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Section I - Overview

A. Purpose and Objectives of Value Analysis

Purpose:
The purpose of Value Analysis is to reduce non-labor expenses while providing quality products, to position Hospital System X for success in a competitive cost-conscious market. The ultimate goal of the Value Analysis Process is to allow usage flexibility at the facility level, while optimizing the buying power of Hospital System X members at the system level, through the creation of a structure that supports efforts focused on better product utilization, standardization and the management of new products and technology.

Objectives:
- Provide a strong Value Analysis Team framework
- Define job roles and responsibilities of Value Analysis Team Leaders
- Define job roles and responsibilities of Value Analysis Team Members
- Communicate product utilization guidelines
- Communicate organizational sales representative policies
- Increase employee and physician awareness and accountability for better management of supply costs
- Assure timely, consistent product trial and evaluation process
- Decrease product expenditures by selection of the most effective and economical quality product based on trial and evaluation methods
- Monitor and measure product usage and expenditures
- Assure enterprise-wide product utilization monitoring

B. Guiding Principles for the Value Analysis Process
The following principles will be utilized during the Value Analysis Process to analyze product need, cost, utilization and ability to support quality service.

Quality
Quality is a composite criterion emphasizing performance, which includes the item's durability, reliability, integrity, and maintains or enhances care delivery.
Example: How durable is a pair of gloves during normal use? How often do the gloves tear?

Effectiveness
Effectiveness describes how well an item meets its intended purpose. Examples: Do the gloves meet their intended function? How well do the gloves protect your hands? Do the gloves allow for sufficient tactile response (feeling)? Does the product meet the needed capacity?

Cost
Cost will include financial impact of acquisition, holding, stocking, handling, disposal and processing. Product utilization is another aspect of cost that includes frequency of use and selecting an appropriate device/product to level of care needed.
Example: Are all the benefits worth the price?

Storage / Space Availability
Storage space and requirements will be considered. Examples: Is there sufficient storage space for the item?

Packaging
Optimal packaging will have minimal waste and ease of opening.
Examples: Is the item packaged as desired? Does the item require any special tools or methods for opening its packaging? Is there unnecessary waste with the packaging?

Availability
The product will be available when needed. Examples: Are there adequate options available concerning the acquisition or distribution of this item?
Operation
Consider the impact of using the product and system compatibility.
Examples: Will the item require forceful, frequent, repetitive motions with operation? Is the item difficult or awkward to use?

Education/Training
Consider education and training requirements.
Examples: Does the item require any special training for use? Does this item require training for compliance with regulatory requirements? Who will be responsible for providing training?

Safety/Infection Control/Waste Management
The item will comply with all hospital JCAHO, and OSHA regulations/requirements.
Examples: Is there an increased risk of injury. (i.e., sharps injury or back injury)? If the item is disposable, does it have any special disposal requirements? If the item is reusable, does it require any special reprocessing? Is the product invasive? Does the product come into contact with non-intact skin or mucous membrane?

Service & Repair
Vendor provision of service and repair time will meet the user’s need.
Examples: Can the item be repaired in-house? Are preventative maintenance agreements needed?

Section II
ROLES & WORKING RELATIONSHIPS

A. Value Analysis Steering Committee

Scope and Responsibilities

Scope:
The purpose of the committee is to establish and monitor a process for the timely, cost-effective, value-oriented acquisition of products across __________. Develop ongoing performance measures at each level of the team structure.

Responsibilities:
• Ensure the established procedure for the Value Analysis Process is maintained.
• Review product team decisions to ensure the application of the Guiding Principles for the Value Analysis Process were utilized in the selection for all products.
• Challenge product team decisions if there is evidence that the guiding principles were not followed.
• Develop ongoing measurement tools pertinent to the initiatives.
• Resolve conflicts regarding product utilization when teams cannot reach consensus.
• Ensure there is accurate documentation regarding product cost savings and team accomplishments.
• Responsible for the final approval of all products team decisions.
• The committee will meet __________.
• ____ year term of service

Value Analysis Steering Committee Roles and Responsibilities

VP Materials Management
• Responsible for the Value Analysis process and supply chain activities across ______________
• Report contractual updates supplied by __________________
• Facilitate in development of performance tracking measures for each of the team structures. Example: Set targets of cost per statistic on orthopedic implants.
• Empowered to integrate the Value Analysis Process with Clinical /Operational structures to achieve measurable outcomes.
• Chair the Value Analysis Steering Committee.
• Communicate system budget adjustments as a result of cost savings.
• Approve policies and/or procedures in relation to product utilization standardization.
• Make decisions regarding product selection when the Value Analysis Teams cannot reach consensus.
• Assure leadership for the Value Analysis teams.
B. Value Analysis Manager/Coordinator

