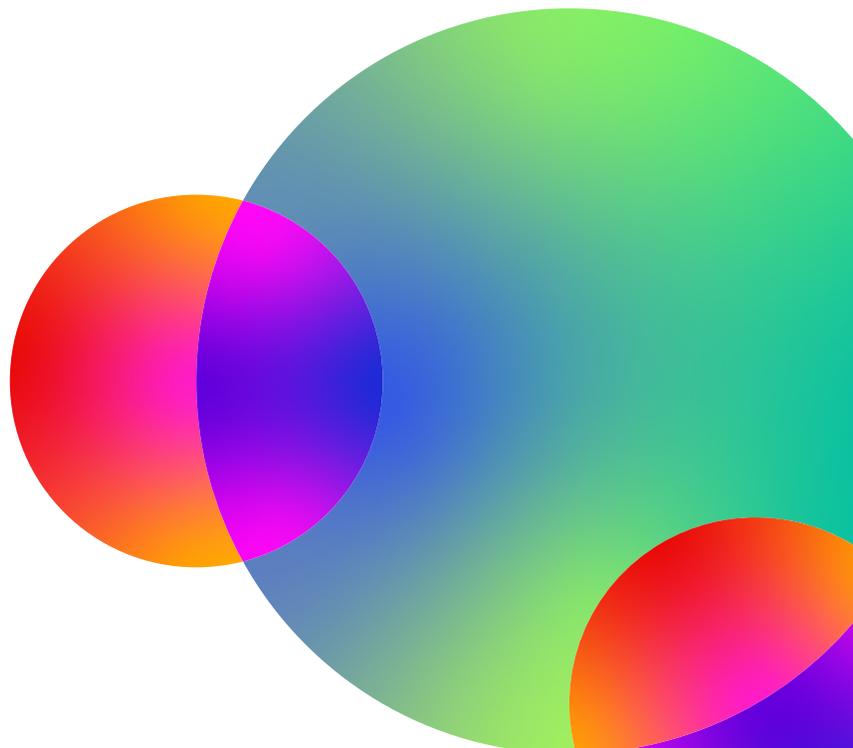


# Hospital Value Analysis Toolkit

Launch and optimize a hospital value  
analysis program in 45 days or fewer



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Healthcare value analysis contributes to optimal patient outcomes through an evidenced-based systematic approach to review healthcare products or categories, equipment, technology and services. Using recognized best practices, and in collaboration with organizational resources, value analysis evaluates appropriate utilization, clinical efficacy, and safety issues for the greatest financial value.

Association of Healthcare Value Analysis Professionals

# WEEK 1

- Conduct a current-state review of your value analysis program
- Assess your value analysis maturity
- Identify current pain points



# Conduct a Current-State Review of Your Value Analysis Program

## Understand and document your current processes

Whether you are building a value analysis infrastructure from the ground up or strengthening an existing program, developing a thorough understanding of your existing processes is fundamental to your program's growth. Just like any initiative, the key to success is taking the time and resources to document where you currently are. A current-state analysis is necessary when beginning the process of improving or optimizing new product management. By conducting a robust analysis, you can ultimately focus the entire value analysis and supply chain teams around the same critical goals.

The underlying priority of a successful analysis is to ensure that you have the visibility you need to optimize the right processes by introducing the correct mechanisms.

Teams typically revamp their processes to:

- Reduce risks
- Increase fiscal responsibility
- Enhance physician engagement
- Improve cross-functional collaboration
- Adapt processes following mergers or acquisitions
- Prepare for the loss of key personnel due to retirement or attrition
- Ensure compliance with regulatory requirements
- Democratize data across the organization

# Conduct a current-state review

By following the checklist below, you'll be able to ensure that you have factored in all of the mechanisms that underlie your current product introduction process.

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An ideal process to use to conduct your analysis of value-based care includes:

- Noting the current goals you have for a product and category review
- Making a list of everyone who touches the review and approval chain for the product review, including clinician roles. Focus on their titles and roles.
- Noting what the current staffing landscape looks like surrounding supply chain and value analysis. What resources are currently in use or at your disposal? What gaps exist? What roles may be missing or needed based on the current staffing landscape and goals?
- Conducting interviews of the individuals you identified to learn how they understand their role in the process
- Sending out surveys or questionnaires to key stakeholders assessing what they think about current processes
- Conducting direct observations of your team as they request and review products
- Making a note of the level and quality of cultural alignment across the organization
- Creating a continuum and identifying the current request-to-approval timeline. Note whether the timeline remains consistent or is highly irregular.
- Plotting everyone on the continuum in terms of timing and point of entry to the product review process
- Documenting gaps, bottlenecks, process inefficiencies, missing information, and any friction between stakeholders that you identified
- Assessing the current relationship with leader and their level of buy-in to supply chain optimization
- Reviewing supply chain spend, instances of contract noncompliance, and products in use without first going through a review process
- Reviewing the current relationship between supply chain and strategic sourcing practices
- Identifying current contract arrangements (e.g., outcomes-based contracting)
- Hosting meetings to review and share your findings with key stakeholders both to confirm a collective understanding of the current state as well as to bring awareness to the inefficiencies identified

# Assess Your Value Analysis Maturity

## Benchmark the state of your value analysis program

Once you have a comprehensive view of your current process, the next step in developing a mature value analysis process prioritizing people, processes, data, and technology is assessing where your program currently stands on a maturity scale.

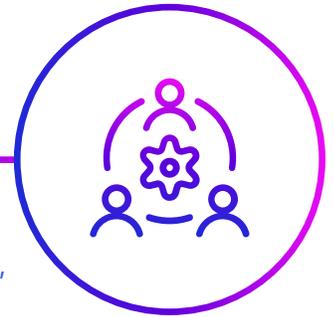
Reference the value analysis maturity model below to understand the state of your current system and clarify where you should focus your energies in the coming weeks.



[Learn More](#)

# Identify current pain points

## Workflow & Operations



Once the current-state analysis and benchmarking assessments have been conducted, reference this thematic list of common pain points, underlying challenges, and improvement areas to help drive awareness and opportunities for growth.

