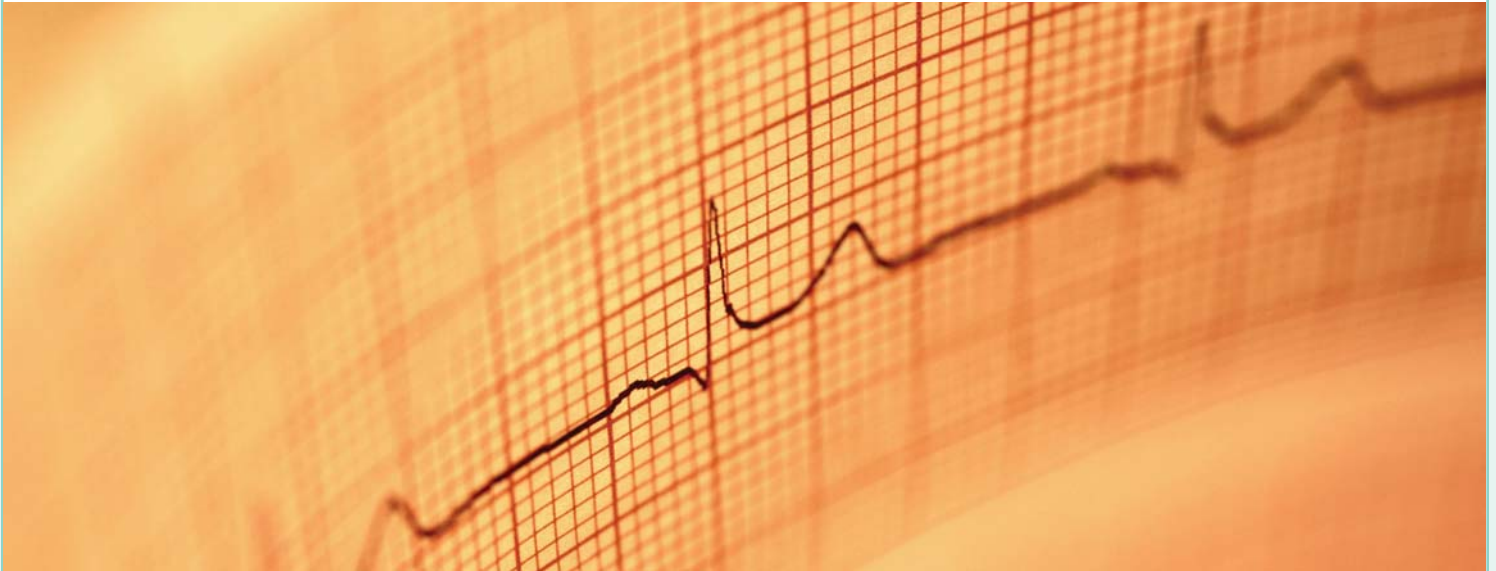




Premier's new comprehensive service line solution finds performance-enhancing cardiology opportunities **CASE STUDY**



\$4.5 million for Fairview Southdale

Fairview Southdale Hospital in Edina, Minn., is one of the nation's top cardiovascular hospitals. A strong partnership between physicians and hospital administration has enabled the organization to achieve leading clinical outcomes and strong financial performance.

Opportunities ranged from savings of as much as \$2.5 million in length of stay and \$1.4 million for device costs and utilization to approximately \$10,000 each for charge validation and urinalysis cost and utilization.

Not content to rest on its success, Fairview Southdale engaged Premier, Inc. to appraise its cardiology service line performance. Premier deployed Service Line Solutions, its new comprehensive, data-driven approach to improving clinical, financial and operational performance for key service lines, such as cardiology, spine and orthopedics where physician preference is an acute consideration.

Premier's innovative approach identified more than \$4.5 million in performance-enhancing opportunities in cardiology. These included not only significant opportunities to improve the service line cost structure and patient throughput but also physician-specific implications for clinical practice improvement.

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The findings are in line with where Fairview leadership thought opportunities would present. "The nice surprise," said Susan Mullaney, Vice President, Cardiac,

Radiology and Imaging Services at Fairview Southdale, "is that the size of the opportunity is larger than we expected."

The Fairview Southdale cardiology engagement is the first time Premier marshaled its comprehensive clinical and supply chain data and multidisciplinary consultants from both Premier Purchasing Partners and Healthcare Informatics to examine all elements of cost and quality.

"We looked at not just supplies, but clinical processes, charges, revenue, labor and physician satisfaction," said John Johnston, Premier region vice president and Service Line Solutions' program manager.

In the engagement, clinical quality performance and safety were measured using Premier's Clinical Advisor tool powered by the Perspective™ database, the hospital industry's largest and most comprehensive. Those findings were consolidated with supply chain information contained in SupplyFocus, one of the industry's largest supply chain databases, and more specific pricing and utilization data contained in Premier's CardiacFocus, OrthopedicFocus, and SpineFocus tools.

