

UCLA Health System Materiel Management Policies

Policy: PUR055

Subject: Value Analysis Committee/Process

OBJECTIVE:

To outline the structure of the Value Analysis Committee.

POLICY:

It shall be the policy of UCLA Health System that a Value Analysis Committee will be structured in a framework that results in the development of an effective medical supply formulary.

STRUCTURE:

The structure is as follows:

TITLE:

Value Analysis Committee (hereon referred to as the Committee)

PURPOSE:

This multidisciplinary committee is charged with improving patient care and controlling product costs with an emphasis on the purchase and utilization of cost-effective, high quality products through an approved process of determining clinical efficacy, product evaluation, and financial impact to UCLA Health System.

MEMBERSHIP & STRUCTURE:

- A. OFFICES: Two Co-Chairpersons
- B. NUMBER: Varies; presently there are 25 members.
- C. CRITERIA: 1) Must be an employee of UCLA Health System.
Co-Chairpersons, and committee members are appointed by the Associate Vice Chancellor of UCLA Health System.
- 2) Representation from the following areas is mandatory:
 - Administration
 - Purchasing
 - Finance
 - Nursing
 - Medical Staff
- D. TERM: Two-year rotating terms with fifty (50%) of the membership rotating off the Committee each calendar year. Members are subject to removal and may be offered reappointment.

SCHEDULE OF MEETINGS:

The Value Analysis Committee shall meet on the fourth Thursday of each month, except November/December meeting will be conducted the first Thursday of December.

DUTIES & RESPONSIBILITIES:

- A. To be knowledgeable of new and improved technologies/products and sources of supply.
- B. To review the routine use of high volume or expense items and recommend to the appropriate Chair and Administrative representative alternatives of standardization, recontracting or product restriction.
- C. To evaluate the voluminous and continuous flow of new and improved technologies/products.
- D. To reduce the expense of utilizing, educating and training personnel to many and varied products, techniques, etc., through product standardization.
- E. To keep UCLA Health System administration and department heads informed of changes in equipment, products, and services.
- F. To promote cross-departmental collaboration in understanding and solving mutual issues in regards to products standardization and equipment.
- G. To control the quantity of inventory kept by various departments by reducing the variety and amount of products.
- H. To maintain minutes of all meetings and submit them to UCLA Health System administration for approval and/or comments before final action is taken.
- I. To have an independent annual evaluation of the Committee.

GUIDE FOR PERFORMANCE OF DUTIES:

- A. Request for Technology/Product/Price Evaluations:
 - 1) Technology/product evaluations are to be at the expense of the manufacturer or supplier, whenever possible. If there is no cost for the product evaluation to UCLA Health System, the evaluation must be coordinated/approved by the affected department (e.g., Main OR).
 - 2) If the manufacturer will not absorb the expense during the product evaluation, the requester must submit the New/Replacement Product Request Form to the Clinical Procurement Coordinator or Value Analysis Coordinator. The initiative will require a complete technology assessment and financial analysis, in preparation for Committee review.
 - 3) Department leadership request routine review and recommendations to maintain product budget compliance.
- B. Determining cost threshold for Value Analysis Initiatives:
 - 1) Requestor will complete the Value Analysis Request (New/Replacement Product Request Form) and submit to the Value Analysis Coordinator. The Value Analysis Coordinator will meet with the requester and determine the cost analysis. The Value Analysis Coordinator will forward the initiative, as follows (see Process Flowchart):
 - I) If the initiative is a cost savings or <\$10,000 annualized cost increase, Managers can approve or deny the initiative. For initiatives that affect multiple departments, the initiative will be referred to the Products Committee.
 - II) If the initiative is >\$10,000 annualized cost increase, the initiative would be forwarded to the Manager for awareness and to the Department Chair for review. If the Department Chair approves,

the initiative would be forwarded to the Value Analysis Committee for a full technology assessment/cost analysis review. The Manager's signature and Department Chair's decision to approve or deny the initiative and signature is required on the Value Analysis Request form.

- 2) All Value Analysis Request forms that have been forwarded to the Manager or Department Chair, whether approved or denied, are to be returned to the Value Analysis Coordinator.
- 3) All one-time requests for non-formulary products that are <\$2500 or less can be approved by the OR managers. Requests for devices or products that exceed the \$2500 threshold would require a higher level review:
 - I) Non-emergency one-time requests would be routed to the Value Analysis Coordinator for assessment of cost/reimbursement and would be presented by the requesting physician at the Value Analysis Pre-Meeting for a final decision. Urgent or emergency requests would be determined by medical criteria and not based on the physicians promise to the patient or placing the patient on the OR schedule.
 - II) Urgent or Emergency one-time requests would be routed to the Value Analysis Coordinator for assessment of cost/reimbursement and a conference call would be scheduled by the Value Analysis Coordinator with the Chief Medical Officer, Senior Medical Director, Chief Operating Officer, OR Manager and the requesting physician for final decision.

