2020 Attendee List

- Abbott
- Abbvie
- Agile-1
- American Red Cross
- Amgen
- Anne Roberts
- ARC Helios
- Arrow Messenger
- AT&T
- B Braun
- Baxter
- Beeline Support
- Benefit Express
- Beverly Environmental
- BioFire
- Biogen
- Boston Scientific
- Cardinal Health
- CDW
- Cepheid
- Chicago Tribune
- Cintas
- Cisco
- Coherus
- Coloplast
- Convatec
- Cook
- Corporate Imaging Concepts
- Crothall
- Dell
- DePuy/Synthes, Ethicon, JNJ
- Diagnostica Stago
- Diamond Communications
- Elsevier
- Evergreen Business Solutions
- Experian
- Fedex Office
- Fisher & Paykel
- GE
- GHX
- GOJO
- Grainger
- Harris & Harris
- Hill-Rom
- Image First
- Immucor
- Instrumentation Laboratory
- Inter-City Supply
- International Test & Balance
- Johnson Controls
- K2M
- Karl Storz
- Kimberly Clark
- Lakeshore Recycling
- Learning Resources
- Lionheart
- Mayo Collaborative Services
- McKesson
- MedAlliance Group
- Meddata
- Medex
- Medline
- Medtronic
- Merck
- Meridian
- Molnlycke
- Morrison’s
- Mylan
- North American Corp
- Novartis
- NuVasive
- nxStage
- Office Depot
- Olympus
- Orkin
- PACE Systems
- Pfizer
- Philips
- Press Ganey
- Primacy
- Primrose
- Quantum Graphics
- Quiva Pharma
- Relocation Today
- RevMD
- Roche
- Schafer Condon Carter
- Siemens
- SL Procurement
- Smith and Nephew
- Smiths Medical
- SPOK
- State Collections
- Stericycle
- Stryker
- Superior Linen
- Surgery Exchange
- Sysmex
- Tangerine Promotions
- Teleflex
- Thermo Fisher
- Toshiba
- Triage
- TriMedx
- Tri-Anim
- U.S. Messenger
- Varian
- Verathon
- Vizient
- Vocera
- Voss Equipment
- Xerox
- Zoll Medical

AT THE FOREFRONT
UChicago Medicine
David Spence
Assistant Director – Strategic Sourcing
Purpose:

• Orient key supplier leadership to UCM critical business objectives, expectations, and distinct business practices.

• Update on progress and changes from last year’s conference.

In order to ….

• Engage suppliers to work continually, passionately and collaboratively to deliver needed improvements.

Format:

Presentation with Q&A opportunities

• Please submit all questions via the chat function in Zoom
# Agenda

<table>
<thead>
<tr>
<th>Topic</th>
<th>Presenter</th>
<th>Title</th>
<th>Time</th>
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</thead>
<tbody>
<tr>
<td>Welcome</td>
<td>David Spence</td>
<td>Assistant Director, Strategic Sourcing</td>
<td>9:00</td>
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<tr>
<td>Strategic Overview</td>
<td>Jason Keeler</td>
<td>Executive Vice President and Chief Operating Officer</td>
<td>9:05</td>
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<tr>
<td>Question and Answer Session</td>
<td></td>
<td>Q&amp;A</td>
<td>9:20</td>
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<tr>
<td>Supply Chain Strategy</td>
<td>Eric Tritch</td>
<td>Vice President, Supply Chain and Logistics</td>
<td>9:30</td>
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<tr>
<td>Pharmacy Strategy</td>
<td>Kevin Colgan</td>
<td>Chief Pharmacy Officer</td>
<td>9:40</td>
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<tr>
<td>Clinical Strategic Sourcing and Value Analysis</td>
<td>Ian O’Malley</td>
<td>Director, Strategic Sourcing, Clinical</td>
<td>10:00</td>
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<tr>
<td>Non-Clinical Sourcing Updates</td>
<td>Osvaldo Torres</td>
<td>Director, Strategic Sourcing, Non-Clinical</td>
<td>10:10</td>
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<tr>
<td>Diversity and Local Impact Awards</td>
<td>David Spence</td>
<td>Assistant Director, Strategic Sourcing</td>
<td>10:20</td>
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<tr>
<td>Procurement and Supply Chain IT Updates</td>
<td>Anurag Jaiswal</td>
<td>Director, Supply Chain Performance and Analytics</td>
<td>10:25</td>
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<tr>
<td>Operations Updates</td>
<td>Atanas Ilchev</td>
<td>Director, Supply Chain Operations and Logistics</td>
<td>10:35</td>
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<tr>
<td></td>
<td>Robert Boyden</td>
<td>Assistant Director, Supply Chain Operations and Logistics</td>
<td></td>
</tr>
<tr>
<td>Ingalls and Ambulatory Updates</td>
<td>Rob Martin</td>
<td>Director, Supply Chain and Logistics - Ingalls and Ambulatory</td>
<td>10:45</td>
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<tr>
<td>Question and Answer Session</td>
<td></td>
<td>Q&amp;A</td>
<td>10:55</td>
</tr>
<tr>
<td>Closing Remarks</td>
<td>Eric Tritch</td>
<td>Vice President, Supply Chain and Logistics</td>
<td>11:00</td>
</tr>
</tbody>
</table>
Where We Are Today: The System At a Glance

**FACILITIES**

4 Inpatient Facilities
- Center for Care and Discovery
- Bernard Mitchell Hospital
- Comer Children’s Hospital
- Ingalls Memorial Hospital

1296 Licensed Beds
- 799 Med Surg
- 67 OBGYN
- 169 ICU
- 77 Gen Peds
- 53 NICU
- 78 Acute Mental Illness
- 43 Rehabilitation

48 Operating Rooms

10 Ambulatory Care Facilities
- 3 in Chicago: Duchossois Center for Advanced Care, River East, South Loop
- Orland Park
- 1 in Harvey: Professional Office Building
- 3 Family Care Centers: Calumet City, Flossmoor and Tinley Park
- 2 Care Centers: Crestwood and South Holland
Also: Comprehensive Cancer Center at Silver Cross, Care Network/off-site clinics in Chicago and suburbs

**VOLUME**

Leading Growth in the Market

57,235 Hospital Admissions

289,525 Patient Days

29,026 Surgical Cases

854,847 Ambulatory Visits*

155,565 Emergency Room Visits

**FINANCIALS**

- $2.38B Operating Revenue
- $2.12B Net Patient Services Revenue
- $249.4M EBIDA
- $76.6M Operating Income
- $553.3M Community Benefit*  
  * Combines UCMC FY19 and Ingalls FY16

**PEOPLE**

12,417 UCM Employees

Including:
1,297 Physicians

2,832 Nurses

* Combines UCMC ambulatory visits and Ingalls outpatient encounters
Executive Update

- **Jason Keeler** – Executive Vice President and Chief Operating Officer
UCM Vision 2025: Update
UCM had to manage through challenges and headwinds

*Significantly adjusted our operations* to meet the demands put on by COVID-19 pandemic

Maintained *operation continuity* during workforce disruption

Continued to evolve as the market condition changed
- Hospital closures
- Competition from other health systems and retail providers

Managed through downward pressures from payors
- Rate pressures
- Shifting to ambulatory
Despite these challenges, UCM focused on providing world-class care to our patients

<table>
<thead>
<tr>
<th>Key Achievements</th>
<th>COVID Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Opened outpatient center in River East</td>
<td>- ~1,500 inpatients</td>
</tr>
<tr>
<td>- Continued to improve employee engagement score</td>
<td>- ~3,400 PUls</td>
</tr>
<tr>
<td>- Continued to improve and exceeding our quality and patient satisfaction targets</td>
<td>- Opened drive-up and walk-in testing sites</td>
</tr>
<tr>
<td></td>
<td>- 63K+ testing, including 15K for community partners</td>
</tr>
<tr>
<td></td>
<td>- Leading through research and innovation</td>
</tr>
<tr>
<td></td>
<td>- Achieving favorable outcomes through ventilating patients in the prone position</td>
</tr>
<tr>
<td></td>
<td>- One of the leaders in clinical trials of remdesivir</td>
</tr>
<tr>
<td></td>
<td>- Leading voice in epidemiology</td>
</tr>
</tbody>
</table>

**57K+** Admissions + Obs  **800K+** Outpatient Encounters  **70K+** Virtual Encounters  **210K+** ED visits

Nationally ranked in 6 specialties by USNWR  
17th consecutive Leapfrog A  
LGBTQ Healthcare Equity Leader Award  
Continued to execute against UCM Vision 2025
Forging Ahead: UCM Vision 2025

**Create an excellent experience for our patients,** clinicians and employees to deliver the highest quality, coordinated and efficient care. We aim to build a digitally enabled organization for patients and support ease of practice for our clinicians and employees.