Taking the appraisal one step further, the revenue side of the equation was also scrutinized for coding and charging accuracy, as well as reimbursement and other revenue cycle management issues.

"Linking data on expensive implants and other supply utilization with the billing and clinical outcomes data provides information hospitals need to engage their physicians for improved performance," Johnston said. "In a very short span of time we determined opportunities for maximizing operating margin and improving patient outcomes. Such a focused program will make a significant impact on service line margins."

Fairview staff and physicians agree.

"The supply chain data resulting from this assessment was integrated immediately into our CV negotiations process which was already underway. The timing was excellent because we got the information in January for Premier and Fairview contracts expiring in April." said Chris Meyers Janda, Vice President, Supply Chain, Fairview Health Services. "It is extremely actionable information from a supply chain perspective."

Mullaney concurred. “A most significant finding was to understand that we are in a position to drive much better pricing for our devices based on detailed feedback from the Premier team, especially the comparison with similar hospitals in the Premier membership.

“We believed that because of the size of our program we were as far as we could go with device pricing,” she said. “Despite our previous expectations, we could go back to the table and drive a better price due to the collaboration we have with our physicians. We applied the feedback we received from Premier on device pricing in our latest round of cardiac device negotiations. It helped us be very successful in renegotiating cardiac rhythm management and PCI devices.”

Specific findings revealed by the Premier engagement will be studied carefully. “Our philosophy is to focus on the top two or three opportunities. That’s where we are now with pricing and LOS utilization,” Mullaney said.

“The engagement pulled length of stay into our scopes, and we are working on it with the cardiac care unit now. How can we increase acuity level of patients in the unit to leverage the strength of the team there while redirecting other patients to more appropriate levels of care?” she said. “In other words, how do we make sure we’re treating the patients in the unit that need to be there and sending other patients to where they need to be?”

Mullaney said she and her staff already had been looking at critical care bed utilization “because we’ve been running out of them. How do we maximize critical care capacity? We were not considering financial opportunities that were already on the table, and hadn’t put a dollar figure to the opportunity. Premier’s findings have been a great motivator for maximizing this very expensive resource.”

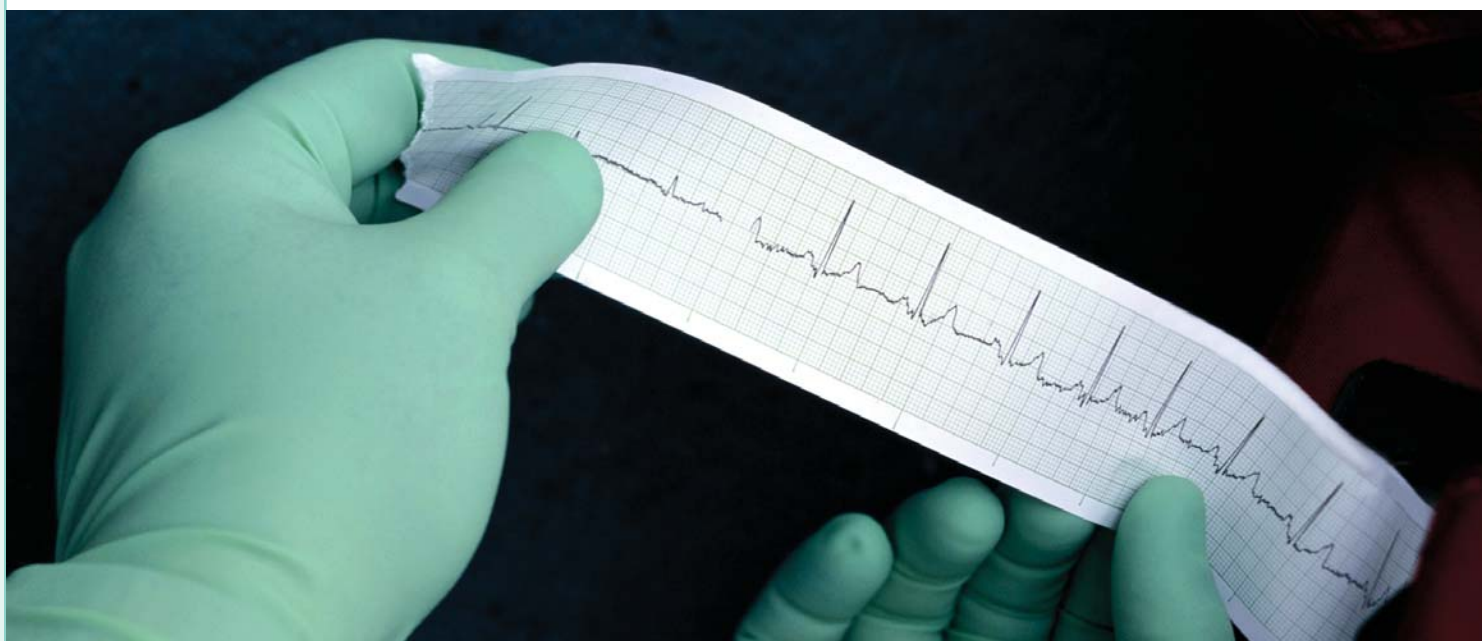
One of the distinguishing things about the new approach is its ability to look at the clinical data, the implant and supply

utilization and the revenue at the individual patient level, Johnston said.

