



Hospital Business Services – Proving Its Worth!

Introduction

On April 1, 2006, Hospital Business Services (HBS) became operational, and began the process of integrating the non-clinical, back office administrative functions for its member hospitals. Phase 1 of this transformation involves supply chain operations (contract management, warehouse, logistics, etc.) and a Finance Pilot. Phase 2, beginning in 2008, focuses on transactional financial and human resource services.

Since that time, HBS has been very busy completing a variety of start-up activities, including on-boarding the 12 member hospitals. HBS is now responsible for managing all of the in-scope supply chain employees, and providing supply chain services, across the member hospitals.

Over the next several months, HBS will move forward with several exciting initiatives, and some important decisions will be made on the future operational model for the integrated HBS supply chain. We will keep you informed and updated on progress on a regular basis. Our goal through these initiatives continues to be the same – improve service and achieve efficiencies so that resources can be reinvested in patient care.

Purchase Price Improvement Savings (PPIS) Achieved

One of the key reasons for creating HBS was to generate savings by taking advantage of consolidated purchasing. A team from across the member hospitals meets regularly to identify these opportunities. Several contracts have already been negotiated yielding over \$1.5 million in annual savings for the members. These savings will initially be used to fund future Phase 2 transformation initiatives and, ultimately, will flow back to the members.

Contract Management System Goes Live

On October 10, 2006, four HBS member hospitals (Mt. Sinai Hospital, Women's College Hospital, University Health Network and Sunnybrook Health Sciences Centre) went live with the Ariba contract management system. The remaining eight hospitals (Bloorview Kids Rehab, North York General Hospital, Toronto East General Hospital, Rouge Valley Health System, Lakeridge Health Corporation, Toronto Rehabilitation Institute, St. Joseph's Health Centre and The Scarborough Hospital) will go live by March 31, 2007.

This system provides best-in-class functionality in the areas of strategic sourcing and contracting for supplies, equipment and services. For the first time, detailed contract information for all of the HBS hospitals will be available through a single web-based system.



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Finance Pilot Scope Confirmed

The scope of the Finance Pilot has now been confirmed. Through the pilot, a common purchasing and accounts payable system will be implemented across four member hospitals in 2007. The pilot hospitals will be selected over the next 1-2 months, and HBS will begin to provide accounts payable services using the new system. This project will allow HBS to create a fully integrated supply chain, and is a very important first step toward establishing a common, state-of-the-art integrated technology solution that will eventually be used by all hospitals.

Request for Proposal (RFP) to be Issued for Integrated Technology Solution

A new, integrated technology solution will be used by HBS to provide services to its members, beginning with the Finance Pilot in 2007. HBS is planning to release an RFP to select this system, including future business requirements for both Phase 1 and 2 services, to ensure the best solution is chosen. A Software Advisory Committee has been created, with member hospital participation, to assist in the selection process. HBS expects to identify the optimum solution early in 2007.

HBS Planning New Look

A new look will be coming to HBS in November, including a new name and logo. Please stay tuned for more information on this exciting initiative.

Physical Distribution Network being Reviewed

Today supplies move to the HBS hospitals in a variety of ways (just-in-time from a central warehouse, by 3rd party suppliers, through internal stores operations, etc.). With a view to implementing best-in-class processes, HBS will soon finalize its future delivery model. An implementation plan will be developed, meeting the needs of the hospitals by providing high levels of service in the most cost effective way.

Group Purchasing Organization (GPO) Evaluation Underway

HBS hospitals currently use different ways to negotiate contracts to purchase product, and participate in two GPO's that operate in Canada - Medbuy and HealthPro. These organizations negotiate contracts for the purchase of products for many Canadian hospitals, focussing primarily on consumable supplies. HBS is currently evaluating the advantages of using this type of organization, and expects to make a decision by end of 2006 on how GPO's will be used in the future.

If you have any questions or comments about this newsletter please send an email to info@hbservices.ca