

Reducing the costs of Healthcare

A decade of herding cats through fog



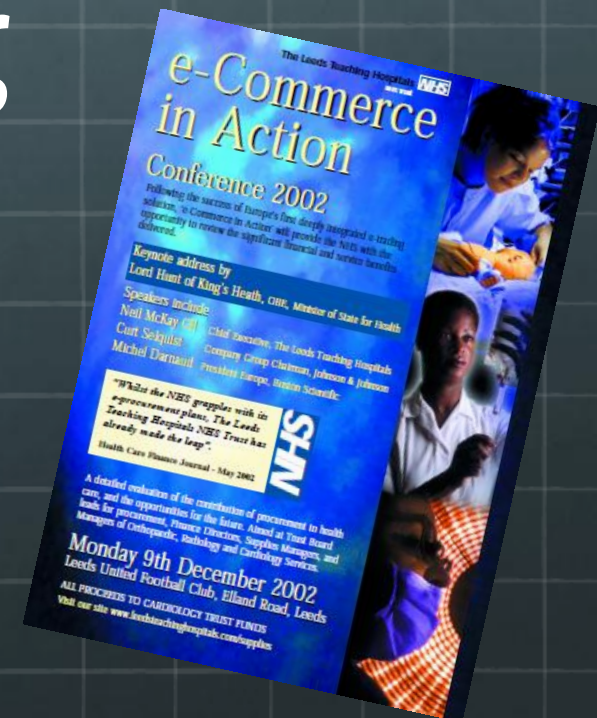
Elland Road Leeds

Graham Medwell

Leeds Teaching Hospitals

GS1 Global Conference

Amsterdam 6th October 2011



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



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

Healthcare Finance Journal – May 2002

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



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

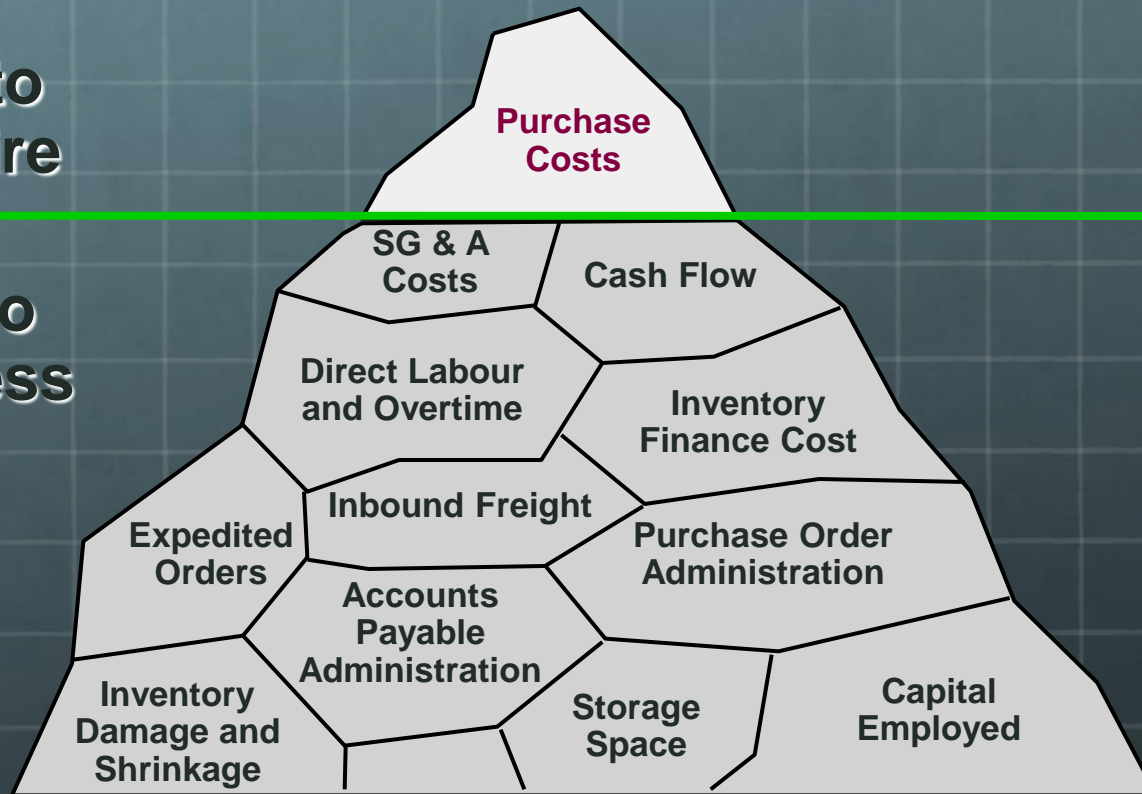
Traditional Buyer and Supplier Relationship



