A New Reality:

Controlling costs in your cath lab and preparing for cardiac bundled payments with analytics

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Peter Mallow, PhD
Cardinal Health

Jeff Porubcansky
Cardinal Health™ Inventory Management Solutions

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Speakers

Peter Mallow, PhD
Director Health Economics, Outcomes Research, & Reimbursement
Cardinal Health

Jeff Porubcansky, Certified Lean Six Sigma Black Belt
Director, Trusted Advisement, Operations and Services,
Cardinal Health™ Inventory Management Solutions

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Agenda

- Introduction
- Challenges of managing your inventory and controlling costs
- Regulatory issues – CMS bundled episodic payments cardiac care
- Operational challenges – eliminating manual processes
- How RFID can help you accurately manage, track and monitor high-value procedural inventory
- Case Study: How IDN is Changing the Game with controlling costs

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About Cardinal Health

Recognized leader in healthcare supply chain transformation

- Ranked in the top 2 by Gartner 2011-2015 for transforming the healthcare value chain to meet new challenges around costs, revenue and outcomes

Unparalleled understanding of healthcare value chain

- Nearly 100 years of experience supporting nearly 4,000 leading healthcare systems
- A passion for innovation and managing the business of healthcare, so our clients can get back to the business of healing

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Challenge: reimbursements at risk

- **Transition to value-based payments (VBP):** changing the management of high-cost cardiac cath labs
- **High exposure to VBP reimbursement measures:** 6 of 19 directly impact cath lab setting or post-procedure
- **Evaluation of reimbursement will be based on:**
  Quality of Outcomes, Clinical Process of Care and Patient Experience
- **Greater scrutiny:** CV financial and quality performance causing more manual entry for quality reporting

Source: ICTPost, http://ictpost.com/new-tech-trends-in-cath-lab-are-changing-the-face-of-healthcare/

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Episode payments for cardiac care

Patients receiving coronary artery bypass surgery (CABG)

MI Heart attack patients receiving percutaneous coronary intervention (PCI), including stents, angioplasty, or other interventions

The new cardiac bundled payment model will include 98 geographic areas across the country- set to be phased in starting July 1, 2017

Source: https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheetsitems/2016-07-25.html

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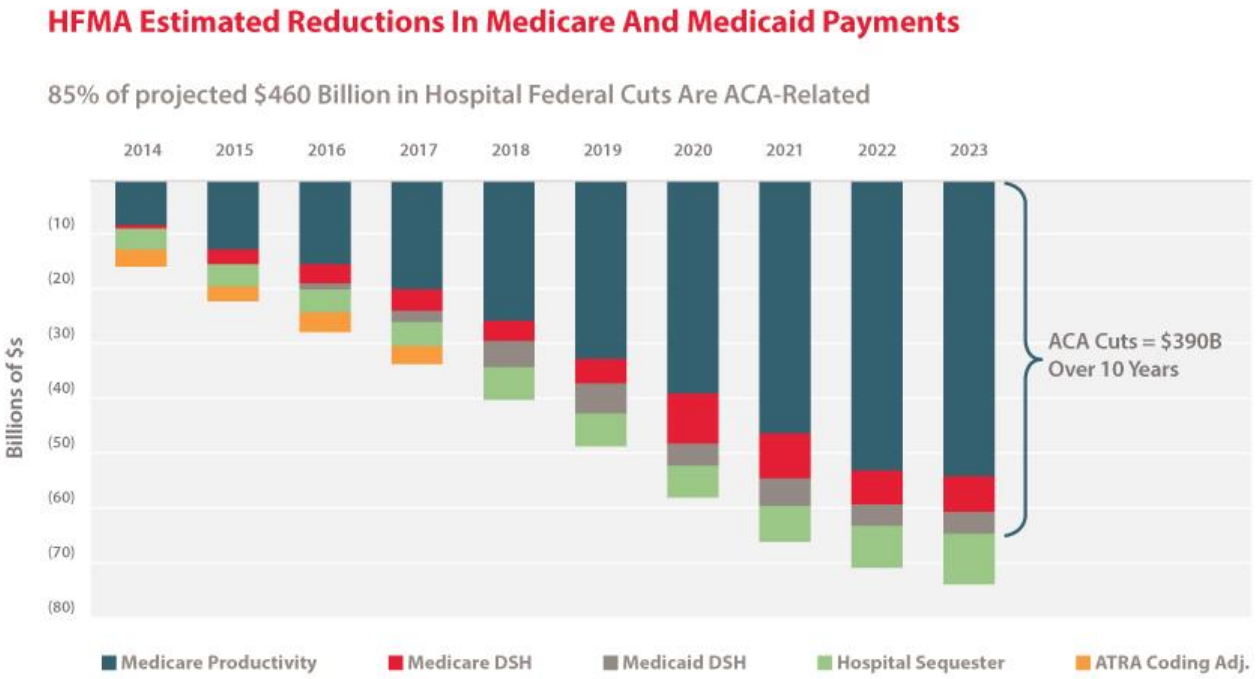
Impact of declining payments