### **Pain points**

- Not having a real “why” behind a product request
- Lack of physician engagement and satisfaction throughout the process
- Lack of oversight and organization surrounding the new product request process
- Missing transparency throughout the new product request process
- Unorganized new product requests
- Valuable time spent on busywork and single data points rather than evaluation
- Lack of consensus surrounding product decisions with poor cultural alignment
- Misalignment between multi-facility health systems
- Lack of ability to customize needs
- Lengthy product approval process
- Lack of understanding post-approval

### **Underlying challenges**

- Lack of established engagement with the physician requester
  - Physician does not share rationale
  - Physician is not part of the review process
- Finding practical ways for physicians to be a part of the value analysis and new product request process
- Culture emphasizes a single physician product champion rather than system-wide clinical process champions
- Weak operations and governance structures
- Stuck in manual processes
- Siloed decision-making
- Lack of standardized processes and connectivity throughout the network
- Workflow and supporting data lack centralization, transparency, and democratization
- Inflexible workflow
- Missing data during implementation

## Development potential

- Have requestors provide clinical, operational, and financial reasoning alongside a product request as a standard process
- Transform processes with the physician in mind, including mobile-friendly solutions and product request tracking to keep physicians in-the-know
- Pivot towards a physician leadership model within value analysis, with standing clinical leaders to transform culture throughout the network
- Prioritize system-wide transparency and centralization through a standard process established cross-functionally
- Establish teams and committees and prioritize collaboration tools for consensus
- Invest in establishing process buy-in and digital transformation to centralize new product requests
- Establish a single point of entry for new product requests and supporting data
- Centralize and automate product management processes, including post-approval activities, such as item number creation, into the new product management workflow for post-approval continuity
- Invest in comprehensive solutions that integrate data rather than incompatible point solutions or manual processes
- Establish a workflow or process wish list and compare solutions based on needs

# Identify current pain points

## Clinical



### Pain points

- Lack of ample time to gather and digest evidence
- Lost trust with physicians due to limited clinical evidence in support of product decisions
- Approval of a dangerous product
- Incomplete due diligence as critical clinical data points slip through the cracks
- Poor patient outcomes

### Underlying challenges

- Limited internal resources to optimize manual data gathering
  - On average, value analysis spends 6-8 hours gathering clinical research for each product request
- VA team lacks access to objective, non-vendor clinical data in aggregate
- Core value analysis evaluation functions are deprioritized due to time-intensive research outside the core area of expertise
- Difficult to consider the full clinical picture while navigating incomplete product profiles provided by suppliers

### Development potential

- Invest in a clinical evidence resource that is updated in real time and accessible to stakeholders via cloud capabilities for data democratization
- Leverage a resource that aggregates clinical data and indicates the Level of evidence for each study, whether it is sponsored, how many studies were conducted, whether the conclusion was positive, negative, or inconclusive, etc.
- Conserve FTE resources through leveraging on-demand research requests for expedient clinical advocacy
- Ensure clinical evidence is centralized with summaries and is easily accessible to all relevant stakeholders
- Engage physicians through leveraging their clinical expertise to promote clinical outcomes

# Identify current pain points

## Safety



### Pain points

- Safety liability
  - Risk of recalls entering system
  - Challenge to maintain patient safety without adverse event knowledge
- Poor implementation understanding and metrics

### Underlying challenges

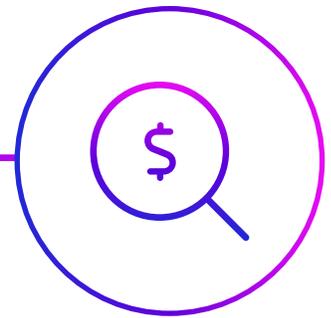
- Lack of aggregated safety information
- Lack of safety alerts and ongoing safety understanding
- Lack of physician feedback

### Development potential

- Understand aggregated U.S. Food and Drug Administration (FDA) recalls and Manufacturer and User Facility Device Experience (MAUDE) adverse events through a historical vantage point
- Maintain ongoing safety understanding through real-time, automatic safety alert updates for key stakeholders
- Conduct internal product trials, track conversions, and leverage clinical expertise for information beyond initial cost

# Identify current pain points

## Financial



### Pain points

- Rising new product costs
- Increased internal budget pressure
- Opaque pricing internally across facilities as well as from vendors
- Maintaining rapport with physicians while achieving cost savings
- Approving products with comparable functionality
- Increasing long-term costs

### Underlying challenges

- Approving a more expensive product than currently in use
- Rising product costs from suppliers with decreases in reimbursement
- Lack of system-wide pricing transparency
- Lack of data and communication, eroding trust
- Lack of product standardization, strong contracts, and bulk-buy opportunities
- Absence of financial projections and reviews considering holistic data

### Development potential

- Identify on-contract spend
- Track financial implications in aggregate
- Review projected savings
- Detect price variance within system
- Standardize supplies across the organization
- Establish PO data alignment
- Compare alternatives
- Take advantage of bulk-buy opportunities through product standardization
- Look beyond the upfront cost in favor of a total value picture including potential outcome implications such as impact to length of stay, new training requirements, etc.

## WEEK 2

- Perform a policy assessment
- Ensure processes enable physician engagement
- Gain hospital executive buy-in



# Perform a Policy Assessment

## Review and select policy options

Value analysis committees come in all stripes. But, they all have one thing in common: namely, they all have a policy that sets up the governance structure of the value analysis committees and helps guide the committee's work.

When standing up or developing a value analysis committee, selecting the governance structure and implementing a policy is one of the most essential steps in the process. You'll want to review sample policies as well as highlight the priorities you've developed on your end. Here are the key recommended sections for the development of your internal value analysis policy:

- Title of Committee/Committees
- Purpose of Committee
- Definitions
- Confidentiality
- Structure of Committee (centralized, decentralized, hospital-based, or system-based)
- Membership of Committee
- Schedule of Meetings
- Duties and Responsibilities
- New Product Request Process
- Product Approval Process and Inputs
- Financial Impact and Contract Analysis
- Deviations and Emergency One-time Use Policies
- Appeals Process
- Guidelines for Performance of Duties
- Reporting Structure
- KPIs and Metrics
- Ongoing Initiatives or Mandates

After reflecting on existing processes, start making a list of current gaps in your policy. Value analysis requires institutions to carefully and efficiently evaluate medical products while considering multiple (sometimes competing) priorities. As a result, it is essential for value analysis teams to help institute cultural change to encourage collective goals. Selected products must be clinically effective, economically efficient for the healthcare organization, and meet patient safety objectives and physician needs.

With an operating agreement and governance policy in place, value analysis committees can thread the needle and serve all relevant stakeholders with a transparent and accountable process that puts patients first.

When building and reviewing policies, consider your current state analysis in week one. Existing processes and needs will help inform an effective policy for your organization. This might also serve as an excellent opportunity to consider where current risk assessments and models might apply to policy and policy evolution. Keep in mind that your policy may need to be revised based upon review and discovery throughout the initial growth period.

Clinical integration in healthcare supply chain is an interdisciplinary partnership to deliver patient care with the highest value (high quality, best outcomes, and minimal waste at the lowest cost of care) that is achieved through assimilation and coordination of clinical and supply chain knowledge, data, and leadership toward care across the continuum that is safe, timely, evidence-based, efficient, equitable, and patient-focused.

Association of Healthcare Value Analysis Professionals

# Ensure Processes Enable Physician Engagement

## Collaborate with physicians in value analysis

Mature value analysis programs are built on strong stakeholder engagement. While value analysis teams work closely with a diverse group of clinical and non-clinical stakeholders, engaging physicians in the new product selection and management process can be one of the most challenging priorities to navigate. Yet, while increasing physician engagement can be a challenge, it is crucial to achieving a clinically integrated supply chain. According to Bain & Company, more than 70% of physicians prefer fee-for-service purchasing models due to the complexity of care associated with value-based models. As a result, physicians struggle with value-based healthcare as supply chain and hospital executives grapple with engaging clinicians effectively.

