



The Benefits of UDI - From the perspective of a major US GPO

October 1, 2013





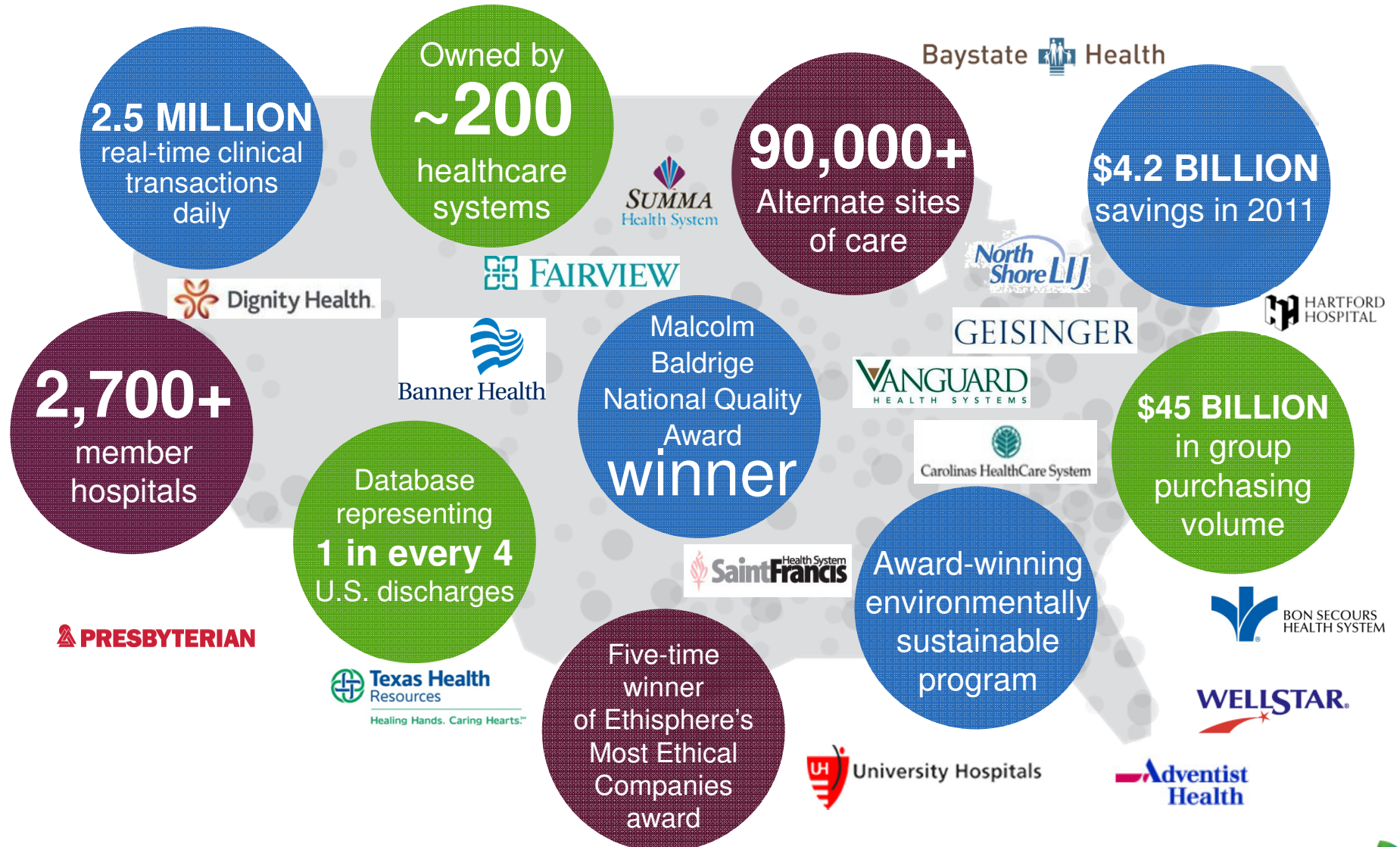
Topics

- **The Premier healthcare alliance.**
- **Benefits of UDI.**
- **Healthcare standards in the US (Past & Now).**
- **What is needed to realize benefits?**



► Premier Healthcare Alliance - The nation's largest

Our mission: To improve the health of communities



Topics

- ▶ The Premier healthcare alliance.
- ▶ **Benefits of UDI.**
- ▶ Healthcare standards in the US (Past & Now).
- ▶ What is needed to realize benefits?



Benefits of UDI. Cost and Safety

▶ Reduce the cost of Healthcare

- ❖ Supply chain efficiency (*Manufacturer, Distributor, Provider*)
- ❖ Healthcare provider processes (*Sourcing, logistics, inventory, billing*)
- ❖ Value based purchasing (*Analytics, product value comparison*)
- ❖ Recall of products (*Adds expense to all parts of supply chain*)
- ❖ Reduce duplication (Reduce redundant inventories and associated cost. (\$60-\$94 billion))
- ❖ Reduce Obsolescence. (*\$19-\$27 billion*)

