

Breakthrough value

MedStar Health uses **aptitude** as a strategic lever to quickly identify and execute savings initiatives.

As the largest healthcare provider in Maryland and the Washington, D.C., area with over \$5 billion in net operating revenue, MedStar Health has critical mass around almost everything they purchase. They are also equal owners of the MNS Supply Chain Network (MNS) – comprised of three similarly sized Integrated Delivery Networks (IDNs) – which leverages a combined \$3 billion in annual spend on services and supplies to generate savings for their organizations.

“Over the years, MNS has executed many network contracts and delivered sizeable savings for the three IDNs,” said Ed Robinson, Vice President of Integrated Support Operations for MedStar Health. “But it was brought to our attention that, even though benchmarking data was showing we were achieving close to ‘best in industry’ pricing in many categories, suppliers still had some room to move given the right circumstances.”

With that in mind, the MNS leadership team began to explore new technologies that could enhance the purchasing process and deliver new breakthroughs in value.

“Our interest in **aptitude** was a result of its ability to aggregate the group’s data and provide actionable insight through the platform’s analytics. That’s a huge positive for us,” Robinson said. “It’s a challenge even within individual systems to always have the best data available, especially across our different facilities. But we quickly saw that **aptitude** can help automate that with high integrity and reliability.”



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Ed Robinson

Vice President of Integrated Support Operations for MedStar Health

About MedStar Health

MedStar Health combines the best aspects of academic medicine, research and innovation with a complete spectrum of clinical services to advance patient care. The largest healthcare provider in Maryland and the Washington, D.C., region, MedStar Health’s 10 hospitals, the MedStar Health Research Institute and a comprehensive scope of health-related organizations are recognized regionally and nationally for excellence in medical care.

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Surprising savings on commodities

When **aptitude** identified exam gloves as a strategic opportunity, Robinson was a little taken aback. After all, for a network the size of MNS, cost-saving initiatives of focus must drive significant value to merit the time and attention it takes to execute them. Mature commodities like exam gloves have usually been renegotiated and enhanced repeatedly, and don't typically emerge as strategic initiatives.

“Other benchmarking resources indicated that, based on our current product mix, we could achieve \$60,000 in savings in this category, and that our pricing was very competitive,” Robinson said. “The assumption was that exam gloves wouldn't deliver the value needed to make it a category we should take to market.”

Intrigued by the opportunity, MNS confirmed the clinical interchangeability of product, then moved forward and submitted a Request for Proposal (RFP) to the incumbent and competing suppliers directly through the **aptitude** platform.

“When we received our bids back in **aptitude**, we attained nearly \$1 million in savings by establishing a gloves formulary, standardizing and moving business from the incumbent supplier. We took something that we didn't expect to see incremental value on and found results that were surprising and substantial. From my perspective, the new variable that allowed us to achieve the savings was **aptitude**. We probably would not have seen these savings if we had used a more traditional contracting approach.”

Making the platform part of the process

Robinson and other MNS leaders are now convinced that, with access to reliable data in **aptitude**, they can uncover a great deal of additional hidden value.

“Going forward, we would like to find opportunities for us to accelerate our use of

aptitude and integrate it into our standard process in our network,” said Robinson. “We want to get philosophically aligned around how to use this technology to look at top-tier suppliers and reveal the true best value available in the market.”

Once a contract has been identified where action is required – a renewal for example – Robinson sees the benefit in running the RFP through **aptitude** as a core strategy.

“The MedStar and MNS teams have jumped in and made the platform work for them,” said Mary Etta Gale, Sales Consultant for **aptitude**. “They made it a part of their strategy and have seen great success as a result.”

Robinson has also been impressed by the ease of working with the platform through the entire contracting process.

“With **aptitude**, we can identify the market leaders for a category, submit an RFP to those select suppliers, compare offers and execute the contract,” Robinson said. “It allows us to quickly award our business to the suppliers that provide the best overall value with the transparency health systems and suppliers needed to tackle bigger savings opportunities.”

Strategically, the network is pursuing and executing contracts in commodity categories – both at the network level and for the individual IDNs – to establish consistent procedures within the **aptitude** platform. After that, they plan to move on to their biggest opportunity: physician preference items.

“We spend a great deal of time and effort negotiating physician preference items, and would benefit from adding **aptitude** to the mix to complement our physician engagement activities in these areas,” Robinson said. “After we've proven we can deliver value by leveraging our combined spend and **aptitude**'s technology, we can go to physicians and say it's time to move into preference items using this established and proven process.”

About **aptitude**

Launched as a contracting market in 2013, **aptitude** reduces the cost of healthcare and accelerates strategic supply chain partnerships by allowing providers and suppliers to identify opportunities, streamline execution and improve performance.

Getting bigger impact with less effort

For MedStar Health and MNS, Return on Effort (ROE) is a key performance indicator. Robinson feels that, with actionable and reliable information provided by **aptitude**, he'll be able to make better decisions and work faster – resulting in greater speed to value.

“The use of **aptitude** is something that is low risk for our organization with a very high return on effort. That's because a lot of the work is done through an automated process, like aggregating data and validation,” he said.

Robinson feels that the high integrity and reliability of the data gives him great confidence to act, which is good for both his organization and his suppliers.

“We can send an even stronger message to the supplier community that we're approaching this strategically and building relationships,” he said. “It should be a strategic lever in a healthcare organization's contracting strategy.”

By the numbers: MedStar Health exam glove savings

- \$4,097,863 in annual spend
- \$978,986 in savings
- 23.9% cost reduction



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