A case study of Sacco Hospital in Milan, Italy
THE CHALLENGE

Sacco hospital is a major cardiology centre in Milan that treats 3,000 patients annually with a variety of heart conditions. It has an annual budget of €8,800,000.

The hospital urgently needed to renew ageing CathLab equipment with the most innovative medical technology and to add capacity to meet higher patient demand, but lacked sufficient in-house financing.

Sacco administration was also looking for a more efficient procurement model and large-scale efficiency gains in order to enhance competitiveness, as it is surrounded by private healthcare providers strongly attracting patients.

Sacco hospital’s needs:
- **Renew** ageing capital equipment
- **Add** capacity
- **Obtain** sufficient funding
- **Sustain** excellence in cardiac care

“Our partnership with NGC has delivered value essentially through
- **Easy acquisition of state-of-the-art technology**
- **Simplified buying pathways**
- **Enhanced overall efficiency**

Our stock is completely managed, relieving our staff from all issues concerning expiration date and minimum amount in stock.”

Prof. Maurizio Viecca
Chief of Cardiology
Our acquisition of NGC Medical in 2014 adds 15 years of expertise in building and managing operating rooms (ORs), catheterization laboratories (CathLabs), and intensive care units (ICUs) to our portfolio.

NGC operates as a separate entity and is our service delivery arm continuing its long-standing commitment to being a vendor-independent partner to healthcare providers.

NGC has a solid track record:
- Delivered more than 120,000 square metres of turnkey facilities:
  - 250 ORs
  - 600 ICU beds
  - 50 CathLabs and hybrid labs
- Vendor independent material management
- Took full responsibility for all stock lines
- Procured the products clinicians preferred
- Implemented a smart stock management system to automate procurement, inventory management and supply chain
- 1 experienced on-site operations manager

Sacco hospital entered into a partnership with NGC Medical in 2001; this long-term contract was renewed in 2010 and is still on-going.

HOW WE DID IT
- Capital investment of €2 million in 2001 and €9 million in 2010
- Building of a brand-new cardiovascular centre with most innovative technologies:
  - 2 CathLabs
  - Electrophysiology lab with stereotaxis
  - Coronary Intensive Care Unit
  - New non-invasive cardiology clinic
- State-of-the-art refurbishment and equipment maintenance of CathLabs and of the entire cardiology department (after 9 years)
- Vendor independent material management
- Took full responsibility for all stock lines
- Procured the products clinicians preferred
- Implemented a smart stock management system to automate procurement, inventory management and supply chain
- 1 experienced on-site operations manager

WE DELIVERED
- Efficiency and cost savings through consolidation of multiple supplier contracts into a simple service arrangement
- Reduced procedure costs through access to higher buying power
- Reduced waste level and obsolescence rate
- Maximised uptime and availability of high-value equipment and devices
- Responsive and convenient single point of contact for all maintenance issues
- Increased physician-patient face time through the delegation of non-core clinical activities

Over the last 14 years, the partnership has helped Sacco hospital manage their facility more cost-efficiently and with better predictability.

THE IMPACT

Benefits
1. Access financing capital
   Having Medtronic as a corporate partner brings solid credentials and access to cash. Your equipment, construction and other capital items are all purchased directly by us at favourable conditions. This gives you flexibility to redistribute your investment budget to other areas.

2. Align operational expenses with income
   In most healthcare systems, care providers are compensated through procedures-based reimbursement. With FPP, we invoice only when activity has occurred, thereby aligning total costs with income/reimbursement.

3. Convert capital expenditure into operational expenses
   The FPP model converts fixed costs (e.g., infrastructure/equipment amortisation and depreciation, maintenance, IT) into variable costs (activity level) allowing for better predictability of revenue and margin protection.

THE SOLUTION

Our partnerships are based on a ‘Fee Per Procedure’ payment model

Variable Costs per Procedure + Fixed Costs = Total Procedure Costs = Fee per Procedure
**WHY PARTNER WITH US?**

With more than 65 years of experience in the medical technology industry, combined with our global in-hospital presence and long-standing relationships with health providers and physicians, we have an in-depth understanding of your needs and challenges. Partnering with us brings you:

- **Benchmarks**: Our broad hospital footprint allows you to compare with other world-class institutions and gauge variability in patient outcomes, length of stay, workforce productivity, and asset utilisation.

- **Resources**: Our access to capital resources enables you to equip your cardiac departments with the latest technology.

- **Unique mix of skills**: Our 200+ experts in consulting, hospital management, biomedical engineering, clinical experience, and building and managing cardiac departments can complement your own organisation’s competencies.

--

"As CathLab head manager, I can say that our partnership has been extremely useful and satisfying for the last 15 years, making patient throughput in the lab smooth and easy. All our clinical needs were effortlessly satisfied."

**Dr. Paolo Danna**
CathLab Head manager

"The main benefit of this management solution for the hospital is a clear and predictable price list."

**Prof. Maurizio Viecca**
Chief of Cardiology

"People may think that adding a new supplier in the picture would raise final prices, but actually the partner company has been able to decrease prices because of their economy of scale and buying power and because they do constant negotiations with all suppliers."

**Prof. Maurizio Viecca**
Chief of Cardiology

"The main benefit perceived by clinicians is the existence of a single entity managing all aspects of the CathLab, as opposed to the multitude of references in the traditional managing system. Hospital administrators also appreciate having to deal with a single and stable point of contact."

**Dr. Paolo Danna**
CathLab Head manager

---

**TAILORED SOLUTIONS BASED ON FOUR PILLARS**

1. **Turnkey set-up**: Provide affordable access to state-of-the-art technologies and infrastructure.
2. **Manage**: Manage non-clinical operations so you can focus on patient care.
4. **Develop**: Accelerate patient recruitment and referrals, and enhance your services and reputation.

---

**SHARED RISK AND REWARD**

We aim to be the leading company to support hospitals, physicians, payers and health systems to deliver high quality care in a cost-effective way. Our business model is therefore based on taking an active role with long-term partnerships that hinge on risk and value-sharing schemes as well as on predictable ‘fee-per-procedure’ models.

In short, we have a larger stake in your success than ever before.

---

**BEST POSSIBLE OUTCOMES**

Working together, we can help you move toward value-based healthcare by designing tailored solutions that optimise your outcomes – enabling you to:

- Improve quality of care
- Enhance operational performance
- Boost financial returns

---

**BEST POSSIBLE OUTCOMES**

“Working together, we can help you move toward value-based healthcare by designing tailored solutions that optimise your outcomes – enabling you to:

- Improve quality of care
- Enhance operational performance
- Boost financial returns

---

**BEST POSSIBLE OUTCOMES**

"The main benefit perceived by clinicians is the existence of a single entity managing all aspects of the CathLab, as opposed to the multitude of references in the traditional managing system. Hospital administrators also appreciate having to deal with a single and stable point of contact."

**Dr. Paolo Danna**
CathLab Head manager
INTERESTED IN BALANCING ACCESS AND COST OF TREATMENT WITH HIGH QUALITY OF CARE?

WE ARE HERE TO HELP

Contact us at integratedhealthsolutions@medtronic.com