

## The Newsletter for Materials Management and Group Purchasing


**HOSPITAL  
MATERIALS  
MANAGEMENT**
**C-suite survey**

## Use C-suite survey as launching pad for supply chain discussions

Do you know what your C-suite thinks about your organization's supply chain operations? Is the C-suite satisfied with the handling and managing of the supply chain? Does it have a clear understanding of the challenges you confront on a daily basis?

These were just a few of the questions Mechanicsville, VA-based Owens & Minor attempted to answer by commissioning a national survey of hospital CEOs, CFOs, and COOs from May through July 2007. The findings were discussed at the 2007 AHRMM annual conference in San Diego in August by **Jamie Kowalski, MBA, FAHRMM, FACHE, FAAHC**, managing director of business development for Owens & Minor.

The results of the Web-based survey, conducted by a research firm on Owens & Minor's behalf, provide insight into the awareness of the C-suite about the supply

chain and can serve as a launching pad for discussions with your C-suite about changes you should undertake to help improve your operations.

"[Supply chain leaders can] sit down with their C-suite and say, 'You may not have personally participated, but here's a national survey and some of the results—maybe we should be talking about some of these questions and issues,'" Kowalski

says. "It gives them a forum to go to the CEO, CFO, and to talk about what were some of those issues that were identified in this piece of work and how might they apply to their specific situation."

The survey of 182 CEOs, CFOs, and COOs of hospitals or health systems with 50 or more beds was conducted May 29–July 16, 2007, by a research firm to ensure candid responses. The survey respondent base was 51% CFOs, 40% CEOs, and 9% COOs, with 63% of respondents indicating that the supply chain management executive reported to them.

**Wondering about the new look of HMM? See p. 10 for details!**

**IN THIS ISSUE**

**p. 4 Price survey**  
The future of the hip implant market may rely heavily on patient requests.

**p. 5 Price survey data**  
Three and a half pages of prices for the most popular acetabular and femoral components of hip implants.

**p. 9 Drug index**  
The drug index for the third quarter of 2007 saw a split of categories increasing and decreasing, with cephalosporins showing the greatest change, declining nearly 8%.

**p. 10 Annual index**  
Take a look back at **HMM's** content for 2007.

**p. 12 Price watch**  
The producer price index for finished goods followed a strong September with a good October.

### Findings show C-suite lacking information

A number of the survey's findings indicate the C-suite generally is in need of information about the supply chain, which may indicate why it's reported to be less of a priority than revenue generation and patient safety and satisfaction. Kowalski highlighted the following potential challenges facing the supply chain industry as indicated by the survey's results:

➤ More education and facilitated dialogue about the supply chain will help C-suite members recognize the supply chain as a business priority. The survey results show the C-suite is focusing on revenues, market share, and patient outcomes as its higher priorities. The C-suite

> *continued on p. 2*

## C-suite survey < continued from p. 1

is also looking closely at operating costs and margins, so there is a chance that some members of the C-suite include the supply chain's effect on operating costs and margins without specifically saying so, Kowalski says.

A major step in helping CEOs and CFOs make the supply chain a priority is for the supply chain leader to initiate one-on-one dialogues at least once per month with the CEO and CFO. "Tell them, 'Here's what's happening in the industry, here's what we're trying to do internally, and here's where we are not doing very well,' " Kowalski says. "Without that one-on-one dialogue, and without the supply chain leader initiating it, it probably won't happen."

➤ The C-suite does not acknowledge the clinical supply chain as having a very significant role in expense growth. The C-suite's lack of data and information

about the significant effect that expensive physician-preference items, implants, and other highly complex products have on the budget can only hinder strategy development and improvement efforts. The costs of and total spending on these items are increasing at a very high, unsustainable rate, so it is imperative that this information be visible to the C-suite so it can become involved in facilitating the organization's efforts to control both demand and costs.

➤ The C-suite is not aware of the existing resources (data analytics and operating systems) and metrics that can help it effectively deal with these clinical products spend increases. Providing the C-suite with the needed data and tools would not only help show the devices' value, but it would also prepare the C-suite with the information it needs to engage physicians and clinicians to help reverse any excessive spending trends.

"The necessary [information and process improvements] exist," Kowalski says. "But it seems that the supply chain executives are, for whatever reason, not bringing these tools into the C-suite and saying, 'If we had or used this [tool], look what we could accomplish.' "

Educating the C-suite about the financial effect of these clinical specialty products can help explain why spending occasionally exceeds the budget or why more money sometimes needs to be allocated to the supply chain. It can also help to ensure that efforts to reduce expenses, such as those aimed at improved contracting or inventory management solutions, are supported.

➤ The C-suite looks at supply chain expenses in a different way than supply chain leaders do. If you combine all the expenses related to the supply chain, i.e., the spend on all types of consumable products plus the infrastructure—which includes all the supply chain labor costs and nonsupply chain labor costs (staff members who spend their time performing supply chain activities, such as pharmacists, clerks, maintenance workers, nurses)—the supply chain may exceed labor to become an organization's largest annual expense or could

### Editorial Advisory Board Hospital Materials Management



Group Publisher: **Lauren McLeod**, [lmcleod@hcpro.com](mailto:lmcleod@hcpro.com)

Executive Editor: **Lori Levans**, [llevans@hcpro.com](mailto:llevans@hcpro.com)

Editor: **Robert Kurtz**, [robertmkurtz@gmail.com](mailto:robertmkurtz@gmail.com)

#### **Karen Barrow**

Vice President  
Amerinet Clinical Advantage  
St. Louis, MO

#### **Richard L. Benjamin**

Executive, Materials Management  
Diakon Lutheran Social Ministries  
Topton, PA

#### **Terry K. Cox**

Director, Supply Chain/Material Management  
Texas Children's Hospital  
Houston, TX

#### **Afshin Fathollahi**

Vice President of Support Services  
Cottage Health System  
Santa Barbara, CA

#### **Mary Jo Felix**

Director of Materials Management  
NCH Healthcare System  
Naples, FL

#### **Thomas W. MacVaugh**

President and CEO  
Strategic Initiatives In Healthcare, LLC  
Jackson, NJ

#### **John T. Mateka**

Executive Director of Materials Management  
Greenville Hospital System  
Greenville, SC