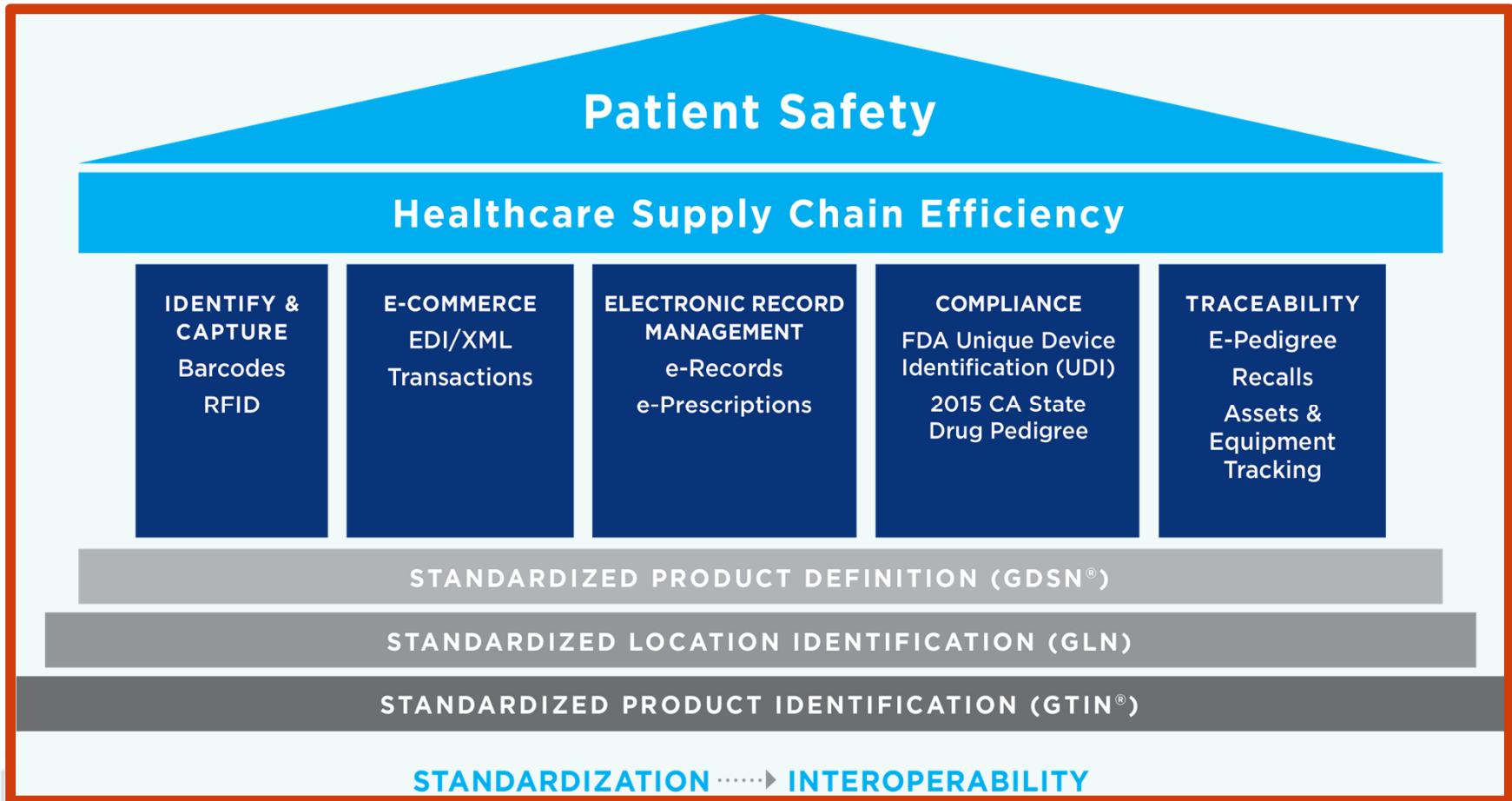
▶ Improve Patient Safety and the health of our communities

- ❖ Recall of products (a common vocabulary for reporting and enhance tracking abilities). (*105,000 medical devices per year*)
- ❖ Right patient, Right time, Right Device
- ❖ Better and more complete product information for clinical decisions
- ❖ Comprehensive patient health record (*includes product information*)
- ❖ Dependable product information for Consumer (*Business to Consumer*)



Benefits of UDI.

Improving Patient and Supply Chain Efficiency



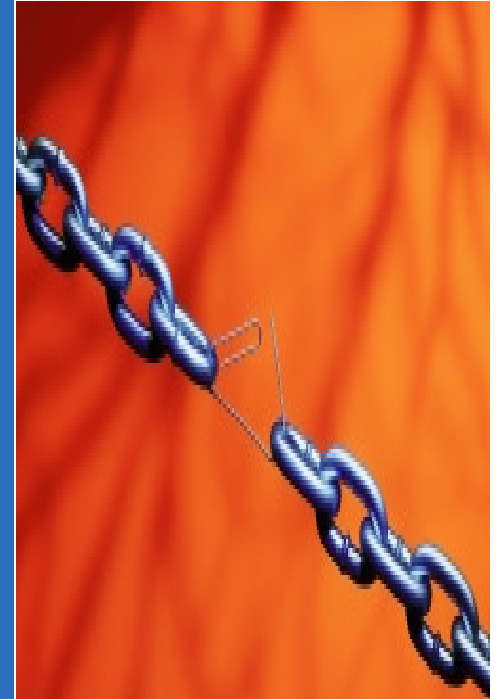
Benefits of UDI -- McKinsey & Company Findings Strength in Unity



- ❖ “ We have reviewed more than 25 case examples of **collaborations**. Our evaluation of these examples of early standards adoption suggests that even in these one-off applications, **each participant in the healthcare system “microcosm” generated significant benefits.**”
- ❖ “ Analysis of expected investments and potential benefits that could accrue to each player in the healthcare value chain indicates that **all parts of the system could achieve a positive return on investment from adopting global standards** and enabling business processes – if a “critical mass” of channel partners adopt the same standards.”
- ❖ “ Achieving this improvement will **require a concerted effort by industry leaders who work across competitive and customer-supplier relationship boundaries** to agree on a common vision and approach.”

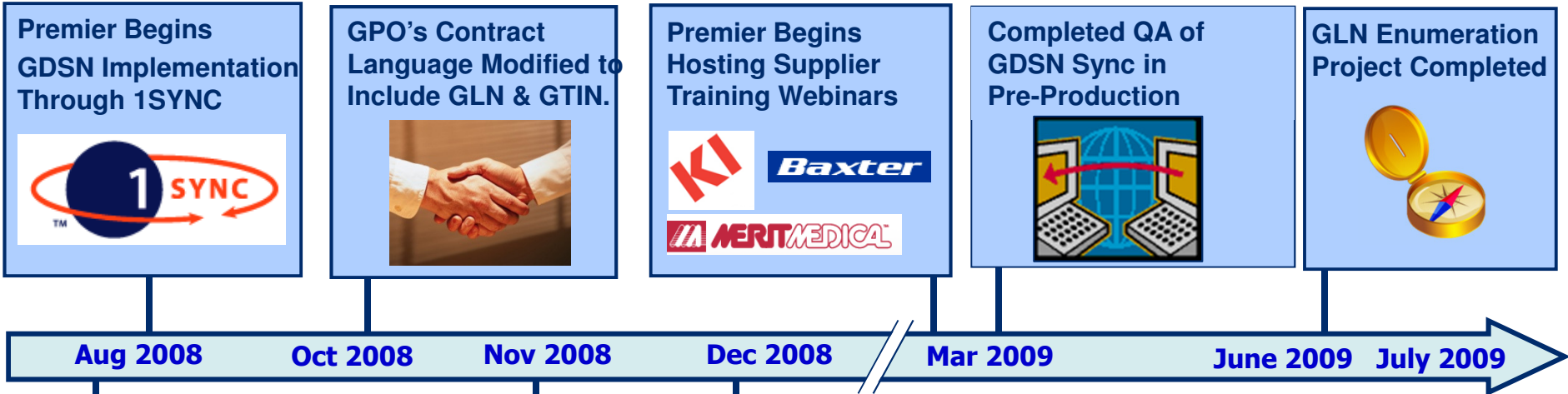
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Healthcare Standards in the US - History



