



# The Ultimate Cheat Sheet On Purchasing New Hospital Equipment



**hospital**associates

# Table of Contents

Introduction ..... 3

What is Capital Equipment?... 4

Who Should Be Involved?..... 5

What is the Process? ..... 6

Conclusion ..... 8

About Hospital Associates ..... 9

# Introduction

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The procurement process for equipping an expansion, remodel, or new construction project for a hospital, health system, or IDN can be daunting to say the least. It is important to be sure that all the equipment is ordered in a timely fashion, scheduled for delivery at the right time, installed, set-up and functioning properly. It may require the assessment, input, and direction from a variety of people in a multitude of positions and different organizations. Such a project can be difficult on its own, but the additional need for ongoing patient care and working around existing workflow patterns, can make for a logistics nightmare.

This *Ultimate Cheat Sheet On Purchasing New Hospital Equipment* is designed to provide you with a reference, while you're overseeing your projects. It'll ensure that all the salient points are addressed and all the bases are covered.



# What is Capital Equipment?

Purchasing capital equipment is not like purchasing supplies. There is much more to be considered when purchasing capital equipment. Here are just a few of the characteristics which define capital equipment:

- **Cost of acquisition** - Generally \$1000.00 or more, will vary by institution
- **Durability** - Not consumable or disposable
- **Size** - Usually quite significant, sometimes even requiring new or alteration of construction to install; however, may also be small enough to sit on a shelf
- **Stand Alone** - Does not require other items to function, however the particular function, while separate, may be combined with other items to create an operational system, e.g., an x-ray system that requires an x-ray machine, exam table, film or digital processing unit, etc.
- **Tangible Value** - considered an inventoried, or fixed, asset
- **Use Life** - at least one year, generally amortized over five to seven years, maybe more.

By definition, as opposed to supplies which are disposable or consumable, equipment is durable with an extended use life. Equipment, however, should not be confused with Durable Medical Equipment (DME). That is a term used by the federal government to identify specific pieces or types of equipment for which Medicare will provide reimbursement. The value of DME items may range from under \$50.00 to hundreds of dollars and are usually used by Medicare covered patients personally, generally in their own home.



# Who Should Be Involved?

There are numerous people who may be involved with a particular capital equipment purchase and installation project. Generally, the process will start with a particular department level manager or administrator, be approved by a hospital administrative officer for consideration by a budget review committee, then passed on to materials management for a buyer to process the purchase order (PO). That is generally just the beginning. Below is a more expanded list of people who may need to be involved in the whole procurement process.

- **CFO** - With CEO/COO, will generally make decision to lease or buy the equipment and release, or allocate, funds
- **Department Head** - After approval from administration, the Department Head will generally contact equipment manufacturer and prepare a purchase request
- **Director, Materials Management** - Will designate a buyer to create a PO and submit to manufacturer or designated distributor
- **Equipment Specialist** - At this point, or even earlier in the decision and procurement process, it may be appropriate to call upon the services of an equipment specialist who is usually an employee of the manufacturer or a trusted distributor partner and has great familiarity with the equipment in question and its particular delivery and operational requirements
- **Facilities, Environmental Services, Biomedical Department, Safety and Security** - May need to become involved along with the Equipment Specialist and Department Head to review and be made aware of the various delivery and installation factors that would impact their respective departments - based on the size and complexity of the equipment being purchased. If direct-to-site delivery is needed, a distributor partner might be brought into the discussion also
- **Nursing, other affected Clinical Departments, Shipping and Receiving** - Again, this would depend on the size and complexity of the piece of equipment as well as potential interference with work flow and patient schedules
- **Designated Receiver** - This would be someone acting as the agent for the hospital to take responsibility for signing off on the delivery, and taking official ownership, of the equipment.



# What is the Process?

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The procurement and installation process will vary depending on the type of equipment involved, the number of locations being delivered to, the receiving capabilities of those locations, and even the final delivery sites within the facilities themselves. Obviously, a group of chairs being purchased for a Waiting Room in an ENT Clinic on the first floor of a hospital would not require the amount of planning and preparation that would be required for installing diagnostic and therapeutic radiation equipment in a Radiation Oncology Department located in a remote lower level of the hospital. Even outfitting a new Pediatric Intensive Care Unit on an upper level of the hospital may require extensive attention to the logistic requirements of getting special beds, incubators, monitoring equipment and other items into the hospital, up elevators and through patient care areas to get to the PICU. Then there is the issue of uncrating and removing all the shipping materials.

