

TOMORROW  
STARTS  
TODAY.

# Equipment Planning and Procurement

Why HTM needs to do this

August 16, 2018 Steve Vanderzee, System Vice President HTM Technology,  
Patricia Van Holt, Director of Equipment Planning and Procurement

# Agenda

Topic	Presenter
Welcome	Steve Vanderzee/Patricia Van Holt
Advocate/Aurora Equipment Planning and Procurement Model	Patricia Van Holt
Centralized Funding Model	Steve Vanderzee
Questions and Answers	Steve Vanderzee/Patricia Van Holt

# ADVOCATE AURORA HISTORY

- Advocate Health Care
  - 12 Hospitals
  - 2 Children Hospital Campuses
  - 400 Sites of Care
  - Equipment Planning and Procurement – April 2017
  - Centralized Funding Source – January 2018
  - 100K medical assets
  
- Aurora Health Care
  - 15 Hospitals
  - 150 Sites of Care
  - 70 Pharmacies
  - Equipment Planning – 15 Years
  - Mixed Model – Centralized Funding Source
  - 80K medical assets

Hospitals Executives around the country are being challenged to remove cost. One common source of stress is equipment acquisition



TOMORROW STARTS TODAY.

 Advocate Health Care

# How do you improve capital capacity?

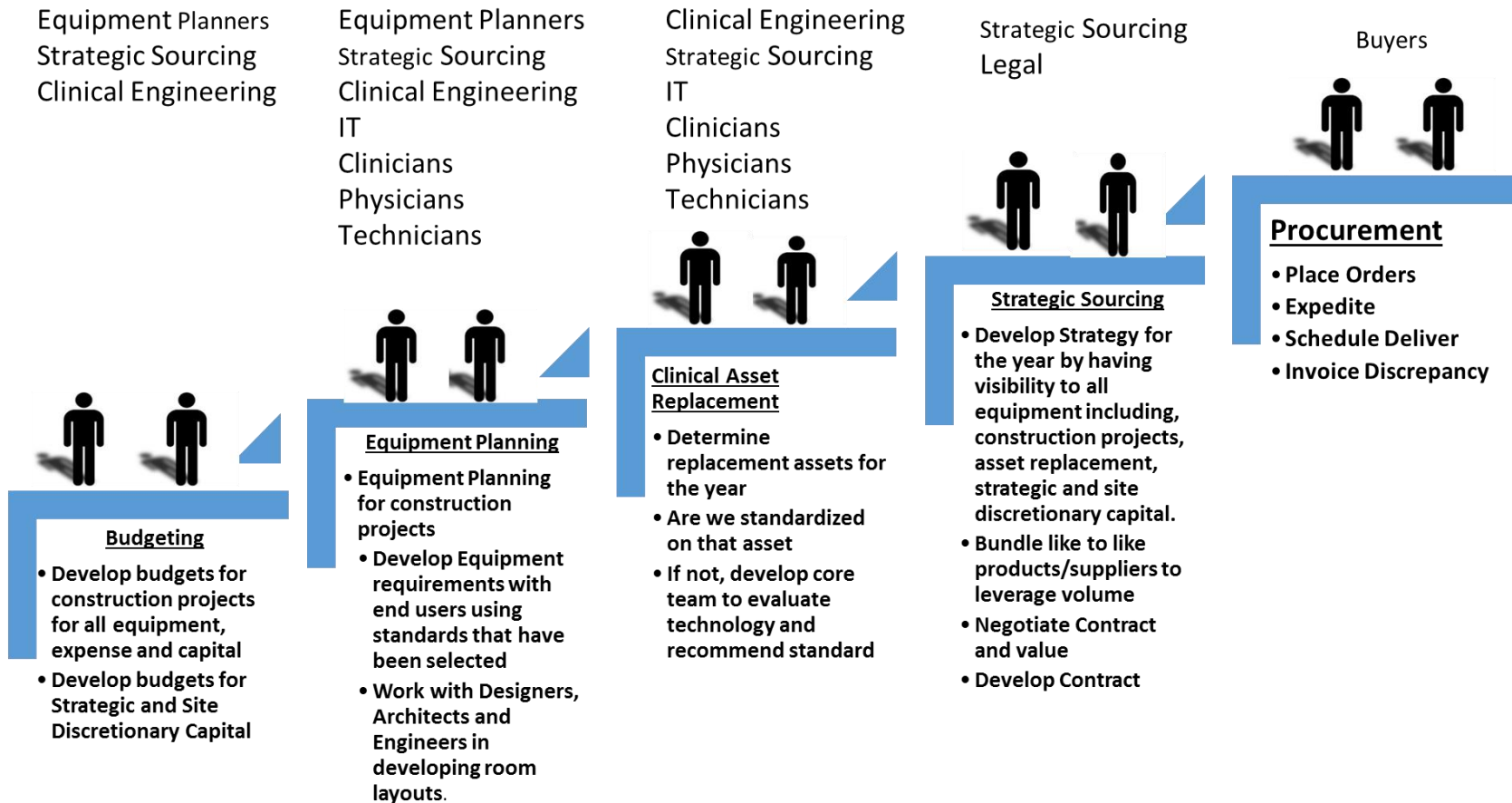
- Support from senior leadership
- Align with HTM
- Develop an integrated department
- Engage all stake holders
- Budgeting and planning
- Standardization
- Utilization – Asset Management
- Supplier relationships
- Consolidated Funding Source

