercyOne 9.1.2022 acquisition, unless noted. *Trinity Health FY22 data. **Owned, managed or in JOAs or JVs.

Version: 11.1.22

Discussion Question

2. What were some of the structures and processes the team put in place to start the project?



Steering
Committee



Project Charter



RACI Matrix

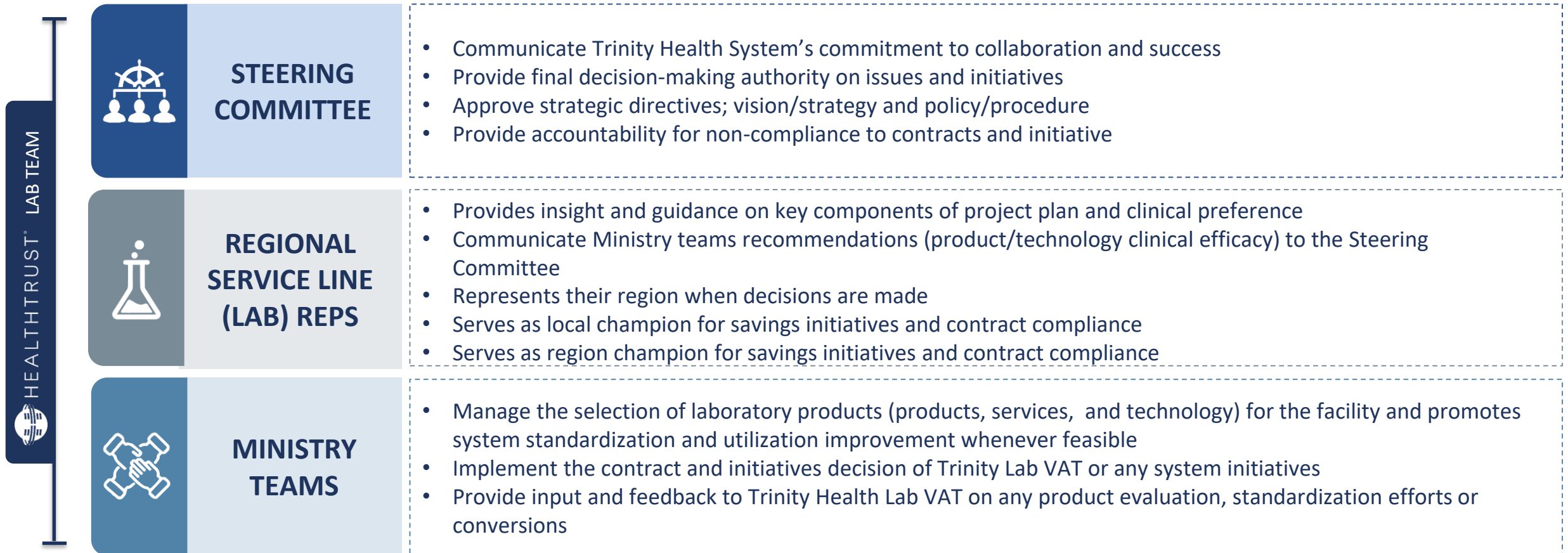


Initiative Review/
Approval Process



Savings Tracking

Project Team Roles & Responsibilities



RASCI Matrix

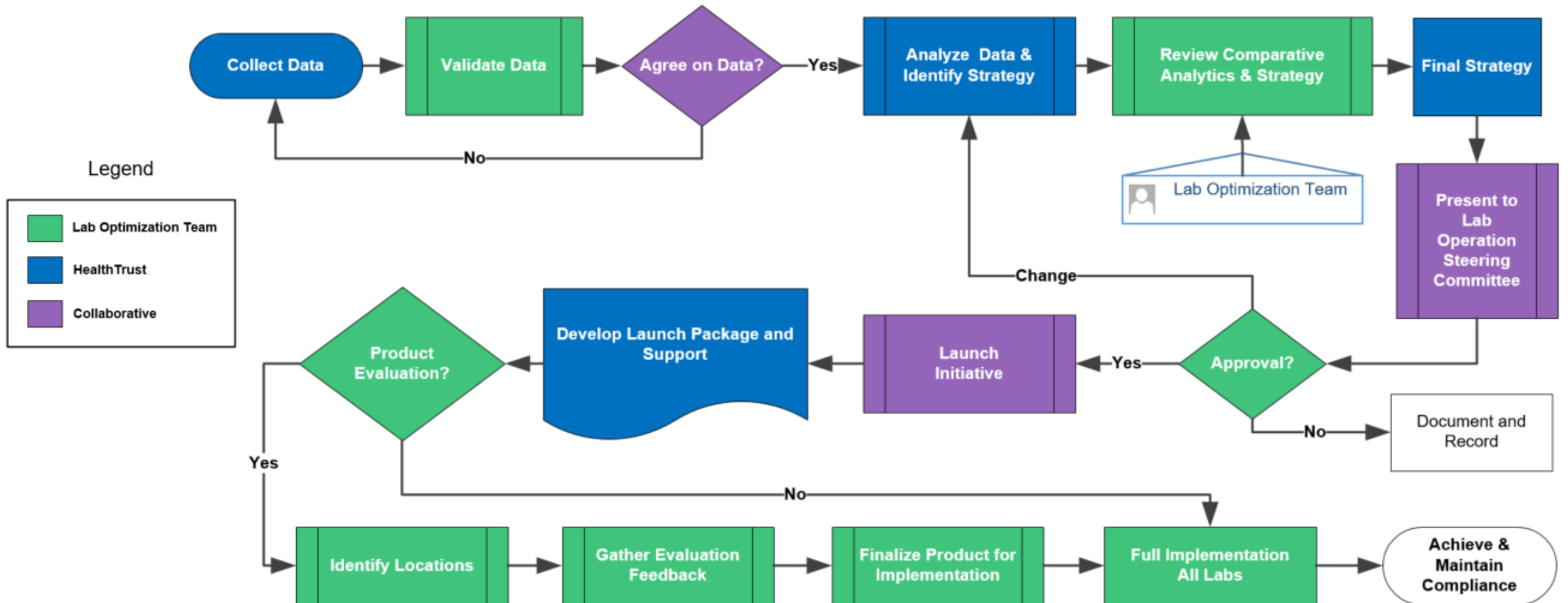
Roles and Responsibilities

Responsible, Accountable, Support, Consulted, Informed

Deliverable or Task	Status	Trinity/Leadership														HealthTrust									
		Ed Hiscock	Dameka Miller	Mike Martin	John Hilton	Lynne Farkas	Meena Rupani	Ross Scott	Scott Gasiorek	Adam Lawing	Suzanne Meinert	Amanda Forth	Dan Pompa	Derek Huntman	Dan Ingram	Rick Phillips	Drew Preslar	Vicki Alberto	Mike Overa	Christa Pardue	Jeff Davidson	Ike Huestis			
Governance and Structure																									
Define Roles and Responsibilities (Supply Chain Ops)		I		A	C			R									C								
Define Roles and Responsibilities (Lab)					A														R						
Define Roles and Responsibilities (Sourcing)		I	A		C			R																	
Organization design and reporting lines (Supply Chain Ops)		I		A	C			R									C								
Organization design and reporting lines (Lab)					A														R						
Organization design and reporting lines (Sourcing)		I	A		C			R																	
