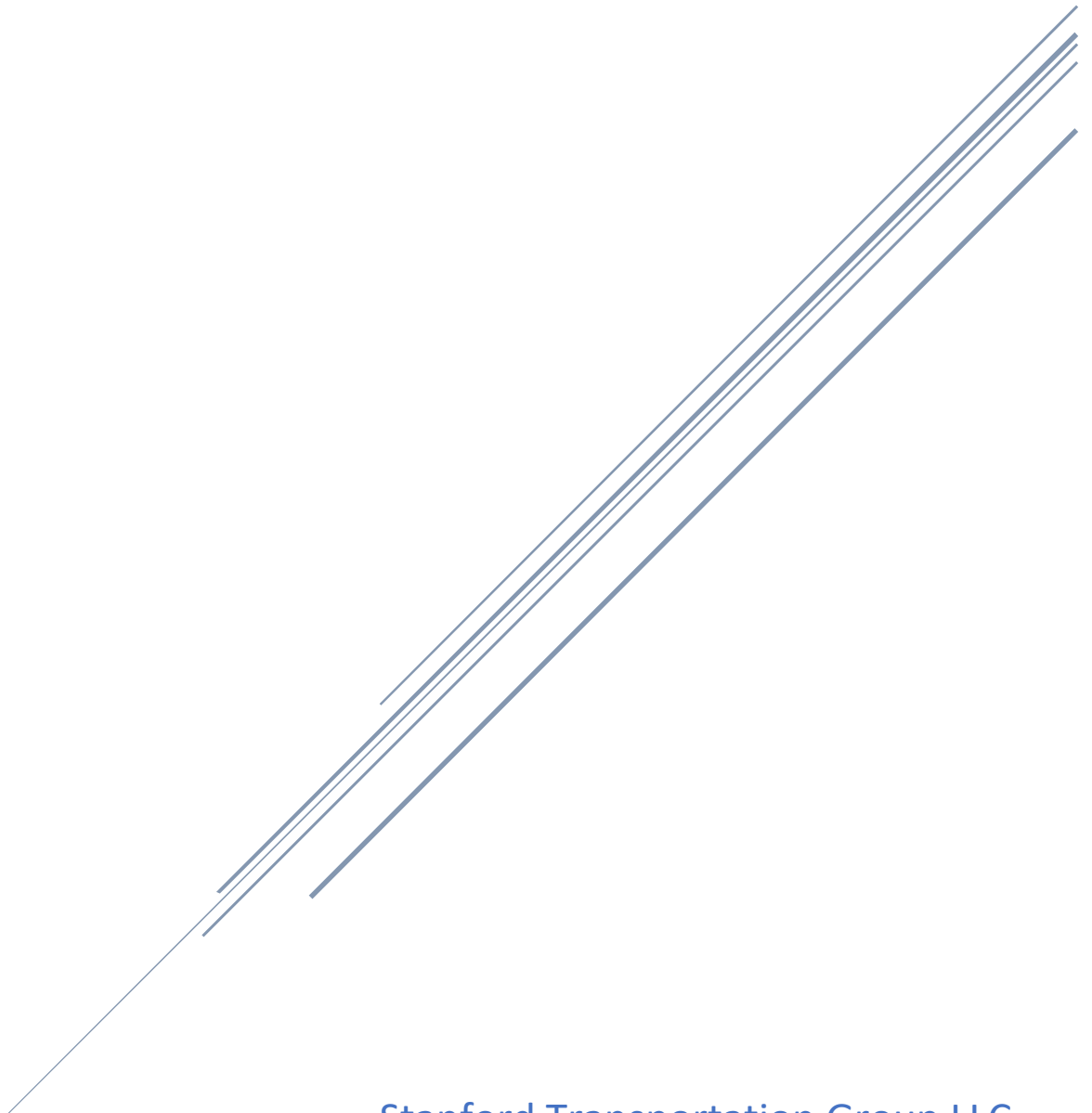


HEALTHCARE AND SUPPLY CHAIN MANAGEMENT (LOGISTICS)

A cross sector outlook report



Stanford Transportation Group LLC
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Healthcare and Supply Chain Management (Logistics)

The traditional hospital and healthcare supply chain model is fragmented, hampered by conflicting goals, and (in the main) operated under the auspices of nobody in particular. Orders are typically placed by different factions within a single facility and fulfilled by multiple manufacturers, wholesalers and distributors.

