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HEALTH SYSTEM CFOs, DON'T OVERLOOK THE POTENTIAL SAVINGS IN NON-CLINICAL EXPENSES

Healthcare CFOs are all too familiar with the constant, daunting challenge of doing more with less, especially in a turbulent economic environment. The need to balance quality patient care with fiscal responsibility is a tightrope walk that leaves little room for error.

Investing in non-clinical procurement optimization can dramatically boost an organization's financial health. Non-clinical expenditures, such as IT software, employee benefits, and contract expenses, play a crucial role in the overall success of a healthcare system. By focusing on non-clinical supply chains, desperately needed cash can be freed for re-investing in patient care.



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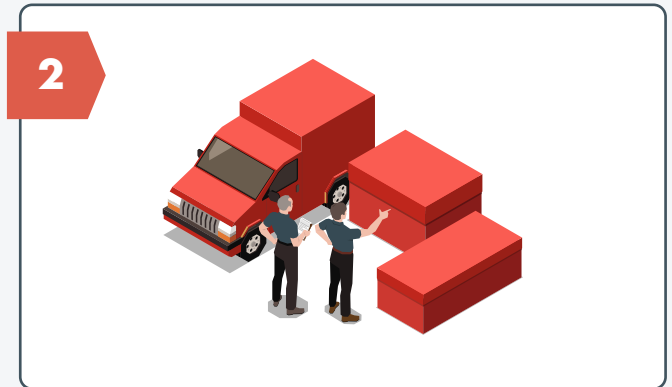
Although we've seen a growing level of awareness of the need to manage non-clinical spend better, there remains a low level of awareness on how to do it. Typically, the two common missteps in managing non-clinical procurement are:



LACK OF ATTENTION TO NON-CLINICAL CATEGORIES:

Non-clinical categories play an integral role in a healthcare system's operations. However, they often get sidelined, leading to potential blind spots and inefficiencies. For example, layers of duplicate or unnecessary spending can exist on IT contracts, while mismanaged labor contracts can lead to unnecessary costs.

But in terms of resources and manpower, non-clinical procurement does not receive the attention it deserves, overshadowed by the more prominent clinical supplies category.



OVER-RELIANCE ON GROUP PURCHASING ORGANIZATIONS:

While Group Purchasing Organizations (GPOs) can be instrumental in managing clinical supplies, they may not adequately address non-clinical supply procurement challenges. In fact, GPOs are only able to address around 12-25% of non-clinical spend.

Potential savings are being left on the table, and when the spend in these hundreds of categories can run into billions annually, health systems are potentially leaving millions of dollars of savings on the table.

Here are some questions for CFOs to reflect on when it comes to non-clinical expenditures and optimization efforts:



ASSESSING CURRENT PRACTICES

Are we actively managing our non-clinical supply chain, or are we solely relying on GPOs?

Do we have full visibility into categories like Professional Services, IT, and Facilities?

Do we invest the same rigor in managing non-clinical contracting and procurement as with medical supplies, devices and implants?



IDENTIFYING BLIND SPOTS

Are there non-clinical categories that we have overlooked or undermanaged?

How can we uncover potential cost savings within these categories?

Do we have the specific expertise (in-house or via GPO and consulting partners) at the category level to establish effective contracts? Or, do we rely on generalists who lack the deep knowledge and experience that dedicated specialists offer?



COLLABORATION AND ACCOUNTABILITY

Are key stakeholders involved in our non-clinical supply chain decision-making?

How can we ensure accountability for cost-effective practices?

By actively managing non-clinical spending, healthcare systems can improve financial control, reduce cost overruns, and enhance patient outcomes. This proactive approach can also positively impact the organization's operating margins.

As a recognized leader in procurement services and technology specifically designed to reduce costs across non-clinical expenditures, LogicSource can partner with health systems to execute rapidly deployable, customized solutions that deliver immediate savings and sustainable value.

An execution-based firm, LogicSource integrates into your team to focus on complex category management and ensure ROI realization. We drive value every day for health systems nationwide, including a \$3B regional health system where we delivered more than \$20MM in annual run rate savings across multiple complex categories.

Learn more about how we work with health systems to reduce financial pressure and lower costs without impacting patient access to care.

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