

EPISODE 40

2022 Supply Chain Trends With Pandush Mitre

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Voiceover (00:02):

Welcome to The Healthcare Leadership Experience Radio Show with your host, Lisa Miller. Lisa is an entrepreneur, inventor, advisor, and founder of VIE Healthcare Consulting, the leading healthcare advisory and analytics firm, helping hospitals accelerate their margin improvement goals.

Lisa loves to think differently and collaborates with leaders and their teams to solve challenges and to create new innovative approaches that impact the clinical and business side of healthcare.

Our show will bring you leaders and innovators within healthcare and across multiple industries. Be a part of the discussion that will give you a unique perspective, deep insights, and roadmaps to successfully help you navigate the clinical, financial, and operations of healthcare. Your show starts now.

Lisa (00:49):

Hello, you're listening to The Healthcare Leadership Experience Radio Show on HealthcareNOW Radio. I'm your host, Lisa Miller. Welcome to the show.

Today's guest is Pandush Mitre, and he's the senior healthcare analyst here at VIE Healthcare, and an analyst that I really always enjoy talking with because he's got such a unique perspective working with hospitals and working on projects and pulling everything together and seeing a different perspective. So welcome to the show, Pandush.

Pandush (01:19):

Thank you for having me, Lisa. I'm, you know, excited to have another episode on the books and kinda talk about some of the things that we're currently seeing.

Lisa (01:27):

Yes. And this is episode 40, so it's certainly a milestone. So I'm glad that you're here to share episode 40 with me.

So today we're going to be speaking about first quarter 2020 trends in supply chain and contracting. We're definitely seeing some unique opportunities, some trends, some challenges in the marketplace. And we thought, instead of waiting a few more months to talk about those things that we're seeing in the marketplace that we would dedicate a show to these trends and supply chain and contracting. So I'm gonna kick it off with one of the trends and really one of the challenges we're seeing and that's resource and staffing issues within hospitals. But it's not just with clinicians, it's not just nurses and physicians, it's also in supply chain and in different departments that have staffing and resource meets.

Just this past week we've heard from one of our clients that they were looking for international help for their lab employees as they can't fill positions here in the U.S. So this is causing departments and supply chain that have cost savings and financial budgets and strategic initiatives to be delayed or not fully optimized — which I think in most cases are worse because they are not getting the full value and people kind of think, you know, we've done that initiative, let's move on to the next. But what are you seeing? What are your thoughts on those staffing and resources issues, Pandush?

Pandush (02:54):

Yeah, I feel like we're seeing it everywhere and such a big issue because obviously navigating COVID and all the changes that are happening right now, even the war that's going on. When people leave an organization or they're not any longer with an organization, you're not just losing people, you're losing the experience, you know, that the organizations have. So bringing on new resources or trying to have new people come in, is a difficult task, cause even if you do bring 'em on, you're not really filling in some instances all of the necessary requirements that you need for the organization.

And one thing that I was working on was international nurse staffing. And that's just one example where it seems like there's a nurse shortage and you know, they're looking to identify quick and efficient ways to bring on new nurses to fill all these positions, but it's a timely process. It takes a lot of resources to really vet out the best way to do that. So it's definitely a challenge that we're seeing all over the place.

Lisa (03:46):

And that's a great point because it's the onboarding, it's, you know, maybe the culture or just getting somebody embedded into the organization that is going to take a primary position over strategic initiatives. And I also heard from one of our other analysts, Brian, who made an interesting comment last week is we see really loss issues, you know, he attributes and we've been able to pinpoint that sometimes that's due to travelers, you know, traveler nurses that maybe don't know the process correctly, and a lot of lines get thrown out. And, you know, you see the impact of resource challenges. I mean, they have second, third, fourth order consequences. So, you know, it's a good point that you bring up in terms of onboarding and those other issues. So we're seeing resource staffing issues beyond clinical areas.

