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Healthcare Practice

How health systems can effectively engage clinicians on procurement

As value-based care gains traction, health systems are seeking to derive greater value from procurement and supply chain efforts, including by investing in initiatives to improve clinician engagement.

by Sheri Berg, Connor Smith, and William Weinstein

As countries across the globe continue to adopt value-based care models, it has become imperative for health systems to offer high-quality, cost-efficient care. With supply costs in our experience accounting for 30 to 40 percent of a typical health system's cost base, health systems will achieve this goal only if they can better manage their use of clinical supplies.

Many health systems try to drive value in this domain by standardizing supply use wherever possible, but lack of alignment with their clinical workforces—physicians, nurses, pharmacists, and allied health professionals, among others—frequently impedes their efforts. To remedy this dynamic, health system leaders could consider a fundamentally new mindset and approach: viewing clinicians as value partners and adopting proven engagement practices to enlist clinicians' support in reducing variability and cost of care.

We propose that health systems consider investing in three areas: developing a database of clinician profiles, building a robust analytics platform with clinically meaningful supply categorization, and establishing a clinical-engagement workforce

that is purpose-built to work with clinicians on procurement and supply chain initiatives. When done well, these efforts could improve a health system's relationships with its clinicians and offer a high-ROI opportunity to reduce both clinical practice variability and overall health system costs.

Health systems generally underinvest in clinician engagement today

Many health systems struggle to effectively engage with their clinicians on procurement and supply chain topics for a variety of reasons:

— Health system leaders in supply chain and procurement often lack access to a centralized database that includes detailed information about clinicians including the supplies they use, their preferred vendors, and any supply-related initiatives they may be involved with.

— Determining the relationship between supply cost and quality outcomes becomes difficult or impossible because of a lack of integration among data sets.

Decisions concerning clinical supplies need to be made in lockstep with the clinicians who ultimately deliver patient care.

— Clinicians lack clarity about how their involvement and collaboration benefit them or their peers.

— Procurement and supply data often lack clinically meaningful terminology or categorization.

— Clinicians often engage more frequently with supplier representatives than with hospital or health system leadership.

Decisions concerning clinical supplies need to be made in lockstep with the clinicians who ultimately deliver patient care. Too often, one of two scenarios occurs, both with less-than-desirable outcomes. In the first, procurement teams drive
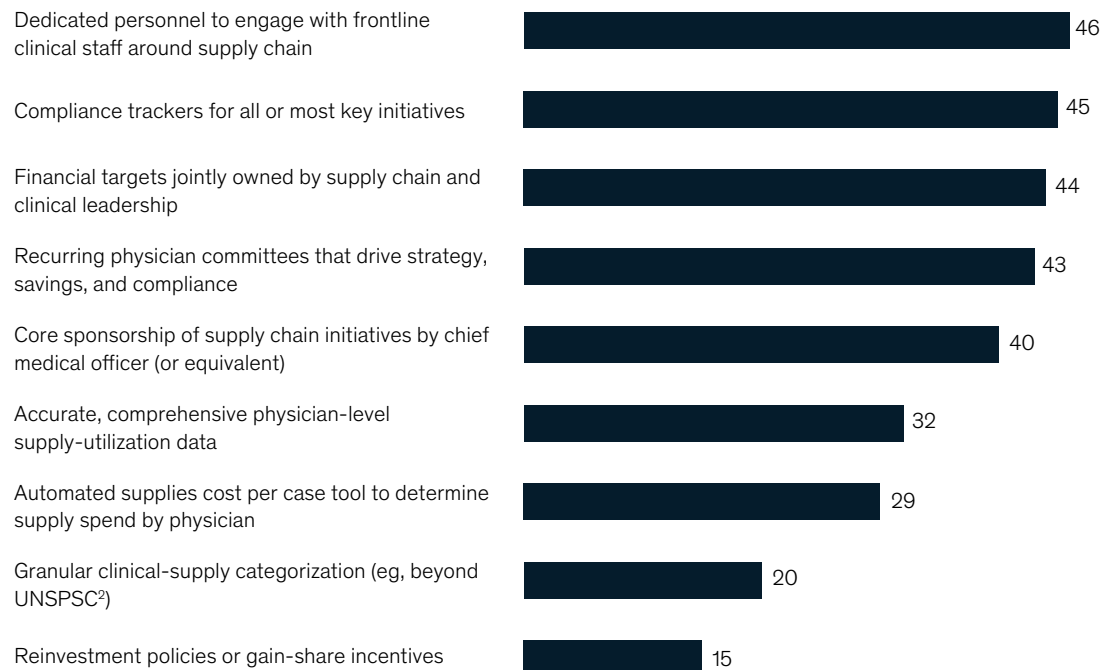
a supply standardization initiative without proper clinical input, which can lead to substantial clinical resistance and potentially strained relationships. Alternatively, the health system makes no attempt to manage clinicians' supply choices, which perpetuates a cycle of highly variable, costly care.

Most health system leaders recognize these pitfalls as well as the importance of a strong clinical-engagement structure. However, in a survey of 149 hospital system executives, fewer than half of respondents reported they had made investments in key engagement and analytics capabilities (Exhibit 1).