**Elevate signature clinical programs** to integrate discovery and delivery of novel therapies; provide high-quality care delivery; offer innovative clinical trials and training program; and continue to build capabilities for treating complex care.

**EXCEL** in Patient & Clinician Experience

**GROW** Signature Specialty Programs

**EXPAND** our Health System Network

**DELIVER** High Quality, Cost Effective Care

**ENHANCE** the Health of our Local Community

**Build and strengthen partnerships with local community** and proactively advance local, state, and federal advocacy efforts to achieve improved access and care delivery in South / Southwest Chicago.

**Deliver exceptional value** through high quality care with greater cost efficiency; focusing on building a foundation for value based care.

**Enhance and integrate patient care across the care continuum** to expand access and elevate care coordination throughout the network in the UChicago Medicine health system.
Create an excellent experience for our patients, clinicians and employees to deliver the highest quality, coordinated and efficient care. We aim to build a digitally enabled organization for patients and support ease of practice for our clinicians and employees.

**UCM Vision 2025: Pillar 1**

**FY2020 Accomplishments**
- Launched telemedicine in a meaningful way; completed 70K+ through virtual visits
- Built structure around supporting our staff
- Moved swiftly to provide meaningful resources to providers during the difficult months of the peak Covid-19 case volume
- Designed and built a Provider Directory across the system (Launch FY21) which will serve as the foundation for more robust telemedicine and virtual endeavors
- Reactivated ambulatory sites post-COVID

**FY2021 Milestones**
- Continue to expand telemedicine capabilities in support of other strategies
- Continue our efforts to build resiliency and support our providers
- Continue to provide safe care setting for our patients and providers
- Continue to streamline and expand telemedicine capabilities
Elevate signature clinical programs to integrate discovery and delivery of novel therapies; provide high-quality care delivery; offer innovative clinical trials and training program; and continue to build capabilities for treating complex care.

**FY2020 Accomplishments**
- Opened River East
- Developed COVID recovery plan
- Completed Neurosciences Strategic Plan
- Completed CHHD Cancer Strategic Plan
- Established service line governance structure and operating models; designated physician and administrative leadership

**FY2021 Milestones**
- Execute recovery plan post-COVID
- Develop ambulatory growth and faculty deployment plans for signature service lines
UCM Vision 2025: Pillar 3

**FY2020 Accomplishments**
- Opened outpatient center in River East
- CHHD leadership onboard
- Further integration of UCMC and CHHD
- Alliance with Shirley Ryan AbilityLab
- Developed post-acute care strategy to expand our services, in particular home health
- Continuing to build out our care network chassis
- Developing ambulatory strategies at CHHD sites
- Conducted current state assessment of UCM S/SW ambulatory market

**FY2021 Milestones**
- Evaluate additional partnership opportunities
- Opportunistic growth in ambulatory platform
- Expand Orland Park and River East services
- Implementation of CHHD ambulatory strategies
- Develop and begin implementing primary care strategy

*Enhance and integrate patient care across the care continuum* to expand access and elevate care coordination throughout the network in the UChicago Medicine health system.
**UCM Vision 2025: Pillar 4**

**FY2020 Accomplishments**

- Partnered with community-based providers and other hospital systems to provide equitable Covid-19 testing access
- Committed to furthering the work of health equity through a partnership with 36 hospital and care organizations
- Laid the groundwork for more robust efforts to improve health for the local community

**FY2021 Milestones**

- Advance advocacy efforts to improve access and care delivery on the Southside of Chicago
- Pursue opportunities with community-based organizations and hospital partners to improve care delivery

**Build and strengthen partnerships with local community** and proactively advance local, state, and federal advocacy efforts to achieve improved access and care delivery in South / Southwest Chicago
Deliver exceptional value through high quality care with greater cost efficiency; focusing on building a foundation for value based care.

**UCM Vision 2025: Pillar 5**

**FY2020 Accomplishments**
- Continue to move the needle on cost containment at CHHD
- Developed department specific quality dashboard views for three service lines (Orthopaedics, OB, and Hospital Medicine)
- Completed Phase 1 of dashboard to assess pathway utilization
- Created 28 COVID related clinical pathways

**FY2021 Milestones**
- Continue to develop and deploy additional high priority clinical pathways
- Continue development of department specific quality dashboards views for additional service lines
- Continue to identify cost savings opportunities
- Achieve performance requirements in risk and performance based contract arrangements
Executive Q&A Session
Supply Chain Strategy

Eric Tritch
Vice President, Supply Chain and Logistics
Be an eminent academic health system by being *At the Forefront* of discovery, advanced education, clinical innovation, and the delivery of transformative health care.

This vision will be achieved by implementing the following clinical priorities:

**Care Experience**
- Providing the highest quality of care, including through outstanding patient, clinician, and trainee experience
- Apply the latest digital technologies across the care continuum to improve access, experience and value for patients and clinicians
- Improving access to primary care and population health capabilities that impact community health and leverage partners

**Growth**
- Creating a sustainable financial future through growth of highly differentiated clinical services and fostering a culture of continuous improvement and cost efficiency
- Elevating signature clinical programs that integrate discovery and delivery of novel therapies, provide high quality care delivery, and offer innovative clinical trials and training programs
- Expanding the health system, ambulatory, and physician network to make UCM care accessible in new markets

**Value**
- Delivering exceptional value for patient care through highest quality performance with greater cost efficiency
UCM 2025 Supply Chain Vision

Be an eminent supply chain team recognized for innovation & problem solving, that delivers exceptional value and enables UCM to be At the Forefront of discovery, advanced education, clinical innovation, and the delivery of transformative health care.