Develop a centralized integrated department committed to improving the planning, strategic sourcing, asset management and utilization of capital equipment; engaging...

- Clinical Engineering
- Construction
- Facilities
- Information Systems
- Clinical Resources
  - ✓ Technology Review Commi
  - ✓ Value Analysis Council
  - ✓ Service Line Leaders

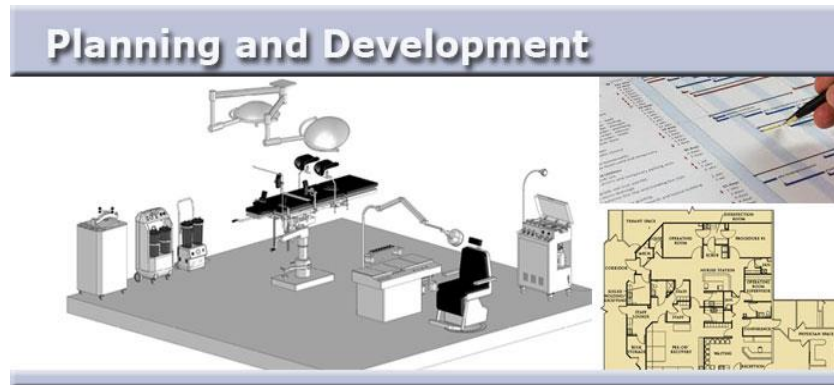