The role of physician engagement has been top-of-mind for value analysis teams as sourcing crises have accelerated the need for cross-functional collaboration. However, the scope of physician involvement has frequently been limited to a single physician champion during a product review rather than an integrated clinical approach. There are a number of reasons for this reality, ranging from decision-making centralization and siloed data to inconvenient collaboration methods surrounding time-burdened stakeholders. In addition to logistical challenges, a culture of maintaining the status quo has blocked progress within clinical transformation efforts.

Despite its challenges, physician engagement is essential for achieving a clinically integrated supply chain, responding to value-based care, and elevating patient outcomes.

Today, the difference that sets mature value analysis programs apart is largely their ability to encourage cultural change, engage physicians early in the process, and reframe the physician leadership model. By rethinking the flow of data within the supplier, value analysis, and clinical ecosystem, physician leadership has the ability to enable cross-functional collaboration and cooperation. This is particularly critical in times of crisis or supply chain stress, when the relationship between value analysis teams and physicians can either be strained or strengthened depending on the partnerships and norms established beforehand.

Still, while the value physician engagement affords has earned a general consensus within the healthcare community, finding practical ways to increase involvement can remain a challenge. For most systems, processes and culture are the largest barriers to success. While some organizations believe that physicians lack interest in the process, the larger culture surrounding clinical integration and transformation is indicative of the level of physician engagement experienced. Below are a few ways hospitals can build an infrastructure that engages physicians in the value analysis process.

## Standardize processes

One of the most significant challenges to successful physician engagement is a lack of clarity surrounding the process behind new product requests and evaluation. Physicians are some of the most time-burdened stakeholders and need consistent processes to increase engagement. Successful systems involve physicians from the start by having a centralized process for new product requests. Ideally, a cloud-based process should replace a paper or email-based practice to maintain process integrity and transparency.

## Keep processes transparent

When physicians make new product requests, they have a personal connection to their care and therefore take product decisions seriously. In order to increase trust, making the evaluation process as transparent as possible is crucial. Successful teams are transparent about the reasoning behind product decisions and offer visibility into the approval process. Having a process to communicate or visualize where the product is in the review cycle as well as the reasoning for approval or denial can increase buy-in. One of the ways you can achieve transparency is through a digital process tracker where physicians have insight into the workflow.

Additionally, there should be clear clinical, safety, operational, and financial data to back up a result when providing a product decision. Ensure that you leverage and communicate accurate and aggregated data to represent reasoning to data-driven physicians.

## Act with physicians in mind

When driving physician involvement, convenience is paramount. Think of details that could be creating friction in the physician experience.

A simple list could include:

- Unnecessary log-ins
- Programs that aren't user friendly
- Point solutions
- Busywork that creates roadblocks
- Lack of integrated resources
- Misdirected information
- Lack of summarized clinical evidence
- Use of programs without a mobile-friendly interface

Once you have an idea of what could be holding physicians back, you can create actionable goals to transform processes.

## Encourage clinical advocacy

Evidence-based decision-making relies on the clinical merit of a product. In addition to the cost and operational argument, having physicians provide clinical reasoning up front is paramount to keeping stakeholders on the same page and creating physician ownership within new product requests. Similarly, ensuring data democratization across stakeholders is a key mechanism for prioritizing clinical outcomes and physician buy-in from the start. As physicians are not easily swayed by industry product information, operating with the same set of objective clinical evidence is critical. In exchange, value analysis teams commit to understanding the clinical merit of the product beyond immediate cost.

## Make efficient use of physician time

One of the biggest limitations to physicians joining value analysis meetings and providing beneficial contributions is time. By being sensitive to their schedules and creating proactive ways for them to engage on their own terms and schedule, health systems can greatly increase the probability of engagement.

## Ask for physicians expertise

Physicians have a wealth of experience and expertise that can bring a practical view to product evaluation. Instead of asking them to take on insignificant roles, successful value analysis teams offer clinicians leadership roles as subject-matter experts. Rather than seeking general data, they target specific feedback from department stakeholders who have clinical expertise in the particular category under review. Physicians and clinicians can provide insight into clinical benefits and the total value of a product beyond upfront costs. They offer perspectives on variables such as the level of new product education required, the time required to administer care with a new technology, and the product's potential impact on length of stay.

By leveraging physician expertise, value analysis professionals can strengthen evidence-based decision-making while improving clinician buy-in surrounding evaluation. When administrators are intentional about engagement, the value analysis process benefits and physicians feel heard and valued. This helps support the structural and cultural shift towards a physician leadership model, where clinical integration is at the core of new product introduction.

By incorporating these principles into an organization's value analysis practice, physicians will be incentivized to engage in evaluation. Involving clinicians early on in the process helps support value analysis and supply chain integrity by keeping clinical expertise at the center of evidence-based decision-making.

# Gain Hospital Executive Buy-In

Articulate the “why” behind value-analysis investment

Successful value-analysis programs garner executive buy-in early and often. As adopting a robust value analysis program may require a reallocation of people and financial resources across the organization, many teams begin by identifying key pain points and circulating their proposal with supply chain members and hospital leadership. However, as each health system has a different structure and culture, this step may be introduced earlier or later in the process. Bringing in leadership may look different or take a different sequence depending on the design of the health system.

When considering executive buy-in, it is helpful to note how many proposed changes will demand investment in meeting-time, labor, new policy development, technology implementation, and change management. These investment areas will help you organize and convey your recommendations for value analysis.

## Describe the opportunity

Describe how other health systems have embraced value analysis and what this means for those organizations down the line, both from a financial savings and a patient outcomes perspective. Discuss the impact and importance of driving change in those organizations.

## Describe your approach

Provide context surrounding current pain points and share a range of ways to address the challenge. Discuss the people, process, and technology changes you are advocating for to solve the challenges impacting your ability to make defensible product decisions.

## Estimate the cost

Be sure to detail the potential financial, time, and culture investments associated with these changes. You want to give the executive a clear set of guidelines for allocating resources to make the initiative successful.

## Analyze the risks and share a timeline

There are risks associated with acting and risks associated with failing to act. Be sure to review some of the critical risks in both camps and place them on a time horizon so that the executive can understand when and where the risks are most likely to manifest themselves in the journey to developing a clinically integrated supply chain.

