

Voluntary Hospitals of America | Yale-New Haven Health System Case Study

Success Begins and Ends with Collaboration

The best enterprises know they are never too big or established to learn from others. That's why they make the effort to create a learning community from the inside out.

In fact, when the best want to get better, they seek out well-versed and trusted allies to collaborate with and plan an intelligent course of action. Time and again, Yale New Haven Health System (YNHHS) has found that trusted ally in VHA.

"We rely heavily on VHA as a resource for cost containment as well as for industry knowledge," says Pam Scagliarini, system director for supply chain management at YNHHS. "And so, whether it's a portfolio of products, specific issues within healthcare reform or value-based purchasing, VHA is at the top of the list of those we call to get an informed perspective."

The strategic use of networking

Key to driving performance in supply chain and clinical settings is the ability to access best practices and promote professional development. When structured well, formal and informal networking provide excellent opportunities for both.

Sue Fitzsimmons, chief nursing officer at YNHHS, offers the education and development of the chief nursing officer role as one example where networking pays off. Finding the support to grow in that role has been a thread throughout her career at various VHA regional and district offices, as well as at VHA National Conferences.

"VHA has been very valuable as a connecting glue to create a community of nursing leaders," says Fitzsimmons. "It's helped us all envision the evolution of the CNO's role."

At one point, Fitzsimmons was part of the National Nursing Leadership Committee, a group of VHA nursing leaders from around the country.

"We did some very important things nobody else was doing at the time. We explored the role of the chief nursing officer – regardless of institution type or size – and we asked some fundamental questions. What competencies does your CNO really need? What kind of education? How do you develop the role? These were the things we were looking at."

Fitzsimmons says that while the networks and learning from each were important, so was VHA's ability to bring national experts into the conversation. "VHA has engaged with a lot of commissions, including those with the AHA, the Institute of Medicine and the President's Commissions on the use of IT into the future. As a result, VHA has created a place for nursing leadership at the table with a lot of these different organizations."

Fitzsimmons reports that all of these efforts have resulted in a positive impact on patient outcomes in such areas as nursing sensitive indicators, pressure ulcer improvement, fall rates with injury, urinary tract infection and return to care. “There’s a huge piece of what I do that’s connected to this institution’s ability to be successful with core measures, which ultimately influences the bottom line.”

Plugging into shared thought leadership

Scagliarini is turning networking opportunities into supply chain opportunities for Yale New Haven. She’s actively involved in the Large Integrated Systems Network (LISN), a select group of VHA members that work with VHA on key supply chain initiatives.

“LISN is one of the best groups that I’m involved in. And quite frankly, the participants really own that group,” says Scagliarini. “Though VHA very much supports the group behind the scenes, it has worked really hard to make sure the ownership falls with the members.”

Scagliarini believes LISN is a good example of how VHA helps hospitals accomplish more than they could on their own. “It’s one thing to convene with a bunch of hospitals in your state or region,” she says. “But to be able to have a constructive discussion and actually pursue initiatives with those that are most like you and your size – and have very similar objectives – is really key.”

LISN discussions focus on such topics as digital standards, Global Location Numbers (GLN) and how to sustain and retain good supply chain employees – all major initiatives in the supply chain world. “It helps us check our priorities against key priorities at other health systems such as Sentara and Mayo.”

According to Scagliarini, the exchange of ideas has helped drive supply chain strategy and has produced a couple of unique price benchmarking studies that the members are now using. They now have a better understanding not only of their performance as individual organizations – with greater transparency and visibility around pricing strategies – but also of their performance as compared to other leading hospitals across the country. The group also successfully pursued a new technology platform.

“LISN includes 20 of the nation’s largest integrated delivery networks (IDNs). I now have a very personal relationship with the supply chain leaders of those organizations. At any given time, I can pick up the phone and call one of those folks and get my question answered or debate some particular topic going on in our organization.”

The importance of networking at YNHHS also reaches to the top of the organization.

Marna Borgstrom, president and chief executive officer of YNHHS, says: “One of the best things I did when I became CEO here was participate in the VHA IDN group. When I heard, for example, one of the members do a deep dive on how his team is using supply chain to drive not just volume-based purchasing, but also to implement standardization and drive performance improvement, I snatched that up immediately and told my folks we need to learn more about that.”

Driving best practices to ground for performance improvement and savings

Currently, \$280 million of YNHHS' supply spend goes directly through VHA, producing millions of dollars in savings every year.

"VHA is our largest supply chain partner," says Scagliarini. "I don't think of VHA as vendor, but as an extension of my staff and our supply chain."