- In conjunction with the Value Analysis teams, review and revise policies and/or procedures in relation to product utilization standardization.
- Develop meeting agendas record meeting minutes for the Steering Committee.
- Facilitate and monitor all Value Analysis Team activities
- Evaluate and prioritize standardization utilization opportunities using information obtained via the logistics information system, hospital financial and operational systems and discussions with administrative leadership, physicians and staff.
- Co-chair Value Analysis Teams with VAT Team Lead and coordinate sub committee or Adhoc meeting activities as appropriate.
- Effectively manage and provide value analysis information by maintaining a detailed cost saving tracking system
- Coordinate efforts with _____________ to optimize supply equipment contractual arrangements.
- Analyze follow-up reports to determine ongoing effectiveness of standardization/utilization efforts
- Evaluate annual performance of Value Analysis team members based on established team member responsibilities.
- Interact with direct patient care staff to ensure appropriate feedback is received before product decisions are made (e.g., physicians, nurses, radiology technologists, medical technologists, and other ancillary staff).
- Interact with applicable departments to assure all safety, regulatory and epidemiology issues are addressed prior to product selection.
- Coordinate implementation of educational activities related to product utilization with appropriate departments and physicians.
- Utilize the product selection guiding principles to evaluate all new product requests
- Streamline the product entry process with adherence to established timelines.
- Facilitate Value Analysis teams in developing and implementing annual goals and objectives.
- Analyze cost savings ideas and implement opportunities for standardization.
- Report to the Value Analysis Steering Committee

C. Value Analysis Steering Committee Member (includes financial and materials members)

- Review product team decisions to ensure that the Guiding Principles for the Value Analysis Process were utilized in the selection of all products.
- Ensure that staff and physician education was conducted prior to product use.
- Ensure accurate documentation is available regarding product cost savings and team accomplishments.
- Participate actively in team meetings by attending a minimum 75% of meetings.
- Adhere to meeting ground rules.
- Perform assignments timely and in an accurate manner.
- Report outcomes to the Value Analysis Steering Committee

D. Value Analysis Team

Scope and Responsibilities

Scope:
The purpose of the team is to make and implement product decisions based upon the recommendation of the Steering Committee and Guiding Principles for the Value Analysis Process.

Responsibilities:

- Analyze, evaluate and monitor all trials followed by selection of the most cost effective and economical product for use.
- Investigate and where feasible, standardize when two or more products are used to perform the same function.
- Review product usage so its economic impact can be identified, studied and evaluated.
- Ensure benchmarking and/or literature reviews are completed prior to product selection.
- Enlist experts and/or end-users to assist in the evaluation of products.
- Ensure the Value Analysis Process is maintained.
- Perform GPO product validations.
- Coordinate product implementation/education.
- Reports product recommendations/decisions to the Value Analysis Steering Committee for review.
- The teams will meet minimally once a month.
- _____ year term of service on teams.
Value Analysis Team Roles and Responsibilities

Team Leader (this position is also a team member for the Steering Committee)
- Develop meeting agendas, conduct team meetings and record meeting minutes
- Provide direction and focus for team activities.
- Ensure productive use of team members' time.
- Report team progress to the Value Analysis Steering Committee.
- Document team activities and outcomes.
- Assess team progress.
- Encourage creative problem solving and guard against innovation killers.
- Advocates change and become a sponsor of change.
- Make decisions related to team member performance.
- Ensure the Guiding Principles for Value Analysis Process is utilized in the selection of a product
- Ensure education requirements are completed before a new product is placed in use.
- Facilitate ongoing review and revision of policies and/or procedures in relation to product utilization standardization

E. Materials Manager Value Analysis Team Member
- Investigate and report to the team if there are contractual obligations regarding a proposed change and/or addition before product team time is spent on the proposal.
- Perform and provide Software System research as needed or as requested (i.e., historical product usage by department).
- Obtain product information including; item description, catalog number, vendor or supplier, order quantity, and pricing
- Prepare value analysis reports for team recommendation/decision making.
- Obtain samples when needed for inventory or from sales representatives for team meetings and/or evaluation/validation.
- For approved products, determine whether to add to inventory and communicate to Logistic Services personnel when the product must be added to stock in multiple locations.
- Collaborate with the Value Analysis Manager/Coordinator to add new products to an existing supply contract or establish a new supply contract
- Collaborate with materials manager personnel and/or external suppliers to insure adequate stock is available and provided to the hospital's departments.
- Plan for return and/or use of existing product inventory before initiating a product change.
- Supply the new product item number and target date for implementation to the team leader for communication purposes.
- Provide the Value Analysis Manager/Coordinator with proposed and actual implementation dates. Provide cost center budget adjustment data with supporting documentation.
- Direct Material Management/Purchasing to discontinue multiple products when a decision has been made to standardize to a single product.

