



The GS1 Global Healthcare

User group – GS1 HUG

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FIASO (Federazione Italiana Aziende Sanitarie Ospedaliere) is the Italian Hospital Association.

Members are 140 LHU, Hospitals e IRCCS (50%of the NHS)

FIASO organises Working Groups and makes Surveys on the most important subjects regarding the clinical and economic life of the Hospitals.

The objective is to create a ‘virtuous’ environment for sharing best practices.

An important role has been played (in the last few years) by the working team on Buying practices (research, conventions, Medical Plaza, legal newsletter and collaboration with Consip)

Costs for Products and Services (P&S)

% of total NHS expenses.

» 19,3 %	1995
» 21,4 %	1998
» 21,7 %	1999
» 22,7 %	2000
» 22,0 %	2002

Fonte: elaborazione su dati Ragioneria Generale dello Stato (2003)

The evolution of purchasing practices in HS

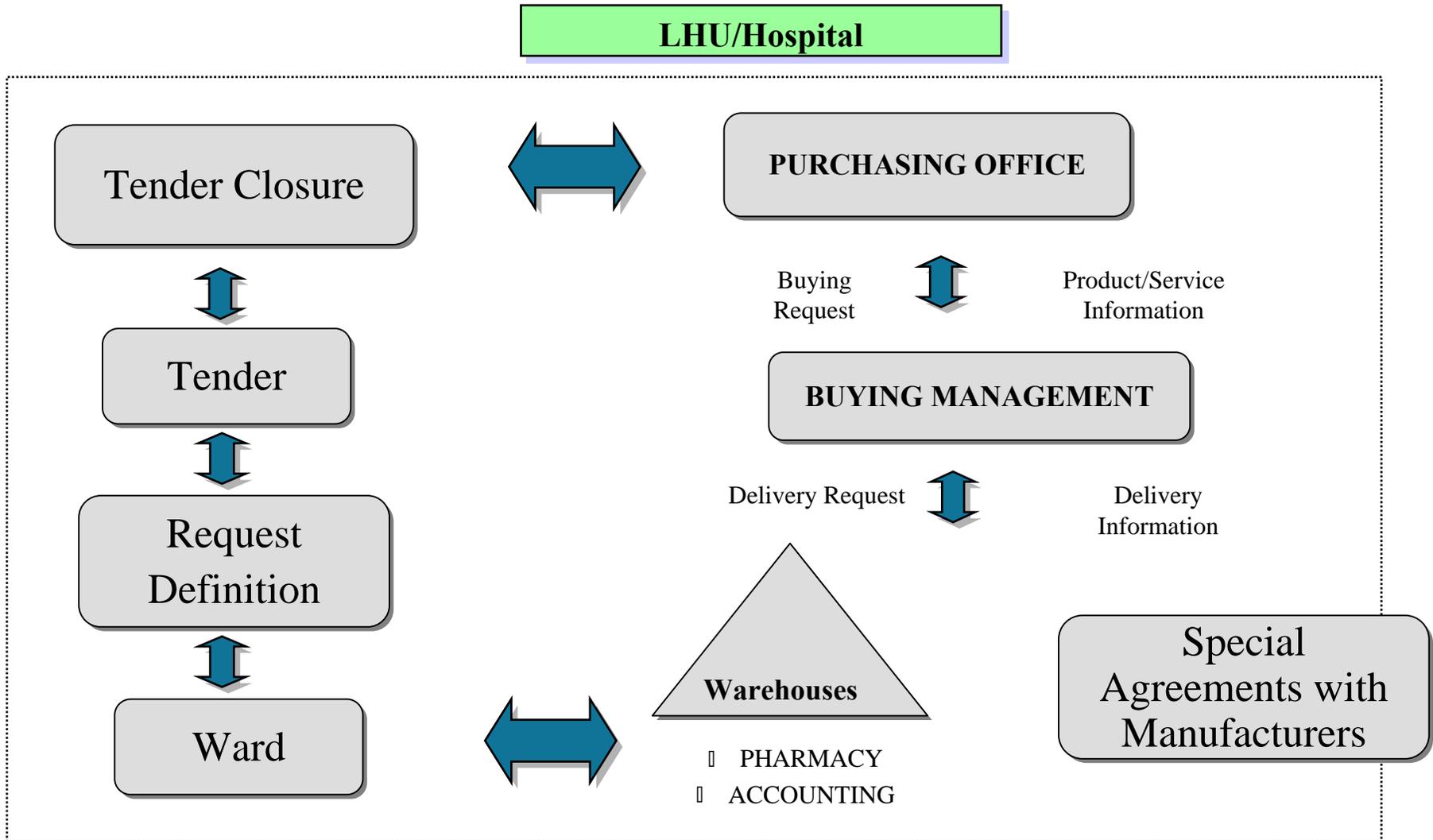
(1) Synergies among LHU in demand aggregation

