

Tufts Medical Center partners with Premier Consulting Solutions™ to identify nearly \$5 million in nonlabor savings in only 14 months

Boston institution benefits from full range of Premier tools, aggregating volume with Yankee Alliance members

In the 14 months since Tufts Medical Center in Boston became a Premier owner, a team of Purchasing Partners and Premier Consulting Solutions™ (PCS) experts working with medical center physicians and staff has identified nearly \$5 million in nonlabor savings.

When Tufts Medical Center joined Premier in December 2008, the new partnership called for taking advantage of the full range of Premier resources – group purchasing, Premier’s field force, technology, tools, consulting and insurance – to help the academic medical center reduce nonlabor expenses.

“It’s going great. It’s been everything we expected,” said Director of Supply Chain Management Steve Cashton. “The transition to Premier contracts and pricing has gone well. We’ve seen some pretty good savings on contracting side. We’re seeing by our distributions that our participation is high. And the consulting project is going well.”

PCS Principal Jack Devine was assigned to Tufts as consulting project manager in January 2008. He and Field Vice President Ted Donnelly have brought to bear the full weight of Premier’s purchasing and clinical subject matter experts to make this project successful.

Tufts Medical Center, a not-for-profit 451-bed academic medical center, is home to a full-service hospital for adults and Floating Hospital for Children. Located in downtown Boston, both are principal teaching hospitals for Tufts University School of Medicine.

The engagement looked at supply utilization in six areas: lab and research, patient care, pharmacy, procedures, support services, and surgical services. Physician involvement and cooperation was essential, Cashton said, so there was a medical center doctor leading each team. There were 85 separate initiatives.

The largest single savings – \$600,000 on the contract for outsourced food and environmental services management – highlights Premier’s cross-the-board strengths. Medical Center leadership was interested in expanding retail food offerings, which led to an overall evaluation of inpatient food services, patient transport and housekeeping. Outsourcing agreements are by design complicated, often convoluted and ambiguous. Premier’s Foodservice Operational Strategies experts helped structure and manage an RFP process that ended with significant savings. There was another \$180,000 in savings by switching to Premier’s food services contracts with U.S. Foodservice.



Tufts Medical Center and Floating Hospital for Children are the principal teaching hospitals for Tufts University School of Medicine, which ranks in the top 5 percent of institutions nationwide receiving National Institutes of Health research funding. All full-time physicians hold appointments at Tufts University School of Medicine. The 451-bed medical center is the oldest permanent medical facility in New England and one of the first in the nation; the 128-bed Floating Hospital began in 1894 as a hospital ship. www.tuftsmedicalcenter.org

“We’re really looking forward to the new food service arrangement. We think it will add a lot more volume and a lot more distributions and there are all kinds of rebates too,” Cashton said.

ValueAdvisor™, Premier’s automated value analysis process tracking tool, was introduced to help streamline the change process. “It’s a new tool and needs work, but it’s the best tool available out there right now,” Cashton said. “It’s a cultural change here in the way new products are requested. We’re moving from a process that allowed a lot of discretion to a more formalized, structured one. We’ve expanded value analysis to physician preference areas. It’s a good process; it’s not 100 percent yet, but it does pull everything together.”

Cashton said the Premier engagement is the third expense reduction consulting engagement at the medical center in the past five years. “The consulting folks found there wasn’t much low-hanging fruit because of previous projects,” he said. “But it’s still a very successful engagement. It has worked out well.”

In pharmacy and cardiology, “we received a lot of cooperation because the Premier subject matter experts really did a great job and the tools were impressive,” said Cashton. “Both consultants and tools they used and the way they approached things went over very well with our pharmacists and cardiologists. The cath lab and electrophysiology assessments were very well received by our doctors.”

Cashton was also surprised with savings that came from aggregating purchases with Yankee Alliance, an Andover, MA-based regional alliance of more than 50 acute care hospitals and thousands of other healthcare facilities aligned with Premier. “For doing nothing, we jumped to higher tiers. They’re the local GPO. We know their people, they came from local hospitals, and that adds a lot of credibility.”

Project manager Devine said medical center staff and physicians were truly engaged in the process and follow-through was excellent. “They never took their foot off the pedal. Few initiatives lingered; they were brought up and handled. At all levels, those involved took ownership, evaluated alternatives and approved initiatives quickly.”

Like most hospitals today, Tufts Medical Center is battling the severe economic downturn, so the engagement set the stage for Premier to become even more engaged with the medical center to trim expenses while maintaining quality and safety.

SpendAdvisor® MySpend™, Premier’s spend management decision-support tool, is installed and producing excellent results. Recent changes by the medical center’s distributor will make MySpend information even more actionable. “It’s a great tool,” said Cashton. “And we hope to get more out of it going forward.” He and his staff meet weekly with a Premier representative to identify and discuss savings opportunities.

“It’s been a good relationship,” Cashton said. “It’s been everything we expected. Consulting engagements are difficult. They’re a lot of work. They look at hundreds of things, and you have to mobilize department heads to do things when they’re busy with other priorities. This is the third time in five years so that made it a little more difficult, but it has gone well. The transition to Premier contracts and pricing has gone well. We are pleased with our decision to utilize Premier.”

FOR MORE INFORMATION:

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