Supplier Training

GS1 Data Standards presented to all new contracted Suppliers

One-on-One Supplier Training

Premier's Strategic Advisory Committee Endorses GS1 Healthcare Data Standards:

<p><i>[Signature]</i> Ruth Cullinan Vice President, Supply Chain Management Cardinal Health, Inc.</p> <p><i>[Signature]</i> David Christensen CEO Pacific Health Services</p> <p><i>[Signature]</i> Lowell Clark Vice President, Materials Management Abbott Health</p> <p><i>[Signature]</i> Frank Farnikowski Corporate Director, Materials Management Bristol Health, South Florida</p> <p><i>[Signature]</i> Larry Fogarty Vice President, Supply Chain Management Medtronic</p> <p><i>[Signature]</i> John Gandy Sr. Vice President, Supply Chain Management Texas Health Resources</p> <p><i>[Signature]</i> Colin J. Dwyer VP, Supply Chain Management Catholic Healthcare Partners</p> <p><i>[Signature]</i> Tom W. Hines Sr. VP, Supply Chain Services Yankee Global Supply Chain Corporation, Inc.</p> <p><i>[Signature]</i> David J. Zipes Vice President, Corporate Contracting West Penn Allegheny Health System</p>	<p><i>[Signature]</i> Donald Grubbs Corporate Vice President, Materials Resource Management United Medical Center</p> <p><i>[Signature]</i> Mark Harshbarger Vice President, Material Management Sharp HealthCare</p> <p><i>[Signature]</i> Jan Lee MSJ President Material Management Harborview Health System</p> <p><i>[Signature]</i> Chris Moore, Jr. Vice President Supply Chain Emergency Health Services</p> <p><i>[Signature]</i> Jim O'Connor Vice President Supply Chain Johns Hopkins Health System</p> <p><i>[Signature]</i> James O'Neil General Director, Materials Management PennState</p> <p><i>[Signature]</i> Brian O'Connell Sr. VP, Procurement Children's Hospital of Philadelphia</p> <p><i>[Signature]</i> Doug Rosen Vice President, Materials and Technology Management The Children's Hospital of Philadelphia</p> <p><i>[Signature]</i> Tom S. Sells Vice President, Supply Chain Blue Bell Health Services, Inc.</p> <p><i>[Signature]</i> Susan A. Swanson Vice President Health Enterprise Cooperative</p>	<p><i>[Signature]</i> Michael J. Pappas Corporate Vice President, Supply Chain Management SSI Health Care</p> <p><i>[Signature]</i> Ronald Schaefer Vice President, Materials Management Allegheny Health Services, Inc.</p> <p><i>[Signature]</i> Michael J. Smith Executive Vice President Supply Chain Services University of Texas M.D. Anderson Cancer Center</p> <p><i>[Signature]</i> John Thomas Vice President, Contract Operations Children's New York Presbyterian Association</p> <p><i>[Signature]</i> Catherine West Corporate Director Supply Chain Management Allegheny Health Services</p> <p><i>[Signature]</i> Mark West Director, Director Cleveland Clinic</p>
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- Letter Publicized
- 25 Owners > 50% Spend