# WEEK 3

- Establish multidisciplinary value analysis teams
- Determine stakeholder responsibilities
- Formulate actionable value analysis goals



# Establish Multidisciplinary Value Analysis Teams

## Detail characteristics and composition

Multidisciplinary teams, including value analysis ones, perform at a much higher level than teams that are composed of only a single department or primary role. Additionally, the process of selecting, reviewing, and using new medical technology in hospitals often impacts a large number of cross-functional departments. While titles differ across systems, ensure that your team has a representative for each of the following roles:

- Physicians
- Physician Leaders
- Nurses
- Clinical Quality Leaders
- Supply Chain Leaders
- Value Analysis Leaders
- Risk and Regulatory Specialists
- Purchasing and Contracts Specialists

By including different perspectives, the value analysis committee (VAC) creates a more inclusive and comprehensive evaluation process, reducing supply chain silos and risk. Successful value analysis committees have the following characteristics and composition:

- Sponsored by executive leader
- Includes multidisciplinary members from various healthcare environments
- Includes an active physician(s) who plays a critical role in the hospital framework
- Supported by value analysis and supply chain professionals, clinicians, finance, and other ancillary services

- Evaluates not only the upfront cost of the product and potential reimbursement, but should have a holistic view that includes quality, safety, outcomes, education, standardization, and patient and physician satisfaction
- Reviews and committees are frequently broken into subcommittee teams composed of clinical expertise from the category under review to prioritize efficiency and patient outcomes. While the size and focus of the health system frequently influence the scope and number of teams represented, mature programs typically operate with multiple value analysis teams and committees. Refer to your needs assessment to clarify the key teams and roles that are critical to your facility or system. Some common teams include:

- Surgery
- General Medicine (standard clinical items used throughout the hospital)
- Interventional Areas (IR, Cath Lab, GI, Pulmonary)
- Laboratory
- Radiology

Through standardization and cross-functional collaboration, hospital VACs have the potential to mitigate the excessive costs that stem from physician preference items (PPIs). In addition to cost reduction benefits, VACs ensure optimal patient care, as products are evaluated through a clinically integrated supply chain focused on outcomes.

# Determine Stakeholder Responsibilities

## Establish key functions

Now that the infrastructure for a successful value analysis program has been created, clarifying roles and responsibilities along the way is critical to long-term success. The value analysis committee members are an integral part of the value analysis process. It is essential that the committee is composed of stakeholders from several different departments across the health system and that tasks are well understood. Many health systems have committee members who come from various roles to serve the following functions.

### Physician leader

Physician leadership and engagement are critical to ensuring that value analysis continues to meet stakeholder needs and furthers clinical integration. The clinical attributes of new products, evaluation criteria, and follow-up guidance to front-line clinicians depend on high levels of engagement. This requires moving away from the model of having a single physician serve as a product champion towards a robust leadership model woven throughout the entire value analysis infrastructure.

### Director of clinical resource management

In many health systems, a director of clinical resource management will manage the entire value analysis process. They are responsible for educating all relevant stakeholders on the value analysis process across the system. They also work closely with physicians and other key stakeholders to collaborate on product reviews.

### Value analysis manager or coordinator

A value analysis coordinator will serve as the critical liaison between the health system, departments, and clinical staff to ensure the implementation of the new product introduction process managed by the director of clinical resource management. The coordinator will assist in preparing documentation and records necessary for the value analysis committee to complete its duties.

### Clinical product specialist

The role of a clinical product specialist is to work closely with the supply chain and surgical teams across the provider organization. By adding this role to the value analysis committee, you can ensure that the oversight, management, and coordination of surgical product reviews and surgical processes are incorporated into the new value analysis process.

# Formulate Actionable Value Analysis Goals

Establish clear process, financial, clinical, and personnel objectives

Establishing clear, actionable goals is necessary for any value analysis infrastructure. Without goals, evaluating the program's influence would be ineffective, and value analysis would lack purpose. Ideally, these goals should be outlined in your value analysis policy document and should be personal to your organization's needs and mission.

Use this sample list of value analysis goals to build a list unique to your organization

## Process goals

- Develop centralized new product requests
- Identify best practices for new product introduction and evaluation
- Establish supporting policies, guidelines, and procedures
- Increase governance and compliance to maintain decision-making integrity
- Increase process standardization and workflow optimization
- Increase transparency into the new product review process
- Establish a proactive order of operations for supplier involvement during the request/review process
- Reduce conflicts of interests between suppliers and clinicians
- Introduce more significant risk assumptions by suppliers
- Determine appropriate use of PPIs
- Ensure value analysis review includes accurate and objective safety, financial, and clinical evaluation
- Develop a set process for identifying product alternatives and comparing products
- Build a culture where processes are framed by data
- Create and invest in dedicated collaboration tools
- Consider multidisciplinary perspectives
- Implement and refine formal training and certification for value analysis roles
- Conserve FTE hours to spend more time on core value analysis functions
- Employ digital value management software to leverage data integration
- Improve decision-making consensus

## Financial goals

- Decrease the total cost of care
- Decrease supply chain expense by X% by X date
- Increase cost-avoidance by detecting pricing inconsistencies across the network
- Achieve product implementation savings with new product selections and/or substitutions
- Increase cost transparency across the system via system-wide pricing standardization
- Understand the total financial impact beyond the upfront cost
- Decrease reimbursement errors
- Increase contract compliance, product standardization, and bulk-buy opportunities
- Increase cost avoidance by avoiding expiration and standardizing products within the organization
- Achieve inventory reduction/maintain existing inventory volume
- Collect, organize, and report on savings projections, financial benchmarks, and realized savings

## Clinical outcomes goals

- Prioritize internal clinical expertise and engagement
- Identify robust clinical benchmarks both internally and externally
- Improve clinical outcomes
- Improve patient care
  - Reduce length of stay
  - Reduce readmission rates
  - Reduce infections
  - Improve safety
  - Improve patient experience
- Balance clinical efficacy alongside financial value by approving products that prioritize the highest standard of care and clinical outcomes at the lowest possible cost
- Optimize clinical evidence identification and evaluation
- Determine a clinical review system for clinical efficacy evaluation
- Improve evidence-based decision-making via data aggregation

## People goals

- Create a high-functioning value analysis team with physician representation
- Increase physician engagement by X%
- Increase physician and clinician satisfaction while maintaining cross-functional rapport
- Increase established physician leadership roles within value analysis committees
- Increase staff safety and satisfaction
- Develop/maintain program buy-in across facility/system
- Develop a high-functioning feedback structure where stakeholders feel comfortable providing feedback
- Achieve high levels of collaboration through establishing a virtual infrastructure to support system-wide transparency and communication
- Create a strong camaraderie within the value analysis team with cultural alignment across the organization
- Bring the most significant value to patients
- Develop and spread culture of clinical excellence, transformation, and integration across the system through collaboration

# WEEK 4

- Evaluate technology vendors
- Initiate and announce launch to cross-functional partners
- Initiate kick-off, processes, and key principles



# Evaluate Technology Vendors

Build a checklist to find the right value analysis partner

Use these questions to guide your evaluation of workflow, clinical evidence, and data technology vendors