This vision will be achieved by implementing the following priorities:

**Care Experience**

- Ensuring the Right Product/Service/Equipment, is in the Right Place at the Right Time, at the Right Quality, and the Lowest Total Cost
- Supporting acquisition & implementation of the latest technologies across the care continuum to improve access, experience and value for patients and clinicians
- Engaging and developing our team members in support of delivering an exceptional patient and caregiver experience

**Growth**

- Driving robust Value Analysis & motivated problem solving that supports a sustainable financial future of highly differentiated clinical services and fosters a culture of continuous improvement and cost efficiency
- Enabling signature clinical programs to integrate discovery and delivery of novel therapies, provide high quality care delivery, and offer innovative clinical trials and training programs
- Providing consistent high value supply chain services across the expanding the health system, ambulatory, physician network, and joint venture & affiliate partners
- Driving business development and partnership with local and diverse organizations that support growth & sustainability in the communities that we serve

**Value**

- Delivering exceptional value for patient care through the highest quality performance with greater cost efficiency
Covid-19 Impact

Recognition

What changed:
- Suspending non-essential campus visits – more Zoom
- Sourcing a lot more PPE and other Covid support supplies in bulk and building stockpiles due to supply vs. demand challenges and global supply chain disruptions
- Fast tracked certain projects and technology
- Changed short term capital & expense budgets

What didn’t change
- Our need to drive margin improvement (even more necessary)
- Q,C,D,T,S (highlighted Delivery in a new and different way)
- Value Analysis
- Focus on Continual Improvement in all that we do and the process flows we impact
Strive to be the best Healthcare Provider Supply Chain & one of the best in any industry

“Supply Chain People do Supply Chain Work”

- **Efficient** – minimize waste/non-value add, improve flow, consistent, standard work
- **Responsive** – quick, nimble, good service to customers
- **Cost Effective** – competitive pricing, effective spend management, value analysis

Advances the mission of the organization: Heal, Teach, Discover

Drive Value for our patients

Across both source to pay transaction cycle & total lifecycle for: Equipment, Supplies/Implants, Services
Pharmacy Forecast 2021

Kevin Colgan, Chief Pharmacy Officer
Setting the Stage
Coronavirus dominates trends and forecast discussions in 2020 and 2021
Key health system challenges for FY 2021

- Balancing focus between COVID, chronic, acute, trauma care and research
  - Bed control - cohorting vs clustering
  - Clinic in-person & virtual visits
  - Disparities in care & violence
  - Research focus – COVID vs Cancer, CVD, etc.

- Mass vaccination for influenza & COVID

- Economic recession & job loss downstream financial impact on healthcare providers as proportion of patients with commercial insurance erodes
Various COVID-related activities across healthcare depicting a crisis

- Lay offs, furloughs, pay cuts and buy outs to reduce overall expenses
  - U Washington Seattle – laid off 100 staff
  - Henry Ford – Q1 loss $234.5M/2800 furloughed
  - Beaumont – Q1/Q2 loss of $425M/2475 laid off

- Closing of smaller non-profitable hospitals in an IDN
  - St. Luke’s Kansas City to close Cushing Hospital
  - Trinity to close Mercy in Chicago

- Closing clinics
  - Health Partners, Bloomington, MN

- Closing rural hospitals
  - One-quarter reported at high risk of closure
<table>
<thead>
<tr>
<th>Total FTE = 329</th>
<th>Inpatient FTE = 160</th>
<th>Residents = 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outpatient FTE = 102</td>
<td>Labor Expense = $31M</td>
<td>Drug Expense = $267M</td>
</tr>
<tr>
<td>Board Certified Pharmacists = 66</td>
<td>Investigational Drug Protocols = 570</td>
<td>UCM Inpatient Doses = 5.3M</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Outpatient Doses = 465,000 Rx’s = 220,621</td>
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</table>
P&T Committee oversees drug policy

- Committee of the medical staff
- Significant policies approved by the P&T Committee are also reviewed by the Medical Executive Committee
- Contains 7 subcommittees
  - Critical Care, Internal Medicine, Oncology, Pediatrics, Antimicrobial, Medication Safety & Interdisciplinary
UCM has a three-tiered Inpatient Pharmacy Service Model

- Safe Drug Distribution Services
- Intensive Clinical Services
- General Clinical Services
Inpatient Pharmacy Supported By Automation

- Epic Electronic Medical Record

- Omnicell Automated Dispensing Cabinets and Carousel

- DoseEdge IV Workflow Software

- Baxter Sigma Spectrum Smart IV Pumps

- Bedside Barcode Medication Administration
Suite of Services & Technologies to Support the Ambulatory Pharmacy

Meds-2-beds / Clinics
- Integration w/ Hospital
- Possible Same Day Fills

Investigational Drug Services
- Specialized Clinical Knowledge
- Clinical Trials
- Face to Face Education

Enhanced Patient Education

Specialty Pharmacy
- Mail order, Retail, Outpatient Infusion
- Provider Connectivity
- Lab Data Access
- Optimized Medical Regimens

Multiple Dispensing options

EMR Platform

Outcomes Mgmt Platform
- Total patient picture
- Enhanced Data Capture
Ambulatory Pharmacy Services Supported by Automation

- Pharmacy Software
  
  Epic

- Robotics
  
  Parata

- Kiosk
  
  ScriptCenter®

- Mail Order
  
  pitney bowes

- Tele-pharmacy
  
  DOSEEDGE

- Adherence Packaging
  
  TCGRx
Key Priorities
Key Priorities for the Pharmacy Enterprise

- Improve Efficiency & Lower Cost by Insuring Appropriate Inpatient Drug Utilization
  “Improving our Foundation”

- Provide New Sources of Revenue with the Expansion of Ambulatory Pharmacy Programs
  “Extending our Reach”

- Advance Quality in Therapeutics by Reducing Clinical Variation
  “Improving our Foundation”

- Partner in Population Health Management Initiatives
  “Extending our reach”

COVID
Pharmacy’s Role In COVID

- Maintaining adequate supplies of critical medications
  - Stockpiling 5 months supply of 180 critical drugs
- Treatment algorithm maintenance
- Investigational trial support
  - Remdesivir
  - Hydroxychloroquine
  - Tocilizumab
  - Convalescent plasma
  - Vitamin D3
  - COVID Vaccine
- Employee Safety
- Vaccination
Key Priorities for the Pharmacy Enterprise

Improve Efficiency & Lower Cost by Insuring Appropriate Inpatient Drug Utilization
“Improving our Foundation”

Advance Quality in Therapeutics by Reducing Clinical Variation
“Improving our Foundation”

COVID
UCM Drug Cost Per Inpatient Admission Excluding CAR-T

$1,400

$1,200

$1,000

$800

$600

$400

$200

$-

20
20
20
19
18
17
'16
'15
'14

Jun
May
Jan
MAR
APR
APR

YTD
YTD
YTD
YTD
YTD
YTD

$1,299
$1,300
$1,243
$1,153
$1,147
$1,160
$1,143
$1,181
$1,029
Cost Savings In FY21 Due To Patent Expiration Will Be $300-$400K

<table>
<thead>
<tr>
<th>Brands UCM Purchases</th>
<th>Manufacturer</th>
<th>Indication</th>
<th>Annual Sales</th>
<th>Exp Date</th>
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<tbody>
<tr>
<td>Inlyta (axitinib)</td>
<td>Pfizer</td>
<td>Advanced Renal Cell Carcinoma</td>
<td>$339M</td>
<td>June 30, 2020</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>$464K</td>
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<tr>
<td>Xarelto (rivaroxiban)</td>
<td>Janssen</td>
<td>A-Fib Prophylaxis</td>
<td>$6.58B</td>
<td>Dec 11, 2020</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>$135K</td>
<td></td>
</tr>
<tr>
<td>Spyrcel (desatinib)</td>
<td>BMS</td>
<td>CML/ALL</td>
<td>$269M</td>
<td>Dec 28, 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$370K</td>
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Bio-Similar Cost Savings

29 Approved Biosimilars – Of Which 16 Are Marketed Products

- ACTEMRA (tocilizumab)
- Enbrel
- AVASTIN
- Herceptin
- Humira
- Remicade
- OREncia
- SOLIRIS (cyclic
- Simponi
- Atorvastatin
- Neupogen
- Neulasta
- EPOGEN
- Erbitux
- Tysabri
- Lucentis
- Rituxan
- XGEVA
- Prolia
- Yervoy
- Intralipid
Leading Pharmaceutical Sales US 2019
Manufacturer rebates to insurers for biosimilars are causing operational headaches for hospitals