And I think in addition to that, COVID has cost a lot of agreements, right? These vendor agreements, service agreements to be pushed out and now they need an extensive review. Hospitals, you know, are looking to pull in cost savings in different areas of the hospitals and taking what they can get. Sometimes even knowing that what they're getting is really not fully optimized, again, not getting the best deals or pricing, but they just need to get something into place. And I think one of the opportunities and trends we're seeing is these agreements have been pushed out because of COVID and now so many are coming due or they're having repercussions. So do you wanna speak a little bit on that COVID impact on agreements and renewals?

Pandush (05:27):

Yeah, absolutely. I think it's interesting to see the shift in agreements. We're seeing a lot more renewals coming through, and I think an example would be, you know, one of the hospitals we work with, they have an organization that provides, you know, cardiac rehab sessions and say in 2019, 2020, they had a reduction, let's just call it a 50% reduction in the rehab sessions.

So, you know, looking at utilization is so important because in 2020, 2021 later on, you know, as COVID progressed, you know, they had an increase in their

sessions by 50%. But when you look at the overall picture that 50% increase in 2020, 21 still shows that you're down about 25% from the initial impact from COVID and so important to bring in other people in the organizations to review and have those discussions to really understand what the next steps are, cause, you know, you have such a large impact up front. And while you think your utilizations are increasing, you have to look at the big picture from that perspective. So that was one example I wanted to point out cause I thought it was pretty powerful.

Lisa (06:29):

That's a very powerful example. Do you have any others or, I wanna make a comment about utilization analytics. I'm gonna jump to one of the other trends we're seeing. Did you have any other examples?

Pandush (06:39):

I think really the biggest thing with COVID is, you know, what we're seeing is you can't just look at agreements and try to benchmark, you know, right away. There's a number of aspects that you have to consider. That being said, you know, you have to talk to the people in the organization on multiple different levels and you have to look at utilization. I know that's gonna lead into kind of the some of the next things we're gonna talk about, but I just think that needs to be kept in mind as the conversation kind of progresses when you consider the impact from COVID and what it's had on the contracts, you know, moving forward.

Lisa (07:09):

Yeah, I absolutely agree. The biggest trend we're seeing is taking that historical 12-month view of utilization that's specific to your hospital, that's regardless whether it's PBIs or services, food services, like you mentioned, cardiac rehab sessions. Whatever it may be, could be physician agreements. It could be those outsourced anesthesia agreements or in the ED. There is such an opportunity and we're seeing this as a trend that the utilization analytics is really becoming a big driver for cost savings. It takes a lot more work. You know, you need 12 months, sometimes up to 24 months. Because of COVID we really wanna, you know, normalize some of those utilization numbers over the course of 24 months. But hospitals that really take that deep historical analytical view and create a spend baseline, they're getting far different results, far different views, far different talking points to clinicians and

physicians than they would by getting to report from their vendors or just looking at their agreement and just renegotiating whatever was on the prior agreement or just taking a few invoices and renegotiating on that.

And whether it's for value analysis or to have discussions with physicians or contract renegotiation, I think Pandush, you and I, and the team at VIE, we really depend on this 12 month, but we're even going back 24 months and putting together a comprehensive, what we call backs report a comprehensive benchmarking and cost savings report for our hospitals. And the feedback we get is there are things in the spend that they weren't aware of or they have greater spend in certain areas they thought they were just using a little bit. So what are your thoughts on... There's definitely a trend. For those hospitals who really wanna roll up their sleeves and get different results, what are your thoughts on that utilization analytics and the things that we're seeing in the marketplace?