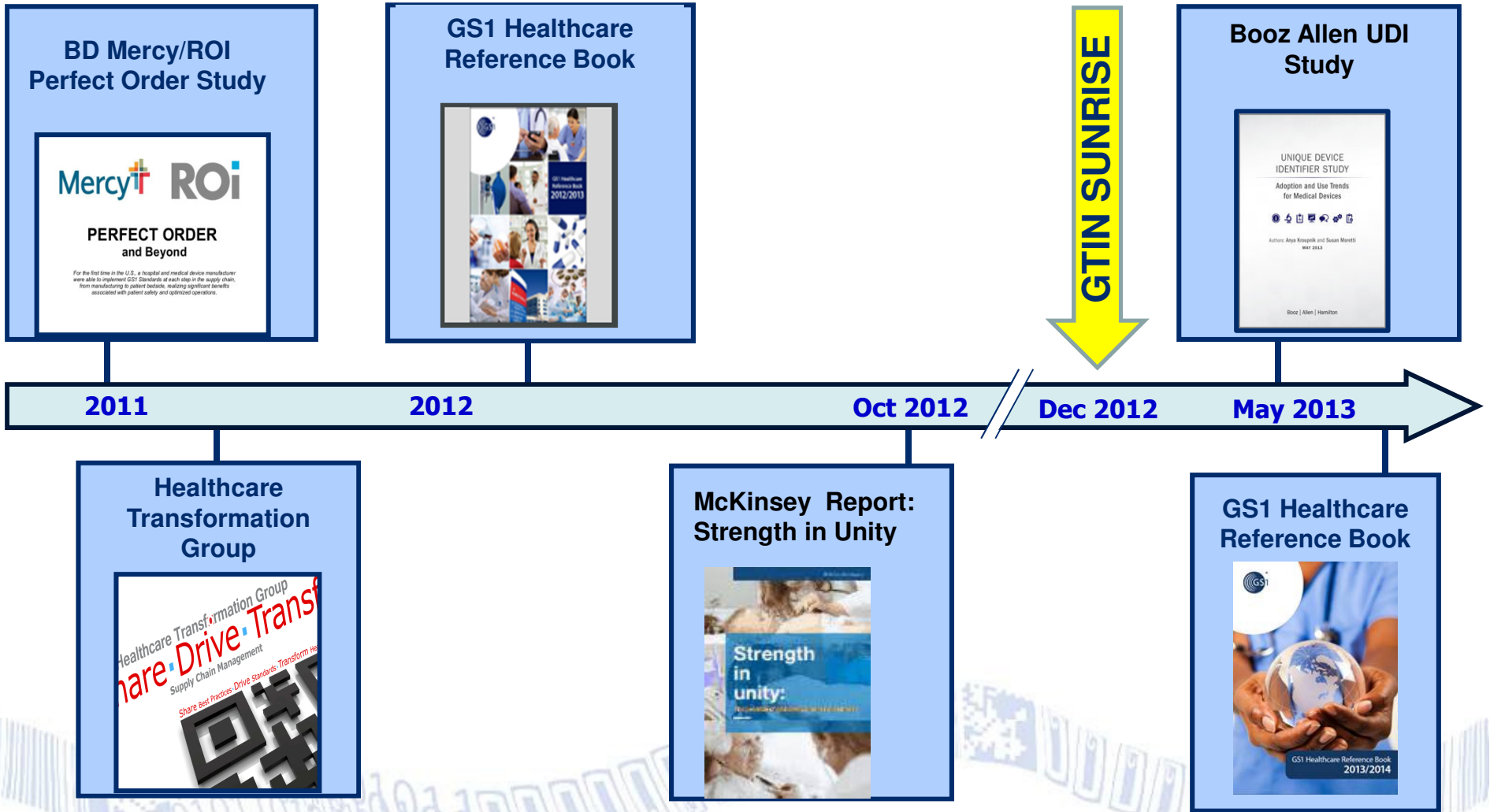


Healthcare Standards in the US - History





Healthcare Standards in the US - History



Healthcare Standards in the US - History



The Perfect Order and Beyond

Findings:

- ❖ **A 30% reduction in days payable outstanding** resulted in additional early pay discounts from faster payments that require less manual intervention.
- ❖ **73% reduction in discrepancies**, including a complete elimination of vendor part number and unit of measure (UOM) discrepancies by supplanting part number and UOMs with GTINs on purchase orders.
- ❖ **Improved sourcing of products** by use of a single scan of a barcode to determine the right product and product UOM to reorder.
- ❖ **Less calls to customer service** in the sourcing process.
- ❖ **Fewer stock outs** due to the inherent simplicity offered to nursing staff for scanning barcodes at the bedside.
- ❖ **Better charge compliance** resulting from scanning as a surrogate to traditional practices.

Healthcare Standards in the US - Now *Health Information Technology for Economic and Clinical Health (HITECH) Act – Automating the Health Information*


HealthIT.hhs.gov: Home - Microsoft Internet Explorer

Address: http://healthit.hhs.gov/portal/server.pt?open=512&objID=12048&parentname=CommunityPage&parentid=58&mode=28&in_hi_userid=10741&cached=true

Health Information Technology and For the Future of Health Care

Home > Health IT Home

Secretary Sebelius: Health IT helped ensure patients get better care



The Columbia Basin Health Association (CBHA) was one of the first community health centers in the United States to fully transition to an electronic health record (EHR) system from paper-based charts. Since implementation, CBHA has consistently ranked above the 95th percentile nationally in total medical and dental team productivity, as reported in the Bureau of Primary Health Care Uniform Data System.

- "A Success Story In American Health Care" released by HHS Secretary Kathleen Sebelius, 10/1/09

Press Release: [Read what Secretary Sebelius says about the new report.](#)

Report: [Read how the Columbia Basin Health Association has used health information technology to improve the efficiency and quality of care for Americans living in rural communities.](#)

Why Health IT?

Health information technology (health IT) allows comprehensive management of medical information and its secure exchange between health care consumers and providers. Broad use of HIT has the potential to improve health care quality, prevent medical errors, increase the efficiency of care provision and reduce unnecessary health care costs, increase administrative efficiencies, decrease paperwork, expand access to affordable care, and improve population health.

Improving Patient Care

Interoperable health IT can improve individual patient care in numerous ways, including:

- Complete, accurate, and searchable health information, available at the point of diagnosis and care, allowing for more informed decision making to enhance the quality and reliability of health care delivery.
- More efficient and convenient delivery of care, without having to wait for the exchange of records or paperwork and without requiring unnecessary or repetitive tests or procedures.
- Earlier diagnosis and characterization of disease, with the potential to thereby improve outcomes and reduce costs.
- Reductions in adverse events through an improved understanding of each patient's particular medical history, potential for drug-drug interactions, or (eventually) enhanced

SPOTLIGHT

- [HITECH Grant Programs](#)
- [Meaningful Use](#)
- [HIT Policy Committee](#)
- [HIT Standards Committee](#)

Coordinator's Corner

A series of ongoing updates from Dr. David Blumenthal, National Coordinator for Health Information Technology.

[Read Dr. Blumenthal's latest update about HITECH and Information Exchange.](#)

[All updates in this series.](#)

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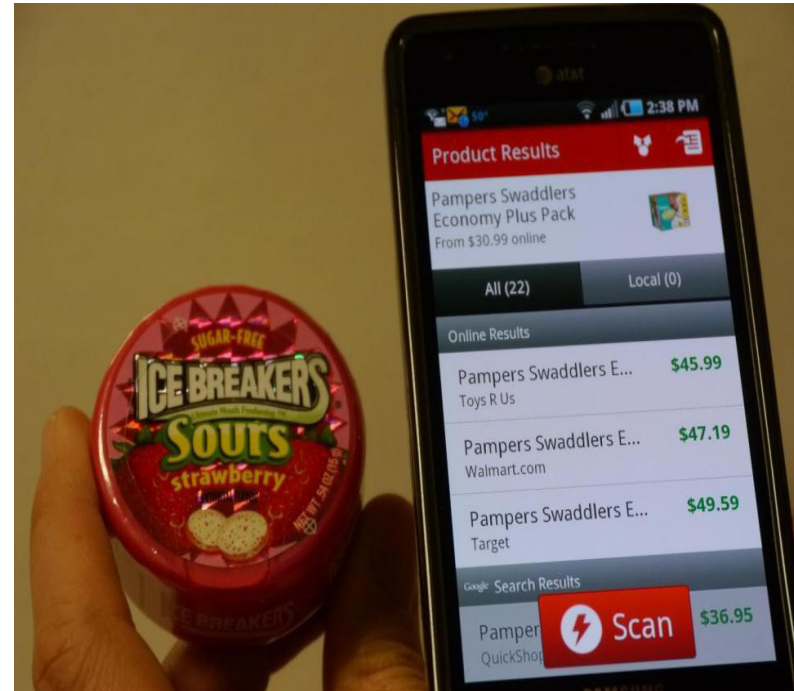
Know what to do about the flu.

