

Supply Chain's Changing Role in the Expanding Care Continuum

AS HEALTH CARE organizations look for ways to meaningfully impact cost, quality, and outcomes, they are expanding the care delivery continuum and increasingly transitioning services out of the hospital and into non-acute settings. Today, 95 percent of patient visits take place in non-acute care facilities, from the physician's office to patients' homes.¹ This volume is likely to grow as health systems turn to new models designed to impact the health of target patient populations.

Supply chain professionals have not traditionally played an active role in non-acute care settings. They are increasingly being called upon to take control of products and services in this space. Those who have expanded their responsibilities outside of the hospital report significant challenges: The non-acute space represents about two percent of spending, it generates 30 percent of their headaches due to lack of maturity in processes and technology.

"In looking at how health care has changed in the past decade, I can't think of a role that has been more impacted than supply chain. While physicians are being measured differently, their responsibilities are essentially the same. Conversely, supply chain professionals have taken on a much broader spectrum of care settings and operational requirements, and are expected by health system leaders to play a central role in improving the quality and value of care delivery."

Greg Colizzi, vice president of health systems marketing, McKesson

During the AHRMM18 Conference, McKesson hosted the Supply Chain Leadership Forum where 11 health care supply chain leaders from across the United States convened for an in-depth discussion on the evolution of supply chain in the expanding care continuum.

As care shifts from acute to non-acute settings, with a growing emphasis on disease management and prevention, supply chain leaders are playing a critical role in shaping the future of patient care. As part of the discussion, the participants shared how they are supporting non-acute care today, the challenges they are facing, and how they are addressing them.

Forum participants described their support of hybrid virtual hospitals, laboratories, physician offices, and clinics. The director of strategic sourcing for a Western U.S. health system explained how supply chain is the "center of logistics" for his organization's care continuum. He defined their "multi-pronged approach," which includes distribution for hospital supplies, home health supplies, and pharmaceuticals, stating:

"A patient enters on the acute care side, leaves on the non-acute side and we in supply chain work to get them everything they need – durable medical equipment (DME), pharmaceuticals, telehealth monitoring, etc. We are involved in all of that – from the negotiation of product and service agreements, to the stocking, managing, and picking of supplies to a location."

REQUIREMENTS TO SUPPORT NON-ACUTE-CARE EXPANSION

Forum participants acknowledged how those health systems with more mature supply chains are better prepared to take on the demands of the non-acute space, citing the following factors for success throughout the continuum of care:

1. A Shift in Mindset

The participants voiced the need for supply chain to leverage its expertise in the acute care space to improve the financial, clinical, and operational performance of non-acute areas, but acknowledged that many supply chain leaders feel these areas are outside of their scope of work. They agreed that supply chain leaders must shift their mindsets around roles and responsibilities if they are to succeed in the future of health care delivery.

2. A Seat at the Table

Health care organizations must leverage supply chain's expertise to help connect quality products to physicians/clinicians in a cost-effective manner. As one attendee pointed out, supply chain's role is not to be a product subject matter expert. Rather, it can provide the resources to help guide clinicians in their decision-making, including various stakeholders (e.g. finance, infection control, supplier relationships); skills (e.g. contracting, pricing, negotiation); and data (e.g. clinical, financial).

In order for supply chain to provide value in non-acute settings, they must be involved early in the product/service decision-making process. By giving supply chain a seat on value analysis teams (VAT) and quality/outcomes

committees, they can help funnel through standardization issues, provide information to guide physicians/clinicians in selecting products with the best outcomes, and be a pivot point to connect various stakeholders in the decision-making process.

“I challenge service line leaders in our organizations to let us be there for meetings. Even if I don’t have anything to say I will be able to hear what’s going on, so I know how I can help. That is how we’re really going to be that partner for change.”

Associate director of clinical strategic sourcing for a Northeastern health system

3. Physician/Clinician Engagement

Participants agreed that a major hurdle they must overcome in the non-acute space is physician/clinician preference. Many had already taken steps to standardize formularies in acute care settings, and stressed the need to apply these same best practices outside of the hospital. This requires supply chain to demonstrate to non-acute physicians/clinicians the value they can provide in terms of not just lowering costs, but also improving patient outcomes.

“From a non-acute perspective perhaps the solution we need is a defined formulary that allows for physician ownership,” said the vice president of supply chain for a Midwestern health system. “Perhaps, a formulary with no more than two like products, backed by clinical evidence, where physicians can choose between these products. In the past decade, there has emerged a different mode of thinking among physicians where they are becoming much more open to standardization than they were in the past.”

4. Technology and Data


The supply chain leaders in the room agreed that supply chain maturity in both the acute and non-acute spaces requires interoperability between supply chain and clinical technology platforms; one that facilitates access to accurate, timely, and meaningful data, and the sharing of this data among stakeholders.

“We must have some level of analytics in the non-acute care space in order to move the needle

there,” said the vice president of supply chain for another Midwestern health system. “I know the flaws in supply chain on the acute care side, but I don’t have visibility to non-acute settings. Benchmarking is a big challenge. We must have some level of analytics that we can trust.”

Conclusion

In summary, the Forum participants felt there was significant opportunity for supply chain to

maximize the role it plays in patient care outside of the hospital. To do so supply chain experts must think holistically about the entire care continuum, engage stakeholders in the process, and leverage supply chain process expertise to drive organizational initiatives. 

Reference

1. The Advisory Board Company Health Care Industry Trends, 2017.

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