

Opportunity

University of Utah Health Care was looking to re-engineer its supply chain to drive major cost savings that also enabled them to enhance patient safety and ultimately improve clinical outcomes.

Solution

AmerisourceBergen® provided a comprehensive pharmaceutical supply chain management solution that integrated all of the various hospital and clinical care points in a seamless drug order and delivery system.

Result

University of Utah Health Care realized a \$23 million margin improvement and saved more than \$15 million in real pharmacy supply costs over the first 42 months of the supply chain re-vamp.

University of Utah Health Care realized a \$23 million margin improvement in the first three years

Linking pharmaceutical supply chain management with clinical activity in a seamless system saves staff time and lowers costs

The pharmacy department is typically viewed as a cost center in hospitals. As a result, there's extra pressure being placed on pharmacy leaders to cut costs and reduce budgets — in the face of flat or declining reimbursement. Pharmacies are trying to accomplish this cost cutting at a time when patient demand is rising, healthcare costs keep rising, and the cost of drugs are rising even faster.

It is critical for successful healthcare systems to find ways to drive real hard dollar costs out of the system itself, meaning the actual supply chain management process — from ordering and inventory to dispensing and patient administration. Identifying opportunities to save time and money that allow you to do more with less is critical.

Situation

University of Utah Health Care and Clinics consist of four main facilities: a 450-bed University Hospital, a 100-bed University Neuropsychiatric Institute, the 56-bed Huntsman Cancer Center Hospital, and a 25-bed University Orthopedic Center. In addition, it has a network of 11 large ambulatory clinics across the Salt Lake

Linking pharmaceutical supply chain management with clinical activity in a seamless system saves staff time and lowers costs

"AmerisourceBergen made the transition very smooth for us. They actually exceeded our expectations. We've been able to realize a \$23 million dollar margin improvement at the end of the three-year engagement. Where else in Healthcare can you find \$23 million dollars?"

—Jim Jorgenson,
Administrative Director
for Pharmacy Services and
Associate Dean for
Pharmacy, University of
Utah Health Care.

City region. University of Utah Health Care has been recognized as "One of America's Best Hospitals" for the 11th year and counting. The institution was undertaking a major redesign of the supply chain in order to improve margins, improve the management and transmission of information, enhance overall operating efficiency, and optimize patient safety. In addition, they wanted to improve service levels and support given to physicians, nurses and other patient caregivers.

Challenge

Like most large integrated delivery networks, University of Utah Health Care is an established premier healthcare provider, delivering top-quality care and positive patient outcomes. It did not have the deep supply chain process expertise and re-engineering resources on staff to undertake such a significant effort. The institution has always been a leader in partnering with outside experts, and for this project they elevated the relationship to create risk sharing relationships and collaboration with two companies who could help redesign their supply chain: AmerisourceBergen for the pharmaceutical supply chain and Owens & Minor for medical-surgical supplies.

Solution

AmerisourceBergen's Professional Services Group assessed all of the current pharmaceutical supply chain processes, which uncovered significant opportunities to improve operational efficiencies, increase revenue capture and reduce supply costs.

The Result

The University of Utah Health Care, with the help of AmerisourceBergen's clinically-integrated pharmaceutical supply chain management solutions, saved the institution \$15.3 million in pharmacy supply costs and improved their margins by \$23 million during the first three years of the engagement.

In addition, filling the hospital's automated dispensing units on the patient floors now takes 1/3 of the time using ClinicWorks and SupplyWorks software. And now with automation, everything is barcoded which has resulted in a 12% decrease in pharmacy dispensing errors.

A full-time project manager was provided to drive the seventeen different initiatives comprised of the pharmacy redesign component. One of the major initiatives was to rebuild the entire central pharmacy to specifications established by AmerisourceBergen engineers with participation from the pharmacy staff.

Automation technology was an integral factor in the redesign and included AmerisourceBergen's RxWorks Suite™ solution which is comprised of the FastFind® Universal Carousels, the FastPak® EXP high-speed packager, and ClinicWorks workflow software to allow quick and efficient product packaging and picking from the automation.

Also a component of RxWorks Suite, the SupplyWorks inventory management system was procured to enable perpetual inventory of all drug products not just narcotics. Purchases are now tied to actual dispenses, providing more cost-effective inventory management, eliminating over-buying and stock outs. The system also improves cost savings by controlling pricing, increasing contract compliance, and enhancing participation in charity care recovery programs such as 340B and indigent patient assistance programs.

Essentially everything in the pharmacy was enhanced — from the processes employed by the hospital staff to the operating equipment facilitating those processes.