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6. American Hospital Association, "Hospitals Have Absorbed Nearly $122 Billion of New Cuts Since 2010."

Source: 2015 *HFMA Value Project Report "*Strategies for Reconfiguring Cost Structure"

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Regulatory demands

1. Adhere to complex regulations that set guidelines and expectations for quality, coding, reimbursement and overall care delivery
2. Need to control admissions and lower costs
3. ICD-10 and two midnight rule adds another layer of complexity
4. Growing administrative burden with multiple reimbursement models

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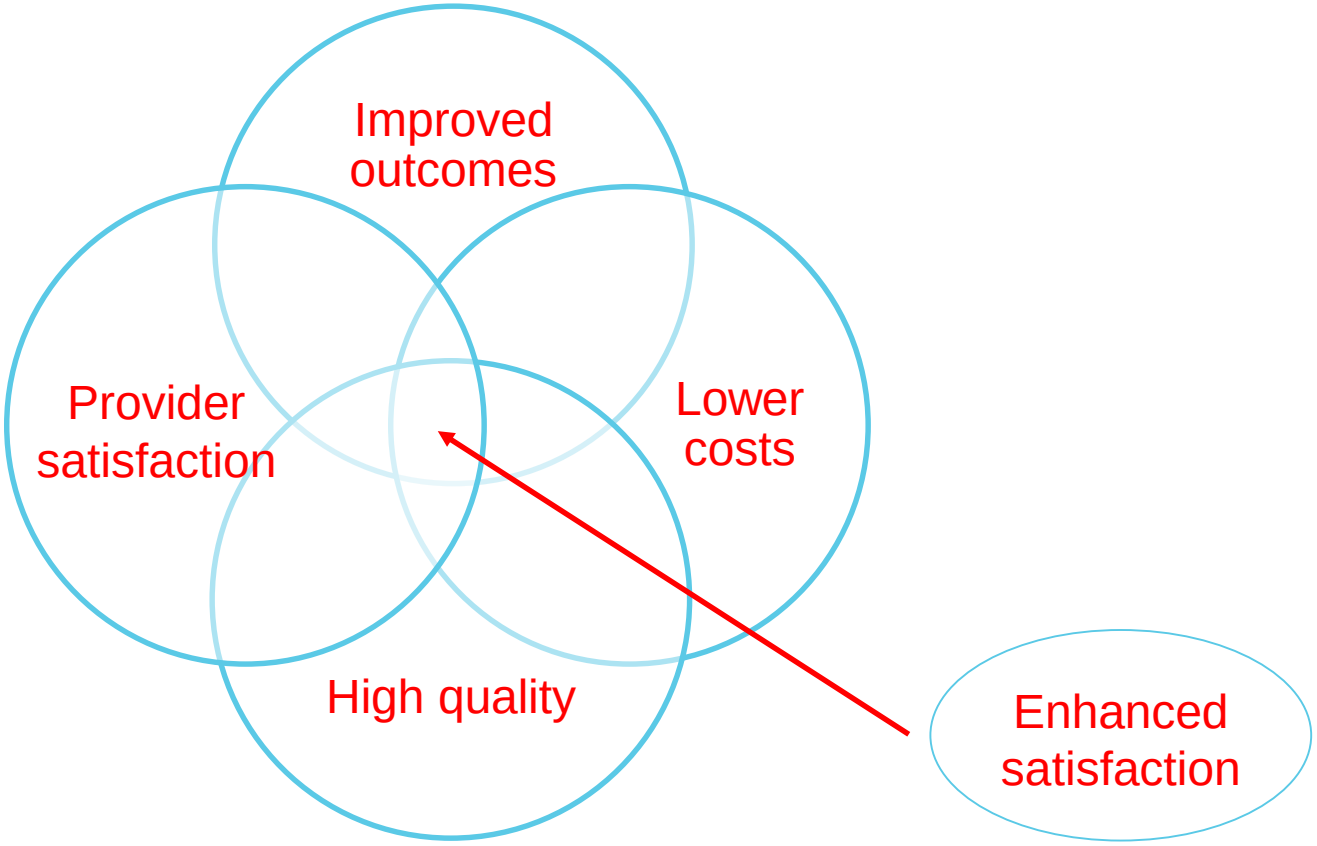
From triple to quadruple aim

