

Shaping Health of the Future

AHSPO 2014



Eileen Keane
Director , Change and Innovation
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About HPV

Health Purchasing Victoria was established in 2001 as an independent statutory authority

Purpose

Health Purchasing Victoria achieves best value supply chain outcomes for Victoria's health sector.

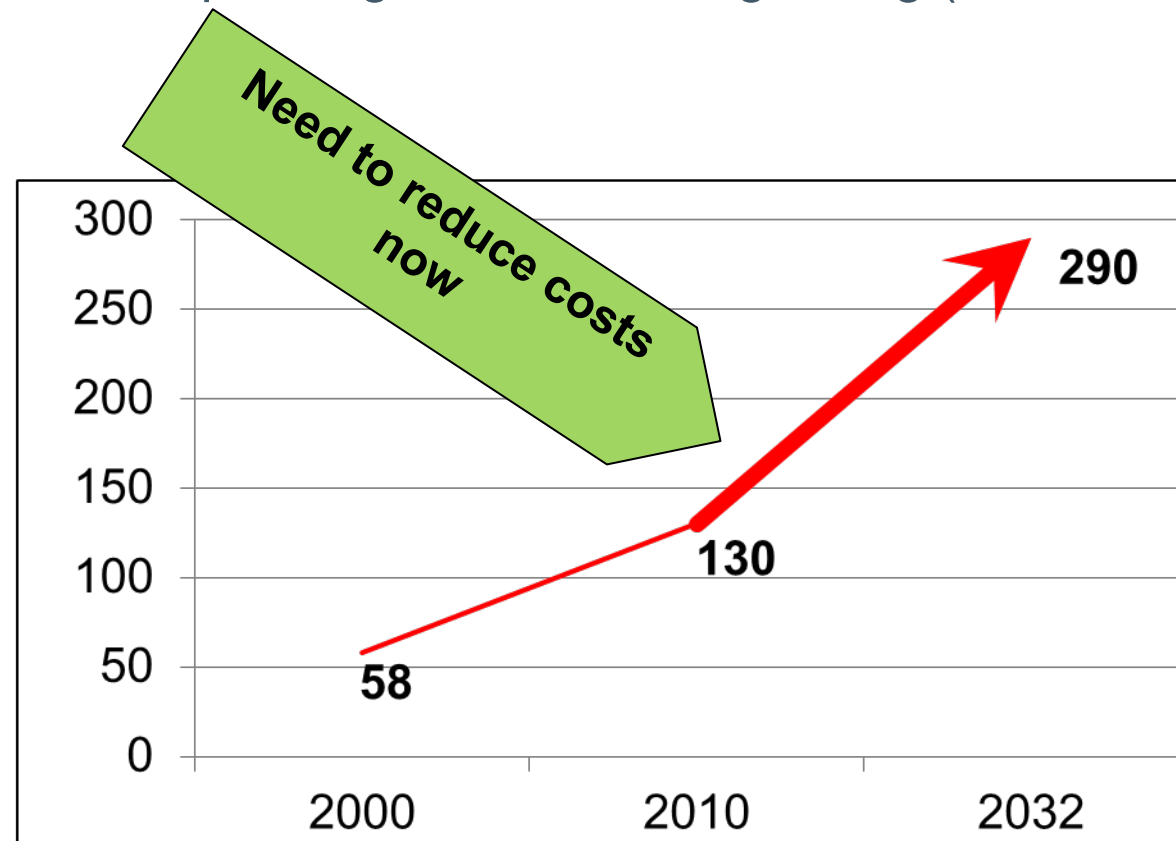
A group of US hospitals produced a video for the industry to promote data standards

What if data standards in grocery stores worked like they did in the healthcare supply chain?

http://youtu.be/g7D6pm_bLyU

Why change is needed now...

Healthcare spending in Australia is growing (in billions)