#### **Melanie Miller**

Program Administrator, Supply Chain  
Management  
Cedars-Sinai Medical Center  
Los Angeles, CA

#### **Victor Rodriguez**

Director of Materials Management  
Lakeland Regional Medical Center  
Lakeland, FL

**Hospital Materials Management** (ISSN 0888-3068) is published monthly by HCPro, Inc., 200 Hoods Lane, Marblehead, MA 01945. Subscription rate: \$199/year. • Postmaster: Send address changes to **Hospital Materials Management**, P.O. Box 1168, Marblehead, MA 01945. • Copyright © 2008 HCPro, Inc. All rights reserved. Printed in the USA. Except where specifically encouraged, no part of this publication may be reproduced, in any form or by any means, without prior written consent of HCPro, Inc., or the Copyright Clearance Center at 978/750-8400. Please notify us immediately if you have received an unauthorized copy. • For editorial comments or questions, call 781/639-1872 or fax 781/639-2982. For renewal or subscription information, call customer service at 800/650-6787, fax 800/639-8511, or e-mail: [customerservice@hcpro.com](mailto:customerservice@hcpro.com). • Visit our Web site at [www.hcpro.com](http://www.hcpro.com). • Occasionally, we make our subscriber list available to selected companies/vendors. If you do not wish to be included on this mailing list, please write to the marketing department at the address above. • Opinions expressed are not necessarily those of HMM. Mention of products and services does not constitute endorsement. Advice given is general, and readers should consult professional counsel for specific legal, ethical, or clinical questions.

potentially do so in the next few years. Although several research projects arrived at this same projection, it has also been anecdotally reported that this “tipping point” has already occurred in some hospitals.

But about 70% of respondents to the survey were skeptical, perhaps because the C-suite does not consider all of the expense factors related to the supply chain, but rather the spending on the products alone.

“Some of the hospitals we’ve talked to, when [expenses are] calculated including supply chain infrastructure, are already [more than] 50%” for annual total supply chain expense,” Kowalski says. “Our conclusion is, as an industry, we need to make sure that we’re all clear on the definition of terms and that we’re looking at all the drivers of cost.”

If you can further demonstrate to the C-suite that supply chain is the top expense (or close to it) for your organization, it will engage and support strategies and tactics to better manage that expense.

“If you look at the supply chain holistically and across an enterprise, it virtually always exceeds the authority and the scope and the reach of the supply chain leader,” Kowalski says. “That’s why, if you believe that the supply chain represents 50% of the spend or will very soon, supply chain is really a C-suite issue. In reality, the CEO is the only one with that scope of authority and ability to intercede in order to turn some things around.”

Such an enterprisewide challenge really needs the C-suite to set the stage, establish supply chain as a top priority, empower the supply chain executive and the appropriate clinical service leaders, and hold everyone accountable, he says.

If there’s an investment required in technology, the supply chain is typically low on the priority list because technology dollars often go into clinical opportunities, Kowalski says. But if you can show that the supply chain is approaching or exceeding 50% of your organization’s spend, it may give the C-suite more incentive to invest in supply chain management tools.

“[The C-suite] will respond more proactively if the supply chain professionals provide [it] with education

and information. Further, the industry itself can provide more education [for the C-suite], through its professional societies and graduate school programs,” says Kowalski.

► The C-suite states that it needs better metrics to measure supply chain performance. The good news is that according to the survey, the C-suite generally believes its supply chain is performing better than two years ago. The not-so-good news is it thinks it’s performing just okay. It thinks the same thing about the supply chain leader. The leader has improved in the past two years, but the work he or she is doing can be better.

What’s even more disconcerting is that the C-suite believes that evaluating supply chain performance is difficult because it lacks reliable metrics with which to actually measure performance. If supply chain leaders believe they and their supply chain operations are performing better than just acceptable, this should be documented, objectively and quantitatively.

“The conclusion is the metrics are really important, and we need to get them to the C-suite,” Kowalski says. “The supply chain people may have their own that they’re using for operational performance, tracking, and productivity and expense, but maybe they’re not sharing that with the C-suite.”

“The survey showed us that we need to do a better job of educating our customers, at all levels, about what can be done and what we can do to help them with supply chain challenges,” says **Marshall Simpson**, senior vice president of sales and marketing at Owens & Minor. “In the distribution business, an efficient supply chain and effective performance measurement solutions are essential for survival.” ■

### Questions? Comments? Ideas?

**Contact Editor**  
**Robert Kurtz**

**Telephone 410/874-7681**

**E-mail [robertmkurtz@gmail.com](mailto:robertmkurtz@gmail.com)**

**PRICE SURVEY**

## Baby boomers, patient education to drive hip implants

The hip implant market may see significant growth in the coming years as manufacturers target a growing patient base driven by aging baby boomers. With patients encouraged to take a greater interest and stake in their care, manufacturers are marketing their implants directly to future patients.

Physicians often have strong preferences for hip implants and may use different components of the implants from various vendors due to a personal level of comfort using the devices. As such, controlling spend on hip implants is often very challenging, according to an anonymous survey of supply chain professionals conducted by **HMM**.

"The interpersonal relationships between surgeon and sales representative are very strong," one respondent writes. "Oftentimes, these relationships hinder purchasing's ability to negotiate to market rates."

Further complicating materials managers' efforts to contract for hip implants, manufacturers are keeping physicians' attention and interest by introducing new technology that allows decreased morbidity and increases patient satisfaction after implantation by reducing recovery time, future thigh pain, and dislocations. Physicians often want the flexibility to choose implants they feel are best suited for a patient without much consideration of cost. "Surgeons are opposed to standardization under the guise of risk on patient outcomes," one respondent writes.

You can see prices of acetabular and femoral components of hip implants in this month's price data provided by the ECRI Institute, a not-for-profit health services research agency in Plymouth Meeting, PA (see p. 5). ECRI's ongoing surveys of 400 hospitals cover a wide range of products. This month's data provide the current low and average prices, and the past two years' low and average prices, for these components.

*Note:* The data provided include prices for the more popular components, with popularity determined by

the number of prices obtained for each model by ECRI. A new challenge for controlling spend for hip implants may come from patient requests. In the past, patients would usually accept implants chosen by their surgeon.

"Now companies like Stryker and Johnson & Johnson are advertising through events and radio/television programs," a respondent writes.