VISIT FLU.GOV

Healthcare Standards in the US - Now

Business to Consumer (B2C)

- ❖ **36%** of the world's population owns a smartphone (Nielsen, 2011)
- ❖ **50%** of all retail sales are web-influenced (Forrester, 2011)
- ❖ **80%** of consumers use social networks to research new products (IBM, 2012)



Product Information is often lacking!

Healthcare Standards in the US - Now

Consumer Demand...The Attribute Explosion ! (Core)

Primary UPC

Product Type

Height UOM

Container Type

Base Unit of Measure

Deposit UPC

Material #
Product Category
Container Content

Gross Weight

Volume UOM

Prod Hierarchy

Product Percent Juice

Gross Weight UOM

Depth

Net Weight UOM

Cluster

Net Weight

Height

Business Unit

Material Group

Item Identifier

Graphics Specialty



Graphics Specialty Base

Width

Depth UOM

Cluster Material

GTIN

Cluster Marketing Wrap

Trademark Family

Vending

Container Specialty

Product Sub-Group

Nationally Priced

SAP Description

Volume

National Account Package Code

Health Category

Width UOM

MFG Code

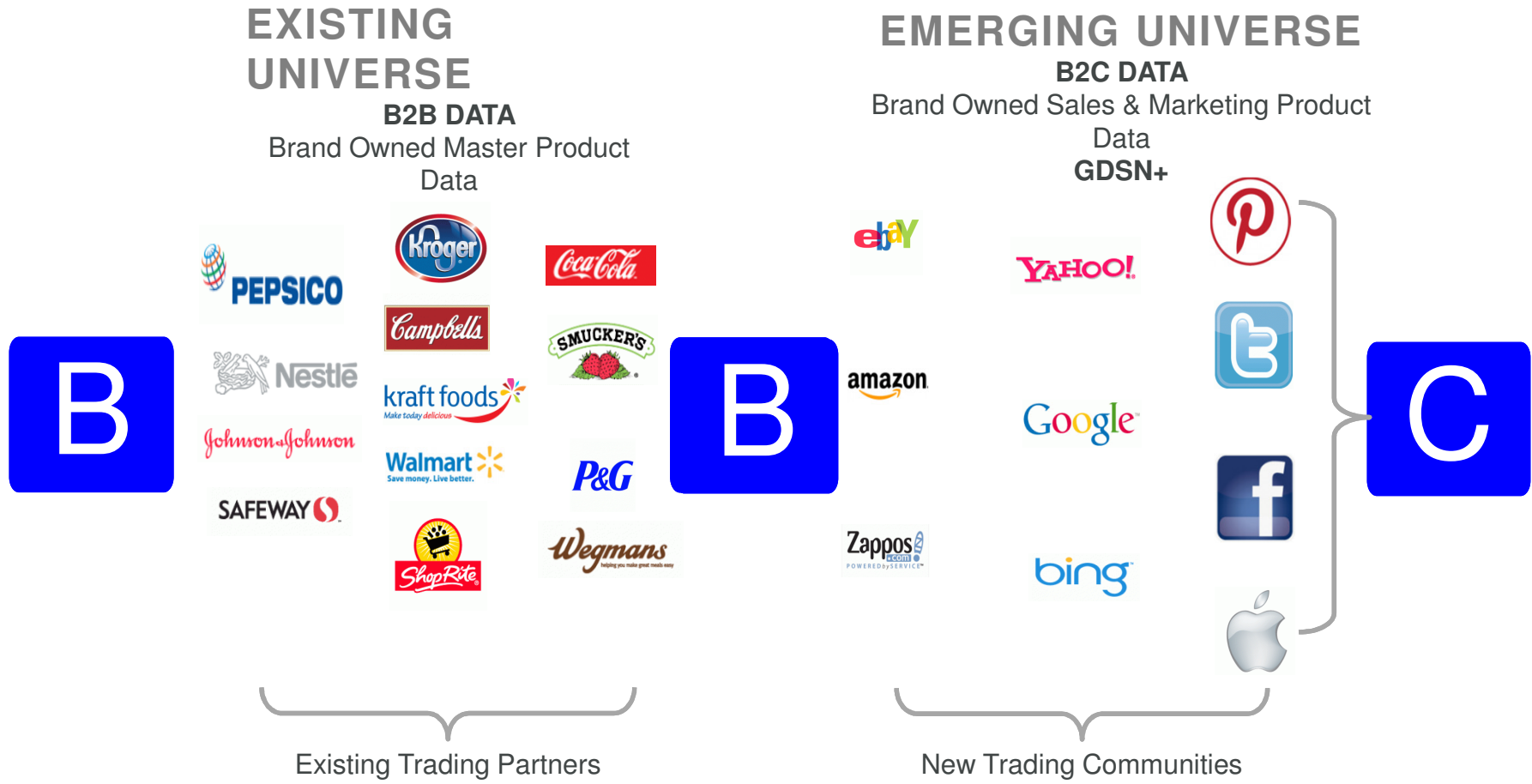
Pallet Stack Height

Healthcare Standards in the US - Now

Consumer Demand...The Attribute Explosion ! (Core, GDS)

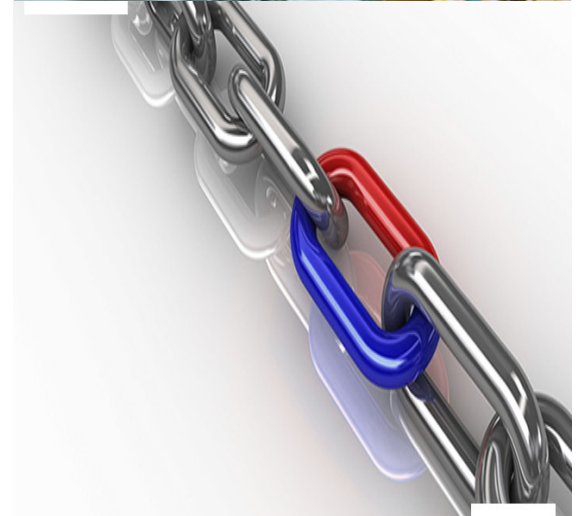


Healthcare Standards in the US - Now Dependable Product Information Business to Consumer

