



# Premier Inc. and the Coalition for Healthcare electronic Standards (CHeS) - An Update on Standards

10:00 – 10:45 am June 15, 2006



**Global Healthcare User Group** 

13 - 15 June 2006 Minneapolis, USA



#### **Objectives of Session:**

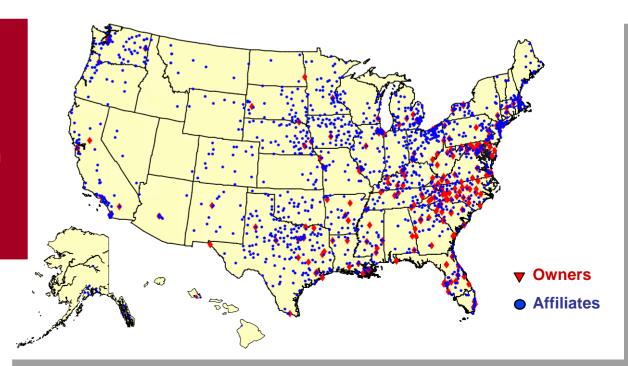
- Brief review of Premier Inc. and the Coalition for Healthcare electronic Standards.
- \* What are our customers (providers) expectations?
- \* What are the current problems, what are Healthcare Providers doing about them and what are they asking for as it relates to supply chain standards?
- Update on the work being done and progress being made in the area of supply chain standards?
- \* Questions and Answers.

# Premier Inc. -The performance improvement alliance

- Owned by more than 200 not-for-profit hospitals and health systems
- \* Nearly 1,500 hospitals working together to improve quality and financial performance.

#### **Our vision:**

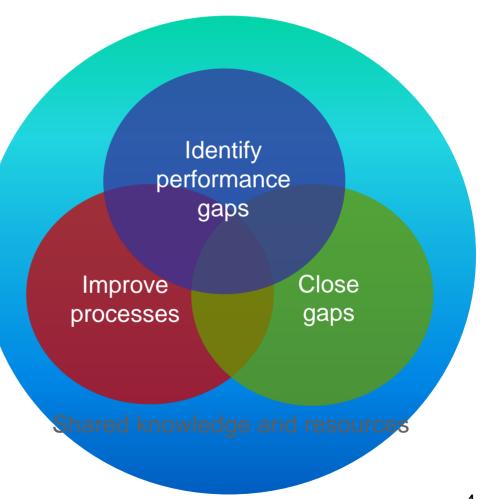
"Premier's owners will be the leading healthcare systems in their markets, and, with them, Premier will be a major influence in reshaping healthcare."





#### Premier Inc. Service Offerings

- Our members share knowledge and resources to meet everyday challenges
  - Aggregation of:
    - o Data for analytics
    - Demand for supplies and insurance
    - Knowledge for process improvement