So not only do materials managers need to consider physician preferences, but they must also prepare for patient preferences.

"We also need to do a better job of demand-matching the right joint to the patient," one respondent writes. "The average patient is far better informed today and asks for a particular brand or type of joint."

Another respondent expects vendors to try to capitalize on individual patient requests.

"Companies are marketing their products to the general public so they will ask for a specific type/vendor," the respondent writes. "I believe the result will be companies taking advantage of the product requests."

Despite these challenges, respondents believe there are still ways to control spend on hip implants.

"Since we haven't a clear vision of the future costs of implants, we are approaching the issue with the physicians—we try to ensure they know the cost of the implants and the reimbursement the hospital receives," one respondent writes. "By making this information available to the surgeons, they have been able to assist us with local negotiations by their communication with the company representatives related to pricing and volume."

Another respondent found success with a capitulated agreement for several years but is trying a new tactic.

"The most recent approach was a discount off-list for the joint, and revisions with a built-in new-technology clause," the respondent writes. "At present, we are tracking spend with Goodroe [Healthcare Solutions], educating the surgeons, and tracking and comparing the costs in great detail." ■

## PRICE SURVEY

## Hip implants

## Acetabular component

Catalog number	Description	Current low price	Current avg. price	2006 low price	2006 avg. price	2005 low price	2005 avg. price
<b>Biomet, Inc.</b>							
101004	Tri-Spike Shell With Apex Hole 52 mm	\$1,132.00	\$1,480.50	\$1,132.00	\$1,335.00	\$1,099.00	\$1,239.67
101005	Tri-Spike Shell With Apex Hole 54 mm	1,132.00	1,480.50	507.00	819.50	1,099.00	1,239.67
101007	Tri-Spike Shell With Apex Hole 58 mm	1,132.00	1,132.00	1,132.00	1,326.50	1,099.00	1,239.67
11105924	Arcom RingLoc Hi-Wall Size 24 32 mm	547.00	739.17	360.00	626.33	360.00	661.57
12104154	Mallory-Head Radial 3 Hole Shell Sz24 54 mm	825.00	1,264.90	692.00	1,241.46	523.00	1,096.73
12104156	Mallory-Head Radial 3 Hole Shell Sz24 56 mm	825.00	1,286.00	825.00	1,190.55	830.00	1,142.06
12105994	Arcom 28 mm RingLoc Liner Hi-Wall Size 24	404.00	404.00	651.00	817.50	511.00	796.09
14103656	2 Hole Shell With Dome 56 mm	886.00	886.00	773.00	1,105.00	899.00	1,135.00
<b>DePuy (Johnson &amp; Johnson)</b>							
121701052	Pinnacle Cups 100 52 mm	900.00	1,249.90	676.26	1,200.51	713.86	1,406.65
121701058	Pinnacle Cups 100 58 mm	900.00	1,254.90	676.00	1,320.95	843.75	1,444.77
121701060	Pinnacle Cups 100 60 mm	1,109.20	1,273.34	676.00	1,226.73	843.75	1,469.51
121703052	Pinnacle Cups 300 52 mm	825.00	1,153.35	825.00	1,285.82	1,031.25	1,429.98
121720052	Pinnacle Multihole Cups 52 mm	843.75	1,151.78	900.00	1,290.17	1,181.10	1,653.05
121722052	Pinnacle Cups Sector 52 mm	725.00	1,256.35	800.00	1,341.57	843.75	1,446.67
121722054	Pinnacle Cups Sector 54 mm	725.00	1,219.85	800.00	1,333.82	843.75	1,461.42
121722056	Pinnacle Cups Sector 56 mm	825.00	1,303.36	800.00	1,246.01	843.75	1,443.41
121932054	Implant Liner 32X54 mm	500.00	791.42	500.00	799.22	500.00	894.13
124580056	Duraloc Sector Thread Cups 50 mm	756.20	816.38	756.20	967.64	782.03	837.01
124952000	Dynamic Locking Ring Duraloc 52 mm	53.20	98.48	56.75	108.58	63.50	105.02
<b>Smith &amp; Nephew</b>							
71322047	Tandem Bipolar Implant COCR/Uhmwpe 28 mm x 47 mm	727.00	989.98	590.00	984.69	927.50	1,166.00
71332500	Reflection Screw Hole Covering	28.67	37.29	28.67	38.78	29.26	45.58
71333334	XLPE Acetabular 20° Liner ID 32 mm ID 50-52 mm Size E	600.00	1,063.05	625.00	1,013.43	759.00	1,109.29
71333335	XLPE Acetabular 20° Liner ID 32 mm ID 54-56 mm Size F	655.00	1,185.08	615.00	1,061.27	745.25	1,049.90
71333345	XLPE Acetabular 20° Liner ID 36 mm ID 54-56 mm Size F	660.00	1,296.51	655.57	1,168.90	856.35	1,218.26
71333384	XLPE Acetabular 0° Liner ID 32 mm ID 54-56 mm Size F	660.00	1,140.32	733.70	1,119.80	880.75	1,181.84
71334154	Reflection No Hole Shell ID 54 mm Liner Size F	654.08	1,315.81	1,011.75	1,121.42	495.00	980.19
<b>Stryker Orthopaedics (Stryker Corp.)</b>							
63021054	Shell Vitalock Cluster 54 mm	1,108.01	1,108.01	821.50	997.00	1,005.00	1,088.75
20512054P	Ha Cluster Shell Secur-Fit 54 mm	1,415.62	1,415.62	640.00	1,100.69	640.00	928.50
5020148D	Trident Hemispherical Cluster Back 48M	889.14	1,364.91	663.00	1,007.63	945.98	1,384.46
5020152E	Trident Hemispherical Cluster Back 52M	889.14	1,413.21	676.00	1,350.87	870.00	1,391.98
5020154E	Trident Hemispherical Cluster Back 54M	889.14	1,303.69	676.00	1,354.98	870.00	1,307.84
5020158F	Trident Hemispherical Cluster Back 58M	889.14	1,432.64	870.00	1,423.70	759.50	1,358.47
5020162G	Trident Hemispherical Cluster Back 62M	889.14	1,183.37	663.00	1,197.91	870.00	1,218.21
5421154F	Trident Psl Ha Cluster 54 mm	\$999.00	\$1,449.99	\$855.24	\$1,379.43	\$849.18	\$1,433.66
6210032F	Trident 0° Crossfire Insert 32 mm	742.98	959.99	658.35	969.40	574.00	903.70

Source: ECRI Institute, Plymouth Meeting, PA. Reprinted with permission.

