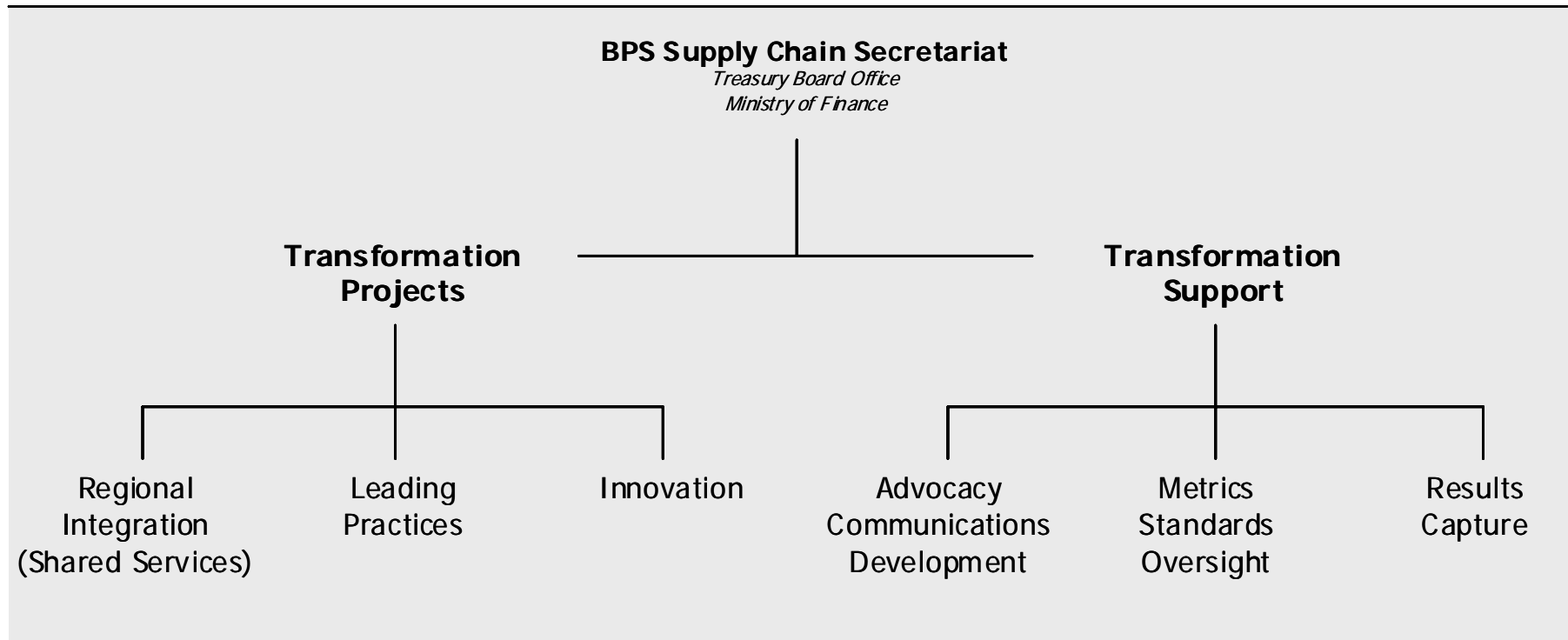


Supply Chain
Transformation:
Onwards and Upwards

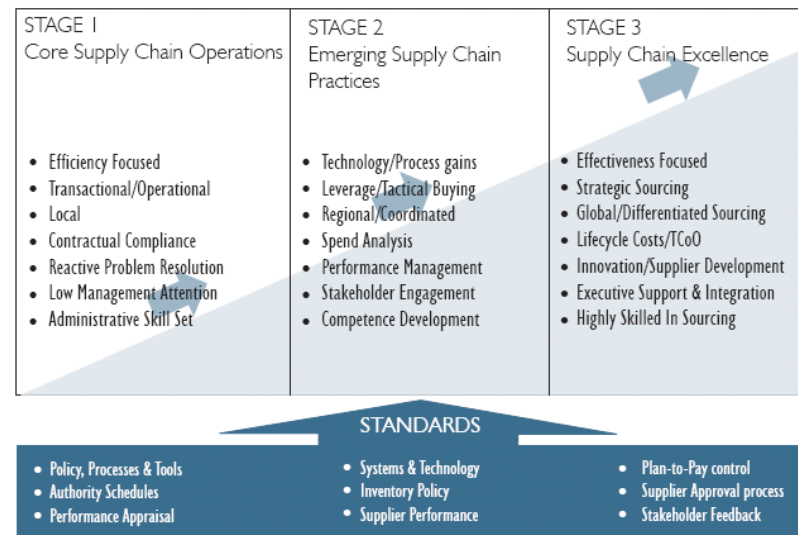


A well-functioning plan-to-pay supply chain...

- ✓ frees up staff time to focus on patients' needs, staff safety and other priorities
- ✓ helps reduce non-clinical healthcare spending
- ✓ improves staff productivity and morale, for example, by reducing paperwork
- ✓ helps healthcare service providers prepare for Auditor General visits and meet accountability obligations



- Phase I Report *“Performance Measurement: A Report By the Hospital Supply Chain Metrics Working Group”* published November 2006.
- Phase II Report *“Performance Measurement: A Framework for Action”* to be published December 2008.
- Phase II comprehensively defines 20 of the metrics and 12 of the standards, and recommends specific steps towards implementation.
- Immediate objective is to identify and work with 7-10 hospitals to assess and develop plans for implementation.



