

Consolidating Non-Clinical Purchased Services



Leads to Cost Savings and
Improved Patient Safety

> **Hospital and vendor consolidation is bringing greater awareness to the savings opportunities** that have been buried in non-clinical purchased services over the years such as food catering, laundry and clinical engineering services.

Non-clinical purchased services are not specific revenue drivers, but are often viewed as “the cost of doing business”.

These services could account for about 80% of the hospital’s service spend and up to 25% of operating expenses. Easily hidden and hard to uncover, non-clinical purchased services are one of the most mismanaged spends in all of healthcare.

The best place to begin uncovering these expenses lies in the clinical engineering department. Uncovering costs associated with clinical engineering and consolidating this function can deliver up to 20% cost savings on clinical engineering services.

Consolidation can also help to improve patient safety. Today’s clinical engineers are assuming a leading role in the management of all medical equipment over the entire lifespan of use, and as a result, are on the front lines of quality improvement and risk management activities.



Opportunity for Cost Containment

Let's look at clinical engineering's role in containing costs. Non-clinical purchased services are often spread throughout several cost centers (IT, HR, Facility, Finance, Support, Repair and Maintenance) and are widely unknown or undetected by the hospital supply chain, making it difficult to uncover the expenditures. **The root cause of such services driving costs higher is due in large part to the service contracts and demand for services that are attached to them.**

Service contracts can be as high as 60-80% of the current clinical engineering spend and the actual cost of contracts are frequently 20-50% higher due to uncovered costs/add-ons.

This fragmentation creates opportunities for costs to stay hidden. Tracking and assessing all costs associated with clinical engineering can help with consolidation, resulting in significant savings opportunities. It starts with a current state assessment that will evaluate all costs both listed in clinical engineering and in each department throughout the general ledger as well as manually track down hard copies of every service agreement throughout the facility. A reliable assessment will provide a clear understanding of the total clinical engineering spend throughout the hospital.

► Key areas to evaluate in a current state assessment include:



Service Contracts

Service contracts can be as high as 60-80% of the current clinical engineering spend and the actual cost of contracts are frequently 20-50% higher due to uncovered costs/add-ons. A best-in-class department is InSourcing all desired labor across all modalities having little to no reliance on costly, outsourced service contracts. This type of clinical engineering is crucial to capital equipment planning, purchasing, implementation, service and repair, and end of life management. In this scenario, the department knows which service contracts to keep, what to take in-house, what to fix, when to fix it, and when to replace it without relying on service providers and OEMs.



Miscoded Expenses in the General Ledger

The general ledger can create a sense of false reliance because commonly the costs are not correctly classified and may appear under "Other Med Care Materials" and "Other Expenses". In fact, on average the delta between the assumed costs and the actuals can range from 30-50% in additional spend.

Armed with the right information, clinical engineering can deliver high utilization of equipment to support financial goals. They can provide valuable information regarding inventory, downtime, productivity needs and regulatory issues – all which help the management team make informed decisions and accurately forecast equipment needs.

Clinical engineering is one of the best places to start creating system-wide efficiencies.





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Improving Patient Safety

When it comes to patient safety and quality of care measures, many hospitals can see the immediate importance the clinical engineering department provides, especially as it relates to preventive maintenance and repair of equipment. What many are starting to realize is that clinical engineering does not just play a role in keeping equipment up and running, the department is a major pillar for delivering safe care to patients.

When it comes to patient safety and quality, you must consider that every patient receiving care in a given hospital will be interfacing with medical devices that are overseen by clinical engineering. Considering that every interface between a patient, clinician and a medical device contains opportunities for error, clinical engineering is on the front lines of patient safety.

For the past 16 years, TriMedx has engaged with more than 1,500 healthcare facilities to manage more than 1.2 million devices throughout the world. This experience and data enables critical knowledge in how to best utilize clinical engineering to not only deliver quality patient care, but to do so in the safest way possible while reducing medical equipment costs.

TriMedx hospitals benefit from effective and efficient medical equipment management that includes regulatory and accreditation compliance, thorough reporting on risk management, and optimal uptime of equipment – all greatly impacting patient safety and quality of care. TriMedx clients greatly benefit from regulatory and accreditation preparedness with all federal, state, and accreditation agencies (for example Centers of Medicaid and Medicare Services, The Joint Commission, Det Norske Veritas, and Healthcare Facilities Accreditation Program).