F. Value Analysis Team Member
- Offer perspective and ideas.
- Participate actively in team meetings by attending a minimum 75% of meetings.
- Adhere to meeting ground rules.
- Perform assignments accurately and in a timely manner.
- Support implementation of approved recommendations.
- Confer with colleagues regarding product changes to gain an understanding of all issues.
- Consider the impact on quality patient services and value analysis when selecting products.
- Represent the majority of your coworkers when making decisions about products.
- Maintain objectivity when considering the global picture in the selection of a product.
- Advocate change.

G. Value Analysis Product Champion (may also be a physician)
- Identify product end-users.
- Contact end-users of products regarding any practice changes that would be required as a result of a specific product change and assess impact on operations.
- Identify usage and cost of product.
- Maintain vendor price confidentiality.
- Provide literature and hospital benchmarking regarding product utilization when appropriate.
- Identify educational requirements and ensure completion before the product is placed in use.
A. Sample Introduction of New Technology

Introduction of New Products/Technology

Recommended Evaluation and Review Procedure

Product review and/or evaluation may be initiated at any level within Hospital System X. This review may occur within the Value Analysis team, Value Advisory Council, Contracting Advisory Council or National Contracting level. Review and/or evaluation is typically initiated by the Local Value Analysis Team Leader or National Value Analysis Specialists. Primary reasons for review are: availability of new technology/products, improvement in technology over current, improvement in quality, economic considerations (substitution or pricing), pending expiration of a local or national contract, or the opportunity to enhance standardization.

Products should be scheduled for trial/evaluation when a clinical product change is involved that potentially requires a different technique or perceived and/or potential clinical and quality issues.

- Item is identified and the New Product Request Form is completed (see attached Sample A or Sample B), a cost benefit analysis is performed (see attached Cost Benefit Analysis Form), including justification, if applicable.
- Price quotes or bids are obtained by Materials Management/Purchasing. All products for trial/evaluation are to be received on No Charge purchase orders.
- All clinical trial/evaluations will necessitate that product evaluation forms are completed by clinicians utilizing the product. A minimum of five completed evaluation forms will be kept on file with the facility Materials Director.
- User(s) (departments or services) are identified and asked to participate in the evaluation. Evaluations may begin with the low bid. If the low bid is acceptable, further evaluations may not be necessary, unless the department or service wishes to review all of the available technology.
- The product is recommended for approval and all documentation (new product request form, cost benefit analysis and evaluations) are forwarded to the appropriate Value Analysis Team for final determination and tracking.

Product selection will be based on quality, ease of use, standardization opportunity, and cost benefit.

B. Sample Vendor Policy

Vendor Access Policy

ADMINISTRATION

The following information is provided to assist you in making the most effective use of your visit to our institution and delivery of merchandise. It is used as a guide by all personnel, and administered from initial release of sell purchase orders through final closeout by the Director of Materials Management. These purchasing policies support the basic objectives of Hospital System X.

OBJECTIVES

Our responsibility and objective is to procure authorized material and services of required quantity and quality at the lowest ultimate cost on schedule from sources selected according to approved policies. Our buyers are expected to give prominent consideration to costs, with appreciation for the difference between a fair cost and a cheap price, and with the knowledge that our suppliers cannot continue in business if their prices do not meet their costs plus a reasonable profit.

PRINCIPLES

We subscribe to the principles and standards of purchasing practice advocated by the National Association of Hospital Purchasing Materials Management, the American Society of Hospital Purchasing Agents, the “Prudent Buyer Concept”, and good business practice.

COMMITMENTS

In general, the Materials Management Department makes commitments for procurement through a purchase order number. Approved exceptions include Pharmacy, Dietary, and Maintenance. All departments making commitments subscribe to these policies.

Outside of the noted exceptions, Materials Management and the Director of National Contracting alone are authorized to make purchasing commitments on behalf of Hospital System X. This includes all changes to any open or standing orders.

GIFTS AND GRATUITIES

It is our policy that no employees or their families are to accept gifts, entertainment or favors (outside of promotional or advertising items of a nominal value) from any current or potential vendor. Your cooperation is requested and appreciated.
WIRELESS TECHNOLOGIES
The use of wireless technologies including cellular phones, wireless computers, and other devices that may emit electro-magnetic interference is prohibited in patient care areas. These devices may be used in administrative offices, non-patient care conference rooms, cafeterias, and physician offices.

VENDOR RELATIONS
We cannot attain our prime objective of rendering health care without the continual cooperation and support of those who help supply our needs.

