



Carolyn Merucci-Anderson (right) of NexCare Health Systems talks with a resident.

Nursing Provider Drives Down Medical Supply Spending with Information and Support from Its Healthcare Distributor

Michigan chain of 17 nursing homes depends on distributor to identify opportunities to reduce inventory and save money

“Because I know my distributor is looking out for me on supply chain management, I can spend more time producing revenue instead of managing costs.”

Our distributor helps us spend less on medical supplies.

You wouldn't think that a company that makes money by selling us products would want to help us reduce our spending, but they do that all the time.

Our distributor produces reports for us so we understand and track our product usage — one report for each building, and an aggregate for all our facilities. The reports show us our large cost centers in descending order from highest cost down, so we can focus on big opportunities.

Our distributor uses these reports to identify cost-saving opportunities for us, such as seeing that Facility A uses

a particular brand of gloves but if they switched to this other brand we could save this much.

I am very comfortable in knowing that our distributor is going to come forward and say, “These are the areas where you are wasting money.” And it happens on a quarterly basis. They tell us which buildings are using too many of a product, bedpans for instance, compared to other ones.

Our distributor makes sure we aren't wasting money on excess inventory.

Another service they provide is identifying when we are carrying too little or too much inventory. In one building we were able to reduce the

supply cost per patient day by \$1.09 just by adjusting stock levels. Our average nursing supply budget per patient is only about \$5.25 so a dollar extra put them far above budget.

There were supplies being purchased that weren't necessary and were just sitting on the shelves, others were the wrong sizes, some of the stock was just disorganized, and inventories weren't accurate. Our distributor helped us fix all this and brought our costs way down.

Our distributor understands our issues and challenges.

Long term care providers have big challenges keeping us awake at night: the survey process, the changes in Medicare reimbursement, health reform. My distributor keeps up on those things. They are aware of the regulatory changes we are facing, the financial pressures we are facing, and they use that knowledge to help us.

Last year, we were facing Medicare cuts and they helped us find ways to save money and face those cuts. For example, they came up with ideas for changing the tube feeding syringes we used for enteral feeding – just changing from a canister to a bag produced big savings per patient per day.

They help us maintain high quality ratings.

We work hard to make sure our patients get the best possible care, but frankly, the survey process is quite punitive and we struggle to stay on top of all the things surveyors are focusing on at any given time. Because our distributor goes into so many different nursing homes, they can help us identify trends that are coming our way. For instance, surveyors recently began inspecting to see if glucose meters were being disinfected between each use. Before, the procedure was to disinfect them once a day, because we don't make direct contact between the patient and the meter. But surveyors said it was a risk, and our distributor was the first to bring this to our attention. Thanks to their information, we were able to change the procedure before we got cited.

We couldn't get the services we need if we bought directly from manufacturers.

We used to buy some products directly from manufacturers. We

didn't get any of the same back-up with it, didn't get the training and information. That information and support I get from my distributor means that I don't have to spend time wondering if we are using the best products.

I also don't have to work about running out of products when a manufacturer is on back order. My distributor makes sure I have what I need no matter what it takes. One night, I was at one of our facilities and we needed an ostomy item. We didn't have it; the pharmacy didn't have it. So I called the distributor's CEO on her cell at 7 pm on a Friday night. She said she didn't have it but that she would find it. It was drop shipped and we received it the next morning.

Another time there was a major blackout and I was worried that our facilities wouldn't have the products they needed. I went to the

distributor's warehouse to work out a plan. When I got there, I found out that the distributor's sales manager had already contacted all of our facilities, knew what our needs were, and was already delivering the products we needed. It was dark but the doors were open in the warehouse and everyone was working.

Distribution saves staff time that is better spent on other activities.

Materials management is just one small part of my job. I'm also responsible for contracting with third-party payers, and I am the company's reimbursement expert. Because I know my distributor is looking out for me on supply chain management, I can spend more time producing revenue instead of managing costs.

Carolyn Merucci-Anderson is Director of Community Services with NexCare Health Systems. She has been with the organization since its inception in 1999.

ABOUT NEXCARE

NexCare Health Systems is an innovative healthcare management company providing quality services for skilled nursing and rehabilitation centers throughout central and south lower Michigan.

Number of skilled nursing facilities: 17

Total beds: Nearly 2000 beds

Geography served: Central and south lower Michigan