



The Future of Healthcare

How better supply chain management leads to savings for hospitals

In 2019, U.S. HEALTHCARE SPENDING REACHED

\$3.8 TRILLION

HOSPITAL EXPENDITURES ACCOUNTED FOR ONE-THIRD OF TOTAL SPENDING

From 2020-2027, hospital spending will increase by 5.7% each year



Yet 1 IN 5 HOSPITALS ARE LIKELY TO CLOSE DUE TO FINANCES



HOSPITALS and The Growing Cost Of Healthcare

The U.S. spends more on healthcare than any other nation* BUT most hospitals see minimal profit margins from patient care

PROFIT MARGINS



Large, nonprofit hospitals

For-profit hospitals

revenues for nonprofit hospitals grew more slowly than expenses



Why Are Hospitals STRUGGLING?

MEDICARE and MEDICAID

In 2019, hospitals saw higher use due to Medicaid expansion

By 2027, as Baby Boomers age into Medicare coverage, government programs will pay 47% of nationwide healthcare costs

241%

41%

But, Medicare reimbursement rates are just 41% of private insurance rates - That's often less than the cost of care

Private insurance reimbursement rates

Medicare reimbursement rates

TIGHT JOB MARKET

By 2025, 2.3 MILLION NEW HEALTHCARE WORKERS - including nurses, lab techs, physicians, and surgeons

But, there aren't enough new graduates to fill these roles



Hospitals are already offering big bonuses, free housing, and other perks to try to recruit more talent

EMERGING TECHNOLOGIES



Specialty drugs and implementing new technologies are costly



Hospitals need budget surpluses to pay for research and development and to improve patient care

More than half of hospital executives say better supply chain management could grow their profit margins by up to 3%

"Healthcare is not based on supply and demand. It can't be 'stocked' like it's a traditional product"



Mike Rip, President of the American Hospital Association

Supply Chain Management DRIVING EFFICIENCY IN HOSPITAL CARE

waste amounts to 20% of total healthcare spending



Nearly all hospital executives say supply chain is an investment priority

3 in 4 doctors and nurses think seamless supply chain operation is critical

Adopting supply chain efficiencies from other industries could save healthcare sector up to

\$130 BILLION

Hospitals could safely reduce supply expenses by nearly 18% - without negatively impacting quality of care

That's \$11 MILLION in annual cost savings for each hospital

Savings that could be used to:



How Hospitals Can REDUCE WASTE

REDUCE INVENTORY



ELIMINATED EXCESS STOCK of supplies and expired inventory

STREAMLINED ordering and inventory management

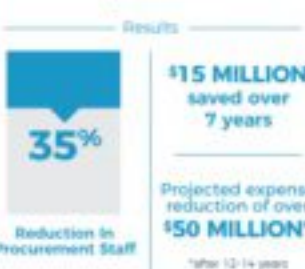


CENTRALIZE SUPPLY DEPARTMENT



COMBINED PURCHASING for 4 individual campuses

INTEGRATED ORDERING to allow for high-volume discounts



OPTIMIZE WITH IT



USES AI to track and maintain the nation's blood supply

REDUCED wasted expired stock and supply shortages



93%

In 2018, healthcare organizations managed 8.41 MILLION gigabytes of data

of healthcare executives are looking for a better approach to data analytics

The Future Of Hospitals: DATA-BASED DECISION MAKING

"Big data" could save the U.S. healthcare industry UP TO \$450 BILLION ANNUALLY

- Analyzing patient data to improve outcomes
- Using operational data to boost productivity
- Improving revenue and profit margins
- Eliminating waste, fraud, and abuse

Overlooked Opportunities FOR COST REDUCTION

DATA ENTRY: 20%

Nearly 20% of doctors' and nurses' time is spent managing supplies

AUTOMATION: 78%

78% of hospitals still manually count inventory - just 17% monitor inventory with real-time RFID tracking

PURCHASED SERVICES: 30%

Up to 30% of hospital purchases don't match contract pricing

Invoice ROI™

- Automatically reconciles service invoices and contracts
- Finds pricing errors and off-contract spending
- Provides benchmarks for pricing outsourced services

Hospitals can save money, time, and themselves with supply chain management



VIE-HealthCare.com



Source:
1. www.healthcare.com/research
2. www.viehealthcare.com
3. www.healthcare.com/research
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