Our vendors will be treated with confidence and courtesy in the realization that, when properly selected our goals are one and the same; the provision of efficient patient care with special emphasis on quality and reliability at the lowest possible costs.

It is hospital policy that sales representatives are not to contact medical staff, house staff, department heads, or hospital employees without a prior appointment and a pass from the Materials Management Department or the Pharmacy Department. Passes are disposable and should be thrown away upon completion of visit, unless indicated on the pass.

POLICY
Sales Representatives having appointments or requesting appointments with departments other than Pharmacy, Maintenance, or Dietetics are required to register and be issued a Sales Representative Pass. Materials Management Department personnel will contact departments to verify appointments before the representative visits a department.

Sales Representatives having appointments with Pharmacy, Maintenance, or Dietetics Departments are to report directly to that department with prior authorization of that department head. Service and/or maintenance representatives are to report directly to the area of department requesting their services. The visit is to be only to the area requiring services. Hospital System X requests your support as a professional, ethical sales representative to contribute toward the control of overall health care costs by adhering to the Policies and Procedures outlined herein. Sales representatives in violation of our policies may be denied the courtesy of calling at any Hospital System X organization.

SALES REPRESENTATIVE ORIENTATION
Before being issued a pass, sales representatives will be oriented to Hospital System X. This orientation is presented annually to provide information on general safety and emergency procedures. All sales representatives are required to comply with Hospital System X policies and procedures. It is the responsibility of the vendor to provide required OSHA training for their representatives.

SALES REPRESENTATIVES PRESENCE DURING SURGICAL PROCEDURES
It is the policy of Hospital System X to restrict admission to surgical procedures to those parties necessary for the benefit of the patient or the physician. Any physician who desires to have a sales representative or vendor to be present at a surgical procedure shall be responsible for obtaining proper release and consent from the patient prior to requesting admission of sales representatives during any patient procedure.

Failure to obtain a release and consent from the patient shall result in the denial of the sales representative or vendor attending the procedure.

TEAM CONCEPT
Many vendors can meet the quality specifications on an order. Prices have a way of reaching a common level for the same quantity. Delivery times are usually comparable. When a vendor meets these requirements, he/she is living up to the terms and conditions of a contract.

The vendor’s service capability is often the factor that gets the order, and service is defined as "that something extra". Service is constantly seeking new ways to improve the products and techniques we use in providing health care. Service is keeping Materials Management posted on market conditions; on price changes, up and down; on lead times; on variances in order quantities and frequencies.

Service is the sales representative knowing the status of all open orders when he calls, before the buyer asks. It is pushing up the delivery date of an order when we are in a bind. Service means prompt action on requests for quotes. It means fast adjustment of claims, and prompt repairs of equipment. Service means being on the ball, all of the time.

VALUE ANALYSIS
To further the team concept, we solicit the suggestions of our vendors in finding the most economical materials and methods to fulfill the high quality performance requirements of our services. Whenever possible, it is our intention to place orders with any vendor offering suggestions to reduce our costs while maintaining or improving quality and quality outcomes for our patients and clinicians. We will secure your permission before adopting your suggestion.
PRODUCT EVALUATION

Products and equipment brought to Hospital System X organizations for evaluation must receive prior approval from the Materials Director and/or Value Analysis Team Leader. An equipment/product trial/evaluation must be completed and approved on product requests for trial. If a vendor has a new product that is to be presented, he/she should contact the department and Materials Management Department in advance of arriving at the hospital and arrange for prior delivery. Sample products are to be delivered to Hospital System X only by a no-charge purchase order. Sales representatives are not to provide samples by carry in or personal stock. These types of samples should be for display or demonstration purposes only. No sterile samples are to be left with any departments. All electrical devices must be evaluated for electrical safety by clinical engineering before being placed in service.

All sales representatives bringing supplies or equipment into Hospital System X organizations without authorization from the Materials Management Department should consider all such items as a contribution to Hospital System X. It is the sales representative’s responsibility to provide products that are FDA approved.

OPEN AND STANDING PURCHASE ORDERS

In certain areas, issuance of open or standing purchase orders will be approved to facilitate routine procurement of materials or services. In all such cases a time limit is specified and as “a not to exceed” amount is established. Vendors to whom open or standing orders are issued will be advised of the order procedures at the time of issue.

CONTRACT PURCHASING

It is our established practice wherever possible to enter Contract Purchase Agreements for items that have high volume usage or which involve “quantity price breaks”. These agreements, usually for the term of one year commit Hospital System X to obtain its annual requirements from a selected vendor. When properly administered by duly authorized representatives of both parties contract purchasing should result in additional cost savings for both our vendors and Hospital System X.

