

Clinical Integration Track: How to Bridge the Gap Between Clinical Outcomes and Financial Objectives: *Orthopedic Implants*

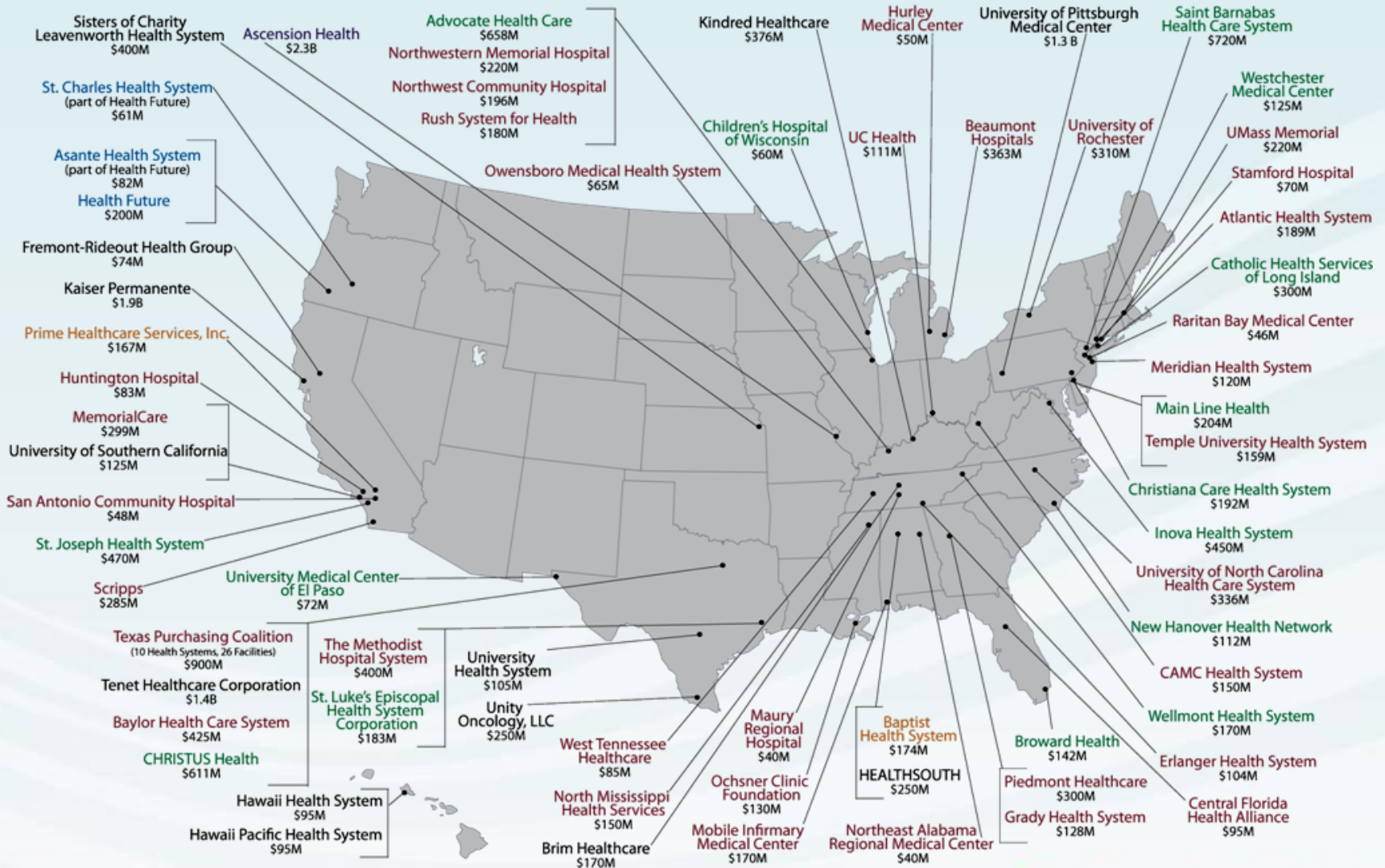
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University of Cincinnati: UC Health

- Large Academic Medical Center and Health System
- Regional referral center, Level 1 trauma, Community hospital
- College of Medicine: research/ education and clinical services
- Highly competitive environment: (4) other large health systems, physician owned surgery centers
- Surgeons: UCPPC and WCH (5) competing orthopedic specialty groups