On March 25, 2008 (Budget Day), the Ontario Treasury Board issued the following direction:

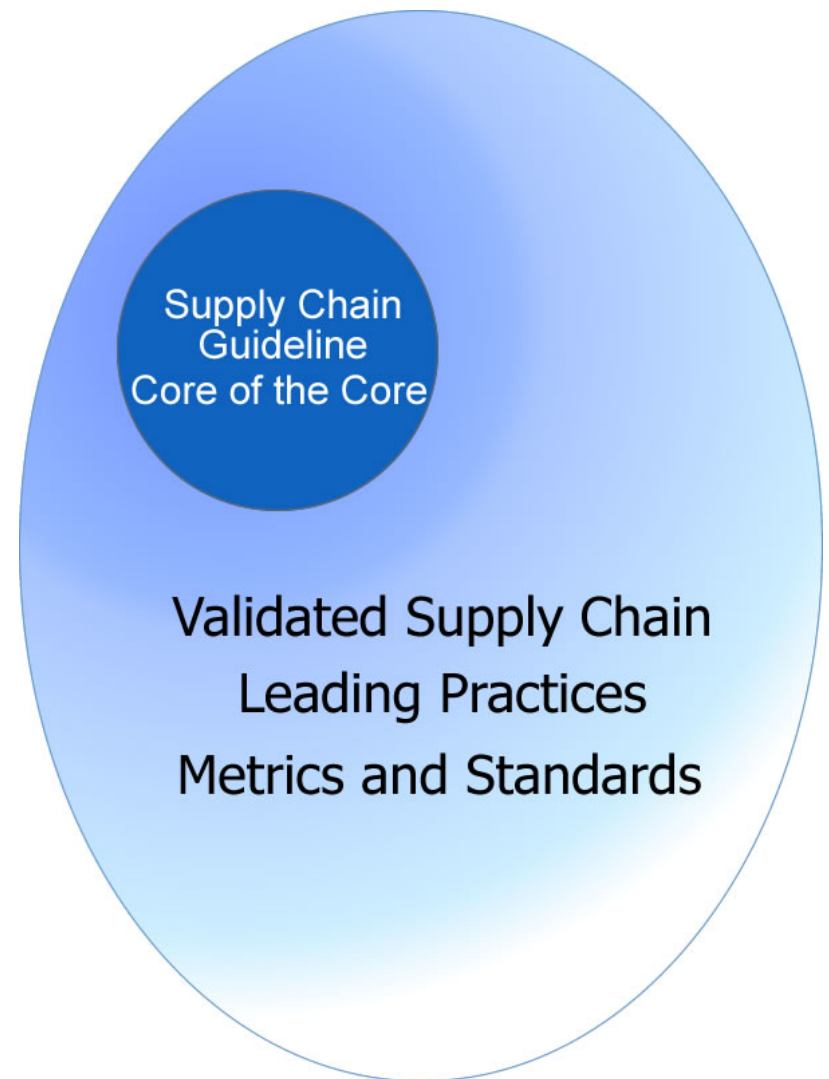
- BPS Supply Chain Secretariat to develop a draft Supply Chain Guideline by September 30, 2008, setting out supply chain standards, metrics and a code of ethics to be followed by Broader Public Sector (BPS) institutional transfer payment recipients;
- Secretariat to consult broadly, and finalize the Supply Chain Guideline by March 31, 2009;
- As of April 1, 2009, MOHLTC (via LHINs), MTCU and MEDU to incorporate the Guideline into funding agreements with BPS institutions receiving more than \$10 million per fiscal year.

Supply Chain Guideline

“Core of the Core”

Four Components:

1. Code of Ethics
2. Procurement Guideline
3. Standards
4. Metrics



- the Secretariat is developing standardized tendering and contracting documents in consultation with line ministries, LHINs, BPS stakeholders, suppliers and other Canadian jurisdictions.
- the documents - which could become national in their application - will establish standardized templates for healthcare tendering and contracting activities.
- if sufficient support, the template documents may be mandated for the Ontario healthcare sector during 2009.
- broad consensus: this is a **major** efficiency opportunity.

- underway: Ontario Internal Audit (OIA) review of selected supply chain processes at 20-30 hospitals
- ongoing: Office of the Auditor General (OAG) value-for-money audits of broader public sector institutions, including supply chain processes
- under consideration: “centre-led supply chains” are an emerging global leading practice
 - i.e. central coordination/local operations
 - as distinct from “centralized”
 - useful learnings for the Ontario context?

What Ontario BPS supply chain transformation means for you...

If you're with a broader public sector institution:

- over time, improved supply chain performance, clearer BPS accountability and greater confidence by institution and system administrators - and the public - that BPS supply chains are efficient, effective and deliver high quality service.
- signed agreements in place between ministries (or LHINs) and transfer payment recipients of healthcare and education institutions receiving more than \$10 million per fiscal year.

If you're with a supplier to the broader public sector:

- standard templates, processes and rules will result in more efficient business practices for suppliers.
- a level supply chain playing field via common, transparent and specific rules understood by providers, suppliers and front-line service providers

Problem	Solution
Nurses stressed on weekends	Monitor materials usage in patient care areas to ensure pre-weekend inventory levels are sufficient.
Nurses rushing to locate trauma case supplies	Adjust and organize trauma room supply carts to ensure goods are on-hand and can be quickly found.
Expired, obsolete or damaged product due to excessive inventory	Comprehensive electronic tracking of inventory, with stock location info available to clinicians on-line.
Idiosyncratic clinical product use	<i>Improved</i> patient care AND lower product costs through structured product evaluation and case costing.
"It's crazy, but that's the way we've always done it."	Process redesigns (e.g. "lean") that <i>improve</i> patient experiences, increase productivity and reduce costs.



“With good team work, anything can fly.”