Old hospital *Materials Management* model

Purchasing

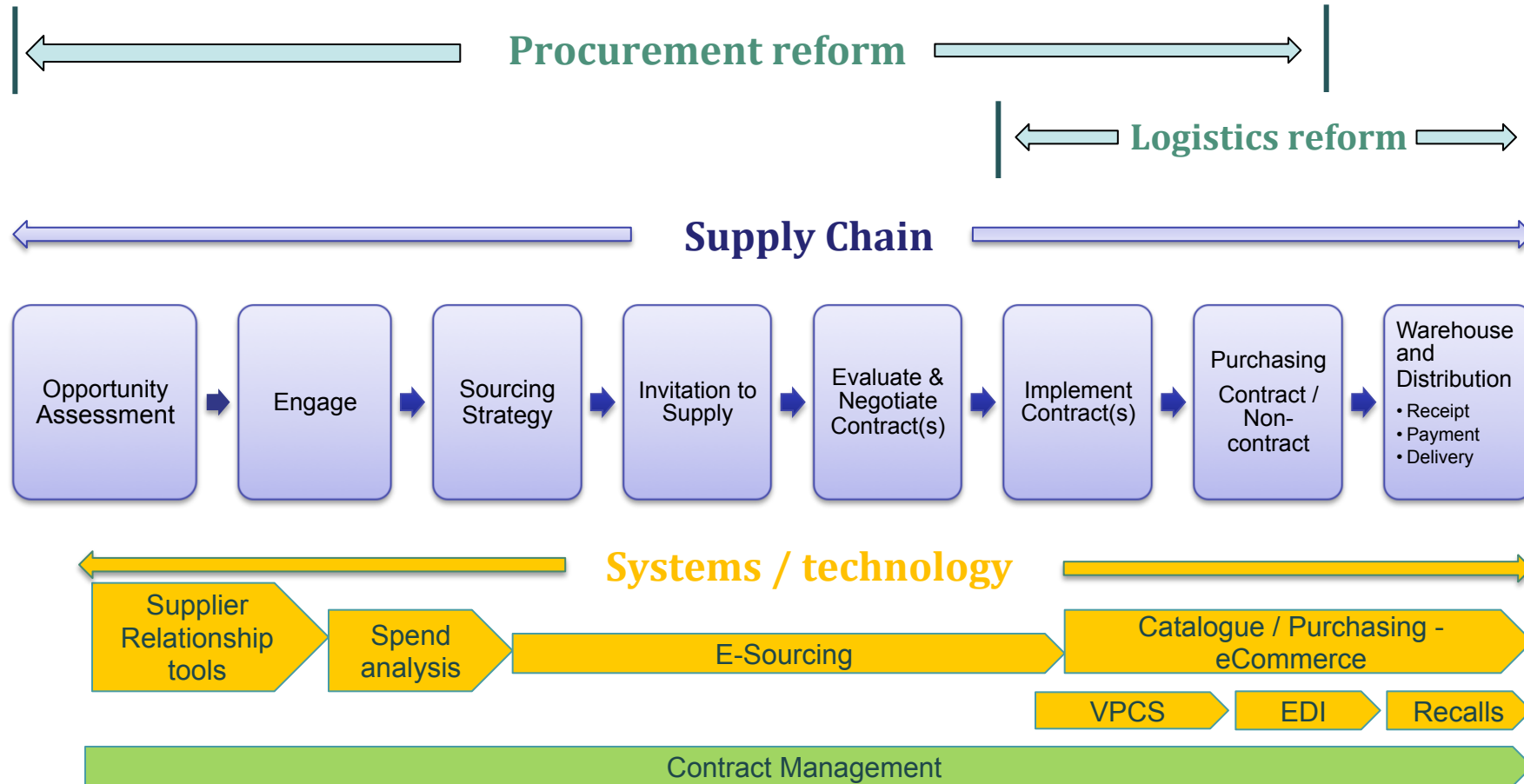
- “place and chase” orders

Stores

- receive and deliver



Supply chain



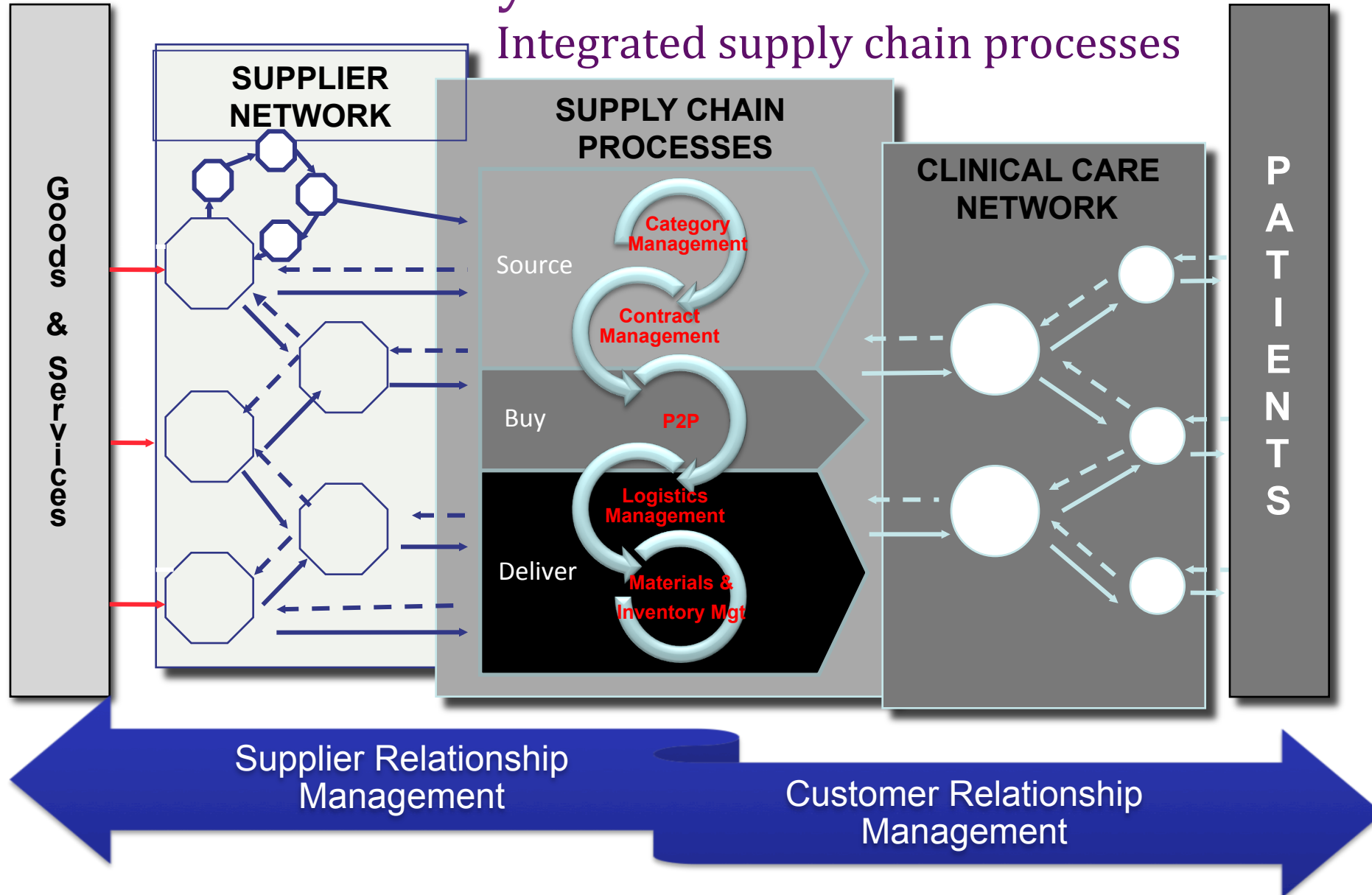
The tip of the iceberg...

