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Pricing Optimization for Coronary Drug Stents

A 22-hospital health system faced high costs and inefficiencies in managing multiple coronary drug stent suppliers with varying pricing structures and quality. 10-12 different types of stents (drug eluding & bare metal) and 6 different suppliers with different price points for similar SKUs were used across the health system.

Analyze spend data and consolidate spending & supply base to achieve cost reductions and streamline supply chain operations

Spend Data Analysis

- Conducted detailed spend analysis, benchmarked pricing & demand utilization trends.
- Price comparison across suppliers revealed outliers, one supplier priced higher than other suppliers.
- Price comparison across facilities revealed discrepancies that were leveraged for savings.
- Identified range & variances of prices within current contracts & incidence of off contract spend.
- Leveraged pricing arbitrage strategies to achieve cost savings & reduce supply base complexity.
- Worked with sourcing teams to renegotiate contracts & consolidate the supplier base.

Contract Performance Management

- Worked with procurement managers to identify key metrics for contract performance.
- Designed and implemented automated templates and dashboards using Excel to monitor contract savings (incl. rebates) and performance metrics.

Business Outcomes

- Achieved annual $2.3MM in cost savings
- Reduced supplier base from 6 to 2 suppliers
- Brought system spend to the best pricing already available
- Eliminated going to market saving time in the RFP process

	Facility				
SKU 123	A	A	B	B	B
Price Points	$25	$35	$35	$30	$55
Average Price of SKU (X)	$30		$40		
Facility Min price (Y)	$25		$30		
Global Min Price (Z)	$25				
Facility Ratio (X/Y)	1.2		1.3		
System Ratio (X/Z)	1.2		1.6		
Arbitrage Opportunity	$0	$10	$10	$5	$30
		Total Opportunity			$55