Reducing the costs of Healthcare
A decade of herding cats through fog

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GS1 Global Conference
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Elland Road Leeds

The Leeds Teaching Hospitals NHS Trust
e-Commerce in Action Project – approved at Board Level

2002
- First hospital in Europe to trade through GHX
- e-Commerce in Action Conference
- Lord Hunt as keynote speaker

2003
- HSJ Awards 2003
  - Winner – Improving Patient Care through e-Technology
  - Runner-Up – Partnership with Industry

While the NHS grapples with its e-procurement plans, The Leeds Teaching Hospitals has already made the leap”.

Healthcare Finance Journal – May 2002
The Perfect Order?
Data Standards

- Experience in Cath Labs using manufacturers' bar codes since 2000 – need for GS1 standards
  - See Best Practice Guide

- Over 1300 GLN’s
  - Worked closely with NHS Supply Chain, Bunzl and Squadron to roll-out GLN’s
  - Data now synchronised through GHX
  - See GS1 case study
  - We made 142 changes in the last fortnight due to a major theatre reorganisation
Traditional Buyer and Supplier Relationship
“We want to work with our suppliers to reduce total costs”
Reducing Cost of Healthcare

Proven Technology from other sectors – GS1 standards, bar codes

Co-operation within the Healthcare supply chain – GHX, GS1

Leaping ahead of other sectors through cloud computing, RFID technology
Content Distribution Network

- Fully Integrated Suppliers
- GTIN = Global
  Bar Codes = Global
- Pricing = National
- Excluded Devices = National

Validation Gateway

GDSN Data Pool

- #Sys1
- #Sys2
- #Sys3
- #Sys4

Distribution Networks:
- Mobile
- Web
- Exchange

Suppliers:
- Health Supplier Item
- Grocery Supplier Item
- DIY Supplier Item

Gateways:
- GDSN
- GHX PowerGate
Contracting Mix

**Local**
- High Technology
- High Value
- Commitment

**CPC**
- Regional Aggregation

**NHSSC**
- High Volume
- Low Value

**Buying Solutions**
- Commodities
Materials Management

Distributor ‘neutral’ hand held solution for optimum product formulary mix
Materials Management

- Over 650k lines per year
- 270 sites
- Releasing Nursing Time
- Compliance to change
- Management of hazards
- Reduces waste and obsolescence
- Simplifies the ordering process
- Point of Demand – reduces errors
Dispensing Cabinets
RFID

- Successful pilot in 2009
  - Orthopaedic Kits
  - Need critical mass to make it work
  - See GS1 case study

- Wavemark solution planned to be introduced in November 2011 for Heart Valves
  - Lessons from pilot
  - Expiry Date
  - Lot numbers
  - Nexus to be used as repository for product identification
Order Management 2002 - 2011

- 8 processing staff in 2002 down to 4.5 FTE
- 2 supervisors in 2002 now only 1 FTE
- Number of orders processed per buyer up from 6,161 to 10,539
- Role has changed from transactional processors to tactical buyers
- For sub £25k non contract ad-hoc orders they use an electronic quotation system adding £600k per year to the savings pot.
The Savings

Accounts Payable 2002 - 2011

- Number of invoices received down 6%
- Average lines per Invoice up from 2.89 to 3.07
- Lowest cost per invoice processed in NHS benchmark for acute hospitals

The Leeds Teaching Hospitals NHS Trust
The Savings ???

Inventory Management

- Over £388k of ‘consignment’ stock found to belong to the Trust when implementing Powergate Inventory at CHOC
- Stockholding reduced by £500k in first 12 months at CHOC
- Over £400k of additional stock found within Trauma
- Overall additional £1.7m stock identified at year end 2009
- The clean purchase order to suppliers
- Cancelled operations / wrong product in theatre
- Invoice queries reduced by 45%
- Cost of returning goods / process costs > 25% of product price
- Releasing time to care – front-line staff paid to do front-line duties
Savings Levers identified.

Price changes:
- Run tender exercise
- Understand cost and contribution
- Link to overall strategic business relationships

Demand Changes:
- Consolidation
- Loan and consignment stock
- Volume driven commitment
- Obsolete stock

Process Changes
- Inventory management solution
- Bar code and data quality consistency
- Process for new product introductions
- Monitor product creep
The infrastructure is ready...

- Fully Integrated Suppliers
- GTIN = Global Bar Codes = Global
- Pricing = National
- Excluded Devices = National
The standards are in place...

- GS1 – Global Data
  - GTIN
  - GLN

- Global Markets require Global Standards

- Visibility of Inventory
The savings are there
C-Suite must view as strategic

Contracting

Data

Supply Chain

GS1 Data Standards
Recognition of our progress so far...

- European Supply Chain Excellence Awards - London
  - Winner 2009

- Computerworld Honors Awards – Washington DC
  - Finalist & Laureate 2010
  - Laureate 2006

- Mobile Technology Awards - Sarasota
  - Finalist 2010

- Best Practices in Business Intelligence – Las Vegas
  - Finalist 2006

- Government Opportunities Excellence Award – London
  - Highly Commended 2005

  - Winner 2003
  - Runner-up 2003
Thank you for listening

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“We want to work with you”