“Including Value Analysis in your Decision Process”

ICAHN – 2014 Annual Vendor Fair

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AGENDA:

- What is Value Analysis? …”pure” Value Analysis?
- Creating a Value Analysis “Culture”:
  - “Stakeholders”
  - Formalizing your process
- ECRI Institute - - (Overview: Who is ECRI?)
- ECRI Tools
  - HTAIS / SELECTplus (Health Devices) / PriceGuide / ASG
- (Other ECRI offerings)
- Q & A ...
Clearly identify your hospital’s working definition: What is “value”?

Is it:

...cost in use?
...improved staff conditions / attitude / environment?
...better patient safety?
...better clinical outcomes?
...better competitive position in your community?
...better patient satisfaction?
...easier procurement?
...an “acceptable” landing point vs. having to be a “better” landing point?
...a combination / balance of all of the above?
What is our job, …bottom line?

Producing patient outcomes…
…challenging ourselves to improve upon those outcomes.

Including Value Analysis in our decision process, then, should include “buying” better outcomes / implementing better outcomes / delivering better outcomes / celebrating better outcomes.
Value Analysis...

...assembles all involved factions and all available information and evidence into an accepted forum and focus that will afford objective debate, resulting in the best-possible, informed decisions which, at a minimum, will facilitate current standards of care (outcomes); the goal being to improve further upon those outcomes.
Forming a “working body” of Value Analysis members:

1. **Stakeholders** (e.g. MM, CFO/CEO, MD Director, Nursing, Safety, Clinical Engineering / IT)

2. **Willing stakeholders**

3. **Persistent stakeholders**

4. **Oversight / steering** (“veto” power)
Value Analysis “Process” (on-going)

Considerations

1. Why replace existing intervention / device?
2. Will the replaced intervention / device be discontinued?
3. What safety considerations should be included?
4. What outcomes are anticipated?
5. What is the fully loaded cost of this implementation?
6. What disciplines will be affected by this proposed change?
7. How will we measure this achievement (during & after)?
Develop a *uniform* process:

Ingredients for New Product Introduction… (considerations)

request form

“This is step 1”, “…2”, “…3”, etc. (process)

sponsor

communication

EVIDENCE / RESEARCH / PROOF

(“In God we trust; …all others bring medical research.”)

…before you invite any sales rep to make a presentation.
Resources and Tools…

- AHRQ (Agency for Healthcare Research & Quality)
- AHVAP (Assoc Healthcare Value Analysis Practitioners)
- NGC (National Guidelines Clearinghouse)
- ECRI Institute
- Your GPO
- …others
ECRI Institute…

Research / “Think-tank” Institute

…finding ways to improve patient care.

— employ the discipline of science.
— while utilize the integrity of independence.
ECRI Institute Overview: History/Complexion

- Founded over 46 years ago by a neurosurgeon
- Non-profit, research organization
- Headquarters in PA is a 12-Acre Research Campus
- 120,000 sq. ft. offices include testing labs and one of the largest medical libraries outside a university / academic setting
- Offices also in London, Kuala Lumpur, & Dubai
- *New York Times* calls us “the country’s most-respected laboratory for testing medical products”
- Often referred to as the “Consumer Reports” of the medical industry
The 14 Participating AHRQ Evidence-based Practice Centers (EPCs)

- Blue Cross and Blue Shield Association
- Duke University
- **ECRI Institute**
- Johns Hopkins University
- McMaster University
- Oregon Evidence-based Practice Center
- RTI International - University of North Carolina at Chapel Hill
- S. California Evidence-based Practice Center - RAND Corp.
- Tufts—New England Medical Center
- University of Alberta
- University of Connecticut
- Minnesota Evidence-based Practice Center
- University of Ottawa
- Vanderbilt University
ECRI Institute
Aligning ECRI Institute’s Resources to Address YOUR Goals/Needs

Technology Assessment

Patient Safety
(Risk Mgt. & Quality)

Value Analysis & Acquisition
(Evidence-Based/Comparative Effectiveness)
Where hospitals experience their greatest challenges

