Draft for discussion

1. Items Submitted for Review by Value Analysis Committee

Physician Preference Items ("PPIs") are defined as medical products, technologies, supplies, instruments and services that are needed specifically for medical procedures performed by physicians. PPIs need to be requested and approved by the Value Analysis Committee (VAC) as defined in this document prior to be being added to the supply chain formulary.

The target spend/budget for the VAC is $1 million per year. This means that the VAC must evaluate PPIs and prioritize their acquisition so that the $1 million annual budget is not exceeded.

2. PPI Request Form

All PPI requests must be submitted to the VAC Support Administrator via a completed PPI Request Form. PPI Forms should be submitted at least six weeks' prior to the VAC meeting. The PPI Request Form will be completed as follows: i) requestor information, answers to questions, conflict of interest disclosure (Sections 1-3) ii) manufacturer information, usage information, product rationale, product compatibility/trials and pilots/approvals (Section 4 – 7), iii) physician approval verifying information, iv) an approval from the department chair (Section 9). Submit all documents to the VAC email at crivera@libertyhcs.org. Section 10 Materials Management, and Section 11 Finance, will be concluded upon receipt of complete information.

A. Department Chair Approval:

The PPI Request Form must be signed by the department chair in Section 9. Note that if the cost analysis identifies a cost savings of less than $5,000 per year, the PPI Request Form can be signed by the Manager and does not need chair approval.

B. Prices from Materials Management:

The requestor must submit information about the PPI (Section 1 – 7 on PPI Request Form) to Materials Management. Materials Management will perform the following duties and report them in Section 8. Upon completion, Materials Management submits the collected information to the Analyst in the finance department.

i. Determine if the PPI is/is not under contract
ii. Identify the PPI's contract/non-contract price
iii. Produce reports identifying the current usage of the PPI
iv. Negotiate preliminary warranty and service terms
v. Produce FDA approvals
vi. Run queries from 3rd party vendors

C. Cost Analysis from Finance:

The Analyst will conduct a cost analysis and report findings in Section 9. A cost analysis includes an assessment of the following. Upon completing the analysis, the PPI Request Form is returned to the requestor.

i. Calculate the PPI's cost/reimbursement

ii. Identify positive or negative impact to contribution margin

A sample cost analysis is included in *Attachment A.*

All PPI Request Forms, whether approved or denied by the VAC, are to be returned for document retention purposes to the Support Administrator.

4. PPIs Used in Tandem with New Capital Equipment

If the PPI is Capital Equipment, the PPI requires approval from Finance and Legal before the PPI can be added to the supply formulary. These approvals require time before the final VAC approval can be made. Note that Capital Equipment is defined as a product / technology that has a purchase price of $5,000 or more, including taxes and shipping, and that has a useful life of 1 year or more.

5. Urgent/Emergency PPI Requests

The need to purchase urgent / emergency PPIs should not occur. It is expected that all PPIs are requested with sufficient lead time through the process described herein.

If an urgent/emergency request is necessary, the request will be routed via the PPI Request Form to the Analyst in the Finance Department for assessment of the PPI's cost/reimbursement and impact on contribution margin. In lieu of the regularly-scheduled VAC meeting, a decision-making conference call will be coordinated by the Support Administrator and will include the VAC Physician Tri-Chairs, Support Administrator, department Director, and the requesting physician. Emergency requests will be decided based on medical criteria. The decision will not be based on the physician's promise to the patient or the patient's placement on the OR schedule.

6. Items Escalating in Use Frequency/standardization

Any Department, including Materials Management, may forward PPI Request Forms to the VAC for products that are escalating in utilization or unit cost at a rate not originally anticipated during product selection, or product or product categories where a need to standardize has been identified. These requests will be reviewed by all interested parties in conjunction with the VAC Steering Committee.

7. Costs and Timeline to Trial/Pilot PPIs

PPI trials/pilots are to be conducted at the expense of the manufacturer or supplier, whenever possible. If there is a cost for the PPI trial/pilot, the evaluation must be coordinated, approved, and funded by the requesting department.

The requestor will determine whether the trial/pilot will consist of a time assessment (e.g., 30, 60, 90 days) or a quantity assessment (e.g. 30 patients or 20 eaches).

If multiple physicians need to participate in the trial/pilot, the service line coordinator shall ensure all have the opportunity to participate.

The VAC's final decision to add the PPI to the supply formulary will follow the completion of the trial/pilot period.

8. Presentations and Responses

Unless other arrangements have been made in advance, presenters of PPIs will be given 10 minutes to present to the VAC. The presentation will be prepared by the VAC using a standardize powerpoint template. The requestor will deliver the presentation using the prepared presentation. All presenters will be asked to leave the room to allow the VAC to engage in a closed session discussion and to vote.

At a minimum, presenters will:

i. Describe the patient problem and current medical practice,
ii. Introduce/describe the proposed new PPI, and its expected impact on patient care or research benefit, and
iii. Provide evidence-based outcome information regarding the new technology.

The presentation will be followed by questions from VAC members. Questions to anticipate include efforts to standardize PPI, and whether or not other departments are impacted by the introduction of new PPI.

Approximately one week after the Committee meeting, a formal VAC decision memo will be sent to the requester.

9. Denied PPIs and Rebuttals

If a proposed PPI is denied by the SVAC, the presenter can present a rebuttal at the next VAC meeting. If the initiative is denied for a second time, no additional rebuttals will be allowed and the decision to deny the request will be final. The denied PPI cannot be considered by the VAC for at least 12 months, except if the PPI is subject to a significant price reduction or product enhancement.

10. Approved PPIs

The Support Administrator will forward all approved PPIs to Materials Management/HSC Purchasing for vendor contracting and for loading products into the medical supply formulary. If patient rechargeable, a charge code will be requested from the Finance Department by the Support Administrator.

11. Notifications

The Credentials Committee will be notified by the Support Administrator of PPIs that require physician privileging and that are approved by the VAC.

Facilities or clinical engineering will be notified by the Support Administrator if the PPI requires space, plumbing, electricity, etc.

12. On-Going Evaluation of Approved PPI Products

Once a PPI has been added to the supply formulary, the VAC will monitor the projected usage vs. actual usage of each approved PPI on an on-going basis. The Support Administrator will produce a monthly Opportunity Assessment Report of the VAC's activities. The report will include data about cost savings, cost increases, and cost avoidance.

Initiatives that require monitoring of performance improvement/patient outcomes will be coordinated with the Performance Improvement Committee. PPIs that are approved, but have restrictions for use based on clinical indicators will be monitored to ensure usage guidelines are being met. A summary report which includes PPIs that are approved with restrictions will be updated the Support Administrator as necessary, and sent to the appropriate medical/surgical departments.

13. Vendor Notice

Vendors have been advised to comply with VAC procedure, and not to fill an order without a valid Purchase Order issued by the University.