

# Growth in the midst of change – how Mercy Health saved \$2.4 million in a post-pandemic world



## Situation

In 2022, Mercy Health utilized its existing relationship with Accumen to focus on strategic sourcing and supply chain. Mercy Health, based in St. Louis, MO, has provided quality healthcare for over 150 years with locations in MO, OK, and AR. Today, it continues to provide nationally recognized care, with awards including being named one of the top five large U.S. health systems from 2016 to 2019 by IBM Watson Health, recognized in 2018 as "Most Wired" healthcare organization by the American Hospital Association - the fifteenth time since 1999, and identified as a top American employer by Forbes magazine, ranking 108 among 500 employers in the U.S. and spanning 25 industries, to name a few.

Mercy had held a long relationship with Accumen, beginning in 2016 and including services for lab operations and patient blood management as well. Mercy saw numerous successes through this engagement and looked to Accumen for support with supply chain and strategic sourcing.

## Client Profile

- Acute-care and specialty hospital health system
- Missouri, Oklahoma, and Arkansas

## Accumen Products

- Supply Chain Management
- Strategic Sourcing Fulfillment



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Helping Healthcare Get Better, *Faster*<sup>™</sup>

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## Organizational change

When Mercy renewed its focus on supply chain, the organization was in the midst of massive change. Outreach lab services were recently acquired by Quest Diagnostics and several leadership changes had occurred. In addition, the health system had switched its GPO to HealthTrust (HPG) and needed support with reviewing its new opportunities.

Mercy's lab leaders were working through this process with direction from Matt Livengood, FACHE, Chief Lab Officer at Mercy. However, Matt still felt that a partner with additional subject matter expertise would be helpful in guiding Mercy. Mercy had a strong relationship with Accumen and knew Accumen could successfully support these efforts.

"Matt is a dynamic leader with strong skillsets in lab and in hospital administration," says Andrew Cleveland, Supply Chain Manager, Accumen.

## Accumen Approach

First, Accumen completed a thorough diagnostic process. This included assessing Mercy's current spend, identifying opportunities, creating a long-term strategic sourcing roadmap, and immediately addressing urgent expiring contracts or possible vendor consolidation.

Accumen's market intelligence provides valuable insights into pricing and other market trends that can help organizations, like Mercy, make informed decisions about purchasing and pricing. As part of this process for Mercy, Accumen reviewed the current data, identified alternatives, negotiated with current suppliers, and developed a new purchasing strategy to include market intelligence data in line with Mercy's goals and priorities. In addition, Accumen continues to monitor the market as part of an ongoing process, so that Mercy can continue to adjust as needed to ensure the health system is receiving the best possible value.

## Addressing current contracts

Accumen started with Mercy's current contracts that were coming up for possible renewal. Accumen provided intelligence and insight, giving Mercy leadership additional leverage to add to the negotiations. In key negotiations it is important to have access to good market analysis to ensure that the organization can leverage the best possible value according to relevant market data and trends.

In addition, Accumen reviewed all vendors that were not on contract with the GPO. During this review, Accumen learned that one vendor held a contract that was at Mercy's disadvantage if it shifted directly to a GPO agreement. Accumen, understanding Mercy's volume leverage and long-term partnership with the vendor, negotiated the contract to a more beneficial situation for both parties.

Blood bank automation was also evaluated. Blood bank automation refers to the use of technology and software to automate the processes involved in blood banking, including blood collection, processing, testing, and distribution. Benefits of blood bank automation include improved efficiency, which streamlines the blood banking process and reduces the amount of time and resources required to complete each step. It also enhances safety, creates better patient care, and reduces costs.

Accumen supported Mercy's desire to expand blood bank automation technology throughout the system with limited capital allocation. By working with the primary vendor, lab leadership, and finance, Accumen was able to help drive toward a solution that met the expansion needs of the system while minimizing costs in the budget.

The COVID-19 pandemic affected all aspects of daily life and that didn't stop at Mercy. Accumen's market intelligence provided data that revealed Mercy had an opportunity to commit current business with selected vendor to achieve better pricing on a tier system through their GPO while maintaining quality and availability of crucial respiratory testing.

Another project was regarding blood gas testing across the system. The objective of the project was to move local agreements, which all had different pricing, under Mercy's IDN master for savings, and this was successfully achieved.

## Results

Mercy's success in saving \$2.4 million in lab supply chain and strategic sourcing costs within one year is significant and demonstrates a commitment to effective cost management.

The savings achieved was well above the initial partnership cost savings goal, and Mercy's partnership with Accumen played a crucial role in achieving the incremental savings.

## About Accumen's Services

Accumen's supply chain and strategic sourcing teams provide unique solutions for each health system partner to reduce supply chain costs while creating a long-term strategy for lab vendor and product optimization. Accumen also helps partners with sourcing solutions for hard-to-find products, mitigating supply chain disruptions.

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“The Accumen Supply Chain Management team has provided specific lab expertise to Mercy to align and advance our vendor contracts across our enterprise that has resulted in millions of dollars of cost savings over our multi-year engagement with them. They have experience in the lab market space and its complexities to successfully negotiate on our behalf or through consultation to achieve multiple levels of value in our partnerships with lab vendors that goes beyond traditional reagent and consumable supply costs. We have also been able to partner with them to navigate through the lab supply chain challenges with sourcing and procurement of products in short supply or on backorder.”

-Matt Livengood, FACHE, Chief Laboratory Officer, Mercy