**THE CHALLENGE**

Sarah Bush Lincoln (SBL) Health Center is a 128-bed, not-for-profit, regional hospital centrally located in East Central Illinois’ Coles County. Employing about 1,750 area residents, the health center promotes a culture of excellence through continuing personal and professional growth and has been awarded the Illinois Performance Excellence Gold Award for Achievement of Excellence, the highest performance honor in the state.

SBL provides a full range of acute care services to residents of Coles County and the surrounding six counties. Home health services extend to the surrounding 19 counties in East Central and Southern Illinois. Active and consulting medical staff include approximately 145 providers representing 28 specialties.

As with most healthcare providers throughout the country facing the growing move to pay-for-performance reimbursement models, SBL Food and Nutrition Services was tasked with reducing departmental costs, while maintaining the high quality and excellent service for which it is known. Although not officially part of the Centers of Medicare and Medicaid’s (CMS) Patient Experience of Care Measures (HCAHPS), a patient’s perception of foodservice plays a large role in the patient’s overall satisfaction with a facility. Healthcare nutrition plays a significant role in balancing economic and satisfaction measures to help shape an organization’s success. “We needed to find a way to lower costs, however, maintaining the quality and service level was imperative because any drop in these areas could result in lower patient experience scores, which could have a negative impact on government reimbursements,” said Cathy Babbs, MS, RDN, LDN, director, Food and Nutrition Services at SBL. “Further compounding this challenge was rising food prices stemming from weather-related issues.”

**THE SOLUTION**

A cross-departmental team was established that included Babbs, representatives of the food supplier, a purchasing assistant from SBL and Intalere. The team identified a “market basket” of 45 items for review and developed an action plan for the completion of the project. “We evaluated the market basket for potential opportunities that would have the greatest impact on savings, quality and service,” said Babbs. The plan included manufacturers’ demonstrations, and quality, nutritional and cost-savings evaluation. Manufacturers participated in demonstrations and side-by-side cuttings of current versus proposed products. Twenty-five items were evaluated, which resulted in 20 products being converted.

Intalere representatives provided expertise on specifics of their contracts, including rebates and off-invoice pricing contracts.
Annual projected cost savings were calculated for previously purchased products and the newly suggested substitute products. The action plan contained several categories:

- Quick-fix items that were easily changed with no evaluation needed.
- Quality evaluations of several items through taste panels.
- Evaluation of allowances with Intalere on several items.
- Items prepared on-site rather than ready-to-serve items.

THE OUTCOME

“My raw food costs have never been lower,” said Babbs. The project resulted in an 11.5 percent decrease for the 45 items selected or a 2.8 percent overall cost savings for the entire market basket.

“Most important, product quality was not sacrificed for cost savings. In some instances, the taste panel recommended food products based on improved quality, and a few enhancements were made to improve nutritional values, which supports the Food and Nutrition Services’ goal to provide healthy alternatives when possible,” she added.

With savings and a process in place, the work is still not done. The team continues to enhance and review performance, challenges and opportunities every quarter to make sure things remain on track. With the volatility that is inherent in pricing for food products, it is sometimes necessary to make adjustments on the fly. “This has been an eye-opening process that reinforces the need to continually evaluate our system and products,” said Babbs.

Another tool Intalere makes available to its members that has been used by the team at SBL to great advantage over the years is its Inflationary Indices, which include company and industry projections for inflation rates across several categories over the coming year.

“With this information on possible pricing issues based on market dynamics, members have another decision support tool to assist in efficiency and cost reduction,” said Dale Wright, Intalere’s former senior vice president of contracting and president, Intalere Choice.

These projections represent industry inflationary performance, actual pricing through Intalere contracts and programs, and the expected impact of upcoming contract bids. The Intalere Inflationary Indices are published biannually and updated to reflect any market trends or changes.

The report offers estimates in categories including diagnostic imaging, environmental services, executive resources, foodservice, laboratory, medical supplies, office solutions, pharmacy, plant engineering and surgical supplies. “The information is invaluable in formulating budgets and in some cases, justifying and supporting costs when market forces have caused prices to rise,” said Babbs.

The engagement, collaboration and resources exhibited in this project also illustrate important points for partners, including healthcare providers, group purchasing organizations, suppliers and manufacturers to keep in mind. “It’s really important to reach out and show value. Many times you don't know all the things that a GPO or other partner can do,” offered Babbs. “For me, it’s great to learn and understand.”