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**People
to
Watch**

Customized for the Physician Office

THR has tailored its physician program to be a resource and partner for its 250 practices

Want to operate a successful physician-practice supply chain program? Start by saying to yourself, “This is not acute care.” Repeat. Then [you] want to write it down. It’s something you may need to remind yourself of as your program progresses. That’s advice from John Gaida, senior vice president, supply chain management, Texas Health Resources, which owns 250 practices in the Dallas-Fort Worth area.

Gaida launched the physician program a couple of years ago, when THR began acquiring physician practices in earnest. “It was never about saving money for THR,” he says. “It was really about taking cost out for the physicians.” It’s also about providing valuable services to physician practices, and tying them closer to the IDN.

Getting started

Gaida had a leg up on others who have never built a physician program before. He did it about 20 years earlier, when he was at Partner’s Healthcare System in Boston. “I learned fast that you have to customize whatever program you are creating to the customer,” he says. “The physician office is nothing like the acute market, and that’s the first thing to get through your head.”

He knew that to launch a successful program, he would need to gather data about the practices’ supply chain activities. That wasn’t easy, given the large number of practices and distributors involved. Pulling data, such as invoices, from each practice’s accounting system was difficult. The bottom line? It was



John Gaida

difficult to make logical decisions about taking cost out of the system without good data.

Two things became clear. First, THR needed its own information system, not that of any single supplier. “We needed to own the data; we needed to be able to communicate with all vendors. And it became clear that until we had our own data, we couldn’t make decisions about standardization and cost reduction.” THR ultimately contracted with Inventory Optimization Solutions, LLC, for a supply chain solution that would allow the practices to order equipment and supplies, and track inventory.

It also became clear that THR would need to select a prime distributor. THR was looking for a distributor partner that believed in the same things they did – reducing costs, sharing in savings, automation, and a desire to make the program the very best it could be. “We met with Henry Schein,” says Gaida. “They listened to us and said they would help us build the program we wanted.”

At that point, THR faced a decision: “Do we implement the information

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system piece first, or the conversion to Henry Schein?” he says. “We decided to do the whole thing at the same time.” In 11 weeks, all 250 offices had been converted.

“Change is difficult for everyone,” says Gaida. So it was for the THR physician practices. Prior to the conversion, only about 20 percent ordered goods and services electronically, as opposed to placing an order with the sales rep. But for Henry Schein to offer its distribution services most efficiently, and for THR to gain contracting economies of scale, all practices would have to automate their supply chain processes.

Giving up their reliance on their sales rep, whom many practices relied on to check inventory and place orders, wasn't easy either. “There was a bit of weaning,” says Gaida. But once the practices understood how easy it was to use the automated system, most of their misgivings subsided. What's more, THR offers them plenty of help. Three supply-chain customer service people are on call 18 hours a day, and visit the offices to train and re-train them on the system.

Selecting products

Though standardization across acute-care and non-acute-care sites is a desirable goal, it's difficult to pull off in practice. THR can apply some of its acute-care contracts to the physician practices, but the opportunities to do so are limited. “Physician practices don't want a high-priced glove, they want a less expensive glove,” says Gaida. “If you can deliver quality

at a lower price, you're a hero.” The physician-practice supply chain team – under the direction of Nate Mickish, senior director – uses as many Premier contracts as it can, “but it's really driven around the physician practices and what they need,” says Gaida.

Even standardization among the physician practices is challenging. Gathering representatives from 250 practices in one location for product evaluation is next to impossible. THR is experimenting with electronic tools, such as virtual trade shows and videoconferencing, to facilitate the process.

Broad program

THR's program encompasses not only med/surg through Henry Schein, but pharmaceuticals, purchased services and more. The savings opportunities for the physicians are great.

“Here, everyone is on board with making the offices more efficient,” says Gaida. “When they understood we could help them save money, they were all in. If you don't save them money, and they don't see the benefit of the program, you will not have their engagement.”

“What our offices have now is a resource, a partner,” says Gaida. “Instead of going to the Yellow Pages, they call us. We're the ones who help them with anything and everything. We're at their beck and call. They didn't have that before. They've given up a little control, but they have gained so much more in terms of savings and resources.”

THR has four staffers taking care of the physician program. “When it comes to product expertise, we turn to Henry Schein,” he says. “If there's a question of how to run the computer system or train the office staff on inventory or accounts payable, we have internal resources at Texas Health Resources.

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“We’re not done by any means,” he says. THR will continue to expand its offerings to its physicians, and is considering offering the program to non-THR practices as well. The IDN has already brought the non-acute-care program to its ambulatory surgery centers, and intends to expand to imaging centers and home care as well.

Setting up a physician program is challenging, but it’s the right thing to do, and it makes business sense for THR and its practices, says Gaida. “We save the organization money, and we improve performance.” For example, instead of spending time and resources buying multiple brands of, say, exam gloves, supply chain now only has to buy one. “And

you have THR negotiating contracts on behalf of the practices, instead of each office doing so, as they did before.”

To work, though, a program such as that at THR has to engage physicians. That may mean structuring the program, as THR has done, such that the practices share some of the savings when they improve the efficiency of their practices.

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John B. Gaida: Senior Vice President, Supply Chain Management Texas Health Resources

With over 35 years in healthcare supply chain management and support services, John B. Gaida brings unique leadership and industry experience to his current role as senior vice president, supply chain management at Texas Health Resources, a 25 hospital IDN in the Dallas-Fort Worth area. His career includes work with nationally recognized healthcare systems, teaching institutions, all sizes of not-for-profit hospitals, a consulting firm, and the eCommerce world.

Before joining Texas Health Resources, John held senior level roles at medpool, an eCom-

merce company, BD Healthcare Consulting Services, and Partners HealthCare Systems, Inc., an integrated delivery network in Boston. These positions included vice president of supply chain services, vice president and practice leader, as well as senior vice president for support services. John has also worked in numerous materials management positions in California and Illinois.

John’s honors include lifetime fellow recognition by the Association for Healthcare Resource and Materials Management of the American Hospital Association and the AHRMM

Gossett Award for leadership, dedication, and contributions to the profession. He is past president of AHRMM as well as serving on the board of directors for two separate terms. In 2007, he was selected by *Healthcare Purchasing News* (HPN) magazine as one of the 30 most influential supply chain professionals in the last 30 years. Lastly, he is currently on the Board of Directors of the Strategic Marketplace Initiative (SMI) serving as Founder and Past Chairman and is serving on the Board of Directors of the Bellwether League as Chairman.

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