## Does the vendor

- Provide fully centralized product requests?
- Offer an integrated stakeholder workflow?
- Offer internal communication tools?
- Provide value analysis meeting support, including virtual agendas and decision-making?
- Offer practical physician engagement integration?
- Provide critical safety data such as FDA recall and adverse event alerts?
- Offer financial predictions and post-approval analytics?
- Highlight duplicate product requests in your system?
- Identify product equivalents?
- Provide product comparison abilities?
- Offer clinical research integration with stakeholder access?
- Offer an on-demand clinical research service for custom requests?
- Provide a clinical evidence database with research summaries?
- Offer a clinical evidence scale?
- Provide item number automation for system-wide transparency and organization?
- Offer line-item data?
- Provide a virtual database for product discovery?
- Offer on-contract identification?
- Offer network-based rather than facility-level transparency and connectivity?
- Provide aggregated information on medical devices, biologics, and capital equipment?
- Provide a direct connection to verified suppliers?
- Offer a dedicated account manager for personalized support?
- Offer a strategic partnership for value analysis support?
- Demonstrate a client churn rate of under 2%?

# Formulate Actionable Value Analysis Goals

Establish clear process, financial, clinical, and personnel objectives

Reference this announcement template to craft your value analysis kickoff communication for your organization

Dear...

To achieve a cost-effective, clinically integrated supply chain, (X SYSTEM) will soon implement a value analysis program where we will be engaging physicians, clinicians, and materials management professionals, among others, to work collaboratively across (X SYSTEM). Rolling out a value analysis program will serve the goals of enhancing patient care and reducing costs across all facilities within our network amidst escalating reimbursement pressures. By creating a dedicated value analysis team, implementing best practices, and leveraging aggregated, objective data, together we will strengthen evidence-based decision-making and help ensure optimal patient outcomes.

By investing in a value analysis infrastructure, we will select the most cost-effective, clinically supported products. We will optimize buying power by pursuing more contract and bulk-buy opportunities. We can only achieve these results by working together cross-functionally and by leveraging clinician expertise throughout our network.

Essentially, we will be working collaboratively to improve new product decisions and introduction processes. We will rely on clinical data, understand the complete financial picture, and achieve product consensus along the way to achieve cost savings and build a clinically integrated supply chain.

Some key areas on which value analysis will focus include the new product request workflow, data gathering, analysis of clinical evidence, understanding product utilization, increasing standardization, increasing contracting awareness, and streamlining post-approval implementation.

By focusing on digitally transforming new product evaluation, the system will ultimately be able to:

- Conserve FTE hours
- Manage new product introduction efficiently
- Achieve system-wide transparency
- Target clinical expertise
- Collaborate regularly
- Coordinate product selection
- Focus on increasing value
- Save financial resources
- Improve vendor communication
- Track progress
- Provide the best possible care to patients

With this new value analysis and supply chain strategy, we support a larger initiative to invest in evidence-based decision-making, centralized workflows, and standardized processes via technology improvements and collaborative decision-making models.

We look forward to working with you in the coming months. Thank you in advance for your support and cooperation.

Contact us

We understand that these changes may warrant clarification. We are happy to provide more information and welcome your questions.

Materials Management/Value Analysis Contact

{Insert facility, title, name, email,  
& phone number.}

### **[DETAILS TO INCLUDE]**

Be sure to include specific information for the following:

- Key Dates and Actions
- Kick-Off Calls & Meetings  
{Announce kick-off calls and meetings by the department.}

# Initiate Kick-Off, Processes, and Key Principles

## Kick-off agenda template

Reference this sample agenda for your initial value analysis onboarding meeting

### Who

Hospital CEO, Hospital CFO, Materials Management Leader, Strategic Sourcing Leader, Physician Leader, Value Analysis Coordinator, Team Leader, Supply Chain Sponsor, other relevant stakeholders

Developing a value analysis kick-off agenda

- Purpose behind value analysis in the marketplace and for the individual facility
- Internal program details
- Team Leader's/Coordinator's role and responsibilities
- Stakeholder collaboration process
- Clinician involvement and operational roles
- Value analysis goals
- Business case for value analysis
- Clinical case for value analysis
- Process and tools
- Value analysis project resources, infrastructure, and support, including potential technology partners

# Initiate Kick-Off, Processes, and Key Principles

## Key processes and principles of successful value analysis

### Developing a mature value analysis program rests on strong processes and principles

#### **Critical processes for successful value analysis**

Successful value analysis processes require both empirical data and a stakeholder collaboration strategy. Mature methods focus on balancing multiple supply chains and relational goals while building decision-making consensus along the way.

#### **Step 1. Centralized product request**

Before evaluation takes place, successful value analysis processes begin with a standardized, centralized, and trackable product request that is easily accessible and justifies the request. (Access key sample questions to include in a new product request form on pg. 35-36)

#### **Step 2. Information aggregation**

One of the key pillars of value analysis is gathering and aggregating data for informed decision-making.

#### **Relevant data points:**

##### **A. Needs Assessment**

1. The reasoning for a product request
2. Existing alternatives to meeting the need

##### **B. Safety Assessment**

1. FDA Recalls
2. MAUDE Adverse Events

### C. Financial Assessment

1. Product cost
2. Any additional associated costs
3. Contract eligibility
4. Standardization opportunity
5. Projected spend/savings
6. Price variance across facilities
7. Total value beyond upfront cost, such as usage volume and length of usage
8. Sourcing considerations

### D. Clinical Assessment

1. Review system requirements and current clinical policies and protocols
2. Aggregate objective clinical evidence research for literature review
3. Determine clinical rating/Level of evidence
4. Identify company-sponsored studies
5. Summarize critical clinical research insights

### E. Operational Assessment

1. Is the product easy to use?
2. Is there an additional education requirement for clinicians?
3. Is the product acceptable/satisfactory to the patient?
4. Is the product appropriate for the procedure?
5. What are the product's storage needs?
6. Is the package label easy to read?
7. Is the packaging practical?

## Step 3. Evaluation

Evaluation with structured product advocacy is the heart of value analysis. Rather than being gatekeepers, successful value analysis teams work collaboratively with clinicians to perform a cost-quality analysis to ensure patient safety and optimal patient care while achieving cost savings. This includes:

- Forming a value analysis committee to review new product requests, supporting product data, and cost data to balance the financial reality with available clinical evidence and clinician needs.
- Ensuring that the committee includes diverse expertise in materials management, strategic sourcing, value analysis, and clinical practice and that there is representation from the area of knowledge in which the new product would be used.
- Reviewing a determined list of details that the product must meet to be considered successful.
- Determining whether a trial is needed and under what terms.
- Gaining clinical consensus and financial understanding with key stakeholders.
- Understanding the long-term cost implications of a product decision.
- Detailing summary data for cost, safety, and clinical evidence.

## Step 4. Decision

Once evaluation occurs in collaboration with key stakeholders, the value analysis committee comes together to review the data and vote on a new product introduction.

