



**The Search for Supply Chain Excellence in Healthcare Awards**

**The Healthcare Authority of Huntsville Alabama DBA:  
Huntsville Hospital**

Huntsville, Alabama

**Initiative**

Please identify the ONE (each is equally weighted) primary innovation that your healthcare system is going to focus on in its submission:

	Logistics Management
	Contract Management
<b>XX</b>	Strategic Sourcing
	Product Utilization

**1. Describe the challenge or problem you were experiencing that motivated your system to make a change or improve collaboration and efficiency in the area(s) you chose. Who were the people, departments, suppliers, distributors or GPO's involved in this process?**

Huntsville Hospital is one of the largest community owned not-for-profit hospitals in the nation with 881 licensed acute care beds. It serves a regional population in the heart of a metro area of more than 395,000 people. In spite of utilizing cutting edge technology the Hospital faced an aging inventory of more than 750 hospital beds. The Hospital's plant operations faced challenges often to keep the beds maintained and in good working condition. As a high profile community hospital with budget constraints and the expectation to continue to improve patient satisfaction and safety the Hospital's leadership team took action. Led by COO, Jeff Samz; the leadership team was comprised of CFO Lonnie Younger, CNO Karol Jones, Sr. VP of Operations Rudy Hornsby and Purchasing Director Amy Newman. Because of the Hospitals long term corporate partnership with Stryker Medical the opportunity presented itself to explore procurement potential of new beds. Cost and quality were high priorities in the teams' decision making process. The benefit of having prior experiencing negotiating directly with manufacturers for cost containment played a key role in the process. In doing so the Hospital

was able to eliminate a GPO and work directly with Stryker in order to optimize savings, a benefit to both parties. The Stryker Medical team was comprised of Clay Romano, VP Sales Patient Care and Ron Smith, Account Manager. Their role was to successfully manage the entire process from negotiation and terms, delivery of equipment, training nursing staff and plant operations to account servicing.

**2. What was the initiative you implemented? When did you start the implementation process? How did those involved impact the results you were looking for? Who was involved in the review process? (Name and position?) (Teams?)**

The initiative began in early Fall 2009 to standardize, upgrade and replace 750 hospital beds. This initiative would improve patient satisfaction and safety - a top priority for the Hospital's leadership. Stryker was quickly integrated within the Hospital's team in order for them to fully understand those needs. Stryker incorporated a guarantee to reduce falls up to 30 percent the first year as well as a hands-on training schedule. Ease of use by nurses, new technology and comfort would be immediately realized. This process allowed an open flow of communication and buy in of all involved.

The team negotiated the contract with Stryker which was beyond compare of anything of this magnitude executed by the team in recent history. Initial savings was **\$3 million dollars** off the "lowest available tier pricing" making the team's decision to work independent of a GPO legitimate. The team negotiated financing terms of ZERO interest, amortized monthly payments for three years and immediate delivery of the beds. Contract pricing was held in place for 12 months to assist in the capital purchase of the Hospital's new Madison hospital currently under construction. This aggressive and creative partnership not only enabled the Hospital to achieve its goals now and for years to come but..... jobs were saved! Stryker's plant employees were facing layoffs due to a slowing economy. Stryker management made the announcement to plant employees - they had secured an \$8 million dollar contract with Huntsville Hospital to build 750 new Stryker beds by year end.

Who was involved in the review process: All Service Line Directors; Keith Parker and Jerry Black - Plant Operations, Jeff Samz and team along with Stryker Medical.

**3. Did you incur any challenges or difficulties at any point in the process? If so, what were they? How did you overcome above challenges?**

Huntsville Hospital faced many challenges in the process. Time and budget constraints were among the top obstacles in that there was an immediate need, an offer "was on the table" and it was imperative that the team not lose sight of its main objectives in the process. By collaborating with Stryker, a corporate partner with a successful track record, excellent product, and account servicing it enabled the process to be productive and the goals could be achieved. An open line of communication between the

Hospital's leadership team, service line directors, nurses, and plant operations presented opportunities for feed back and input.

The logistics of receiving such an enormous delivery of 750 beds at the main hospital also shared in the challenges. Generally such deliveries would be received at the Hospital's off-site warehouse in this case; however, it made sense to deliver to the Hospital's main campus situated in a busy downtown area. The plant operations team did an excellent job coordinating and ensuring that this process was smooth and without disruption to the day-to-day operation.

The biggest challenge the team faced was in removing and disposing of the old beds. The Hospital didn't have adequate storage in the interim and it became cost prohibitive to enlist the services of an outside company who would handle the details. Leadership quickly turned this challenge into a great opportunity by giving back to the community it served. Most of the beds were donated to local community hospitals, civic organizations, churches and hospital employees.

#### **4. What have been the tangible results thus far, and what do you determine the results will be mid-term and long-term? How did you measure your results?**

The initiative that Huntsville Hospital set forth has been accomplished. The Hospital has successfully standardized, upgraded, and replaced 750 hospital beds and saved \$3 million dollars. The hospital staff and nurses are enjoying the ease of use, peace of mind, and the latest in technology for patient monitoring and safety with the new Stryker beds. A well executed signed agreement coupled with a successful delivery and implementation plan are proof positive that corporate partnerships work.

In the mid-term, the Hospital will continue to monitor feedback from nursing staff and will begin to see early feedback from the Stryker implemented Fall Reduction Program that is currently in place. Hospital administration receives calls and emails regularly from nurses regarding the new beds and how they have enabled them to perform their jobs better and that patient comfort and satisfaction also seems to be improving. Employee morale is up as a result.

The new bed purchase with Stryker will greatly impact the current corporate overlay agreement. The agreement rewards the Hospital in the form of rebates for volume and growth. The Hospital will now benefit from larger rebates as a result of the bed purchase.

The Hospital has several measurement tools in place to track overall Hospital performance, patient safety and satisfaction. These tools will assist the Hospital's Leadership team in validating the success of the Stryker bed purchase in many areas. Long term it is anticipated that the 30% fall reduction and overall patient satisfaction will improve as planned.