

Subject: Supply Chain Strategic Sourcing and Engagement

Manual: Supply Chain Shared Services

Policy #: SC2001

Section: Strategic Sourcing and Engagement and Engagement

Page: 1 of 5

Distribution: All Network

Approved by Tim Miller

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STATEMENT OF PURPOSE:

1. The purpose of this policy is to outline the HonorHealth Supply Chain Shared Services (SCSS) comprehensive Strategic Sourcing and Engagement process for non-labor expense reduction projects and the New Product Requests and Business Review process. This policy is designed to support HonorHealth's intent to provide the most appropriate products and services in an affordable manner that provides the best care for our patients.

GUIDING PRINCIPLES:

1. HonorHealth Leadership supports a comprehensive Strategic Sourcing and Engagement program which includes the New Product and Business Review processes (NPBR).
2. The Strategic Sourcing and Engagement team will facilitate and guide decision making within each of the service areas to help HonorHealth provide the best patient care at the most affordable cost.
3. HonorHealth will make all efforts to standardize a Category by supplier, evidence supported protocol, and product/service.
4. New products, business, or services will follow the New Product and Business Review (NPBR) process outlined in Exhibit A. New products, business, and services may not be addressed until the Category is up for review. Certain circumstances may prompt the Strategic Sourcing and Engagement team to evaluate a product, service, or business prior to the Category evaluation.
5. Objective financial criteria and evidence based data will be evaluated in making all decisions.
6. Conflict of interest disclosure is required for all participants and stakeholders tasked to assist in making decisions during a Category evaluation. When a conflict of interest is identified, the participant or stakeholder will be excused from any discussions or decision making within the comprehensive Strategic Sourcing and Engagement process. All stakeholders with known conflicts of interest must volunteer this information. The Strategic Sourcing and Engagement team will evaluate the HonorHealth Compliance Officer's database for disclosure, the CMS Open Payments database, and will evaluate all information through 3rd party applications that HonorHealth contracts with for services.
7. Facility end users and stakeholders are involved in the process.

8. The Value Analysis Team stakeholders (“VAT” or “VAT’s”) will provide objective expertise to the Strategic Sourcing and Engagement team and will guide projects through monthly meetings.
9. Service Line leaders and their multi-disciplinary teams will own all recommendations using the pre-defined templates to the Supply Chain Governance (SCG) team through the New Product and Business Review process (as outlined in Exhibit A) with support from the Strategic Sourcing and Engagement team.
10. Facility stakeholders will redirect all supplier negotiations at the facility level to the Strategic Sourcing and Engagement team to maximize value across all of HonorHealth for any given project.
11. Results and progress will be reported out during the monthly VAT meetings and to the Supply Chain Governance team.
12. Physicians will be engaged in all Categories defined as Physician Sensitive Categories as defined in Exhibit A below.
13. Through the Sourcing and Value Analysis Process, product or service conversions will happen. As conversions take place, the Strategic Sourcing and Engagement team will work with the Supply Chain Operations and Clinical or Service Line teams to implement standard operating procedures (SOP’s). SOP’s will be developed when there is a need for clear ownership and accountability for roles and responsibilities as it relates to functions, cross divisional handoff’s, training and end user interaction with Nursing Education, Documentation, or general clarification for roles and responsibilities if not intuitive to the end users. SOP’s will be stored within the Supply Chain Sharepoint site and Managed by the Supply Chain Informatics team.

DEFINITION:

1. A Category (Categories) is a product, service, or business where one or more suppliers provide the same functional equivalent products, services, or business and competes with one another for market share. An example is Cardiac Rhythm Management as a Category. There are various products including ICD’s and Pacemakers that exist with 4+ suppliers that manufacture the products. HonorHealth will address all products within the category from all suppliers during the Comprehensive Strategic Sourcing and Engagement process. HonorHealth reserves the right to develop various strategies within any given Category.
2. The Strategic Sourcing and Engagement Team includes the Associate Vice President Strategic Sourcing and Engagement, the Director of Strategic Sourcing, Clinical Integration Program Directors dedicated to service lines, Category Administrators and Program Managers within the Strategic Sourcing team, and the Supply Chain Stakeholder Engagement Director.
3. Value Analysis is an integrated and interdisciplinary, decision-making process to perform product, business, or service selection in the context of cost, quality, and outcomes. Supply Chain Shared Services will collaborate with the Finance team to evaluate contribution margin by procedure with physician variation.
4. A Physician Sensitive Category (PSC) is defined as a Category where direct physician input is required. All Physician Sensitive Categories will follow the process in Exhibit A.
5. Supply Chain Governance (SCG) is defined as the governing body for all the NPBR and PSC decisions. Key Senior Executives from HonorHealth sit on the monthly SCG meeting and guide the strategic decisions for HonorHealth.

POLICY:

1. All Categories for evaluation are identified prior to each Budget year and published in the Strategic Sourcing and Engagement Calendar.
 - a. Each Category being evaluated and worked will have a pre-determined savings target and a specific timeline for completion that the Value Analysis Team will work towards. There could be one or many contracts within each Category being evaluated.
 1. The Supply Chain Governance team will make all final decisions on Physician Sensitive Categories.
 - b. New products, services, or businesses within any given category (NPBR) will be evaluated within the pre-determined timeline of the Category, or, if revolutionary, then through the NPBR process in Exhibit A.
 1. The NPBR process will be led by the Service Line lead and requesting physician/clinician.
 2. Strategic Sourcing and Engagement will support, advise, or recommend a decision throughout the process.
 3. The requesting Physician, Clinician, or administrator will be expected to present all final recommendations to SCG for decisions that increase costs to HonorHealth.
 4. The Supply Chain Governance team will make all final decisions on strategy related to the NPBR projects.
2. The Strategic Sourcing and Engagement team will follow the process listed out below for all Categories being evaluated:
 1. Analysis
 - i. HonorHealth will review various analytics including but not limited to the following:
 1. Cost/Financial, Margin, Category Market Share, Procedural, Revenue, Rebate, Quality, Outcomes, CMS Open Payment Physician detail, Contractual Terms and Conditions, Lumere Evidence, Blue.Point data, ECRI data, Premier data, and/or various other external benchmarking services from outside sources.
 2. Cross referencing, data categorization, data simulation, or data modeling will be developed to support potential strategies.
 3. FDA approvals, Off-label use criteria, Capital alignment, Group Purchasing Organization options, and other regulatory information will be evaluated.
 2. Stakeholder Engagement
 - i. The HonorHealth Strategic Sourcing and Engagement team may engage Value Analysis Team members or stakeholders, Physicians, Service Line Leadership, Finance, Revenue, Research, Executive Leadership, or Operational and Clinical Leadership.
 - ii. Educate facility, service line, or physicians on current policies within HonorHealth that impact the Category.

- iii. Evaluate products and/or services.
 - iv. Develop strategy which may include all-play, supplier consolidation, utilization, reprocessing, pricing re-negotiation, consignment, or Strategic Sourcing and Engagement.
 - v. Facilitate trials.
3. Negotiation
- i. The Strategic Sourcing and Engagement team will work with internal stakeholders, physicians, and suppliers to negotiate the best in class agreements for HonorHealth.
 - ii. The Strategic Sourcing and Engagement team may produce Request for Proposals (RFP), Capitated Programs, Pricing negotiations, and Utilization/Conversion evaluations for any item(s) above \$100K where there is a lack of formulary standardization.
 - iii. Define and finalize all business terms with suppliers.
4. Contract Management and Legal Execution
- i. The HonorHealth Strategic Sourcing and Engagement team will work with the HonorHealth Legal department in accordance with their policies to execute agreements and be in compliance.
5. Implementation
- i. The Strategic Sourcing and Engagement team will partner with suppliers, internal stakeholders, Supply Chain Operations, the Logistics Council, Health Technology Management, and physicians to execute on the agreed to contract terms and conditions.
 - ii. The Strategic Sourcing and Engagement team will also ensure that pricing has been loaded in all systems such as the ERP GPO Catalogs, the EMR, other operational systems, and that all associated operational teams are informed of the project timeline, expectations, and responsibilities.
 - iii. If a conversion of product is needed to implement the initiative, Strategic Sourcing and Engagement will initiate the conversion process with the Data and Analytics, Data Management, and Supply Chain Operations teams.
 - 1. A project plan will be developed for a conversion if:
 - a. The daily duties of the employee is affected
 - b. The daily duties of a new employee are not inherently obvious
 - c. New or replacing Capital Medical Equipment is involved
6. Realization
- i. The Strategic Sourcing and Engagement team will monitor the performance of the agreement and/or Category agreements and report out to the VAT's, service lines, and to the SCG on achieved realized savings, NPBR decisions, and PSC decisions.
3. The Value Analysis Teams cover the following areas:
- 1. Cardiovascular Services, Interventional Radiology, Imaging
 - 2. Perioperative Services including Endoscopy
 - 3. Pharmacy and Laboratory