**Purchase
Price**

**Drivers of
price**

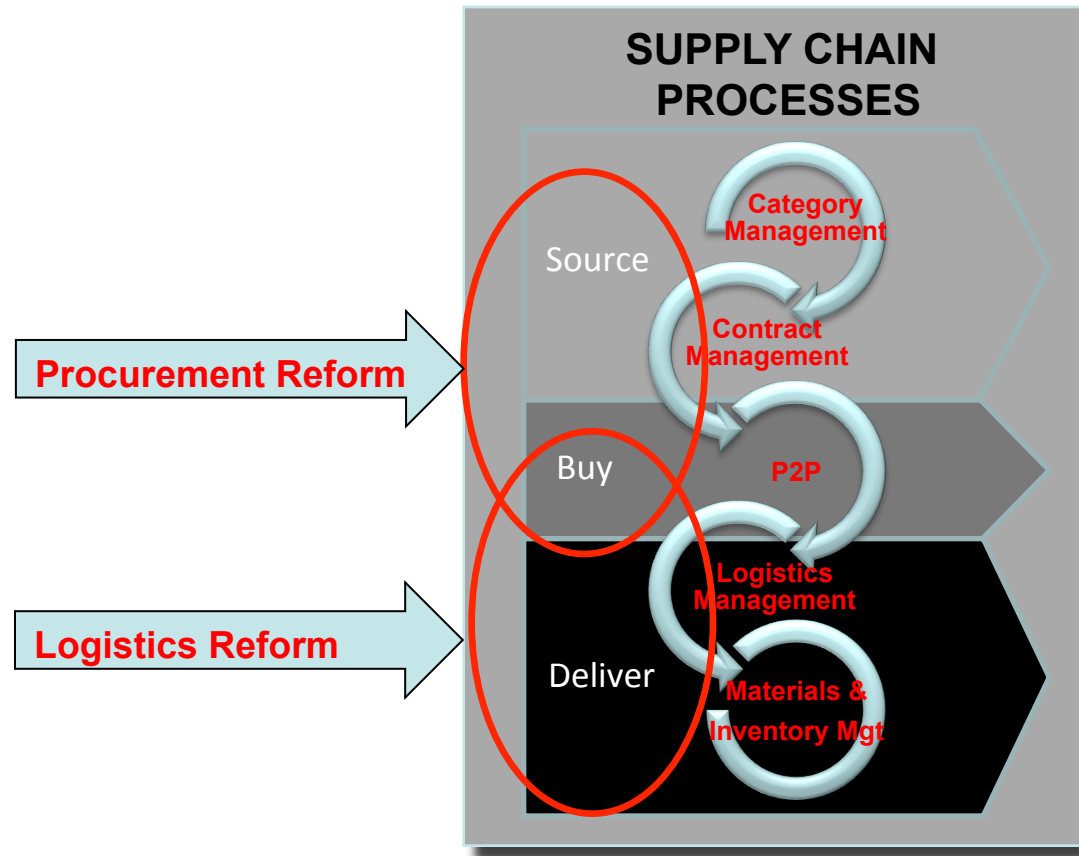


Think and act as a system



Think and act as a system

Integrated supply chain processes





IT STARTS WITH (GOOD) DATA

.....for all of us

Using data - *usefully*

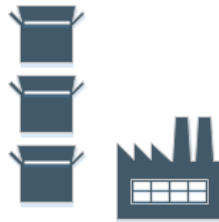
“Data! Data! Data!” he cried impatiently. “I can’t make bricks without clay!”

[Sherlock Holmes](#), *The Adventure in the Copper Beaches*

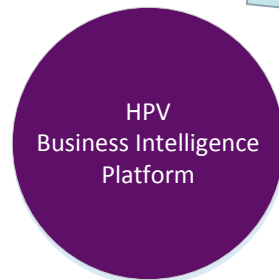
Data Links

National Product Catalogue (NPC)

- Single product catalogue for Australian Healthcare
- Supported by all states and territories and the commonwealth
- Information owned and populated by suppliers



Suppliers



HPV
Business Intelligence
Platform

National Product Catalogue

Victorian Product Catalogue

Common Catalogue

Common Catalogue Health Identification Master File (HIMF)

- Groups functional equivalents
- Provides standardised descriptions
- Provides validated and standardised UNSPSC codes
- Includes Australian Medical Terminology (AMT) codes

Common Catalogue

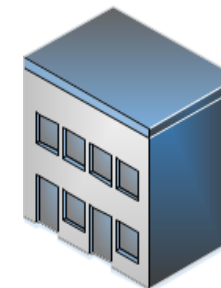
HealthShare NSW
Health Identification
Master File

Victorian Product Catalogue (VPC)

- Uses product and pricing from the NPC
- Adds HPV contract information
- Validates HPV pricing and displays non- HPV pricing
- Publishes via web portal to Vic hospitals
- Hospitals can extract and load information into hospital ERP systems

Business Intelligence

- Vic hospitals provide purchasing data to HPV BI Platform
- HPV BI Platform provides reports to hospitals
- Suppliers provide sales data to HPV BI Platform



Victorian Hospitals

VPCS Current Status

- VPCS is available to all Public Hospitals and Health Services with *unrestricted access* to HPV contracts
- HPV's Victorian Catalogue Team (VCT) is the Service Desk for VPCS users

As of September 2014:

- ✓ 300,000+ *contracted* and *non-contracted* items on the VPCS
- ✓ Product and Pricing information from the National Product Catalogue (NPC) and HPV Pricing Schedules
- ✓ 30 HPV contracts in system and more coming...
- ✓ 286 NPC supplier subscriptions

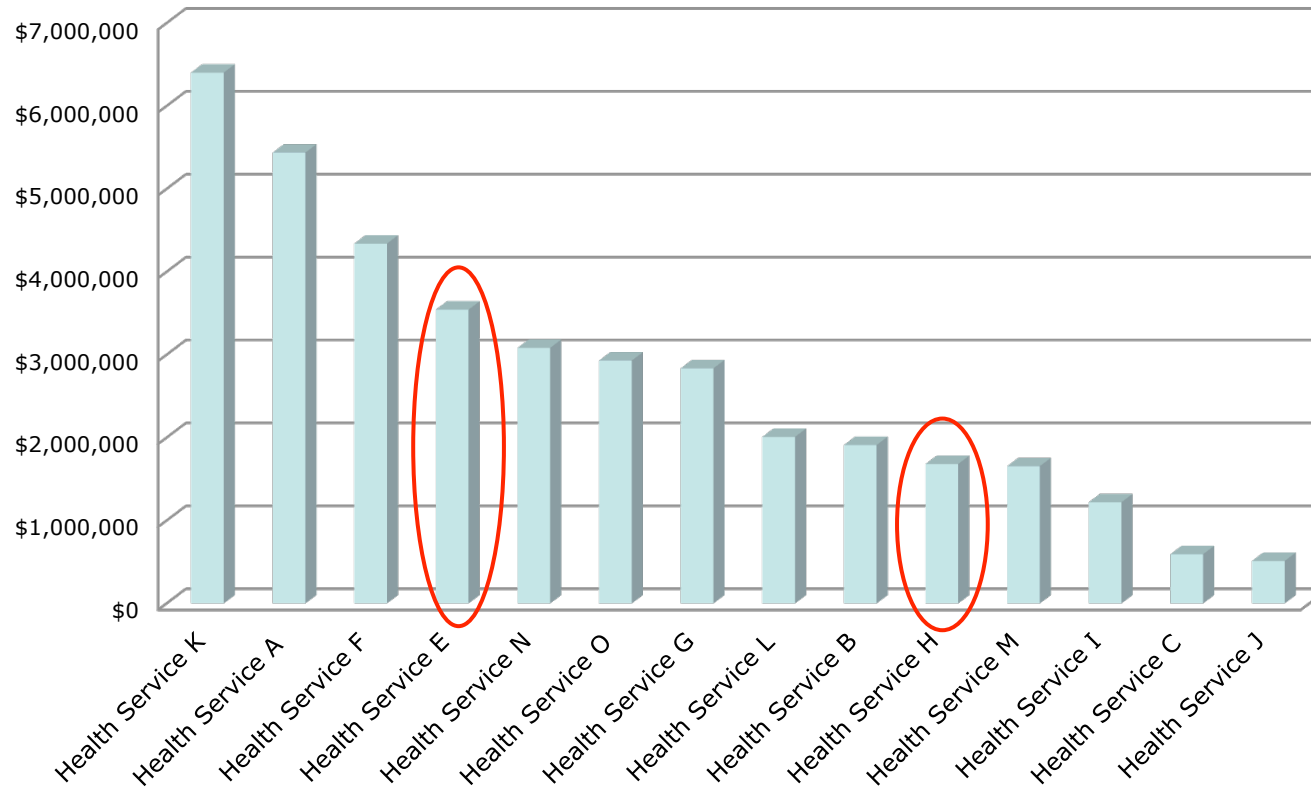
Key Functionality

- ✓ Side-by-side comparison to support purchasing decisions
- ✓ "Favourite" views created by hiding columns that are not required
- ✓ "Complex" pricing models, e.g. Volume Breaks, Commitment Pricing
- ✓ Online help, 6 short training videos and pre-populated email support