Note: "Current price" represents data gathered as of November 14, 2007. ECRI's PriceGuide "low price" is the lowest price that has been submitted for an item within the past 12 months and the "average price" represents that average of all of the prices submitted for an item within the past 12 months. The average price is calculated by using pricing from two or more member facilities. Usage figures and rebates are not taken into consideration in the calculation of the PriceGuide low and average prices.

## PRICE SURVEY

## Hip implants &lt; continued from p. 5

Catalog number	Description	Current low price	Current avg. price	2006 low price	2006 avg. price	2005 low price	2005 avg. price
6211036E	Trident 10° Crossfire Insert 36M	1,094.90	1,354.58	890.97	1,382.02	1,153.95	1,411.35
6211036F	Trident 10° Crossfire Insert 36M	717.85	1,196.31	800.63	1,242.38	727.76	1,301.70
6250T36G	Insert Aluminum 36 mm 58-60 mm	1,140.00	1,911.46	1,499.55	2,010.07	1,119.00	1,876.77
<b>Wright Medical Technology, Inc.</b>							
36450052	Lineage Shell Acetabular Porous Coated Solid Shell 52 mm Group 2	1,138.00	1,524.50	1,050.00	1,294.50	1,032.00	1,146.67
38025258	Conserve Plus Acetabular Cup 58 mm X 52 mm	2,650.00	3,228.38	1,725.00	2,687.34	1,895.00	2,542.50
72003252	Liner Acetabular Ceramic Group 2 32 mm Id	1,508.00	1,532.00	750.00	1,436.02	1,050.00	1,674.78
38SP4652	Conserve Plus Acetabular Cup 52 mm X 46 mm	1,895.00	2,747.50	1,475.00	2,373.33	3,825.00	3,825.00
<b>Zimmer, Inc.</b>							
00437638057	Epsilon Durasul Std Insert Size 38/57 mm	613.20	1,109.52	761.00	965.91	926.25	1,164.38
00437644061	Epsilon Durasul Std Insert Size 44/61 mm	1,239.75	1,314.28	761.00	881.08	865.00	995.31
00500104428	Multipolar Bipolar Liner 28X44/45/46 mm	161.87	269.23	161.87	284.06	201.12	296.58
00500104728	Polyester Liner XLPE 0° 60X36 mm	169.64	233.54	150.00	196.00	100.00	200.64
00620005022	Trilogy Cluster-Holed Shell 50 mm	721.74	1,020.61	676.00	1,149.61	634.51	1,029.85
00620005620	Shell Trilogy Multiholed 56 mm Od	871.69	1,070.20	640.00	815.17	640.00	902.84
00620005621	Acetabular Shell	1,125.00	1,125.00	663.00	961.12	1,495.00	1,495.00
00620205022	Trabecular Metal Modular Cluster-Holed Shell 50 mm	905.00	1,884.64	965.20	1,928.15	1,251.80	1,983.26
00620205222	Trabecular Metal Modular Cluster-Holed Shell 52 mm	905.00	1,864.48	804.33	1,748.67	1,399.54	1,921.55
00620205422	Trabecular Metal Modular Cluster-Holed Shell 54 mm	905.00	1,862.59	1,178.00	1,945.63	1,399.54	1,936.27
00620206820	Trabecular Metal Modular Multi-Holed Revision Shell 68 mm	2,032.11	2,388.59	1,971.45	2,143.32	1,617.84	2,167.34
00630505036	Polyester Liner XLPE 0° 56X26 mm	613.20	1,322.64	600.00	1,107.17	600.00	1,152.47
00630505636	Polyester Liner XLPE 0° 66X28 mm	613.20	1,180.91	1,114.67	1,237.23	1,111.12	1,248.44
00630505836	Polyester Liner XLPE 7 mm Ofs 68X28 mm	1,027.14	1,196.28	1,149.72	1,252.68	1,111.12	1,235.50
00631005032	XLPE 10° Polyester Longevity Liner 50X32 mm	416.00	945.61	641.66	981.65	540.00	955.85
00632005032	Trilogy Elevator Rim Liner 10° 44X26 mm	613.20	758.24	323.00	614.91	540.00	779.41
00783301400	Zca Reconstruction Cage Left 58X54 mm	675.00	900.40	600.00	838.75	600.00	859.65
00785701400	Versys Heritage Primary Standard Offset 14 mm 135 mm	1,725.30	2,079.45	1,122.00	1,743.72	705.25	705.25
00785901100	Trilogy Elevator Rim Liner 20° 44X26 mm	25.00	53.05	25.00	53.98	25.00	52.74
00785901300	Trilogy Elevator Rim Liner 20° 46X26 mm	25.00	49.32	41.40	60.24	27.00	59.10
00785901400	Trilogy Elevator Rim Liner 20° 76X32 mm	25.00	52.03	25.00	55.21	25.00	52.15
00786201300	Trilogy Elevator Rim Liner 10° 60X28 mm	1,999.65	2,339.20	1,913.00	2,282.67	1,970.10	2,287.05
<b>Femoral component</b>							
Catalog number	Description	Current low price	Current avg. price	2006 low price	2006 avg. price	2005 low price	2005 avg. price
<b>Biomet, Inc.</b>							
139202	Bio-Moore II Solid Stem 10 mm	\$425.00	\$576.20	\$425.00	\$593.50	\$428.00	\$559.22
139203	Bio-Moore II Solid Stem 12 mm	425.00	576.20	361.50	487.83	428.00	536.38
139204	Bio-Moore II Solid Stem 14 mm	425.00	551.00	639.00	658.00	419.00	597.67
162602	Cement Stem 11X135 mm	975.00	1,333.25	1,044.00	1,416.16	878.00	1,415.35
11104110	Mallory-Head Femoral Stem 136.5° 10X155 mm	3,469.00	4,379.75	1,875.00	2,869.00	2,556.00	3,287.62
11104111	Mallory-Head Femoral Stem 136.5° 11X160 mm	3,138.00	3,920.00	1,875.00	2,672.00	2,718.00	3,229.51
11104112	Mallory-Head Femoral Stem 136.5° 12X165 mm	3,138.00	3,899.40	1,875.00	3,388.80	2,718.00	3,360.41
11104211	Mallory-Head Femoral Stem Lateralized 131.5° 11X160 mm	\$3,469.00	\$3,469.00	\$1,875.00	\$2,672.00	\$2,556.00	\$3,185.43