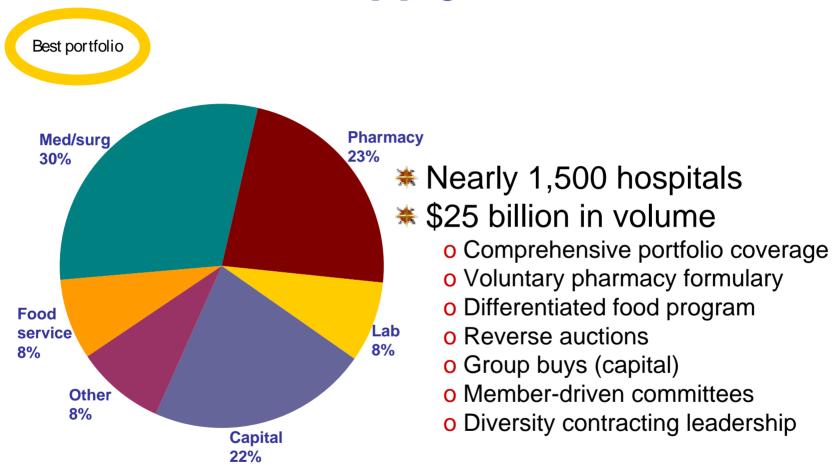


# The Premier supply chain advantage

Business Technology and Field support **Price Portfolio** practices **Tools** 5 percent Broad national Supply chain 100+ Regional Leadership on advantage on portfolio, physician automation field force and ethical business comprehensive preference reduces process consultants practices, safety, market basket flexibility and costs through helping members diversity, support for local online reduce supply advocacy and and regional transactions and chain costs environmental negotiation analytics purchasing \$1 billion in More than 1,200 FOCUS data \$300M SCIP 142 contracted tools target costs supply savings contracts plan savings diverse suppliers Efficient GPO **Operations** 



#### **Supply Chain Portfolio**







#### Automating the supply chain

#### **eCatalog**

Access to all contractsCorrect pricing loaded into MMIS

eSourcing

Online catalog

#### **Procurement**

•Accurate pricing transactions

#### Global Healthcare Exchange

### Spend management

Understand spendCompare contract

- Dashboard
- Analytics

options

Make the best purchasing decisions through integrated procurement and analytics



# First national "pay for quality" effort

"Groundbreaking . . . Pay for performance should become a top national priority"

Open letter in *Health Affairs* signed by 15 leaders in the quality movement.

"Fix For a Sick System"

InformationWeek



discussing an expansion to every hospital in the nation

"We may do some kind of project for non-Premier

hospitals," Scully told Mosfern Healthoase last week, "A

lot of organizations are clamoring to do what Premier is

doing ... I would like to see 5,000 hospitals participating

in (the Premier project), but obviously we don't have the

At the close of the three-month curoliment period on

Nov. 24, Premier officials reported that 279 hospitals had

agreed to take part in the seminal project. The program,

announced in July, will reward top performing hospitals

legislative authority to do more than a demonstration.

project. This is the right way to go."

if he gets his way.

BARRONSC

Trade 5 Free (0)

Waldock, Click I FREE report! Or

Stock Market Co.

**CLICK HERE** 

borus Medicare payment. Hospitals In the second 10%

the bottom 10% that show no improvement will be penalized with a 2% cut in Medicare payments.

Of the 279 hospitals that volunteered, 24 are non-

Premier hospitals. Premier originally said it hoped to sign

on as many as 300 hospitals. The hospitals volunteering

to participate in the program were recruited from among

proprietary Perspective comparative database system as

Continued on p. 14

the 470 hospitals that were subscribing to Premier's

of March 31, 2003. Perspective is a fee-for-service

Meanwhile, by the third year hospitals performing in

will receive a 1% borras.



# Coalition for Healthcare eStandards

#### <u>Mission</u>

To provide leadership to the healthcare industry in the identification, definition, evaluation, adoption, and endorsement of standards that improve the accuracy and efficiency of the supply chain.

#### **Vision**

To accelerate the adoption, implementation and active usage of industry-wide data standards for improving the efficiencies throughout the healthcare supply chain.

# Coalition for Healthcare eStandards

- Organized in 2001
- Most of the Largest GPO's
- Two eCommerce Exchanges
- The DOD and VA
- AHRMM
- Additional Affiliate Members

