



# PURCHASED SERVICES: Distinct Advantages

**Ever-evolving healthcare reform.**

**Declining reimbursement. Escalating costs. Consolidation.**

Hospitals today operate in a volatile marketplace that makes it increasingly challenging for them to effectively fulfill their mission – providing quality care for patients in their community. Providers are left to navigate through industry fluctuations, and when they are unable to successfully control costs, it is ultimately patient care that suffers.

In order to remain financially viable and fully support their communities, hospitals continually focus efforts to reduce costs. In that, hospital leaders tend to look in traditional budget areas. They look at non-labor costs, such as supplies. How can they squeeze savings out of commodities and physician preference items, or through clinical utilization? They look at their own labor costs. Are there opportunities to better manage their full-time employee (FTE) mix and perhaps do more with less? But still, many hospitals have not exhausted all options to uncover new strategies that alleviate cost pressures. What other opportunities do they have to reduce costs?

SERVICES

can represent  
as much as

40%

of a hospital's  
overall spend.

PURCHASED

## Purchased Services

While Purchased Services may be referred to as the wild, wild West, where decision-making is dispersed and there is an absence of repetitive contract negotiations, it warrants strategic attention as a budget area that can represent as much as 40% of a hospital's overall spend. Often a catch-all for a wide array of categories, Purchased Services can capture operational, financial, clinical, support, and human resource services, among others. Most of which are typically decentralized and managed independently by departmental leaders throughout the organization, making it hard to create an effective, comprehensive cost-reduction strategy.

Many hospitals have the best intention of approaching Purchased Services in an organized manner, but the complexity can make it difficult for them to be successful in achieving the results they desire. They are faced with:

- Insufficient data
- Regional variations
- Lack of service contracting expertise
- Lack of standardization across contracts
- Variability in service level benchmarks and performance requirements
- Difficulty in tracking results and outcomes
- Limited day-to-day management of compliant contracting cycles

But beyond these challenges, with the right resources and expertise, Purchased Services is a source of untapped savings in which hospitals can increase the overall value they receive from their supplier relationships.



TPC is a partnership of independent hospitals that work together, leveraging economies of scale to attain system-level results. TPC Members have achieved more than \$180M in documented savings since 2010.

## TPC's Purchased Services

For a hospital that has never ventured deep into understanding Purchased Services, it can seem like an overwhelming task. Where do you start? What data should you use? How do you know a good contract from a bad contract? In order to achieve industry-leading results in Purchased Services, it is essential for a hospital to have an experienced partner – a partner like TPC.

Aside from group purchasing organizations that are used to access national-level contracts and consultants that have found influence in addressing local contracting opportunities, TPC has built a distinct regional model based on collective participation and high commitment that has proven itself successful in the area of Purchased Services. Backed by more than 20 years of Purchased Services contracting experience, TPC has demonstrated industry-leading results year after year. Through strong participation in our programs, TPC Members have achieved more than 14 percent average savings in key service categories including energy, foodservice, environmental services, maintenance, lab services, freight and logistics, and, most notably, insurance. This has translated to more than \$35 million in documented Member savings and tangible value over than past several years.



Through our dedicated resources and focus, TPC works directly with our Members to fully engage a complete Purchased Services strategy. Together, we aggregate Member volume and enter the market as a single, committed contracting entity. We develop master agreements with standardized pricing, terms and conditions, and continue to manage contracts throughout their lifecycle. We support our Members across conversion, implementation, and utilization so they are able to achieve the greatest value they can from TPC programs.

With all this said, TPC Members are not directed by corporate mandates, and are instead involved in a democratic approach where each Member has an individual voice and vote. Our entire process is a collaborative effort led by our Members to achieve superior results. It is through that collaboration that we:

- Identify and advance the right opportunities at the right time
- Collect data and provide benchmarking
- Have agility to work with our key stakeholders in an efficient manner
- Provide contract management and support to track results and outcomes

## TPC and You

So, what could partnering with TPC on Purchased Services look like for you? We know it's all about the return on your effort. With a dedicated and strategic focus, hospitals have the opportunity to realize a significant increase in the value they receive from their Purchased Services contracts, including:

**Increased savings opportunities**

**LOWER OVERALL COSTS**

**Improved service, terms and conditions**

**IMPROVED PROCESSES**

By achieving these results in Purchased Services, as part of an overall cost-reduction strategy, hospitals relieve some of the pressure of the unpredictable healthcare marketplace, giving them the ability to direct their attention toward their ultimate mission – caring for their patients.

You don't have to do it on your own. By partnering with TPC you have access to resources and expertise that can greatly improve your success in Purchased Services. **Stronger Together. Superior Results.**