



# 4 REASONS TO RE-EVALUATE YOUR NON-CLINICAL SPEND MANAGEMENT

As health systems face rising inflation and labor costs, and with tighter reimbursement models chipping away at margins, the need for more innovative ways to manage their supply chains has never been greater. Traditionally, health systems have relied on strategies like leveraging Group Purchasing Organizations (GPOs) to manage procurement costs, but these often do not adequately address non-clinical expenses, an untapped source of cost-reduction.

Here are four key reasons why it's time health systems re-examine their approach to non-clinical spend management strategies:



## THE COST OF CARE IS GROWING, TIGHTENING OPERATING MARGINS

**17.5%**

Increase in clinical expenses in the last four years.

**24.7%**

Increase in labor expenses per patient since 2019.

### HOW DOES THIS AFFECT PATIENT CARE?

- The rising cost of clinical supplies and the staffing crisis eat into operating margins.
- Even with competitive supplier deals, traditional methods of negotiating with suppliers to reduce or maintain clinical supplies and service costs aren't adequate.



## TRADITIONAL CLINICAL PROCUREMENT METHODS AREN'T WORKING FOR NON-CLINICAL COSTS

ONLY **25%** OR LESS

of the non-clinical expense base is addressed by GPOs.

MORE THAN **75%**

of the non-clinical expense base is untouched, leaving room for massive saving opportunities.

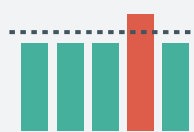


## HEALTHCARE INDUSTRY BENCHMARKS ARE NO LONGER GOOD ENOUGH

### WHAT MOST HEALTH SYSTEMS AREN'T DOING:

- Benchmarking pricing using data from outside the industry.
- Unlocking hidden non-clinical savings to ease margin pressures.
- Obtaining data through a procurement partner with cross-industry supplier relationships, sourcing experience, and pricing information that can be transferred into a healthcare setting.

Health systems pay an average of



**7-12% MORE**

for the same non-clinical goods and services as other industries.



## MERGERS AND ACQUISITIONS ARE CAUSING FRAGMENTED SPEND

Healthcare merger and acquisition revenues in 2023 totaled

**\$38.4 BILLION**



### WHAT SHOULD HAVE BEEN:

The record-breaking number of M&As should improve the buying power of some healthcare organizations.



### THE REALITY:

This introduced greater complexity and fragmentation across most non-clinical spend categories for health systems.



## Taking the Right Steps to Address Non-clinical Expenses

Optimizing costs and addressing inefficiencies across non-clinical categories could yield net savings of upwards of **15%** on non-clinical spend. However, taking on this task by yourself can be daunting. The solution? Hire a good procurement partner to help close the buying skills gap.

As an innovative procurement services and technology leader, LogicSource is purpose-built to drive bottom-line improvement, mitigate risk, and ensure supply chain continuity through better buying.

We combine decades of sourcing and procurement expertise, superior market intelligence, and cross-portfolio spending leverage with our OneMarket Source-to-Pay technology to execute customized solutions that deliver immediate savings and sustainable value.

Learn more about optimizing non-clinical expenses in our [whitepaper here](#) or visit [logicsource.com/healthcare](https://logicsource.com/healthcare).

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