- Number of approved biosimilars increase from 6 to 16 over the past year
- Increased competition is lowering drug cost to payer – no benefit to hospital or patient
- Insurers less receptive to use hospital’s formulary product in the ambulatory setting because of the value of the rebate
- Very costly to carry all products, maintain ordering systems, multiple NDC billing codes for the same drug, etc.
- Working with finance to charge a handling fee to cover extra costs when an insurer does not comply with the hospital formulary
- Would also consider a rebate from the manufacturer to cover the handling fee, however would never disadvantage the formulary selection
Cost Reduction Targets for FY 2021
Goal = $4.0M

1. Angiotensin II stewardship/formulary removal - $1M
2. Vancomycin purchasing - $950K
3. IV Iron product switches due to reimbursement & cost - $850K
4. Rituximab biosimilar conversion – ($525K – P&L loss, improves our cost benchmarks and lowers out of pocket to patient)
5. Vasopressin waste reduction - $500K
6. Pegfilgrastim post-hospitalization pathway - $400K
7. Infliximab insurer PA program - \(\approx $325K\)
8. Posaconazole generic conversion - $320K
9. Micafungin purchasing - $300K
10. Ethacrynic acid purchasing - $235K
Cancer & Autoimmune Therapies Dominate UCMC Drug Expenses – Need to assure value

University of Chicago Medical Center
Drug Expenses (Millions $)

<table>
<thead>
<tr>
<th>Drug Name</th>
<th>Expense (Millions $)</th>
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<tbody>
<tr>
<td>Keytruda (Merck)</td>
<td>$11.2</td>
</tr>
<tr>
<td>Ocrevus (Genentech)</td>
<td>$11.1</td>
</tr>
<tr>
<td>Opdivo (BMS)</td>
<td>$7.1</td>
</tr>
<tr>
<td>Stelera (J&amp;J)</td>
<td>$5.8</td>
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<tr>
<td>Humira (Abbvie)</td>
<td>$5.1</td>
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<td>Darzalex (J&amp;J)</td>
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<td>Neulasta/Udenyca (Coherus)</td>
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<td>Entyvio (Takeda)</td>
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<td>Imbruvica (J&amp;J and Abbvie)</td>
<td>$3.9</td>
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<tr>
<td>Rituxan (Genentech)</td>
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<tr>
<td>Trikafta (Vertex)</td>
<td>$3.7</td>
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<tr>
<td>Remicade (J&amp;J)</td>
<td>$3.4</td>
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<tr>
<td>Ibrance (Pfizer)</td>
<td>$2.9</td>
</tr>
<tr>
<td>Avastin/Mvasi (Amgen)</td>
<td>$2.4</td>
</tr>
<tr>
<td>Yervoy (BMS)</td>
<td>$2.3</td>
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UChicago Story for IVIG

Unable to Meet Demand

National Shortage, 6,000g Allocation

IVIG Units (g)

IVIG Orders, n

Total Grams

Total Orders
## Prioritization & Eligibility Criteria Developed

### Appendix 1: IVIG Eligibility Criteria

<table>
<thead>
<tr>
<th>URGENT USE INDICATED</th>
<th>Dose</th>
<th>Frequency</th>
<th>Number of Doses</th>
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</thead>
<tbody>
<tr>
<td>Autoimmune encephalitis</td>
<td>2g/kg split over 4-5d</td>
<td>Varies</td>
<td>Varies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAR-T/HSCT Recipients</th>
<th>Dose</th>
<th>Frequency</th>
<th>Number of Doses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>An IgG &lt; 400 mg/dL (excluding paraprotein) at least 100 mg/dL</strong></td>
<td>0.4g/kg</td>
<td>Every 6 weeks</td>
<td>Aim for IgG &gt; 400 mg/dL</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>URGENT USE MAY BE INDICATED</th>
<th>Dose</th>
<th>Frequency</th>
<th>Number of Doses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-MAG neuropathy</td>
<td>Initial: 2g/kg</td>
<td>Infrequent use</td>
<td></td>
</tr>
</tbody>
</table>

### URGENT USE NOT INDICATED

<table>
<thead>
<tr>
<th>Initial: 2g/kg</th>
<th>Infrequent use</th>
<th>Number of Doses</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>IVIG GENERALLY NOT INDICATED (OTHER OPTIONS AVAILABLE)</th>
<th>Dose</th>
<th>Frequency</th>
<th>Number of Doses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult autoimmune hemolytic anemia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Preferred therapies: plasmapheresis, glucocorticoids, rituximab, azathioprine, mycophenolate mofetil, danazol, cyclosporine, cyclophosphamide</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antiphospholipid syndrome</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Preferred therapies: plasmapheresis, systemic anticoagulation, glucocorticoids, rituximab</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Reduced IVIG utilization by 60%

11/2019 - No longer referring infusions out, actively bringing patients back
Key Priorities for the Pharmacy Enterprise

- **Improve Efficiency & Lower Cost by Insuring Appropriate Inpatient Drug Utilization**
  - “Improving our Foundation”

- **Provide New Sources of Revenue with the Expansion of Ambulatory Pharmacy Programs**
  - “Extending our Reach”

- **Advance Quality in Therapeutics by Reducing Clinical Variation**
  - “Improving our Foundation”

**COVID**
Grow Pharmacy Business & Revenue
UCM Pharmacy Enterprise Goal

$75M Net Incremental Revenue Annually Within 5 Years

- Specialty = $50-60 M
- Infusion = $25 M
- Mail Order Central Fill = $15M

70%
Specialty pharmacy growth flattens with COVID
Focusing on competing in lower cost

Opened two lower cost site of care infusion facilities in June
Growth in DCAM Retail Pharmacy

![Bar chart showing growth in scripts and net income from FY16 to FY20. The chart indicates a steady increase in both categories from FY16 to FY20.]
Key Priorities for the Pharmacy Enterprise

- Improve Efficiency & Lower Cost by Insuring Appropriate Inpatient Drug Utilization
  “Improving our Foundation”
- Provide New Sources of Revenue with the Expansion of Ambulatory Pharmacy Programs
  “Extending our Reach”
- Advance Quality in Therapeutics by Reducing Clinical Variation
  “Improving our Foundation”
- Partner in Population Health Management Initiatives
  “Extending our reach”
Population Health – Targeting High Risk, High Volume Patients

Extend Physicians with MTM Program

830 Diabetics in Endocrine Clinic with HA1C > 9

Mail Order Rx Program & Call Center
Endocrinology Clinic Outcomes

Percentage Change in HbA1C for Endocrinology Clinic (N = 225)

- Increased 28%
- Decreased 69%
- Same 3%

Decrease in HbA1C Outcomes in Patients that have an encounter with RPh in clinic

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Patients</td>
<td>155</td>
</tr>
<tr>
<td>Min A1C Change</td>
<td>-0.1</td>
</tr>
<tr>
<td>Max A1C Change</td>
<td>-5.7</td>
</tr>
<tr>
<td>Average A1C Change</td>
<td>-1.44</td>
</tr>
</tbody>
</table>
Hypertension Clinic Outcomes

Percentage of Patient BP at Goal (N = 93)

- Initial visit: 10% Yes, 90% No
- Most recent visit: 52% Yes, 48% No

Percentage of Adherence Rates (N = 93)

- Initial visit: 45% Compliant, 42% Noncompliant, 10% Other, 3% Unknown
- Most recent visit: 65% Compliant, 23% Noncompliant, 10% Other, 3% Unknown
Significant Pipeline Products
Significant Pipeline Product for Alzheimer’s Disease