Working Together to Adopt and Promote Uniform Industry Data Standards



#### **CHeS Membership**

#### **Core Members**















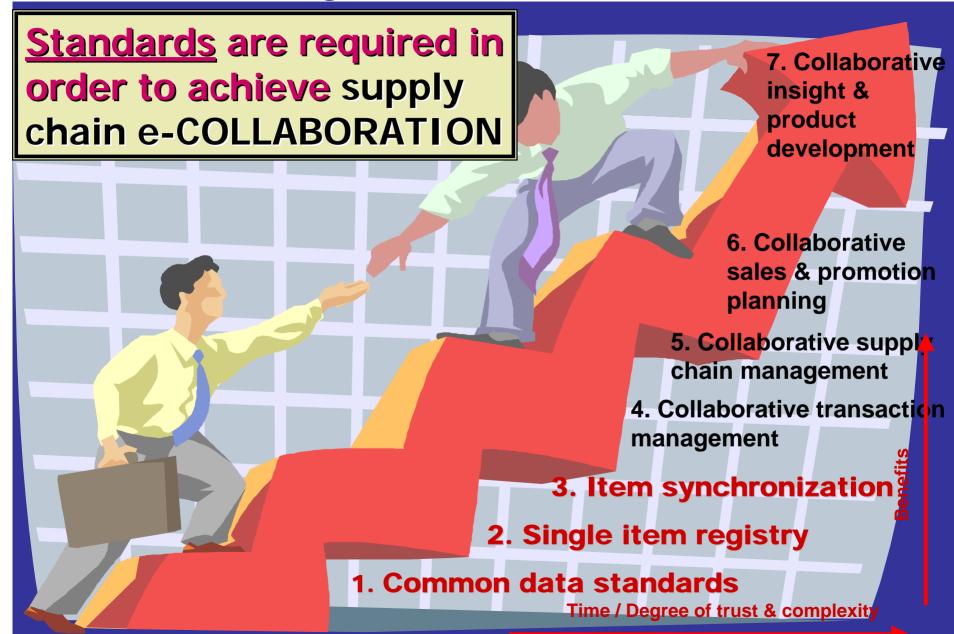
#### **Affiliate Members**

- o Agfa Corporation
- o Becton Dickinson
- o IMS
- o GHX

- o ECRI
- o Lawson Software
- o Medbuy
- o ALCON
- o Amerinet



#### Why are Standards Needed?







#### **Initiatives**

- Customer/Supplier Identification (GLN)
- Product Classification / Taxonomy (UNSPSC)
- Universal Product Identification (UPN)
- Product Synchronization (PDU)
- o Difficult Initiatives
- o Attempting To Building Consensus
- o Not Everyone Wants To Participate

For Success: Providers Must Demand The Use Of These Standards

# Standards are required in order to achieve supply chain e-COLLABORATION 6. Collaborative insight & product development 6. Collaborative sales & promotion planning 5. Collaborative supply chain management 4. Collaborative transaction management 2. Single item registry 1. Common data standards Time / Degree of trust & complexity



#### **Customer Expectations**

- o Right Product
- o Right Price
- o Right Quantity
- o On-time delivery
- Pertinent Product Information











No room for data errors in today's economy



#### **Healthcare Supply Chain Facts**

#### For Hospitals 7% of all purchases have invoice errors

(Potential healthcare savings of between \$1.72 to \$2.9 billion a year)\*





"Hospitals, GPOs, and suppliers **spend millions of Dollars** annually synchronizing product information. Unfortunately, the data matching is often done against Non-authoritative sources"\*\*



#### **Healthcare Supply Chain Problems**

#### PREMIER

#### **Company Name Inconsistencies**

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3M HEALTH CARE PLANT  3M -OH&ES DIVISION PLANT  3M HEALTH CARE/MEDICAL/SURGICA  3M-NAT ACCTS SALES  MINNESOTA MINING AND MFG  3M AND COLOPLAST  3M HEALTH INFORMATION SYSTEMS  3M-NAT ACCTS SALES DIST  MINNESOTA MINING AND MFG.  3M BUSINESS PRODUCTS  3M HEALTHCARE  3M-NAT ACCTS SALES DIST  MINNESOTA MINING COMMERICAL CARE  MINNESOTA MINING AND MFG.  3M COJ ACCUPAC  3M HEALTHCARE OBM  3M MED  MINNESOTA MINING AND MFG.  3M C/O ACCUPAC INC  3M HEALTHCARE PRODUCTS  3M HEALTHCARE PRODUCTS  3M UNITEK CORPORATION  MINNESOTA-MINING AND MANUFACT  3M HEALTHCARE  3M C/O ALBA WALDENSIAN  3M HOME & COMMERICAL CARE DIV  CORPORATE ALLIANCE 3M CUSTOMER SERVI  3M FRANCE  3M -SCOTCH  3M CORPORATE ALLIANCE 3M CUSTOMER SERVI  ALLERGENETICS DIV AXONICS INC	3M C/O CHECKPOINT METO	3M - MINNESOTA MINING & MFG.CO	3M HEALTH CARE LTD.	3M-MINNESOTA MINING & MFG.CO.	MINNESOTA MINING AND MFG CO SALES CE
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ICARDIOVASCULAR DEVICES					CARDIOVASCULAR DEVICES
3M HEALTHCARE/MAYO ONLY					

