



CQO:
The Health Care
Supply Chain

Percentage of Items Stored in the Item Master with Identified Substitutes



Purpose:

Measure the number of active items that have readily identified substitutes.

Value:

Enables the supply chain team to quickly and effectively identify what percentage of the organization’s critical supply can be substituted with items that have already been vetted by stakeholders as clinically equivalent and meeting safety measures.

Equation:

$$\frac{\text{Number of active items in the item master with identified substitutes}}{\text{Total number of active items in the item master}} = \text{Percentage of Items Stored in the Item Master with Identified Substitutes}$$

Note: it is favorable to have a higher value for this Key. The higher the value the better.

Example:

- A hospital’s total number of active items in the item master is 7,500.
- The hospital’s number of active items in the item master with identified substitutes is 100.

$100 \div 7,500 = 1.3\%$ **Percentage of Items Stored in the Item Master with Identified Substitutes**

Input Descriptions and Sources:

Input Name	Includes	Excludes
Total number of active items in the item master	Total number of active items ONLY in the hospital's item master.	Inactive records contained within the item master; use your hospital or health system’s definition of inactive records/items in your item master.
Number of active items in the item master with identified substitutes	Total number of active items ONLY in the hospital's item master with identified substitute products.	Proprietary items with no known substitutes.



CQO:
The Health Care
Supply Chain

Points of Clarification:

- Readily identified substitutes must meet the clinical efficacy and quality levels of an original or preferred product.
- The data may be difficult to obtain depending on the health care organization's enterprise resource planning (ERP) system or materials management information system (MMIS), but it can be tailored to the capabilities or available data to meet the organization's needs.
- This equation is developed around items stored in general stores or the warehouse but can also be used for fast moving or items with a high focus, including such categories as personal protective equipment (PPE).
- The substitute product can be identical, slightly different but similar in use, or even an item that uses different methodologies at implementation. The identified substitute is defined as an item that meets the same intended purpose and goal as the original product.
 - **Example:** Custom kit. The identified substitute will most likely not be the identical kit as the original item but has been clinically approved to use if the original item cannot be obtained; or individual components that can meet the clinical need.
- Supplies can become backordered, discontinued or recalled at any time for a number of reasons: Low inventory levels, natural disasters, damage or an unprecedented increase in demand due to a pandemic. The true resiliency of a supply chain can be demonstrated by the ability of its team to plan, react and recover when these events occur.
- Understanding the items in the item master that have readily identified substitutes will enable that supply chain team to quickly and effectively procure items that have already been vetted by all stakeholders as clinically equivalent, meet the set safety measures and contractually build them in the system without further delays around committee/team approval, clinical trials and provider reviews.