- *Purchasing Groups*
- *Areas Consortiums*
- *Regional Centralised Buying*
- *Prices Surveys*

(2) New relationships model between demand and supply

- *Market Places*
- *On-line auctions*
- *Integrated Supply Chain LHU-Suppliers*
- *Integrated Logistics among LHU*
- *De-localisation of logistics & warehouses*

The Purchasing process



Central Management



Drivers and management variables:

1. Market Dimension

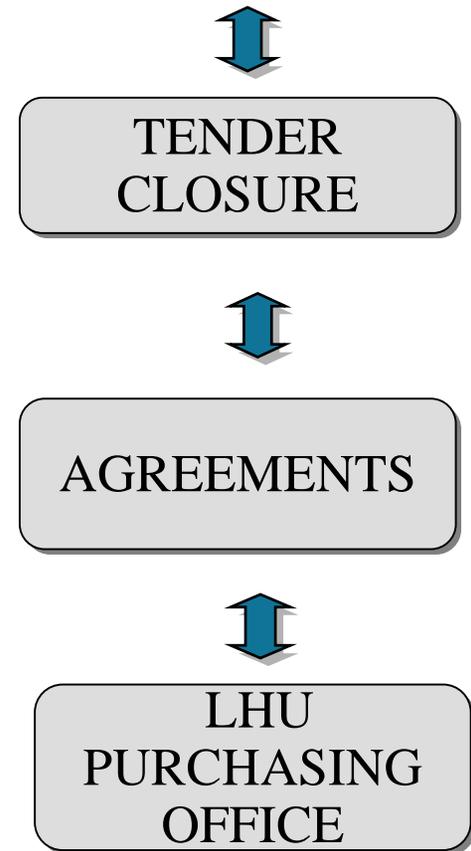
- At country level (Consip)
- At regional level (Centrale Acquisto)
- At sub-regional level (Area Vasta e Unione d'Acquisto)
- At company level (Logistica integrata, Supply Chain)

2. Product Categories

3. Request definition (forecast or plan)

4. Type of Agreements

(open or close, voluntary or mandatory)



Central Management



2. Product Categories

At national and regional level ‘common categories’ have been considered

Consip:

Ecotomography apparels, Ambulances, Pharma Products

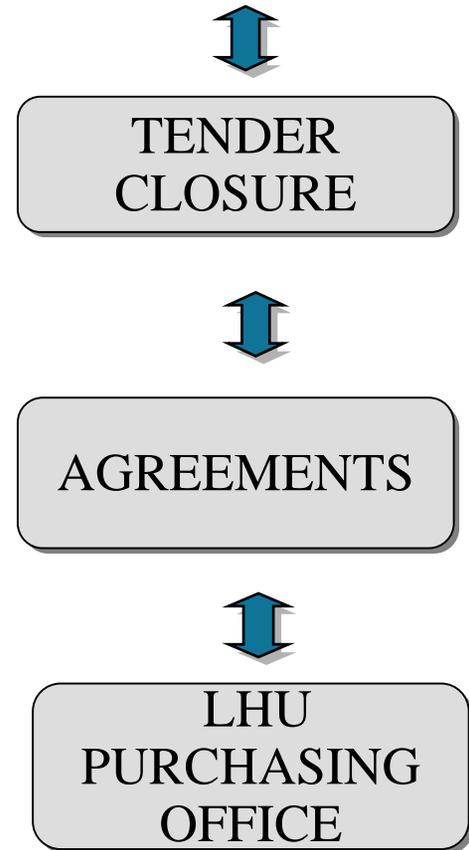
Central Purchasing (Lazio)

