

Lehigh Valley Health Network Reduces Clinical Supply Variation, Achieves Nearly \$22 Million Impact, Expedites COVID-19 Recovery

Transformational initiative with Guidehouse laid the foundation to accelerate speed to value amid COVID-19 recovery

Challenge

Lehigh Valley Health Network (LVHN), an eight-hospital, 1,167-bed system in Allentown, Pa., faced a challenge that is common among healthcare organizations: how to drive substantial supply chain savings by reducing clinical variation.

This challenge has become even more acute and urgent following the negative margin effects of the COVID-19 pandemic, and is further amplified by the tremendous pressure the virus has placed on clinical supply chains across the country.

Most supply chain initiatives start with reducing the price of physician preference items. These efforts capture the “low-hanging fruit,” but significant opportunity to reduce costs often remains. Attaining these additional cost savings requires health system leadership to engage physicians in collaborative discussions around simplifying workflows, creating standards, and using the best available evidence. An analysis by Guidehouse revealed that even with top-tier pricing, LVHN still had a more than \$7 million opportunity to reduce clinical supply variation in top DRGs.

Solution

At LVHN — where supply chain savings opportunities were uncovered in areas such as surgical services, cardiology, and radiology — leaders established an environment for evidence-based decision-making around supplies. Using efforts to reduce variation in spine surgery supplies, LVHN combined traditional supply chain tactics with more advanced solutions anchored around physician engagement:

- **Relied on actionable data and analysis as the basis for change.** Data reflected significant variation in supply usage despite generally strong pricing and vendor standardization.
- **Targeted its approach by focusing on key levers of supply variation.** LVHN implemented robust value analysis processes that broke down use of spine supplies by physician, and supply cost per case, and compared the data with national benchmarks.
- **Involved physicians in decision-making and consensus.** LVHN worked with physician and clinical leaders to define the value proposition for supplies and establish criteria, protocols, and guidelines for use. Leaders engaged clinicians to provide care for spine surgery patients to share their processes and observations and offer suggestions for improvement.
- **Prioritized evidence-based research over physician preference in clinical decision-making.** Physician champions led peer-to-peer conversations to engage physicians in using clinical evidence to drive decisions around supply selection.

“We are transforming the way in which Lehigh Valley Health Network gains physician consensus in reducing clinical variation. This heightened level of partnership — based on clinical evidence and provider collaboration — has fueled millions of dollars in supply chain savings. We’re grateful to Guidehouse’s partnership for their expertise not only in reducing supply chain costs, but also assuring quality of care.”

James Miller

Vice President, Surgical Services
Lehigh Valley Health Network

Within one year, LVHN reduced supply chain costs associated with spine surgery alone by more than \$1 million. Leaders then applied this framework for collaboration to other areas of surgical services — from general surgery to orthopedics to neurosurgery — as well as cardiology, nursing, and radiology.

By strengthening physician engagement and focusing on the ways in which standardization and strategic pricing coupled with utilization would improve quality of care, LVHN achieved more than \$21.9 million in impact in 24 months.

“It’s not just about achieving supply savings; it’s about engaging physician and leadership to make a deep impact on quality of care,” said Bill Matthews, vice president, Supply Chain for LVHN. “Our experience points to the gains health systems can make by revamping their approach to stakeholder engagement for transformational supply chain improvement.”

“This initiative underscores our deep commitment to enhance care delivery for the communities we serve,” said Matthew M. McCambridge, MD, MHQS, chief quality and patient safety officer for LVHN. “The quality gains we’ve made in partnership with Guidehouse further establish LVHN as the top provider of care in the region.”

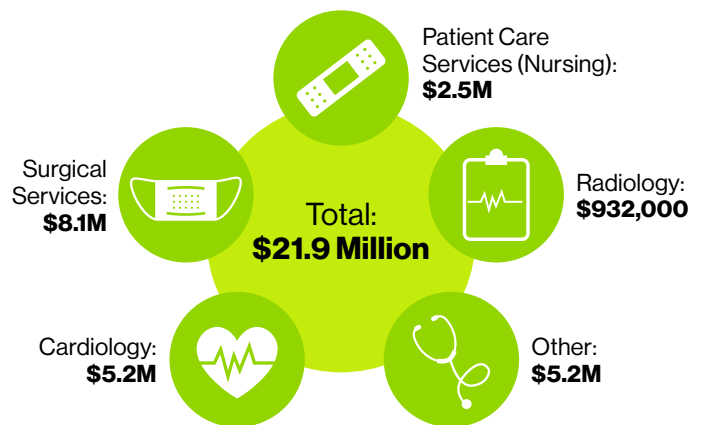
Impact


The value analysis process that was developed at LVHN relied heavily on collaboration with physicians for deeper conversations. This built the trust to engage in greater opportunities and make tougher clinical supply decisions. Implementing this process has enabled LVHN to accelerate speed to value and react more nimbly to the changing financial landscape posed by the COVID-19 pandemic. It has also provided a resiliency framework for the agile and proactive prioritization of opportunities to cut cost now and in the future.

Now is the time to embrace change management strategies.

The COVID-19 pandemic has set the stage to allow for quicker decisions to address the acute margin crisis. Guidehouse works with healthcare organizations to infuse their supply chains with change management approaches that help to expedite, restore, and redesign their financial position in the COVID-19 reality.

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