Training and Education (Supply Chain Ops)		I		A	C			R									C								
Training and Education (Lab)					A														R						
Training and Education (Sourcing)		I	A		C			R																	
Inventory Management																									
ERP system design				A	C			R	C								S								
Items/inventory mgt (items, pars, min/max, etc.)				A	C			R	C								S								
Ordering processes (requisitions, handheld scanning, etc.)				A	C			R	C								S								
Physical space (layout and flow, special handling requirements)				A	C			R	C										S						

Source: Developed in collaboration between HealthTrust Advisory and Trinity Health. Please do not reprint without permission.

Initiative Review & Approval Process



Source: Developed in collaboration between HealthTrust Advisory and Trinity Health. Please do not reprint without permission.

How to Gain Buy-In

Tell it like it is

Break the initiative down in manageable chunks

Hear employees out

Reverse the flow

Source: "How to Win the Buy-In: Setting the Stage for Change," *Harvard Business Review*: <https://hbr.org/2008/02/how-to-win-the-buyin-setting-t-1>. Accessed 6/1/2023

What is a Cross-functional Team?

Cross-functional collaboration involves individual teams or representatives from separate departments working together to achieve a common goal.

Cross-functional teamwork helps foster relationships amongst teams who otherwise may have never crossed paths, creating a collaborative culture that benefits all levels of an organization.