CONTRACTED ITEMS PRICE CHANGE NOTIFICATION

Vendor price changes without proper prior notification will not be accepted by AH. Computerized inventory and non-stock ordering systems require correct pricing information to maintain general ledger/physical inventory integrity. Invoices that contain pricing generated outside of the following notification procedures will not be honored.

1. Negotiated Contracts:
   All contracts must be accepted by Hospital System X’s Materials Management Department or National Contracting before new prices are effective. The effective date of new prices must be a mutually agreed date set forth in an AH Materials Management Department or National Contracting standard contract award letter. This is true for both price increases and price decreases. A minimum of ten days is required between contract acceptance date and award letter effective date.

2. Non-Contracted Individual Item Price Changes:
   All price changes must be submitted on a Price Change Notification Form. All price changes will be verified and approved by the Materials Management Department or National Contracting. The effective date of the new price (either an increase or decrease) will be stated on the Price Change Notification Form. A minimum of ten days is required between date of submission by vendor and the effective date of the new prices. Contracts for all Material Handling Center and Central Service inventory items will be the preferred method of doing business and non-contracted individual item price changes should be the exception.

   Substitute Items:
   Substitute items may be acceptable for shipment to Hospital System X under the following conditions:
   A. Vendor contacts the appropriate Materials Management Department or National Contracting before shipment
   B. Authorization must be obtained before shipment of the substitute.
   C. Item will not cost more than the original product requested.

4. Package/Case Quantity Changes:
   All packaging or quantity changes information must be communicated to the appropriate Hospital System X Materials Management Department or National Contracting a minimum of ten days before first shipment.

“FREE” EQUIPMENT OFFERS

All equipment presented to Hospital System X by a vendor as a gift or as an incentive offer for the purchase of pre-determined amounts of its products must be approved by the appropriate personnel in Materials Management, Value Analysis or National Contracting prior to acceptance to ensure that all purchasing, legal, and safety requirements are met. The Director of Materials Management or National Contracting is to be notified promptly of any vendor proposal, whether written or otherwise involving “free” or “incentive-type offers relative to equipment acquisition.

Upon receipt of notification, the Director of Materials Management or National Contracting will review the proposal and take appropriate action to ensure that the vendor meets all policies and procedures for equipment before delivery.

PHARMACY SALE REPRESENTATIVES

Refer to the pharmacy administrative policy regarding pharmaceutical sales representative activities.

TOBACCO USE

As a leading healthcare provider Hospital System X is committed to promoting the health and well being of all our em-
employees, patients and visitors by providing a safe and healthy environment. In support of this policy, the use of all forms of tobacco is prohibited except in designated areas in and on all Hospital System X properties, buildings, and vehicles. Sales and service representatives in violation of our policies may be denied the courtesy of calling at Hospital System X.

DELIVERY INFORMATION:
Maintenance, Pharmacy and Dietetics: Notify Department upon arrival.

SECTION IV – Miscellaneous Items and Roll-Out Plans

A. Value Analysis Start Up Checklist

Topic What is Expected Helpful Materials/Items
Material Director’s Conference Call -Question & Answer related to start up process for Value Analysis within the local facility-Define Materials Director’s Roles & Responsibilities -Value Analysis start up checklist-Value Analysis toolkit-Drafts of Advisory Council Team Charters
Value Analysis Team Leaders & Team Members -Select team leader & 4 to 6 team members, for Local Surgical Services team-Select team leader & 4 to 6 team members for Local Cardiac Cath/Diagnostic Imaging team-Identify contact for Surgical Services & Cardiac Cath/Diagnostic Imaging, if currently performing Value Analysis-E-mail above information to National Director of Contracting & Value Analysis -Team Leader roles & responsibilities document from Value Analysis Toolkit (pg. 21)-Team Member roles & responsibilities document from Value Analysis Toolkit (pg. 22)-Sample job descriptions from Value Analysis Toolkit, Appendix
Value Analysis Communication Toolkit - Review Value Analysis Communication Toolkit -Value Analysis Communication Toolkit

Material Director’s and/or Supply Chain Sponsor meet with selected Team Leaders -Review roles & responsibilities-Provide Value Analysis materials that have been received to date -Value Analysis Toolkit as referenced above-Value Analysis start up checklist, Value Analysis Toolkit-Drafts of Advisory Council Team Charters-Value Analysis Communication Toolkit -Supply Chain Sponsor Call -Supply chain sponsor update on Value Analysis rollout plans for the facility-Solicit feedback -All materials received to date

Team Leader Orientation Videoconferences -Local Value Analysis Team Leaders for Surgical Services & Cardiac Cath/Diagnostic Imaging will attend one of the three available orientation video conferences.-Materials Director & Supply Chain Sponsor -All materials received to date