In this traditional model of hospital and healthcare supply, the facility's loading dock fills up fast each day, with bulk deliveries and small orders constantly arriving, which must then be put away in a warehouse or distributed around a campus

Trends in Hospital Supply Chain Transformation

This new-found focus on supply chain improvement has given rise to an increasing trend toward centralization and customer-centric thinking. While approaches may differ from country to country and from one organization to another, the typical driver needs hospital and healthcare supply chains to be more efficient: to cost less and provide better service.

Perhaps the cost aspect needs little explanation. The need for better service is similarly driven by the need to achieve more with fewer resources, it is widely recognized that internal hospital logistics is even more complex than the external side and that medical staff spends disproportionate amounts of paid time performing logistics activities—time which would be better used to provide patient care.

Vendor-Managed Inventory

While this form of inventory management may not transform a healthcare supply chain, many healthcare providers have turned to VMI as a way to improve service and cost performance. VMI entails staff provision by vendors to work inside a customer's hospital, taking care of order processing, materials management, and logistics.

Vendors' own employees take responsibility for checking inventory levels, ordering materials as necessary, and directly replenishing inventories within individual care units.

This is a customer-centric approach to hospital and healthcare supply chain operations since it reduces the need for supplies to move in and out of a central store or warehouse. VMI can be applied to many material categories, including pharmaceutical supplies, consumables, food, medical devices and pathology supplies.

Self-Distribution

It seems that hospital supply chain planners have been watching and learning from other industries. Some organizations in the United States and United Kingdom have switched to self-distribution models.

Self-distribution (a term which seems to have been coined specifically for the healthcare sector) works in a similar way to retail distribution, in that the healthcare organization maintains a central distribution center.

The distribution center/s becomes the central point at which all inbound supplier shipments arrive. Different material types are then consolidated and shipped to the organization's hospitals and other medical facilities. In some operations, delivery drivers even offload shipments and then distribute individual orders to the various points-of-use in the hospitals.

Self-distribution is practiced by at least 40 large healthcare systems in the United States, and by the United Kingdom's National Health Service (NHS), as well as other organizations in Europe and Canada. The NHS has outsourced its self-distribution network to a 3PL provider, as have some of the hospital groups in the United States. Other healthcare providers have chosen to create their own logistics divisions to run their self-distribution operations

Fleet Ownership and Outsourcing in Hospital Supply Chains

Healthcare organizations appear to be divided regarding the pros and cons of owning supply chain facilities and assets. The aforementioned NHS for instance has partnered with a large logistics-service company, which owns the distribution centers and transport fleets that supply NHS hospitals.

Outsourced or Insourced: The Healthcare Supply Chain Question

Utah-based health system Intermountain Healthcare is another provider to take the in-house option. Intermountain decided to open its own supply center to service its network of 22 hospitals and more than 200 clinics.

Rather than outsource the operation, Intermountain chose to keep control of all procurement and supply activities. This enabled the company to encourage all departments to collaborate and create a standardized, but tailored logistics network, taking advantage of synergies and achieving a premier standard of service. According to one Intermountain spokesperson, supplies are delivered "virtually to patients' bedsides."

On the other hand, the UK's National Health Service has gained similar advantages by partnering with a 3PL. The relationship has been so successful that the 10 year-old contract has recently been extended for a further two years.

Clearly then, it's possible to improve hospital and healthcare supply through self-distribution, and the choice to insource or outsource will depend upon the preferences and policies of each healthcare organization.