Source: "7 Benefits of Cross-Functional Collaboration On Workplace Relationships," *Core Strengths*: <https://www.corestrengths.com/cross-functional-collaboration-benefits/>. Accessed 6/1/2023

Discussion Question

3. What were some of the benefits of having a cross-functional team?



1. Insight & Innovation



2. Collaborative Culture



3. Colleague Appreciation



4. Opportunity to Develop Leadership Skills



5. More Engaged Employees



6. Conflict Resolution



7. Team Performance

Source: "7 Benefits of Cross-Functional Collaboration On Workplace Relationships," *Core Strengths*: <https://www.corestrengths.com/cross-functional-collaboration-benefits/>. Accessed 6/1/2023

Source: "Teaming your way through disruption," *Deloitte Insights*: <https://www2.deloitte.com/uk/en/insights/topics/strategy/cross-functional-collaboration.html>. Accessed 6/1/2023



Part 2

Building the Pipeline

CE Credit Deadline: 8/25/23

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Discussion Question

4. How did you all identify opportunities and what were the types of opportunities you identified?



Lab Operations

- Operational Changes
- Standardization (equipment/reagents)
- Reference Lab



Value Analysis & Contracting

- Standardization
- Formulary/SKU reduction
- Right Item, wrong channel
- Product conversion

Discussion Question

5. What were the criteria used to approve and prioritize initiatives?



Impact to Care



Potential Savings



Level of Effort



Alignment to Existing Strategy



Part 3

Implementing Initiatives

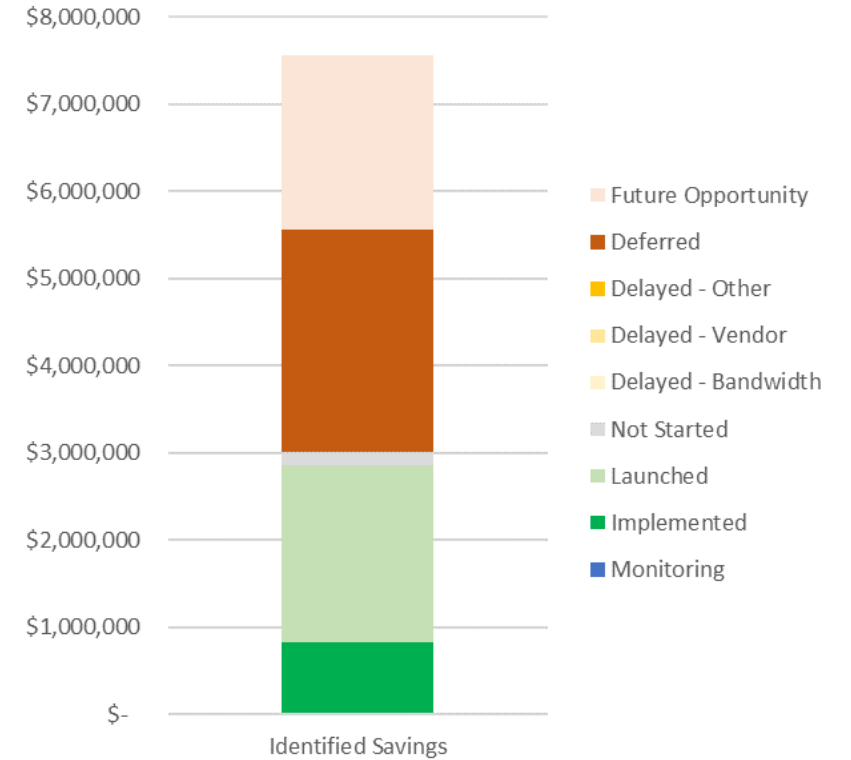
CE Credit Deadline: 8/25/23

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Savings Tracker Summary

Initiative Status	Initiatives	Annual Spend	Identified Savings	Implemented Savings
Not Started	6	\$ 4,773,905	\$ 157,489	\$ -
Launched	5	9,263,807	2,023,857	349,337
Implemented	2	2,433,473	827,568	827,568
Delayed - Vendor	0	-	-	-
Delayed – Bandwidth	0	-	-	-
Delayed - Other	0	-	-	-
Subtotal	13	16,471,185	3,008,914	1,176,905
Deferred	1	5,562,392	2,551,152	-
Future Opportunity	4	7,804,752	2,001,673	-
Subtotal	5	13,403,144	4,552,825	-
Grand Total	19	\$ 25,963,025*	\$ 7,561,739	\$ 1,176,905

Total Identified Savings



Data Source: Trinity Health PO/AP data; 2020 – 2022. Please do not reprint without permission.