- Once monthly infusion for mild cognitive impairment
- Two 18 month trials
- EMERGE, high dose aducanumab reduced clinical decline as measured by primary and secondary endpoints
- ENGAGE, aducanumab did not reduce clinical decline
  - In a post hoc analysis, data from a subset of patients exposed to high dose aducanumab support the positive findings of EMERGE
- The most common AEs were Amyloid Related Imaging Abnormalities - Edema and headache
- PDUFA date 1H 2021
Pipeline for treating anemia due to chronic kidney disease

- Roxidustat is an oral hypoxia-inducible factor (HIF) stabilizer and works by restoring production of the hormone erythropoietin and improving iron regulation
- Alternative to injectable and infused erythropoiesis stimulating agents
- Phase 3 trials show non-inferiority and similar side effect profile to epoetin
- PDUFA date: December 20, 2020

Roxadustat
(Fibrogen, Astellas, Astra Zeneca)
Pipeline for diffuse large B-Cell lymphoma

- Tafasitamab is a monoclonal antibody directed against the antigen CD19.
- L-Mind trial – tafasitamab + lenalidomide followed by tafasitamab monotherapy showed:
  - Objective Response rate (ORR) of 58.8%
  - Complete Response (CR) rate of 41.3%
  - Median duration of response (mDOR) was 34.6 months
  - Median overall survival (mOS) of 31.6 months and median progression-free survival (mPFS) of 16.2 months
- PDUFA date: August 30, 2020

Tafasitamab (Morpho Sys, Xencor)
Pipeline for neuroblastoma in pediatrics

- Naxitamab is an injectable anti-GD2 monoclonal antibody
- Study 12-230: Of 28 patients with primary refractory high-risk neuroblastoma, the overall response rate (ORR) was 78%. At 2 years, the progression-free survival (PFS) rate was 50%.
- In separate subgroup of 30 patients with relapsed neuroblastoma resistant to salvage therapy, the ORR was 37% and the PFS rate was 36%.
- Among patients treated in second or later remission who received naxitamab with granulocyte-macrophage colony-stimulating factor (GM-CSF) as maintenance therapy, a 2-year PFS rate of 52% was reported.
- PDUFA date: November 30, 2020

Danyelsa-naxitamab (Y-mAbs Therapeutics)
Pipeline drugs for BCG unresponsive bladder cancer

- Instiladrin consists of a type of virus that is able to introduce a gene into cells of the bladder. This gene then stimulates the cells of the bladder to produce high quantities of a protein that the body uses to fight cancer.
- Vicinium, an antibody-drug conjugate that targets epithelial cell adhesion molecule antigens on the surface of tumor cells to deliver a toxin payload.

<table>
<thead>
<tr>
<th>Carcinoma In Situ</th>
<th>Keytruda</th>
<th>Instiladrin</th>
<th>Vicinium</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Month CRR</td>
<td>41.2%</td>
<td>53%</td>
<td>39-42%</td>
</tr>
<tr>
<td>12Month CRR</td>
<td>23.5%</td>
<td>24.3%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Instiladrin  
(FKD Therapies & Merck)

Vicinium  
(Viventia Bio & Sesen Bio)
Pipeline for RET-fusion positive non-small cell lung cancer

- Pralsetinib is an oral RET inhibitor
- RET is a rare biomarker that appears in only 2% of NSCLC
- Phase 1/2 ARROW clinical trial showed a 61 percent objective response rate (ORR) and prolonged durability in patients with RET Fusion positive NSCLC previously treated with platinum-based chemotherapy
- PDUFA Date: Q1 2021

Pralsetinib (Blueprint Medicines)
Combo product for AML, CML, & myelodysplastic syndrome – migrate from injectable to oral therapy

- DNA methyltransferase inhibitors (DNMTis) improve survival for patients with myelodysplastic syndromes (MDS) and those with acute myeloid leukemia (AML) unable to receive standard cytotoxic chemotherapy
- Attempts to provide the therapy orally have been limited given rapid clearance of the agents by the enzyme cytidine deaminase (CDA)
- Cedazuridine (CDZ), is an oral inhibitor of CDA
- Astex and Otsuka are combing CDZ with azacitidine and decitabine to move patients from IV to oral therapy

Cedazuridine with azacitidine (Astex & Otsuka)
Cancer vaccines in pipeline

1. **Prostvac** (Bavarian Nordic, BMS) prostate cancer Phase 3
2. **Vigil** (AZ, Roche, Genentech) cervical cancer, Ewing sarcoma, uterine cancer, ovarian cancer, triple negative breast cancer – all Phase 3
3. **Reolysin** (Oncolytics) Squamous cell carcinoma Phase 3
4. **ICT-107** (ImmunoCellular Therapeutics) Glioblastoma multiforme Phase 3
5. **IMA901** (Immatics) Kidney cancer Phase 3
6. **Seviprotimut-L** (CK Life Sciences) Melanoma Phase 3
7. **Toca 511** (Tocagen) anaplastic astrocytoma, glioblastoma multiforme Phase 3
8. **ACS-003** (Argos Therapeutics) bladder cancer vaccine Phase 3
Pipeline products worth mentioning

1. **LentiGlobin** (Bluebird bio) single dose gene therapy for sickle cell disease
   - First trial of 18 patients followed for at least 6 months (median 12 months) show that patients became transfusion free after 3 months
   - No serious vaso-occlusive crisis or acute chest syndrome were reported among participants with at least six months of data
   - Biological License Application 2H 2021

2. **Ocaliva** ( Intercept) NASH
   - Only key product in pipeline posting a positive result with other drugs in development but 2 – 3 years away
   - Regenerate trial showed modest clinical efficacy (met primary fibrosis improvement endpoint, placebo (12%) vs 25 mg dose (23%), p=0.0002, but toxicities included pruritus and hepatobiliary events (gallstones & one case of pancreatitis)
   - FDA issues complete response letter in June, 2020 - delayed
Pipeline products worth mentioning

3. **Arzerra SQ** (Novartis) self administered monthly anti-CD20 therapy for relapsing multiple sclerosis
   - Phase 3 Asclepios trials showed a 50.5% and 58.5% decline in relapsing MS versus Aubagio
   - Drug originally approved for leukemia
   - Being positioned as a competitor to Ocrevus – “Ocrevus-like efficacy with monthly self-administration
   - PDUFA date: September 2020
Summary

1. COVID dominates our challenges in 2020-2021

2. Cost control through doubling down on utilization review and stewardship is necessary to control cost per case

3. Access to pharmaceutical innovation is essential for improving patient outcome

4. AMCs will rely on ambulatory pharmacy services to provide alternative sources of revenue and compliment population and value-based health initiatives.
Clinical Strategic Sourcing & Value Analysis

Ian O’Malley
Director, Strategic Sourcing - Clinical
AGENDA ITEM 01
Strategic Sourcing Overview

AGENDA ITEM 02
Year in Review

AGENDA ITEM 03
Value Analysis Updates

AGENDA ITEM 04
FY21 Challenges and Notes for our Supplier Partners
Clinical Strategic Sourcing Overview
**Strategic Sourcing**

An organized and collaborative approach to leveraging targeted spend across a system with select suppliers that are best suited to optimize value for our patients and our organization.

**Value Analysis**

Our process to effectively remove cost and improve quality & outcomes through supplies & services spend management & utilization optimization. This includes the coordination of product trials and evaluation of new technologies.

\[ \text{Value} = \frac{\text{Quality}}{\text{Cost}} \]

**Contracting**

Negotiate and execute contracts for the organization including IT, Risk and Legal input. Manage contract portfolio for pricing accuracy. Capital, Supply and Service contracts are managed by Strategic Sourcing.

