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Ministry of Health Services

HEALTH AUTHORITIES SAVE \$57.5M THROUGH SHARED SERVICES

VICTORIA – New contracts to provide all health authorities with cardiac supplies such as heart pacemakers and defibrillators and home oxygen services will save the health system \$57.5 million, announced Health Services Minister Kevin Falcon.

The savings were achieved in the first two procurement processes undertaken by the province's new B.C. Health Authority Shared Services Organization (SSO). SSO combines the buying power of the province's six health authorities by amalgamating several purchasing processes into contracts with larger volumes of standardized products.

“At a time when we are working to make our health care dollars stretch farther to balance health authority budgets and preserve the priority health care services patients depend on, innovation in purchasing plays a critical role,” said Falcon. “The magnitude of the savings realized demonstrates the tremendous potential to reinvest savings from supply chain services into direct patient care.”

The contract for cardiac supplies will save \$45 million over the next five years and home oxygen services will save \$12.5 million over the next five years, representing 38 per cent of the more than \$150 million savings first identified in a business case announced in December 2008.

The contract for cardiac rhythm disease management implants, consumables and accessories (products that comprise the full range of adult and pediatric implantable cardiac pacemakers and anti-arrhythmia devices, leads and accessories) will generate \$9 million annually for five years. The home oxygen process covers services for home and portable supplemental oxygen which allows patients – particularly those with chronic obstructive pulmonary disease - to increase daily activities and slow the deterioration of their condition. The SSO arrangement for this therapy will save the system \$2.5 million annually for five years.

The SSO assumed accountability for supply chain services for all six health authorities in February, 2009. Key to its business approach is increased process efficiency, standardization, capital avoidance and combining the buying power of its members

“We currently have several procurement processes underway and we are confident that SSO will deliver on its mandate of creating enhanced value for the health care system”, said Lynda Cranston, chair of the SSO board and president and CEO of the Provincial Health Services Authority. “The fact that the very first processes undertaken by this new organization will achieve more than a third of the projected savings is extremely encouraging. We certainly look forward to sharing more successes in the coming months as additional contracts are released.”

An integral part of the CRDM procurement was SSO's clinical evaluation process that included cardiologist and cardiac surgeon representation from across the province.

“We were satisfied that the SSO staff recognized the importance of clinical appropriateness and the need to ensure a balance between achieving optimal pricing and maintaining a competitive provider market,” said cardiologist Dr. Charles Kerr, chair of the Provincial Advisory Panel on Cardiac Health. “We were pleased with SSO's understanding of the requirements for cardiac rhythm disease management across the province and the opportunity for physician input into the process. The savings from this provincial procurement will be used to address other pressing cardiac patient needs.”

The SSO is working on processes in other non-clinical services confirmed to have savings including purchasing, warehousing and distribution.

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