

15 People to Watch

PART TWO

By Mark Thill

Last issue, *The Journal of Healthcare Contracting* presented part one of this two-part series featuring executives in our marketplace who are making a difference. Here are the remaining eight of the 15 thought leaders in the healthcare contracting industry as determined by *JHC* readers.



Christopher O'Connor
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Christopher O'Connor is executive vice president of GNYHA Ventures, a business subsidiary of the Greater New York Hospital Association. He

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is responsible for all non-pharmacy supply chain initiatives, including the activities of GNYHA Consulting and the GNYHA Services/Premier group purchasing relationship, specifically its regional contracting, technology and data support initiatives. (GNYHA Consulting provides customized contracting, supply chain consulting, outsourcing services, data analysis, and comparative performance measurement services to GNYHA members and other providers in the New York metropolitan area.)

He started his healthcare career in 1992 in the materials management department at The Mount Vernon Hospital in Mount Vernon, N.Y. From 1992 to 1996, he served as inventory control specialist, assistant director of materials management, administrator for outpatient clinics, administrator of outpatient services and managed care, and finally, assistant hospital director/operations.

In 1996, O'Connor became a consultant for BearingPoint (formerly KPMG Consulting), and ultimately became leader of the company's healthcare supply chain practice for the provider segment. After a short stint with Qwest Cyber Solutions, where he served as director of the Advanced Technology Group, he became senior manager at Deloitte Consulting in New York in 2000. While at Deloitte, he led Lawson Procurement implementations and cost reduction initiatives across the country, and managed the implementation of an e-procurement system for air, rail, shipping and bus transportation in South Africa.

JHC: Name the two or three most important lessons you've learned from your past professional experiences. How do they affect the way you approach your job and the industry today?

O'Connor: The first lesson is that honesty and respect are the keys to any successful relationship. However, even with both, you might not have a relationship that is mutually beneficial unless you find the "sweet-spot." The relationship "sweet-spot" is when both parties are giving and both parties are receiving such that each side is deriving benefit. One-sided relationships don't work – not in your personal life and not in business.

The second lesson is that you must be able to adapt. Successful people are able to change to address the needs of a changing market. Very successful people see where the market needs to go and drive the change.

The greatest experience that I brought with me throughout my career is from my first job as a special education teacher at Lehman High School in The Bronx. As a teacher of handicapped children, I learned how to work in challenging situations, with challenging people and to find creative solutions to complex problems.

JHC: In your opinion, what's the major thing that's right with healthcare (products) contracting today? What can be done to reinforce and improve it?

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- Christopher O'Connor

O'Connor: Information technology in healthcare has reached a point of adolescence (which is tremendous growth from even five years ago). Hospitals that implemented new systems in preparation for Y2K are now hitting their stride in terms of effectiveness. GPOs can now channel the power of their data to help hospitals manage their total spend in a way that was either impossible before or completely manual. National, regional and local (hospital-specific) contracts can now be easily interfaced with hospitals' materials management information systems to ensure the correct price at the time of order.

The next big push is going to be for hospitals to more closely link supply costs to reimbursement to close the loop on supply expenses. Understanding supply costs per procedure by patient mix will be a powerful tool in negotiating with payors and with reducing costs internally.

JHC: In your opinion, what's the major thing that's wrong with healthcare (products) contracting today? What can be done to change it?

O'Connor: There is an absolute disconnect between the goals of hospitals and the goals of the pharmaceutical or medical suppliers. Hospitals negotiate to achieve the deepest discounts possible for their institutions. Suppliers typically negotiate to achieve the greatest profits for their shareholders. Group purchasing organizations serve as the conduit between the two and work to maintain balance.

Standard nomenclature for medical supplies (such as that which already exists with pharmaceuticals) would also be of tremendous benefit to hospitals. Although this has been in the works for many years, it still has not been accomplished. Through standard nomenclature, hospitals would be able to more easily standardize product lines and have a clear mode for comparing products.

JHC: Name one or two key directions in which healthcare contracting is headed, and where you expect that trend to take the industry in five years.

O'Connor: National GPOs have their place and provide tremendous benefits to hospitals, but they are no longer the end game. National leverage coupled with regional flexibility and local empowerment is the answer. To that end, hospitals need the ability to leverage the national contract where appropriate, but take a more regional approach when the aggregated and committed spend of a specific region can produce lower prices. GNYHA has taken this approach in its agreement with Premier.