

Genesis HealthCare sees big savings ahead using advanced online analytics solution

Genesis HealthCare

Genesis HealthCare System serves patients in six southeastern Ohio counties through its new 298-bed hospital in Zanesville and more than 300 physicians at outpatient care centers. Major services include open-heart surgery, trauma, level II neonatal intermediate care, neurosurgery and comprehensive cancer care. The system spends about \$50 million annually on supplies.

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Cameron Eppley
Data Analyst
Genesis HealthCare

Like health systems everywhere, Genesis HealthCare needs to get the most savings possible from purchasing. But dated technology made keeping up with fast-moving market pricing and internal spending trends difficult.

Finding and pursuing savings opportunities required manually pulling price and spend data from several external and internal sources, and loading it into searchable spreadsheets for offline analysis, said Rhonda Barnett, director of purchasing at Genesis. The process was so cumbersome there often wasn’t time to make sure initiatives actually delivered expected savings.

“We could download data into Excel and manually analyze it to identify what the savings would be, say, if we signed a one-year contract at a lesser price. But there was no way to trend that over time to ensure that we didn’t have any price increases or changes in product,” Barnett said.

So when Genesis was asked to help test and improve our new Vizient Savings Actualyzer™ solution, they didn’t hesitate. Vizient Savings Actualyzer gives Barnett and her staff a dynamic new view of market pricing, GPO contract and capital purchases that supports real-time, data-driven analysis and decisions.

Collaborative solution

While Genesis collaborated with Vizient to develop Savings Actualyzer, features were added and refined that made the platform more flexible and user-friendly, said data analyst Cameron Eppley, who spearheaded the project for Genesis.

“There is definite value in being part of the pilot. You are on the front line giving positive and negative feedback, and the tool is shaped to suit real hospitals and their processes.”

Harnessing advanced online technology, Savings Actualyzer automatically pulls together diverse pricing, contract and spend data streams. Upon opening, it automatically displays savings opportunities by dollar value—along with a rough difficulty estimate. For example, physician preference items are mostly classified “hard” because they require complex negotiations, while commodities like office supplies are “easy” because they only need a manager’s approval.

Drop-down filters make drilling to service line, vendor, contract or line item easy. And the entire system is online, so data update automatically at the touch of a button.

Savings Actualyzer's data visibility enabled Genesis to track performance of individual savings initiatives, plus it showed where its processes were strong and where they could be adjusted, Eppley said. "We adapted our processes to get more use from the tool."

Seeing how other systems used Savings Actualyzer also helped Genesis improve, Eppley added. "When we have questions, we can reach out and ask how other members do it. It's not just a tool, it's become a community."

Savings Actualyzer builds internal support for purchasing initiatives as well, which Barnett believes will magnify future savings. "It really is going to create overarching advantages because you can share progress data with physicians and senior leaders and say, 'Look at this RFP we worked on. We're three months in and we're already at 50 percent of our savings goal because everyone is supporting this effort.' If you can see it you can follow it and own it."

Savings, present and future

Early in the pilot, Eppley discovered what he believes is one of Savings Actualyzer's greatest strengths—automatically tracking prices paid, and comparing them with an index of prices other systems pay while trending the results. Looking for new savings opportunities, he noticed the price index of one item already under contract had shot up in recent months.

"I got with the buyer and we realized it had fallen off contract. Fixing just that one item avoided almost \$15,000 in extra costs," Eppley said.

Every month, Eppley found two or three items like this that he estimates will generate about \$8,000 to \$10,000 annually. He expects to find even more using Savings Actualyzer to systematically review Genesis' price master, which catalogs more than 20,000 items. Real-time tracking also can help identify internal issues, such as staff or clinicians not sticking to preference items, in time to investigate and make changes.

Real-time performance tracking helps identify savings initiatives that are underperforming—and just as important, over performing, Eppley noted. In one case, an initiative projected to save \$23,000 the first year trended more than double that in the first few months due to increased volume. This qualified the item for the next contract pricing tier, which helped save even more. "We ended up saving \$56,000."

Since Savings Actualyzer automatically tracks actual savings achieved, Genesis changed its process to report these figures to management, Eppley said.



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Previously, actual savings were rarely measured because it took so much manual work, so savings reports were based primarily on initial projections, which are not always accurate.

Of the six early initiatives Genesis launched and tracked with Savings Actualyzer that completed a 12-month cycle, two underperformed by about \$4,000 each, one underperformed by about \$14,000—while one exceeded its target by \$8,000 and another by \$32,500, netting an overall gain over projections of about \$18,500. These numbers prove to management just how valuable supply chain services are, Eppley said. He expects much greater savings when all initiatives are tracked in Savings Actualyzer.

Savings Actualyzer also supports strategic initiatives such as standardizing physician preference items that have the potential to multiply system savings, Barnett said. The platform's clear, understandable graphics and user-friendly interface help show managers and clinicians what is possible by complying with existing programs.

"This tool takes you from A to Z; from identifying savings opportunities, to keeping savings initiatives on track, all the way through to showing how much you actually saved a year later," Eppley said. "Like a smart phone, it has all the features in one. It's not something we thought we would need, but now that it's here, it's hard to imagine doing without it."

How visibility supports savings

Underperforming savings initiative

Real-time monitoring of actual spending data reveals costs much higher than projected under the latest contract. Investigation reveals the item fell off contract pricing.

Correcting the error saves \$15,000 annually.

Over-performing savings initiative

Three months into a new contract, real-time spending data trends toward double projected savings. Investigation reveals purchase volume is substantially higher than expected, qualifying the item for a lower-price contract tier.

Identifying the opportunity saves an additional \$10,000, netting \$56,000 savings on a program projected to save \$23,000 annually.

Source: Genesis HealthCare System, 2016

As the nation's largest member-owned health care services company, Vizient provides network-powered insights in the critical areas of clinical, operational, and supply chain performance and empowers members to deliver exceptional, cost-effective care.