

SUPPLY CHAIN INNOVATIONS

BY: ADAM C. MOMPER, FACHE, FHFMA

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TODAY'S AGENDA

- UVA Health Overview
- Supply Chain Management Prior to Global Pandemic
- How Supply Chain's were exposed by Covid-19
- UVA Health's Covid-19 Response/ New Normal
- Implications to M&A Activities
- Essential role of robust Value Management Programs

ABOUT ME



Education

- Bachelor of Science, Dietetics – University of Cincinnati
- Master's Health Services Administration – Xavier University

Career Overview

- UVA Health-
 - ❑ Administrator, Supply Chain
 - ❑ Administrator, Ambulatory Programs & Performance
- Baptist Memorial Healthcare, Baptist Medical Group–
Regional Director of Operations
- University of Cincinnati Physicians- Business Administrator

ABOUT UVA HEALTH



- UVA Health is an academic health system with a world-class academic medical center including a level I trauma center, an NCI-designated Comprehensive Cancer Center, and UVA Children's. UVA Health also encompasses 3 community hospitals and an integrated network of primary and specialty care clinics throughout Charlottesville, Culpeper, Northern Virginia, and beyond.

Facts & Figures (2021)

Beds*	671		
Average Daily Census*	511	Outpatient Visits (includes Home Health visits)	953,246
Number of Inpatients* (admissions)	26,144	Clinic Visits of Acquired Practices	200,508
Days of Inpatient Care*	186,562	Emergency Visits	57,700
Average Number of Days in Hospital per Admission* (patient days/admission)	7.14	Surgical Cases (Main Operating Room)	35,459
Average Length of Stay * (discharge days/discharges)	7.20	Live Births	2,123

WHY SUPPLY CHAIN?

- **A strong supply chain is a strategic asset that helps organizations meet their financial, quality, and operational goals**
 - Mission of most hospitals is delivering quality, cost-effective care to improve the health of the communities they serve. Supplies are at the heart of the mission
 - Supply chain is involved in every step of patient care
- **Need to modernize healthcare supply chain since relying on governmental stockpiles and international manufactures in times of national and/or global emergencies is not enough**
 - COVID has spotlighted the importance of a strategic, resilient supply chain and its impact on the delivery of quality patient care and financial resiliency
 - Strengthen Supply Chain incase of future pandemics which is very likely according to scientists and organizational strategic evolution
- **Modernizing the supply chain can be put into effect through technology and automation, improving workflow and operations, increasing transparency, forging partnerships and most importantly, establishing a Chief Supply Chain Officer role to ensure the achievement of these initiatives at a leadership level**
 - Evaluating the clinical effectiveness of a product by examining the outcomes can result in greater financial return for the institution

SUPPLY CHAIN – BEFORE THE COVID-19 PANDEMIC

- Strong emphasis on “JIT” Production Methodology
 - Inventory Management
 - Cost control
 - Primary Distribution Partner
- Strong Reliance on Off Shore Manufacturing
- Supply vs. Demand
 - Historical production
 - Historical usage
- “Background Music”