Planning  Recognizing  Searching  Evaluating  Selecting  Committing  Implementing  Tracking

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<th>Planning</th>
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Health Technology Assessment Information Services (HTAIS)

- Most current scientific Comparative-Effectiveness Research ("CER") of new and emerging medical technologies
- Used for Strategic Technology Planning
- Used by Senior Management Teams, Value Analysis Teams, Clinicians
Health Technology Assessment Information Services: A comprehensive service assessing comparative effectiveness of healthcare technologies and adoption and implementation factors

Research tools and publications

- **Custom Hotline Responses**: Overview and guide to the published literature on specific technologies, services, procedures, and healthcare delivery issues (e.g. training, guidelines, costs)
- **Health Technology Forecast™**: Database of profiles and articles on important healthcare technologies and services in phase II/III research and development
- **Emerging Technology Evidence Reports**: Qualitative, systematic, comparative-effectiveness reviews on newly available healthcare technologies and services (no meta-analysis of data possible)
- **Evidence Reports**: Quantitative systematic, comparative-effectiveness reviews with statistical analyses; usually focus is on widely diffused healthcare technologies, procedures, and services
- **Healthcare Standards Database**: 40,000+ citations for clinical guidelines, technical standards, consensus statements, position papers, healthcare laws and regulations issued from organizations in the U.S. and other countries
- **Health Technology Trends Newsletter**: Monthly newsletter with original reporting and interviews of leading experts on issues affecting adoption/implementation of emerging medical technologies and services. Focus areas include cardiovascular medicine, radiology and imaging, orthopedics, neurology, oncology, ob/gyn, emergency medicine and more
- **HTAIS Update E-news**: Biweekly email highlighting new material published to the Web site; includes information on ECRI Institute conferences and member benefits
- **FDA Approvals Database**: One-stop, searchable database of new FDA drug, device, and biologic approvals/clearances with their indications and conditions of approval

World-class Experts On Call

- ECRI Institute’s Evidence-based Practice Center (as designated by U.S. Agency for Healthcare Research & Quality); Research Analysts available for quick consults on technology questions
HTAIS Impact:

Since HTAIS is a planning and decision support tool, it is difficult to establish impact parameters. Yet, typically, the question you are asking:

“What is the value of avoiding a bad decision?”

*Example:* ECRI: HTAIS “Forecast” Report – Full-Field Digital Mammography...(~ $400,000 hospital cost) vs. Screen Film Mammography @ $40,000.

The evidence, coupled with the hospital’s dynamics and circumstances, positioned the hospital to avoid $360,000 of what would have been a bad decision.
Select Plus (S+)

- Capital equipment planning and benchmarking tool
- Allows organizations to compare pricing offered by OEMs to a data base consisting of over 2,500 Health Care Organizations for capital equipment and service contracts
- Helps to assign value to used equipment
- Provides life-cycle costing for all capital items
- Prepares and reviews request for proposals (RFPs)
- Provides information on member interest
- Provides price trending
- Provides up-to-date alerts, hazards, and recall information
**SELECTplus**

ECRI Institute’s SELECTplus is the complete advisory service for capital medical equipment and healthcare information technology

### On-demand custom analyses

**Pricing Benchmark**

- **Quotation Analysis** – Reviews a supplier’s quotation and highlights potential cost savings, discount histories, user experience reports, review of general terms and conditions, and specific points to negotiate.
- **Service Contract Analysis** – Reviews the service contract to ensure cost-effective and optimum support. This analysis highlights potential cost savings, discount histories, user experience reports, review of general terms and conditions, and specific points to negotiate.
- **Reagent Contract Analysis** – Similar to a SELECTplus Quotation Analysis, a reagent analysis provides a review of a supplier’s quotation for the purchase of clinical laboratory equipment that highlights cost savings, discount histories, user experience reports, review of general terms and conditions, and specific points to negotiate.
- **Fair Market Value Analysis** – A Fair Market Value (FMV) Analysis places a value on used equipment. This analysis highlights marketplace value, user experience ratings, and information from our PricePaid database to better help your facility negotiate trade-in values or the sale of existing equipment.