“We want to work with our suppliers to reduce total costs”

Cost to Acquire

Cost to Possess




Reducing Cost of Healthcare

Proven Technology from other sectors – GS1 standards, bar codes

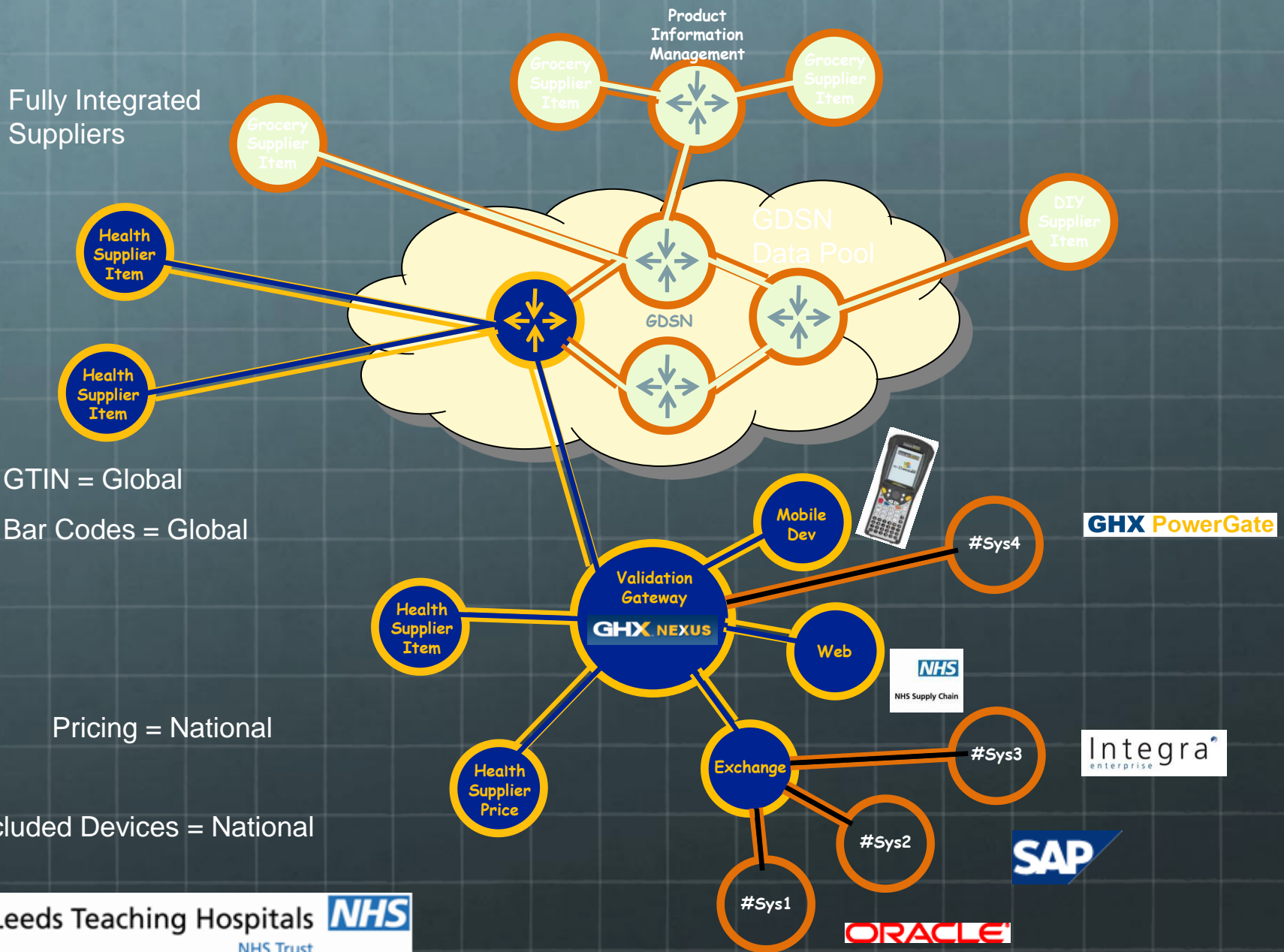


Co-operation within the Healthcare supply chain – GHX, GS1



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

GHX PowerGate

Integra[®]
enterprise

SAP

ORACLE

The Leeds Teaching Hospitals **NHS**
NHS Trust

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