Vaccines, Pharma Products, Global services, plant design and power.

Buying Group:

Vaccines, Radiology support substances,

Dialysis equipment

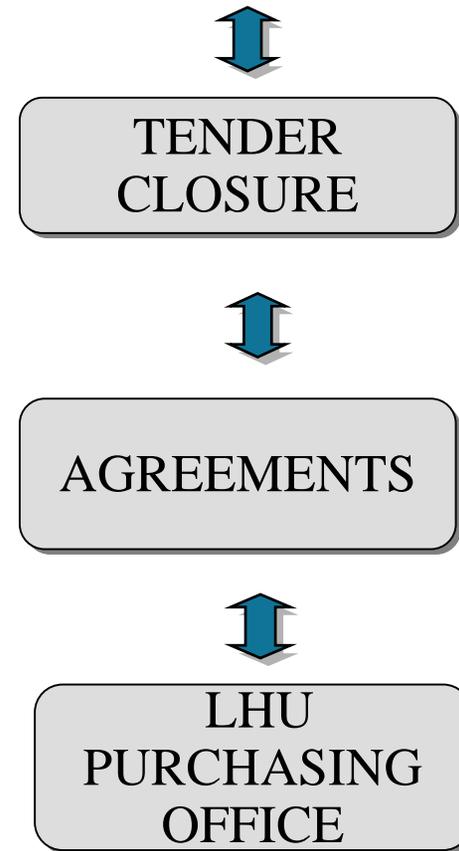


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3. Request definition (plan or forecast)

- **Country Level: qty estimate**
- **Regional Level: detailed estimates per category (Lazio)**
- **Sub-Regional Level: detailed estimate**



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4. Special Agreements

-National Level:

Open agreements and voluntary participation

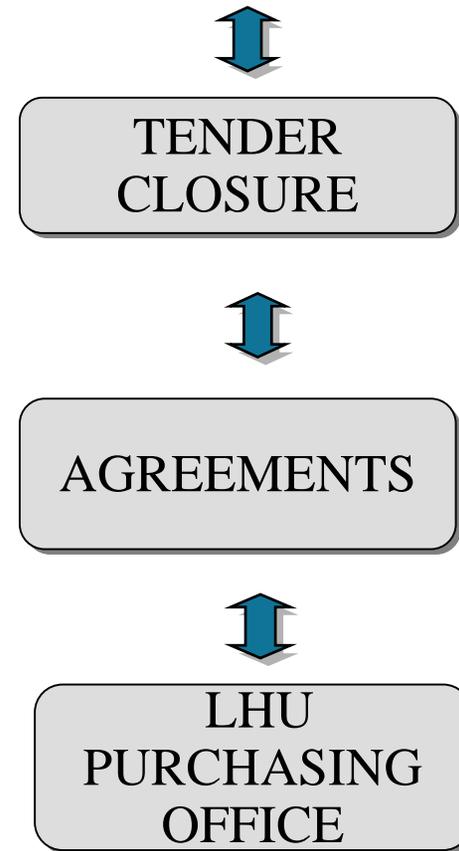
-Regional Level:

‘Closed’ agreements and mandatory participation

-Sub-Regional Level:

‘Closed’ agreements and voluntary/manadatory participation

(Area Vasta, Toscana, Unioni d’Acquisto, Emilia-Romagna)