Underscoring that claim, Scagliarini recognizes Kathy Gallulo, an account executive from VHA who works on site. "Kathy really is the quarterback for everything VHA for us. She funnels everything through and knows if it has to go to the region, or whether it has to go to Dallas. She's in all of our value analysis committee meetings, always making sure that we have the VHA/Novation perspective there."

Novation is VHA's supply contracting company, which helps deliver a competitive price advantage for VHA members using aggressive, data-driven pricing strategies.

"We operate as an extension of the Yale-New Haven Health System," says Gallulo. "Whenever they need anything – even if we're not the best in a particular area – the first phone call or e-mail for help usually comes to us."

Scagliarini occasionally turns to VHA for staff augmentations. Case in point, her director of strategic sourcing was out on a four-month medical leave. "It's a critical role in our organization that just can't be left vacant for that period of time. So we had someone from VHA who was experienced in supply chain step in during that time."

Scagliarini's team also is working with VHA through a custom contracting arrangement in which VHA takes on the excess contracting work YNHHS doesn't have the capacity to handle. She points out that during the current economic downturn, adding full-time staff was not an option. Yet there was still a high-intensity focus on finding cost reductions that had to be addressed. "It was a way to get that staffing in and find those cost reductions without having to add full-time employees in the short run."

To help manage physician preference items, YNHHS has engaged VHA to facilitate physician discussions around cost-saving opportunities within specialty service lines. Clinical evaluation committees now look at ways to optimize such service lines as imaging, cardiology, the operating room, hip and knee replacements, and spinal implants.

Scagliarini says YNHHS saw some particularly strong results in a VHA-coordinated engagement to reduce the cost of spinal implants across the health system.

"We engaged VHA to take us from the beginning to the end of that project, which includes not just the analytics part, but also being involved in all the meetings. And that was very effective. We learned

where our strengths were and where our organization, culturally, was willing to go. And we learned where VHA could slot very nicely into the PPI process.”

According to Scagliarini, working through the negotiation process with vendors and doctors was “a whole new ball game” where negotiations became a “two-way street.” Physicians were deeply involved in contract discussions around product equivalency, including individual conversations with vendors.

“The upshot was a recognition by vendors that a significant shift in our business could occur,” says Scagliarini. With the strong support of physicians, YNHHS and VHA were able to establish better pricing and set caps on costs for a total of \$2.2 million in savings.

Expanding the purchasing network for greater savings

One of the most recent supply chain initiatives Yale-New Haven is developing together with VHA is the Northeast Purchasing Coalition, which is slated to be one of the largest regional supply network in the country.

According to Galullo, who is executive director for the coalition, YNHHS has signed a statement of work with VHA to provide clinical resource management and work with VHA to establish guidelines for contracting and clinical best practices. “Yale’s clinical evaluation committee process is so robust that they are overlaying that on top of VHA’s process to provide additional value to the NPC,” says Galullo.

The coalition is being (is) set up as an LLC and is owned by the members. Galullo projects the group spend at \$1.7 billion without capital, purchased services or pharmacy spend included.

Moving the needle on clinical quality

YNHHS has an arrangement with the VHA clinical consulting group that is bringing high-quality clinical processes within economical reach.

According to Scagliarini, VHA offers the in-depth clinical knowledge of products and strong analytical skills YNHHS needs to deal with 1000-line spreadsheets when negotiating pricing on spine, hips and knees, or cardiac rhythm products.

“So, we’ve found a nice niche in using the clinical and analytics resources out of VHA’s Physician Preference Management consulting group, while leveraging our own contracting negotiation resources,” says Scagliarini. “And we pair those together quite effectively so that we can move a clinical process – particularly on the physician preference item side – from a vendor discussion to a physician discussion.

“The clinical consulting folks are just so good at what they do that they can help us turn something in days – something that would take us potentially weeks to do. And we might not get it done as well.”

Crossing the finish line

More and more, hospitals are benefitting from industry experts who not only provide critical data and insightful analysis, but who also provide the resources to bring projects to successful completion. Crucial to that success is a spirit of collaboration.

“Yale-New Haven Health System’s relationship with VHA is extremely open and collaborative, and we really do work as one entity,” says Gallulo. “I think that accounts for the great progress it has made through the years.”

Fitzsimmons echoes that thought, saying: “No institution is an island. You need to be open and collaborative to discover best practices because you never know where those best practices or innovation might emerge from and how that might be applicable to your organization. So you better become a big learning community.”