The goal: lower costs, better care, enhanced satisfaction



Source: http://www.annfammed.org/content/12/6/573.full

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Poll Question #1

What main challenge or major barrier are you experiencing with inventory management in the Cath Lab?

- Manual processes
- Dealing with expired, obsolete and/or recalled products
- Product standardization
- All of the above

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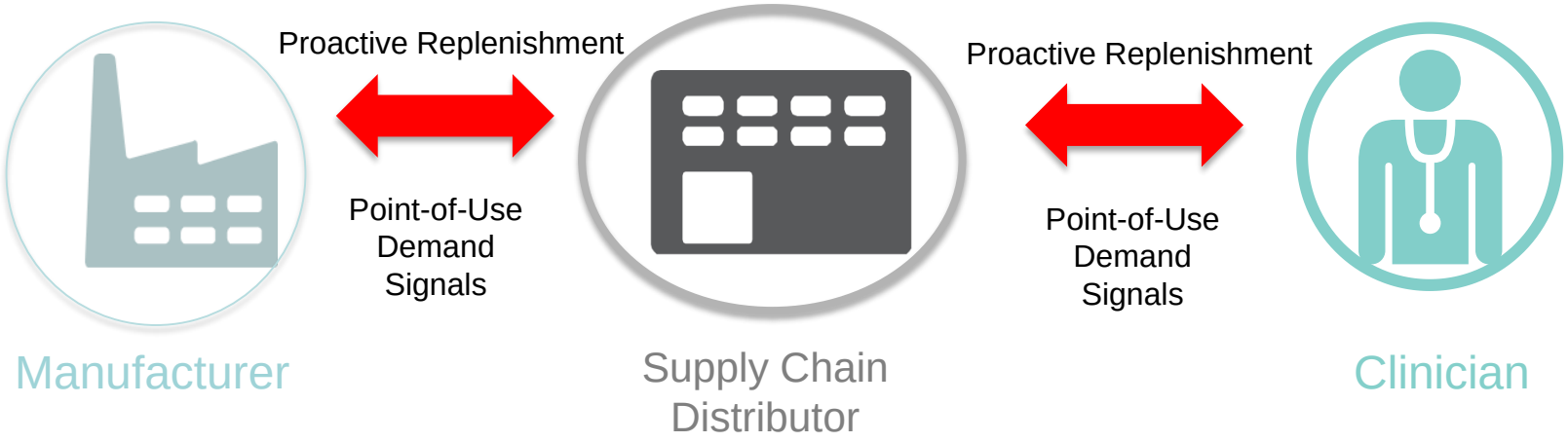
Collaboration is key

