

OBJECTIVE

When Novation announced in December 2004 that it awarded 17 separate contracts to six companies for endoscopic instruments, ligation, mechanical stapling and cutting, skin staplers, sutures, topical skin closure, trocars, and ultrasonic cutting and coagulation, Greg Weeks was more than a little intrigued.

As director of materials management for Willis-Knighton Health System, Weeks constantly searches for ways to reduce his organization's supply costs. "I'm excited that Novation is providing a multiplicity of contracts, products companies," he says. "This fresh approach gives us great operational flexibility and enhances competition."

STRATEGY

Through data analysis of Willis-Knighton's surgical supply use and various supplier data, Novation identified that the organization could save \$800,000 if they were willing to undergo the conversion process to U.S. Surgical for all surgical supplies except trocars, for which they would use Applied Medical.

The identified potential savings was all the motivation that Weeks and Jerry Lee, assistant administrator, needed to pose the idea to their chief executive officer and chief financial officer. "Both of them agreed, after looking at the numbers, that this was a possibility we couldn't afford not to explore," says Weeks. The next stop was the health care organization's chief of surgery and the Medical Staff Surgery Committee, composed of surgeons from each of Willis-Knighton's four hospitals. "There were questions and concerns among the surgeons because we had used our previous vendor for about 10 years," says Lee. "Once surgeons become used to certain products and the way they work, oftentimes nothing else is acceptable in their mind."

The Medical Staff Surgery Committee agreed to move forward with an evaluation process to see how the potential suppliers' surgical products stacked up against those they were currently using. "We moved slowly and worked to get the surgeons to see that clinically, one product was not any better than the other," says Lee. "We had surgeons say that if you removed the brand name from the packaging, they wouldn't know one product from another. But the name on the package is what they're accustomed to and comfortable with."

As the evaluation process spread to other products, the surgeons' doubts decreased. "As they gained more experience with the individual units, 95 percent of the surgeons said 'I can use this,' knowing that the savings would make our health system better and stronger," says Weeks. "They could see the potential of us offering more health care to more people with the money we would save."



OVERVIEW

Member:
Willis-Knighton Health System
Shreveport, Louisiana

Objective:
Identify opportunities to reduce supply costs

Strategy:
Utilize Novation contracts by converting surgical products

Results:
\$800,000 in annual savings

Greg Weeks of Willis-Knighton believes that Novation's willingness to be the first group purchasing organization to unbundle suture and endomechanical products signifies a move in the right direction for the health care industry.

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RESULTS

Nine months after the evaluation process began, Willis-Knighton's chief of surgery issued a letter to surgeons making the conversion official. U.S. Surgical would be the organization's primary surgical supply vendor, and the organization would save approximately \$800,000 annually as a result. The letter also stated that products from other suppliers, including the organization's previous primary vendor, would remain available to surgeons if they were clinically indicated. "We didn't want to close that door completely," says Lee.

Weeks believes that Novation's willingness to be the first group purchasing organization to unbundle suture and endomechanical products signifies a move in the right direction for the health care industry. "The financial savings are tremendous, and this conversion has allowed us to do things that we wouldn't otherwise be able to do," he says. "But the important thing here is for suppliers to realize that they need to be receptive to Novation's calls, and that hospitals do have some input into these decisions — this isn't all between vendors and physicians."