## Step 5. Product Implementation

Forward-looking value analysis teams go beyond the product decision to put data to work and incorporate advanced integrations and data summaries to ensure successful implementation, such as item number automation and executive reporting. You may consider:

- Notifying key stakeholders, including requesting clinician, of decision
- Establishing a policy surrounding product use
- Working with materials management to streamline successful product implementation
- Incorporating a new product approval into the item master through item number automation upon approval
- Educating clinicians surrounding new product use and any correlative changes in care structure and process
- Considering a formalized training program with clinician champions if the product education is advanced
- Staying engaged through the conversion timeline to track usage and gather feedback
- Documenting new policies, processes, and usage

## Fundamental principles of successful value analysis

Mature value analysis programs go beyond immediate cost and physician preferences to focus on system-wide transparency and cost consistency through reimbursement, contract status, utilization improvements, and intricate standardization processes. Key principles include:

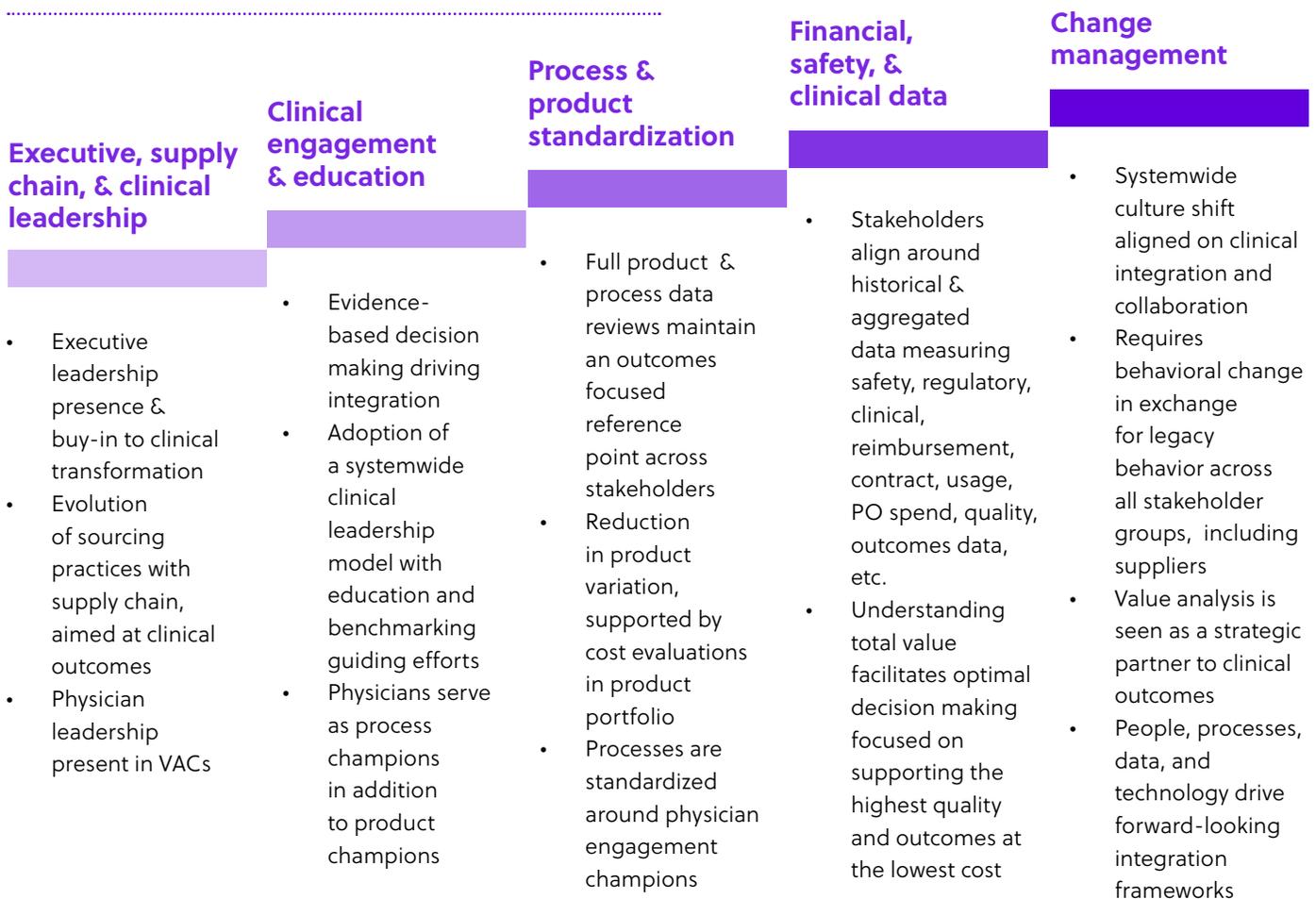
- Value analysis will engage senior leaders early in developing goals, policies, and support mechanisms.
- Multidisciplinary teams composed of clinicians and materials management will prioritize physician and clinician engagement from the start by valuing clinical expertise through leadership roles and removing access barriers and unnecessary busywork.
- Value analysis will establish informed product advocacy by asking physicians to give clinical and operational reasoning for a new product upon request.
- Value analysis is responsible for approving products that prioritize the highest standard of care and clinical outcomes at the lowest possible cost.
- Patient safety, quality of care, and clinical evidence will lead evaluation alongside financial impact and physician preferences to follow a Cost, Quality, and Outcomes model.

- Value analysis review is not limited to an exclusively financial evaluation but must consider the clinical data and merit behind a product to achieve evidence-based decision-making and conduct ongoing product management. Key considerations and areas for collaboration include length of stay, readmissions, risk management, and continuum of care.
- Value analysis will consider the total value picture, including revenue enhancements, use volumes, etc., in addition to upfront cost when analyzing financial impact.
- Value analysis will involve a product trial policy and process to distinguish trial criteria and monitor trials to make a financially and clinically supported decision.
- For costly and frequently used products, value analysis will work closely with clinicians, supply chain, and strategic sourcing to standardize products, consider alternatives, and establish policies for use.
- Value analysis should consider contract compliance whenever it is clinically reasonable to do so.
- Value analysis will engage in category reviews and new product introduction to promote financial and clinical transparency.
- Value analysis will prioritize communication and establish cross-disciplinary relationships to improve rapport, encourage collaboration, and achieve a clinically integrated supply chain.
- Value analysis will achieve consensus surrounding new product decisions by aligning stakeholders and surfacing high-quality clinical, safety, and financial data.
- To improve workflow and realize cross-functional collaboration and data aggregation, value analysis will prioritize digital transformation by investing in a centralized infrastructure for an automated workflow.
- Effective value analysis processes do not conclude with a product decision but instead progress to review use and product implementation data.
- Value analysis will establish infrastructure and processes for recognizing and tracking financial impact, operational improvements, and clinical outcomes based on new product decisions.