#### **Healthcare Supply Chain Problems**

**Bad Data: Product Numbers** 

#### 3M DuraPrep<sup>™</sup> Surgical Solution Product #8630

Cardinal M8630

Owens & Minor 4509008630

Midwest TM-8630

McKesson 172618

Nearly every hospital has a different Product ID for 3M 8630!



## **PREMIER** Healthcare Supply Chain Problems

#### **Bad Data: Inconsistent Item Descriptions**

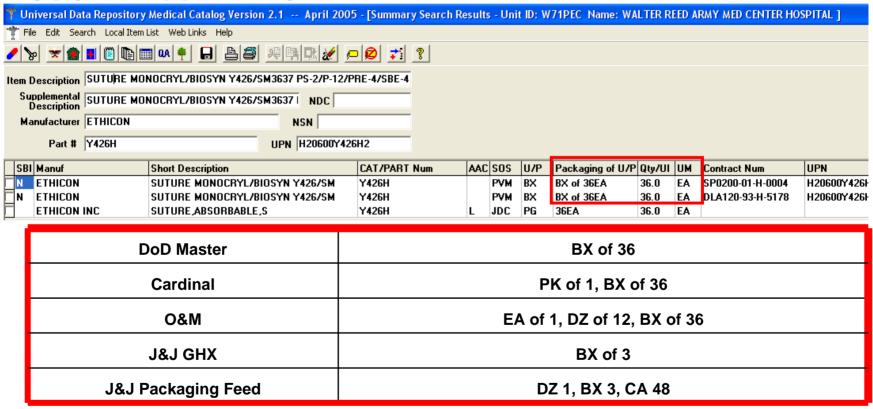
J&J in GHX	TROCAR ENDO 5mm 100mm STABILITY SLV DILATING RADPQ DISPO
J&J Direct	ENDOPATH*DILAT TIP TROC 5MM LG
Cardinal HC	TROCAR DILATING TIOP 5MM
Owens & Minor	TROCAR ENDOPATH 5MM LNG DILATE TIP



#### **PREMIER** Healthcare Supply Chain Problems

#### **Bad Data: Packaging Issues**

#### J&J Ethicon Y426H





## Healthcare Supply Chain Problems

#### **Results of DoD Pilot—Problems Found**

	Manufacturer	Distributor	GPO	Customer
Missing Middle Levels of Pkging	15-20%	1-4%%	20-25%	15-25%
Hard "Packaging Quantity" Errors	1%	1%	2%	2-5%
Unit of Measure Confusion/Misuse	2-6%	1-3%	2-5%	Unknown
Missing Packaging—not Middle Level	3-8%	3-8%	3-7%	5%
Manufacturer Name Problems	NA	2-5%	1-4%	30%
Obsolete Products	1-4%	2-5%	1-8%	5-15%
Missing Product Brand Names	2-5%	5-10%	5-10%	20-25%
Incomplete Item Descriptions	5-15%	3-12%	5-15%	10-20%
Wrong Customer Unit Prices	Unknown	1-2%	NA	1-2%
Customer Paid More Than Lowest Contract Price	NA	Unknown	NA	3-6%



#### **Bad Data: Operational Impacts**

**Multiple Manufacturer Names** 

Can't ID Source Slows Operations



**Multiple Product Numbers** 



What is it?

