

As Nation's Healthcare Infrastructure Expands, Demand for Equipment and Logistics Expertise Surges

By Cindy Juhas, Chief Strategy Officer of CME

Much has been said about the Affordable Care Act (ACA). It's one of those federal policies that everyone seems to have a strong opinion about and is a political hot potato. However, one thing is certain now that it is six years after its enactment: the program has triggered a tidal wave of investment into healthcare infrastructure.

Faced with cuts to their Medicare reimbursements under the ACA's readmission rules, healthcare executives are heavily incentivized to ensure that patients don't return with the same ailments they just had treated. To be clear, doctors and hospital administrators have always been motivated to treat and cure patients. The difference now is that the dollars which previously would have been spent on treating readmitted hospital patients are now being spent on new outpatient facilities designed to treat and rehabilitate patients over a longer term.

The result is something of a boon in the healthcare equipment industry, with each new or expanded facility required to be stocked with the latest advances in technology. Spurred by new investment and technological breakthroughs, each quarter brings thousands of new products and hundreds of new manufacturers. Purchasing managers are hard pressed to keep up with the surging demand and the increasing diversity of available products. More and more, healthcare executives are relying on consultants to assist with their expansion plans.

With so many options and pricing models to choose from, it's nearly impossible for a local facilities team to know, for example, which pharmaceutical refrigerator is the right model for their new mental health clinic or physical therapy center. In the past year, alone, dozens of new refrigerators of different sizes, standards and energy efficiencies have been released. Only a professional sourcing specialist with a national reach in the medical equipment sector would be in the unique position to know all the pros and cons of each available product and manufacturer.

Selecting the right product could save valuable time and money when it's time to expand or open a new healthcare facility. Consider this: a delayed opening typically costs a hospital \$400,000-\$500,000 in lost revenues per day. At smaller facilities, the need for well-managed equipment deliveries is even more dire. A 20-doctor clinic could lose \$125,000 in revenue per day in the event of a delay – and the smaller the operation, the harder it becomes to absorb such a financial loss. These figures prove that planning for the proper equipment is just as important as the construction of the infrastructure, itself.

Plus, there is the logistical side of the equation. Getting all of the equipment to the facility without delaying the opening or disrupting ongoing care is extremely critical. Everything needs to be delivered in the proper order. An operating room requires dozens of state-of-the-art products, all of which need to be delivered and installed in an exact sequence if the project is to be executed efficiently.

This requires meticulous planning and at least one full-scale staging area near the facility where equipment can be shipped, pre-assembled, staged and stored until the everything is ready for final delivery and installation at the facility. Depending on the scope of the facility, this can be a massive undertaking that requires mid- to long-term warehousing and substantial labor costs. Some healthcare facilities are in remote locations that require multiple staging areas in order to overcome transportation challenges. Even if the project is relatively simple, though, it is still critical that all the equipment arrives on time and in working condition.

In addition to hiring a national logistics specialist – who can manage a team on the ground to order, track, receive and assemble sensitive medical equipment – there might also be a need for additional biomedical staff to test and document all of the new equipment.

All of these factors have to be considered when embarking on new patient follow-up infrastructure as a result of the Affordable Care Act. As these investments become more and more prevalent in our economy, healthcare operators are relying on third-party partners to take on specialty roles for sourcing equipment, handling complex logistics and providing extra biomedical equipment services. Whether this was an intended consequence of the ACA or not, this trend will continue to fuel the demand for such services as healthcare executives work to protect and grow their businesses.

CME, formed from the merger of Claflin Medical Equipment, Hospital Associates and RSI, is the premier source for equipment and turnkey logistics, delivery and support for the healthcare community. The company helps medical facilities nationwide to seamlessly launch, renovate and expand. CME has three branches and 32 service centers spanning the nation and offers an expanded product line of more than 1 million medical products from more than 1,400 manufacturers. As a comprehensive medical equipment and healthcare services company, the goal of its highly-trained and accessible sales force is to always provide the utmost in personalized support and service.