

21 Jan 2010

Embargoed till 9am, 22 Jan 2010

< News Release >

THE AGENCY FOR INTEGRATED CARE AND SINGHEALTH COLLABORATE TO HELP 30 COMMUNITY HEALTHCARE INSTITUTIONS SAVE THROUGH COST-EFFECTIVE PROCUREMENT PRACTICES

30 healthcare institutions to benefit from cost savings for basic necessities such as milk and diapers

On 22 January, the Agency for Integrated Care (AIC) launched a two-year Pilot for 30 community healthcare institutions, aimed at lowering the costs of medical supplies through aggregated bulk purchases. This initiative is a two-year partnership between AIC and the institutions, with SingHealth Group Procurement Office (SingHealth GPO) acting as the managing agent. The public healthcare group's procurement arm will leverage on their proven track record and experience in successful group purchase to facilitate the shared procurement services Pilot. The aim is to equip the community healthcare institutions with knowledge of the best procurement practices and processes.

First mooted in early 2009, AIC has been in discussion with four community hospitals, 25 residential nursing homes and one hospice to stretch their dollar in their procurement of supplies. By consolidating individual purchases from participating healthcare institutions into bulk purchases, the volume discounts gained will mean valuable savings for these institutions, who are charitable organisations.

The SingHealth GPO purchases drugs, supplies and equipment and IT services for the SingHealth group of healthcare institutions. Since its formation in 2003, SingHealth GPO has saved a total of \$120 million for the SingHealth group which helped contained healthcare costs. Recognising SingHealth GPO's experience in achieving significant savings through prudent

sourcing strategies, AIC invited SingHealth GPO to participate on the procurement programme to help the healthcare charities manage bulk purchases of necessities.

Analyses of participating community healthcare institutions' spending on medical supplies showed that milk feeds and adult diapers are the top two expenditure items, accounting for 10% to 20% of their operating costs. Hence, these items will be the first two products to be included in this Pilot. It is estimated that conservatively, savings of approximately a quarter of a million dollars can be achieved just for these two items alone. Potentially, the Pilot hopes to be saving millions for the community healthcare institutions.

In addition to getting volume discounts for their purchases, community healthcare institutions will also enjoy a host of other benefits when they participate in this service. These include:

1. Saving time

With a more efficient procurement system, community healthcare institutions will be able to save not only money, but also time. By participating in bulk procurement, staff of individual community healthcare institutions can be relieved of the administrative tasks associated with procurement, which are time-consuming. This will mean that these healthcare institutions may allocate more resources to their core functions and better focus on their primary role as healthcare providers

2. Leveraging on procurement expertise

Participating community healthcare institutions will be able to leverage on the expertise in procurement provided by SingHealth GPO. Currently, not all community healthcare charities have this expertise and those that do, have to devote much resource to it in order to do it well. Such expertise includes product sourcing and evaluation, negotiations with vendors, conducting procurement exercises through tenders and managing contractual agreements. SingHealth GPO is well placed to perform these important functions and in the context of this collaborative effort, will be able to strategically achieve value-for-money for all the 30 community healthcare institutions..

3. Better quality assurance

By leveraging on the strength of the volume orders, these healthcare institutions, through SingHealth GPO, will collectively be able to negotiate for better terms from vendors. For example, the community healthcare charities will have better assurance of product quality; they would receive better servicing from vendors such as more frequent and timely deliveries, allowing them to hold less stock and free up space in their own premises. They will also enjoy greater ease and flexibility in the event of product recalls and exchanges. This is achieved through a more systemic approach of managing vendors appointed through the shared service.

Dr Jason Cheah, CEO of AIC, is upbeat about the value-add that the shared Procurement Pilot can bring to the charities. He said, "AIC, together with our partners, are fully committed to the success of this Pilot and we hope to see it grow to include many more products, to achieve even greater savings and efficiency. This is just the start; my vision is to translate this Pilot into a sustained ongoing Programme. I am encouraged by the enthusiasm of our partner charities and look forward to working with them towards this end."

Said Mr Tan Jack Thian, SingHealth's Group Chief Procurement Officer, "We are happy to extend our expertise in procurement and relieve the healthcare institutions of the burden of sourcing for the best value products so that they can focus on providing quality care for their residents. Through this meaningful partnership, we also hope to share best practices and ideas in supply chain management with the charities, to help them maximise their resources."

Mr Chan Wah Tiong, CEO of All Saints Home said: "Through consolidation of similar demands, we can achieve better discounts, thus lowering our operational costs. With the combined expertise on procurement, product evaluations and service needs from AIC, SingHealth GPO and representatives from the various nursing homes, we are assured of the best quality and value for our Homes. This service enhances standardisation across the board and helps streamline procurement processes and logistics. I am optimistic that this service will mean better efficiency for those who participate."

For more information, please contact:

Amy Ting

Head, Corporate Communications

Agency for Integrated Care

Mobile : 8128 4740

Email : amy.ting@aic.sg

Janet Low

Assistant Manager, Group Communications

SingHealth

DID: 6557 4949 HP: 9749 7875

Email: janet.low.t.l@singhealth.com.sg

About the Agency for Integrated Care

The Agency for Integrated Care (AIC) seeks to improve health outcomes of patients by advising and helping them to access appropriate healthcare services, by working with healthcare partners to strengthen the Primary and Intermediate and Long-Term Care sectors, and by advocating and helping to shape a well-connected integrated healthcare system.

The AIC co-ordinates and assists patient in their transitions from acute Hospitals to ILTC services, such as Community Hospitals, Day Rehabilitation Centres, Nursing homes and Hospices and helps coordinate to ensure the patient receives the care required. AIC also works closely with ILTC providers to understand their needs, and coordinates and develops programmes that strengthen their clinical, administrative and governance capabilities that contribute to improved quality of care. AIC also works with the Ministry of Health and all healthcare partners in shaping and designing a more well-connected healthcare system that will deliver better and integrated services to Singaporeans. Please refer to www.aic.sg for more information.

About Singapore Health Services (SingHealth)

SingHealth is the largest healthcare group in Singapore, offering a complete range of multi-disciplinary and integrated medical care. The group consists of 3 Hospitals, 5 National Specialty Centres, and a network of 9 polyclinics. We have a faculty of internationally qualified medical specialists and are also well equipped with advanced diagnostic and treatment medical technology. We are dedicated to providing quality healthcare that is affordable and accessible to our patients. By pursuing excellence in our 3 pillars of Service, Education, and Research, we aim to be the trusted leader in healthcare for our patients, partners, staff, and the community.

Members of the SingHealth group:

Hospitals:

Changi General Hospital, KK Women's and Children's Hospital, and Singapore General Hospital

National Specialty Centres:

National Cancer Centre Singapore, National Dental Centre of Singapore, National Heart Centre Singapore, National Neuroscience Institute, and Singapore National Eye Centre

SingHealth Polyclinics:

Bedok, Bukit Merah, Geylang, Marine Parade, Outram, Pasir Ris, Queenstown, Sengkang, and Tampines

nes