**Inconsistent Item Descriptions** 



What you "see" may not be what you want or get

**Packaging Issues** 

Contributes to multiple issues:

- Rogue Purchasing
- "Unofficial Inventories"
- Distrust of the supply chain



or Order 20 Cases receive 20 Boxes

Order 50 receive 500

Coalition for **Healthcare eStandards** 

#### **Bad Data: Financial Impacts**

- o Wrong Contract Price
- Accounts Payable Discrepancies Bad invoices
- o Inefficient Use of Management & Clinician Time
- o Incomplete/Inaccurate Spend Analysis
- o Cost of Returns & Reshipping
- o Can't ID contract opportunities



#### **Bad Data: Clinical Impacts**

- Item descriptions not Clinician friendly
- o Incorrect Product = Procedure Delays
- Clinicians/physicians/nurses focused on supply process rather than the patient
- Information on new, discontinued, replacement, and recalled products not current causing erroneous orders and delayed receipt





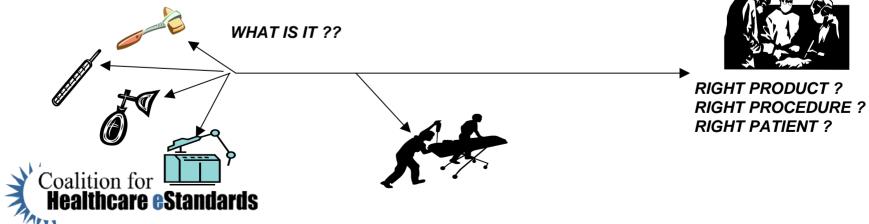




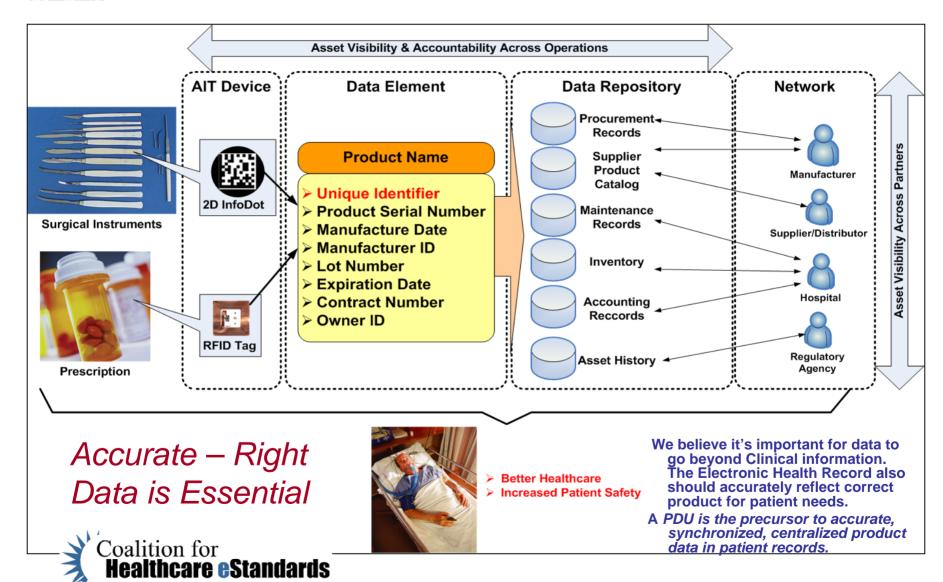


#### **Bad Data: Patient Safety Impacts**

- o Inadequate Data Set Standards
  - Latex vs non-latex
  - Sterile vs Non-Sterile
  - Single usage vs multiple use
- o Limited access to ID recalled or expired products
- Deficient tracking of devices to determine Med Surg products with best outcomes
- Poor identification of items that may contribute to infections/other adverse events