HOW COVID-19 RESHAPED HEALTHCARE SUPPLY CHAINS

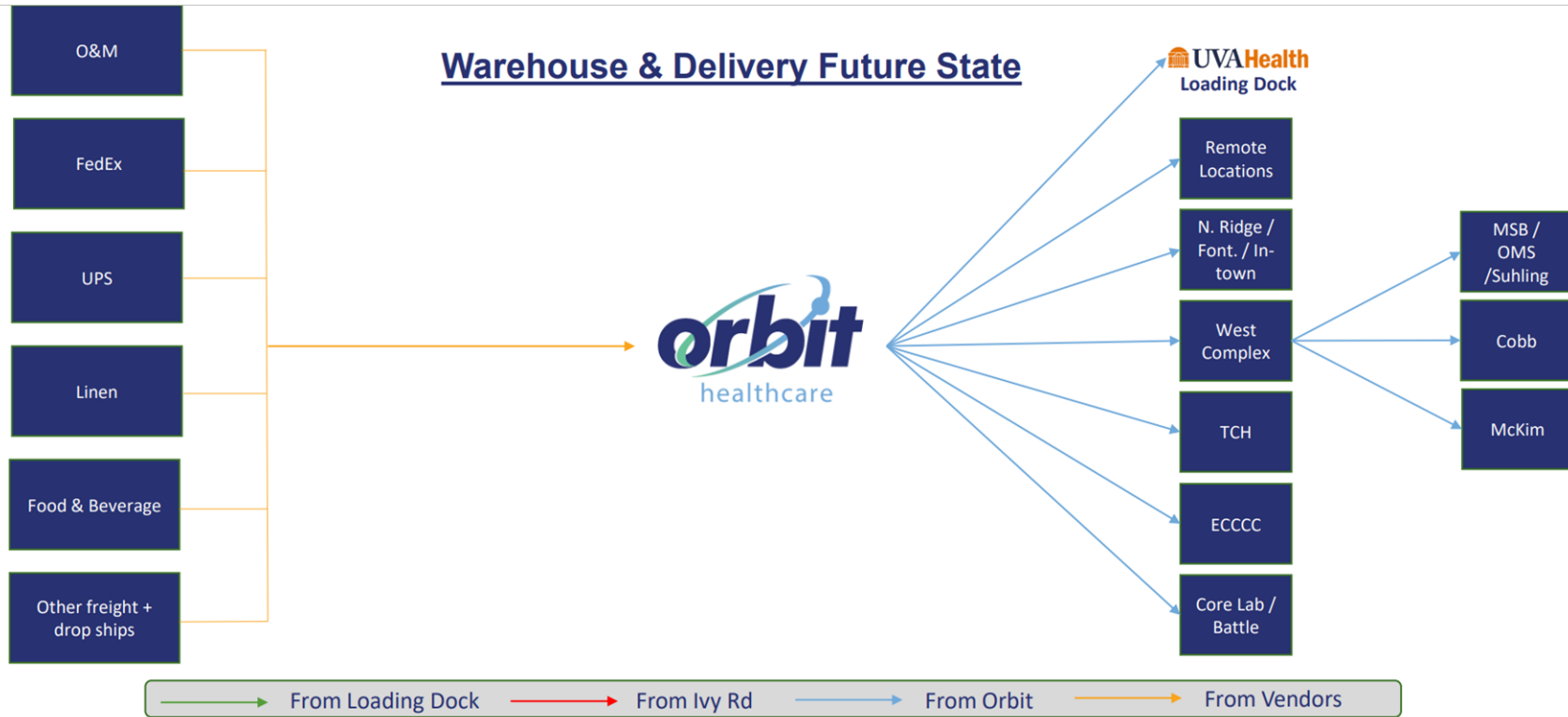
- Export bans put in place by countries where protective garments, medical equipment, and pharmaceuticals were manufactured, which limited supply to importing countries
- Panic buying and stock piling of critical supplies leading to shortages for areas that truly needed the products
- Over-reliance on offshore manufacturing for essential products and raw materials
- Lack of overall resiliency in the health care supply chain due to companies pursuing cost-focused strategies at the expense of creating redundancy in the supply chain
- Significant Product Disruptions
- Logistic Delays
- Consolidation of Suppliers
- Staff Shortages
- Inflation



UVA HEALTH'S STRATEGY

- Hybrid Distribution
 - O&M
 - Leased Warehouse Space
- Leverage Existing Partners
 - Owens & Minor
 - Premier Inc.
- Strategic Bulk Buys
- Develop New Partnerships/ Business Models

UVA HEALTH'S STRATEGY— HYBRID DISTRIBUTION



UVA HEALTH'S STRATEGY— EXISTING PARTNERS



SUPPLIER SNAPSHOTS

Constrained

HALYARD*

Facial Protection

O&M Halyard is experiencing supply constraints on several earloop and surgical tie masks through April 2023 due to elevated face mask demand driven by the ongoing "triple-demic" of COVID-19, flu, and RSV outbreaks. A detailed letter is attached in the SMART Card email. **Alternative products are available, please work with your O&M Halyard sales representative.**

3M

Fluid Warming Units

3M is experiencing strong demand on their Standard Flow Sets resulting in manual allocation on item 24200 through Q2 2023. Items 24240 and 24250 will remain on standard release but could be subject to rolling backorders. **Please work with your 3M sales representative to identify the best potential alternative product.**

Sterilization & Monitoring

Several biological and chemical sterile indicators and/or test packs are experiencing rolling backorders due to global supply chain challenges and raw materials constraints. The affected SKUs are 41482V, 41482VF, 1243RE, 1243A, 1243B and 1348. **The recovery date is anticipated for the end of April and is dependent on the SKU. Please work with your O&M sales representative to identify options.**

MediChoice

Elastic Bandages

MediChoice is experiencing delays impacting the elastic bandage product line availability. **The anticipated recovery date is April 2023, however, alternative products are available. Please work with your O&M sales representative to identify the best potential alternative product.**

