

FOR LEADERS IN THE BUSINESS OF LINKING THE GLOBAL SUPPLY CHAIN

# SUPPLY *Chain* WORLD

SPRING 2017

SCW-MAG.COM

## GREAT Results

TPC HELPS HOSPITALS  
ACHIEVE SIGNIFICANT  
ECONOMIES OF SCALE BY  
COLLABORATING AS A SINGLE  
CONTRACTING ENTITY.



www.tpci.com / Headquarters: Plano, Texas / Employees: 20 corporate staff and 80 committee representatives / Specialty: Healthcare and cost-management strategies / Geoff Brenner, president and CEO: "TPC hospitals have repeatedly set the standards for innovative collaboration, resulting in industry-leading financial results.."

# Great Results

TPC helps hospitals achieve significant economies of scale by collaborating as a single contracting entity. *By Alan Dorich*

The TPC management team consists of (from left) Beau Moon, Geoff Brenner, Mark Phalen, Chris Coldicutt and (not pictured) Sharon Hughes.



**GEOFF BRENNER**  
president and CEO

**It has been said that** culture trumps strategy, and it is TPC's culture of innovation and commitment that enables its hospital members to endure the highs and lows of the increasingly

volatile healthcare market, President and CEO Geoff Brenner says. "Culturally, we have developed into a very fluid and adaptable organization that consistently achieves market-leading results amid unprecedented industry disruption," he says.

Based in Plano, Texas, TPC is a hospital-owned coalition that focuses on innovative cost-reduction strategies within supply chain, purchased services and clinical product utilization. Its history goes back to 2007 when several large health systems conducted a study to measure the true value of consolidation.

"The results of the study revealed that as much as 80 percent of the anticipated financial value generated by hospital consolidation could potentially be achieved by collaborating as a single, committed contracting entity and if successful, it would diminish the need to merge assets," Brenner explains, noting that the group ultimately chose not to merge assets but rather to form a highly-committed partnership by creating TPC.



Today, TPC consists of 11 healthcare systems located in three states, and has achieved more than \$180 million in documented savings since 2010. "By working together as a single contracting entity, TPC hospitals have developed the collective market footprint of a very large integrated delivery network, with a very high commitment level," Brenner says. "They collaborate as one system to achieve the economies of scale they need to remain financially strong to serve their local markets."

Two specific areas where TPC has achieved industry-leading financial results are within difficult clinical product categories and

purchased services. "On average, TPC members have documented a 20 percent reduction in their supply costs," Brenner says.

## TOUGH ENOUGH

Brenner has been in the healthcare industry since 1995 and originally served as the president of TPC's parent company. He credits TPC's success to the hospitals' unwavering commitment to each other and the sophisticated self-governance model that has evolved over the years.

"They collaborate as one system," he says, noting that this enables the company to strategically focus on savings opportu-

To maintain its focus on costs and value, TPC evaluates suppliers' value propositions on an ongoing basis.



nities that are the most difficult to achieve, but offer the highest financial return.

“Oftentimes healthcare supply coalitions set lofty goals to pursue the tougher, higher-yield product or service categories, but those ambitions often fail to materialize because the governance structure was not engineered to deal with inter-hospital conflict, difficult tradeoffs and the binding commitment that is required,” Brenner explains. “TPC’s board, executive steering committee, supply chain leaders and physician/clinical leaders have consistently demonstrated the courage to tackle the most challenging scenarios because they recognize their collective ability to optimize their supply chain has a direct

correlation to their financial health, and their ability to provide safe, cost-effective care to their local communities.”

#### THE BEST MODEL

TPC hospitals routinely evaluate the value propositions offered by their suppliers, Brenner says. “Within the hospital sector, the focus on costs and value are unrelenting,” he states. “Every decision maker is under immense pressure to make prudent, sustainable choices.”

Oftentimes this effort requires physicians to evaluate supplies and vendors they have used for many years. This prospect can be very difficult, since the physicians may have developed strong preferences for the products they

use on a regular basis and strong alliances with the supplier representatives. “Navigating those scenarios is one of the greatest challenges,” he admits.

But TPC addresses this challenge by providing the physicians with clinical and financial data that reveals, often for the first time, clinical utilization patterns, clinical outcomes (quality), product costs and ultimately, value. Physicians are highly educated, intelligent, ethical and data-driven; when presented with concise, well-vetted data, they prudently evaluate the variables and propose one or more viable alternatives. That is the power of strong member-led governance.

“Alternatively, if TPC approached the physicians with a



performed agenda that required them to convert from Supplier A to Supplier B, they would justifiably resist the change,” Brenner says. “But as they collaborate as peers and their confidence in the data and the process builds, they identify options to improve the cost metrics without sacrificing clinical quality or patient care.”

**COMMITTED TO CHANGE**

Brenner is proud of the culture at TPC. “There’s a relentless commitment to innovate and evolve,” he says, noting that it requires employees to become increasingly more “comfortable with unprecedented ambiguity.”

Although the work itself can be very challenging, “We have learned to confront each obstacle as a team, and in that approach we have developed a love for what we do, with whom we do it, and for the healthcare organizations for which we do it,” he says. “The real credit belongs to the TPC hospitals; they have been setting the bar day in and day out since 2007.”

TPC’s plan is to stay aggressive when it comes to serving its hospital members and innovating cost reduction strategies within supply chain, purchased services, and even revenue cycle (a new strategic focus area). “Together, we’ve created significant momentum,

economies of scale and tangible value.” Brenner explains. “As we move forward, TPC may be required to expand beyond contracting and explore process-related opportunities. The worst thing we can do is look at the results we’ve had and think that trajectory continues upward without continually, and often radically, rethinking our business.”

**Lockton** is the world’s largest privately-owned, independent insurance brokerage/consulting firm. With over 6,000 professionals and more than 85 offices, our top priority is being a strategic and collaborative business partner to our clients. Our market leverage and ability to negotiate with industry leaders makes Lockton the “Smallest Giant” in the industry. Our subject matter experts and Associates have the resources necessary to assist with your comprehensive healthcare solutions. For more information about how Lockton can address your firm’s needs, please contact Chris Shaw at 214-969-6132.

CONSULTING AREAS

- Health & Welfare
- Stop Loss/Large Claim Analysis
- Pharmacy Analytics
- Benefit Administration
- Communication
- Compensation
- Retirement
- Human Resources Outsourcing
- Health Risk Solutions®
- Life/Leave Management

IN-HOUSE SUBJECT MATTER EXPERTS

- Actuarial
- Clinical
- Compliance
- Continuous Quality
- Employee Communications
- Physicians



SPECIALIZING IN THE NEEDS OF INDIVIDUAL HEALTHCARE CLIENTS AND GROUP PURCHASING ORGANIZATIONS

For more information, please contact: **Chris Shaw** | [CCShaw@lockton.com](mailto:CCShaw@lockton.com)  
214-969-6132



© 2017 Lockton Dunning Benefits. All rights reserved. © 2017 Getty Images. All rights reserved.