## PRICE SURVEY

## Hip implants

Catalog number	Description	Current low price	Current avg. price	2006 low price	2006 avg. price	2005 low price	2005 avg. price
11104212	Mallory-Head Femoral Stem Lateralized 131.5° 12X165 mm	3,138.00	3,303.50	3,469.00	3,913.67	2,718.00	3,335.88
11104213	Mallory-Head Femoral Stem Lateralized 131.5° 13X170 mm	3,138.00	3,473.25	3,138.00	3,803.33	2,556.00	3,156.00
11162713	Integral Centralizer Cobalt Chrome Lateralized 13X145 mm	1,551.00	1,579.80	1,551.00	2,008.80	1,406.40	1,640.10
X180311	Bi-Metric 11X135 mm	1,946.00	3,395.44	2,796.00	3,283.07	2,313.00	3,114.92
X180312	Bi-Metric 12X140 mm	1,946.00	3,454.30	2,238.00	3,297.09	2,138.12	3,174.91
<b>DePuy (Johnson &amp; Johnson)</b>							
136511	Femoral Head Cobalt Chrome Articul/EZE 28X1.5 mm	292.80	458.40	473.36	498.92	453.75	477.45
136512	Femoral Head Cobalt Chrome Articul/EZE 28X5 mm	527.52	527.52	473.36	485.88	468.10	481.55
121887352	Solution Bowed Left 9Inx15 mm	842.13	1,580.40	800.00	1,585.26	794.15	1,625.04
136513000	Articul/EZE Femoral Head Cobalt Chrome Articu	277.40	489.34	273.62	465.83	330.25	518.07
136551000	Cobalt Articul/EZE Ball Chrome 36 mm Plus 1.5	406.40	754.95	407.80	827.12	426.00	836.90
136552000	Cobalt Articul/EZE Ball Depuy Chrome 36 mm Plus 5	526.33	852.68	500.00	830.37	500.00	821.04
152013000	Stem Prodigy Right Small 10.5 mm	1,843.69	2,281.50	1,751.00	2,669.53	1,751.00	2,106.43
152104000	Stem Offset Endurance Size 4	2,046.52	2,046.52	1,200.00	2,034.69	1,683.93	2,012.86
155403000	Aml Standard 12 mm	2,356.00	2,764.00	2,356.00	3,097.06	2,992.46	3,788.49
155404000	Aml Standard 13.5 mm	2,356.00	2,764.00	2,356.00	3,153.96	2,992.46	3,082.23
<b>Exactech, Inc.</b>							
2080702	Posterior Size 2 5 mm	460.00	629.00	924.06	924.06	598.00	598.00
2080704	Posterior Size 4 5 mm	460.00	623.75	736.00	1,104.00	598.00	598.00
<b>Smith &amp; Nephew</b>							
71302800	12/14 28 mm +0	363.30	691.48	363.30	616.56	200.00	530.11
71302803	Head Chrome Tapered Cobalt 3X12/14X28 mm	363.30	676.44	284.00	598.19	200.00	482.41
71312102	Stem Standard Offset 12/14 Size 2	1,930.00	2,317.91	1,491.11	2,463.40	1,722.50	2,510.04
71312103	Spectron Ef 12/14 Primary Collared Stems Size 3 135 mm	1,930.00	2,743.75	1,348.68	2,746.99	1,722.50	2,644.19
71326600	Sleeve Unipolar Taper 12/14 +0 mm	51.90	102.72	51.00	99.01	51.50	99.09
71343204	Echelon Oxinium 12/14 Taper Head Size 32 mm +4 Neck Length	1,239.00	1,845.70	1,100.00	1,963.78	1,525.50	1,785.93
<b>Stryker Orthopaedics (Stryker Corp.)</b>							
257649	Morse Taper +5	615.12	615.12	373.10	520.82	364.99	577.59
60210335	Stem127° Size 3	1,843.69	3,641.52	1,875.00	3,541.60	2,652.00	3,661.30
62605026	V40 26 mm	374.05	472.90	355.00	446.02	355.00	520.20
62605126	Head V40 +0 26 mm	374.05	510.12	278.00	520.17	320.00	491.47
62606212	Restoration Ps 2/12 165 mm Revision	1,843.69	1,843.69	1,751.00	2,907.07	1,751.00	1,751.00
62606414	Restoration Ps 4/14 165 mm Revision	1,843.69	1,843.69	1,751.00	3,219.62	1,751.00	1,751.00
62653101	Definition PM Cement Hip Size 1	1,074.12	2,091.06	1,051.00	2,045.38	1,051.00	1,902.77
62653103	Definition PM Cement Hip Size 3	1,074.12	2,191.43	1,648.30	2,267.47	1,828.32	2,330.11
62653111	Reliance CM Cement Hip Size 1	792.05	1,112.26	752.00	1,005.19	752.00	1,219.72
62653112	Reliance CM Cement Hip Size 2	792.05	1,112.05	775.00	1,043.81	775.00	1,125.87
62654412	Definition 12 mm Distal Centralizer Size 1 - Size 4	62.34	78.56	50.00	74.23	61.00	79.41
62654413	Centralizer Distal Medium/Large 13 mm	62.34	81.21	58.30	83.57	57.66	76.41
69425045	Unitrax Modular Endo Head 45 mm	219.18	314.33	200.00	295.09	173.45	324.48
704107L	Waffle L-Fit Retained Cr Sz7 Scorpio Left	1,866.00	2,114.53	1,107.00	1,814.86	1,391.30	1,792.01
704109R	Waffle L-Fit Retained Cr Sz9 Scorpio Right	1,866.00	2,039.32	1,107.00	1,791.44	1,000.00	1,900.90
714507L	Waffle L-Fit P/S Size 7 Scorpio Left	1,935.31	2,362.23	1,500.00	2,225.27	1,272.64	1,952.40
714507R	Waffle L-Fit P/S Size 7 Scorpio Right	1,768.23	2,143.66	1,558.44	2,128.73	1,206.37	2,015.29
714509L	Waffle L-Fit P/S Size 9 Scorpio Left	\$1,558.44	\$2,391.15	\$1,129.00	\$2,051.90	\$1,181.97	\$1,883.02