Endoscopic Anti-Fog Solution

All suppliers are experiencing an industry wide Anti-Fog Solution shortage due to labor, raw materials, and sterilizer access issues, specifically for product 1314FOG1001. In lieu of available antifogging agents, some clinicians are choosing to use Scope Warmers to minimize fog on the endoscope lens by warming the device prior to insertion in the body. **The suggested alternative product is: MediChoice 1314DLW510.**

Stryker

Surgical Tourniquet Cuffs

Due to manufacturing issues, Stryker is unable to ship any surgical tourniquet cuffs until further notice. Stryker recommends sourcing tourniquet cuffs from SourceMark Medical, Hemaclear, Delfi, or Zimmer. **Reach out to your Stryker Instruments sales professional for the most up to date information.**

Account #	Manufacturer	OM Item	PeopleSoft	Supplier #	Descr	DOH	On Order	Available Through ?	EA Available	Ordering Cap	Ordered WTD	Estimate d Daily	Estimate d Weekly
37009899	CARDINAL HEALTH-CRP	0715775659	90847	775659	KANGARC < 7 Days	Yes	No		0	360	0	15	102
37009893	CARDINAL HEALTH-CRP	071584702500	92410	8884702500	BAG FEED >30 Days	No	Yes	132	60	0	3	18	
37009893	CARDINAL HEALTH-CRP	071585345A	92133	85345A	SHARPS C < 7 Days	No	No	0	20	0	2	13	
37009899	CARDINAL HEALTH-CRP	071585365A	92141	85365A	SHARPSTA < 7 Days	Yes	No	0	370	370	29	205	
37009899	CARDINAL HEALTH-CRP	071585415A	97626	85415A	CONTAINI < 7 Days	No	No	3	60	37	7	48	
37009893	CARDINAL HEALTH-CRP	07158617RC	98304	8617RC	CONTAINI >30 Days	Yes	Yes	10	10	0	1	8	
37009899	CARDINAL HEALTH-CRP	07158931PG2	92705	8931PG2	CONTAINI < 7 Days	Yes	Yes	10	10	0	1	6	
37009893	CARDINAL HEALTH-CRP	07158931PG2	92705	8931PG2	CONTAINI < 7 Days	Yes	No	0	20	20	2	14	
37009899	CARDINAL HEALTH-CRP	07158985PG2	92706	8985PG2	CONTAINI < 7 Days	No	No	0	20	0	3	18	
37009893	BECTON DICKINSON	0723004437	9003173617	4437	TRAY SCRIB >30 Days	No	Yes	20	20	0	0	2	
37009893	BECTON DICKINSON	0723004468	93213	4468	TRAY SKIN 22-30 day	Yes	Yes	20	20	0	1	4	
37009899	BECTON DICKINSON	0723004468	93213	4468	TRAY SKIN 22-30 day	Yes	Yes	58	140	80	14	101	
37009899	BECTON DICKINSON	072310014914	97253	10014914	SET MICRC >30 Days	Yes	Yes	50	100	50	11	79	
37009893	BECTON DICKINSON	072310014914	97253	10014914	SET MICRC >30 Days	Yes	Yes	100	100	0	1	4	
37009897	BECTON DICKINSON	0723260100	1000000036845	260100	SWABSTIC >30 Days	Yes	No	480	1,440	960	163	1,139	
37009893	BECTON DICKINSON	0723260100	1000000036845	260100	SWABSTIC >30 Days	Yes	Yes	960	1,440	480	185	1,293	
37009893	BECTON DICKINSON	072329904004	93581	29904-004	SCRUB SC 22-30 day	Yes	Yes	50	50	0	1	4	
37009899	BECTON DICKINSON	072329904004	93581	29904-004	SCRUB SC 22-30 day	Yes	Yes	100	100	0	7	52	
37009893	BD	0723305109	9003172741	305109	Needle H< 22-30 day	Yes	Yes	800	1,000	0	3	24	
37009893	BD	0723305122	97220	305122	Needle H< 7 Days	Yes	Yes	100	1,000	800	24	167	
37009899	BD	0723305122	97220	305122	Needle H< 7 Days	Yes	No	100	1,000	0	26	184	
37009893	BD	0723305125	73425921434	305125	Needle H< 7 Days	Yes	No	0	1,000	0	5	38	
37009893	BD	0723305145	97469	305145	Needle H< 7 Days	Yes	No	2	1,000	0	51	355	
37009899	BD	0723305145	97469	305145	Needle H< 7 Days	Yes	No	2	1,000	0	74	520	
37009893	BD	0723305759	73425924330	305759	Needle O< >30 Days	No	Yes	1,200	1,200	0	18	125	
37009893	BD	0723305767	9003165263	305767	Needle H< 7 Days	Yes	Yes	1,200	1,200	0	17	117	
37009893	BD	0723305901	9003181369	305901	Needle H< 7 Days	Yes	Yes	500	500	0	8	55	
37009893	BD	0723309571	92106	309571	Syringe 3r >30 Days	No	Yes	500	800	300	68	478	
37009899	BD	0723309571	92106	309571	Syringe 3r >30 Days	No	Yes	800	800	0	41	288	
37009893	BD	0723309626	9003173568	309626	Syringe 1c >30 Days	No	Yes	500	800	300	36	250	
37009899	BD	0723309626	9003173568	309626	Syringe 1c >30 Days	No	Yes	800	800	0	42	295	
37009893	BD	0723309628	97232	309628	Syringe 1c < 7 Days	Yes	No	34	1,600	0	202	1,414	
37009899	BD	0723309628	97232	309628	Syringe 1c < 7 Days	Yes	No	34	2,400	0	320	2,237	
37009893	BD	0723309646	97143	309646	Syringe 5H < 7 Days	Yes	No	0	3,000	2,931	417	2,919	
37009899	BD	0723309646	97143	309646	Syringe 5H < 7 Days	Yes	No	0	3,000	0	342	2,396	
37009899	BD	0723309657	97221	309657	Syringe Lu < 7 Days	Yes	Yes	3,200	3,200	0	334	2,338	



