



CASE STUDY:

RURAL HOSPITAL SAVES MONEY ON CAPITAL EQUIPMENT USING BROADLANE'S LIVE GROUP BUY

Rural hospitals face many challenges in today's healthcare environment, including the acquisition of new capital equipment, especially when one piece of imaging equipment can cost as much or more than the facility's yearly capital budget.

Randolph Medical Center, an 80-bed facility in Roanoke, Alabama, was dealing with the challenge of buying a new Computed Tomography (CT) System. Specifically, they needed to determine and acquire the best technology to meet the current and future needs of their community, while remaining within their fiscal constraints.

Timothy Harlin, chief executive officer, Randolph Medical Center, and Jeff Kirkpatrick, chief financial officer, Randolph Medical Center, were researching vendors and technology when they heard about Broadlane's Live Group Buy process from their peers. To learn more, they contacted Brad Green, Broadlane's VP acute care sales – central region.

Understanding Live Group Buy

Broadlane's Live Group Buy process is a client-driven process designed to help providers acquire the best technology at the best possible value.

"Prior to the Live Group Buy event, there is an enormous amount of pre-event activities of gathering business and clinical requirements from participating clients," said Green. "The pre-event activities included, among other things, developing and approving specifications, operational support requirements and warranty and post-warranty service requirements."

Live Group Buy clients also weight the criteria so Broadlane clients can objectively evaluate the bidding suppliers and determine how they analyze financial considerations and what factors should be used in analyzing the cost of ownership. All the information captured during the pre-event activities is incorporated as part of the evaluation and scoring used in the two day event.

"Developing this information prior to the event also allows the focus at the event to remain on the key criteria and determining whether or not the vendors meet those specifications and requirements," said Green.

"Of course, I had concerns about how successful the process would be, since there was a great deal of technical information that would have to be covered during the two-day event, along with contract negotiations and financial analysis," said Harlin. "Having the process explained in detail made me realize how much preliminary work is conducted prior to the event. Broadlane really does incorporate their clients in to the entire process."

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Did the Live Group Buy meet your expectations?

After gaining a thorough understanding of the process, Harlin and Kirkpatrick decided to participate in the Live Group Buy event.

As part of the Live Group Buy, Harlin and Kirkpatrick found themselves on a team comprised of many facilities from around the country. Client participants included physicians, radiology directors and technicians. The Live Group Buy is not simply volume aggregation to achieve better pricing; it is about determining which vendor has the best technology and provides the greatest overall value.

First and foremost, the vendors present and compete on their respective technology. After vendor presentations, time is provided for customers to discuss technologies and have questions answered. Then, the customers evaluate and score each vendor's product based on their previously determined requirements and weights. After this evaluation, vendors are either eliminated from the process or move forward to the pricing and value negotiation stage.

"It is natural to be a little skeptical when you hear about a new process that claims to have phenomenal results," said Harlin. "But just as Broadlane described, we found the process to be completely customer-driven, vendor-neutral and extremely competitive. In addition, we had access to Broadlane and other customers' valuable expertise and perspectives. We were also able to engage in the actual vendor negotiation which was a valuable experience. The Live Group Buy and Broadlane's staff far exceeded our expectations."

Saving money with Live Group Buy

Once negotiations are complete, Broadlane provides an in-depth financial analysis of each vendor's final offer to reflect total cost of ownership which is comprised of operational support, acquisition cost, warranty value and post-warranty service over a multi-year period. The participating customers then determine which vendor will be awarded the business.

The executives from Randolph Medical Center were conducting research prior to the Live Group Buy event, including obtaining vendor quotes, so they knew what their market cost was for a CT going in to the event.

"The savings exceeded our expectations," said Harlin. "We received an excess of 30 percent savings, compared to our best original quote. Not only did we get state-of-the-art technology, but savings of this magnitude allowed us funds to obtain other needed capital equipment."

"Interestingly, we were not even part of Broadlane's group purchasing organization when we participated in the Live Group Buy, but we quickly realized the value that would bring and we have since joined Broadlane and are in an exclusive GPO relationship."