Supply chain management

Getting more value from value analysis

What’s the real value of your value analysis program? Most organizations say they are using value analysis teams to make purchasing decisions, particularly for products that involve physician preference and carry a high price tag. The financial impact is obvious, but value analysis also has intangible benefits because it can be used to build trust and cohesion among the staff and physicians.

Value analysis brings a variety of disciplines together to evaluate the impact of a new product or technology, including its effect on clinical practice as well as the hospital’s bottom line.

Supply chain expert Katherine Ziegler, BSN, MHA, from VHA Inc, the national hospital alliance, offered advice on developing more powerful value analysis programs.

Secure buy-in from the top

There must be support for value analysis from the whole executive team.

“You need someone at the executive level whose job it is to be sure the program is successful,” says Ziegler, who is senior director for VHA’s custom services. That person needs to champion value analysis to the whole executive structure.

There’s a big difference between saying, ‘Yes, we should do value analysis,’ and being willing to refer a physician back to the value analysis team if the physician disagrees with a decision.”

Executives must also hold their employees accountable for complying with value analysis decisions.

The organizations that struggle the most, she says, are those where some executives decide value analysis is not their problem and don’t provide support to their leaders in making changes with the staff. Nurses, for example, can make a big difference in how well a product conversion goes.

Understand your audience

Find common ground with the people you want to collaborate with. Learn to see through their lens. Ask yourself, “How can you solve their problems while they are solving yours?” Ziegler suggests.

If you’re talking with the CFO, the common ground is numbers. To the nursing staff, it’s patient care and work flow. For orthopedic surgeons, it might be providing additional training for the staff so they can be more responsive or enable quicker room turnover.

Engage physician leaders

Ideally, if the chief medical officer or vice president of medical affairs will be a champion for value analysis, “that will catapult you forward,” Ziegler says.

More likely, you’ll need to engage physicians on a project by project basis.

There are 2 keys to success:

• Start communication before the work starts. Identify key stakeholders before the project begins and inform them about the project you’re planning. “If you start pulling data on their cases, and they don’t know what you’re working on, that can be threatening,” she notes.

VHA’s definition of clinical value analysis

An interdisciplinary decision-making process to perform product and service selections in the context of cost-effective, safe, and quality patient care. The process is supported at the top, has buy-in from physicians, and is infused through the health system as a way of doing business.

Source: VHA Inc.
• Go to them instead of having them come to you. Instead of calling a meeting, engage physicians in their own setting, like division meetings or even at the scrub sink.

**Bring the data**

Tapping physicians’ competitive instincts is one of the most effective strategies for a cost management project on physician-preference items.

Get the best data you can, but don’t let the lack of perfect data keep you from moving ahead.

“First, define the data that is mission critical. Ask how you can get the data,” she suggests. “Then ask, ‘Are there other pieces of data that would help us make a decision?’”

Value analysis expands the focus beyond price. “Make sure you understand the whole picture—not just what something costs, but how it affects outcomes, patient care, and reimbursement,” she says.

A data source sometimes overlooked is the decision support or quality department. “We are seeing more organizations bring those groups into their value analysis process to help with data mining,” Ziegler suggests.

“Some organizations have struggled to get their physicians involved, but the physicians’ attitude can turn around once they begin sharing data. When they taste a little data, physicians frequently want more.”

**Agree on a definition of quality**

Everyone wants to select quality products. But what does “acceptable quality” mean? How do you measure that? There are many definitions of quality. What’s important is for your team to agree on a definition for the product it is considering. The team should list about 5 criteria it will use to evaluate the quality of that product.

**What is a successful model?**

How should the value analysis program be structured? Who should lead the program? To whom should they report? Who should the team members be?

There’s one answer—“It depends.”

“I’ve seen a number of successful models,” Ziegler says. The leader might be a person with a clinical background or a person from the finance office or materials management. But one element is key — having a person who is responsible for managing the data mining and analysis.

“What makes a difference in this process is bringing clinicians, business managers, and administrators together to make decisions that are the best for the organization from a patient perspective as well as a financial perspective. They need to be advocates for patients but at the same time advocates for the hospital,” she says.