## PRICE SURVEY

## Hip implants &lt; continued from p. 7

Catalog number	Description	Current low price	Current avg. price	2006 low price	2006 avg. price	2005 low price	2005 avg. price
714509R	Waffle L-Fit P/S Size 9 Scorpio Right	1,558.44	2,250.51	1,768.23	2,195.45	1,278.61	1,958.38
714511L	Waffle L-Fit P/S Size 11 Scorpio Left	1,935.31	2,247.49	1,768.23	2,028.82	1,158.22	1,895.46
S26510713	Stem Restoration Size 7 13 mm	4,569.60	4,569.60	4,168.50	4,168.50	4,168.50	4,260.20
S26510814	Stem Restoration Size 8 14 mm	4,569.60	4,569.60	4,351.90	4,351.90	4,168.50	4,360.13
<b>Zimmer, Inc.</b>							
00595203010	Nexgen Cr Prolong XLPE Cr Arterial Surface Yellow	995.97	1,192.85	825.00	1,045.45	835.28	1,140.12
721026000	COCR Head 12/14 Neck Neu 26 mm	374.05	495.65	254.00	431.96	346.00	397.57
721032000	COCR Head 12/14 Neck Neu 32 mm	374.05	545.61	254.00	491.99	319.00	455.18
721032004	COCR Head 12/14 -4 mm Neck 32 mm	374.05	539.56	254.00	502.40	308.33	461.02
721032400	COCR Head 12/14 +4 mm Neck 32 mm	374.05	514.92	254.00	492.38	346.00	487.95
00735401203	Natural-Hip Porous Collared Size 3 Left	1,843.69	2,559.76	1,804.00	2,722.42	1,804.00	3,083.33
00784101100	Versys Fiber Metal Midcoat Standard Offset 11X130 mm	1,904.56	2,416.84	1,875.00	2,650.20	2,554.54	2,679.58
00785301401	Versys Cemented St 14X135 mm	1,581.90	1,718.12	2,793.00	2,793.00	1,255.95	1,591.32
00785701200	Versys Heritage Stem St 12X125 mm	1,725.30	1,725.30	1,051.00	1,403.70	1,051.00	1,484.86
00785701300	Versys Heritage Stem St 13X135 mm	1,725.30	1,725.30	1,100.00	1,387.78	1,409.50	1,409.50
00786201320	Versys Fiber Metal Taper Extended Offset 13X130 mm	2,155.10	2,541.74	2,080.00	2,917.15	1,970.10	2,834.57
00801802802	Versys 12/14 Head 28 mm 0 mm Neck	262.73	496.08	284.00	509.84	247.17	475.23
00801804002	6° Head Large 0X40 mm	601.92	704.48	670.60	671.98	556.80	603.95
00902603603	Head Shtnk Plus 36 mm	601.35	601.35	284.00	537.62	556.80	603.95
00999001840	ZMR Spout Body 40X35 80 mm 35 mm Calcar	3,347.20	3,347.20	4,184.00	4,184.00	3,157.60	3,670.80

## Struggling with the cost of physician preference items?

With ECRI's PriceGuide™, benchmarking supply costs, comparing the quality of single-use medical products, and evaluating product comparability has never been so easy. PriceGuide automatically compares what you are paying for medical/surgical supplies and implants with prices paid by other hospitals and then instantly shows the best opportunities for savings.

### Try PriceGuide for free!

ECRI can save you thousands of dollars on physician preference items.

Request your free PriceGuide analysis by e-mail at [priceguide@ecri.org](mailto:priceguide@ecri.org) or call (610) 825-6000, ext. 5118.



5200 Butler Pike • Plymouth Meeting, PA 19462-1298 • [www.ecri.org](http://www.ecri.org)

MS06N064

**DRUG INDEX**

# Cephalosporins drop nearly 8% in third quarter

The overall pharmaceutical index was 100.21 in the third quarter of 2007, a decline of 0.20% from the previous quarter. It is up 0.21% from 2006.

The cephalosporins (and related) category fell off 7.77% for the quarter and is now down 13.51% for the year. It is the only category in the negative for the year.

The only other category declining for the third quarter was cardiovasculars, down 0.33%. This follows a strong second quarter in which the category increased nearly 2%.

