Title: Disposable Trocars Pricing

SBAR: Situation-Background-Assessment-Recommendation
Initiation and Feedback Phase

Situation:
Disposable trocar pricing rates are currently at risk due to not meeting contract requirements; contract requires that Trinity Health commit a certain percentage of purchase to ensure best pricing rates.

- Trinity Health is committed to Ethicon (contract 5205 - tier 1). Contract requires 90% spend in total dollars to maintain tier eligibility. Ethicon is reporting Trinity Health tier pricing is at risk due to not meeting spend requirements.
- Trinity Health total category spend is $4,536,134
- Current market share:

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Contract Number</th>
<th>Total Spend in $</th>
<th>Spend $ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethicon</td>
<td>5205</td>
<td>$3,510,666</td>
<td>77%</td>
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<tr>
<td>Applied Medical</td>
<td>5207</td>
<td>$916,910</td>
<td>20%</td>
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<tr>
<td>Covidien</td>
<td>Non-contracted</td>
<td>$108,134</td>
<td>2%</td>
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Background:
Ethicon contract was launched 2015 when Trinity Health Perioperative Sourcing Advisory Team endorsed strategy to commit to Ethicon for best tier 1 pricing. This commitment required:

- Conversion from Applied Medical and Covidien spend to Ethicon.
- Increased utilization of reprocessed trocars to offset higher cost of the preferential Ethicon product line.

Barriers to conversion:
- Applied Medical had balloon Hassan trocar and longer length trocars used in bariatric and robotic surgery that Ethicon did not have.
- Slow adoption of reprocessing program- total number of units purchased from October 2017 – October 2018 is 80,042 (including reprocessed). Of those units, 7,714 were Medline reprocessed products which represents 9.6% of the total units. (Please see attached document reprocessing study).

A Trocar expert panel met several times including a phone discussion with Ethicon Leadership.

Assessment:
Trinity Health current market share does not meet tier 1 requirements for either Ethicon or Applied supplier; this situation will lead to pricing increases in trocar expense if purchasing practices do not change. Trinity Health has the opportunity to renegotiate the contract during the renewal period in early 2019.

Trinity Health currently has a contract in place for reprocessing through Medline. Increasing the collection of trocars for re-processing and increasing the use of reprocessed trocars supports effective stewardship and lowers the overall cost of health care delivery.

Recommendation:
The Surgery CEC endorses the recommendations below in its entirety to move market share to Ethicon and prevent disposable trocar pricing increases.

- Maintain necessary compliance requirements to achieve tier 1 pricing with Ethicon.
- Continue utilization of the Applied Medical balloon tipped trocars.
- Promote the Applied Medical non-balloon tipped trocar utilization move to Ethicon.
- Promote single obturator/multiple sleeves as standard practice.
- Agreement that the low spend with Covidien is not significant and can remain in place.
- Support Medline reprocessing initiative across Trinity Health.

References/Citations:

Submitted by: Carole Stout, RN, Director Clinical Transformation; Steve Ruby, MD, Medical Director; Kelley Young, Director, Supply Chain Clinical Informatics

CEC/CLG/CSG: Surgery CEC
Date December 2018

**Title:** Disposable Trocars Pricing

**Final Decision and Action Planning Phase**

**CEC Decision for Implementation:**

1. What were final decisions? The Surgery CEC endorses the recommendations below in its entirety to move market share to Ethicon and prevent disposable trocar pricing increases.
2. Who owns the next steps? Integrated Clinical Services for communication and Supply Chain for development of cross reference and conversion package.
3. Estimated timeframe: 1-3 months
4. Which functional groups will be involved in the implementation? OR Leadership- communication and Supply Chain to monitor compliance
5. Regional ICLT to communicate to functional leads and areas.

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<thead>
<tr>
<th>Teams</th>
<th>Actions</th>
<th>When</th>
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<tbody>
<tr>
<td>CMO</td>
<td>Support/ communicate decision to surgeons</td>
<td>By May 2019</td>
</tr>
<tr>
<td>CNO</td>
<td>Communicate decision to OR Directors and Surgeons</td>
<td>By May 2019</td>
</tr>
<tr>
<td>MG PS</td>
<td>Support and disseminate information</td>
<td>By May 2019</td>
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<tr>
<td>CIN/ACO</td>
<td>Support and disseminate information</td>
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<tr>
<td>Finalized by</td>
<td>Carole Stout, RN, Director Clinical Transformation; Steve Ruby, MD, Medical Director; Kelley Young, Director, Supply Chain Clinical Informatics</td>
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<tr>
<td>CEC/CLG/CSG:</td>
<td>Surgery CEC</td>
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<tr>
<td>Date</td>
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