Value Analysis Teams are Chartered -Materials Director & Value Analysis Team Leaders will complete team charters for each team. -Draft Advisory Council team charters

Kickoff/Initial Value Analysis Meetings -Materials Director & Value Analysis Team Leaders will conduct initial meetings -Proposed Agenda in Value Analysis Toolkit (pg. 46)

Status Reporting - Materials Director & Value Analysis Team Leaders complete Status Report for each team -Workplan/Status Report in Value Analysis Toolkit, Appendix

On-going Value Analysis Meetings -Materials Director & Value Analysis Team Leader will gather product information to support teamwork and review. -Prioritized initiatives from Advisory Councils-Local contracting initiatives requiring Value Analysis input

B. Value Analysis Communication Toolkit – Question & Answers

Value Analysis Initiative

Internal Guide for Communications

This document is for use as you prepare to speak with associates about the changes ahead as your Facility becomes involved with the Value Analysis program. This piece is not for distribution to employees. The accompanying materials can be provided to associates instead.

Timing Your Communications

As was indicated in the introduction to this communications tool kit, associates will want to know early what changes are in store for them. You may wish to communicate on the following schedule:

TIMING STAGE OF IMPLEMENTATION COMMUNICATIONS ACTIVITY

Immediate In advance of all activity Before you begin rolling out Value Analysis, use the general materials at the front of this binder to inform associates about the overall supply chain program. This way, they will be familiar with the strategy before specific elements of the program, like Value Analysis, begin rolling out.

December 2001 As team members are selected for the various Value Analysis practice groups Begin holding meetings
with key decision makers to inform them of the Value Analysis implementation and to gain their support. Meet with your communications director to determine best ways to communicate with associates. December 13 & 19, 2001 Orientation conference calls Meet with those who will be directly impacted by Value Analysis to give general information about the program and to answer their questions.

On-going Communication Update Value Analysis Meetings Meet with associates who will not be directly involved in the Value Analysis activities but who will be impacted by the results.

Talking Points on Value Analysis

· Value Analysis will enable us to collaborate with other Hospital System X facilities to make sure we’re getting the best pricing and use from the products and services we order.
· Associates throughout our facility will be joining Value Analysis teams so that they can share their input and receive information from their colleagues throughout Hospital System X.
· Value Analysis will give us access to new resources and the expertise of numerous Hospital System X associates throughout the system.
· The changes we are making will impact and benefit every associate at [HOSPITAL]. To take full advantage of the new system will require the support and involvement of all associates.

Questions and Answers

Q. What is Value Analysis?
A. Employees at Hospital System X facilities will provide recommendations to ensure that supplies are used in the most appropriate manner. By sharing best practices across the system and by developing new ideas for supply chain improvements, they help ensure we’re reaching our goals.

Q. Who is involved with Value Analysis?
A. The Value Analysis teams include clinicians, materials management staff and other associates from each Hospital System X facility.

Q. How will Value Analysis impact those of us who are not on the teams?
A. Every associate at our facility will likely be impacted by the improvements made by the Value Analysis teams: contract pricing, supply brands, the amount of supplies purchased and other supply chain changes may impact your department. Whether or not you are on a Value Analysis team, you are encouraged to provide input.

C. Value Analysis Communication Toolkit – Fact Sheet

Value Analysis Initiative

Fact Sheet

As part of a new supply chain management strategy, [INSERT HOSPITAL NAME] will soon rollout the Value Analysis program. Physicians, clinicians and materials management personnel at our facility will be working collaboratively with their colleagues across Hospital System X to reduce supply costs within the organization. By sharing best practices in this way, we can ensure we’re meeting our goals.

The Goal of Value Analysis

The purpose of Value Analysis is to reduce supply expenses while providing quality products to position [INSERT HOSPITAL NAME] for success in a competitive, cost-conscious healthcare market.

The ultimate goal of the Value Analysis program is to give us flexibility locally to select the products and services we order and use, while optimizing the buying power of Hospital System X members at the system level. In other words, we will be working together as a system to coordinate our buying activity to save money and increase efficiency.

To achieve this goal Value Analysis team members from every Hospital System X facility, including ours will focus on better product utilization, standardization and the management of new products and technology. This will allow us to focus our time and money on our mission of providing care to the poor and vulnerable.

The Value Analysis Programs at [HOSPITAL]

Here at [HOSPITAL], Value Analysis will allow us to:

· Coordinate product purchases, acquisition costs and contracting initiatives within our own facility, with others in our region and across Hospital System X.
· Develop a better understanding of current product usage patterns that may influence our vendor contracts and our supply costs, locally and across Hospital System X. We can use this information for further cost and efficiency improvements.
· Better manage the introduction of new products & technology, using the expertise of our colleagues throughout Hospital System X.
· Create a collaborative environment where best practices and benchmarking--internal and external to Hospital System X--may be shared and leveraged.
· Share our feedback about the supply chain strategy and receive input from others in the system.
· Build buying power by giving our input for Hospital System X contracting initiatives.