UVA HEALTH'S STRATEGY— NEW PARTNERSHIPS & BUSINESS MODELS



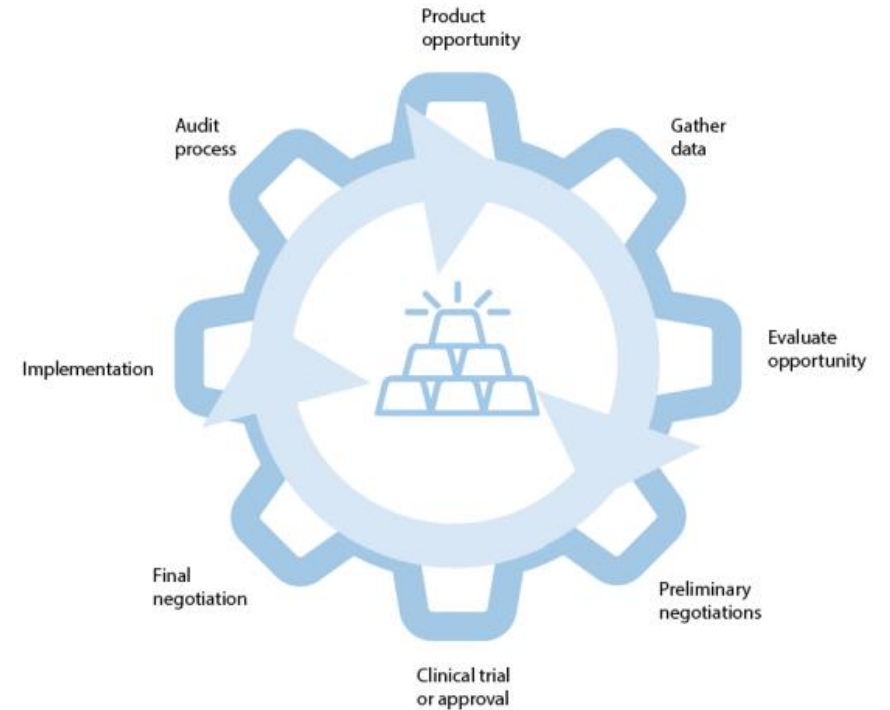
IMPLICATIONS TO M&A ACTIVITY

- UVA's Acquisition in Northern Virginia
- Challenges
- How Covid-19 Response/ Strategy allowed for a successful conversion
- Key Lessons Learned

ESSENTIAL ROLE OF VALUE MANAGEMENT

The evidence-based process can balance issues related to quality, patient and staff safety, revenue enhancement, and reimbursement optimization across the care continuum via:

- Appropriate utilization and standardization;
- Pricing optimization
- Implementation of cost-savings and cost-avoidance initiatives
- Identification and elimination of waste, redundancy and inefficiency.



7 KEY VALUE MANAGEMENT BEST PRACTICES

1. Establish a Team

- 1. Create a multidisciplinary team of key stakeholders, including supply chain, clinical, finance and other individuals.