**Supplier Management**

Ongoing daily management of our supplier base including adherence to UCM Supplier Policies and Procedures.
Fiscal Year 2020 In Review
FY20 In Review

FY20 Start: Strong early results and preparing for Procedural Analytics along with some large category RFP planning

Workforce Disruption Planning, Disruption and Recovery (Sept/Oct)

Post WFD normalization and end of calendar year contracting efforts. Early calendar year project success

COVID Disruption - Sourcing allocated to full time PPE/Testing identification and validation (March-May)

Despite a Sourcing activity loss of 25% of the year our team was able to hit cost reduction goals.
• Smaller than normal pipeline for FY21
• Ongoing disruption and potential Wave 2 on horizon
Value Analysis Update
Driving Out Costs-Value Analysis

**Value Analysis is:** our process to effectively remove cost and improve quality & outcomes through supplies & services spend management & utilization optimization.

\[
\text{Value} = \frac{\text{Quality}}{\text{Cost}}
\]

**Utilization & Waste**
- **VA is also used as a venue to track and trend how products are being used for standardization opportunities across our system.**
- **We also track products expiring within 90 days along with reviewing cost per case data to identify any possible wasted items in the room.**

**New Technology**
- New technology being proposed at UCMedicine is always assessed through the lens of CQO.

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AT THE FOREFRONT

UChicago Medicine

78
These teams continue to be the venue for using these new tools to continue to drive costs down and increase the quality of our care.
Future Alignment of VA Under Service Lines across the system

1. Transplant
2. Musculoskeletal / Ortho
3. Neurosciences
4. Heart & Vascular
5. Cancer
6. Digestive Diseases
7. Women’s & Children’s
Value Analysis Update-Procedural Analytics
**Procedural Analytics**

- Benchmark procedural costs across Vizient nationally
- Includes quality metrics
- In depth presentation at IDN Summit Aug 25th
Procedural Analytics Goals

Identify cost opportunities based on cohort case costs by CPT/ICD-10 and launch projects tied to overall value optimization.

Leveraging organization Quality initiatives target procedures needing improvement through device trials.

Identify utilization variation internally by clinician and leverage tool to drive standardization.

Assess new technology and trials leveraging quality metrics in the tool to validate claims and success of project.
FY21 Sourcing Challenges

- Consistent Covid Related Supply Disruption and Alternate Sourcing Needs
  - Significant Cost Impact Tied to Alternatives

- Backorders (non-Covid) & Contracting Accuracy

- Medical Device Growth of IT Integration Needs

- Payment Landscape Changes-CMS Ambulatory & Outpatient Changes
Model Supplier Attributes

- Manages and Improves Quality Systems
- Demonstrates Technology and Cost Leadership in the Industry
- Geographic Production Diversification to Mitigate Disruption
- Allocates Resources for On Time and Accurate Quote & Contract Requests
  - Legal & IT
- Develops Inventory Improvement Initiatives
- Participates in Annual Cost Reduction Efforts
- Maintains Industry Leading Information Security Program
- Embraces Diversity Policies and Programs
- Streamlined Account Management
Key Points

- Insulate Us From Supply Issues
  Backorders due to production disruption

- Complete Proposals
  Capital-MDS², Service Costs, All Acquisition Options
  Supplies-Revenue data, nationally competitive pricing

- Creative Cost Reduction Ideas

- Customer Service
Supplier On Site Activity

- Limiting on site activity to critical case support and specific requests
  - This will impact ability to run wide-scale trials where rep support is needed in multiple rooms

- While on site strict universal masking is required. When in procedural areas follow standard PPE protocols.

- Requesting remote inservicing capabilities during this time
Finally-Thank You To Our Supplier Partners
Non-Clinical Sourcing Updates

Osvaldo Torres
Director, Strategic Sourcing – Non-Clinical
Non-Clinical Sourcing Update
Non-Clinical Sourcing Team

Robbie Brown
Manager, Strategic Sourcing
• Strategic Planning
• Information Security

Alexis Freda
Sr. Sourcing Category Leader
• IT
• Revenue Cycle

Evan Kim
Sourcing Category Leader
• HR
• Marketing
• Supply Chain

Ryan Malone
Sourcing Category Leader
• Support Services
• Facilities
• Finance
Non-Clinical FY21 Priorities

• Supporting IT Enterprise Initiatives
  • Financial System Transformation
  • Digital Health
• Covid Ongoing Response – Lessons Learned
• Continued work around end to end Supplier Relationship Management
Support of IT Enterprise Initiatives

Major FY21 Projects

Digital Health

Financial System Transformation

- **Continued collaboration between IT, Information Security, Legal, Department Stakeholders**
- **Key Contracting Focuses:**
  - Contractual commitments from supplier partners to solutions working as expected
  - Transparency around expenses for implementation, subscription, on-going support, updates
  - Work to support long term cost containment strategies
Covid Impacts and FY21 Priorities

Operational

Financial

Covid Impacts and FY21 Priorities

**Operational**
- Building Inventory
- Maintain Service Coverage
- Business Continuity
- Supply Availability
- Customer Prioritization
- Industry Prioritization

**Financial**
- Supporting service expense reduction targets of 7-10%
- Payment Terms extending out to Net 60 days
- Wells Fargo Payables Program
  - ACH/Virtual Card
  - New Campaign Coming
Supplier Relationship Management

**Supplier Selection**
- Collaborate with stakeholders to detail SOW and service expectations that will be included in the RFI/RFP
- Incorporating QCDTS Components into RFI/RFP

**Contracting**
- Include components from Supplier Responses in RFI/RFP into contracts
- Establish Key Performance Indicators and Service Level Agreements to adequately measure performance

**Business Review**
- Leverage UCM Supply Chain Standard Business Review process to deliver feedback to suppliers on performance based on QCDTS metrics
- Complete scorecards that include agreed to KPI/SLAs that are either self reported by suppliers or captured by the stakeholders

**Q C D T S**

**Continuous Improvement**
University Collaborative Update
University Collaborative

- Collaborative effort between 4 operating entities under the University of Chicago
- Identify opportunities across the 4 institutions to leverage synergies and optimize value
- Monthly meetings with updates on key initiatives
- Launch joint RFPs, addressed supplier performance issues, optimized contracts

Sourcing Initiative Participation – Executed Projects

Sourcing Initiative Participation – In-Process Projects

Initiative Progress

- Category Review Executed: 14
- Category Review In Process: 11
- Category Review Pipeline: 14
University Collaborative – COVID-19

**Cloth Masks**
Collaboration between the 4 system entities to determine ideal specifications for cloth masks

**Wave 2/Return to Work & School**
On-going collaboration planning for Covid Wave 2 and return to campus/work

Effect of ΔP on the filtration efficiency of UChicago Petra & Holum Mask

<table>
<thead>
<tr>
<th>Particle Size (μm)</th>
<th>ΔP = 3.8 Pa</th>
<th>ΔP = 6.7 Pa</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 300 nm</td>
<td>99.9% ± 2.9%</td>
<td>90.1% ± 0.4%</td>
</tr>
<tr>
<td>&gt; 300 nm</td>
<td>60.0% ± 8.4%</td>
<td>76.4% ± 3.4%</td>
</tr>
</tbody>
</table>

1 Layer Non-woven polypropylene
Supply Chain Affiliates
Supply Chain Affiliate Program

- Additional layer of UCM affiliations
- Access to UCM Contracts
- Opportunity to aggregate spends

Expectation is that all of our supplier partners are providing a similar level of support to our affiliate partners that UCM is receiving
Local and Business Diversity Update
Vision 2025 – Supporting Local Community

UCM Vision 2025

Create an excellent experience for our patients, clinicians and employees to deliver the highest quality, coordinated and efficient care. We aim to build a digitally enabled organization for patients and support ease of practice for our clinicians and employees.