Using data - *usefully*

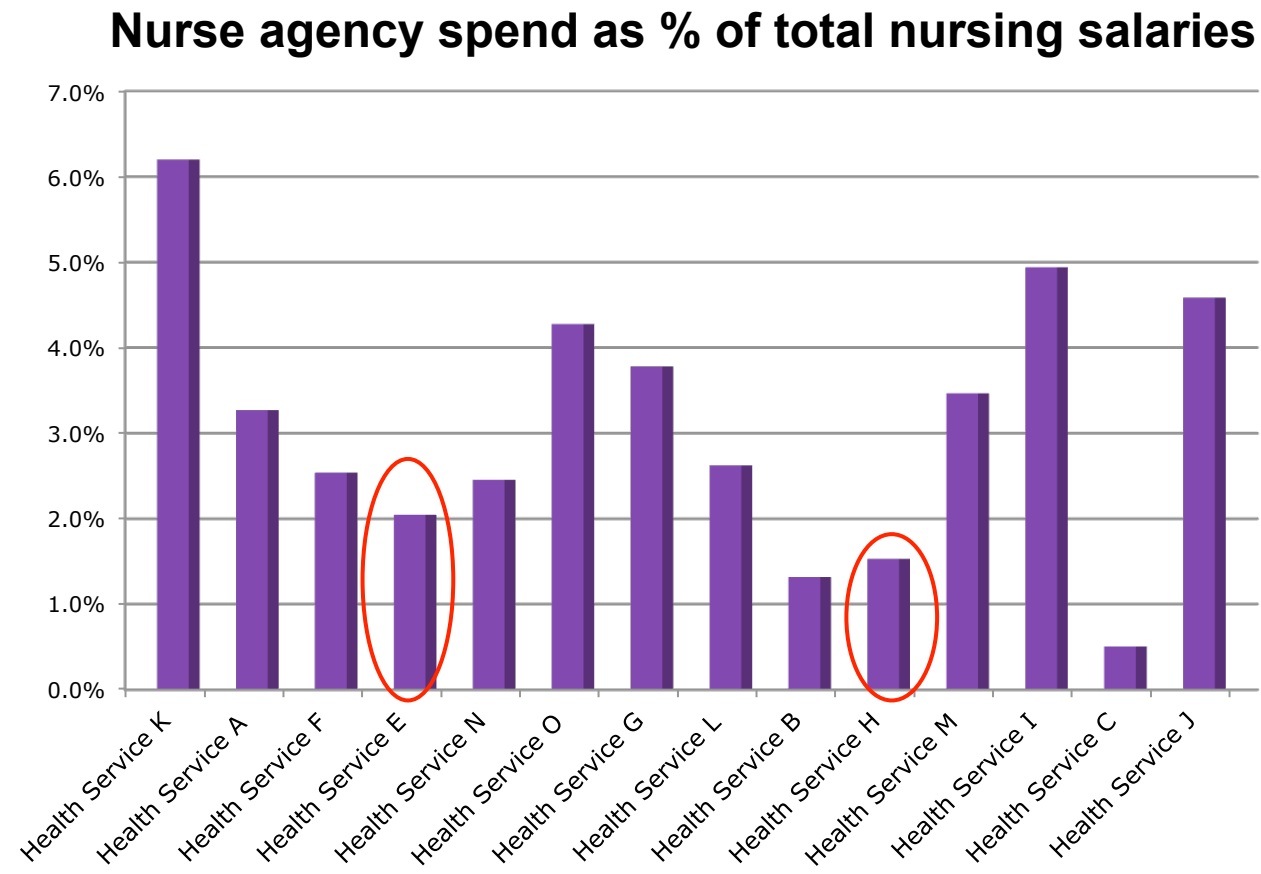
Sometimes the raw data doesn't tell us much...

Graph of spend on nurse agency services, 12 months



Using data - *usefully*

... but when we normalise the data it tells a different story



Using data - *usefully*

What else can be done with good data?

Opportunities

Standardisation

- can we get more people using the same product?

Rationalisation

- can we get more people using a lesser range of product?

Demand Management

- can we predict our use of product?
- use statistical tools – proactive, not reactive? Lean thinking

Would this create greater efficiency for the benefit of all?

HOW WE SOURCE AND BUY THINGS

Why reform procurement?

Two answers

- ❑ Compliance - ensuring probity



THE  AGE



- ❑ Better outcomes



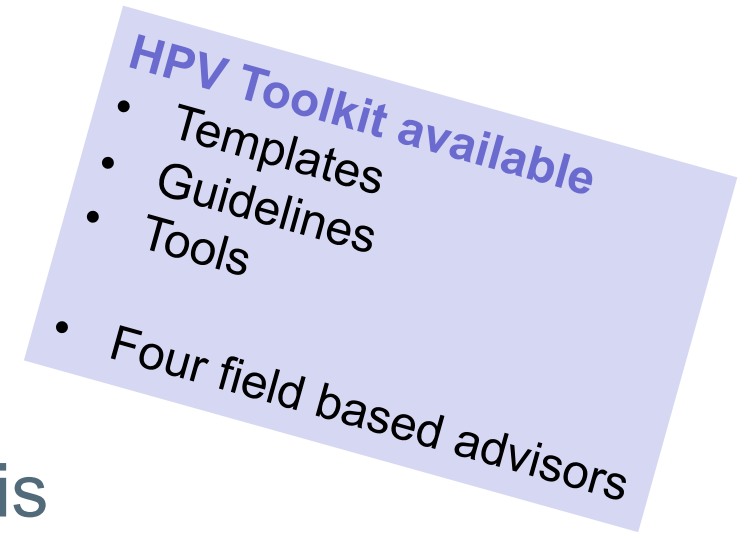
Why reform procurement?