C. Technology/Product/Cost Issues for Review:

- 1) All potential technologies/products/services are to be submitted to the Value Analysis Coordinator by UCLA Health System physicians and/or staff through the Clinical Procurement Coordinator representative utilizing the New/Replacement Product Request Form and any supporting documentation (e.g., product specifications/literature, research articles).
 - I) New Initiatives are to be submitted six-weeks prior to the next Committee meeting. This time period allows time to complete the technology assessment and the financial analysis.
- 2) The Value Analysis Coordinator performs an initial screening of requested products for standardization and contract compliance.
- 3) The Value Analysis Coordinator and the Clinical Procurement Coordinator contact the requester of the technology/product to discuss their current practice, potential effects on patient outcomes/satisfaction and costs regarding their initiative.
- 4) The Value Analysis Coordinator/Clinical Procurement Coordinator contact vendors to negotiate pricing discounts/protection, warranty, service contract, product information, FDA approval letters, research articles, current users of product, and reimbursement information.
- 5) The Department or Value Analysis Staff may forward products to the Committee which are escalating in utilization or unit cost at a rate not originally anticipated during product selection.

- 6) The Value Analysis Coordinator coordinates the financial analysis with the requester of the initiative, Clinical Procurement Coordinator, Financial Analysis, Medical Coding, Reimbursement and Managed Care.
- 7) The Value Analysis Coordinator/current vendor research the literature to develop a technology assessment.
- 8) Product evaluation reports are prepared by the department(s) submitting the request for Committee review.
- 9) Possible VAC actions:
 - i) Technology/Product and/or Service acceptability.
 - ii) Rejection of technology/product and/or service.
 - iii) Product evaluation period will be determined by the Committee, in coordination with the requestor of the new technology/product (e.g., 30, 60, 90 day evaluation period).

D) Committee Requirements:

- 1) Agenda packets are prepared and mailed to committee members one week prior to the meeting. Meeting minutes are recorded and sent to the Medical Staff Office. All agenda packets and meeting minutes will be labeled "CONFIDENTIAL."
- 2) A quorum shall be present to transact business. A quorum is defined as a simple majority (one more than half the members as the Committee is presently structured).
- 3) Prior to each meeting, physicians from the Committee will be assigned, on a rotating basis, to review literature of the proposed technologies and lead the Committee in open and closed session discussion.
- 4) Presenters of new initiatives will be given ten-minutes to present their technology/ product to the Committee.
- 5) Initiatives that require capital equipment funding (reusable product >\$1500 and has a life expectancy of more than two years) require a twostep process. The Committee has the authority to approve a proposed initiative but, the capital equipment component must be submitted to the appropriate Associate Director and Department Manager for final review and decision.
- 6) All presenters of new technologies/products will be asked to leave the room to allow for Committee closed session discussion and voting.
- 7) If a technology/product is denied by the Committee, the presenter can come to the next Committee meeting to offer a rebuttal. If the initiative is denied for a second time, the Vice-Provost for the healthcare system would be the final rebuttal.
- 8) Once a final decision on an initiative has been achieved, the technology/product and/or service cannot be considered by the Committee for at least 12 months (with the exception of price or product change).
- 9) Technologies that require physician privileging and are approved by the Committee will require notification of the Credentials Committee.
- 10) The Committee will monitor the projected usage vs actual usage of approved initiatives on an on-going basis. Initiatives that require monitoring of performance improvement/patient outcomes, will coordinate

these efforts with the Performance Improvement Committee.

11) The Value Analysis Coordinator will provide a monthly Opportunity Assessment Report of Committee activities for the fiscal year. The report will include cost savings, cost increases and cost avoidance.

12) New products/technologies that are approved, but have restrictions for use based on clinical indicators will be monitored every six-months to ensure usage guidelines are being met. A summary of Value Analysis products/technologies that are approved/restricted (Summary of Product/Technologies under Committee Supply Controls report) will be updated monthly and sent to the appropriate medical/surgical departments.

13) Non-members may be invited to the Committee for advisory purposes.

14) No sales representatives are permitted to attend Committee meetings.

15) The Value Analysis Coordinator will assist/forward all approved initiatives to Purchasing/SPD for contracting/loading products in the medical supply formulary/ distribution and Financial Services for a thorough review and determination of any patient charge.

REPORTING STRUCTURE:

Associate Vice Chancellor and Director of UCLA Health System through the Chairpersons and minutes.

References: Appendix A: New/Replacement Product Request Form

Appendix B: Process Flowchart

Appendix C: Product Evaluation Form

Appendix D: Process for Requesting New/Replacement Products for Medical Supply Formulary

Appendix E: Approved Request for Product Addition/Changes to the Lawson Item Master File

PUR-005 Approved Products List

PUR-030A Products Committee Request to Add or Replace Products

PUR-035 Item Master File Changes/Additions

PUR-045 Product Evaluation

Revision History

Effective Date: February 2, 1998

Review Date:

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June 8, 2000

May 20, 2002

April 28, 2005

December 4, 2014