The Supply Chain Strategy

Value Analysis combined with distribution and technology changes are part of a broader strategy to save time and money through significant improvements to the supply chain, which is the path a product follows as we order, distribute and use
it. In addition to Value Analysis, the supply chain strategy includes changes to the way we contract for pricing, how we move product from the manufacturer to our hospital and how we track our progress.

Putting the Value Analysis Program in Place
To rollout Value Analysis, [HOSPITAL] will be participating in the following preparations:

- [MONTH]
  Regional Leadership, Executive Sponsor, Supply Chain Sponsor and Materials Director conference call to discuss the start up of Value Analysis within the Region.
- November 16 to December 5, 2001
  Selection of Value Analysis Team Leaders for Surgical Services and Cardiac Cath/Diagnostic Imaging.
- December 13, 2001
  Team Leaders will participate in a Value Analysis orientation conference call.
- December XX, 2001
  Initial Value Analysis team meetings for Surgical Services and Cardiac Cath/Diagnostic Imaging to begin to work toward reducing supply costs.
- On-going meetings and conference calls with Team Leaders for Surgical Services and Cardiac Cath/Diagnostic Imaging.
- On-going Value Analysis team meetings
- January 2002
  Start up of Pharmacy Value Analysis team meetings.
- July 2002
  Start up of Pharmacy Value Analysis team meetings.

How to Get Involved
The success of the Value Analysis program and of the broader supply chain strategy depends on all of us getting involved. How can you help?

- Keep in touch with our materials management staff to hear how things are going with the supply chain.
- Find out how you may participate in Value Analysis teams.
- Look for changes you can make for a more cost effective approach to supply purchases.

Contact us
If you have questions about these supply chain changes or would like more information, contact the materials management staff or the national office supply chain team:

- [HOSPITAL] Materials Management Contacts:
  [LIST NAMES, TITLES, PHONE NUMBERS, EMAIL ADDRESSES]
- National Office Supply Chain Contacts:
  [LIST NAMES, TITLES, PHONE NUMBERS, EMAIL ADDRESSES]

C. Agenda For Kick-off Meeting
Value Analysis Kick-Off Meeting:
Meeting with the Hospital CEO, Materials Management, Team Leader or Supply Chain Sponsor to discuss:

- The Value Analysis Program
- Meeting Outcomes
- Team Leader’s role
- Roles and working relationships
- Business imperative
- Process and tools
- Value Analysis project support

CEO, Supply Chain Sponsor or Materials Director greets the Team Leaders and Members and officially "kicks off the program"

Questions/ Answers
Form into Value Analysis teams (e.g. cath/imaging, surgical services)
- Review team charter and workplan
- Review team objectives
- Review how savings are achieved
- Review data for initial product categories to be covered
- Propose approach
- Reach consensus in approach
- Develop communication plan for potential changes
- Determine next steps
- Debrief

Expected Outcomes:
· For CEOs to become acquainted with the Value Analysis Program.
· For CEOs, Team Leaders and members to understand their role in this Hospital System X initiative, especially product initiatives of focus and their target financial goals.
· For team members to gain an understanding of the Value Analysis Program.
· To establish Team ground rules, frameworks, charters and operating agreements.
· To establish communication lines and status update reporting regarding Value Analysis.

SECTION V - Templates

A. Sample Meeting Minutes
Notes:

B. Sample Value Analysis Specialty Team Charter (General Medical)
General Medical Initiative Charter
Initiative Sponsorship
· Hospital CEOs
· Supply Chain Sponsor
· Director of Value Analysis
· CEO for Supply Chain
· Steering Committee

Initiative Leadership
· General Medical Value Analysis Team Leader

Initiative Membership
· General Medical Team Member 1: Physician Champion for General Medical
· General Medical Team Member 2: Representative from Infection Control
· General Medical Team Member 3: Director of Materials Management (or designee)
· General Medical Team Member 4: Director of Purchasing
· General Medical Team Member 5: Clinical Representation from General Medical
· General Medical Team Member 6

Initiative Mission
Our mission is to develop streamlined processes to better understand the current products utilized within the Hospital System. The team will review opportunities to achieve price leveling across Hospital System X. The team will further review potential products to accomplish substitution, and standardization. In an on-going manner the team will review patterns of product utilization and the implication on supply costs for the organization.

Expected Timing
Realization of these goals and milestones are expected to begin by [Insert Date] and be fully in place by [Insert Date].