Deliver exceptional value through high quality care with greater cost efficiency; focusing on building a foundation for value based care.

Elevate signature clinical programs to integrate discovery and delivery of novel therapies; provide high-quality care delivery; offer innovative clinical trials and training program; and continue to build capabilities for treating complex care.

Enhance and integrate patient care across the care continuum to expand access and elevate care coordination throughout the network in the UChicago Medicine health system.

Build and strengthen partnerships with local community and proactively advance local, state, and federal advocacy efforts to achieve improved access and care delivery in South / Southwest Chicago.
# Diversity & Inclusion Strategy – Business Diversity

This enterprise-wide strategy encompasses the University of Chicago Medicine and Biological Sciences Division and the Pritzker School of Medicine. The full version of the strategy, developed through facilitated sessions with clinicians, faculty, administrators, students, and staff from across the enterprise, includes action items and metrics for monitoring and assessing progress and goal attainment.

<table>
<thead>
<tr>
<th>WORKFORCE</th>
<th>INCLUSION</th>
<th>EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goals</strong></td>
<td><strong>Goals</strong></td>
<td><strong>Goals</strong></td>
</tr>
<tr>
<td>Recruit, promote and develop faculty, leadership, staff, students and trainees that are representative of the patient populations and communities we serve.</td>
<td>Build and sustain an inclusive environment that is recognized as a model internally and externally for promoting respect, valuing differences between people, ideas and encouraging engagement.</td>
<td>Transform to a culturally and linguistically competent organization without variation in patient outcomes across populations as measured by stratified performance metrics.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Objectives</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Recruit diverse internal and external candidates for faculty, leadership and professional positions</td>
<td>• Ensure that diversity, inclusion and cultural competence knowledge, skills and behavioral expectations are integrated into key human resources processes</td>
<td>• Institute practices for cultural and linguistic competence, and health literacy to impact patients’ health outcomes and experience</td>
</tr>
<tr>
<td>• Provide leadership development for all faculty, leadership, staff, students and trainees with a particular focus on minorities and women</td>
<td>• Provide venues such as Diversity Dialogues and Employee Resource Groups (e.g. Lesbian, Gay, Bisexual, Transgender) for discussing challenges and opportunities related to diversity, inclusion and cultural competence and to develop mechanisms to address them across the UCMBSD</td>
<td>• Institutionalize on-going training for all faculty, administrators, leadership, and staff in cultural and linguistic competency, health literacy, and patient-centered care</td>
</tr>
<tr>
<td>• Develop pipeline programs and talent review processes to identify and mentor diverse candidates at all levels of the organization for promotion and advancement</td>
<td>• Implement Business Diversity Best Practices across the enterprise</td>
<td>• Actively involve patients and families in their own care and quality improvement initiatives</td>
</tr>
<tr>
<td>• Utilize the BSD Diversity Committee and Trainee Committee to support the diversity objectives for our population of graduate students, postdocs and fellows</td>
<td></td>
<td>• Integrate equity indicators and methods into the UCM quality improvement processes to improve health outcomes and the patient experience</td>
</tr>
</tbody>
</table>

**Diversity & Inclusion Steering Committee | D & I Faculty Advisory Board | Human Resource Committee | Diversity & Equity Committee**
# UCM Local and Diverse Sourcing Strategy

<table>
<thead>
<tr>
<th>Awareness</th>
<th>Metrics</th>
</tr>
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</table>
| • Continue to actively engage local organizations that are working to develop MWBE in the communities that we are providing care for (i.e. CASE, Chicago United, Chicago Minority Business Development Council)  
• Engage peers and supplier partners to exchange ideas and best practices | • % Spend with MWBE (Tier 1 and Tier 2)  
• Y/Y Growth with contracted MWBE  
• # of Scorecards Completed with MWBE  
• # of Suppliers invited to Participate in RFPs |

<table>
<thead>
<tr>
<th>Access</th>
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</thead>
</table>
| • RFP Opportunities – targeting to include local MWBE firms in at least 50% of Purchased Services RFP’s  
• Contracting Language – Inserting language into Purchased Services contracts with targets for Tier 1/2 spend with MWBE Firms |  |

<table>
<thead>
<tr>
<th>Development</th>
<th></th>
</tr>
</thead>
</table>
| • Standard UCM Supplier Relationship Model (Business Review, Scorecards) – leveraging our best in class model we are able to provide consistent feedback to our supplier partners to improve their operations and how they service us  
• Growth – offering opportunity for suppliers to grow with us as we grow |  |

**Foundational Tools**  
Tableau, Oracle (ERP), IValua, ScoutRFP
Supplier Diversity and Local Spend Update

David Spence
Assistant Director, Strategic Sourcing
Year-Over-Year Improvements

% of Operational Spend – Tier 1 and 2

- FY20 Goal: 6.8%
- Continuing to see YOY Growth

- 20% increase in Tier 1 spend between FY19 and FY20
  - Women Owned: 15%
  - Minority Owned: 25%
HEAL (Hospital Engagement Action and Leadership) Update

- UChicago Medicine is 1 of 10 Chicago hospitals participating

Year 1 Successes of the Program:

- Spent $134 million in local procurement efforts for supplies and services, a 41 percent increase from 2018
- Hired 3,742 individuals from the HEAL neighborhoods, a 17 percent increase from 2018
- Paired 5,177 patients with trauma-informed, post-injury counseling services in 2019, compared to 1,828 patients linked to such services in 2018—a 183 percent increase
- Provided 11,688 local students with apprenticeship and career development programs in health care careers
- Screened 75,625 patients on trauma and “social determinants of health” needs, and trained 1,099 intake and health care staff on these issues
Chicago United 5 Forward Update

- All suppliers had increase in spend between FY19 and FY20
  - Average increase in spend: 50%
- Strong Support During COVID-19
  - Operations and supply support
Tier 2 Direct
2020 Top Performing Tier 1 Diverse Supplier
Purchasing and Supply Chain IT Systems Updates

Anurag Jaiswal—Director, Supply Chain Performance and Analytics
FY20 SC IT System Priority

- Paperless Procure to Pay
- Expand POU Barcode Scanning
- Ingalls SC Process Integration
- Bill Only Process Improvement
- Cloud ERP Assessment
- Item Master EDI Transaction
FY20 SC IT System – Progress Update

- Paperless Purchasing – No sending or receiving fax
- Point of Use Scanning Solution - ARC WebPRS in Pilot
- Cloud ERP Assessment – On Target, FY21 Implementation
- Ingalls SC Process Integration – On going
- Item Master EDI Transaction – Implemented with Cardinal
- iValua Contract Management – Implemented workflow to Integrate IT approvals

- Bill Only Process Improvement – Moved to FY21
FY20 - Paperless Purchasing

- Advanced Perfect PO Project
  - Increased EDI utilization
  - Improved invoice resolution
  - Improved PO Confirmations
  - Decreased PO exceptions

- Implemented Print-2-PDF Project
  - No paper printouts

[Image of a paperless purchase order]

AT THE FOREFRONT
UChicago Medicine
FY21 SC IT System Priority

- ERP Implementation FY21-22
- Ingalls SC Process Transformation
- Enable & Execute COVID-19 Wave-II Planning
- Bill Only Process Improvement

FY21 ➔ FY22
Procure-2-Pay Automation Opportunity

EDI Opportunity - FY20 PO Lines

- 17 Suppliers, 80% volume
- 100 Suppliers, 80% volume
FY21: Bill Only Process Improvement

(Current State)

(Future State)
How to Help Us!