Successful management of physician preference items

- No single organization can do this alone



Continuous data capture for improved service levels and increased visibility

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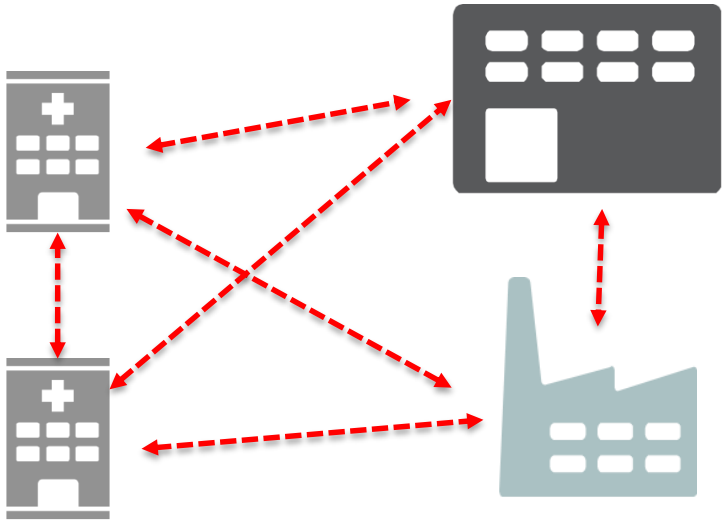
Achieving end-to-end visibility

Capturing data at the point of use is the key enabling transparency across supply chain

Reliable data can help:

- Drive quality
- Control costs
- Manage overall satisfaction
- Support patient safety initiatives



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Poll Question #2

How is your facility currently managing high cost cath lab inventory?

- Manual
- Barcode
- RFID
- Unsure

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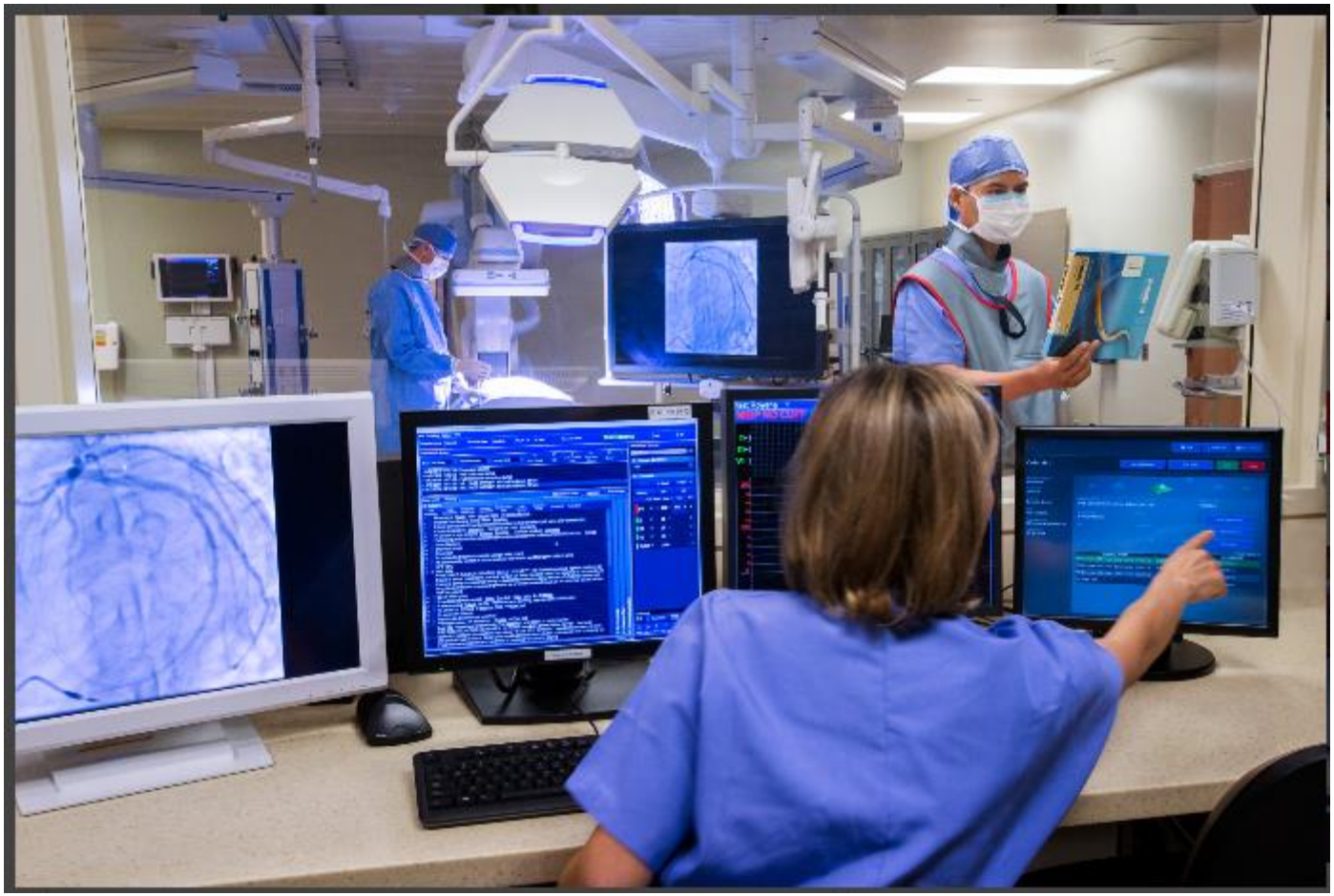
Data Analytics Changing Behavior