**Comparative Analyses**

- **Market Intelligence Reports** – A concise straightforward comparative analysis that looks at ECRI Institute’s recommended vendor and model selection for a specific technology. It also includes a decision analysis matrix, a side-by-side return on investment (ROI) analysis and SELECTplus annual interest data. As with all SELECTplus reports, Market Intelligence reports also cover Information Systems. Financial proposals will be incorporated into the recommendation of the report when provided by the hospital.
- **Custom Comparative Analyses** - This detailed comparative analysis looks at your facility’s specific needs and incorporates your vendor proposals for a specific technology. Interviews with key stakeholders are performed and the report provides you with a recommendation on which system is best suited for your situation. It includes a decision analysis matrix, a side-by-side return on investment (ROI) analysis and SELECTplus annual interest data.
- **Request for Proposal Development and Analysis of Response** – Provide development of Request for Proposal for medical devices only and specific recommendations for these purchases based on vendor responses to the request for proposal. These detailed reports recommend a specific supplier for your acquisition based on responses to RFPs, hospital needs, clinical and technical features, life-cycle cost analyses, reliability history, operating costs, and user experience.
- **Justification Analysis** – A Justification Analysis is used when your facility is trying to decide if a technology acquisition can be supported by your projected caseload and/or how much technology is needed (i.e., a high-end, mid-range, or low-end model).
**SELECTplus**

ECRI Institute’s SELECTplus is the complete advisory service for capital medical equipment and healthcare information technology

**Research tools and publications**

- **Health Devices System Online** – Membership allows your facility to access ECRI Institute’s comprehensive members-only Web site at www.ecri.org. In addition to a complete suite of online publications, the member site includes a range of online features that support your healthcare technology needs. These resources will help you stay abreast of critical issues, educate your staff about medical devices, forecast life-cycle costs, and much more.

- **Health Devices International Sourcebase** – An online database of medical equipment supplier information. The most comprehensive, continually updated information anywhere, Sourcebase contains supplier listings for nearly 6,000 product categories, as well as contact information and hyperlinks for more than 14,000 medical equipment manufacturers and distributors worldwide.

- **Healthcare Product Comparison System Online** – An online database of virtually every type of medical equipment, providing device descriptions and specifications, as well as discussions of the operational importance, clinical applications, projected costs, and value of specific technologies. Brand-name, model-specific, side-by-side specification charts are customizable, so you can select, view, and print only the models you’re interested in.

- **Health Technology Trends** – Fast-reading newsletter on healthcare innovations.


- **Capital Budget Building Tool** – secure, web-based capital budget “wish list”; includes average pricing for each piece of capital equipment.

- **Problem Reporting Form**

- **Financial Calculators**

**Patient Safety Resources**

- **Health Devices Alerts** – The world’s most comprehensive international database of recalls, hazards, product safety alerts, and reported problems provides critical safety information e-mailed weekly to minimize the chance of a missed alert. Health Devices Alerts are derived from a variety of sources, including device manufacturers, individual healthcare facilities, and ECRI Institute’s exclusive evaluations and accident and forensic investigations. With Health Devices Alerts, you get more than information—you get ECRI Institute’s expertise and analysis. ECRI Institute regularly investigates, reports, and frequently corrects the information provided by third parties, saving you time and money while helping you improve the quality of patient care. You will also receive exclusive reports and life-saving recommendations from ECRI Institute’s independent hazard investigations based on problem reports submitted to ECRI Institute by thousands of hospitals worldwide.

- **Computerized Problem Reporting System**

- **Medical Device Safety Reports**
S+ Impact

- 4.5- 9% acquisition cost savings on capital purchases reviewed
- Evidence based approach becomes an “issue resolver” during capital budgeting process
- Discussion avoids bad decisions

Example: $50,000,000 in reviewed capital

- $2,250,000- $4,500,000 in identified acquisition cost reductions
- $1,000,000- $2,000,000 in avoidance of bad decisions
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PriceGuide (PG)

- Price Benchmarking tool for commodity and physician preference items (PPI)
- Compares organization’s current purchase prices to those of over 1,300 other Health Care facilities; …for over 1,665,000 distinct line items
- Identifies a range of savings opportunities by comparing your price to the lowest price among the participating organizations and also to the average price among those same organizations
- Provides custom technology analyses for commodity and PPI items
PriceGuideTM
ECRI Institute’s PriceGuide is the complete advisory service for the procurement of medical/surgical supplies and implants.

