Purchased Services Areas of Opportunity:

How Texas Children's Hospital Achieved Significant Cost Savings For Its Contract Staffing Purchased Services

Presented by
Edward M. Lewis, C.P.M., CMRP
Supply Chain Services
Identified Savings Opportunities

• Annual contingent labor (temps) spend estimated at $15 Million
  ✓ No queries on A/P system for contract labor spend
  ✓ Contractor badges exceeded 1000+, unable to verify

• High administrative burden – time & costs
  ✓ Invoice processing
  ✓ Credentialing – gathering, tracking, audit, management
  ✓ On-boarding & Off-boarding of contract labor
  ✓ Timesheets / Timekeeping
  ✓ Reporting and departmental budgets difficult to capture

• No centralized staffing technology
• Relied on agencies for The Joint Commission compliance
  no audit process
• On Site clerical supplier with variety of rates for same position
Identified Savings Opportunities (cont’d)

• Over 40 Suppliers providing contract staffing services
• Varied rates, terms, timekeeping, and processes
• TCH processing over 2000 invoices per year from staffing suppliers
  ✓ Potential for errors with rates, time, units, duplicate payments
• Top 10 Suppliers provide 85% of services (based on spend)
• Contract process for new staffing suppliers was cumbersome and time-consuming
  ✓ Departments often found candidates, however supplier was not an approved vendor
• On boarding processes were separate and inconsistent
• Desire to streamline all processes
Solution – RFP for Vendor Management Solutions

Vendor Management Solutions (VMS)

A dedicated partnership for the procurement & on-going management of the contingent labor workforce and their staffing suppliers in a vendor neutral solution.
VMS Program Goals

• Achieve hard dollar savings
  ✓ Lower Bill Rates
  ✓ Payrolling
• Gain efficiencies through the consolidation of staffing processes
• Achieve compliance for contract staff credentialing
• Standardize rates, processes, approvals, reporting, and service delivery
• Streamline the process via single point-of-contact for contract staff management
• Gain visibility and reporting capabilities via implementation of advanced technology
• Maintain key existing supplier relationships
• Minimize or alleviate risks – 1099/Independent Consultants, contracts, insurance management, on and off boarding
Extensive RFP and Presentation Process

- Identified 40 suppliers
- 50 Responses
- Narrowed field down to 5 presentations to procurement team
- Finalists presented to leadership team
  - Nursing
  - Finance
  - IT
  - Accounting
  - Risk Management
  - Clinics
Chose Firm with Vendor Management Expertise

- Selected industry leader in hospital whole house VMS solutions
- Vendor neutrality was very important to TCH
- VMS had experience with acute, pediatric, government, and large health systems
- “Partnership for success with suppliers” approach
- Supported by a national network of over 300 suppliers
- Trusted advisor with compliance
Implementation Overview

8 Week Process

Implementation Timeline

- VMS Contract Completed
- Evaluation & Preparation
- System Design & Integration
- Reporting & Communication
- Training
- Transition
Hard Dollar Savings Analysis by Position

<table>
<thead>
<tr>
<th>2009/2010 Average Savings</th>
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<tbody>
<tr>
<td>Non Clinical</td>
<td>8.4%</td>
<td></td>
<td></td>
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<tr>
<td>Nursing Registry</td>
<td>8.0%</td>
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<tr>
<td>Nursing Travel</td>
<td>8.0%</td>
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<td></td>
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<tr>
<td>Total</td>
<td>8.1%</td>
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= $1+ Million Cost Savings

Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010
---|---|---|---
NON CLINICAL | 7.8% | 9.0% | 9.1% | 9.1%
NURSING PRN  | 7.4% | 8.3% | 8.3% | 8.0%
NURSING TRAVEL | 6.4% | 8.7% | 9.1% | 10.5%
$227K savings
Contractor Conversions to TCH Staff
Additional VMS Program Benefits

• Achieved savings while increasing fill ratio: 98% fill ratio
• Reduced staff time to focus on other priorities: VMS Program provided dedicated on-site support for management of contract labor
• Leveraged VMS partner’s national network of trusted suppliers to staff large EPIC Project
• Decreased number of invoices from 2,000 to 52 per week and increased accuracy of invoices
• Reduce federal and state potential liabilities via 1099 / Independent Contractor compliance
Additional VMS Benefits (cont’d)

• Gained visibility across all contract spend via web-based technology enabling advanced reporting metrics, tracking, and process control of job order fulfillment

• Achieved high program adoption – maintained existing suppliers

• Customized solution to scale with TCH’s growth

• Mitigated risks – Shifted contracts, insurance management, Joint Commission standard credential maintenance and tracking responsibility to VMS Vendor
Customized and Supported Technology System

Evaluation
- Supplier scorecards
- Candidate quality
- Overall program success

Requisition Management
- Template generation
- Workflow management & Financial Controls
- Approval Routing

Reporting
- Real Time Visibility
- Integrated metrics
- User Dashboards
- Scheduling

Source
- Vendor Distribution Controls
- Rate card compliance
- Reverse Auction

Billing and Invoice
- Consolidated billing
- Reduced admin burdens
- Configured/Integrated

Select
- Improved quality
- Financial oversight
- DNR Visibility & Controls

Time and Expense
- Compliance controls
- Approvals/notifications
- Project burn rates

Engagement Mgmt
- Billing rule compliance
- On-boarding logistics
- Engagement durations
Additional Services from VMS

- Credential Tracking Services (CTS) – Audit & management of credentialing for outsourced employee populations or internal staff
- Payroll Services – Significant savings over traditional recruited staff
- Your Source™ – allows managers to view previous contingents that have completed assignments for client to re-engage for contract at discounted rates
- Independent Consultants/1099 – screening of 1099 consultants to ensure compliance with IRS requirements and risk assessment review for existing 1099 staff
Questions?
Contact

For any additional information, please contact:

Edward M. Lewis, C.P.M., CMRP
Assistant Director, Supply Chain Services
832-824-2640
emlewis@texaschildrens.org