

# Driving down shipping costs with OptiFreight® Logistics and Banner Health

**By Maia Anderson, Becker's Healthcare**

Managing a hospital or health system's transportation costs is a complex task that requires proactive planning and ongoing monitoring to maximize savings and control costs.

Phoenix-based Banner Health has 28 hospitals and hundreds of other sites of care for which it must manage both inbound and outbound shipping.

During an April 23 webinar sponsored by Cardinal Health and hosted by *Becker's Hospital Review*, leaders from Banner Health and OptiFreight® Logistics discussed how the health system and its freight management partner have worked collaboratively with a goal of lowering overall transportation costs.

Mike Halmrast, senior director of contracting for Banner Health, said the health system has a systemwide goal of lowering the overall cost of patient care.

"We have a culture of savings at Banner Health," Mr. Halmrast said. "All of our staff members are continuously looking for ways to save money. Lowering costs is our culture, so our staff reacts positively when they find a cost-saving strategy that works." Banner Health currently uses OptiFreight® Logistics inbound, outbound, large freight and same day services to help reduce its system's overall transportation costs.

In response to the COVID-19 crisis, OptiFreight® Logistics surveyed its top 100 customers to find out what their most urgent needs were, according to Brad Wilson, vice president of sales and services at OptiFreight® Logistics.

The survey showed hospitals had quickly adapted to how they received shipments of supplies to protect the safety of their patients, healthcare workers and package handlers. OptiFreight® Logistics has also seen an increased demand for scheduling and tracking of large freight and international expedited shipments.

Banner Health recently began using OptiFreight® Logistics Same Day Solutions as part of its COVID-19 response to support courier deliveries to rural facilities and to help close a critical gap in service that the crisis revealed. Courier services can be both very complex and high cost to manage. The program helps hospitals make time-sensitive deliveries safely and more cost effectively by providing data on transportation costs and giving better visibility into spend and routes.

"You can't control what you can't see. But with full visibility into every shipment, you will be empowered to improve efficiency and tracking," Mr. Wilson said.

The trick is to lower shipping costs while still maintaining a high quality of service, Mr. Halmrast said.

To begin, Mr. Halmrast said his team sets a specific cost goal for each package. The Optifreight® Logistics team helps them meet that goal by using data analytics to monitor individual sites to see if they are meeting cost goals and identifies cost savings and efficiency opportunities. The OptiFreight® Logistics customer website also provides shipping advice, making it easier to centralize and visualize activity and spot ways to improve.

Focusing on managing as much freight spend across the health system as possible is key.

"The more inbound, outbound and large freight shipments under management, the more dollars we save and free up for patient care. It's that simple," Mr. Halmrast said. "That is where our collaboration with OptiFreight® Logistics comes in to play. They work in our best interest to identify more ways for us to centralize spend. From a data analytics perspective, it has been a good collaboration ... especially in getting our supply chain teams at individual facilities to engage with

the data and monitor their own performance.”

Ashley Dewhurst, strategic account manager for OptiFreight® Logistics, echoed the importance of the integrated, hands-on approach adding, “The most important part is the collaboration that transforms the services into new innovations that create significant savings. We base our recommendations on decades of industry leadership with the aim of driving continuous innovation and improvement.”

Ms. Dewhurst said it’s important to remember that there isn’t a “one size fits all” approach when it comes to lowering shipping costs.

There is a general three step plan that has proven to be successful for health systems of all sizes:

1. Increase freight spend under management
2. Use data and analytics to reveal new savings
3. Improve freight management program compliance

To increase the total managed freight spend, Ms. Dewhurst advises health systems to convert all internal shippers to ship through the OptiFreight® Logistics’ website, as the more individuals that comply, the greater the overall savings.

Ms. Dewhurst added that health systems can improve inbound and outbound compliance among top suppliers, facilities and shippers by setting measurable targets for expedited services, such as overnight and two-day shipping. “Set a measurable goal for your ground and expedited services ... as Banner Health has done, then assess individual sites for their knowledge about the program and understanding of its role in saving money. Data and analytics are key to monitoring performance.”

You can view the webinar in its entirety [here](#). To learn more about lowering hospital transportation costs, [click here](#). ■



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