Expected Improvements
· Reduction of non-labor expenses in the General Medical area
· A streamlined process for the introduction of new products and technology
· Standardization and substitution of appropriate products, as necessary
· Achievement of appropriate utilization of products.
· Decrease in product cost, with these costs aligned with similar products utilized throughout Hospital System X

Related Initiatives
· Medline Product Conversion Initiative

Resources Available
· Director of Value Analysis
· Value Analysis Advisory Councils
· General Medical Value Analysis Specialist
· Other System General Medical Value Analysis Team Leaders and Team Members
· Materials Directors

C. Sample New Product Request From
Product Request
Product Description: ____________________________ Brand Name: ____________________________
Manufacturer: ________________________________ Catalog #: ________________________________
Vendor Name: ________________________________ Vendor Phone: __________________________
Quantity Requested: __________________________ Unit of Measure: __________________________

Instructions: Urgent Request – Complete Section I & II Routine Request – Complete Section I & III
Section I

Date: _____________________________ Urgent Request: processed within X hrs. (must be in purchasing dept by X:XX for next day delivery)
Name: _____________________________ Time Submitted: _____________________________
Title: _____________________________

Dept Name/Number/Division 1. Requires immediate review, no comparable product available, anticipated to raise the standard of care
   YES  NO
Telephone Number/Pager Number
2. Will use of this product affect any other dept?
   Physician Requesting Review: YES  NO
   ____________________________________________ 3. Is this product FDA approved?
   YES  NO

Physician Signature: _____________________________

Dept. Manager Signature: _____________________________

Section III Circle One
   YES  NO  N/A
1. Could this product replace a similar product already in use?
   If yes, item # or manufacturer #
   What are the advantages?
   What are the disadvantages?

2. Is the cost of the product > $100?
3. Is the annual expense expected to be > $1500?
4. Could the product be used in multiple departments?
5. Will new/additional equipment be needed to use this product?
6. Does the product/kit contain items that are unused or not needed?
   If yes, list items not needed

7. Is additional staff or patient education required to use this product?
8. Is the product invasive (enters body space) or does it come in contact with non-intact skin or mucous membranes?
9. Will this product require a change from reusable to disposable products (or vice versa)?
10. Is this product used as a cleaning, disinfectant, sterilization or antiseptic agent?
11. Is the product designed to protect the patient from risk of exposure to infection (e.g. surgical drapes, wound or IV drsgs)?
12. Is the product personal protective equipment or a safety device (e.g. needleless system, needle box)?

13. Does this product contain (circle one) PVC  Plastic  Latex?
14. Does the product use or produce a hazardous chemical?
15. Is the product, when attached to a pt., connected to an electrical or battery operated device?
16. Does the vendor offer a recycling or exchange program for this product?

Forward completed form to the Purchasing Department. All incomplete forms will be returned for completion. Call the Value Analysis Director at _____________________________ with questions.

Requester: _____________________________ Dept. Manager: _____________________________

PURCHASING USE ONLY
   y  Approved for Purchase:  PO # _____________________________ Price Each _____________________________
   Confirmed by: _____________________________
   y  Request forwarded to Value Analysis Director
D. Sample New Product Evaluation Form
Product Evaluation/Clinical Trials Form

Product Reviewed:

Manufacturer: Product Number:

Will this replace a product currently in use? YES NO

Manufacturer: Item Master Number:
Product Number:

Standardization Potential: YES NO
Potential Annual Cost Savings:

TO BE COMPLETED BY PERSON (S) EVALUATING PRODUCT

Name: Title:
Department Name: Division: Dept #:

Yes No Equal to Current Product N/A
1. Easy to use?.................................
2. Acceptable to the patient?............... 
3. Acceptable for the procedure?.......... 
4. Easy to store?............................... 
5. Is the packaging label easy to read?.... 
6. Does the packaging open with ease?...
7. If the item is sterile does it open without jeopardizing the sterility of the contents?....
8. If evaluating a kit, are all the components consistently needed for the procedure?..

9. What are the advantages of this product over the one we presently use?
10. What are the disadvantages of this product?
11. Will this product improve patient outcomes?
    If yes, how? What are specific measurable outcome improvements?
12. Would a supply of this product need to be stored on your unit?
13. In addition to the questions above, briefly state your opinion of this product.
MEDICAL STAFF REVIEW

Physician Name:

Yes No Equal to Current Product
14. Is this an acceptable product?
    If no, please explain
15. Are there any unique circumstances where ONLY this product would be effective?
    If yes, please explain.

OVERALL REVIEW (please check one)
Acceptable Not Acceptable Additional Samples Needed
Please return/fax form to:

Department/Division:

E. Sample New Product Business Case Development Form
F. Generic Value Analysis Workplan