

# Letter to the C-suite regarding the spend management enterprise

## *Spend Management Outlook winter 2025*

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Welcome to the inaugural edition of the *Spend Management Outlook*, providing an integrated perspective on the trends, factors and future expenses providers will face across the dimensions of medical and surgical products, laboratory, indirect spend and purchased services, capital equipment solutions, pharmacy and physician preference items. Now more than ever, healthcare providers are tasked with making the most judicious decisions in determining how they will apply their spending power for critical products and technologies to preserve quality care access to the patient populations they serve while ensuring financial sustainability to continue this mission. As such, Vizient has aligned its forecasting capabilities (i.e., the *Pharmacy Market Outlook* and the *Budget Impact Projections* report) to provide a more seamless approach for its provider customers to view these aspects in both an aggregated and targeted fashion. As this publication evolves, we will further tailor our forecasting capabilities in terms of scope and timeline.

### Preparing for predictable change

The healthcare landscape continues to be framed by advancement across a multitude of technologies and interventions, from gene therapies to advanced robotics to the use of artificial intelligence. Innovation creates both opportunities and challenges, including opportunities to mitigate and prevent disease situations where no treatment options previously existed, and challenges given the high costs typically associated with innovative interventions. Providers have to navigate these advancements as more development occurs, and exceptional leadership throughout spend management – in both pharmacy and supply chain – is critical to success moving forward. Additionally, it is important to remain agile in response to unexpected events because all factors that impact healthcare can't be anticipated.

### Mitigating that which cannot be predicted

While advancement in healthcare is based on innovation of new technologies and therapies, we continue to be reminded of the importance of long-standing products to which we generally devote limited time and attention. This reality was brought to an extraordinary level of understanding with the damage caused by Hurricane Helene on the Baxter IV plant in North Carolina. While providers, suppliers, the federal government and other organizations like Vizient all responded heroically to conserve IV solutions and preserve available supply for the most essential circumstances, the impact of this interruption has still been substantial and will require more time for complete resolution. Furthermore, it serves as a reminder that our ability to advance and adopt new technology and/or delivery models is dependent on the availability and resiliency of foundational products and supplies. Therefore, our attention to the management and stewardship of clinical supplies should extend to all essential products, not just the newest and most expensive.

### Conclusion

In 2025, we will continue to see significant advancement and innovation to treat diseases in new ways, migration of healthcare toward the ambulatory space, and ongoing efforts, both private and public, to manage the expenses. As a result, health systems must devote appropriate attention to the entirety of spend management and ensure they have capable and empowered leaders in these areas to make strategic decisions to preserve cost-effectiveness and quality patient care. The dimensions of spend management – pharmacy, medical and surgical products and other areas – can no longer be treated as just cost centers. Instead, they must be treated strategically as essential contributors to the financial and clinical performance of every health system.

We have prepared the following assessment of important steps senior leadership should consider as they build and revise their strategic plans for their practice related to spend management as well as the solutions and services that Vizient offers.

### Healthcare enterprise preparedness assessment

Area	Questions	Yes	No
Strategy	You have a pharmacy enterprise leader in place with responsibility across inpatient and ambulatory care		
	Your supply chain leaders have executive and physician support in evaluating the appropriate use of medical devices, technologies and supplies		
	Your organization's strategic plan includes multiple dimensions of ambulatory care (e.g., specialty, retail, pharmacy benefit management, standalone infusion, home infusion, gene therapy, ambulatory surgery center)		
	Your pharmacy and supply chain leadership are both engaged and included in the organization's strategic plan (including mergers and acquisitions)		
Operational	Your pharmacy and supply chain leaders are closely aligned with managed care to address payer interventions that impact patient care and financial results		
	Your spend management (e.g., pharmacy, medical and surgical products, laboratory, capital equipment solutions) and <b>government relations</b> teams partner to address critical practice issues from an advocacy and legislative perspective (e.g., preventing negative impacts from payer actions)		
	Your human resources department partners with pharmacy for negotiation of the organization's pharmacy benefits program		
Financial	You have a clear line of site to the contribution margin of spend management services (e.g., pharmacy, medical and surgical products, etc.) to the organization's revenue performance		
	You have an investment plan for the expansion of ambulatory pharmacy and ambulatory surgical services		
	If a 340B organization, you have an ongoing mechanism that monitors the impact of denial on contract pharmacy pricing		
	You know which patient care populations would be most likely to require high-cost treatments and interventions such as cell therapy, gene therapy and surgical robotics		
Vizient resources and services	You are enrolled in <b>Vizient Reserve</b> to provide supply assurance and resiliency for the following categories:		
	• Pharmacy (Novaplus Enhanced Supply Reserve)		
	• Contrast media		
	• Respiratory (including medication delivery)		
	• Surgical blades and scalpels		
	You participate in a Vizient Pharmacy Aggregation Group (including the <b>Vizient Oncology Network</b> , if a large cancer center)		
	You participate in the <b>Vizient Commit</b> programs including:		
	• <b>Pharmacy</b>		
	• Medical and surgical products		
	• Physician preference items		
You belong to the <b>Alluma</b> pharmacy benefit offering			
You subscribe to the Vizient <b>Pharmacy Site of Care Database</b> to help you negotiate with payers concerning site of service restrictions			
You are leveraging Vizient's <b>Pharmacy Analytics</b> and <b>consulting services</b> to lower costs, improve reimbursement, optimize 340B, establish home infusion services, ensure high quality sterile <b>compounding</b> or other strategies			

If you answered “no” to any of these questions and/or would like more information from Vizient, including other performance assessment tools, please send a request to [pharmacyquestions@vizientinc.com](mailto:pharmacyquestions@vizientinc.com).