

# SPEND MEND

## Maximizing Cost Savings: SpendMend's Proven Approach to Reducing PPI Costs in Hospitals

*Written By: Lisa Miller, MHA*

As healthcare costs continue to rise, hospitals are under increasing pressure to find ways to reduce expenses without sacrificing the quality of patient care. One area where hospitals can achieve significant cost-savings is in the management of Physician Preference Items (PPIs), which are medical devices, implants, and supplies that are selected by physicians for use in surgical procedures and other treatments. PPIs can account for a significant portion of a hospital's supply expenses, and without proper management, these costs can quickly spiral out of control.

That's where the SpendMend PPI cost-savings solution comes into play. With almost three decades of experience in the healthcare industry, we specialize in helping hospitals optimize their resources and their bottom-line by reducing PPI costs. Our three-step approach has been honed over years of working with hospitals to develop the most complete and successful savings strategy for PPIs.

- 1. True Understanding of your Physician Preference Items Cost:** We construct and compare costs across vendors and compare to competitive pricing in the market.
- 2. Collaborative Physician Engagement Strategy:** We provide cost-transparency, understanding of current and future trends, and create a strategy that aligns physicians' needs with the organization.
- 3. Negotiate Savings with Your Vendors:** We ensure that the organization is aligned behind the negotiation, communication of clear expectations, and present a competitive and achievable tasks.

To support these three pillars and to optimize the cost-savings potential of hospitals' PPIs, we follow a six-step strategic approach:

1. Build out a 12-month historical utilization analysis by physician.
2. Benchmark by construct for true-cost and cost-savings opportunity, and align comparable constructs across vendors.
3. Identify achievable cost-savings through market intelligence.
4. Create a strategy to initiate a conversation with physicians.
5. Have a collaborative discussion with physicians to gain alignment.
6. Align the organization behind the most effective strategy and executing vendor negotiations.

Our approach delivers numerous benefits that include reducing costs for supplies and services, balancing cost reduction to maintain or improve healthcare quality, and utilize analytics and resources that generate ROI. Our clients have achieved pricing better than industry norms and their peers, obtained physician buy-in and internal engagement, and empowered physicians to drive savings through PPI selection. SpendMend has also reduced costs for supplies and services and maximize savings through professional negotiation services.

Our success is not just due to our approach, but also due to the passion and determination of our team. We are able to create substantial savings in high-cost areas. A recent client, Kerry Loudermilk, the Senior Vice President & CFO of a large Georgia-based health system had this to say about our solution, “SpendMend’s measurable cost-impact on our organization’s bottom-line was both immediate and sustaining. I could actually see the implemented savings documented on the invoice level. VIE Healthcare Consulting, -a SpendMend company, brought a level of professionalism, creativity, and drive that was infectious to the management leadership throughout our organization and led to many successful cost-savings initiatives for the Health System.”

SpendMend has been providing its PPIs cost-savings approach to the healthcare industry for almost 30 years. During this time, our team has worked with hospitals of all sizes and types, and we have consistently delivered significant cost-savings to our clients. By following our three-step approach and six-step strategic approach, hospitals can achieve meaningful and measurable cost-savings in just a matter of days and weeks, rather than months or years. Our approach has been designed to be as efficient and effective as possible, with a focus on minimizing disruptions to hospital operations while maximizing savings.

The benefits of our approach go beyond just cost-savings. We also help our clients maintain or improve the quality of their healthcare services by ensuring that cost reductions do not compromise patient care. Our team of experts collaborates with physicians and other key stakeholders to ensure that our cost-saving strategies align with the unique needs and goals of each hospital. As a result, our clients have been able to reduce supply costs and contracted costs in multiple areas, such as medical devices, pharmaceuticals, and laboratory supplies, among others.

At SpendMend, we take pride in our ability to deliver measurable results for our clients. Our proven track record of success and our commitment to client satisfaction is what sets us apart in the healthcare industry. We look forward to continuing to help hospitals across the country achieve significant cost-savings while maintaining the highest standards of patient care.

## ABOUT THE AUTHOR

Lisa Miller, MHA, founder of VIE Healthcare Consulting (a SpendMend Company) and architect of InvoiceROI™ is a 20-year expert in the healthcare consulting space. She has extensive hospital operations experience and a consistent record of achieving financial and operational performance improvements for both small and large organizations with annual operating budgets from \$10 million to over \$50 billion.

For a different take on why cost savings initiatives fail at hospitals and health systems, please read Lisa’s companion piece to this article entitled: “Why do cost savings initiatives fail in healthcare and what you can do about it.”