- **PriceGuide Database** – Allows members to benchmark their existing medical/surgical supply costs with the PriceGuide low and average prices. The database automatically identifies areas of greatest potential savings. Members may also view the PriceGuide national low and average prices for all items that appear in the national database, regardless of whether their facility is currently purchasing that specific item or not.

- **Spend Analysis** – Analyzes purchasing by department/clinical line and/or by product category. Each report provides an overview of total spend by vendor and category, as well as standardization and potential savings opportunities.

- **Quotation Analysis** – Compares your quotations for medical-surgical supplies and implants with prices paid by other institutions. Members may fax or e-mail in medical supply proposals to ECRI Institute on an unlimited basis. A quotation analysis will be generated within 48 hours.

- **Custom Technology Analysis** – Compares proposed products with custom reports that provide key details about clinical comparability. Use ECRI Institute’s highly trusted, non-biased technical staffs to evaluate and analyze supply options, thereby helping you simplify and streamline your complex, and occasionally emotional, medical supply decisions.

- **Standardized Data** – Upon request, PriceGuide members will be provided with standardized distributor and manufacturer names, catalog numbers, descriptions, and mappings to ECRI Institute’s Universal Medical Device Nomenclature (UMDNS) System taxonomy.

- **Member Interest Analysis** – Discover market share and interest level among all PriceGuide members for various categories. Reports are created using pricing and usage data voluntarily submitted to ECRI Institute by PriceGuide members within the past 12 months.

- **Price Trending Analysis** – Choose from a list of various categories and PriceGuide will generate a price trend for your selection using pricing data voluntarily submitted to ECRI Institute by PriceGuide members since 2005.

- **Personal Assistance** – Still have questions? PriceGuide’s experts offer assistance on a myriad of issues, including resolving supplier disputes, general prices for budgeting, potential cost savings on single-use supply options, and much more.
PG Impact

- Data base usually “hits” on ~ 95% of supply items
- Identifies savings opportunities in range of 3-13%

Example: $1,000,000 in supply spend
- $ 950,000 matched (benchmarked)
- $28.5k to $123.5k identified savings opportunities
PG: July, 2014 “Report Card”

- Total distinct line items: 1,665,316
- Total number of vendors: 4,714
- Total number of product categories: 2,839
- Total number of hospital downloads: 1,382
Other ECRI Institute Offerings
ECRI Resource

- (APPLIED SOLUTIONS GROUP)
- HEALTH DEVICES/ALERTS
- ALERTS TRACKER* (prerequisite: HD Gold or SelectPlus)
- AUTOMATCH
- HEALTHCARE PRODUCTS COMPARISON SYSTEM
- SOURCEBASE
- UMDNS
- PURCHASED SERVICES
- (ACCIDENT FORENSIC INVESTIGATION)
- HEALTHCARE RISK CONTROL SYSTEM
- ("eLearn" EDUCATION) (CME, CEU, PharmD)
- ECRI Institute: Patient Safety Organization ("PSO")
ECRI Institute
Aligning ECRI Institute’s Resources to Address YOUR Goals/Needs

Technology Assessment

Patient Safety (Risk Mgt. & Quality)

Value Analysis & Acquisition (Evidence-Based/Comparative Effectiveness)
...a reference for you to contact...

- Jonathan Reiners
  Director of Materials Management
  Community Hospital of McCook
  1301 East H Street
  McCook, NE 69001
  ph: 308-344-8332
  jreiners@chmccook.org
...for a “private” viewing of ECRI tools:

Mark Jensen
mjensen@ecri.org
cell: 636-368-7663
Thank You!

Questions...