



Life-Saving Medical Supplies Starts With Procurement Analytics

As federal agencies look for strategies to be more fiscally responsible, the Office of Pacific Health has been doing this for years — in order to improve the health of those in need throughout the pacific region and save lives. However, significant procurement and distribution challenges exist within the Office of Pacific Health, a unit within the U.S. Department of Health and Human Services (HHS), Office of the Assistant Secretary for Health (OASH), Region IX (San Francisco).

Overview

THE CHALLENGE

Reduce health disparities in the U.S. Affiliated Pacific Islands (USAPIs)

THE SOLUTION

Program Support Center’s medical supply fulfillment develop customized common formulary

THE RESULT

Create a more effective methodology to procure and fulfill medical and pharmaceutical supplies improving health and wellness of citizens

The Challenge

These supply chain challenges affect the Office of Pacific Health ability to address the health disparities and inequities for basic medical and pharmaceutical supplies to improve the health of citizens within the state of Hawaii and the islands of the U.S. Affiliated Pacific Islands (USAPIs). These islands include the Territory of Guam, Territory of American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Republic of the Marshall Islands, and the Republic of Palau.

HHS awarded \$178 million in federal assistance for health programs in fiscal year 2015. However, less than five percent of the funds go to the Office of Pacific Health. Due to budget constraints, it is critical for the agency to find cost-effective methods to procure medical and pharmaceutical supplies. The office must also reduce the time for the dispersed USAPIs to receive the needed supplies.

Streamlining the supply chain optimizes the nation’s investments in health and science to advance health equity and improve the health of all people. Subroto Banerji, Public Health Advisor, HHS, OASH, RegionIX, comments, “Over the years, it’s been difficult to find a method to cost-effectively and adequately stock an inventory of medical supplies to these pacific islands that are linked to the U.S.”

Without the vital medical materials, hospitals, doctors, and other health facilities that the USAPIs need, their capabilities are limited to providing life-saving patient care. Additionally, when replenishing their supply, they pay a premium for necessities, further reducing

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from their already strained budget. This could lead to significantly poorer health outcomes for USAPI citizens compared to the U.S. mainland, since the USAPIs are fighting the “double burden of disease” with health issues of both developing countries (i.e., malnutrition, tuberculosis, cholera) and developed countries (i.e., heart disease, cancer, diabetes) with inadequate medical materials to support this vital mission.

The Solution

The Office of Pacific Health partnered with Program Support Center (PSC) for their ability to provide competitive pricing, reliability, and flexibility to fulfill the USAPIs’ medical and pharmaceutical supply procurement needs.

PSC took a scientific approach to identify USAPI’s supply needs and ordering trends. After analyzing the data, PSC created a common formulary for a smarter methodology for procurement.

The common formulary provided a solution where each island can benefit from significant cost savings when they band together and strategically plan the procurement and shipping of medical and pharmaceutical supplies. The USAPIs are also able to take advantage of items currently part of the supply chain stock and better forecast future medical and supply inventory requirements. Moreover, it created infrastructure, facilitated system improvements, and more importantly, allowed them to tap into Food and Drug Administration (FDA) approved medical and pharmaceutical supplies.

Mark Burchess, Chief of Logistics, Supply Chain Management Services at PSC, said, “Subroto and I have been working on innovative, reproducible methods to

order, fulfill, and ship pharmaceutical and medical supplies to the Pacific Basin in the most cost-effective way, while making sure they have the supplies they need, when they need it.”

Banerji added, “PSC’s deep-dive analysis help make supplies readily available.

“*By using PSC, the Office of Pacific Health has been able to standardize, harmonize, and normalize costs to help streamline their medical supply chain needs.*

” *Subroto Banerji
Public Health Advisor
HHS, OASH, Region IX*

With data analysis, strategically thinking through procurement needs, and developing a common formulary, we can take advantage of items in the supply chain stock. With the one-on-one relationship with customers, the islands recognize the value, and have a better understanding of what they need to do. It’s a change in ownership and culture. We want quality health care out there.”

The Result

Partnering with the PSC, the Office of Pacific Health has been able to:

- Receive cost-effective methods to procure medical material by preparing bulk orders that take advantage of economic ordering quantities
- Reduce the costs of transportation by utilizing ocean freight with demand planning strategies
- Receive a personalized, consultative

approach resulting in a unique common formulary across the USAPIs to streamline operations, minimize total logistics cost, and deliver medical materials according to customer service levels

“Being able to partner with PSC has been a critical source of support and a crucial lifeline to the islands,” adds Banerji. “The impact that PSC has been able to make to streamline procurement, connect the dots, and provide the in-person assistance, is helping the islands to better value what they need to do to provide the level of care their citizens need.”

About PSC

Program Support Center (PSC) is a non-appropriated operating unit within the U.S. Department of Health and Human Services (HHS) that partners with agencies, to collaboratively generate solutions to their most pressing challenges.

PSC’s financial impact begins with cost avoidance (obligated funds vs. actual spend) that results in reduced labor expenditures, reduced backlogs and inventories, on-demand delivery of services and products, and resource sharing that impact operational efficiencies.