Pandush (09:15):

Yeah, I agree completely. I think looking two years ago, compared to now there's a lot more of a deeper review that needs to be done, benchmarking as an example, it's not a one-time event, it's an ongoing event and a lot of questions typically need to be answered. You know, whether you're looking at supply items, which you can typically benchmark pretty quickly, but purchased services which is kind of the core of what we look at is, you know, you have to ask the questions you can't just benchmark directly. You have to get the contracts, you need to have the end-users involved in the approach in reviewing everything, but you can't just look at ports, you have to pull the invoices match 'em up to the contracts and ask those questions to really understand what's going on at historical 12 or 24 month view, and then also looking at different aspects of those agreements to make sure that you're really considering everything.

And you know, whether it's a GPO agreement or not, you need to take all of those things into consideration when you're doing those reviews. And to do that, you need utilization. So I think that's what we're seeing a lot more than we used to a couple years ago. And I think COVID has definitely attributed to some of that need in, in the market and healthcare to have those reviews done and, and how are they done properly and you know, how can people learn to do that in internally as well? So I think that's really important.

Lisa (10:30):

Yeah, the other part of this is, as we were talking about earlier too, it's this deeper review. It's not just price matching, it's service matching. It's what you call an all-inclusive approach. And it's really understanding rebates, other special promotions. Sometimes it's really tough because you know, there's a lot of bundling that's going on. But when we come back after a little break, I'd like you to talk a little bit more about this one area within benchmarking and purchased services benchmarking and how it's not a one-time event. And I think we're seeing the market shift and hospital supply chain professionals and department leaders are really drilling into the line-item details, the invoice line-item details and they're really making that shift away from, with a bigger broad approach. So I wanna hear more from you in a moment.

If you're just tuning in, you are listening to The Healthcare Leadership Experience Radio Show on Healthcare NOW Radio, and I'm Lisa Miller, your host.

Today, I'm joined with Pandush Mitre. He's a senior healthcare analyst here at VIE Healthcare. And we are talking about first quarter 2020 trends in supply chain and the financial improvement opportunities within hospitals.

This show was sponsored by VIE Healthcare Consulting, the leading healthcare advisory and analytics firm helping hospitals accelerate their cost savings and margin improvement goals. We've been helping hospitals since 1999. And you can learn more about VIE Healthcare @viehealthcare.com.

So Pandush, I'm going to give it back to you for a moment to talk about this need for benchmarking. Again, this is another trend that we're seeing in the marketplace. Now, hospitals, of course are benchmarking and they get benchmarking reports from their GPOs or different service providers, consultants, you know, RFPs. But one, I think big, big trend we're seeing and hearing from our clients is that a lot of the benchmarking doesn't always work or isn't accurate, particularly with companies that just benchmark and push out versus companies that benchmark and are helping hospitals negotiate so they know the different nuances.

So what we're seeing is hospitals are utilizing two or three different sources and they're doing this cross analysis and they really wanna get benchmarking right. And they, they are seeing that they probably need two or three different resources to get the benchmarking right. We hear a lot if they're just using one source that something's not off, they didn't capture this right or they can tell it was just kind of processed and run through some kind of algorithm versus, you know, somebody behind it seems thinking about it. So what are

your thoughts about what we're seeing in the marketplace in terms of benchmarking for pricing and vendor contracts?

Pandush (13:15):

Yeah. And that's absolutely right. I think we're seeing that a lot of our clients use multiple different, you know, providers and services to kind of cross match and see what the real opportunity is. And they're right to do that because benchmarking is, there's so many things to consider when you're doing it, whether it's doing the day-to-day work, to understand these contracts that need to be understood and are very complex, looking at the invoice line-item details, which is very difficult to do. And when you're looking at purchase orders, you're not getting that line-item detail level for purchased services. Then, you know, also matching those up to utilization reports that you're getting from the suppliers or vendors and tying that all together and really saying, you know, where's the opportunity as opposed to pulling in pricing from a benchmarking service and then saying, you know, there's the opportunity, but every contract is different.

