

## MATERIALS COST SAVINGS

A community hospital in Central Arizona achieves huge material cost savings through data value analysis.

### Business Problem

In the complex arena of cardiology and orthopedic implants, physicians drive implant selection for each patient. Since their first priority is patient care, they make choices based on quality, but their decisions can be skewed by supplier representatives, new or improved products and patient demands for high-end implants they have seen advertised. The need was to align quality patient care and cost reduction, two trajectories that often are at odds in health care.

### CGN Approach

- CGN assisted the hospital in understanding the problem, forming a multi disciplinary team
- CGN developed Data Value Analysis model focused on outcomes, promoting continuous improvement in patient care, which reduced a health care provider's costs through shorter hospital stays and fewer re-admissions.

### CGN Solution

#### Diagnose

- Form a multidisciplinary team of nurses, physicians, material managers, finance executives and other members of staff
- A complete data value analysis to assess the cost and performance of all technologies across the surgical spectrum to determine which ones will improve clinical results.
- Data value analysis resulted in standardizing implant devices, matching the correct device with the most appropriate patient, reducing costs and achieving the optimal patient outcome.

#### Operate

- Pilot process was trialed for 3 months; improved cash flow, reduction in cycle time, savings in handling, postal, storage cost, from baseline; improved auditing, customer service, disaster recovery and HIPPA compliance.
- Rolled out the pilot to entire MC with significant results

#### Control

- Metrics for statement cash flow, cycle time, handling, postal and storage cost were added to the hospital wide quality improvement charts; Directors to review trend on monthly basis

### Customer Benefit

- Enhanced cash flow from expedited mailing of statements
- 90% reduction in cycle time
- 15% savings in actual postage costs
- Savings from reduced internal handling and storage costs

### SCOPE

*Review and analyze supplier model and decision parameters*

### BUSINESS DRIVERS

*Quality of Patient care, service costs, cycle time.*



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