



SIB Fixed Cost Reduction Case Study

Federally Qualified Health Center Saves Big



Founded in 1973, **Oak Orchard Health** has grown from a single facility to a fully integrated health system with facilities across the state of New York. As a Federally Qualified Health Center (FQHC), they provide comprehensive health services to underserved communities. Oak Orchard now serves 30,000 patients from ten locations.

The Challenge

Like many healthcare groups, Oak Orchard found themselves short-staffed coming out of the pandemic. To keep their focus on providing quality care to patients, Oak Orchard engaged SIB to review their indirect expenses.

The Solution

SIB started by performing a preliminary analysis of Oak Orchard's vendor spend to identify the best opportunities for savings. Using a Vendor Transaction Report, our analysts were able to group vendors into spend categories. By applying the average percentage of savings to spend totals in each of those categories based on our benchmark database, we quickly pinpointed two high yield opportunities: waste removal and medical supplies.

Companies often accept their waste removal rates as a necessary cost of doing business without realizing the extent to which they're being overcharged. SIB's waste audit team could see that Oak Orchard's facilities were not benefiting from best-in-class pricing for their area. All locations were using the same vendor, and most of those contracts were set to expire within the year. SIB negotiated the renewal contracts, securing significantly lower rates for the same service levels.

For any multi-site healthcare group, medical supplies are another necessary spend area where vendor markups are high. Monthly spend varies based on purchase volumes and product mix, but that doesn't negate opportunities to lower costs. SIB's team worked with Oak Orchard's existing vendor to achieve and implement new target pricing without changing service levels.

The Results

SIB secured over **\$73,000 in annual savings** for Oak Orchard in these two areas. Waste removal alone represented an astonishing 79% reduction from their previous spend. Going forward, not only does Oak Orchard benefit from the new rates, they can rest easy knowing that SIB's ongoing bill monitoring ensures the savings stay in place.

At a Glance



\$73,000+

In annual savings



10 Locations

Reviewed during analysis



The reward was significant savings in our medical supply spend and waste removal costs with very little effort from our end. SIB lowered our waste pick-up fees by an astonishing 79% without changing our vendor or levels of service.

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Oak Orchard Health



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