Issues compromising procurement outcomes

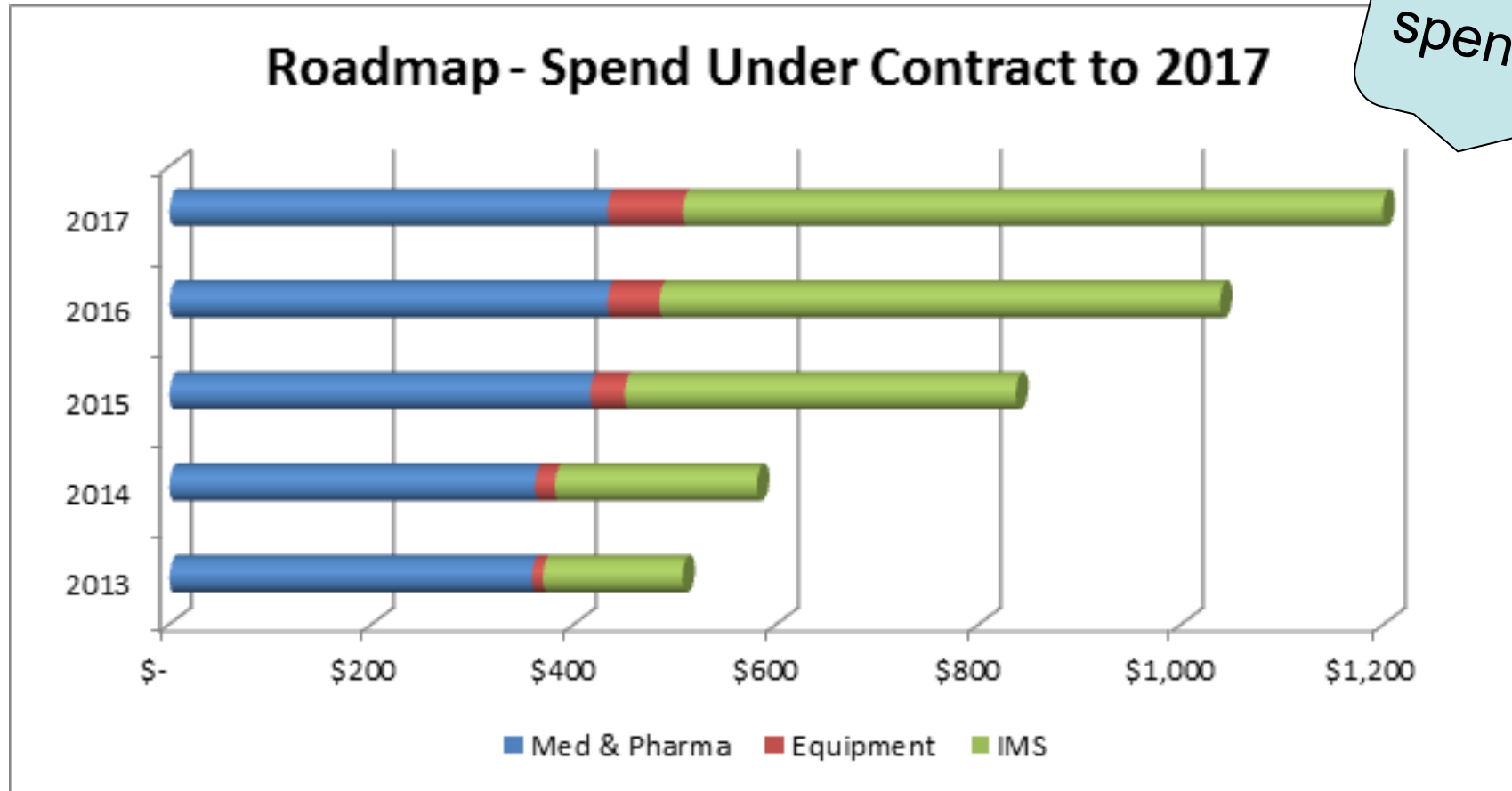
- ☐ Fragmented approach / lack of visibility
- ☐ Reactive and transactional approach
- ☐ Limited resources – focussed on service
- ☐ Developing capability
- ☐ Poor contract management

HPV Purchasing Policies

- ❑ 1. Procurement Governance
- ❑ 2. Procurement Strategic Analysis
- ❑ 3. Market Approach
- ❑ 4. Contract Management and Asset Disposal
- ❑ 5. Collective Purchasing



HPV Collective Sourcing roadmap



Non-clinical
spend is big!

Reform challenges

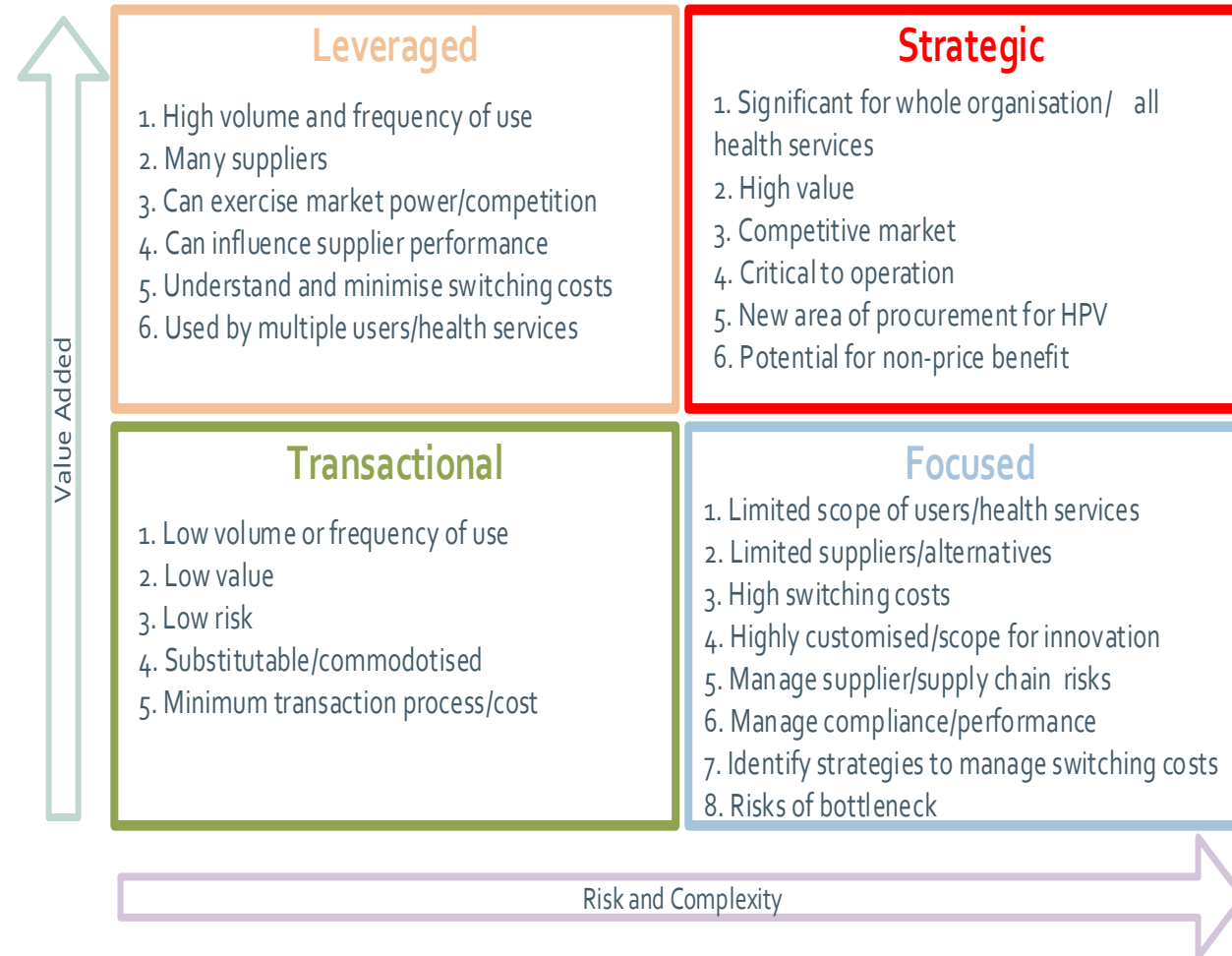
Health Services

- ☐ The need to invest in procurement
- ☐ Variation in scale of health services
- ☐ **Developing capability – invest in people**
- ☐ Internal resistance
- ☐ Compliance framework