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Comments

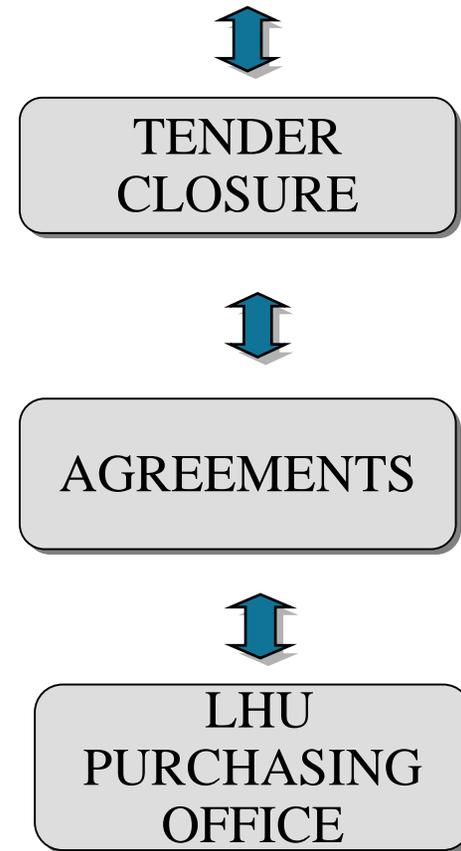
-National & Regional Level:

Savings on procedural costs for the tender process and request definition

Risk of competing offers on the same product categories between National (Consip) and Regional (Central Purchasing Lazio) level

Sub-Regional e Company level:

Savings on procedural costs and (high) savings on orders management because of the integrated logistics (Central Purchasing Bologna) and supply chain



Demand Aggregation: the ‘Area Vasta’

It's part of the complex relationship between the autonomy of the LHU and the governance of the Region

Ideal market dimension to better exploit the benefits of the competition

Homogeneous territory

Direct participation of the LHU/Hospitals in defining the common needs

Demand Aggregation: the 'Area Vasta'

Uniformity of public consumption

Transactional cost decrease (surveys, negotiation, control)