# Integrated Model



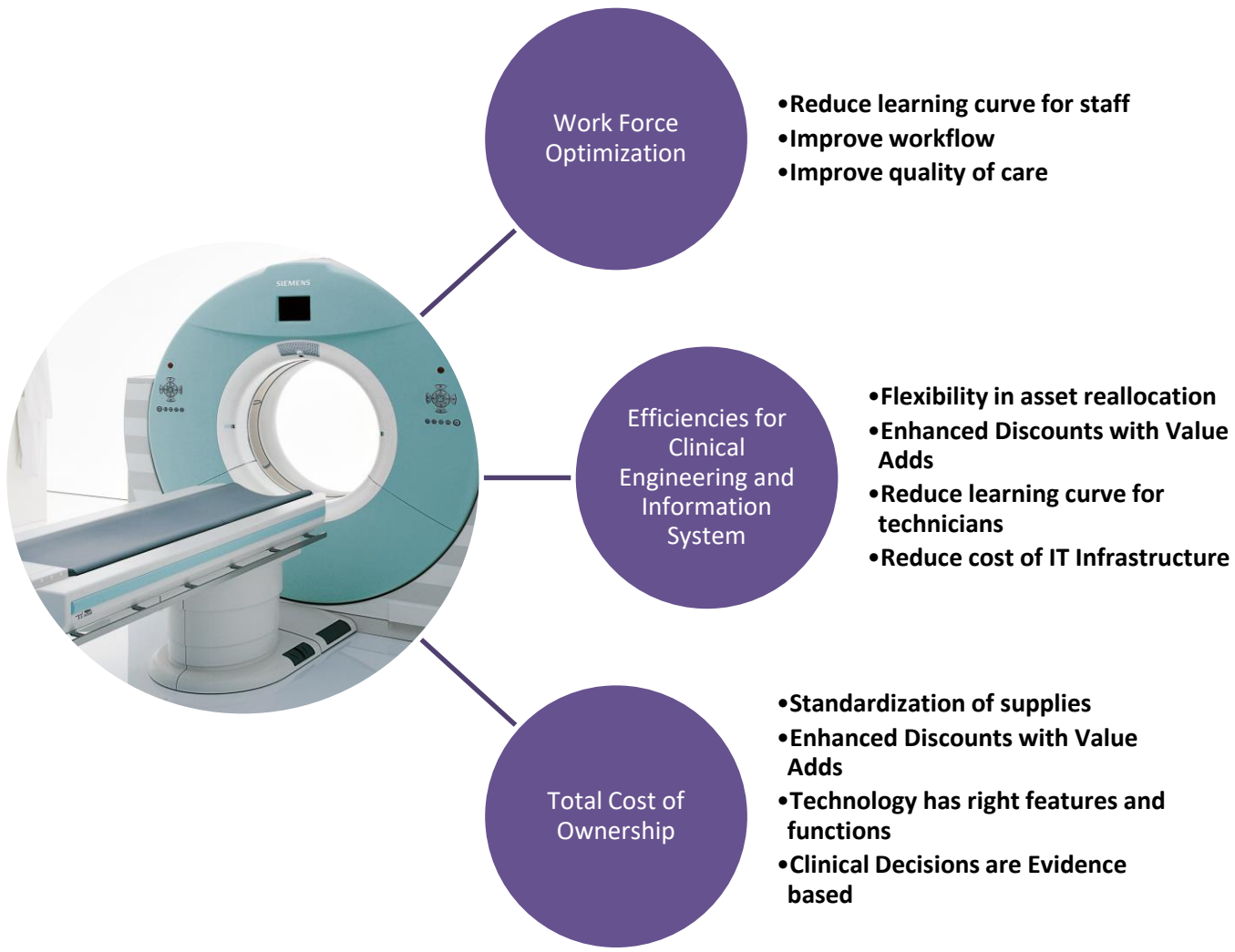
# Insourced Equipment Planners for construction projects

- Filled positions with Clinical Engineers
- Thorough understanding of current facility practices and standards
- Integrated into the process from start to finish; budgeting, planning , revalidation and installation
- Reduced the cost of equipment planning and provide more value