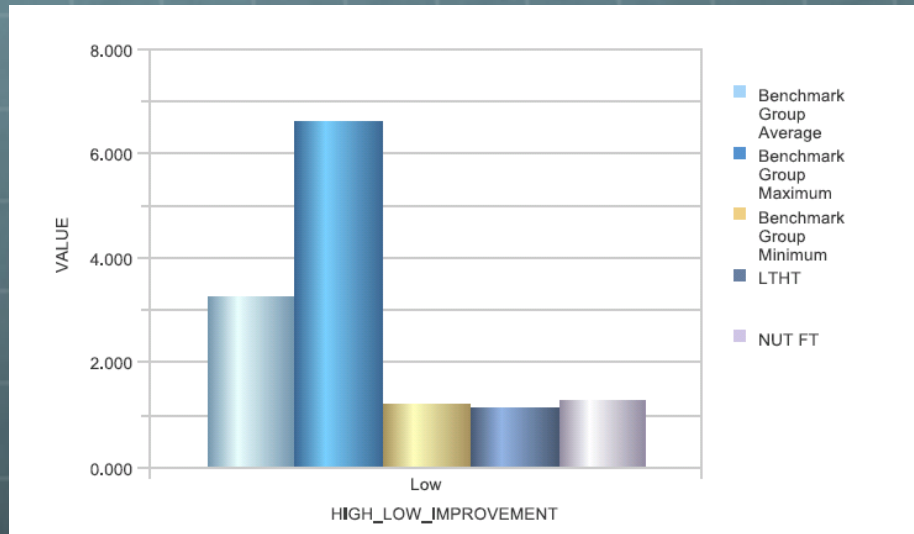
- **Successful pilot in 2009**
 - **Orthopaedic Kits**
 - **Need critical mass to make it work**
 - **See GS1 case study**
- **Wavemark solution planned to be introduced in November 2011 for Heart Valves**
 - **Lessons from pilot**
 - **Expiry Date**
 - **Lot numbers**
 - **Nexus to be used as repository for product identification**

The Savings ???



- 🌐 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 Savings ???



