

Success Story

Optimizing purchased services: Going beyond supplies to sustain financial health

BACKGROUND

AMITA HEALTH

CHICAGO, IL

AMITA Health was formed in 2015 through the integration of Adventist Midwest Health and Alexian Brothers Health System. The new, nine-hospital system saw an opportunity to improve its cost structure in purchased services categories through increasing efficiency by eliminating redundant sourcing and contract management processes.

AMITA engaged The Resource Group to address this opportunity. By collaborating AMITA's senior leadership team, selecting vendors who could support the entire system, and consistently measuring progress to ensure added value, AMITA was able to reduce Purchased Services expenses by 21%.

OPPORTUNITY

With over 1,000 purchased services contracts, AMITA facilities were paying varying rates for the same services across the system. This also resulted in inefficiencies and redundancies that ultimately increased costs.

SOLUTION

After gaining support from senior leadership, The Resource Group developed an integrated plan, or Success Map, that took a five prong approach to addressing this issue:

- Renegotiate pricing and service levels with the existing provider
- Consolidate duplicative contracts to reduce variation
- Eliminate unnecessary or inactive services
- Access existing Resource Group contracts with competitive pricing
- Competitively bid contracts

This multi-faceted approach delivered immediate savings while allowing for customization based on end-user feedback and needs. Cancelled, renegotiated, and streamlined service contracts yielded AMITA Health a projected \$6.0 million in annual savings, exceeding the initial goal of \$3.5 million.

Collaboration
between
The Resource
Group and
AMITA on this
opportunity
resulted in a
21%
savings.



Listen. Innovate. Implement.®

PROCESS



IMPACT

AMITA HEALTH

9 INDIVIDUAL HOSPITALS

Alexian Brothers Health System

- Alexian Brothers Medical Center
- Alexian Brothers Rehabilitation Hospital
- St. Alexis Medical Center
- Alexian Brothers Behavioral Health Hospital
- Alexian Brothers Women's and Children's Hospital

Adventist Midwest Health

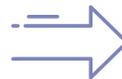
- Adventist Bolingbrook Hospital
- Adventist Glen Oaks Hospital
- Adventist Hinsdale Hospital
- Adventist LaGrange Memorial Hospital

THE RESOURCE GROUP

ONE INTEGRATED APPROACH

INTERNAL SAVINGS TARGET: **\$3.5 MILLION**

484
VENDOR
RELATIONSHIPS



341
VENDOR
RELATIONSHIPS

1000+
CONTRACTS



168
CONTRACTS

ESTIMATED ANNUAL SAVINGS: **\$6 MILLION**

ROI 23:1

"The Resource Group provided AMITA Health an opportunity to standardize purchased service contracts across the system, which improved process inefficiencies, delivered cost reductions and minimized the variation of contracts."

Paul Belter,
Senior Vice President/Chief Financial Officer, AMITA Health



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