	Data Collection	Data Validation	Strategy Development	Revise Strategy	Approved	
# Initiatives	7	1	1	2	13	24
Annual Spend	\$ 34,178,893	11,383,605	1,990,495	590,390	16,471,185	\$ 64,164,568
Identified Savings	\$ -	-	-	-	3,008,914	\$ 3,008,914

Initiative Example – Reference Lab



Scope

Reference Laboratory

- Dual Source Contract with LabCorp and Quest; Neogenomics for specialty ref lab
- Co-tenant of Warde Medical Laboratory which performs at cost testing for nonprofit hospitals

BUSINESS CASE:

- Current spend \$6.5M with a savings opportunity of \$1.8M
- Recommend converting any current testing sent to commercial labs (i.e. LabCorp, Quest, Mayo, and ARUP) to Warde
- Increased volume to Warde = Increased savings for all co-tenants (rebates)
- Convert off-contract spend with Mayo or ARUP to Ward, Quest or LabCorp
- Future goal of standardizing all ref lab testing for Trinity to Warde (if testing is offered)

CURRENT STATE/Potential Savings Opportunity

Ministry	Annualized Spend	Potential Savings
IOWA	\$1,990,495	\$411,289
LOYOLA	\$2,800,625	\$413,851
ST. ALPHONSUS	\$ 250,000	\$186,000
ST. FRANCIS	\$ 406,224	\$257,455
ST. MARY'S WATERBURY	\$1,900,013	\$489,142
Grand Total	\$6,448,267	\$1,757,737

Data Source: Trinity Health AP Data; October 2020 – September 2021.
Please do not reprint without permission.

Source: Jim Cook, MBA, MT(ASCP)DLM, Laboratory Integration and Consolidation in a Regional Health System, *Laboratory Medicine*, Volume 48, Issue 3, August 2017, Pages e43–e52, <https://doi.org/10.1093/labmed/lmw069>

CONVERSION CONSIDERATIONS:

- Cross-reference testing to determine like-for-like platforms, methodology and turn-around-times
- Pathologist/Medical Director approvals for testing conversions
- Address IT/interface delays or limitations

RESULTS:

- \$409K in savings had been realized at the end of the engagement
- Project was on-going and a dedicated resource from Warde was assigned

Initiative Example – Lab Distribution



Scope

Distribution of laboratory supplies to front-line users

- Dual Source Contract
- Key Products: Provides a broad portfolio of laboratory products. Products include general lab supplies and small laboratory equipment

Category	Distributor Reported Total Spend	Estimated Conversion Savings to Brand	SKU Reduction
Distributor Spend	\$ 48,419,131		
Product Categories Conv. to Dist. Brand	360,606	81,600	
Grand Total	\$ 48,779,737	\$ 81,600	

Category	Dist. B Reported Total Spend	Estimated Conversion Savings	Potential Rebates	Potential Savings
Identical	\$ 1,903,452	\$ 113,661	\$ 134,235	\$ 247,896
Alternative	974,837	151,752	61,731	213,483
Other Supplies (Equipment)	309,621			
Other Supplies (MedSurg)	155,043			
Other Supplies - Only distributed by Dist. B	4,486,745			
Grand Total	\$ 7,829,698	\$ 265,413	\$ 195,966	\$ 461,379

Data Source: Trinity Health PO Data; May 2020 – April 2021. Please do not reprint without permission.

BUSINESS CASE:

Opportunities:

- Laboratory Distribution spend with 72 vendors, including Trinity Distribution Center
- Conversion savings opportunity ~ \$542,979 savings

CONVERSION CONSIDERATIONS:

Conversion Phases:

- Phase 1: Identical – Dist. rep reviews volumes with Ministry and seeks approval
- 1A – Dist. rep works with inventory to bring in volumes to local DC
 - 2A – Dist. provides updates to Ministry when product is stocked locally and ready to order
 - 3A – Dist. loads price for price parity across Trinity ministries
 - 4A – Ministry deactivates/activates MMIS# (deplete remaining inventory)

Phase 2: Alternative/SKU Reduction – Dist. rep reviews products and volumes with Ministry

- Dist. rep orders samples when requested
- Dist. rep follows-up with ministry after samples have been evaluated (Repeats Step 1A – 4A)

Initiative Example – Blood Collection Needles and Tube Holders



Scope

Safety blood collection devices used for collection of blood into containers while maintaining safety and protection of the collection professional.