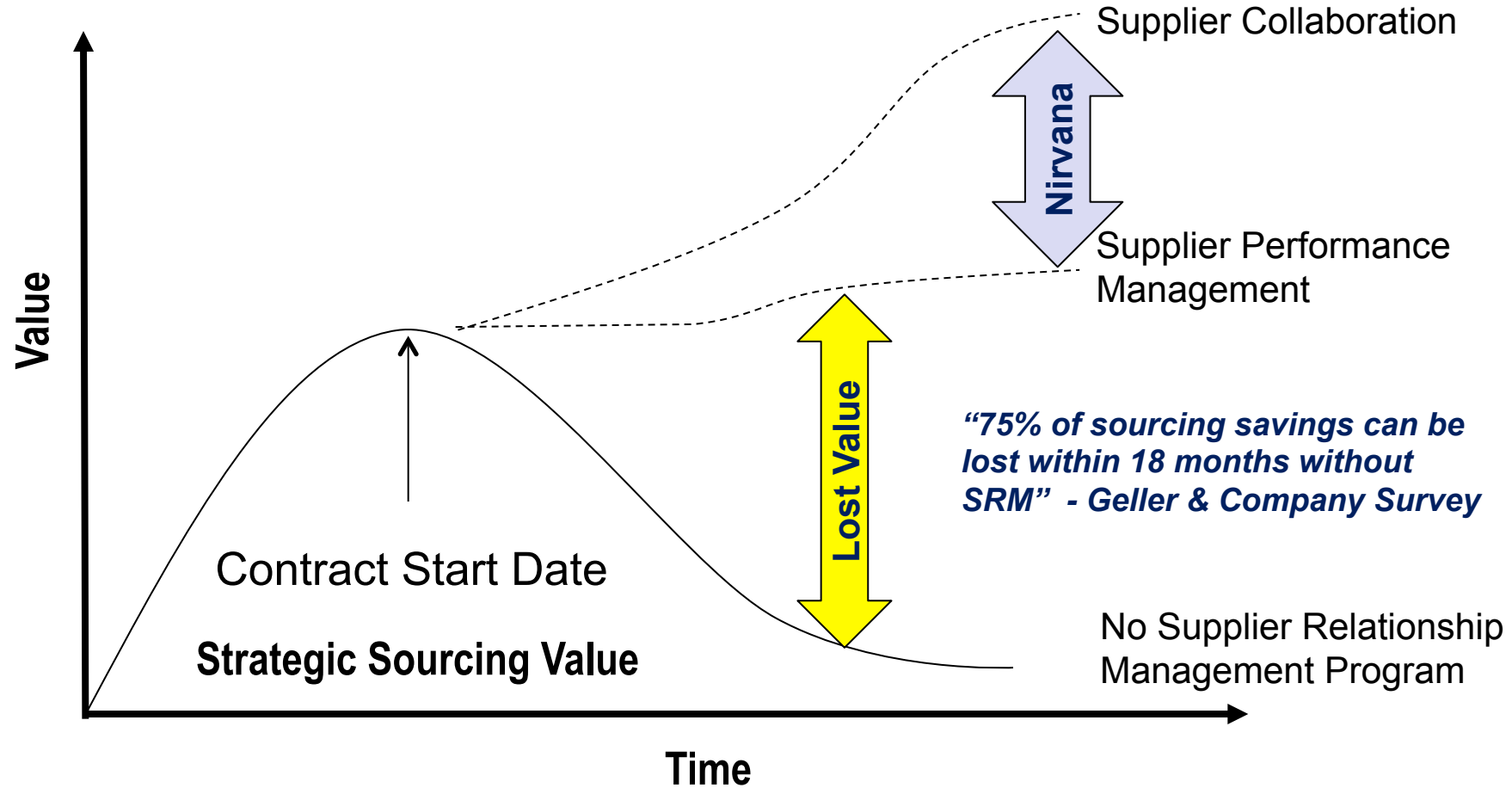
HPV

- ☐ Access to health service spend data
- ☐ Managing contract spend data
- ☐ **Developing capability – invest in people**
- ☐ Implementing technology