# What does building an integrated supply chain look like?

Developing an integrated supply chain is a key principle for value analysis professionals and physician leaders. However, achieving optimal patient outcomes and cost profiles with cross-functional collaboration, data, and product consensus is not easy. Developing an integrated supply chain requires the collective power of people, processes, data, and technology. One building block alone will not suffice in achieving clinical integration; rather each element works collectively to encourage cultural change throughout the organization.

## Building blocks for clinical transformation



# Initiate Kick-Off, Processes, and Key Principles

## Sample questions for a new product request form

When new products are requested, having a standardized new product request form is key to keeping data centralized. Reference these sample questions when developing or improving a new request form that is unique to your health system

### **Requestor's name and department:**

### **Product/supplier information**

1. Name of product requested
2. Manufacturer
3. Catalog number(s)
4. Sales rep name
5. Sales rep contact information
6. Price, if known
7. How did you hear about the product?
8. Do you or any immediate family members have any financial relationships or other conflicts of interest with the manufacturer, rep, or distributor of this product? If your answer is yes, please explain the connection.

### **Need description**

1. Are you using a product now to fulfill the clinical need? If so, what item does this new product replace? Include the current name of the article, manufacturer catalog #, and Meditech number.
2. If replacing a current product, is there a reason that the current product is inadequate?
3. If approved, will the product entirely replace the current product or be used in addition?
4. What procedures would this item be used for?

## **Clinical reasoning**

1. What is the clinical justification behind the new product request?
2. What is the medical literature supporting your clinical justification?
3. How will this product improve patient care?
4. Why is this product necessary?

## **Operational information**

1. What do you expect the annual usage to be/estimated annual procedure volume?
2. If approved, would there need to be a change to hospital policy/procedure surrounding use? If so, please explain who would update the process and how it would need to be updated.
3. Are other clinicians/departments interested in using this product? If so, please list who/what department.
4. Would the new product introduction impact other departments?
5. Is this a request for a trial, purchase, or consignment? If requested for a trial, who and where will it be trialed? For how long? What would be the goal of the trial?
6. Would new staff education need to occur with the product's approval? Who will perform and require the education?

# Initiate Kick-Off, Processes, and Key Principles

## Gather supplier data

### Use this checklist alongside supporting resources to gain product information from suppliers

- Technology information (pdf form)
- What is the pricing quote, with tier information, as reflected throughout the network?
- Is this technology eligible for a trial? Will the technology be available without financial obligation if a trial is approved?
- What other health systems utilize this technology? Please include references.
- Would this technology replace another product currently utilized? If so, what technology is currently in use?
- If any, what supporting resources, equipment, infrastructure, instrumentation, or processes are needed to utilize this technology?
- Is this technology on contract?
- What is the reimbursement information or CPT codes associated with this technology?
- Is this technology eligible for a sole-source agreement?
- Is this technology eligible for consignment? What are the different IT variables to this product?
- If it's a disposable product, what additional capital equipment would be required?
- If this is a capital equipment request, what specific disposable products would be required?
- Include any consignment contracts, purchase contracts, rental agreements, etc., that are needed for signature review.
- In comparison to our current method/ technology, how specifically would differences in patient outcomes be enhanced?
- Provide the FDA clearance letter (510K) for this technology.
- If you are a new vendor, include a copy of the company's W-9.
- Include all existing clinical evidence of the product under review.

# WEEK 5

- Run a value analysis pilot
- Hold value analysis committee meetings
- Detail time and resources needed



# Run a Value Analysis Pilot

Practice the new product request and evaluation process through a technology vendor

Committees, meetings, and manual reviews are markers of a standard value analysis infrastructure. However, in its current state, the traditional model has failed to offer the flexibility and connectivity needed to unite stakeholders efficiently, perform thorough reviews on demand, and achieve decision-making consensus within the requirements of a challenging healthcare landscape. Mature health systems are employing technology to support their teams and processes to complete the three-legged stool: people, processes, and technology.

With the right technology partner, the value analysis process becomes a vehicle to connect subject-matter experts and arm them with data faster. In practice, this means that formalized committees have the new-found flexibility to vote electronically and eliminate backlogs. Communication and requests are never lost. And, manual delays don't stifle the decision-making workflow.

After evaluating technology vendors in week four, running a value analysis pilot through a trial subscription can help you clarify your processes and develop a business case for whether or not to invest in a technology solution. During a pilot, you can navigate formal value analysis agendas found in the next step or funnel the entire evaluation process through an on-demand workflow.

Please request a free trial with GreenLight Medical, now a part of symplr, on our website at [www.symplr.com/spend-management](http://www.symplr.com/spend-management). Our dedicated team of account managers is happy to answer your questions as you navigate your value analysis infrastructure.

## Virtual Decision Making in Action



# Hold Value Analysis Committee Meetings

Review product data using a structured process

Use these sample agenda items to build your value analysis committee meeting agenda for new product reviews

## Typical agenda items

1. Review Follow-Up from Last Meeting
2. Review Products Under Consideration
3. Product #1
  - a. Introduce the new product that was requested
  - b. The product information
    - i. *Why was the product requested?*
    - ii. *What are the product specifications?*
  - c. Clinical evidence
    - i. *What is the baseline clinical data surrounding the product?*
    - ii. *Does the product align with organizational, local, regional, and national practices/benchmarks?*
    - iii. *Do the current clinical practices and protocols align with the use of this product?*
    - iv. *Which areas of clinical evidence research will aid in the evaluation of this product? Does the product succeed in these areas? In what ways, if any, does it fall short?*
    - v. *Is there a clinically-equivalent alternative to the product?*
    - vi. *Detailed safety review*

- d. Cost - Does the product justify the cost?
  - i. How much does the product cost?
  - ii. *Do we have a contract with the provider of these products? Does this reduce the cost of the product?*
  - iv. *What is the lifespan and durability of the product? (Does the product need to be replaced regularly, or does it last forever?)*
  - v. *Are we currently using a less expensive product?*
  - vi. *Would this product help us reduce product variance and increase standardization?*
  
- e. Operational Considerations
  - i. *What, if any, are the new product training requirements?*
  - ii. *What are the storage and packaging considerations?*
  - iii. *How would this product impact patient and clinician satisfaction?*
  
- f. Product Next Steps
  - i. *Table for More Data*
  - ii. *Approve*
  - iii. *Reject*

