



CASE STUDY SNAPSHOT

A Clinically Integrated Supply Chain in Perioperative Services at Mercy

Trends



Hospitals are spending about \$25.7 billion more a year on supply chain than necessary.¹



For individual hospitals, the average total supply expense reduction opportunity jumped 22.6% since 2017 to \$12.1 million.¹



86% of hospital leaders said supply chain management would improve care quality, yet 27% said their hospital has not yet used supply chain management data analytics to identify ways to improve quality.²

About **Mercy**

Mercy, named one of the top five large U.S. health systems for four consecutive years (2016 to 2019) by IBM Watson Health, serves millions annually.

The health system recognized reimbursement shifts were becoming a part of their business management reality. With 259 operating rooms, perioperative services at Mercy generates 42% of its revenue, with perioperative supplies and labor representing the second and fourth leading expenses. To address changing revenue models, Mercy needed a comprehensive assessment of perioperative performance and a plan to maintain the viability of this critical service line.

¹ Study: Hospitals' Annual Supply Chain Savings Opportunity Reaches \$25.7 Billion. Navigant. November 13, 2019.

² Optimizing Supply Chain Management Market Report. Sage Growth Partners. March 2019.

Challenges

Manual Inventory Management and Inaccurate Physician Preference Card Management Created

Supply Disruptions	↑	risk of correct supplies not being ready. risk of imbalances in inventory and consignment liability. risk of stocking undesirable products.
Labor and Productivity Constraints	↑	time spent finding missing supplies. time spent returning unused items. time spent away from the patient in the procedure room.
Documentation Inaccuracy	↑	risk of not capturing supplies in patient record. risk of miscalculating supply demand. risk of not capturing actual consumption data at the point of use.
Patient Safety Risks	↑	risk of expired or recalled items being used. risk of delays and cancellations of the procedure.
Financial Ramifications	↑	risk of miscalculating procedure costs. risk of incurring unnecessary supply costs. risk of not capturing products for billing



38% of items picked for a case were subsequently returned to inventory.

Solutions

Mercy partnered with Tecsys for its clinically integrated supply chain solutions that connect with the hospital's clinical and financial systems in order to provide various stakeholders with the necessary data and workflows to optimize patient care delivery.

Business Intelligence: Collaborate on reducing supply costs per case.

- Performance insights on supply chain execution, inventory control and case costing trends.
- Leverage product costs and utilization data to decrease variation across procedures and physicians.
- Fact-driven recommendations for preference cards optimization and PPI standardization.

Clinical Integration: Align both clinical and supply chain workflows.

- Seamless integration with EMR eliminating double-entry processes.
- Track and trace tissue implants from dock receipt to patient utilization.
- Reduce the burden on the frontline staff by improving workflows and releasing valuable time.

Automation: Close the capability and visibility gap between various systems.

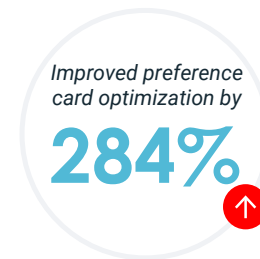
- Capture and track UDI effortlessly for intraoperative supply usage.
- Maintain regulatory compliance and improve recall management.
- Gain visibility across owned and consigned inventory.
- Optimize inventory management and case picking activities.



Outcome

Through their work on the perioperative transformation of people, process and technology, Mercy anticipates that it will save between \$11M - \$13M over the next four years, while at the same time driving higher quality care and improved patient safety.

Objective	Result	Estimated Savings Expectation
Automate Inventory Management	All perioperative inventory assets are visible and easily controlled.	\$2.4M in supplies
Improve Inventory Utilization	Clinicians trust that supplies will be available when needed thus eliminating product hoarding.	\$4.7M in supplies
Optimize Charge Capture	Products are documented at the point of use in a case.	\$13M in supplies
Improve Preference Card Accuracy	Surgeons have what they need for every case thus eliminating time spent pulling unnecessary inventory and returning it.	\$459,000 in labor
Automate Supply Replenishment	Supplies are integrated with the ERP system and automatically replenished.	\$480,000 in labor
Optimize Cycle Counts	Cycle counts were enhanced with technology thus reducing the amount of labor needed for this task.	\$167,000 in labor
		\$21.2M TOTAL



“The missing piece of the puzzle was a truly consolidated software platform that marries the clinical with the back office, eliminating those performance gaps that exist when one system ends and the next one picks up where that one left off.”

Betty Jo Rocchio
CRNA, MS, Vice President, Perioperative Performance Acceleration, Mercy

About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies, and decades – by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service, and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.



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