

SUPPLY CHAIN SERVICES & STRATEGIES

THE SUPPLY CHAIN IMPACT

In this value-based era, health care organizations are focused on identifying practical strategies that offer maximum savings while delivering the same or better quality of care. Supply chain costs comprise a staggering 30 to 50 percent of a health care organization's budget. Collectively, these supply chain expenses are the second largest line item behind labor costs for health care organizations. Equally as eye-opening, it is estimated that the United States health care system wastes \$765 billion annually in medical waste.

As a result, health care organizations are actively engaged in modernizing their supply chain departments by centralizing and streamlining their operations. For example, many organizations have combined their general contracting, supply chain and information technology functions and utilize data analytics to make informed and effective decisions. A recent study has shown that organizations that focus efforts on sourcing excellence can achieve savings in excess of 20 percent in addition to ultimately lowering future cost escalations. To support these efforts, Hall Render has health care attorneys who devote their practice to assisting clients with their general contracting, supply chain and information technology needs.

Health care organizations are tasked with navigating sophisticated arrangements that often implicate various laws and regulations. As these regulations continue to evolve, Hall Render attorneys are here to assist health care organizations in effectively managing their supply chains but also offer contemporary counsel on procurement of goods and services. Let's get started.

The Hall Render Advantage

Our attorneys represent a variety of clients across the health care industry, including group purchasing organizations ("GPOs") and collaboratives, health systems, physician practices, community hospitals and medical device manufacturers. Our broad range of health care clients allows our attorneys to have a unique vantage point that provides a comprehensive perspective with respect to hundreds of vendors and a wide variety of products and services available on the market. Additionally, our attorneys leverage this knowledge to provide practical counsel to supply chain teams as they analyze vendor offerings across a variety of procurement channels including centralized distribution models, GPO affiliation(s), physician preference item contracting and outsourcing arrangements. This expansive knowledge base allows our attorneys to assist clients in shaping a more efficient supply chain workflow, negotiate vendor arrangements effectively and establish best practices to achieve broader organizational goals.

AREAS OF FOCUS

- Group Purchasing Organizations/GPOs
- Supply Chain Management

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Strategic Sourcing

Hall Render provides counsel to clients as they navigate the variety of strategic sourcing opportunities available to health care providers.

GPO Relationships

Our attorneys also work with GPOs and assist providers in navigating all aspects of their relationships. We assess the GPO relationship overall and examine ways to maximize their participation in the GPO. For example, we review participation agreement(s) and/or any additional service agreements with a current GPO, as well as assist in negotiating renewal agreements or in the development of a new GPO relationship. In our representation of GPOs (including provider regional GPOs), we assist in contracting and negotiating with vendors, implementing national contracting strategies across product categories and maintaining regulatory compliance related to GPO operations. Our attorneys have extensive experience with various GPO structures and service models and have worked with the Office of Inspector General ("OIG") to request advisory opinions on innovative ways providers can optimize their supply chain.

Distribution

As health systems identify increased cost savings in centralization efforts across supply chain contracting, they are increasingly interested in streamlined distribution efforts. Whether that be exploring an internal centralized distribution system or strategically directing spend with a third-party distributor, Hall Render attorneys regularly assist clients with operational issues, regulatory analysis related to payment structures and contract negotiations related to distribution models.

Vendor Contracting

Hall Render provides practical counsel and insight into direct vendor negotiations. Our clients benefit from our attorneys' experience in negotiating with hundreds of vendors. Health care providers may not always be in a position to direct significant volumes of spend to a vendor, but Hall Render attorneys work to effectively mitigate risks associated with purchases by utilizing their knowledge of the industry to ensure equitable contracting in every agreement.

Vendor Performance Audit

Issues that arise with vendors post-execution can represent a significant cost to health care providers. Hall Render provides practical guidance to optimize the value and cost savings negotiated between the parties including vendor compliance with freight management programs, pricing and rebate audits and uptime guarantee provisions.

Incident Response

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Our attorneys regularly counsel clients on issues related to unforeseen or unanticipated events such as cybersecurity breaches, warranty claims, safety notices and product shortages and recalls. We understand the extensive impact these types of events can have on your organization and provide real-time guidance to address limiting the exposure of the impact, assist in navigating discussions with vendors and ensure the terms of the agreement are enforced.

Negotiating Vendor Arrangements

Our attorneys consider, review and negotiate commercial agreements from the RFP process to execution. We leverage our contracting experience to identify both operational and legal risks in vendor agreements and often negotiate additional terms to maximize the value of the agreement and adequately mitigate risks.

Our attorneys review all arrangements to ensure they comply with applicable laws and regulations. Specifically, we analyze issues related to vendors' proposed pricing and discount structures, access to protected health information, fraud and abuse and product and medical device safety, as well as assess such arrangements against the organization's risk tolerance. In doing so, our attorneys often support and lead vendor negotiations on behalf of our clients.

Standardization of Purchasing Terms

Supply chain contracting is optimized when the purchasing and negotiation process is consistent across the organization. Hall Render has extensive experience in reviewing existing standard purchasing terms as well as preparing new standard purchasing terms that can be used on purchase orders or as part of standard templates used by the organization when negotiating with vendors. Clients find that equipping their business teams with standardized purchasing terms reflecting the organization's optimal contracting position promotes efficiency when engaging vendors.

Supply Chain Value Stream Mapping

Supply chain contracting audits provide clients with a comprehensive look at their existing supply chain contracting processes. As part of this audit, our attorneys review applicable client contracting policies and procedures as well as a variety of existing agreements in order to assess their supply chain contracting and negotiating functions and identify opportunities to create efficiencies. These audits are followed by meetings with client personnel involved with the supply chain contracting process to discuss and identify areas of strengths and best practices. Our attorneys analyze the results of these audits and use them to provide a comparison of a client's existing supply chain contracting practices with those of their peers in order to develop benchmarks for future initiatives and strategies. Hall Render can then assist in operationalizing any findings that result from the audit.

Our attorneys regularly review a variety of commercial contracts, including, but not limited to, the following areas:

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Products

- Medical-Surgical
- Pharmaceuticals
- Implantable Medical Devices
- Disposable Supplies

Capital Assets

- Equipment Purchases
- Capital Leases
- Evaluations

IT Procurement

- Software Licenses
- Software as a Service

Purchased Services

- Clinical Asset Management
- Consulting and Professional Services
- Distribution
- Facilities Management
- Clinical Services

Outsourcing Arrangements

- Staffing
- Food and Nutrition Services
- Environmental Services