Economies of scale and increase of negotiation power

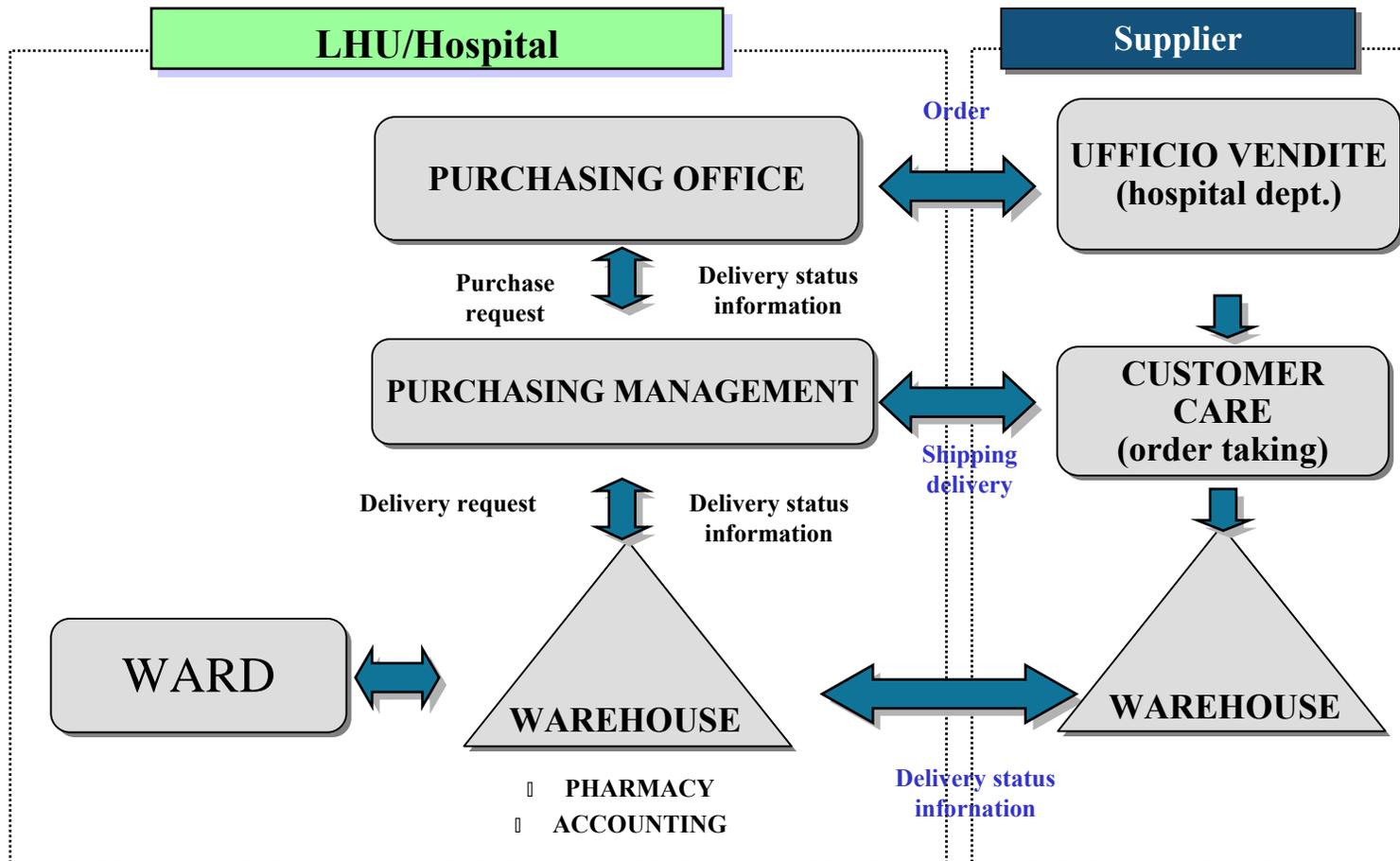
Better quality of the public expense (homogeneous needs)

Business process re-engineering (vertical / horizontal) and definition of responsibility

Specialization of the operators and reinforcement of the marketing activities on the buying process.

Process savings (selection, request, stock mgmt, distribution)

Central Management and IT in logistics



Central Management and IT in logistics

Supply Chain: it's a complex system involving both the LHU and the environment.

It's made by sub-processes:

- 1. Request definition*
- 2. Purchasing with (or without) tender*
- 3. Internal purchasing*
- 4. Products delivery and warehouse management*
- 5. Customer satisfaction KPI*