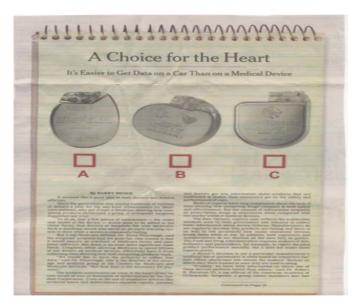
#### **Bad Data: Technology Impacts**





#### **Technology & Patient Safety**

The benefits of technology and advances in patient safety are and will always be all tied to the accessibility/availability of - good clean shared - standardized Data - the "Right Data"



New York Times 23 June 2005









"Even as the use of expensive devices like artificial knees and defibrillators expand rapidly, patients and doctors get less information about products that are implanted in bodies than consumers get on the safety and performance of cars"



# Data Synchronization and Radio Frequency Identification

Whatever happens with RFID in Healthcare (EPC, UID, UPN, etc.)...

- o The number used must correlate to "synchronized" details:
  - manufacturer name
  - manufacturer catalog number
  - packaging
- Must get clean, correct, and "in-sync" data to make RFID adoption easier

"Companies that view RFID projects as the panacea for their lack of visibility will be disappointed with the outcome of their investments. Before any RFID deployment, companies must invest in data synchronization"

Source: Forrester Research report, "RFID: Icing On a Half-Baked Cake" Nicha Tahomy





Got it – But what is it?



# What are Providers asking for?

#### Report on Meeting to Discuss Unique Device Identification

April 14-15, 2005
The Food and Drug Law Institute
1000 Vermont Avenue NW
Washington, DC 20005
by Joseph S. Arcarese
Meeting Facilitator
Report Date: June 14, 2005

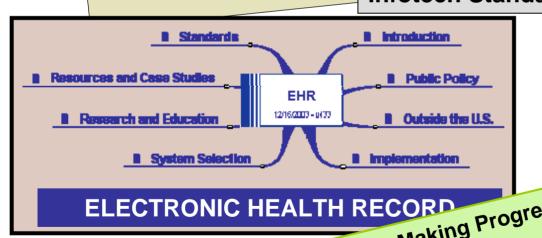
New FDA Study Critiques

Medical-Device Handling

By ANNA WILDE MATHEWS

Staff Reporter of THE WALL STREET JOURNAL

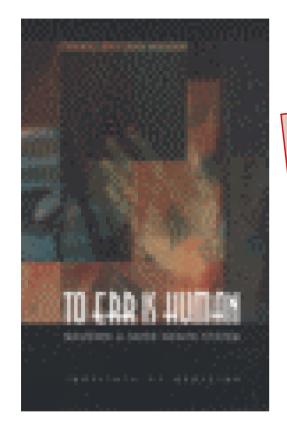
Leavitt Says Industry and Government Must Move With 'Forced March Commitment' Toward Infotech Standards



Health Care IT Czar: Industry Making Progress, But Has A Long
Way To Go
Way To Go
Dr. David Brailer unveils plans to speed the health-care industry's adoption
SAFE AND SER



# What are Providers asking for?



# Inside the world of counterfeit drugs

Dateline's Chris Hansen investigates how fake prescription drugs have popped up at pharmacies— and how this can be stopped

CMS/Premier Pay-for-Performance model produces remarkable quality improvements among nation's hospitals

Hospital quality scores improve nearly 7 percent across the board – \$8.85 million awarded – 235 heart attack victims' lives saved in Year 1 alone

9

#### Coalition for **Healthcare eStandards**

Our Problem:

In today's modern electronic marketplace the lack of industry-wide comprehensive data standards is costing our Medical/Surgical supply chain millions of dollars each year as we struggle to accurately identify the items and correct costly mistakes.

Identify open comprehensive data exchange standards and accelerate industry-wide adoption.

Other industries-grocery, electrical, automotive, etc.-have solved very similar problems and reaped substantial benefits in the form of increased sales and reduced costs.