MedAssets Spend Management Market Presence

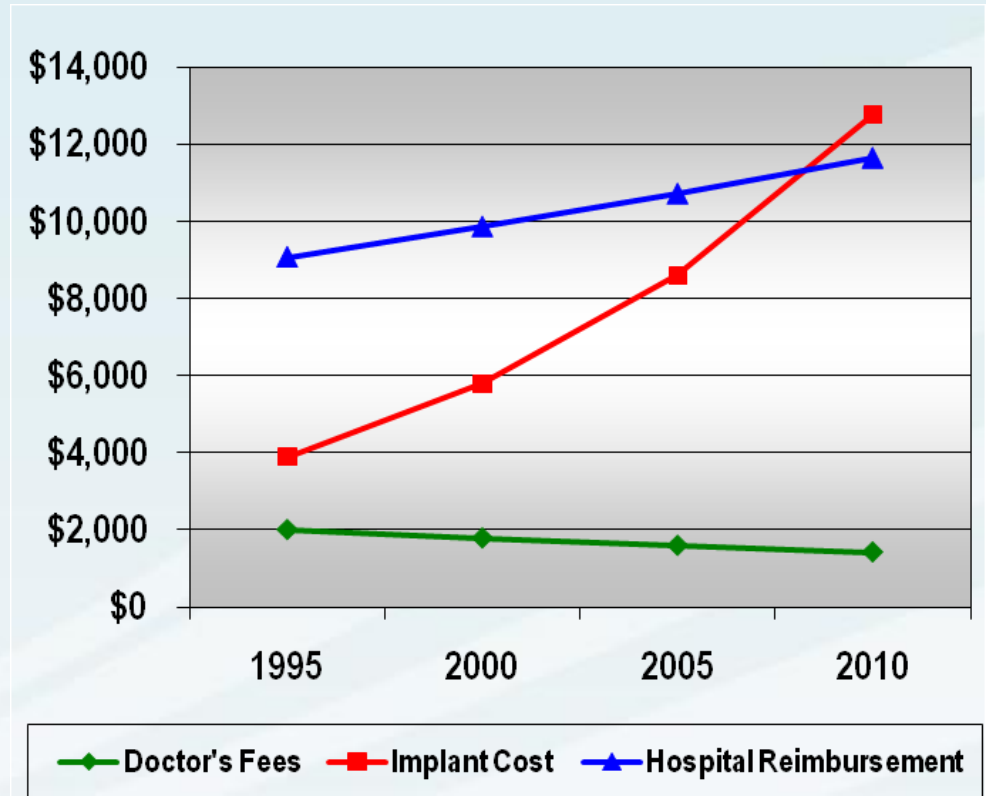
MedAssets manages over \$41B in supply spend, converting customers from all major GPOs.



Key: Red = Novation • Green = Premier • Blue = Amerinet • Orange = HPG • Purple = Consorta • Black = Other

Implant costs continue to rise

- Hospital payment for hip and knee procedures have increased 1.98% on average per year. *
- The implant price has increased 13%/year and 130% over 10 years
- The average Medicare physician payment for total joints has declined 1.89% on average per year.**



***Source: Orthopedic Network News, January 2010. – increased 37% between 1991-2010**

****Source: Orthopedic Network News, January 2010. – declined 36% between 1991-2010**

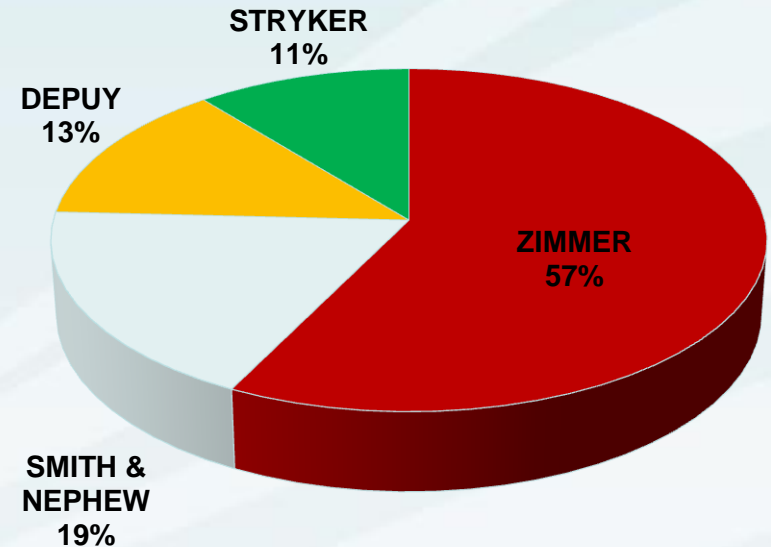
Physician Preference Item (PPI): Orthopedic Joints and Spine Implants

Rules of Engagement

- preserve MD choice of products & vendors
- reach consensus on the objectives of the initiative and create an implant formulary with the surgeons
- engage the vendor community with standard contract terms, conditions and pricing
- communicate progress and document savings
- reduce acquisition, freight, inventory costs
- improve consignment procedures
- accommodate new advances in technology
- if vendors do not engage-with MD support- eliminate them