Put the effort in the right place

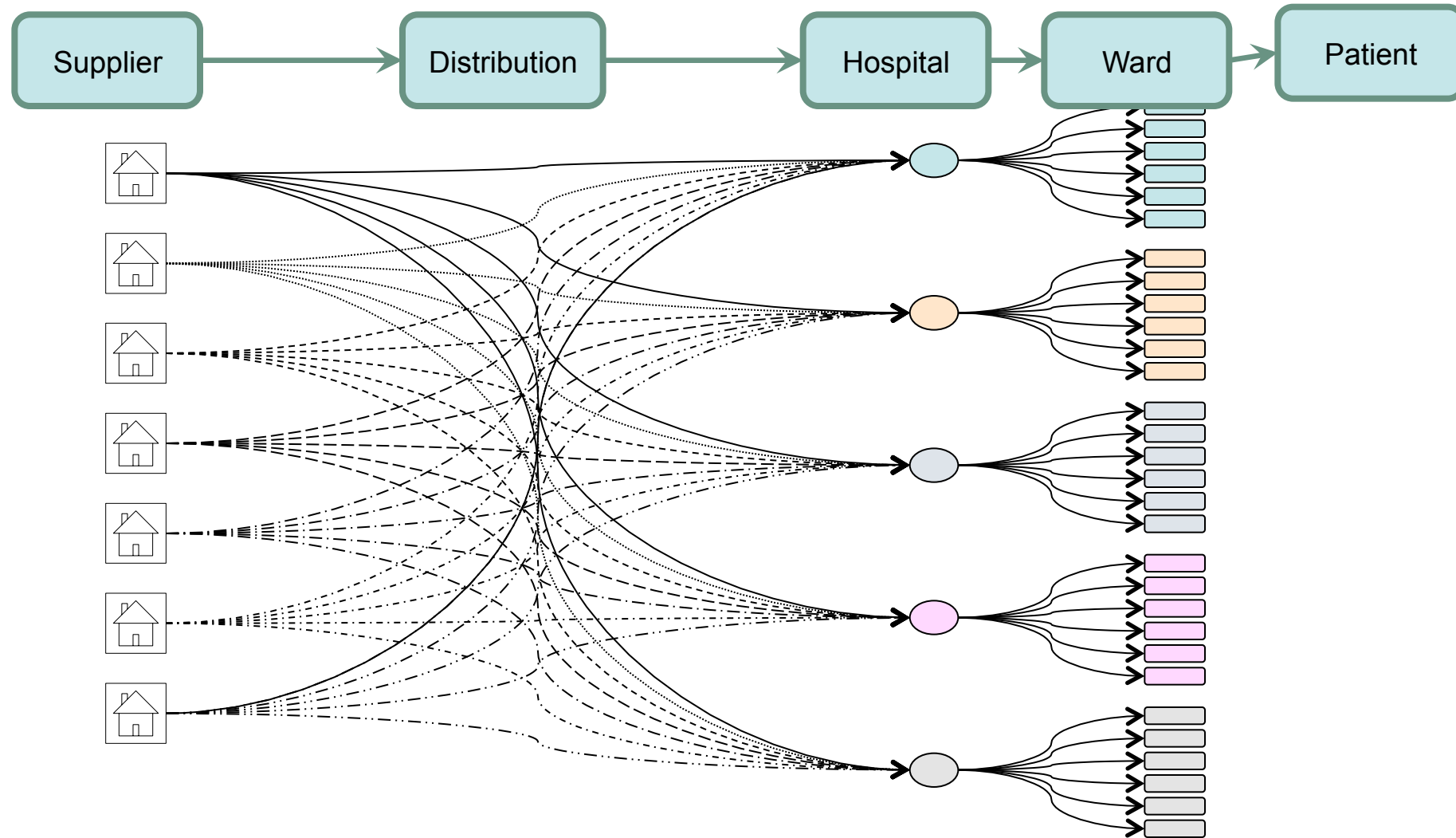


Contract Performance & Collaboration

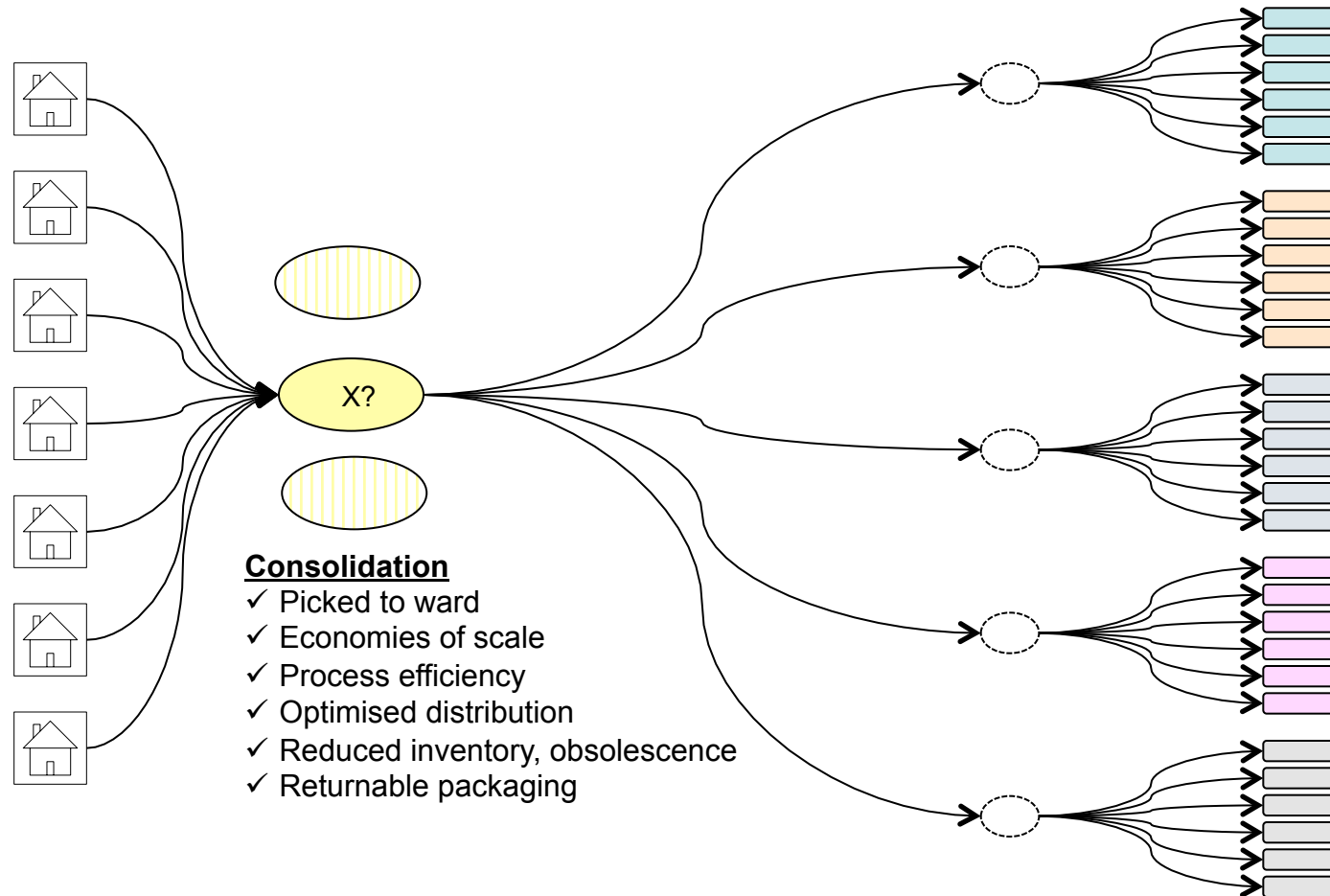


HOW WE STORE AND MOVE THINGS

NOW (in Victoria)