Exhibit 1

Fewer than half of health system executives say their system has invested in key clinical engagement and analytics capabilities.

Attributes of health systems,[1] % of respondents (n = 149)

Attribute	Value
Dedicated personnel to engage with frontline clinical staff around supply chain	46
Compliance trackers for all or most key initiatives	45
Financial targets jointly owned by supply chain and clinical leadership	44
Recurring physician committees that drive strategy, savings, and compliance	43
Core sponsorship of supply chain initiatives by chief medical officer (or equivalent)	40
Accurate, comprehensive physician-level supply-utilization data	32
Automated supplies cost per case tool to determine supply spend by physician	29
Granular clinical-supply categorization (eg, beyond UNSPSC[2])	20
Reinvestment policies or gain-share incentives	15

[1]Question: Which of the following do you believe your health system has?
[2]United Nations Standard Products and Services Code.
Source: McKinsey survey of healthcare and supply chain executives, December 2021, n = 149

A three-step program can achieve effective clinician engagement

Health system leaders could improve clinician engagement by expanding their investments in a clinician database, robust analytics, and a dedicated clinical-engagement workforce.

Create a clinician database

A clinician database can provide helpful information about both who to engage and how to engage them. Health systems can consider building a profile for each clinician, including critical attributes related to clinicians' personal preferences, committee memberships, prior engagement activity, supply preferences, and vendor relationships (Exhibit 2).[1]

This database could also serve as a tool for broader health system use, providing the foundation and a source of truth for all clinical-engagement activity across the organization. This could allow health systems to coordinate engagement activity across priority areas and manage outreach in line with their clinicians' preferences.

For example, a health system considering a new supply contracting opportunity related to orthopedic joint-replacement implants may want to understand the feasibility of reducing the overall number of suppliers in this purchasing category. Leaders could use the clinician database to easily identify surgeons' current implant preferences as well as which clinicians to consult—for example, those who perform the most joint replacements— before finalizing any new contracts. Furthermore, it would help leaders identify those who are key opinion leaders in their specialty, have relationships with manufacturers, or have demonstrated a willingness to switch products in the past.

A comprehensive database could facilitate clinical engagement in other ways as well. After identifying key opinion leaders, for example, health systems could leverage the opportunity to create additional paths for physicians to engage with leadership and

colleagues and contribute as thought partners in clinical operations, growth strategy, or other efforts. Conversely, this database may reveal that some clinicians who hold formal leadership positions (for example, service line leaders) may not be functioning as conveners or influencers commensurate with their role. In these cases, the health system can make fact-based decisions about ways to support these clinicians to boost their effectiveness in those positions.

Develop a robust analytics platform

Many procurement and supply chain organizations already depend on analytics tools to drive day-to-day activities such as tracking purchases, calculating spend by category, and analyzing contracts. However, few have enlisted the support of their IT organizations, enterprise analytics teams, and clinical leaders to develop an integrated platform that links clinician names to the supplies they use and the outcomes they achieve.

Best-in-class analytics platforms could enable health systems to monitor trends on a granular level (such as specific supplies), illustrate potential savings opportunities (such as identifying potential substitutions and avoidable waste), and offer visibility into product use across clinical areas, surgical specialties and subspecialties, surgeons, and specific surgical procedures.

For example, many systems focus on limiting the use of antibiotic bone cement to appropriate clinical situations.[2] Typically, this is achieved by manually analyzing data about purchase orders or surgical supply, and then presenting the potential initiative to a systemwide committee. Even in the best-case scenarios, a successful committee vote sets up a series of difficult conversations with individual surgeons and requires consistent monthly auditing to ensure behavior change is sustained.

Alternatively, a robust analytics platform would identify the use of bone cement as an area with

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[1] Health systems should also consider that clinicians may practice across multiple settings (including with other health systems).
[2] Appropriate clinical situations should be determined by clinicians from the affected clinical area (in this case, orthopedic surgery).

Exhibit 2

A robust clinician database can spotlight potential key opinion leaders, product switchers, and high-volume providers.

Illustrative
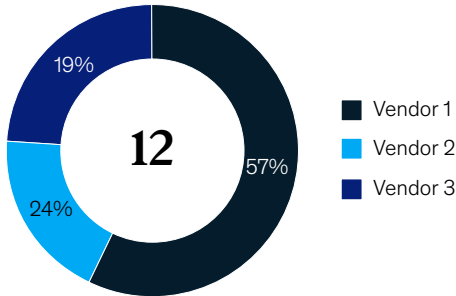
Gillian Smith, MD

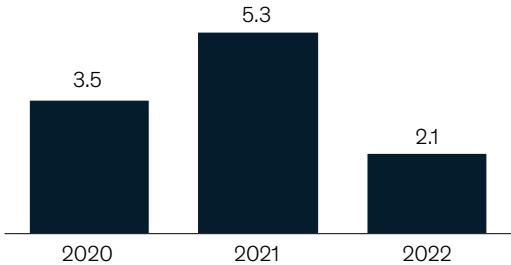Orthopedic surgery

Division: Northeast
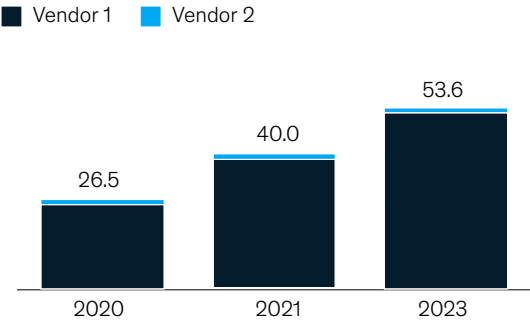**Facility:** Health Hospital
Years with health system: 12
OK to contact