#### PDU Feasibility Initiative:

The Coalition for Healthcare eStandards and the Health Care EBusiness Collaborative joined in an effort to study the feasibility of creating a Product Data Utility to help synchronize medical/surgical product information across the health care supply chain. The PDU feasibility committee was comprised of representatives from major manufacturers, distributors and PO's, as well as database, consulting and software firms. To view the full report resulting from this study visit: http://www.chestandards.org

Now it's time to implement PDU. We need Health Care Industry participants to actively support our CHeS PDU Implementation Committee and work with us to tailor and realize open comprehensive data exchange standards throughout our industry.

#### Coalition for Healthcare eStandards $H \cdot C \cdot E \cdot C$

Health Care EBusiness Collaborative

An organization dedicated to solving health care data standards problems by working with established standards organizations and every stakeholder in our supply chain to develop and implement viable solutions.

CHeS & HCEC need industry partners willing to invest resources to participate in the implementation of the PDU and to promote its adoption throughout our industry.

#### Contact us to participate in the PDU Committee

Joe Pleasant
Past Chairman of CHeS Board
PDU Committee Co-Chair

Kathleen Garvin Department of Defense Ph: 215,737,0002 kathleen earvintiidla mil

Garren Hagemeier PDU Committee Co-Chair HCEC, Executive Director Ph: 800-905-4583

garren@hcec.org Peggy Brody CHeS, Director of Communic 734-677-3300 ext. 127

peggy@chestandards.org For more information the Product Data Utility please visit http://www.chestandards.

Medical/Surgical Product Data Care 5 Health Synchronizing M Across the I **Educational Materials** 

**CHeS Promotional &** 

Why Health Care Needs **eStandards** 



A Guide to the Coalition for Healthcare eStandards

> Initiatives: Customer Identification, Product Identification and Product Classification



A UNSPSC® Success Story

University Health Care System Augusta, Georgia



Coalition for Healthcare eStandards



A UNSPSC Success Story

Ministry Health Care Milwaukee, Wisconsin









#### NEWS RELEASE

Peggy Brody, Director of Communications, Coalition for Healthcare eStandards 734-677-3300, Peggy/GCHeStandards.org Carolyn Joiner, Public Relations, GS1 US 609.620.4523, cjoiner@gs1us.org

Note to editors: Please include this in your calendar of events.

Coalition for Healthcare eStandards to Feature Sessions on How Standards Drive Down Health Care Costs and Improve Patient Care During U Connect Conference® 2006

Conference held June 6-8, 2006 in Nashville, TN; Early registration discount rate available before April 1st

ANN ARBOR, MI - March 2, 2006 - The Coalition for Healthcare eStandards, Inc. (CHeS) the leading supply chain industry standards organization, will feature practical sessions at the U Connect Conference 2006 designed to accelerate the adoption of GS1 System standards to improve efficiencies throughout the health care supply chain. The U Connect Conference will be held June 6-8, 2006 at the Gaylord Opryland Resort & Convention Center in Nashville,

The U Connect Conference is GS1 US\* premier educational and networking event for supply chain professionals considering the use of bar codes, electronic commerce, data synchronization, Radio Frequency Identification/Electronic Product Code technology, and automated business processes. CHeS collaborates with GS1 US, a not-for-profit organization dedicated to the adoption and implementation of GS1 System standards-based, global supply chain solutions, to further extend initiatives throughout the U.S. health care supply chain.

## PREMIER PROMOTION

# CHeS and Member Activities

- Present standards story to regional AHRMM chapters.
- Endorsement of standards by member GPO's and establishment of requirements in many GPO contracts.
- Presentations at national AHRMM, GPO, GS1, HIMSS and HIDA conferences.

#### **ACTIVITIES**

- \* Product Data Synchronization (PDU)
  - O Pilot PDU DOD
  - o Active PDU committee with cross industry representation
  - o Currently developing a PDU requirements document
- **★ GLN** Have enumerated all GPO members customers and most CHeS members are requiring the use of GLN in transactions.



# Efficient Healthcare Consumer Response Improving the Efficiency of the Healthcare Supply Chain

# **Comments and Questions**