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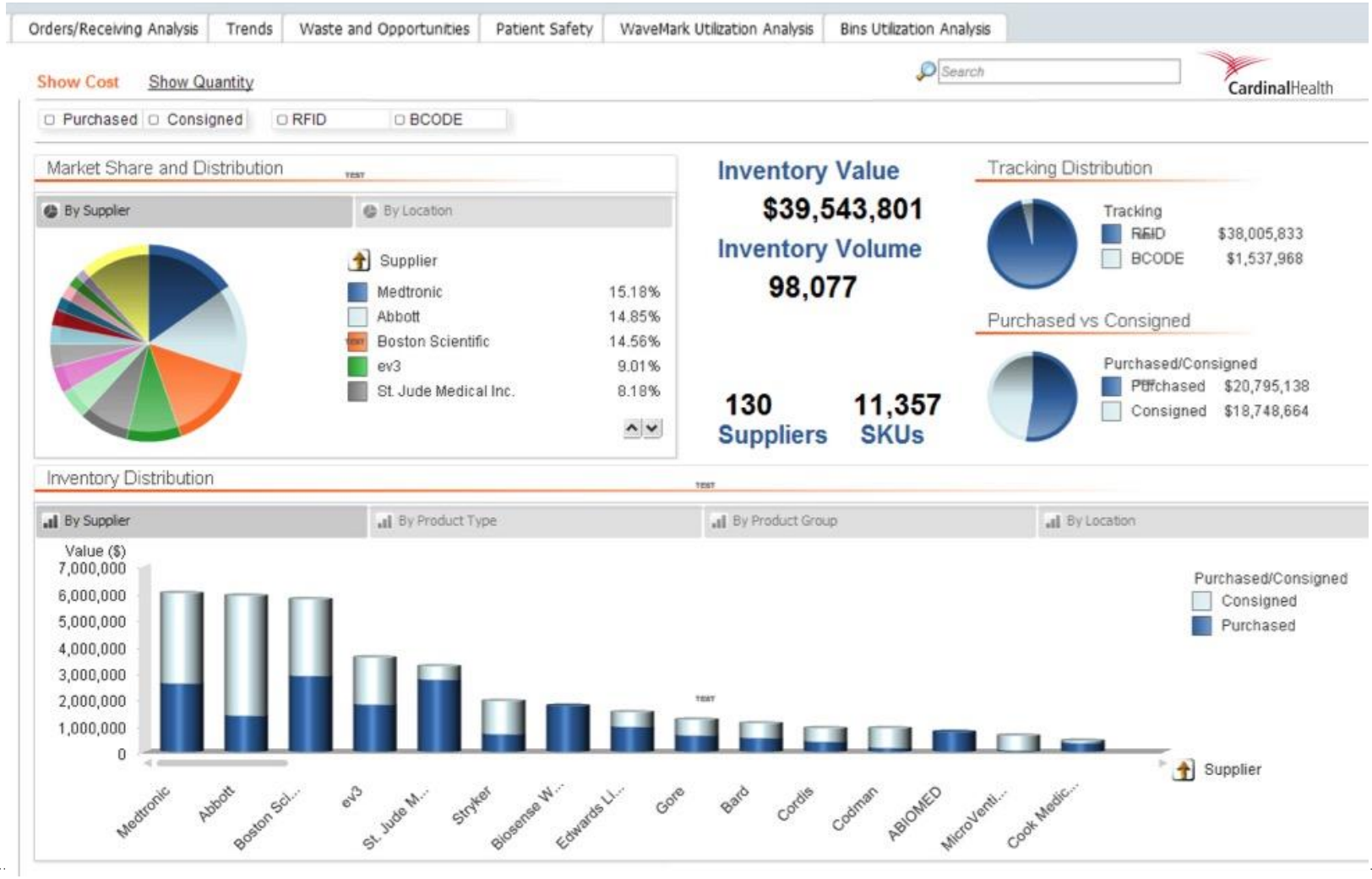
Advanced Analytics: Drive visibility of usage patterns



