

Supplying Hospitals Ways to Perform Healthier

As the lifeblood of smaller communities, community hospitals provide access to local health care and stimulate the local economy. In order to prosper, they must deliver quality care while maintaining their own financial health. Yet many face declining reimbursements, higher fixed costs, decreasing patient volumes and future uncertainties.

One way hospitals in Nebraska and across the country can reduce expenses is to look at their supply spend, the second-largest cost for hospitals behind labor. A hospital's supply chain offers some of the quickest and easiest cost-reduction opportunities toward healthier performance.

This is where CHC Supply Trust comes in. As the supply chain services arm of Community Hospital Consulting,

CHC Supply Trust offers significant supply cost savings to community hospitals through a relationship with HealthTrust, one of the nation's leading group purchasing organizations (GPOs). By granting access to HealthTrust's portfolio of specially priced, clinician-recommended products and services, CHC Supply Trust members obtain deep discounts — savings similar to those of larger hospitals. And smaller hospitals benefit from meaningful savings even when purchasing many of the same items they secured prior to working with CHC Supply Trust.

Experience Brings More Savings

Because CHC owns, manages and consults with community hospitals, the benefits of their GPO offering are tried, tested and proven in their hospitals on a daily basis. They offer four levels of supply chain management support, including GPO access to the same preferred pricing that large hospital systems are able to negotiate.

Case in Point: Community Hospital Realizes Big Savings

Community Hospital, located in McCook, Neb., is a 25-bed, critical access hospital serving 30,000 residents in southwest Nebraska and northwest Kansas. They previously bought supplies and services from a nationwide hospital network and were subject to volume-based tier pricing. Under that business model, the small rural hospital paid approximately 35 percent more than larger hospitals for orthopedic implants. Higher prices were just one disadvantage of belonging to a network in which smaller hospitals typically are not shown the same attention as their larger counterparts. Community Hospital was poised for supply chain improvements, more than \$800,000 in savings and much more. Since converting to CHC's GPO in 2013, Community Hospital continues to see approximately 18 percent savings on supply costs each year.

"If you're a standalone hospital in a rural community, you need to take a look at CHC. They deal with the particulars of smaller hospitals. Aside from CHC, the expertise is simply not out there when it comes to the operations of a smaller hospital."

**Troy Bruntz, President and CEO,
Community Hospital**



CHC Supply Trust delivers access, savings and support

Teaming up with community hospitals, CHC Supply Trust offers a Complimentary Supply Spend Analysis. Whereas annual savings have averaged greater than 10 percent, recent CHC supply spend analyses have identified savings reaching 15 to 20 percent. Along with 100 percent of GPO rebates returned monthly to hospitals, they can keep their bottom line in a healthy state.



Community Hospital in McCook, Neb.

Case in Point: Great Plains Health Values Trusted Partner

Great Plains Health in North Platte, Neb., is hale and hearty, with robust finances and a governing board that asks smart questions. Managed for nearly 25 years by an outside organization, Great Plains in 2009 began to question the partnership's value and looked instead for an advisory partner to provide specific services based on need. Hospital leaders tapped CHC Consulting for improvements in operations, supply chain and productivity. With a need for à la carte services, including group purchasing and help fine-tuning operations, CHC Consulting arranged for custom contracting for physician preferred items, steering Great Plains Health to save 25 percent, or \$425,000, on their annual hip and knee spend of \$1.7M.

“CHC values the independent business model and helps keep it viable in the face of economic uncertainty and sweeping changes in the healthcare industry.”

Mel McNea, CEO, Great Plains Health

“The highest percentage of supply costs is often associated with a hospital's operating room,” says Tony Ybarra, senior vice president of CHC Supply Trust. “Collaboration with key stakeholders — hospital executives, physicians and surgeons — is important if you want to negotiate more favorable prices on physician preference items such as orthopedic implants and cardiac rhythm medical devices. Their process involves collaboration from the start.”

Additional Support

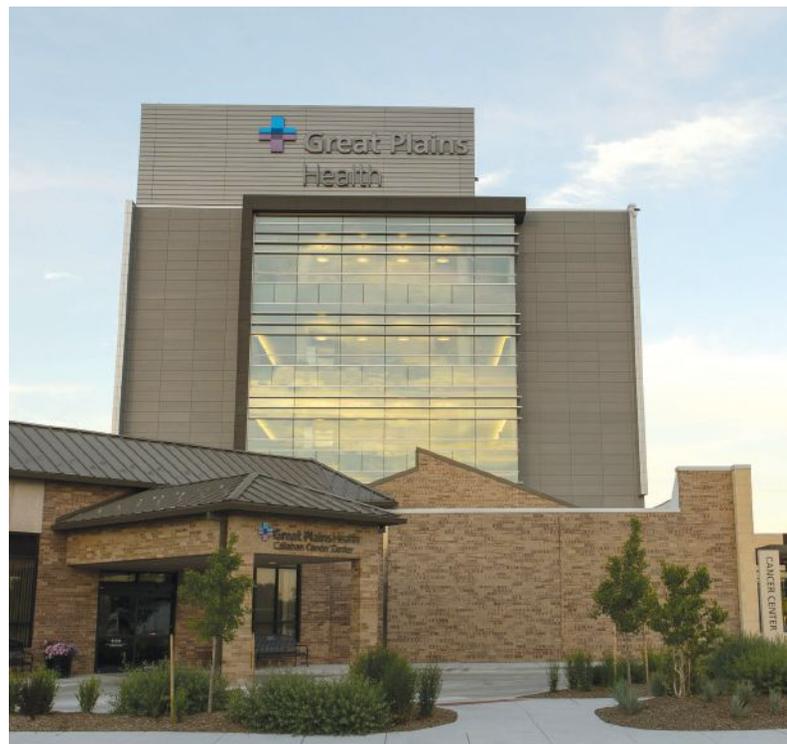
Once a hospital is guided and onboard, the value keeps on growing. Ongoing supply chain analytics and reporting are provided for no additional fee once a hospital is a member. This can reveal hospital overpayments or unlock significant savings opportunities.

Case in Point: Hospital Gets Fair Market Pricing

A key to savings and fair market pricing is the Healthcare IQ (HCIQ) analytic tool which enables CHC Supply Trust to review spend and bring to light any GPO compliance issues and instances of inflated pricing. For example, one CHC Supply Trust member used the tool's benchmarking data sourced from over 2,000 facilities across GPOs to secure a 30 percent price reduction on a costly piece of equipment. Before the HCIQ tool revealed otherwise, the hospital believed the vendor's initial asking price was fair.

How to Get Started

For more information or to get started with a Complimentary Supply Spend Analysis, please visit www.CHCSupplyTrust.com or contact Philip Trent, VP of Business Development, CHC Supply Trust, at ptrent@communityhospitalcorp.com or (972) 943-1204.



Great Plains Health in North Platte, Neb.