

CASE STUDY

Neuro/Spine

Client

A non-profit healthcare system comprising a network of hospitals, primary care centers, imaging centers, and several other community organizations. Each of the system's acute care hospitals specializes in different clinical areas to deliver comprehensive care to its large service area. The hospitals have more than 1,000 beds, 45,000 admissions, and 900,000 outpatient visits per year.

Challenge

Nexera identified neuro/spine implants as a high-spend, top-priority area for cost reduction, although typically it is a complicated, particularly sensitive issue because neuro/spine implants are a top physician preference concern. The existing surgeon-vendor relationships made the approach to reducing the cost of implants difficult, posing the greatest barrier to implementation.

Solution

Nexera worked with the client to gather necessary spend data in order to analyze vendor market share, pricing, hospital utilization, and current price disparities. Data was gathered from purchase order history, the finance decision support system, and logs of implant procedures to document the analyses required to benchmark pricing and determine appropriate competitive constructs pricing. Nexera modeled the neuro/spine implant constructs pricing based on national benchmarks and the client's goal of keeping supply costs to 40% of total operating revenue.

Results

With pricing models defined, the client strategically approached their top spend neuro/spine vendors to negotiate a capitated pricing program. The client *achieved savings of over \$2 million in a 12-month period.*