The Challenge

Established in 1920, Virginia Mason is a non-profit organization offering a system of integrated health services, featuring a multispecialty group practice of more than 460 employed physicians and offering both primary and specialty care as well as an acute care hospital licensed for 336 beds. Virginia Mason has been recognized by numerous organizations as one of the top hospitals in the nation and is one of the first organizations in the world to adapt the Toyota Production System (TPS) to healthcare. As such, they are no strangers to implementing process and efficiency improvements that can reduce costs and improve clinical outcomes.

Traditionally at Virginia Mason Medical Center (VMMC), supply chain involvement in new product implementation was primarily limited to financial analysis. The clinicians determined whether to bring in products without understanding the overall impact to the institution. A new process to better integrate supply chain and clinical areas was needed to both improve communication and to align organizational goals.

The Solution

VMMC initiated a project to enhance the product value analysis function under the leadership of Bill Knight, value analysis manager, by establishing value analysis teams (VATs) in several different areas of the facility, including operating room, lab, GI/endoscopy, IR/radiology, nursing and the regional medical centers. The teams include members from each specific area plus the “core four:” the value analysis manager, a physician advisor, clinical product review specialist and a contract utilization analyst (an employee of Intalere affiliate Health Resource Services (HRS)).

A standard agenda was established for each team, which included a review of the following:

- Product issues such as safety, recalls and back orders.
- Products in trial.
- New products brought to the team.
- Intalere contract opportunities.
- Questions and concerns.
Each product was assessed according to several different criteria including:

- Quality.
- Functionality.
- Literature to support efficacy/evidence-based practice.
- Availability of replacement product.
- FDA approval/guarantee.
- Infection control issues.
- Environmental impact.
- Availability of Intalere contract.
- Finance/reimbursement analysis.
- Labor savings.
- Price.
- Standardization.
- Association with capital purchase.
- Physician certification.

**THE OUTCOME**

Although the concept of the value analysis team was not novel, the degree of involvement of the clinical arenas was innovative.

“Collaboration was integral to the success of the teams. The involvement of physicians and clinical staff from the beginning allowed everyone to fully engage, understand the needs of each stakeholder and fully align goals.”

*Bill Knight ∙ Value Analysis Manager ∙ Virginia Mason Medical Center*

Previously, almost every clinical area had its own product assessment teams with only peripheral supply chain involvement. The new, comprehensive value analysis teams allowed supply chain to be an equal partner in decisions regarding new products. The collaboration of physician and clinical champions fully addressed clinical efficacy aspects and also brought a level of credibility to product choices.

It also allowed for increased visibility of VMMC’s group purchasing partners and the value of using those contracts. To ensure accountability, all VAT scoreboards are posted to the intranet for visibility of progress.

The value analysis teams improved standardization and Intalere contract compliance, leading to a documented cost savings of $766,000. This also decreased inventory and increased quality and safety of product usage. The teams also respond to product safety issues and are able to identify similar, higher quality products without increased expenses. Significantly, the value analysis teams led to collaboration and collegiality between supply chain and operational areas of the Virginia Mason integrated delivery system.