

BC Health Authority Shared Services Organization

Province-wide Shared Services. Better Value

Supply Chain Services: Contract Management

Who we are and what we do:

The BC Health Authority Shared Services Organization (SSO) is now accountable for the provision of Supply Chain Services to all of BC's health authorities. This means that SSO manages all contracts for health authority goods, supplies, equipment and services. To guide and focus our work, SSO has developed an integrated contract management plan (ICMP) that identifies opportunities for combining individual health authority requirements into province-wide contracts.

The ICMP supports SSO's goals of:

- Enhanced value for the health care system through increased process efficiency, standardization, capital avoidance and leveraging of buying power
- Enhanced service quality through delivery of customer-focused services
- Improved alignment and integration across health authorities

Within the ICMP, SSO will use three contracting strategies to achieve these goals. Market conditions, and the status of existing contracts, determine which approach is selected for each product grouping (category).

- Price Normalization addresses disparities in the prices charged to different health authorities for the same products by the same suppliers by establishing a single provincial contract. The new contract moves all health authorities to the lowest price available and aligns contract expiry dates.
- National contracts developed by HealthPRO, SSO's group purchasing organization, will be used for general use products when a product category has a stable market and leveraging national buying power provides price savings. This approach may require some product standardization.
- Strategic sourcing is used for categories that have high market volatility, are specific to a practice or treatment or may provide significant opportunity for efficiencies. This method is the most complex, involves product standardization and typically delivers the most significant gains with savings in the range of 15 to 20 percent.

The Strategic Sourcing Approach

Strategic sourcing considers the needs of the users and current conditions in the marketplace. For example, a category with changing technology may call for a shorter contract period. To ensure a specialized marketplace remains competitive in the long run, we may use sourcing strategies such as multiple vendor awards or leap-frogging (where some Health Authorities contract now and others contract in an alternate contracting cycle).

Depending on the category, a single award may not always be in the best interests of our clinical clients or the long-term competitiveness of the marketplace. Some categories, such as Batteries, Elevator Maintenance, or Stationery would be best made as single awards and drive best value without permanently affecting the marketplace. Other categories, such as Hips, Pacemakers and Diagnostic Imaging equipment, require strategies that do not drive competitors out of the marketplace.

Product standardization is a critical element of Strategic Sourcing as it ensures that clinical requirements are met while eliminating redundancies and duplication. In addition it allows for the leveraging of our provincial buying power.

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Standardized Product Catalogues

Currently the product catalogues within BC's health authorities are diverse with a variety of products from a variety of suppliers. Product standardization is an evidence-based process that engages clinical practitioners in reducing the number of products and systems that are used to support the delivery of care. Standardization reduces complexity and variance which provides opportunities to reduce supply costs and improve the overall effectiveness of the system. This improves the efficacy and the efficiency of service delivery and results in significant savings that SSO can redistribute to the health authorities.

It is important to note that even highly standardized product catalogues will still include products to satisfy specific clinical needs, research, and equipment and supply compatibility.

Clinical Input

SSO's approach to clinical engagement ensures physicians have meaningful input into the selection of, and contracting for, supplies and equipment they use as part of their clinical activities. Clinician involvement is also essential in choosing the appropriate products for standardized use in BC's health authorities. More information about the SSO's engagement principles and approach can be found in our *Physician Engagement Information Sheet* (see below).

Policy, Legislation and Ethics

As a public procurement organization, SSO has the ability to concentrate market share and create lasting impact on the competitive environment. Rules, guidelines, laws, policy and ethical standards are imposed on the SSO Supply Chain from many different sources including government, the health authorities, the SSO Board and established provincial procurement and contract law. Expectations from the general public, government, vendors and our clients ensure that SSO Supply Chain is held to these standards.

Policies cover *Fair and Competitive Tendering*, *Evaluation Criteria*, and the *Treatment of Value Adds*. Interprovincial Trade Laws and agreements such as the *Agreement on Internal Trade* and the *Trade, Investment and Labour Mobility Agreement* also apply.

For more information:

If you would like additional information on our specific activities, please see the following information sheets which are available from our website at www.bchealthsso.ca.

[BC Health Authority Shared Services Organization – General Information: Supply Chain Services](#)

[BC Health Authority Shared Services Organization – Physician Engagement](#)

[BC Health Authority Shared Services Organization – A Guide to Value Adds](#)

Or contact us at: SupplyChain@bchealthsso.ca