



The Challenge Hospitals Face:

Providers struggle with attaining prices that will break even with expected reimbursements and seek clinical consensus regarding utilization standards. There are several clinical areas that are particularly challenging:

- **Orthopedic Implants:** Orthopedic implants spend is one of the largest supply costs for many hospitals. While hospital reimbursement for total joint and spine procedures continues to decline, the average selling price of the implants rises annually. Major factors limit a hospital's ability to contain orthopedic implant costs, such as: no multi-year vendor contract price guarantees, vendor product naming (makes product identification difficult), relationships between physicians and vendors, and lack of GPO portfolio coverage.
- **Cardiac Rhythm Management (CRM):** Cardiovascular implants constitute a high spend area within hospitals. In some cases, total spend on implants can exceed 50% of reimbursement. In order to drive profitable procedures, hospitals need to accurately track CRM implant utilization and associated costs. Hospital executives need visibility to the information required for managing costs of cardiovascular implants. Tracking and monitoring of CRM implants usage can be challenging for hospitals because facilities must: monitor contract compliance to vendor market share commitments, compile reports from disparate data systems, and understand margins by procedure and physician.
- **Medication Use Management:** Rising pharmaceutical costs is a problem for most healthcare providers. In fact, 23% of a hospital's supply spend is pharmaceuticals and annual pharmacy medication expenditures have increased at a rate of 4-6% annually over the last five years.
- **Value Analysis Teams:** Hospitals have significant opportunities to reduce costs through coordination with their clinicians regarding managing product adoption, product standardization and utilization initiatives. Unfortunately, most healthcare providers have difficulty establishing and managing value analysis teams (VATs) that bring clinicians together to get them to discuss and decide important cost issues. An analysis of best practices among providers shows that a well-functioning VAT process will drive significant supply savings.

The Solution: The Preference Group

The Preference Group (TPG) is Broadlane's team of clinicians who drive down the cost of clinical preference items through improved utilization and reporting tools to track results. Programs offered include:

- **Orthopedic Management Program:** TPG's experienced consultants facilitate the implementation of orthopedic management strategies to help hospitals capture significant savings. TPG deploys negotiation strategies that align hospital and physician goals through facilitating procedure-based local contracting, creating an equal participation and accountability process for all vendors, educating surgeons and clinicians about produce commonalities, and providing on-going monitoring and reporting of orthopedic usage, physician practice trends, vendor compliance and achieved savings.
- **Cardiac Rhythm Management:** TPG assists clients in monitoring CRM utilization and driving cost improvement strategies. Through CRM monitoring and reporting services, clients gain more insight into their cardiovascular implant practices. This insight allows healthcare providers to benchmark physician procedure cost per case, track procedure volume, product utilization and clinical preference, and deliver detailed hospital/physician level reimbursement reporting.
- **Medication Use Management:** TPG's experienced clinical pharmacists work with physicians and clinicians and have consistently reduced pharmacy expenditures through identifying utilization opportunities through review of top spend areas, implementing evidence-based solutions around medications for specific diseases, providing reports that monitor progress and track results.
- **Value Analysis Team Consulting:** The Preference Group (TPG) facilitates more than 60 value analysis committee meetings a month for clients that yield average annual savings of approximately 2-5%, freeing funds to direct to other areas of patient care. TPG's value analysis approach consists of an assessment of existing processes, recommendations and implementation of best practices.

The Benefits of The Preference Group:

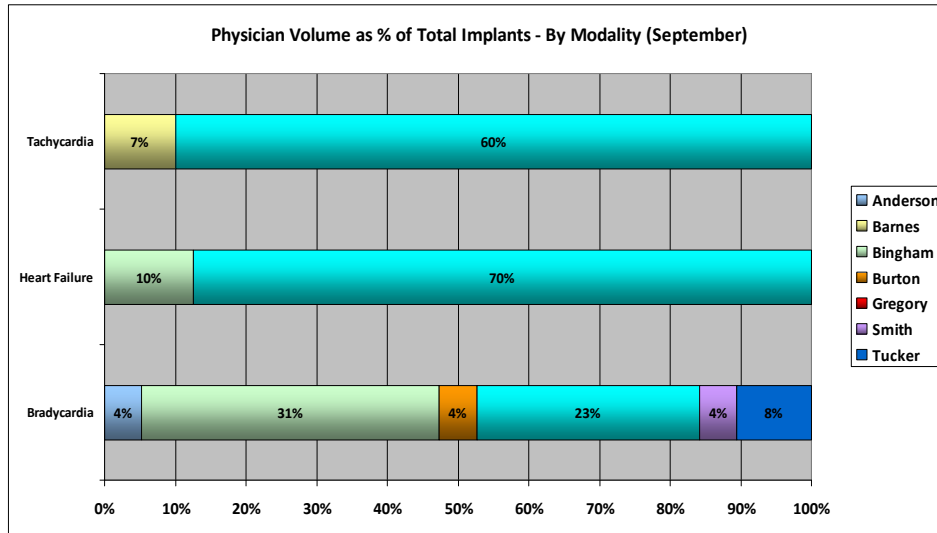
- **Orthopedic Management Program:** TPG clinical consultants facilitate negotiations for procedure-based local pricing, educate surgeons/clinicians on product commonalities and provide on-going monitoring and reporting of orthopedic implants usage, physician practice trends, vendor price compliance and achieved savings.

Program	Spine Implants	Total Joint Implants
Participating Hospitals	55	75
Average Savings %	14%	16%
Range of Savings Achieved	5 - 31%	9 - 33%



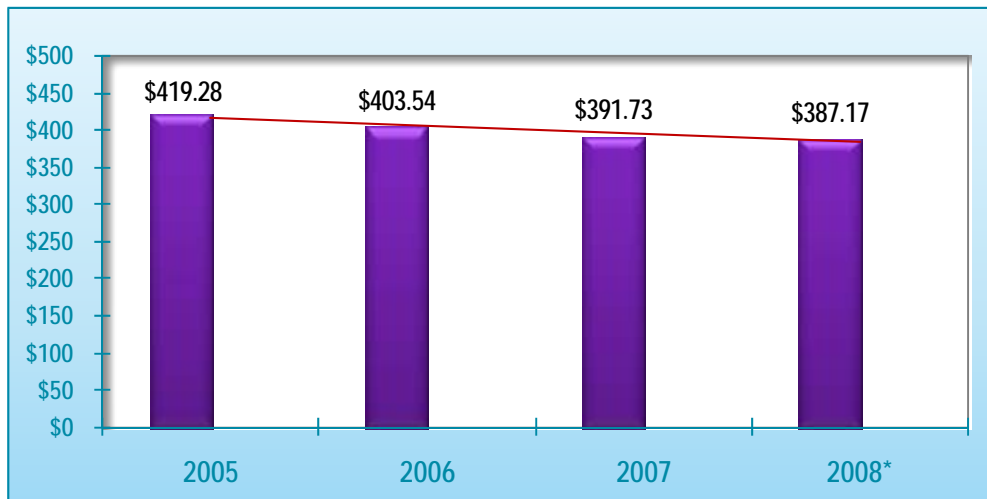
The Preference Group®

- Cardiac Rhythm Management:** TPG assists clients in monitoring CRM utilization and driving cost improvements strategies. This accomplished through benchmarking physician procedure cost per case, tracking procedure volume, product utilization and clinical preference, delivering detailed hospital/physician-level reimbursement reporting and identifying which procedures and physicians are operating at positive margins.



- Medication Use Management:** TPG's experienced clinical pharmacists work with physicians and clinicians to identify utilization opportunities through the review of the top spend areas, reduce pharmacy expenditures by implement improved medication utilization for top spend areas, specific pharmaceuticals or diseases and provide reports that monitor progress, track results and report savings.

Average Decreases in Pharmacy Spend Per Adjusted Discharge for all MUM Clients



- Value Analysis Team Consulting:** The Preference Group delivers an estimated 2-5% savings through implementing VAT processes using proven best practices, determining structure, frequency, and governance, developing annual workplans, facilitating adoption of tracking and reporting tools to measure results.

Contact Information:

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