4. Nursing
5. Ancillary Services including EVS, Food, and Facilities/Plant Operations
6. Information Technology and Corporate Services

DOCUMENTATION:

Exhibit A – New Product and Business Review and Physician Sensitive Category Process

CONTRIBUTORS/AUTHORS:

| | |
|--------------|---------------------------------------|
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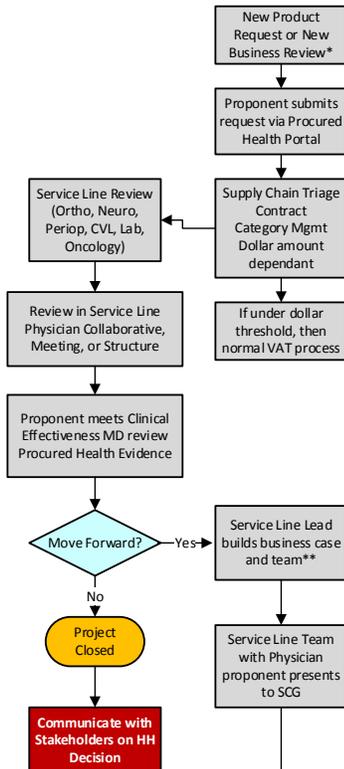
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Exhibit A – New Product and Business Review and Physician Sensitive Category Process

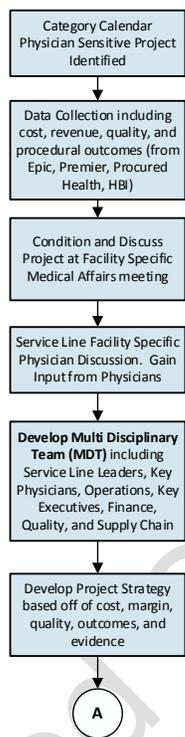
SUPPLY CHAIN PHYSICIAN ENGAGEMENT PROCESSES



**New Product Request (NPR) and/or
New Business Reviews (NBR)**



**Supply Chain Focused
Physician Sensitive Projects (PSP)**

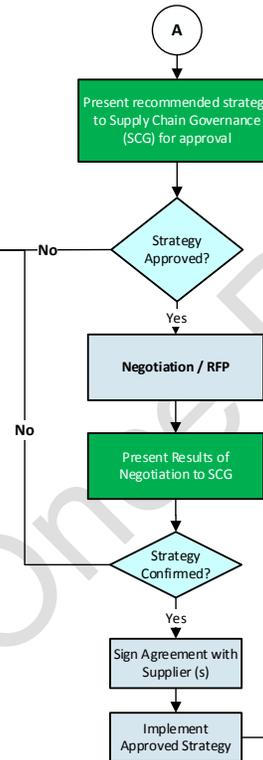


**Category Management
Process**

1. Data
2. Stakeholder Engagement
3. Negotiation
4. Contract Execution
5. Implementation
6. Value Realization

After Action Review (AAR)

AUDIT & CONTROL: Look back on prior projects, initiatives, new businesses, approved products or services for use, etc



*Includes non-standard requests within supply, service, capital, etc
 **Templates for margin, cost, quality, and outcomes to be provided by supply chain

SUPPLY CHAIN GOVERNANCE (SCG)