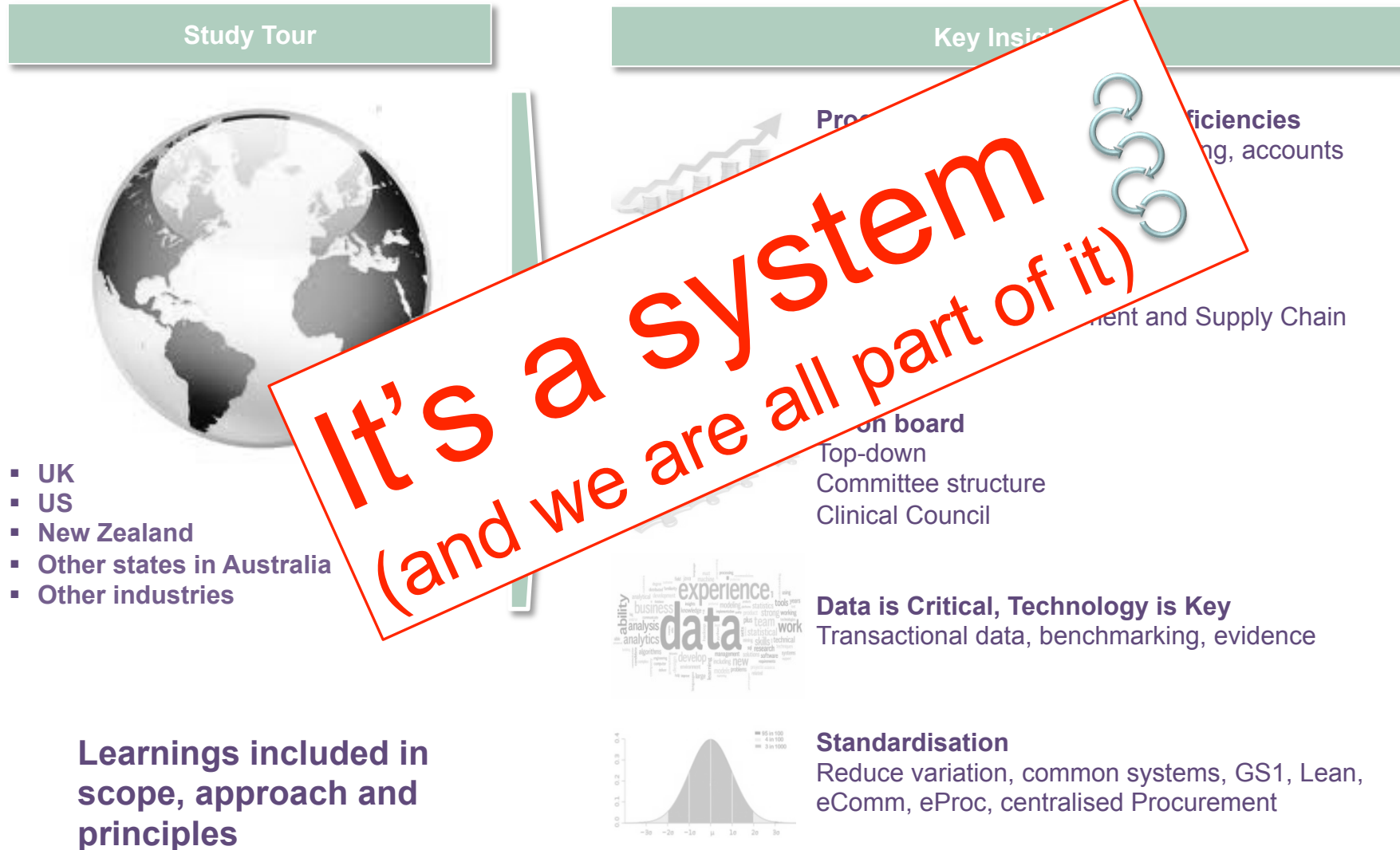


FUTURE ?



Insights from the Study Tour

We learnt that consolidating the supply activities *does* deliver benefits. Others have consolidated with key insights noted. HPV and key stakeholders are still reviewing.



Status of Feasibility Study

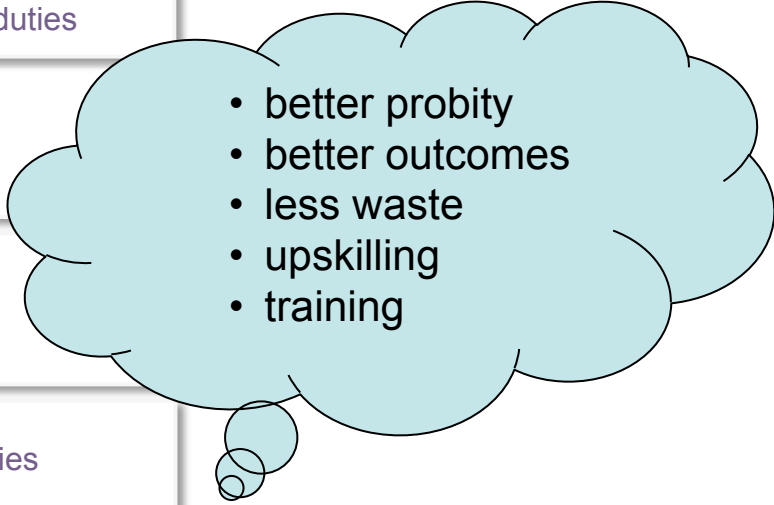
- Draft report completed
- HPV Board has requested an independent review – in progress
- The aim remains to align Victorian Public Health Supply Chain through
 - common vision
 - transparency
 - efficiency
 - improved technology
 - collaboration
 - removal of waste

There are many ways to do this....and to what extent?

Qualitative Benefits

The qualitative benefits associated with supply chain reform are significant, and broadly fall into the key categories below

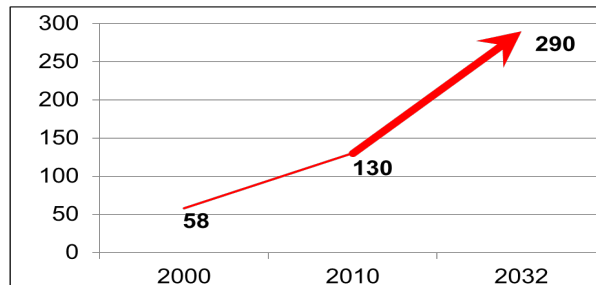
Qualitative Benefits	
▪ Patient Care	<ul style="list-style-type: none">▪ Improved value for money redirects spending▪ Streamlined clinical trials▪ Clinical staff availability, released from Supply duties
▪ Supplier Management	<ul style="list-style-type: none">▪ Performance management▪ Compliance▪ Demand management
▪ Collaboration	<ul style="list-style-type: none">▪ Business Continuity planning▪ Warehouse and stores floor-space reduction▪ Clinical product acceptance & innovation
▪ Personnel Development	<ul style="list-style-type: none">▪ Clinical availability – released from Supply duties▪ Supply and Procurement staff development
▪ Data Visibility	<ul style="list-style-type: none">▪ Standard catalogue▪ Common technology
▪ Process Streamlining	<ul style="list-style-type: none">▪ Consistency▪ Automation▪ Compliance▪ Reduced lead times

- 
- better probity
 - better outcomes
 - less waste
 - upskilling
 - training

Why improve?

75 year old goes to hospital
for a hip replacement

Wrong prosthesis
delivered



→ No surgery

Impact on patient?

Cost to health system?

There is real value in Health Supply Chain Management

A dollar saved is a dollar invested somewhere else in healthcare

When we allow personal preference to guide decisions we pay more

When we don't have standards we pay more

When we don't leverage our scale we pay more

Quality does not mean "spare no expense"

Product and process variation is not clinical excellence

*Brent Johnson, VP Supply Chain, Intermountain Healthcare, Utah
November 2013*

Change Management



Take action!
We can't be left on the escalator

http://www.youtube.com/watch?v=VrSUe_m19FY



Level 34
Casselden Place
2 Lonsdale Street
Melbourne 3000

T: 03 9947 3700
F: 03 9947 3701

hpv@hpv.org.au
www.hpv.org.au