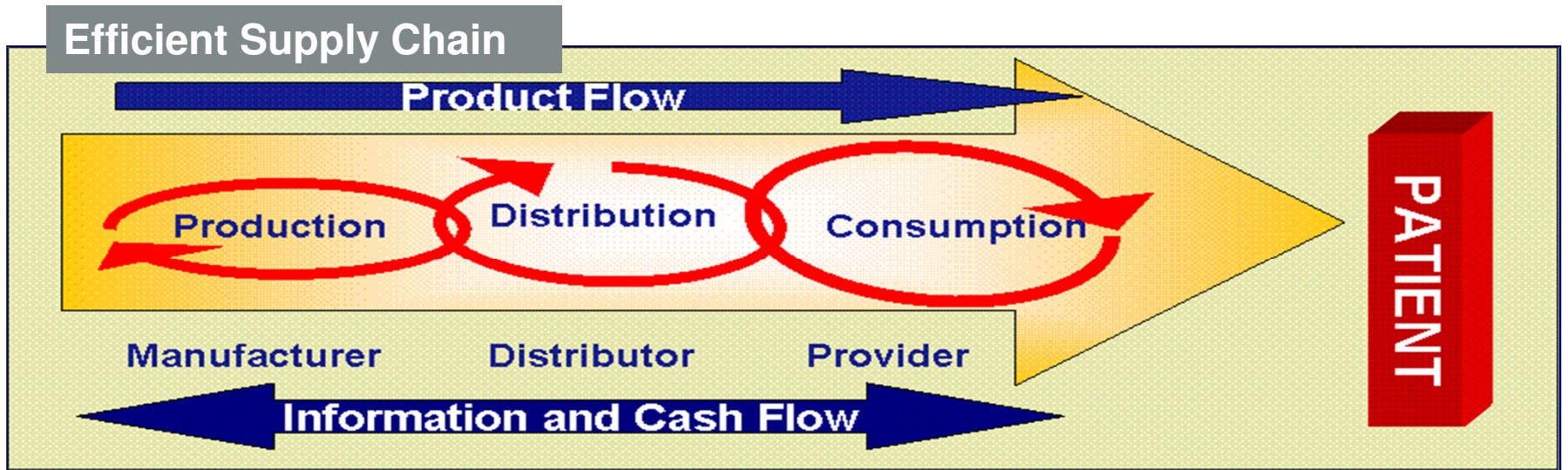
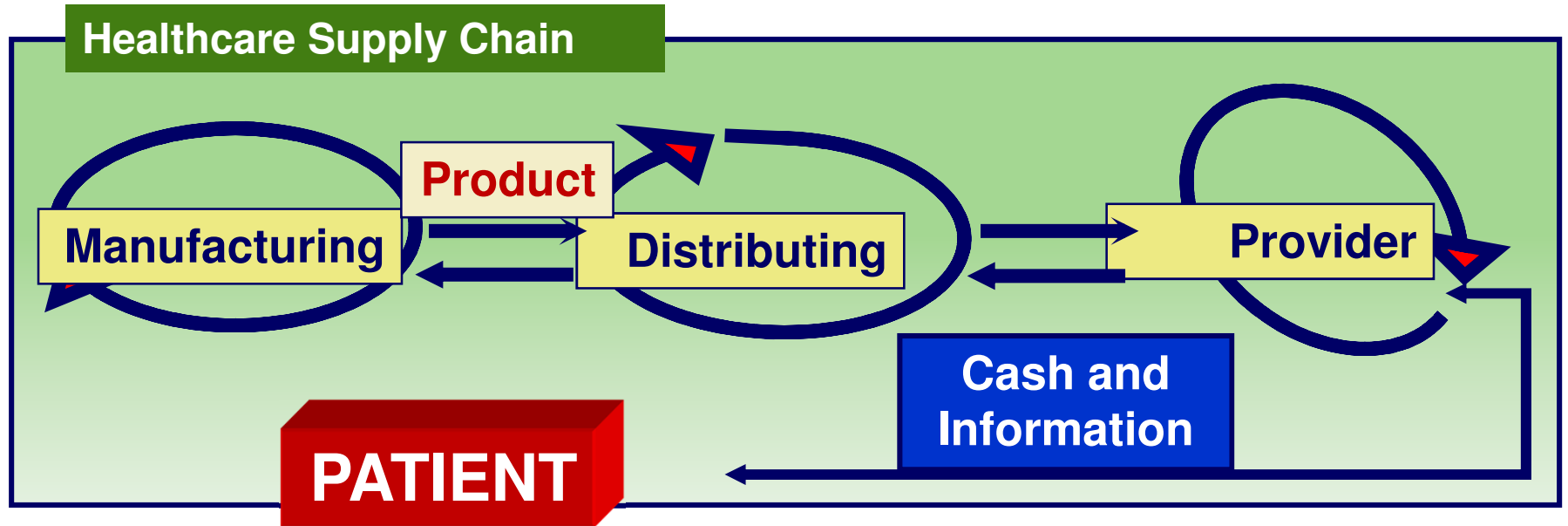


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What is needed to realize benefits? Collaboration / Unity



