

Transforming Healthcare Supply Chains

Presentation to the Production &
Operations Management Society

College of Healthcare Operations
Management

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About BC HA SSO

- From Hundreds of hospitals, to 52 regions, to 6 regions, to 1 SSO
- Scope – all aspects of Healthcare
- SSO is only avenue for core services
- \$1.5B annual spend (\$1.9B incl capital)
- \$1B addressable spend
- Centres of excellence
- Technology

Shared Services

Vision

Province-wide Shared Services. Better Value



Mission

Establish a province-wide Health Authority Shared Services Organization that will create enhanced value to the health system through the effective and efficient delivery of agreed upon support services.

Values

- Service Quality
- Customer-Focused
- Continuous Improvement
- Value for Money
- Evidenced Based Improvements
- Outcomes-Oriented
- Commitment to Employees

Goals

- Enhanced value to the health case system through increased process efficiency, standardization, capital avoidance and leveraging of buying power
- Enhanced service quality through delivery of customer-focused services.
- Improved alignment and integration across Health Authorities

Goals

- Savings - \$150M in first 5 years
- Actual accomplishments in Year 1
 - \$28M in annualized savings
 - \$181M toward goal of \$150M (4 yrs to go!)
- Standardization
- Operating efficiencies

My local hardware store

- small local hardware store – Revy
- coffee, chat, order, buy
- business was based on relationship
- Revy now Rona Superstore – Acres of floor
- business is based on price, selection and inventory
- can they convert their customer base?

My local hospital

- I was the Material Manager – basement
- had coffee and lunch with the radiologists
- knew their business, they knew mine
- Our business interaction was defined by Trust and Relationship
- No longer in the hospital basement – off-site
- Replace relationship with solid, reliable, trustworthy business processes
- Will we convert our customer base?

The good ole days

- A clinician walks up to a buyer in the cafeteria, “Can you order me some of those little white things?”
- Without any paperwork, Buyer knows:
 - what the little white thing is
 - how many to order
 - what dept to expense
 - that they clinician had signing authority to spend
 - when they arrive, deliver to the Sterile Processing Dept to go into sets
- That’s pretty hard to beat!

Living in our new world

- >100,000 customers
- scale has not been tested
- standardization at a provincial level
- we can create lasting impact on the industry
- desire to save \$ but change mgmt effort is underestimated
- Save \$150M, but don't piss anybody off
- old processes don't work in this scale
- chiefly, clinician and physician engagement

Physician Engagement

- There is an unavoidable tension between the size and extent of supply chain centralization and the buy-in by physicians.
- Most physicians are reasonable and understand and agree with our mandate
- They want what is best for their patient
- But they want to be heard and listened to
- We cant consult with all of them
- They need to understand their role in decisions

Physician Engagement

- We are removed from physicians/clinicians
- Our task is to rebuild that trust thru effective, standard processes that our clinicians understand and can rely on
- If we don't follow the process and do what we say we will do, we lose their trust.

Global Optimal vs Local Optimal

- Decisions need to be in the best interest of the province
- Decisions need to be in favour of the majority of stakeholders
- Cannot please everyone – strive to maximize
- Example of giving up \$7M in lower pricing, rebates and value-adds for \$65,000 fellowship
- Physician doesn't trust the admin to pay for fellowship

What has to be done?

- In this case – eliminate Value Adds and force them into price
- Solid, effective and mature business processes
- “mature” means repeatable, trustworthy
- Partnership with stakeholders to achieve Win-Win
- Solve the question “What’s in it for me?”