2. Create a foundation of holistic and robust data on which to rely.

- 1. Assess current data sources — including internal, external and GPO-based solutions — that can provide decision support around cost, quality, safety, outcomes and reimbursement.

3. Take Control of New Product Request

- 1. Develop and implement a standard process for new product requests supported by a request form and clear submission path.

4. Transition from a reactive to a proactive process.

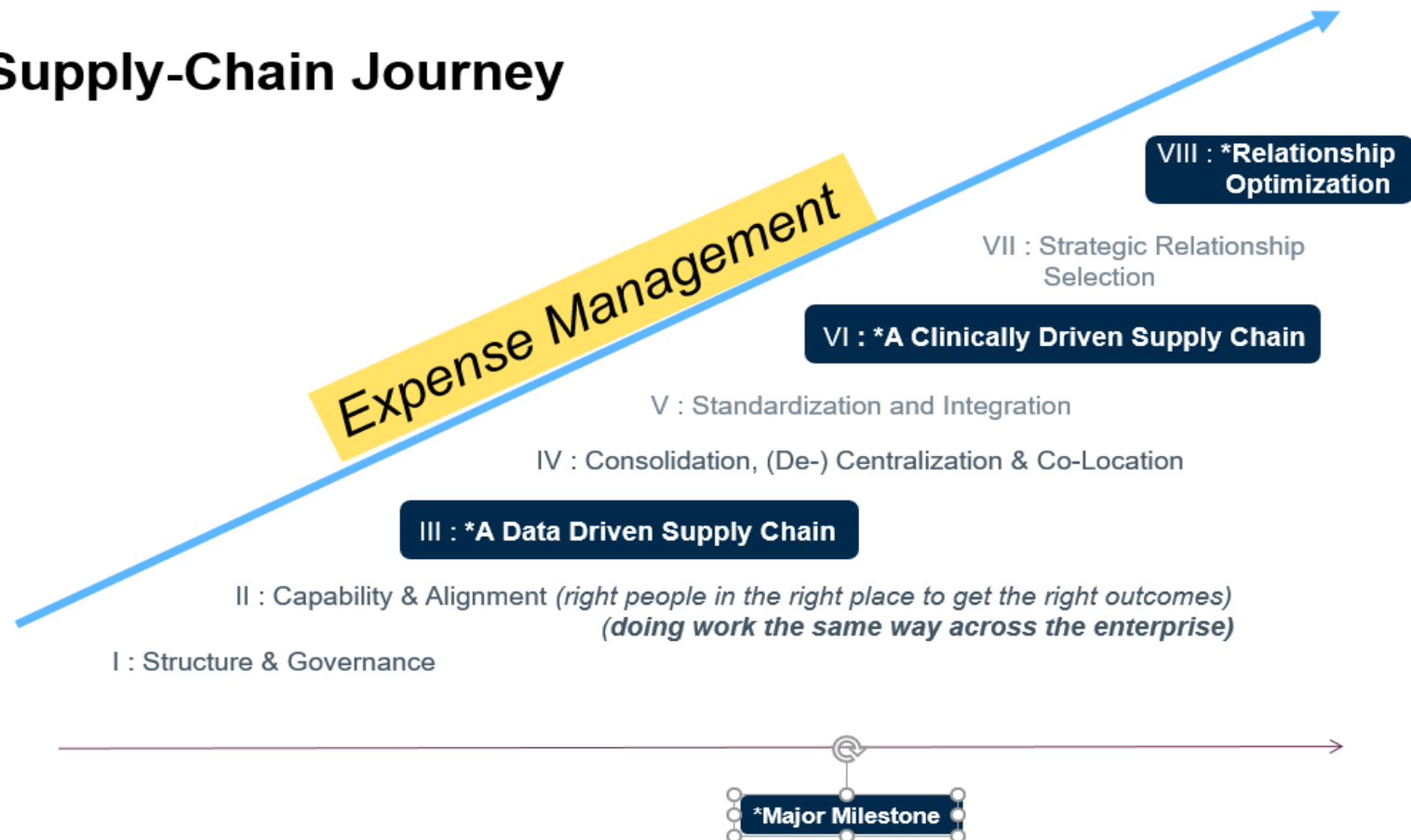
5. Leverage Findings within the Organization

6. Monitor alignment with broader organizational goals.

7. Partner with suppliers.

ESSENTIAL ROLE OF VALUE MANAGEMENT

The Supply-Chain Journey



CONTACT INFORMATION



Email:
am6jk@uvahealth.org



Phone:
434-924-8631



Website:
www.uvahealth.org

THANK YOU!

QUESTIONS?