This is an important evolutionary step, and one which isn't confined to distribution methodologies, models, and ownership options either. It actually extends all the way through to technology choices, such as bar code and RFID tracking to improve inventory management.

Improvement in the Hospital Supply Chain

Hospital and healthcare service organizations are beginning to catch on to the many benefits of scanning technology. Barcode scanning is becoming a commonly used method of tracking inventory and for those organizations that have embraced it, has resulted in reduced inventory losses and obsolescence, and helped to promote a shift from push to pull in supply chain strategy.

Because of the greater cost of RFID, growth in adoption has been slow but steady for logistics and supply chain purposes, but has been enjoying a greater rate of take-up for patient care and tracking of equipment inventories in operating theatres

That said, more than 100 hospitals in the United States are using RFID in some areas of supply chain management. There and elsewhere, RFID is being used in the distribution of pharmaceutical supplies as well as other commodities such as linen. Concerns over the cost of implementation are eroding as hospitals recognize the massive savings potential offered by RFID, and the cost of scanning technology continues to come down.

Post the COVID-19 outbreak, the healthcare sector has had to adapt to various challenges, with cold chain quickly gaining importance

Healthcare Cold Chain Logistics Market Scope of the Report

Market Research Future (MRFR) reveals that the Healthcare Cold Chain Logistics Market size worth USD 16,588.3 million by 2023. Also, the market can most likely procure a CAGR of 7.54% between 2018 and 2023 (which is the assessment period). We will provide COVID-19 impact analysis with the report, along with all the latest developments in the global market following the coronavirus disease outbreak.

Post the COVID-19 outbreak, the healthcare sector has had to adapt to various challenges, with cold chain quickly gaining importance. Pharmaceutical firms have been busy distributing temperature-sensitive SARS-CoV-2 vaccine. Healthcare vendors are currently not focused on returning to the pre-COVID-19 operation levels; but are concentrating on ensuring efficient and cost-effective operations or survival. Technology experts are coming forward, such as advanced analytics and cloud-based ERP, bringing along digitized supply chain components, accurate inventory allocation and automation to maintain inventory management, clinical and procurement operations in the healthcare industry. Such advanced technologies are proving to be quite helpful, especially after the lockdown imposed across the world. (medgadet.com)

Opportunities

Links: <https://soundcloud.com/ahrmm/strengthening-the-health-care-supply-chain-during-covid-19-disruption>

Trends- Manual before COVID now need to create systems in ERP/AI

Cloud Base ERP
Centralized reporting
Innovation protocols

Areas of focus

Cost reduction in supply chain- increase profit and reduce cost
Better inventory/ Visibility
Smarter fraud and risk reduction
Resilience Sourcing/Procurement
Faster distribution to front line

Focus Areas

Accurate supply and demand matching- burn rate and consumption
Efficient reliable sourcing and procurement- rational alternate sourcing, pricing terms and conditions
Speed of data and reporting- systems and leading processes track reporting, vendors, expiration
Reducing operating complexity- all about integrating clinical and supply chain processes

How to get started

Analyze- PPE and inventory allocation

Contract Optimization- pricing variation, consolidating supply base, qualifying to fraud and risk.

Advancement roadmap look like- lesson learned, how to integrate clinical and supply chain process and investments on ROI, when and how long (can be done in 30 to 60 days).

Potential Programs/Certification that relate to healthcare that should be considered

<https://news.sap.com/2018/04/sap-to-offer-special-student-pricing-for-sap-global-certification-program/>

<https://www.ibm.com/training/?lnk=ushpv18ct15>

<https://www.hfma.org/career-development/education.html>

Potential Associations to Develop Cross-Sector Programs

www.ahrmm.org (Association of Health Care Resource & Materials Management of the American Hospital Association)

<https://www.hfma.org/> (Healthcare Financial Management Association)