Preferred supply vendors, $ million of annual spend

12

19%
57%
24%

- Vendor 1
- Vendor 2
- Vendor 3

Contribution margin, $ million

3.5   5.3   2.1
2020   2021   2022

Financial vendor relationships, $ thousand

■ Vendor 1   ■ Vendor 2

26.5   40.0   53.6
2020   2021   2023

Key information

Strong relationship with hospital CEO

Chair of health system's Operating Room (OR) Throughput Optimization Committee

Recent contact

July 8: Discussed bone cement initiative with OR director; agreed

August 15: Responded positively to chief medical officer regarding OR initiative
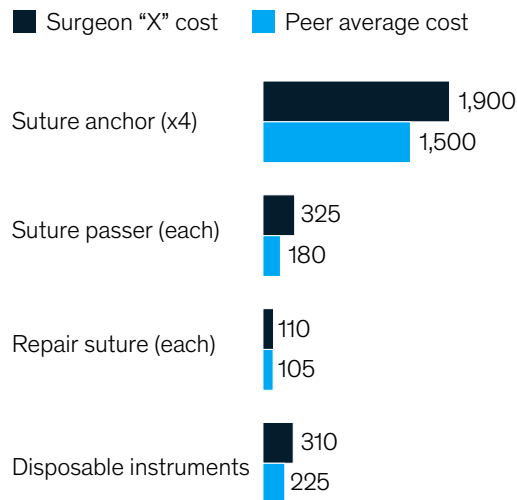
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cost or care variability and then offer insights on the surgeons, procedures, costs, and outcomes associated with this supply category, reducing manual analysis. Additionally, this platform would allow a user to analyze the effect of potential clinical guidelines (such as using bone cement only for joint revision procedures) and connect committee decisions to the preference cards that surgical teams use to pick supplies for each procedure. In this scenario, effective change can be "locked in" with minimal manual intervention.

For this platform to work effectively, health systems would need to augment existing data sources with granular, clinician-friendly supply categorization (Exhibit 3). Clinicians cannot effectively engage with a platform that uses language like "orthopedic implant" or "patient dressing" because these terms lack clinical details such as the type of orthopedic implant. If clinicians are unable to effectively connect the data they see with the patients they know, it is unlikely they will trust the recommendations that follow.

Exhibit 3

Improved categorization of clinical supplies can help clinical staff understand the options available to them.

Illustrative procedure example: Isolated rotator cuff repair,[1] supply categories, $

■ Surgeon "X" cost ■ Peer average cost

Category	Surgeon "X" cost	Peer average cost
Suture anchor (x4)	1,900	1,500
Suture passer (each)	325	180
Repair suture (each)	110	105
Disposable instruments	310	225

Substitution example: Suture anchor[2]

Attribute	Current choice	Peer alternative
Vendor	Vendor A	Vendor B
Brand	Brand A	Brand B
Unit cost	$475	$250
Suture loading	Preloaded	Preloaded
Suture type	Knotless, tape	Knotless, tape
Material	PLLA[3]	PEEK[4]
Size	4.75 mm x 22 mm	4.75 mm x 19 mm
Anatomy	Shoulder	Shoulder

[1]Clinicians are typically presented with a list of supply categories that lack important clinical identifiers. Surgeons are typically not able to evaluate supply substitution opportunities with this information.
[2]Improved categorization allows for better comparisons and potential substitutions.
[3]Poly-l-lactic acid.
[4]Polyetheretherketone.

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Form a clinical-engagement workforce
To ensure there is also a "face to face" element of clinical engagement, procurement and supply chain functions can consider assembling a specialized team—for a large health system, this may include five to eight dedicated employees—whose primary role is to engage directly with clinicians about their care practices and supply use.

Ideally, these teams will comprise active or former clinicians who have a deep understanding of products and how they are used. The role could be well suited to clinicians who are interested in exploring a career outside of direct patient care and possess important knowledge about the hospital's clinical culture.

As members of this team form deep relationships with the clinical workforce, they could achieve more-effective peer-to-peer engagement than health systems can typically achieve with top-down methods. Importantly, this team would also be present when change management occurs and can provide a helping hand to clinicians struggling with changes to the supplies they use.

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Ultimately, the primary goal of health systems is to consistently provide high-quality, cost-effective care for their communities, especially under value-based care models. Health systems that effectively partner with their clinicians on this topic are well placed to succeed in this environment and will see significant return on investment from their efforts.

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