- **Justification for Conversion:** This is a safety category and is currently awarded as multi-source category.
 - Regulatory requirements require all vendors to have needle stick prevention built into either the needle or holder.
 - Lower cost alternatives are available without loss of quality or safety.

BUSINESS CASE:

- Option 1: Savings opportunity of **\$2,535,828**. SKU reduction from 46 to 8 using formulary (excluding items with NO cross)
- Option 2: Focus on reducing use of butterfly needles. Develop algorithm to assist decision making on when to use straight vs. butterfly needle

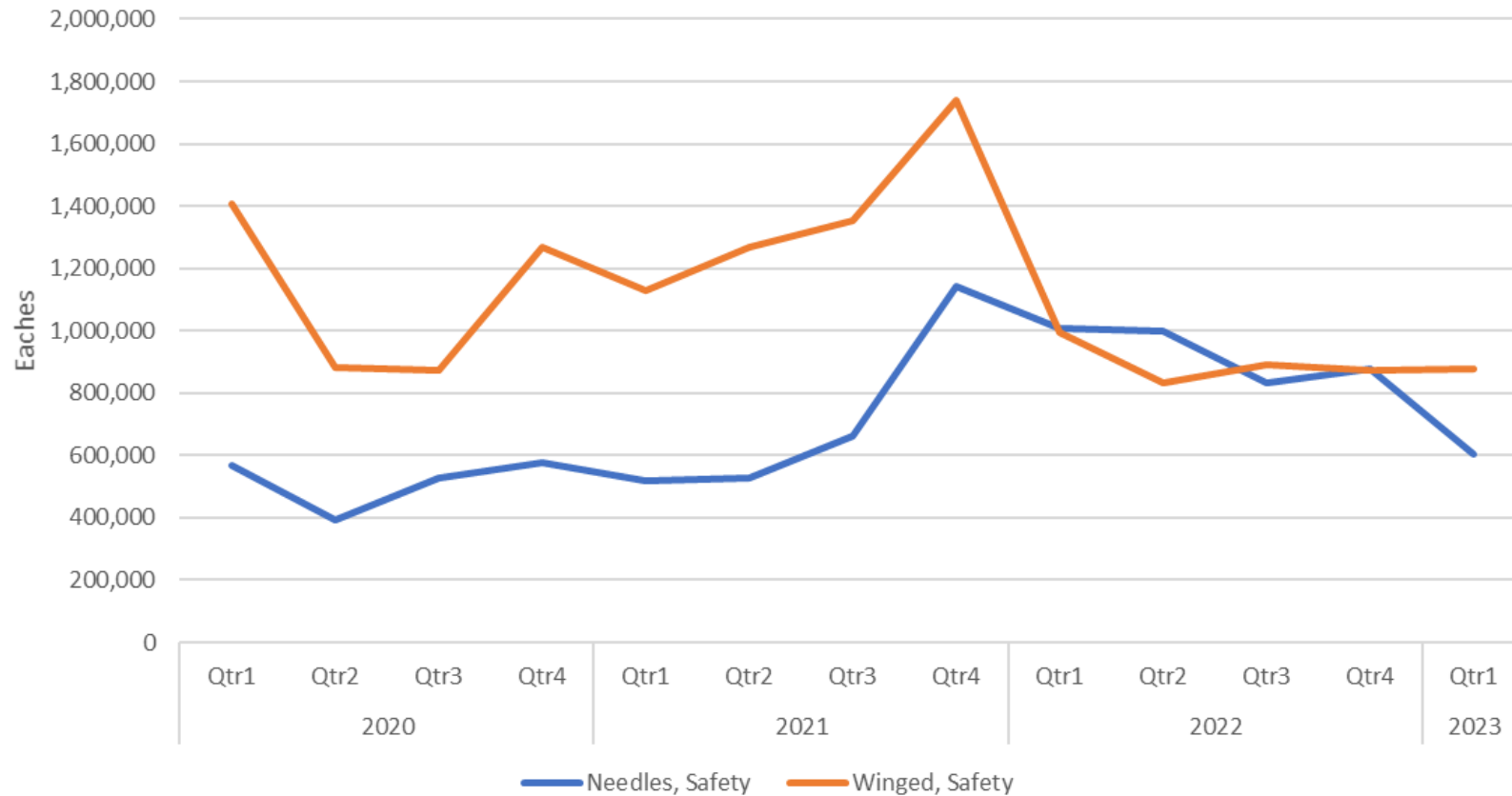
RESULTS:

1. Focused on butterfly needle utilization
2. Increased visibility through executive-level cost reduction
3. Data shows shift in utilization from butterfly to straight needles

Annual Spend	Vendor 1 Savings	Vendor 2 Savings	Vendor 3 Savings
\$ 5,545,828	\$ 2,535,292	\$ 1,220,051	\$ 103,605

Data Source: Trinity Health PO Data; July 2020 – December 2020. Please do not reprint without permission.

Blood Collection Needles and Tube Holders



Data Source: Trinity Health PO Data; January 2020 – January 2023. Please do not reprint without permission.



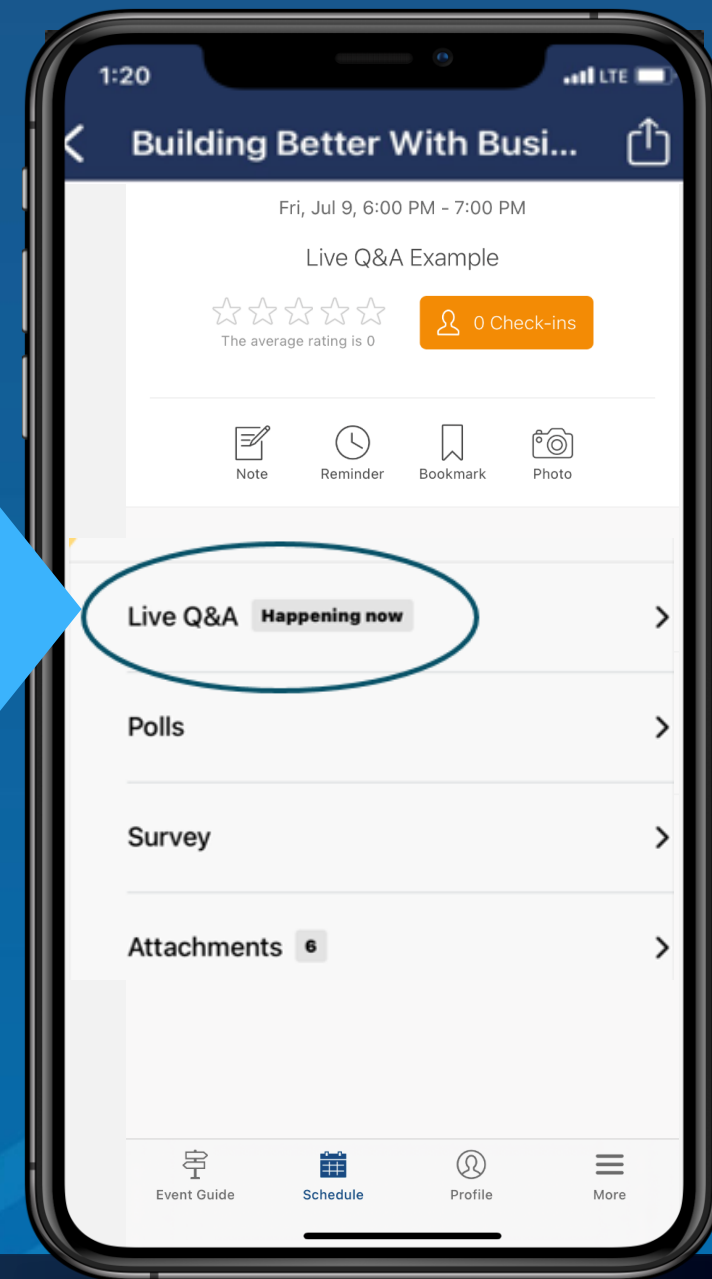
Lessons Learned



Audience Q&A

Use the conference mobile app to ask your question

- › Select session name
- › Click on “Live Q&A,” then “Ask a Question”
- › Type your question & hit “Submit”
- › Send in any time; Qs will be held until the end of the session



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Thank you...

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