Healthcare Standards in the US - Collaboration

Manufacturer's



Payer's



Distributor's



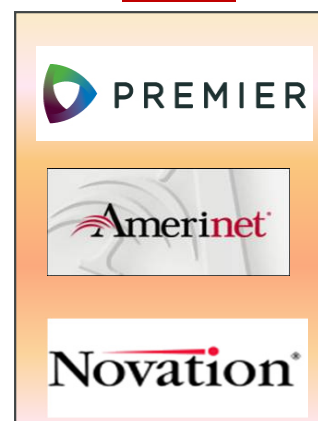
On Boarding



Data Pool's



GPO's



Provider's

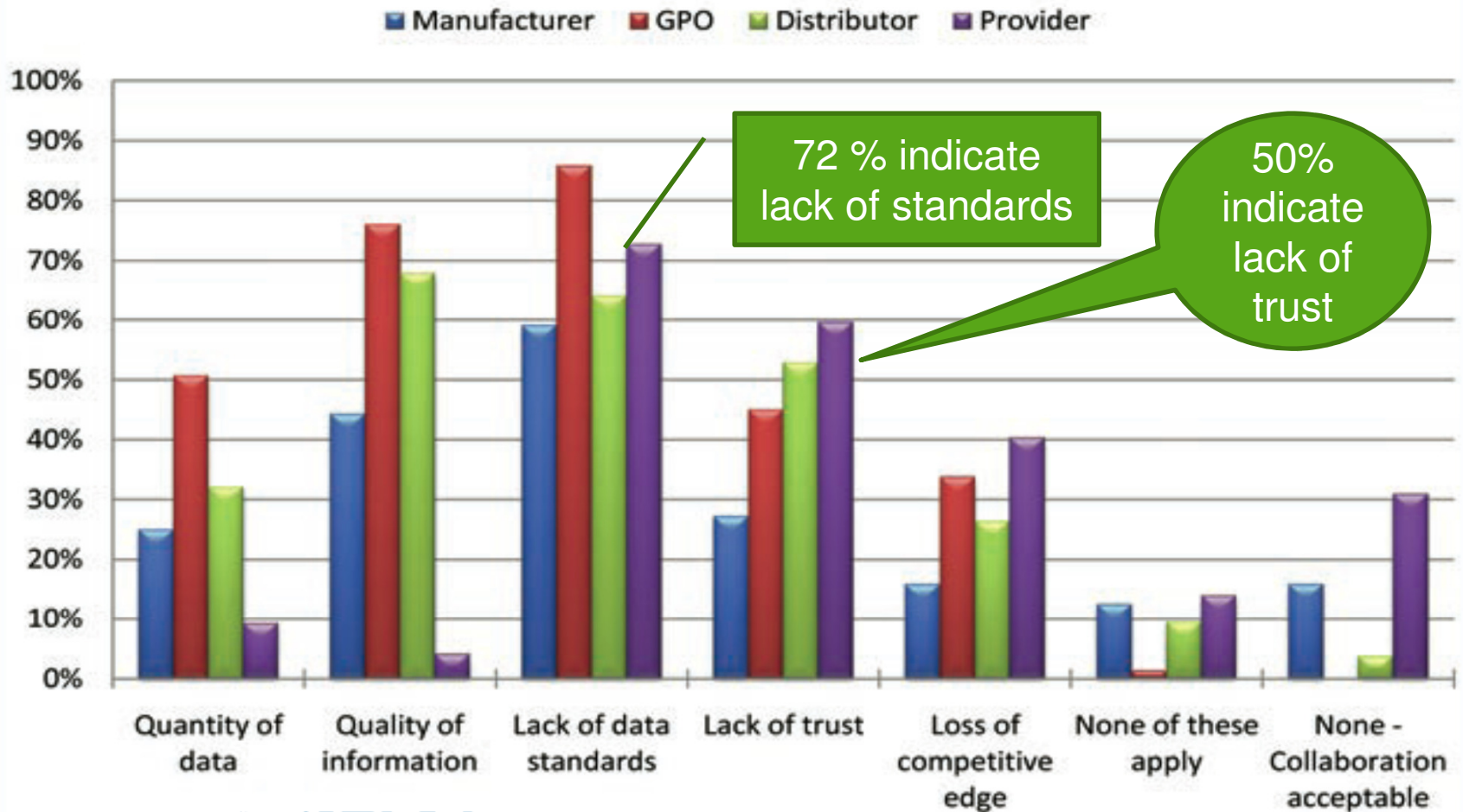


MMIS

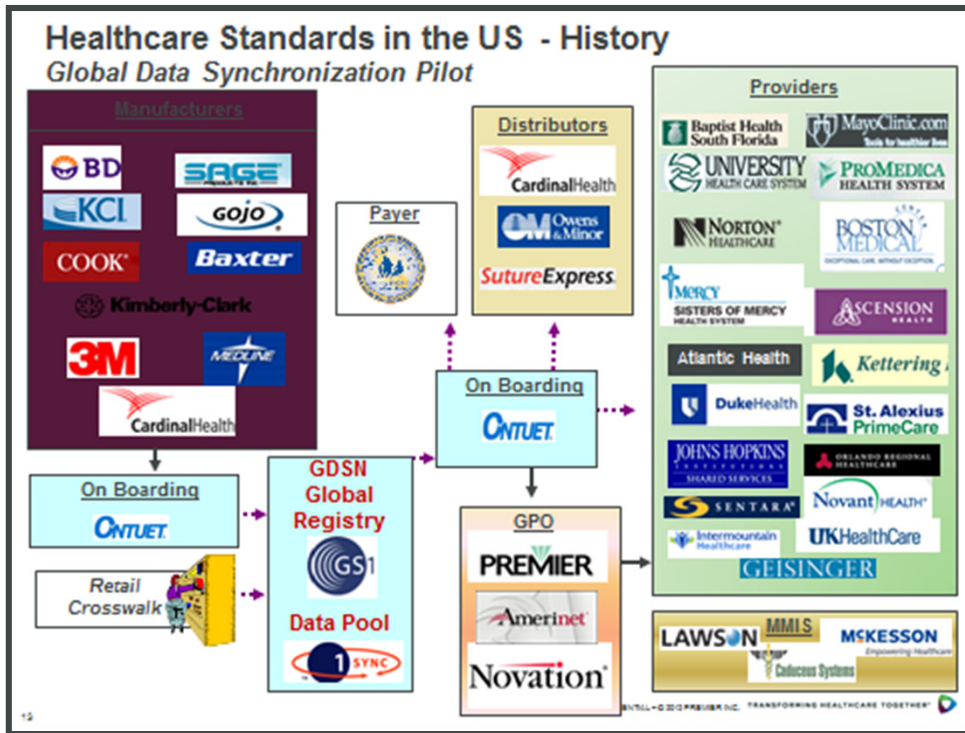


What is needed to realize benefits? Collaboration / Unity

Barriers to reaching acceptable level of collaboration among supply chain organizations



What is needed to realize benefits? Collaboration / Unity



in the US - History

ROI

BD
Helping all people live healthy lives

der and Beyond

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Panel
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The Office of the National Coordinator (ONC) has asked HITSP to assist it in meeting its requirements for designating standards that support designated ARRA focus areas for healthcare, and ultimately, that support ARRA's notion of "meaningful use"

What is needed to realize benefits? UDI Implementation – Technology / Business Processes

