

## Illinois Purchasing Collaborative helps Premier owners and affiliates save \$9 million-plus since 2007 through aggregation opportunities

### CHALLENGE

Members of the Illinois Hospital Association are no different from their counterparts in other parts of the country. They face a growing imperative – made even more mandatory by recently passed health reform legislation – to reduce healthcare expenses and channel savings toward improving and/or expanding care.

### SOLUTION

The Illinois Purchasing Collaborative (IPC) was established in 2006 to directly support and strengthen the Illinois Hospital Association's (IHA) mission of advocating for hospitals and health systems as they serve their patients and communities. Designed to reduce health care supply chain expenses, the IPC is a creative collaboration among IHA, hospitals and healthcare systems and the Premier healthcare alliance.

IPC and its members share a common vision and purpose: to take costs out of the healthcare supply chain and channel additional resources to improving patient care. There are no membership fees.

Strategic direction is member-driven. Savings are the result of volume aggregation, group buys and manufacturer rebates. IPC provides customized, dedicated staffing support, access to Premier's electronic sourcing, ongoing opportunity monitoring and transparency. Members exchange information in face-to-face meetings, conference calls and networking opportunities.

Pairing the benefits of national pricing from one of the nation's leading GPOs with the advantages and flexibility of regional contracting, the 29 IPC member hospitals achieve significant value.

When IHA launched IPC in May 2006, it was only the second statewide hospital association to establish a regional aggregating and contracting resource to provide members access to pricing tiers previously unattainable.



Illinois Purchasing Collaborative

Alexian Brothers Medical Center  
 Alexian Brothers Behavioral Health Hospital  
 Alexian Rehabilitation Hospital  
 Carle Foundation Hospital  
 Centegra Hospital – McHenry  
 Centegra Hospital – Woodstock  
 Central DuPage Hospital  
 Children's Memorial Hospital  
 Gottlieb Memorial Hospital  
 Ingalls Memorial Hospital  
 Katherine Shaw Bethea Hospital  
 Mercy Hospital & Medical Center  
 Methodist Medical Center of Illinois  
 Mount Sinai Hospital Medical Center  
 Our Lady of the Resurrection Medical Center  
 Resurrection Medical Center  
 Riverside Medical Center  
 Roseland Community Hospital  
 Saint Francis Hospital  
 Saint Joseph Hospital  
 Saint Mary & Elizabeth Medical Center/Saint Elizabeth Campus  
 Saint Mary & Elizabeth Medical Center/Saint Mary Campus  
 St. Alexius Medical Center  
 The Methodist Hospitals, Inc. – Northlake  
 The Methodist Hospitals, Inc. – Southlake  
 Thorek Memorial Hospital  
 Touchette Regional Hospital  
 West Suburban Hospital  
 Westlake Hospital  
[www.illinoispurchasingcollaborative.com](http://www.illinoispurchasingcollaborative.com)

"IPC has been very productive in bringing savings. A recent endomechanical agreement will bring huge savings. We will move to a pricing tier that would normally be unattainable . . . The support we receive from our IPC rep has enabled us to maximize contract implementation. We were only 35 percent to 40 percent compliant with our previous GPO. Our IPC rep is on site weekly, talking about contract opportunities, expiring contracts and spend data. Our former GPO had difficulty communicating such opportunities. We are now about 66 percent compliant with Premier contracts and that makes a huge difference in savings . . . Premier's SupplyFocus® is a very powerful benchmarking tool . . ."

*Carl Gustafson, Director  
 Supply Chain and Materials Management  
 Centegra Health System, Crystal Lake, IL*

“Within the first couple of weeks of the conversion, we executed 23 contracts which resulted in a savings ranging from 4 percent to 10 percent. . . . Premier has been very useful in providing us with supply chain metrics to help measure our efficiencies. . . . We have found the customized IPC staffing support to be invaluable. . . . IPC has been outstanding with data analysis and helping us to determine what is best for our organization.”

*Mike McManus  
Chief Operating Officer  
Touchette Regional Hospital, Centreville, IL*

## RESULTS

- In its nearly four years of full-scale operations, IPC has experienced \$9.05 million in member-reported savings, representing IPC affiliate hospital savings through the Premier portfolio as well as owner/affiliate savings through IPC direct and Premier enhanced agreements.
- Average contract savings are 13 percent.
- IPC has 105 regional contracts to date.
- Three hospitals joined IPC in 2007, four in 2008 and two to date in 2010: Touchette Regional Hospital, Centreville, and Roseland Community Hospital, Chicago.

“Alexian Brothers Hospital Network is a Premier owner so IPC provides three major benefits to us: savings, aggregation opportunity and group collaboration. Alexian participates in 53 IPC contracts totaling \$34M in total spend. In the past three years, we’ve achieved an average savings of \$230,000 per year, and with a hospital goal to save \$5 million per year, the savings through IPC contracts makes a big impact on that initiative. . . . Another huge piece is the networking. Throughout my health care career and my involvement in AHRMM, I’ve come to know many of the IPC staff and members. In the past I’ve been able to tap into these resources. As part of IPC, I had the opportunity this past year to work on actual initiatives. The experience pool is invaluable.”

*Steve Patton  
Assistant Vice President, Purchasing Services  
Alexian Brothers Hospital Network, Chicago*

**FOR MORE INFORMATION ABOUT PREMIER:** Call the Solution Center at 877.777.1552 or e-mail [solutioncenter@premierinc.com](mailto:solutioncenter@premierinc.com).

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