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A sophisticated CMMS should be comprised of the following:

- ✓ *Complete and accurate inventory*
- ✓ *PM completion rates for high risk and non-high risk equipment*
- ✓ *Work order creation, completion and documentation*
- ✓ *Turn-around time for repairs*
- ✓ *Alerts and recalls monitoring*

The Key to Optimal Cost Containment and Patient Safety

As a result of regulatory compliance demands, many hospitals turn to computerized maintenance management systems (CMMS) to track and monitor equipment. But not just any CMMS platform will do. Constantly evolving regulatory requirements, daily alerts and recalls, and innovation around medical devices demand a sophisticated level of tracking and monitoring that can ensure optimal patient safety, lower the level of risk related to compliance, and help to reduce costs.

A sophisticated CMMS system is the first step to clinical engineering consolidation, which directly impacts cost containment and patient safety.

These core areas of focus can be key performance indicators to ensure all regulatory and accreditation standards are achieved as it relates to patient safety and will also help clinical engineering track and monitor spending. The key is to not only have the information about the equipment and utilization in your facility, but also having historical data about every device and its performance in other environments.





Keeping up with the daily demands of alerts and recalls is a full time job, making it nearly impossible for clinical engineering to manage on top of their other important responsibilities in the hospital. When it comes to alerts and recalls, a sophisticated CMMS should not only inform the hospital, but immediately generate a work order for the specific action items required to address the issue.

Because TriMedx RSQ (CMMS system) is integrated into the hospital's clinical engineering operations, a hospital can generate an immediate work order for any alert or recall coming from the OEM or regulatory bodies. TriMedx RSQ generates alerts and recalls on a daily basis handling an average of 60+ alerts and recalls each month. Not to mention, RSQ houses data on more than 1.2 million devices throughout the world giving clinical engineers critical information to make informed and proactive decisions.

Having such a sophisticated tool to trend equipment and manage alerts and recalls keeps the hospital compliant and also ensures there is no risk to patients. Having an integrated CMMS such as RSQ, frees up time for clinical engineers and risk managers to focus on other important tasks, which leads to saving costs.

Reporting

A hospital's CMMS should not only be able to track these details and assign them in a work order to be addressed in a timely manner, it should also be able to document all activities performed by clinical engineering. Keeping track of failures, timely PMs, percentage of repairs, could not locates, incidents, alerts and recalls will help clinical engineering provide detailed reports to the environment of care (EOC) committee and if necessary to regulatory bodies on demand.

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When it comes to the EOC committee, clinical engineering should always have a seat at the table. Although accreditation and regulatory standards specifically state that a clinical engineering report is to be represented on this committee, some hospitals appoint facilities managers to deliver the report on clinical engineering issues. This is a common practice that is not only dangerous, but can end up costing the hospital in terms of violations or worse, risk to patients. It's important to not just have a report from clinical engineering that is presented by another discipline, but to have clinical engineering physically present in these meetings.

On-Going and Frequent Training

Because clinical engineering sees the very intricate details of every medical device on a regular basis through a sophisticated CMMS, the department has critical information, knowledge and documentation that can help keep equipment safe and running properly. If the clinical engineering department



begins to see trends in specific areas (tears in power cords, liquid contamination in scopes, scratched probes, etc.), they can provide staff training that goes above and beyond traditional training to help keep medical equipment compliant and safe as well as extend its life.

Providing on-going and continuous training for your workforce ensures compliance and patient safety while also reducing expenses by eliminating service costs and improving the uptime of equipment.

► **The Solution to Reducing Non-Clinical Purchased Services Costs and Impacting Patient Safety**

The quickest and most efficient way to begin reducing non-clinical purchased services costs in a hospital starts with taking a deeper look into the clinical engineering function. A best-in-class clinical engineering department equipped with sophisticated CMMS functionality will deliver immediate cost savings and significantly improve patient safety by ensuring regulatory and accreditation compliance. ☺



Trusted Partner in Healthcare Management

Created by healthcare for healthcare, TriMedx understands that patients are the number one priority. A US-based company, TriMedx started as a hospital clinical engineering department focusing on reducing expenses, optimizing service and enhancing the patient experience through innovative medical equipment management programs. Today, TriMedx is recognized around the globe as a leader in medical equipment management.

We stand by our Core Values in all aspects of our business.

Service of the Poor Reverence Integrity Wisdom Creativity Dedication

