

CQO & THE TRIPLE AIM: SUPPLY CHAIN'S STRATEGIC CONNECTION



CQO: The Future
of Healthcare
Supply Chain

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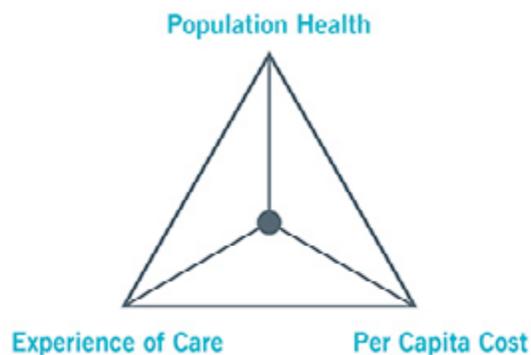
THE INSTITUTE FOR HEALTHCARE IMPROVEMENT (IHI)'S TRIPLE AIM CALLS FOR:

- 1** Improving the patient experience of care (including quality and satisfaction)
- 2** Improving the health of populations
- 3** Reducing the per capita cost of healthcare

CLEAR AND IMPORTANT CONNECTIONS CAN, AND SHOULD, BE MADE BETWEEN THE CQO MOVEMENT AND THE GOALS OF THE TRIPLE AIM.

IHI TRIPLE AIM:

The Institute for Healthcare Improvement (IHI) Triple Aim is a framework developed to describe an approach to optimizing health system performance.



CQO MOVEMENT:

The AHRMM CQO Movement refers to the intersection of Cost, Quality, and Outcomes, with a more holistic, rather than independent, view and correlation between:

COST – all costs associated with delivering patient care and supporting the care environment

QUALITY – patient-centered care aimed at achieving the best possible clinical outcomes

OUTCOMES – financial reimbursement driven by outstanding clinical care at the appropriate costs



CQO: The Future of Healthcare Supply Chain

INTRODUCTION

The role of the healthcare supply chain professional continues to evolve as the healthcare field continues to undergo significant change including the move from volume to value, a care continuum that is shifting to the non-acute care space, alternative payment models, and a fundamental shift where the patient, and not the supply, is at the center of care.

In 2008, the Institute for Healthcare Improvement (IHI) established the noble goal of “improving the individual experience of care; improving the health of populations; and reducing the per capita costs of care for populations.” In 2013 the Association for Healthcare Resource & Materials Management (AHRMM) launched the Cost, Quality, & Outcomes (CQO) Movement where cost, while important, is no longer the primary element supply decisions are based upon. Rather it is one of many elements to be considered when organizations take a holistic approach to supply chain.

Below are IHI's five suggested components of a system that fulfills the Triple Aim. Building upon the *CQO and the Triple Aim* infographic AHRMM developed in 2015, AHRMM has expanded the strategic role supply chain plays within each of these five components.

1 HEALTHCARE INFORMATION TO INDIVIDUALS & FAMILIES

Supply chain processes that support care givers as well as the products that are selected and sourced directly and indirectly impact patient safety and patient satisfaction. Supply chain is a stakeholder in promoting the use of data and analytics that support a culture of evidence-based practice.

SUPPLY CHAIN'S STRATEGIC CONNECTION

Analytics are playing a larger role in guiding healthcare procurement decisions, and as a result, we are seeing a shift in focus from product costs to an emphasis on product quality and patient outcomes. Supply chain creates partnerships within all areas of the healthcare delivery system, providing data-driven analytics that consider product costs, the quality of care delivered, and the reimbursement outcomes that support a culture of evidence-based practice.

In addition to the healthcare delivery system relationships, supply chain establishes relationships with various business and trading partners external to the organization. No other group interacts with every major stakeholder internally and externally. Because of this, supply chain professionals have the unique ability to identify relationships and make connections others may not see. Relationships that can bring value that otherwise would have gone unrecognized. One key relationship is with the supplier and manufacturing communities. These trading associates have the ability to provide educational, product, and procedural information to the patient through a variety of forums, including literature and videos.

With patient care rapidly expanding into the non-acute care space, and a care delivery system that encompasses the continuum of care rather than a point of care, what is the role of the supply chain professional? Supply chain professionals have a tremendous opportunity to collaborate with their trading, clinical, and social services colleagues to ensure a consistency in products, services, and education along this continuum with the goal of improved patient outcomes. Therefore, they must find out where and by whom in their organization these discussions with community stakeholders are occurring, and to become a part of the conversation.

2 REDESIGN OF "PRIMARY CARE SERVICES" AND STRUCTURES

Supply chain will need to expand its scope across medical specialties, hospitals, and community services. Supply chain supports this continuum of care, and manages total cost of care through standardization of process, supplies, and value analysis.