## Psychotherapeutics leads the way

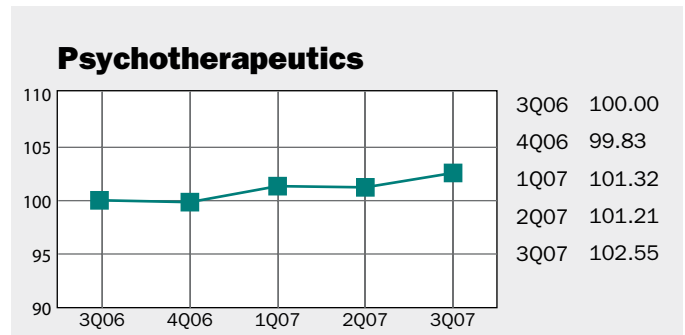
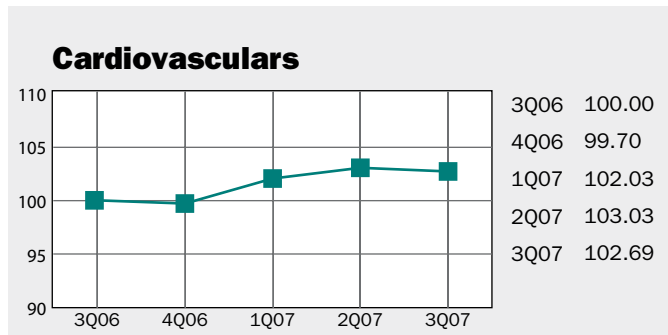
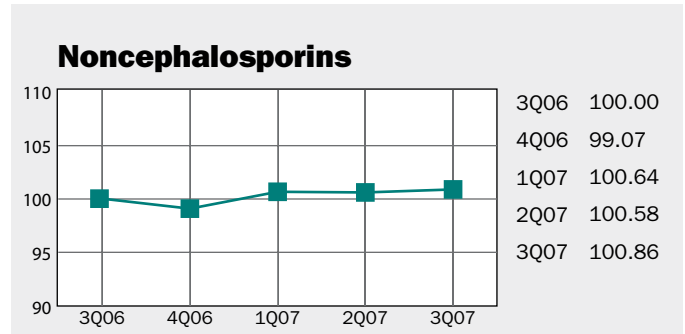
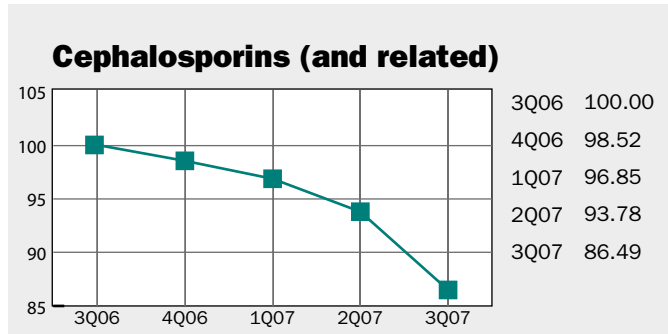
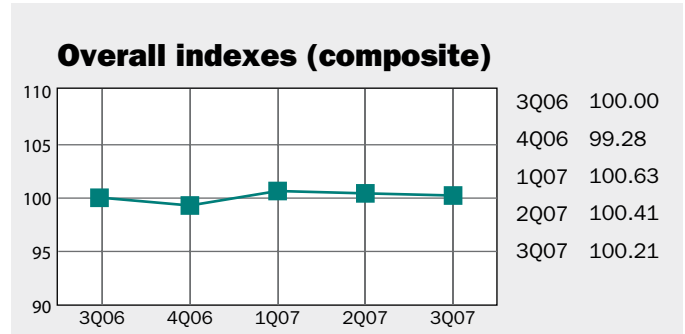
Psychotherapeutics showed the greatest increase for the third quarter, up 1.32%. It is second only to cardiovasculars for the greatest yearly change, up 2.55%. Cardiovasculars is up 2.69% for the year.

Noncephalosporins saw a modest increase of 0.28% for the third quarter and is up 0.86% over the past year.

*Note: HMM obtains its indexes from IMS Health in Plymouth Meeting, PA. The base period is changed each quarter so that the index for one year earlier is set at 100.*

Category	Quarter change	Year change
Overall indexes (composite)	-0.20%	0.21%
Cephalosporins and related	-7.77%	-13.51%
Noncephalosporins	0.28%	0.86%
Cardiovasculars	-0.33%	2.69%
Psychotherapeutics	1.32%	2.55%

*Source: IMS Health, Plymouth Meeting, PA.*



*Editor's note: HCPro and IMS cannot assume responsibility for the accuracy of third-party data aggregated in the tables above.*

## HMM 2007 index

### Ask the expert

- Establish tracking program to keep your equipment. June, p. 9.
- Experts tackle challenging benchmarking questions. Aug., p. 4.

### Benchmarking

- Follow these six steps to become a benchmarking process expert. Jan., p. 1

### Best practices

- Control conflicts of interest with these seven practices. Oct., p. 6.
- Develop an evaluation form to help determine value, assess short- and long-term needs when adding systems. April, p. 8.
- Develop strong procurement card programs to save and make money. Aug., p. 1.
- Follow these six suggestions to ensure obese patients do not jeopardize safety, leave you unprepared. July, p. 7.

### Redesign announcement

Dear **HMM** subscriber,

As you opened this month's issue, you undoubtedly noticed that **Hospital Materials Management** is sporting a new look. We hope you'll agree that it's a very positive change. Not only does the new design allow for easier reading and absorption of information, it also allows us to include more content. So you're getting more information wrapped up in a smart new package—isn't progress grand? We will continue to be the resource you can count on each month to provide you with tips, tools, and data to help reduce spend and improve efficiency. If you have any suggestions or feedback, or would like to participate in our price surveys or serve as a source for future stories, please feel free to drop me a line at any time. In the meantime, enjoy **HMM's** brand-new look!

Sincerely,



Robert Kurtz  
Editor

- Standardize and clean up your data for current and future success. Sept., p. 1.
- Use New Year's to identify missions, new ideas. Dec., p. 9.

### Case study

- Illinois health system realizes millions in cost savings. May, p. 8.
- New medication process helps garner award. Feb., p. 9.
- Texas health system identifies numerous cost-savings opportunities. April, p. 1.

### Cost control

- Collaboration is the key to effective expense management. March, p. 10.
- Don't overlook potential hidden 'budget busters.' Nov., p. 11.

### Drug index

- Cardiovasculars up nearly 2% in second quarter. Oct., p. 9.
- Cephalosporin continues decline in first quarter. July, p. 9.

### Environmental practices

- Donate supplies to receive tax deduction, reduce waste costs. Dec., p. 1.
- Go green to save green: Tips for practical environmental purchasing. Oct., p. 1.
- Pursue these four EPP initiatives to help save your hospital money. Nov., p. 1.
- Request waste characterization of chemicals to save money, avoid fines, improve safety. Dec., p. 7.

### Institute for Supply Management

- Prices to rise; healthcare industry expects employment boost, increase in capital expenditure spend. July, p. 6.
- Supply execs expect price hikes to continue in 2007. March, p. 7.

### Job advancement

- Good help is hard to find—and harder to keep. Jan., p. 11.
- Nine tips for effective supply chain hiring and retention. Feb., p. 12.

### Physician preference items

Five successful methods to control spending on physician preference items. March, p. 1.  
Stent data show shift in physician preferences. Sept., p. 8.

### Price index

Gainers outnumber losers more than three to one. Aug., p. 8.  
Mixed results in third quarter; sponges see decline. Jan., p. 7.  
Paper surges sharply in second quarter of 2007. Nov., p. 14.