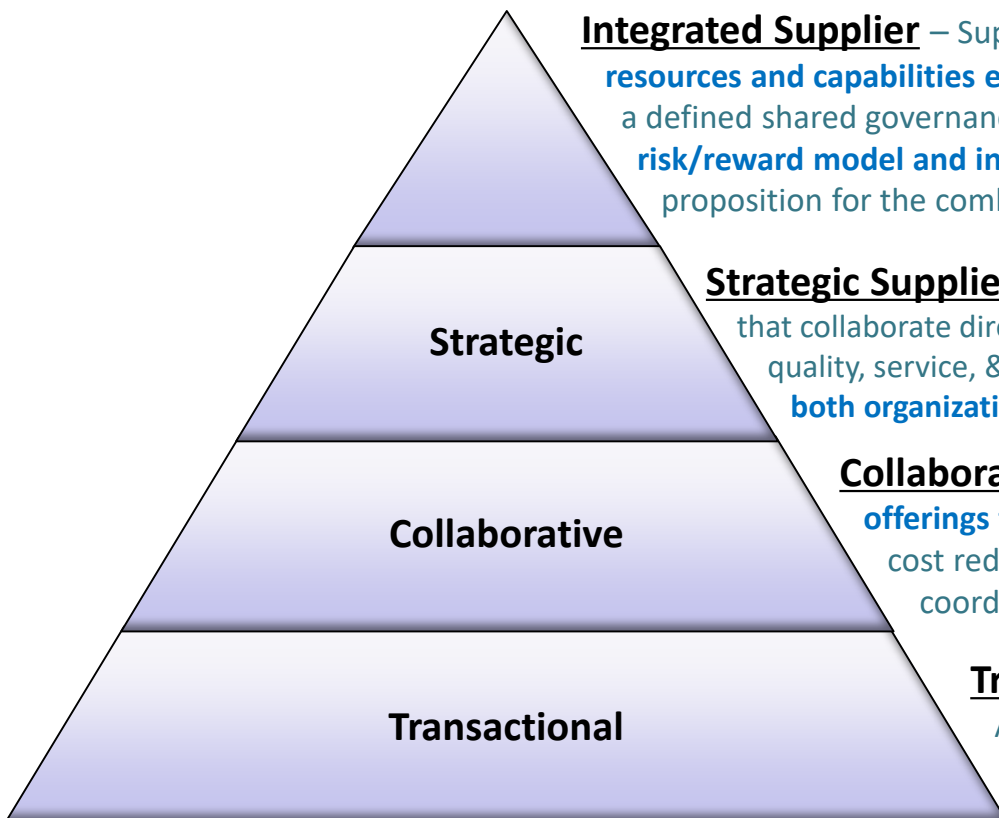
# Rapid Standardization efforts to improve....



# The Advocate Aurora Supplier Segmentation Strategy sets forth 4 levels of supplier segmentation based on their level of integration into Advocate's success

## Advocate Supplier Segmentation

## Operational Definitions



**Integrated Supplier** – Suppliers who have made **the full commitment of resources and capabilities embedded into Advocate's actual operations** sustained by a defined shared governance model. Integration is characterized by **a direct shared risk/reward model and investment** toward meeting the shared vision and value proposition for the combined organizations.

**Strategic Supplier** – Suppliers providing a defined set of offerings & initiatives that collaborate directly with Advocate to accomplish market-leading clinical safety, quality, service, & cost-reduction capabilities. **There is a deliberate alignment of both organization's strategic imperatives driven by a governance model.**

**Collaborative Supplier** – Suppliers that provide **a set of unique offerings to advance Advocate's strategic imperatives**, including cost reduction goals, meeting our quality, safety, and care coordination goals.

**Transactional Supplier** – Suppliers that provide Advocate with products and services based upon **standard contracting terms and conditions.**

# Centralized Funding Source

# Create a consolidated funding source

All clinical equipment to be managed  
by Clinical Engineering and EPP

## Situation

- No standard process or strategy for replacing medical equipment that is outside of strategic capital cycle
- Wide range of variation throughout the system
- Multiple make/model devices for the same asset class
- Varying degrees of technology for the same asset class
- Ageing inventory – \$131M beyond useful life
- Higher cost to acquire, maintain, and operate

## Recommendation

- Create a consolidated funding source for EPP and Clinical Engineering to manage
- Establish sourcing approach
- Ensure compliance with Advocate purchasing policies
- Reduce time site resources spend on procurement
- Recommend a 2018 projected funding requirement
- Formalize 5-year plan - expand consolidated funding source

# Q&A

# Thank you!