

# Net gains for the network

From cost savings to compliance, **aptitude** helps the Independent Hospital Network Sourcing Group drive value – quickly and easily.

For the Independent Hospital Network (IHN) Sourcing Group, it all started by changing a diaper contract.

“We were trying to find solutions to bring to our toolbox and get more speed to value,” said Shawn Katusin, executive director of the IHN Sourcing Group. “The **aptitude** platform had caught my eye, and we decided to try it out.”

With thousands of contracts and multiple member hospitals to manage, Katusin wanted to find a faster way to achieve cost savings. “It can take from two to six months to execute a contract, so we were interested in new ways to use data and technology to streamline the process,” he said.

Using **aptitude**, Katusin and his team executed a contract for diapers in only 29 days, resulting in projected savings of \$145,439, or 45% of the total annual spend.

## Moving from simple commodities to complex devices

Katusin found that **aptitude** offered the insights and flexibility the network needed to quickly identify savings and wrap up contracts.

### About the Independent Hospital Network Sourcing Group

The Independent Hospital Network Sourcing Group is composed of 20 member hospitals across Ohio, Indiana and Michigan, which joined together in May 2014 to achieve greater cost savings. Total spend for the IHN Sourcing Group is \$620 million annually. Since the organization was established, it has reduced costs by more than \$20 million. Members of the group seek to maintain local control, remain not-for-profit, keep costs down for local employers and ensure quality medical care in the communities they serve.



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Shawn Katusin  
Executive Director, IHN Sourcing Group

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“Once we had success with a few initiatives, the board gave us the approval to go all in,” he said.

Contracts for bowel management products and pillows yielded close to another \$100,00 in savings, and were executed in an average of 36 days.

“First we drove things from more of a commodity standpoint, the low-hanging fruit, and now we’re moving the dial into clinical preference and physician preference items with six more initiatives,” he said.

A contract for vascular access ports and central venous catheters resulted in projected savings of \$236,634, 37% of the total spend.

In total, the five contracts executed through **aptitude** thus far are projected to cut costs by more than a third, or \$524,630 annually.

## Contract compliance made simple

One of the things that Katusin appreciates most about **aptitude** is the ease of tracking contract compliance. With 20 hospitals in the network, trying to get market share reports for every organization can be tedious and time-consuming.

“With **aptitude**, we have the compliance info at our fingertips online, and can examine spending in real time,” he said. “If a supplier commits to a price based on volume, the member needs to hold up their end of the bargain.”

Katusin uses compliance data regularly at operation committee meetings to show the status of contracts. He feels that these reporting mechanisms also give suppliers confidence. “They can see exactly where we are in terms of compliance, and they know that we’re always monitoring the spending for each member,” he said.

## High marks from network members

The members of IHN have responded well to **aptitude**. “They really like the speed to market, and obviously the savings,” he said.

Katusin feels that the onboarding process was fairly simple, too. “The ease of use of the system is very good, and members have adjusted to it well,” he said. “Members like the solution and like to play with the data.”

The transparency of **aptitude** has also spurred member alignment, helping

## 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.

to increase product standardization across the network.

For Katusin, the value of **aptitude** comes down to three major benefits for network members. “First, the visibility into opportunities, so we can identify where the value is. Second, the ability to execute those opportunities in a timely manner, so members get better pricing as quickly as possible. And third, the tools that make it easy to manage contract compliance.”

Would Katusin recommend **aptitude** to other health care organizations?

“I would definitely say that they should give it a shot and see its capabilities,” he said. “You’ve got to use it to realize the full value of it, so give it an honest look.”

Now that IHN has used **aptitude** for approximately 18 months, it’s become a standard tool in their contracting arsenal. “When we look at a contract, we always say, ‘Is this something we could do through **aptitude**?’”



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