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Cost per case: Better visibility and cost control for bundled episodic payments

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Seeing the difference:
Driving results with automation and analytics

Procedural implementation
Emory St. Joseph's Hospital

Saved
3 hours
in labor every day ordering products

Eliminated
100%
of overnight shipping costs due to stockouts

Improved
Electrophysiology Lab (EP) inventory turns by
60%

Recovered
$300,000
in chargeable product costs through active alerts

Automated
100%
of expiration and recall alerts to meet highest patient safety standards

Reduced aging inventory and maximized throughput with
84%
of products less than one year old

Tracked
100%
of short-dated products to help avoid expiration and maximized utilization

Source: Emory St. Joseph case study, May 2015

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What is your cath lab missing?

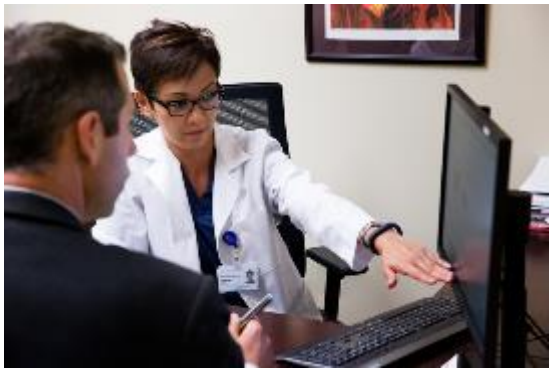
✓ **RFID helps you:**

1. Accurately document, for regulatory purposes
2. Capture charges and UDI
3. Streamline audit processes

✓ **Right amount and type of inventory on hand**

✓ **Data analytics to track usage trends over time:**

- Drive better decision making
- Stock high-value Physician Preference items — without emotional ordering
- Control costs and prepare for bundle payments



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Prepare for Value-Based Care and Episodic Payments

1. **Assess current state** – Understand and benchmark where you are today with your current supply chain process
2. **Build the vision –** Create strategic plan for investing in additional resources – technology or human – to drive visibility and insights
3. **Align goals and incentives** – Align with all constituents – inside and outside your organization, to ensure commitment to action plan, milestones, and business case realization
4. **Drive adoption of data standards** – Across your extended supply chain to increase visibility and transparency
5. **Automate and expand reporting** – Automate with RFID and expand transparency of costs with analytics that support decision making by the clinical practice

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Q&A

Peter Mallow, PhD
Director Health Economics, Outcomes Research, & Reimbursement
Cardinal Health

Jeff Porubcansky, Certified Lean Six Sigma Black Belt
Director, Trusted Advisement, Operations and Services
Cardinal Health™ Inventory Management Solutions

gmb-cims@cardinalhealth.com

614.553.5322

www.cardinalhealth.com/cims

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