- Operational Improvements
  - One Supplier View
  - Keep contract prices current
  - Increase digital Procure-to-Pay transactions
  - Perfect Purchase Order

- Drive Key Initiative
  - ERP Implementation
  - Bill Only Process Improvements
Supply Chain Operations

Atanas Ilchev—Director, Supply Chain Operations and Logistics

Robert Boyden – Assistant Director, Supply Chain Operations and Logistics
UCM Operations Response – Wave I

- Central distribution for critically low items - warehouse
- Additional resources to manage warehouse operation
- Allocation for internal customers
- Established 3PL partnership
- Supply tracking
- Stood up 24/7 Supply Chain on-site command center
- Physical transformation
- Safety measures
UCM Operations Response – Wave II

- Stockpiling critical items
- Strategic partnership with 3PL distributor
- Transformation of internal processes and space
- Leverage existing technology - Helios

Supply Chain Domain

3PL

Distributor

Direct Ship Supplier

Warehouse

Commodity

Stocking Locations

Physician Preference

Clinical Point of Use

Clinical Point of Use

Dock
What is a SKUNK Team?

History

- Began in 1943 at Lockheed Aircraft Corporation
- Need arose from US Army - build a jet to counter the growing German Jet fleet

- *Unconventional project approach*: No contract, no submittal process
  - Planning: 1 month to design and pitch plans
  - Duration: Start to finish (143 days)

Philosophy & Structure

- Small, elite team is removed from the normal working environment
- Enabled to operate free from constraints
- Expected to be autonomous and driven team
- Leadership development opportunity to increase exposure and implement advanced, innovative projects
What will our SKUNK team do?

D R O N E S ??

Predictive Ordering

ROBOTS

Operations & Logistics

Employee Engagement

Supply Chain
Patient Analytics Partnership
Ingalls and Ambulatory Updates

Rob Martin—Director, Supply Chain and Logistics – Ingalls and Ambulatory
UCM Strategic Plan

Secure signature program eminence by building market presence and increasing scale and geographic distribution of UCM’s physician network compared to competitors.

Expand ambulatory footprint and asset mix to lead in market shift from inpatient to outpatient environments and reach new markets.

Create additional capacity and more efficient use of current sites to accommodate growth of elective specialty volumes.

Proactively respond to rise of consumerism in health care through more convenient patient access points, a differentiated patient experience, and use of digital health tools.

Solidify financial position by growing commercial payer mix and establishing a more competitive price point.

UCM 2025 Clinical Strategic Plan
Our Philosophy

“Supply Chain People do Supply Chain Work”
# Roadmap

<table>
<thead>
<tr>
<th>Clinical Area</th>
<th>Completion Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>River East Multi-specialty Facility</td>
<td>February 2020</td>
</tr>
<tr>
<td>Tinley Park Family Care Center</td>
<td>July 2020</td>
</tr>
<tr>
<td>Calumet City Family Care Center</td>
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<tr>
<td>Flossmoor Family Care Center</td>
<td>September 2020</td>
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<tr>
<td>Ingalls IR Lab</td>
<td>Fall 2020</td>
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<tr>
<td>Ingalls Cath Lab</td>
<td>Winter 2020</td>
</tr>
<tr>
<td>Ingalls ORs</td>
<td>Summer 2021</td>
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</table>
River East

- 800+ SKUS
- 33 Exam Rooms / 3 Procedure Rooms
- 20+ Primary Care and Specialty Services
Tinley Park Urgent Aid – Initial State
Tinley Park Urgent Aid – Current State
COVID Response

• UCM opened up COVID testing for the community at 6 different locations across the south Chicago region

• Supply Chain ensured that PPE and testing supplies were available to support all locations to deliver this needed service to our patients

• 82,548 tests administered
## Current State

<table>
<thead>
<tr>
<th>Group</th>
<th>Site</th>
<th>Address</th>
<th>City</th>
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<tbody>
<tr>
<td><strong>Ambulatory</strong></td>
<td>Orland Park CAC</td>
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<td></td>
<td>Silver Cross</td>
<td>1850 SILVER CROSS BLVD</td>
<td>NEW LENOX</td>
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<td>South Shore</td>
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<td>Calumet City Primary Care</td>
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<td></td>
<td>PMH Flossmoor - 3300</td>
<td>19550 GOVERNORS HWY</td>
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<td>Dr. Martin Luken - Neurosurgery</td>
<td>71 W 156TH ST STE 205</td>
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<tr>
<td></td>
<td>Harvey CT</td>
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<td>Joliet</td>
<td>903 N 129TH INFANTRY DR</td>
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<td>Primary Health Oncology Harvey 401</td>
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<td>Dr. Bashara - Tinley Park 115</td>
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<td></td>
<td>Dr. Robinson - Harvey 208</td>
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<td></td>
<td>PM Lansing</td>
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**Inpatient**

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<th>Group</th>
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<td>Calumet City</td>
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<tr>
<td>Crestwood</td>
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<td>South Holland</td>
<td>401 E 162ND STREET</td>
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<tr>
<td>Tinley Park</td>
<td>6701 West 159th Street</td>
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<tr>
<td>Tinley Park Same Day Surgery</td>
<td>6701 West 159th Street</td>
<td>TINLEY PARK</td>
<td></td>
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</tbody>
</table>

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43 Locations!
Benchmarks

**IDN Customer Continuum**

- **Tier 1 - Status Quo**
  - 25% of IDNs
  - Legacy Org Structure
  - Legacy Mentality of “Anything at anytime”
  - Service Focus – “just keep sites happy”
  - No plans for integration

- **Tier 2 - Desire**
  - 25% of IDNs
  - Legacy Org Structure
  - No investments in dedicated non-acute SC resources
  - Desire for sku reduction

- **Tier 3 - Commitment**
  - 40% of IDNs
  - Evolving Org Structure (Med group & SC)
  - Investment in dedicated non-acute SC resource
  - Initiated formulary work

- **Tier 4 - Aligned**
  - <10% of IDNs
  - Integrated Org Structure (Med group & SC)
  - Investments in multiple dedicated non-acute SC resources
  - Implemented formulary
  - LEAN standardization

**Customer Characteristics**

- **Legacy Org Structure**
- **Legacy Mentality of “Anything at anytime”**
- **Service Focus – “just keep sites happy”**
- **No plans for integration**

- **Evolving Org Structure (Med group & SC)**
- **Investment in dedicated non-acute SC resource**
- **Initiated formulary work**

- **Integrated Org Structure (Med group & SC)**
- **Investments in multiple dedicated non-acute SC resources**
- **Implemented formulary**
- **LEAN standardization**
Formulary Development

• Started with 13,000 items from benchmarking other hospital systems

• Worked with stakeholders to standardize supply offerings, reduced formulary to 1046 skus broken out by specialty
  • This is best-in-class for the non-acute market

• Improved compliance from 40% to 95% over the past 2 years
Looking Ahead

- Homewood + River East Expansion
- Growth of UC Medlabs, Care Network, and Biological Sciences Division
- Shared ERP and Inventory Management System
- Evolution of Ingalls/Ambulatory VAT Committees
This is a challenging time…but our core principles remain…

**Quality – zero defects**
Proactive quick & thoughtful problem solving (5-Why, A3), prevent repeat issues

**Cost – best in market**
Continuous cost improvement, shared risk, cost per case, margin improvement, contracts aligned around our goals

**Delivery – 100% on-time & complete**
No backorders, no substitutes, distributed when requested, insulate us from your problems while you solve them, diversify and mitigate risk in your supply chain, learn from Covid impact and get better

**Technology – At The Forefront**
Technology that solves our problems, clinically & operationally, that provides access to relevant data & keeps data safe & protected

**Service – best in class**
Commitment to our long-term success, right people and processes to achieve it, delight our patients and staff, follow protocols keep everyone safe
Thank You