SUPPLY CHAIN'S STRATEGIC CONNECTION

Supply chain is aligning to support more sites outside the traditional acute care setting. The implementation of alternative payment models has been a driver in this alignment by requiring healthcare organizations to be accountable for managing patient care across the care continuum and into the non-acute care segment. As an example, supply chain teams that work within organizations that have been included in the Centers for Medicare & Medicaid Services (CMS) Comprehensive Care for Joint Replacement (CJR) pilot have started collaborating with clinical and orthopedic administrative teams in the assessment of supply use, utilization, and cost across the continuum of care. Supply chain teams are beginning to link supply data and clinical data that can more accurately assess utilization and provide physicians with information to identify outliers that impact cost, efficiency, and outcomes.

3 PREVENTION AND HEALTH PROMOTION

Knowledge builds the tools needed to boost the relationships supply chain has with its suppliers where focus can be on prevention. This increased awareness of new preventive initiatives helps supply chain to assist with the coordination and integration of primary care services in the community. Supply chain's unique position allows for regular communication with people from all aspects of the organization as well as external stakeholders.

SUPPLY CHAIN'S STRATEGIC CONNECTION

Strategic collaborations between provider and supplier are foundational to moving from the First Curve (volume based care) to the Second Curve which is characterized by holistic, integrated, and strategic care with an emphasis on value-based care. The success of this model is established upon highly collaborative culture inside an organization, as well as externally across the continuum of care. The implementation of alternative payment models by CMS is driving expansion of the "spectrum of care" that hospitals and health systems have traditionally worked within. CMS has indicated that 50 percent of their current fee-for-service payments will be moved to an alternate payment model by 2018. We are seeing this already with the implementation of the CJR and proposed Cardiac Care Bundle for acute myocardial infarction (AMI) and coronary artery bypass graft (CABG). In order to engage in prevention and health promotion strategies, hospitals and systems are partnering with multi-sector stakeholders within their communities including employers, community agencies, and schools. In some cases, those stakeholders have resources to engage in health promotion activities and in other cases those resources are needed.

4 COST CONTROL PLATFORM

Providers will be rewarded for improvements in cost and quality via metrics that are contained in the Value Based Purchasing Domains, such as Medicare Spending Per Beneficiary, Hospital Consumer Assessment of Healthcare Providers and Systems (HCAPHS), and others that support CQO including Supply Expense per CMI Adjusted Discharge and relevant Truven analytics. Supply chain embraces these new measures as it expands its scope and manages the total cost of care across medical specialties, hospitals, and community services.

SUPPLY CHAIN'S STRATEGIC CONNECTION

Supply chain teams that embrace and focus on CQO have moved away from the traditional practice of only focusing on acquisition costs. In order to impact the per capita cost of a healthcare organization's patient population, supply chain must start with understanding and analyzing their organization's Medicare Spending Per Beneficiary (MSPB) file. Working with their quality officer or department enables them to jointly identify care and cost trends. Supply chain teams can then investigate if variation in supply or device utilization is a factor driving higher cost of care. Conversely, they can evaluate if cost in use savings and quality enhancement justifications for higher priced supplies are being realized.

5 SYSTEM INTEGRATION

Supply chain understands organizational performance improvement goals and creates alignment within the supply chain strategic plan to support them. As a part of the improvement team that identifies clinical practice variation, supply chain is able to pinpoint where this drives total cost of care increases via device or supply utilization variation.

SUPPLY CHAIN'S STRATEGIC CONNECTION

Healthcare technology continues to evolve, providing expanded functionality that brings with it the anticipation for improved efficiencies, prescriptive analytics, and predictive models that can drive evidence-based decisions and improved outcomes. This technology includes third-party exchanges that can automate the procure-to-pay process, Real Time Location Systems that can improve patient movement and coordination, Radio Frequency Identification that can improve asset management, along with the traditional Enterprise Resource Planning (ERP) and Electronic Health Record (EHR) systems. Adoption of data standards into the healthcare supply chain enhances data quality and clarity, eliminating product duplicity, waste, and improving product location transparency.

Organizations that engage in a strategic approach to systems and standards integration can benefit from:

- effective inventory management and reduced inventory spend
- fully automated procure-to-pay process eliminating manual processes allowing reallocation of resources to high-need areas
- increased transparency leading to reduced clinical staff time spent locating products, thereby allowing nurses to spend more time on direct patient care
- identifying clinical variation and opportunities for standardization leading to improved patient outcomes

It is at this intersection of integration and opportunity that the clinician, physician, supply chain professional, and patient converge.

CONCLUSION

The pace and volume of change is increasing. In the midst of this rapid change, AHRMM remains committed to strengthening the connection and conveying the key role the supply chain professional plays in assisting and enabling their organizations to achieve the goals of both the Triple Aim and CQO. The [2016 AHRMM CQO and the Triple Aim: Supply Chain's Strategic Connection](#) report builds upon this concept. The report is a compendium of seven case studies that detail supply chains strategic role in optimizing organizational performance and patient care.

Supply chain is a noble profession, and AHRMM's continued goal is to be the main source of education and empowerment for the supply chain professional and to the healthcare field.

AHRMM offers numerous resources to assist healthcare supply chain professionals implement aspects of the CQO Movement and the Triple Aim.

Access these educational offerings at www.ahrmm.org to start aligning your supply chain with the CQO and Triple Aim components.



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