And if you're not doing the work on a day-to-day basis, you're not gonna know if that's an accurate benchmark. So you have to compare it to something else to see if it's accurate or essentially from the feedback here from hospitals, that's part of the reason why they use different services is because when you compare across the board, you'll see where some of the gaps are and question those gaps and then really figure out where the opportunity is. And that's so important now with hospitals, with the pressures they're getting and, and looking to get a, the best opportunity they can when it comes to benchmarking, especially when it's such a time-consuming thing to do, they really need that expertise.

Lisa (14:38):

So it's interesting because people might be thinking, "Well, that seems like a waste of money. Why would I buy two or three different benchmarking solutions?" And I can give a personal example. We use different services here at VIE to run our own operations. And either in the beginning, when I'm looking to make a decision about those resources or services, or I have found that utilizing two similar services actually has given me a greater gain, and we've done that whether it's marketing or whether it's some other kind of insight database that we utilize for, you know, helping our hospitals with cost

reports or things like that. We may use two or three different sources and I've found it very valuable.

And I think it just speaks to the fact that when you've gotta make a decision and sometimes these hospitals are making multimillion dollar decisions, the cost or the investment for two or three different sources is probably a very wise one and there're wise probably a very short one as well. So for those of you thinking that seems like, you know, waste of money, I think it's an investment well spent because I think there's different strengths and different and benchmarking sources. And look, you may find that you don't need one, and what better way to make a decision than to trial and test and, and be able to use a source throughout a year and you yourself compare really what they're giving to what you're actually able to achieve.

Because that's truly the testament of a benchmarking services. Can we achieve this? Is this something that's gonna give us real results? So Pandush, I want to let you wrap up this podcast. I have a couple things to talk about at the end, but you had some specific trends that you're seeing in the marketplace too, in particular and I'm going to let you speak about those two trends that you're seeing in 2022.

Pandush (16:35):

Yeah, absolutely. I think one of the main trends that I'm seeing with a lot of hospitals and health systems is, you know, you hear it all the time inflation that's happening and putting pressure on these hospitals to make decisions and to increase their costs for their services. And the number one rebuttal that we hear very often — whether it's a renewal or a new contract that's being negotiated — is you have to include a CPI, you know, on your agreement and, you know, essentially increased costs. And it's such a deep topic, cuz there's so many things that go on. And one example, we were working with a hospital that was providing service coverage for, you know, bed services and and bed rentals and, you know, they were increasing costs and we had a discussion with them and you know, they listed out a number of things that were essentially reasoning behind why the costs were increasing, you know, 10 to 15%, which is for a large spend they had.

And you know, one of the reasons was logistics of obtaining parts increased from 10 to 500%. kind of stuck out because, you know, 10 to 500% is a very large range for cost increase. So, you know, I think the moral of that is you really need to ask for more details and get very specific on, you know, not only the pricing, but also the utilization, again, going back and understanding, well, if you're gonna be increasing cost, then you need to improve your process

internally with the hospitals on other areas and get creative on, should these costs be increasing, where is their opportunity to reduce your costs? And in this particular case, while they were looking to increase their costs, you know, doing a deeper dive into reviewing everything, turns out a lot of the surfaces and the beds they were servicing didn't have any service over the past 12 months.

So there's a good portion of the beds that weren't even being serviced. So why have those been overlooked? Can we take those off to reduce the actual costs? Things like that I think are, are so important, especially, you know, when it comes to inflation, like we understand that a lot of cases, it makes sense and it's reasonable that costs will have to increase over time, but you just wanna make sure that don't just let it happen for an unreasonable amount of time, especially when it comes to renewals that are constantly changing, you know, year over year. So I think that was one trend that I'm seeing essentially everywhere that we're discussing with hospitals and identifying the best way to try to prevent unreasonable increase in costs.

Lisa (18:51):

That's fantastic. Well said, Pandush. I know you had one more and we're gonna try to jam-pack this podcast with maybe two more after yours.

