

May 13, 2011

Honorable Don Harmon  
Co-Chairperson  
Senate Committee on Procurement  
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Springfield, Illinois 62706

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Honorable Pamela Althoff  
Co-Chairperson  
Senate Committee on Procurement  
M103C Capitol Building  
Springfield, Illinois 62706

RE: The Effects of Procurement Rules on the University of Illinois Medical Center

Dear Senators:

I am writing on behalf of my medical colleagues here at the University of Illinois Medical Center to present some of the consequences that arise from the Procurement Rules which impede our ability to provide efficient and effective healthcare. I thank the Committee for the opportunity to speak with you in Springfield last week as part of the University of Illinois contingent, and want to further elaborate on some of the specific barriers that the Procurement Rules have presented to the Medical Center. We have found that the rules limit our ability to operate in a timely fashion and to meet our patients' needs as efficiently as we did beforehand. In addition, the Procurement Rules place us at a competitive disadvantage in the dynamic healthcare market place.

The University of Illinois Medical Center provides a broad spectrum of services, including some of the most sophisticated and technologically advanced care available to the people of Illinois. Over 75% of our patients represent underserved and minority groups who rely upon the Medical Center for access to healthcare. Given their already limited access, additional delays obtaining necessary materials may further compromise their health.

I would like to share with you some examples of the consequences created by this new process on our daily activities:

1. **Acquisition of New Technology**: Physicians with special clinical expertise are recruited for their highly specialized experience with new technologies for the benefit of the Medical Center's patients. To acquire new health care technologies needed to accommodate their specialized skills, all bidding or sole source hearings must be completed before they can see their first patient. Requirements for compliance with the Procurement Rules cause significant problems bringing these new technologies to our patients.
  - A recent example is that of a vascular surgeon retained to perform radiofrequency ablation of varicose veins. The supplies to perform this procedure are unique, expensive (approximately \$1,500/patient), and billable. He was booking new patients at the rate of 8-10 per week. Based on the Procurement Rules for either Sole Source or Public Bidding, it was difficult to get the necessary documents submitted and awarded in a timely manner which led to prolonged delays for patients prescribed this therapy.

2. **Effect of Variable Patient Volumes:** The University Medical Center is in a dynamic, competitive environment and constantly strives to expand access to care for minority and underserved patients. Improved access to care creates demand for more medical supplies & equipment. The Medical Center can be hampered in its efforts to improve access because of the added time required to create change orders or new funding approvals to meet the increased demand created by higher patient volumes. These delays can discourage patients from seeking care and result in further morbidity and mortality among already at-risk populations.
- The addition of two spine surgeons increased demands for specific items for which we were already contracted. With the addition of these new practitioners, our volumes doubled for spinal implants & use of cadaver bone. When demand increases beyond contract limits, we are required to submit change orders under rules which delay acquisition of needed materials. Such delay has a direct and unwelcomed effect on the care we provide our patients.
  - These surgeons both use a specialized Spinal Table in the Operating Room. We currently own one table, which means these two surgeons must share the resource. Their capacity to provide advanced neurosurgical care is therefore limited. We will not be able to change this situation until we can award a sole source contract to acquire an additional table. Under the cumbersome current bid rules, we have been dealing with this for at least the past 2 months.
3. **Communication with Vendors:** Ambiguity regarding some of the procurement communication reporting provisions has had a chilling effect on important communications between physicians and vendors. These communications enhance our ability to stay current with the rapid technological changes in healthcare. Physicians have become reluctant to talk with vendors about new technological advances. They are unsure or wary of the rules surrounding discussions with vendors regarding products they may wish to use to enhance patient care. As subject matter experts physicians influence decisions for purchase, but do not make the final determination. The University has procedures in place to deal with any conflicts of interest that might exist.

Physicians also encounter vendors who want to show newly FDA-approved products we believe will be helpful to our patients. When those doctors determine they want to continue using the product beyond the test period, the Medical Center goes out for competitive bid or sole source. The physician must then stop using the product for 8-12 weeks or more, until we can establish the contract through a most cumbersome process. This process delays care beneficial to our patients.

Finally, the healthcare environment is very competitive in the Chicago area. At a time of market consolidation, declining reimbursement, uncertainty of healthcare reform and the advancement of technology, we find ourselves facing significant challenges. While the State support we receive is significant and appreciated, the Medical Center's existence is most dependent upon reimbursement from patient care. The Medical Center must meet a bottom line to survive. We must generate sufficient revenues to meet our considerable capital needs for the purchase of new technology. Under such circumstances, the pressures are already considerable to keep our costs down to sustain ourselves in the marketplace. Healthcare reform will require us to respond even more quickly to changing requirements and regulations. The Procurement Code requirement should be amended to make provision for these needs.

We are looking for relief that would permit us to continue to expand access to care for our patients and to remain a viable provider of healthcare services to the people of Illinois. Specifically, we seek:

1. An Amendment to the definition of 'Purchase of Care' which would extend the exemption to cover those products necessary for the delivery of health care services.
2. Clear authority to access Group Purchasing Agreements for a wide variety of products thus relieving us of the need to pursue bids or sole source for each purchased item. As a member of a hospital purchasing consortium, we currently access products at substantially reduced costs.

We share the Senate's desire for sound financial and competitive purchasing principles, and have long recognized the need to be mindful of and compliant with the rules and regulations for appropriate purchasing. However, as the academic medical center for the State of Illinois, with the missions of caring for the medically underserved, training the next generation of health care professionals and advancing new knowledge, we need the ability to be nimble participants in an increasingly dynamic and ever changing healthcare environment.

Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink that reads "W.H. Chamberlin MD". The signature is written in a cursive style with a small flourish at the end.

W.H. Chamberlin, MD  
Chief Medical Officer  
University of Illinois Medical Center.

cc: Michael J. Hogan  
President  
University of Illinois

Heather Haberaecker  
Executive Vice President for Business and Finance  
University of Illinois

Katherine Laing  
Executive Director  
University Office of Governmental Relations  
University of Illinois