### Price survey

Drug-eluting stent prices steady, usage declined over past several months. June, p. 1.  
Expect rise in suture prices until increase in market pressure. May, p. 1.  
Future of knee implant prices hinges on benchmarking, number of vendors. Nov., p. 1.  
Physician preferences will limit ability to lower prices of orthopedics. July, p. 1.  
Present and future of prosthetic intervertebral discs. April, p. 7.  
Prices of generic intraocular lenses likely to see gradual decline. March, p. 1.  
Prosthetic cardiac valve prices 'stable.' Jan., p. 1.  
New manufacturers, materials should slash prices of intervertebral discs. April, p. 1.  
Silver-coated dressing market booms as manufacturers 'jump on bandwagon.' Aug., p. 1.  
Some balloon catheters seeing gradual decline in low prices; future looks stable. Feb., p. 1.  
Vascular graft market flat; managers can expect purchasing on consignment. Sept., p. 1.  
Vena cava filters see volume decline with improved drugs; prices steady. Oct., p. 1.  
Vendor duopoly for surgical staplers and staples keeps prices unchallenged. Dec., p. 1.

### Supply solutions

Focus on people to overcome four common challenges. Sept., p. 10.  
Three top areas where supply chain execs go wrong. May, p. 11.  
Overcome three more common materials challenges. July, p. 10.

### Team development

Complex organizational issues require complex solutions

(i.e., no director of materials management is an island). April, p. 12.

### Value analysis

Breathe new life into your supply value analysis teams. June, p. 11.  
Creating a 'culture of discipline' for your teams. Aug., p. 11.  
Ensure your ROI remains high for value analysis projects. Oct., p. 10.  
If you can measure it, then you can improve it. Dec., p. 10.

### Vendor management

Develop vendor management policy to control new products. March, p. 11.  
Diversify suppliers to identify savings, increase vendor competition. June, p. 1.  
More tips to help build a successful, supportive diversity program. July, p. 1.  
Put onus on vendors to meet your security and safety requirements. May, p. 1.  
Red flag or include these 15 clauses in your vendor contracts. Feb., p. 1. ■

## FREE

## Join the Hospital Data Exchange Program Today!

Compare your device and supply expenditures with a panel of select hospitals nationwide. By joining the exchange and anonymously sharing purchasing data, you will receive reports with critical information that can help sharpen your purchasing strategies and reduce material costs.

By joining now, you'll receive the additional advantages of receiving the new monthly rather than quarterly reports and you'll be able to access the information online.

#### Program Benefits

- Sharpen purchasing strategies and contract negotiations
- Identify potential cost savings
- Validate and improve the performance of your Group Purchasing Organizations

For more information or to sign up for the Hospital Data Exchange Program, contact Douglas Routt at 610.834.4526 or [droutt@us.imshealth.com](mailto:droutt@us.imshealth.com).



**ims** | INTELLIGENCE.  
APPLIED.

## PRICE WATCH

# Finished goods up more than 6% over past year

The finished goods component of the producer price index had its second consecutive strong month in October 2007, following a 1% increase in September 2007 by increasing 0.7%. It is up 6.1% for the year.

Of the medical-surgical categories surveyed, surgical and medical instruments manufacturing saw the greatest percentage change, down 0.3%. Catheters remained up 4.0% for the year, and electromedical equipment is down 3.4% from October 2006.

## All CPI components increase

On the consumer side, all five consumer price index (CPI) components surveyed increased, with nonprescription medical equipment and supplies leading the way for the second consecutive month, up 0.7% in October 2007.

It is tied with internal and respiratory over-the-counter drugs and nonprescription medical equipment and supplies for the greatest change over the past year, up 2.1%. ■

## Price index

### Producer price index

Product	October 2007	September 2007	October 2006	Change in month	Change in year
Finished goods	168.6	167.4	158.4	0.7	6.1
Catheters	127.9	127.7	122.9	0.2	4.0
Analytical laboratory instrument mfg.	133.4	133.3	132.6	0.1	0.7
Electromedical equipment	87.6	88.0	90.8	-0.2	-3.4
Irradiation apparatus	114.1	114.1	112.7	0	1.2
Surgical and medical instruments mfg.	133.9	134.3	132.6	-0.3	0.9

### Consumer price index

Product	October 2007	September 2007	October 2006	Change in month	Change in year
Medical care commodities	292.2	291.3	288.1	0.3	1.4
Prescription drugs	371.9	371.0	367.7	0.2	1.1
Nonprescription drugs and medical supplies	158.0	157.4	154.8	0.4	2.1
Internal and respiratory over-the-counter drugs	187.5	187.1	183.7	0.2	2.1
Nonprescription medical equipment and supplies	187.3	185.9	183.4	0.7	2.1

Source: U.S. Department of Labor.

## HMM Subscriber Services Coupon

Start my subscription to HMM immediately.

Options:	No. of issues	Cost	Shipping	Total
<input type="checkbox"/> Print & Electronic 1 yr	12 issues of each	\$199 (HMMNPE)	\$24.00	
<input type="checkbox"/> Print & Electronic 2 yr	24 issues of each	\$358 (HMMNPE)	\$48.00	

Order online at  
[www.hcmarketplace.com](http://www.hcmarketplace.com).  
Be sure to enter source code  
N0001 at checkout!

Sales tax  
(see tax information below)\*  
Grand total

For discount bulk rates, call toll-free at 888/209-6554.



#### \*Tax Information

Please include applicable sales tax. Electronic subscriptions are exempt. States that tax products and shipping and handling: CA, CO, CT, FL, GA, IL, IN, KY, LA, MA, MD, ME, MI, MN, MO, NC, NJ, NM, NY, OH, OK, PA, RI, SC, TN, TX, VA, VT, WA, WI, WV. State that taxes products only: AZ. Please include \$27.00 for shipping to AK, HI, or PR.

Your source code: N0001

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Organization \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
Phone \_\_\_\_\_ Fax \_\_\_\_\_

#### E-mail address

(Required for electronic subscriptions)

Payment enclosed.  Please bill me.

Please bill my organization using PO # \_\_\_\_\_

Charge my:  AmEx  MasterCard  VISA

Signature \_\_\_\_\_

(Required for authorization)

Card # \_\_\_\_\_

Expires \_\_\_\_\_

(Your credit card bill will reflect a charge to HCPro, the publisher of HMM.)

Mail to: HCPro, P.O. Box 1168, Marblehead, MA 01945 Tel: 800/650-6787 Fax: 800/639-8511 E-mail: [customerservice@hcpro.com](mailto:customerservice@hcpro.com) Web: [www.hcmarketplace.com](http://www.hcmarketplace.com)