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VIRGINIA MASON AND OWENS & MINOR (A)



INTRODUCTION


The Virginia Mason and Owens & Minor (A) case is a brilliant story of how new pricing strategies can change the relationship between supplier and provider within the context of the healthcare sector. This case is a look at the Virginia Mason Medical Center (VMMC) and the company Owens & Minor (O&M) pricing relationship, specifically their adaptation of the Activity-Based Pricing (ABP) model.





ABP MODEL


Activity-Based Pricing aims at cost accounting as it tries to address each cost object by the activity it relates to offering a justification of the cost. Unlike the conventional pricing strategies include markups, ABP offers charges related to the activities conducted.





CHALLENGES FACED


There were challenges when it was time to put into practice the ABP model. An aspect that was yielding a lot of resistance was with stakeholders preferring the old fashion methods of pricing. More also, there was the necessity to establish proper communication channel to enhance acceptance.





CONCLUSION

This particular case solution demonstrates how innovative solutions may help eliminate existing problems and make the healthcare markets more efficient. To read a detailed solution to this case, please visit TheCaseSolutions.com.





RECOMMENDATION

This case is just a sample partail case solution. Please place the order on the website to order your own orignally done case solution.

Resource: Visit thecasesolution.com for detailed analysis and more case studies.