#### 4. Wrap-Up

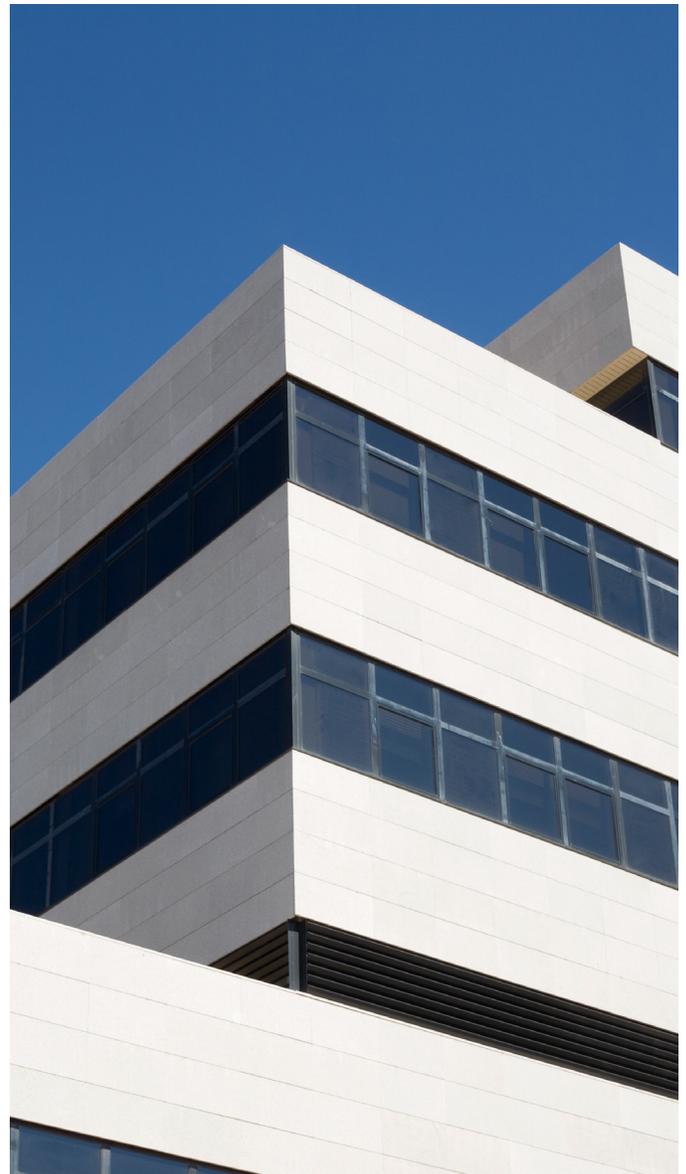
***\*Do not put italicized bullets in Agenda; they are notes for the conversation you should be having with the VAC during the product review process. You'll want to touch on as many elements that are relevant for you and your team.***

# Detail Time and Resources Needed

Break down what it takes to successfully make a decision

Once you've embarked on your value analysis pilot and held value analysis meetings, you are equipped to detail the time and resources needed to successfully review and approve or deny a new product. Reference your current state analysis in week one. Analyze process improvements and your new timeline for a product review. Document the time commitment for each process step, including receiving a new product request, conducting research, aligning stakeholders, holding committee meetings, and implementing a decision. How did the new timeline compare to previous reviews?

Document which stakeholders were vital to making the pilot successful. Consider if any voices were missing at the table. Reflect on how the program might be scaled, depending on the health system's size to new value analysis teams and clinical specialties. Which key resources were essential to success? Was there a project management tool or technology partner that played an important role? After running the pilot, would you recommend any resource relocation? These are just a few of the reflection points and questions to consider when coming to a close of a six-week investment in developing your value analysis program. These questions, among others, will be vital in building out a business case next week for further pursuing and investing in a value analysis infrastructure.



# WEEK 6

- Summarize and share results of the 45-day initiative
- Build a business case



# Summarize and Share Results of the 45-Day Initiative

After all is said and done... what's next?

After investing the time and resources over the last 45 days to support your health system's value analysis development, reevaluate the business case you made earlier to your executive team. Map the case with your reflection points surrounding the time and resources it took to successfully make a product decision. This is the time to synthesize your findings in a way that is meaningful to key stakeholders, including executive leaders. Assess which goals were met, what resources were dedicated, and which processes work. Reflect on the story that the shifts in stakeholder engagement told, where there was friction throughout the process, whether or not the technology vendor has supported your goals, and to what extent.

Prioritize feedback from stakeholders, and make notes on critical activities and conversations over the last 45 days. Once you have a comprehensive picture, you are ready to make an informed action plan for partnering with a supporting technology resource along with your leadership team or building on current processes to scale your value analysis program. A helpful framework to categorize program results may be to map pain points by key functions, resources, value proposition, and recommendations.

# Build a Business Case

## Communicate ROI

Use this framework to analyze your value analysis optimization program and to map the technology assessment for leaders.

### Issues identified within current process

#### Process

- Manual tracking method with siloed process
- Lack of new product request connectivity across IDN
- Duplicate product requests
- Time intensive data collection
- Redundancy in processing
- Highly variable process lead time
- Multiple review meetings
- Lack of team communication and alignment

#### Financial Concerns

- Lack of pricing transparency across system
- Unnecessary spend without clinical justification
- Lack of product standardization

#### Compliance

- Contract noncompliance
- Missed bulk-buy opportunities

#### Risk, Safety, & Clinical

- Lack of third-party clinical research supporting decision
- Risk of recalls entering system

#### Clinical Engagement

- Lack of engagement and dissatisfaction of requestor / physician
- Difficulty implementing product feedback

Activity	Labor Consumption
Process & Review	X days per request
Tracking/Updating Status	X hours/month
Follow Up	X hours/month
Recall Investigations	X hours/month
Clinical Data Gathering & Review	X hours/month
Sum of Total Activity	= X hours/year
X hours/year x \$ per hour	= Current Annual Cost

## Table based on X requests annually

\*Estimate the time spent on new product management activities prior to implementing a process and/or technology solution. Use time spent to inform financial spend. To customize the table to reflect your system’s inputs, access the full, editable version [here](#).

# Value Analysis Optimization Impact Areas

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## Process

- Standardize product introduction with one entry point for transparency
- Have insight into new product request progress with real-time progress updates and transparent viewpoint into products under review
- Facilitate collaborative, evidence-based decision making with customizable, multi-disciplinary teams and physician leaders
- Have a centralized viewpoint into comprehensive product background information with qualified regulatory, safety, clinical, reimbursement, and financial data in aggregate for consensus

## Financial

- Eliminates X% of X labor consumed in Table on previous page
- Identified X in cost avoidance after completing technology vendor trial
- Pricing transparency and variance detection across the entire system for product standardization and managed supply expenses
- Automated vendor pricing data and financial comparison by product
- Cost avoidance projections with increased product standardization and bulk-buy opportunities via contract identification

## Compliance

- Contract identification
- Duplicate product request detection

## Risk, safety, and clinical

- Ongoing consideration of MAUDE adverse events and recalls
- Consideration of all available clinical evidence with identification of company-sponsored studies to avoid conflict of interest and improve patient outcomes
- Collaboration with physicians to review the clinical impact

## Clinical engagement

- Physician and clinician engagement and satisfaction increased X% with centralized product requests, leadership roles within committees, and reduction of product review time
- Physician-end-user feedback channels

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[symplr.com](https://symplr.com)