Pandush (19:01):

Yeah. I think one of the main things too, I think what I was just saying is having conversations with vendors and asking them, you know, and reviewing every single renewal and asking for opportunities, bring those opportunities because if you don't ask, you're not gonna find out whether the opportunities are so. I think at least 80% of the time we review renewals or contracts, there's always opportunity. So if you're not looking for those opportunities, you're not going to find them. So I think that's something I just wanted to add.

Lisa (19:27):

It's mindset, some of it's mindset-

Pandush (19:27):

Yeah.

Lisa (19:30):

Like we just did this and there's no way that we are gonna get anything out of this and let's just move on to something else. So I agree with you that's number one-

Pandush (19:37):

Yeah.

Lisa (19:37):

... totally mindset.

Pandush (19:38):

Yeah, absolutely. And a lot of times there's a fear of being confronted or someone saying no, you know, that you just really need to overcome and kind of just ask and have those conversations, which usually leads to a lot of opportunity. But what we're seeing a lot too is, is that our suppliers and vendors are, are kind of anticipating that hospitals are working with third parties or consulting groups to review services. And I think one of the examples that I wanted to bring up was we were working with a vendor providing long-term care pharmacy services on dispensing, you know, brand and generic pharmaceuticals for patients. And we had done the review with the hospital internally and then the hospital had reached out to the pharmacy and you know, said we needed some information, you know, we're working with this organization to help us do this review.

And they came back pretty quickly with a new proposal and showed, you know, over a \$200,000 cost-savings opportunity. And it was so interesting because this proposal was expected to renew in six months, which is why we were essentially reviewing it. So the hospital only had, you know, two or three months to really review everything and make a decision on what they wanted to do. And now the provider, the pharmacy is coming back and saying, "Well, here's the opportunity we want to renew, you know, six months prior to the actual renewal date so you can get the call savings opportunity."

And from our perspective, this is something that never happens. You know, if, if we hadn't reviewed everything discussed with the hospital, they hadn't reached out, most likely you wouldn't see the pharmacy come to the hospital, you know, six months in advance and ask to renew sooner with a significant

cost-savings opportunity. I think that one, vendors are very aware that hospitals are working these consulting groups and they're anticipating it. And two, I think that's a good thing because these things need to be reviewed consistently, and making the vendors aware, kind of allows them to have the utilization reports or have the information that's required to do these reviews more efficiently and quickly for the hospitals so that they can identify those opportunities.

Lisa (21:41):

Yeah, it's a great point. And it is a trend we're seeing that while vendors over the years have of known about us or other companies in, or we're explaining what our work is, we are seeing that there really is this point that the vendors know that hospitals are needing the resources and the additional sourcing and analytical support. And it's interesting on that point you made, we talk a lot about having midterm renewals, but in this case it's six months before, so it's not midterm it's, you know, it's near end term. But think about the difference between saving \$200,000, six months in advance, versus it going past six months of a lot of times hospitals like, "Oh, we're just gonna do a six-month extension. We'll do in a six-month extension." And in those extensions essentially are loss cost saving opportunities versus a hospital that gets the savings six months before.

And that's our point, like there's just so much opportunities. And if you need additional resources or analytical support, it's a wise investment. If that resource can accelerate, can get these projects done even before expectation. And before we go, this points to one of my big trends that's interesting. I've been seeing more and more. I've seen it over 22, 23 years to some, to some degree, but in the last three years, and particularly this last year, it's growing and it's, you know, supply chain professionals really wanting coaching.

And that coaching could be in a number of different ways. You know, we support many hospitals in coaching towards negotiation strategies or analytical approaches, you know, how to have a strategic roadmap for their initiatives, how to look at a complex initiative. And we hear from supply chain professionals that it's great to have a coach, a coach to say, "Okay, you know, should I be speaking to the department? Or I'm unsure about that analysis," or whatever the case may be. It just could be talking through planning.

