

INVEST IN YOUR SUPPLY CHAIN – INVEST IN YOUR SUCCESS

Welcome to Practical Matters! This series aims to provide an overview of trending topics in a variety of service areas. Our goal is to present current topics to spark discussion within your organization that could lead to a new approach and result in a positive impact.

As we begin 2019, many health care organizations strive to find ways to tap into the potentially **\$25.4 billion unrealized supply chain opportunity**. Below, we offer a few ways health care organizations can capitalize on this opportunity.

- 1. Make Your Supply Chain Workflow Work for You.** Understanding the entire life cycle of a purchase in your organization is the first step to identifying opportunities for improvement within your supply chain, which ultimately can help organizations succeed in the triple aim of cost savings, quality care and improved patient outcomes. Organizations should engage in value stream mapping to identify ways various stakeholders can contribute to improving the flow of information required for purchased products or services, which will often also reduce the overall amount of time it takes for an agreement to be reviewed, processed and implemented. Long-term benefits of engaging in process improvement tie-in with vendor relationships are discussed below. Interested in learning more? [Let's get started.](#)
- 2. Think Like a Hacker: Analyze Your Cybersecurity Vulnerability.** Cyber attacks through hospitals' supply chain will continue to increase, and the nature of the Internet of Things attacks will increase in severity. Medical device cybersecurity continues to present challenges for organizations, and attention will start to shift from concern strictly about confidentiality to concern about integrity and the availability data. This is a difficult area to police because the manner and style of threats are always changing. In order for health care organizations to be best positioned to respond to these changing threats, consistent and meaningful risk analyses must occur. The Office for Civil Rights of HHS expects a risk analysis to be completed at least annually and any time the computer environment or the risk environment changes significantly. Interested in help with a personalized risk analysis that covers the entire enterprise and isn't a cookie-cutter review? [Let's get started.](#)
- 3. Focus on Vendors: Engage, Commit and Strategize.** Identifying and effectively communicating vendor expectations, both as they relate to engaging with the organization and regarding the data that can be leveraged as a result of the relationship, is a key step in transforming the supply chain. For example, organizations should consider establishing pre-qualification standards that all vendors must review and affirm prior to any additional discussions about purchasing products or services. Consideration should also be given to implementing a vendor management strategy to ensure vendors are complying with the agreement for its entire term. Often organizations will spend significant time and energy to engage vendors in the RFP process and negotiate terms related to data collection, discounts, recalls and shipping but fail to create a process for ensuring compliance with the agreed-upon throughout the life of the agreement. If a vendor is found to be non-compliant with negotiated terms, there could be significant economic impact to the organization. Organizations that have deployed a strategy to monitor vendor compliance will maximize the value of the negotiated terms. Interested in learning more? [Let's get started.](#)
- 4. Value-Based Purchasing - What Does It Mean?** Recent trends show that more vendors are willing to share risk with purchasers, in part due to the transition from volume to value in the reimbursement arena. An emphasis on improving patient outcomes has led vendors and providers to use shared data, collected as part of outcomes-based purchasing efforts, to set metrics for determining whether the parties have achieved the intended outcome. The concept of tying performance to payment can be tricky to negotiate given the variables involved, but the results can yield improved patient outcomes as well as economic benefits. In light of recent [regulatory guidance](#), organizations should consider whether there are innovative ways to allocate risk between the parties when entering into purchase agreements, particularly in purchasing categories where the ability to measure successful outcomes exists (e.g., pharmacy and medical devices). Has your organization engaged in outcomes-based purchasing? Interested in evaluating a potential risk-sharing arrangement? [Let's get started.](#)

If you have any questions or would like more information on this topic, please contact:

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