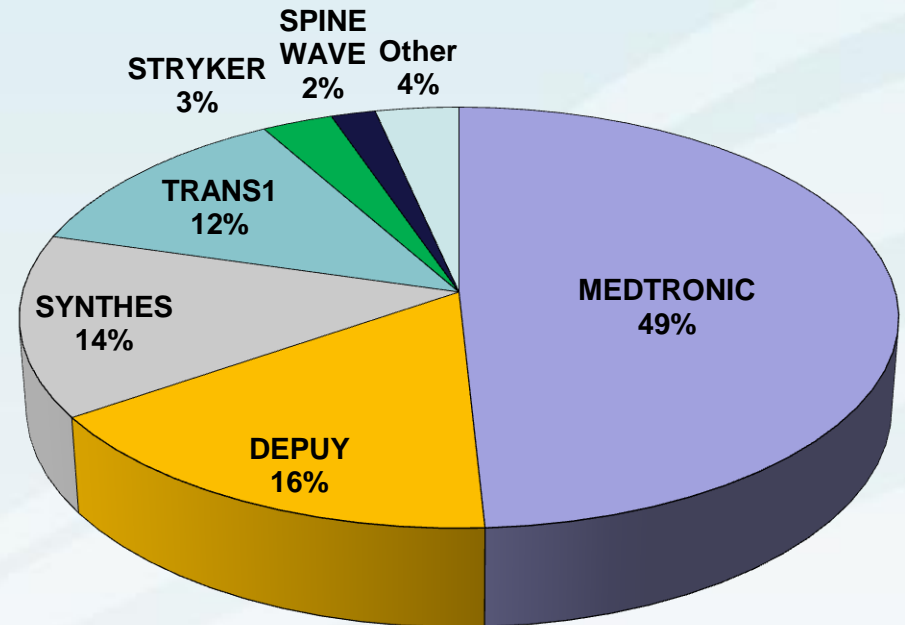
Total Joint Annual Vendor Market Share System Spend - \$7,033,482

Vendor	Annual Spend
ZIMMER	\$ 4,034,999
SMITH & NEPHEW	\$ 1,294,661
DEPUY	\$ 940,427
STRYKER	\$ 763,394



Spinal Implant Annual Vendor Market Share System Spend - \$16,348,278

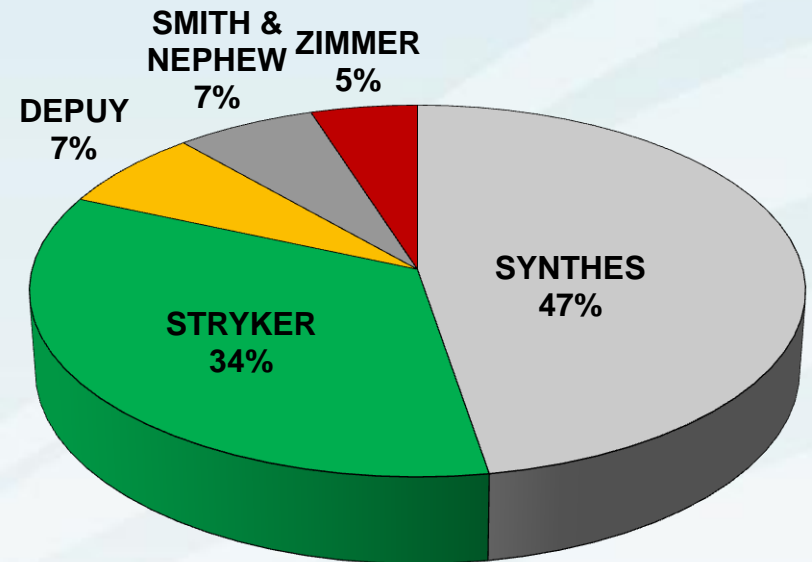
Vendor	Annual Spend
MEDTRONIC	\$ 8,037,604
DEPUY	\$ 2,663,914
SYNTHES	\$ 2,287,717
TRANS1	\$ 2,014,700
STRYKER	\$ 479,710
SPINE WAVE	\$ 300,220
Other	\$ 564,412



Other: Interventional Spine, Spineology, Theken, Zimmer

Trauma Annual Vendor Market Share System Spend - \$3,495,956

Vendor	Annual Spend
SYNTHES	\$ 1,655,828
STRYKER	\$ 1,195,018
DEPUY	\$ 243,602
SMITH & NEPHEW	\$ 227,882
ZIMMER	\$ 173,626



Savings Initiative Event	Due Date
WCMC Physician Meeting	1/27/2011
Confirm UH physician meeting	ASAP
Confirm existing agreement language barriers / find resolution	ASAP
Prepare list of invited vendors / contact info	ASAP
Prepare RFP document	1/21/2011
Approve UH RFP documents	ASAP
Release RFP to vendors	After UH Physician Meeting
RFP response due date	10 business day from RFP release date
Verify vendor response is complete	Upon receipt from vendor
Forward vendor response to Aspen	Upon confirmation that response is complete
Vendor response analysis	2 business days after receipt from UH
Review of all vendor responses / strategize counter to vendors	5 business days Aspen receives responses
Review vendor responses and share updated strategy with physicians	ASAP after above event
Finalize agreements with all vendors agreeing to pricing	ASAP upon receipt of vendor's response
Meetings with vendors not agreeing to pricing & agreement terms	ASAP upon receipt of vendor's response
Finalization of agreement terms / agree on pricing	ASAP - at vendor meetings
Effective date of new total joint and spinal implant agreements	4/1/2011

Actual Savings

	<i>Contracted Vendors</i>
Specialty	Actual Savings
Total Joints	\$1,258,808
Spine	\$2,540,440
Trauma	\$280,869
TOTAL	\$4,080,117