So I wanted to mention that last point. We're really ready to wrap up, but you know, if anybody wants to learn more about, you know, those kind of approaches and how we can support your cost savings initiative, or even just everybody needs a coach, right? You know, executive coaching and you know,

for me, I've used coaches throughout the year and we're just seeing a very receptive or wanting to have these kind of relationships where it's more than benchmarking. It's really that professional development.

So Pandush, thank you for being on episode 40 and being here on The Healthcare Leadership Experience Radio Show. It was a great conversation. Could have lasted another hour.

Pandush (24:23):

Yeah. Thank you so much for having me.

Lisa (24:25):

Thank you for listening to The Healthcare Leadership Experience Radio Show on HealthcareNOW Radio, and I'm Lisa Miller, your host. Please join Healthcare NOW Radio every day at 5:00 AM, 1:00 PM and 9:00 PM Eastern and on other podcast apps like Apple and Spotify.

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Speaker 1 (24:50):

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THE **HEALTHCARE**
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Join us next week for another episode of The Healthcare Leadership Experience Radio Show.

Leah (25:45):

Hi, this is Leah. You are listening to my mom's podcast, The Healthcare Leadership Experience.

Fernando (25:52):

Hi, this is Fernando. If you'd like to speak with my mom, just email her.

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MEET LISA MILLER



It's important for hospitals to have a clearly defined cost savings strategy with purchased services as a component to that strategy. We provide our clients with a focused roadmap to achieve those savings through our expertise since 1999

Lisa Miller launched VIE Healthcare Consulting in 1999 to provide leading-edge financial and operational consulting for hospitals, healthcare institutions, and all providers of patient care.

She has become a recognized leader in healthcare operational performance improvement, and with her team has generated more than \$720 million in financial improvements for VIE Healthcare's clients.

Lisa is a trusted advisor to hospital leaders on operational strategies within margin improvement, process improvements, technology/ telehealth, the patient experience, and growth opportunities.

Her innovative projects include VIE Healthcare's EXCITE! Program, a performance improvement workshop that captures employee ideas and translates them into profit improvement initiatives, and Patient Journey Mapping[®], an effective qualitative approach for visualizing patient experience to achieve clinical, operating, and financial improvements.

Lisa has developed patented technology for healthcare financial improvement within purchased services; in addition to a technology that increases patient satisfaction through front line insights.

Lisa received a BS degree in Business Administration from Eastern University in Pennsylvania and a Masters in Healthcare Administration from Seton Hall University in New Jersey.

She is a member of the National Honor Society for Healthcare Administration – Upsilon Phi Delta. Her book *The Entrepreneurial Hospital* is being published by Taylor Francis.

MEET PANDUSH MITRE

Healthcare Margin Improvement Expert, Senior Business Analyst

Pandush brings a depth of business acumen and analytical expertise to VIE Healthcare®, coupled with an ability to manipulate data to provide actionable information for its clients. He is skilled in creating efficiency in healthcare systems by reducing their reliance on manual processes.



Since joining VIE Healthcare® in August 2016, Pandush has played an integral role in the development of its automated, patented technology, Invoice ROI™. He has helped to deliver significant cost savings to hospital purchased services through this guaranteed margin improvement expertise.

In one instance, invoicing errors extending over two years were identified in a client's diagnostic laboratory services, resulting in thousands of dollars in credits each month.

Pandush is committed to empowering hospitals and healthcare systems to develop strategies to implement these cost savings.

He previously held a number of demanding positions in the financial services sector requiring adaptability and versatility. While working at Fidelity Investments, he was recognized for his work in reconciling millions of dollars in alternative investments through persistent work in Excel.

These transferable skills enable Pandush to obtain invaluable insights into purchased services spend for the clients of VIE Healthcare®.

Pandush graduated with his MBA from Western Governors University and got his undergraduate degree in finance and economics from Monmouth University.

He possesses specific skills in coding language (M) for Power BI Data Modelling and an in-depth knowledge of data manipulation and advanced Excel and Microsoft Office programs.