



2 0 0 1 MISSOURI TEAM QUALITY AWARD RECIPIENT

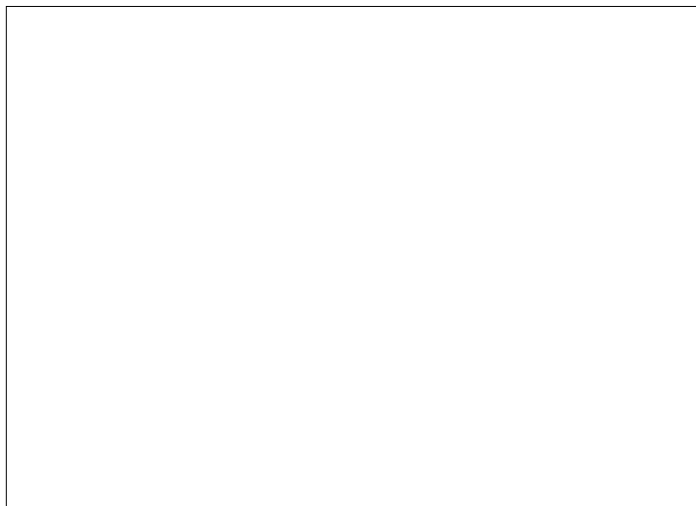
SUPPLY IMPROVEMENT TEAM at Heartland Health in St. Joseph

PROFILE

Heartland Health is a sole community provider hospital for a 21-county region in northwest Missouri, northeastern Kansas and southeastern Nebraska, and employs more than 2600 people. Its vision is to be the best and safest health care facility in the nation, with a purpose of improving the health of individuals and communities located in the region. Heartland strives to provide the right care, at the right time, in the right place, at the right cost with outcomes second to none.

OPPORTUNITY FOR IMPROVEMENT

All health care facilities are faced with increased demands for improved patient safety and quality outcomes, while at the same time experiencing a continual decline in reimbursement for services. At Heartland, key improvement opportunities are selected through an annual strategic planning process. Noting that expenditures on supplies were the second largest line item in Heartland's budget, it was determined that greater savings could be achieved in this area. Heartland was able to access multiple benchmarking programs through its group purchasing organization to see where costs were out of line compared to other facilities similar in size and services. Those comparisons identified gaps between Heartland's supply expenses and those of the best performers and highlighted specific areas of opportunity for improvement.



TEAM ACTIONS

The team used Heartland's innovative five-step performance improvement methodology (PASTE) and training in customer-supplier relationships to gather information, both at the departmental and organizational level. Based on the data, the following areas became the focus of the team's activity: supplies received without an authorized purchase order, accounts payable requests paid without an authorized purchase order, new supplies and products purchased without review by the product evaluation team and the percentage of supplies purchased on contract through the group purchasing organization. The team identified two specific improvement opportunities: (1) educating staff about policies & procedures, and (2) purchasing on contract with the group purchasing organization.

The improvement plan included revision of key organizational policies and procedures and holding educational sessions to raise awareness of purchasing policies and procedures. The number of vendors used and the varieties of supplies utilized were reduced and a review was made on products available on contract.

RESULTS

As a result of developing and revising standards and improved processes, the following results were achieved:

- ← Supply savings more than 100% over targeted goals – a total of \$2,919,018 savings over two years
- ← Exceeded the top quartile Premier benchmark (Heartland's Group Purchasing Organization) for supply expense per adjusted discharge
- ← Increased percentage of purchases on contract with Premier by 87% (38% in 1999, 71% in 2000, 74% projected for 2001)
- ← Increased vendor performance in fill rates and shipping accuracy
- ← Increased materials management customer satisfaction from 80% to 91%

FUTURE PLANS

In addition to the ongoing activities to continually decrease and manage supply costs, the focus for continued supply savings has shifted to distribution and utilization of supplies by Heartland's clinicians and physicians. Targeted supply chain improvements include automated supply dispensing, par level management and replacement of the materials management information system.

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