One particular finding, he noted, was a safety opportunity in the drug-eluting stent patient population. Although Fairview Southdale’s overall accidental puncture and laceration rate was making positive progress downward, it was still above its peers. The data from the study was very specific, down to supplies used on the patients with accidental punctures and lacerations.

“We found that there is significant power in integrating Premier’s deep reservoir of supply chain and clinical data – something no one else has,” Johnston said. “Each set of data provides opportunities but using them together takes analytical possibilities to another level. It is truly an example of the whole being much greater than the sum of its parts.”

Meyers Janda said her hope was that the process “would holistically examine the cardiovascular program” from





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ABOUT SERVICE LINE SOLUTIONS

Premier's Service Line Solutions takes physician preference consulting to a new level with an enhanced solution set designed to improve overall performance, including financial margin, operating efficiencies, clinical outcomes, and physician engagement strategies. Service Line Solutions leverages Premier's unique repositories of hospital performance data on supply chain utilization, labor and staffing, and quality and safety to address all aspects of performance in physician preference areas such as cardiovascular, orthopedics and spine. Comparative performance data provides the foundation for Service Line Solutions. Premier's Clinical Advisor products, powered by the Perspective™ database, house more than 3 billion patient records, the hospital industry's largest, most comprehensive performance database. This information is consolidated with implant pricing and utilization data contained in Premier's CardiacFocus, OrthoFocus and SpineFocus products.

ABOUT PREMIER, INC.

Premier, Inc., the leader in helping hospitals accelerate performance on both clinical outcomes and supply chain costs, is a healthcare alliance entirely owned by more than 200 of the nation's leading not-for-profit hospitals and healthcare systems. These organizations operate or are affiliated with nearly 1,500 hospitals and more than 38,500 other healthcare sites. Premier Purchasing Partners provides an array of services supporting health services delivery including group purchasing totaling more than \$25 billion annually in supplies and equipment purchasing, as well as supply chain and clinical performance improvement services. Premier Healthcare Informatics offers performance measurement, benchmarking, and reporting products and advisory services supporting quality improvement. Premier Insurance Management Services helps hospitals manage insurance costs and improve risk management and claims capabilities. Headquartered in San Diego, Premier has offices in Charlotte, NC, and Washington, DC. For more information, visit www.premierinc.com.

a quality, service, safety, customer, and physician perspective.

Her goal was to ensure that physicians were "very engaged in the process so that their voice would clearly come through. Upon receipt of their recommendations, I wanted no questions regarding their validity, or their actionable nature. So many times you get reports where you debate the validity of the data, the sources, etc, to such an extent that makes it difficult to agree on the results."

She went on to state that "the findings and recommendations were presented in such a fashion that Fairview could begin to take action. As we looked at the data, there was a high enough level of agreement upon implementation we would drive to the value that Premier outlined."

Meyers Janda said "we will likely do this again. While we could complete parts of the assessment ourselves, we do not have internal expertise to complete the full assessment. Additional benefit is achieved by having Premier as an objective third party reviewer. This is an excellent vehicle for a complete assessment of service line performance to determine the level of "best practice" being achieved. This process is absolutely worth the time invested."

"It is very likely that every program has some opportunity," she continued. "One or two pieces may be very well honed, but you need to take a holistic look at clinical processes, charges, revenue, supplies, labor, and physician satisfaction to determine where to put time and energy. There are always limited resources. This

process allows administration to focus on the biggest opportunities and work with partners to move it forward. You have nothing to lose by investing your time in an assessment. If no opportunities emerge, and you are a best practice performer, the results can be shared with the communities you serve and other key stakeholders."

Mullaney echoed that sentiment. "Our starting point was a very solid program. Sometimes this is a tougher spot. There's no low-hanging fruit. We know we need to get to another level and to that end we found this engagement with Premier most helpful. There were no big messes. We just need to dig in and take a look at the possibilities Premier presented."

For instance, Mullaney pointed out, "We did not realize the opportunities we have in revenue management. We are continuing to engage with Premier and a third party to move forward in this direction."

She praised the Premier team for its expertise and field experience. "The team brought us great information. Some of it reaffirmed what we knew. Some really pointed us to accelerated action. I would absolutely recommend it to any program. Premier offers a helpful and strategic look at how to drive better outcomes and a great roadmap for how to get there."

FOR INFORMATION ABOUT PREMIER SERVICE LINE SOLUTIONS

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