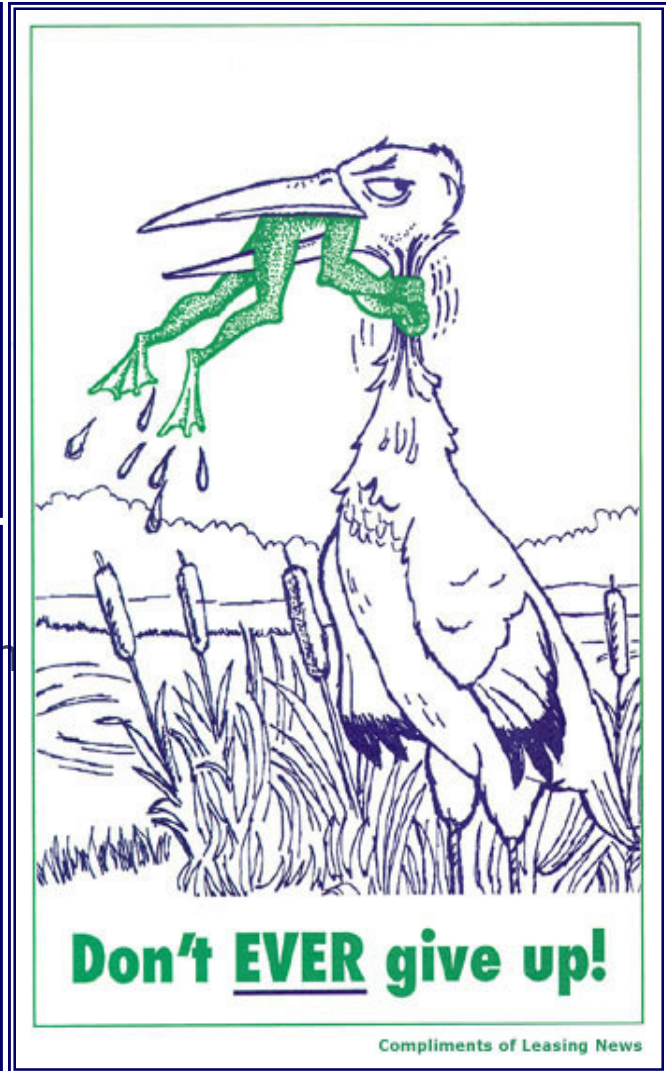
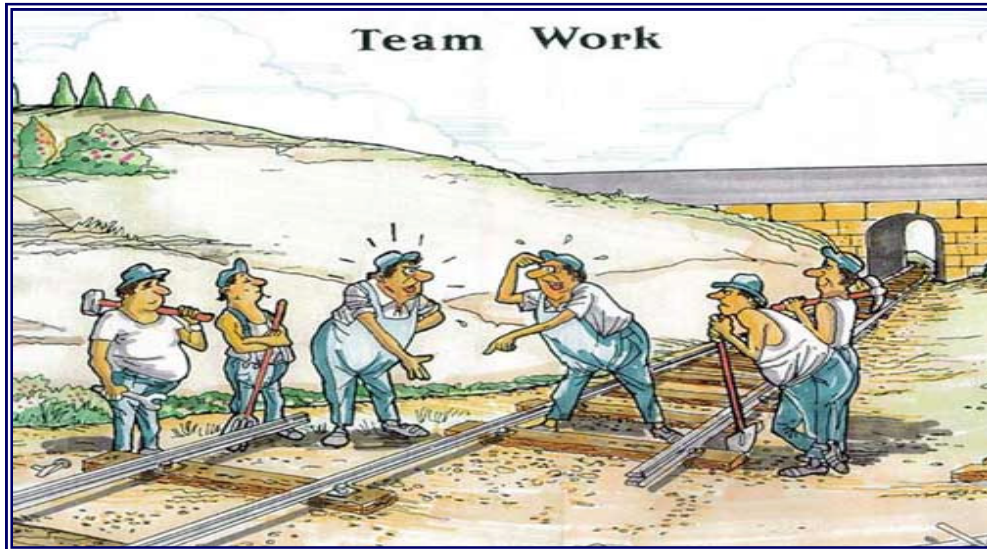
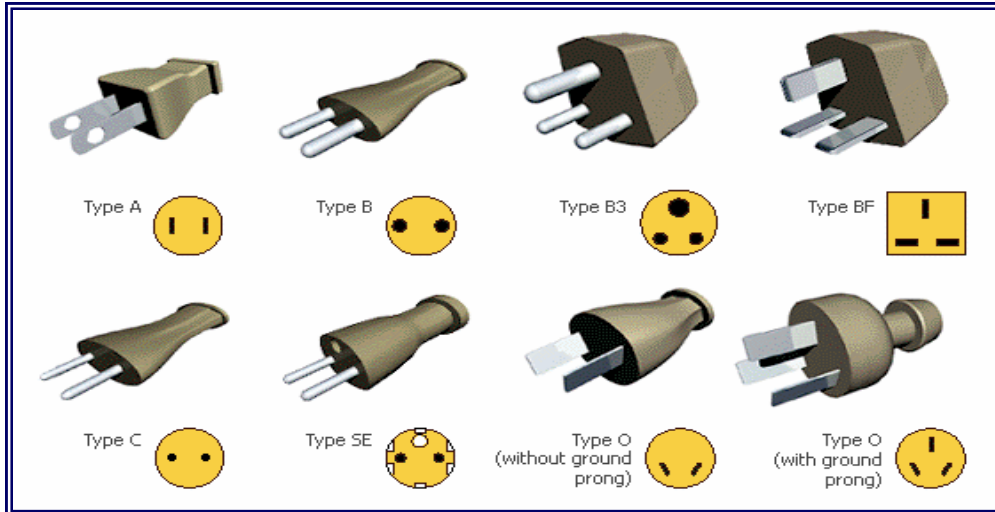
An iceberg floating in dark water. The tip of the iceberg, which is visible above the water line, is labeled with the text 'Technology Changes (The Easy Part)'. The much larger, submerged part of the iceberg is labeled with the text 'Business Process Changes (Essential)'.

Organizational Commitment
Supply Chain Partner Commitment
Technology Changes (*The Easy Part*)

Business Process Changes (*Essential*)

- **Item Master Management**
- **Patient / Device scanning in the OR and Cath Lab**
- **Inclusion in EHR and Order Entry systems**
- **Systems integration**
- **Recall management processes**
- **Consistent deployment across an IDN**
- **Etc.**

What is Needed?





Contact Details

GS1 Global Office

Avenue Louise 326, bte 10

B-1050 Brussels, Belgium

T + 32 2 788 78 00

W www.gs1.org