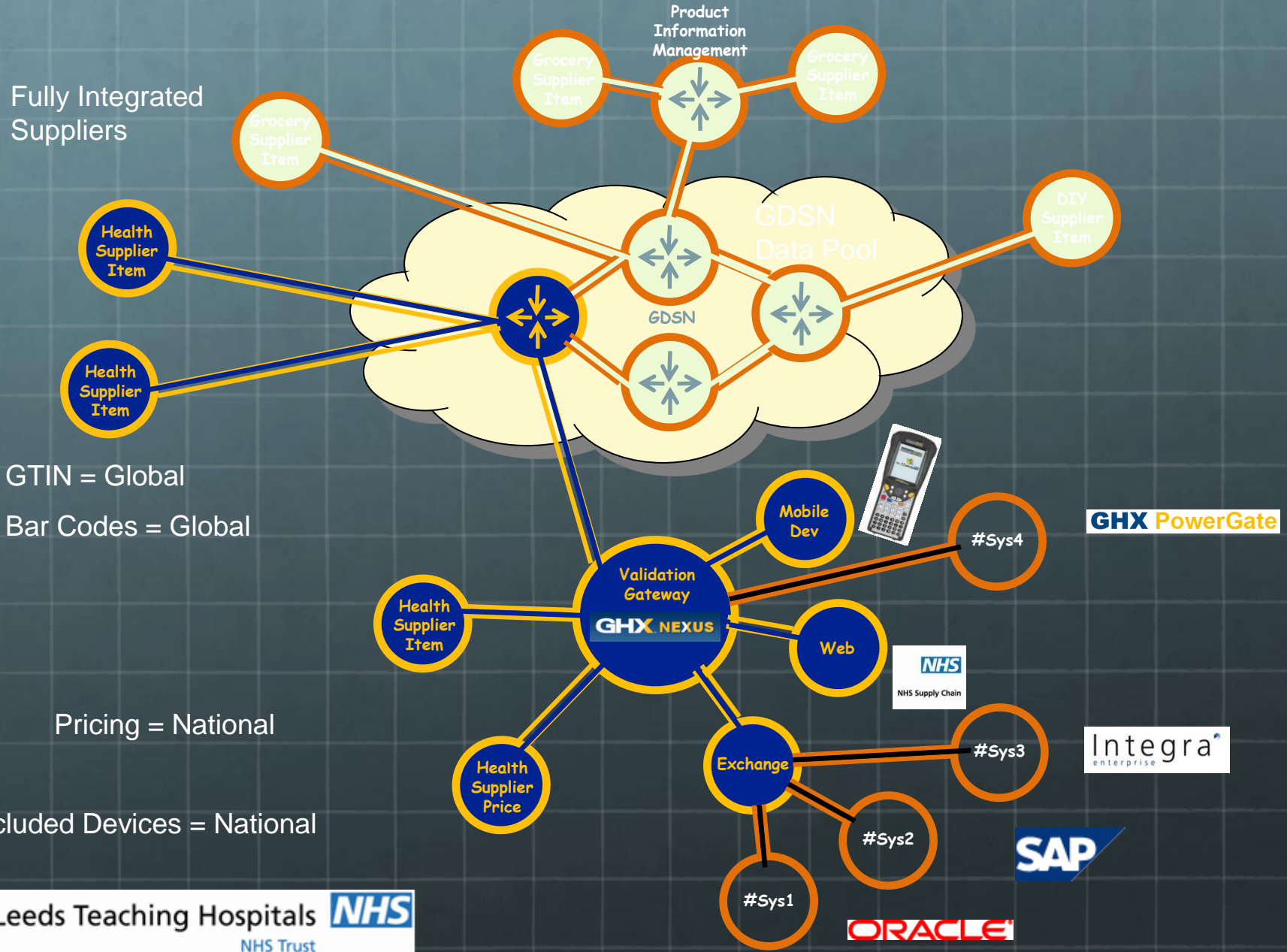
- **Inventory Management**
 - **Over £388k of 'consignment' stock found to belong to the Trust when implementing Powergate Inventory at CHOC**
 - **Stockholding reduced by £500k in first 12 months at CHOC**
 - **Over £400k of additional stock found within Trauma**
 - **Overall additional £1.7m stock 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...



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



How efficient is
your supply chain?

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
- Healthcare Service Journal Awards - London
 - Winner 2003
 - Runner-up 2003

Thank you for listening

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“We want to work with you”