Central Management and IT in logistics

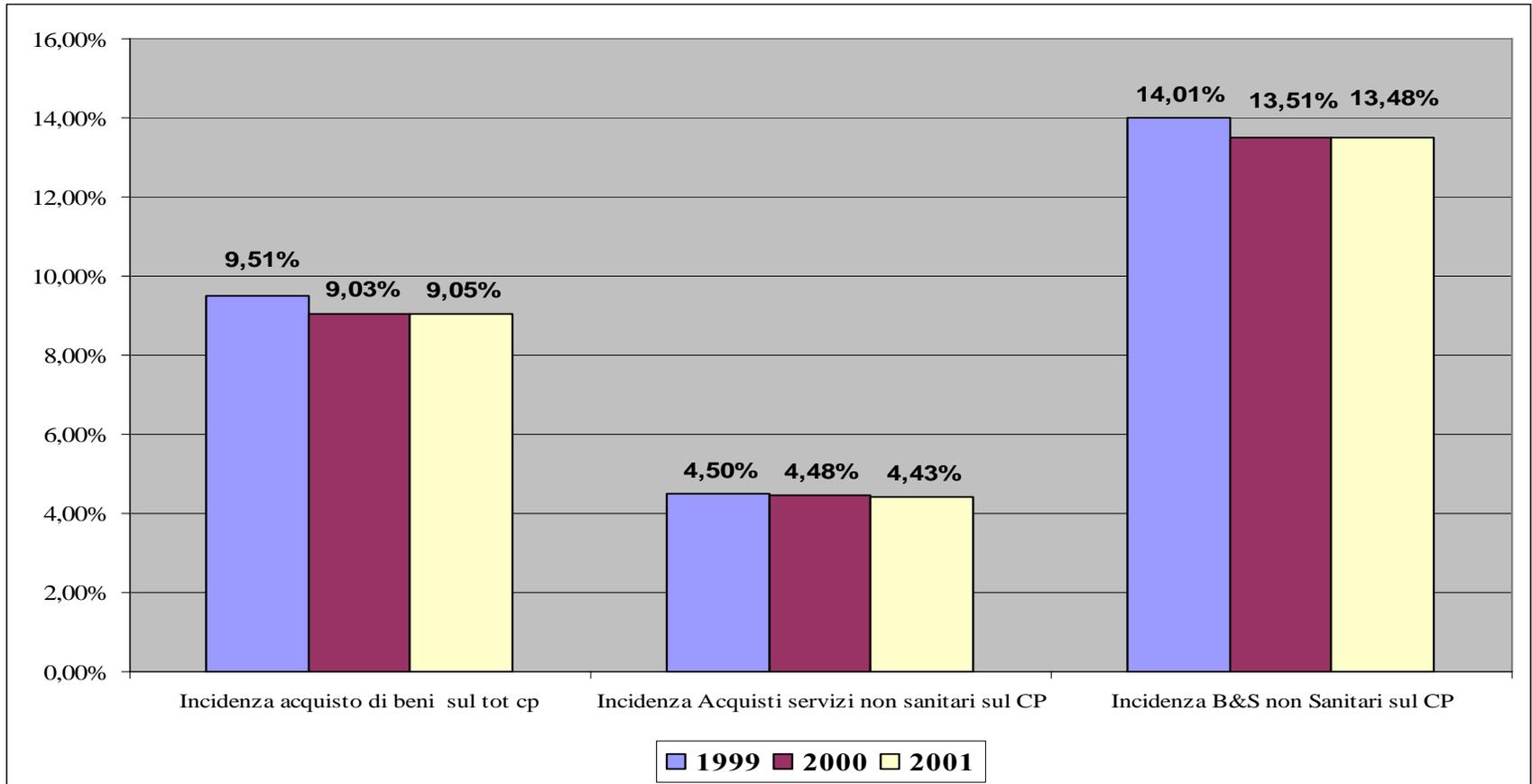
Supply Chain: effectiveness in combining the input (the request) and the output (the supply)

Economies of scale but also...



*...better management of the logistic process
(management of goods and distribution)*

Products & non-health related services (1999-2001, share of total production cost)



Fonte: Osservatorio Bilanci FIASO

(Bilancio Consuntivo Aziendale – 1999, 2000, 2001 su Campione di Aziende)

Products, Non-health related services, Pharma (1999-2001, delta %)

	Δ % 1999-2000	Δ % 2000-2001	Δ % 1999-2001
Products	4,86	8,95	14,24
Non-health related services (Maintenance & Services)	9,93	7,49	18,16
Total	6,48	8,47	15,50
Total Production Cost	10,47	8,67	20,05

Tools for budget control in LHU

- *Empowerment and responsibility definition*
- *Budgeting by objectives/results/ressources*
- *Process simplification*
- *IT*
- *Increased competition*

Conclusions

- Changes in the legal-operational framework for the LHU
- Likely increase of non-quality costs
- Loss of negotiation power at regional level for LHU
- Lacks of benchmarking for hospital performances



RISK: to miss the benefits from process innovation in purchasing process developed by LHU and Regions.

- Patient safety and quality of services are the primary objective, budget control it's only a constraint.
 - The purchasing process and optimal resource allocation are the main drivers.



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