- **Planning and Preparation** - The procurement and installation of a major piece of capital equipment, or for smaller items delivered to multiple locations and/or delivery sites all require planning and preparation for a successful process. The planning and preparation will begin with the department head, or designee, and may include an Equipment Specialist/Planner as well as other hospital personnel as indicated above. The Equipment Planner is especially important in helping with the design and layout of the room or area that the equipment is to go into as well as identifying any special needs of the item, such as special electrical or ventilation requirements. This Equipment Planner may also have insight to recommend particular distributors/deliverers that they know to be reputable and skilled in equipment delivery and installation.
- **Processing the Purchase Order** - Once the funds are allocated the purchasing process can begin. For a single item from a single vendor going to a single room at a single location the process is relatively simple no

matter what the size or complexity of the item may be. However, for multiple items from a variety of manufacturers going to multiple locations and different sites of use, the process could be quite complex. For example, let's say a hospital needed to outfit a group of 3 new multi-disciplinary clinics each with 9 different patient locations spread over 3 floors at each clinic. This means that POs would need to be placed for 27 different patient areas at 3 different delivery sites. Each patient area may have unique equipment needs requiring POs from a number of different manufacturers. At a cost of \$75.00 / PO, or more, it may be appropriate to consolidate the purchases through a single distributor that can also coordinate the equipment deliveries.

- **Scheduling the Delivery** - For a single item at a remote site, the scheduling process may be a non-issue, but for multiple items being delivered to multiple sites on multiple floors at multiple locations, the logistics issues can become complex, especially when trying to accommodate patient care schedules. This can require extensive communication with the various manufacturers/vendors to schedule and assure timely delivery of multiple products to these various locations without having the respective delivery personnel tripping over each other. When scheduling the delivery please be sure to go over all delivery/receiving requirements. For example, does the facility have an actual loading dock or will the equipment need to be delivered by a lift gate truck? Will the delivery be made to a central warehouse for the facility, to the receiving area of the facility or to the actual site of use within the facility? If the delivery is to be to the site of use then uncrating, installation and removal of shipping materials should be stipulated as well. If there is a dock and warehouse, do you have the appropriate personnel, equipment and space to receive the equipment, assemble it and deliver it to the end-user location?



- **Receiving and Accepting the Equipment -**

Assuming that the scheduling process has been worked out and actually goes as planned, now is the critical part of actually receiving the equipment. Obviously, the Receiving Department will need to be alerted if it is an extraordinary piece of equipment. Safety and Security may need to be involved as well. Members of the Biomedical Department may need to be on hand to checkout and approve the electrical connections, etc. A designated agent of the hospital needs to be on hand to officially receive and take ownership of the equipment. This may simply be a member of the Receiving Department, but for especially sophisticated equipment or complex deliveries of multiple items to different areas, the official receipt of the items may need to be put off until all deliveries are completed to all the different rooms, the items have been checked out to be operating properly and the shipping materials have been removed. In other words, be careful not to officially sign off and take ownership of the equipment items until all aspects of the purchase and delivery agreement have been met.

# Conclusion

While the whole process of selecting, purchasing, scheduling delivery, receiving and accepting new hospital equipment may be complex, it does not have to be overwhelming. Purchasing and scheduling the delivery of single items to single locations should be a breeze for the purchasing professional. For complex sophisticated medical equipment it may be appropriate to utilize the services of an Equipment Planner to help with the site design, planning and preparation for delivery of the item.

If items are delivered through or near-by surgical or clean areas, a specific protocol that mitigates dust and dirt needs to be put in place. A safety officer within the facility or system needs to train the deliverers and all involved in the proper delivery process. This person will also manage the entire delivery.

The process of purchasing and scheduling the delivery of multiple pieces of equipment from various manufacturers to be delivered to multiple locations and sites of use can be a challenge. Many hospitals are buying or building off-site clinics that have even more stringent delivery specifications which complicate this process even more. However, by utilizing a distributor that specializes in medical equipment and logistics, the purchase and delivery costs can be significantly reduced.

Finally, be sure that deliveries to patient care areas are scheduled during times of least activity, i.e., before or after clinic hours if possible. Also, make sure to only officially accept ownership of the equipment after assuring that all elements of the purchase and delivery contract have been met.





# About Hospital Associates

Hospital Associates is a full service medical distributor focusing on equipment and outfitting new medical facilities, expansions and remodels. We are equipment specialists with 99% of our business being equipment sales.

Hospital Associates can provide a wide range of equipment procurement services, including:

- equipment recommendations
- logistics
- warehousing
- staging
- direct-to-site delivery assembly
- asset-tagging
- deployment strategy
- in-service coordination

With our Direct-to-Site delivery program we can consolidate equipment purchases from different manufacturers and so reduce the costs of purchase orders for the hospital, warehouse the items until the scheduled delivery time; deliver the items right to the rooms where they will be used; uncrate, install and assure operational functionality of the equipment; and remove all shipping materials and debris. We comply with all safety protocols and have been involved in a wide variety of different delivery scenarios.

Our breadth of product lines is unrivaled. Nationally, we are a top supplier of Midmark exam tables, Welch Allyn diagnostics, and Pedigo stainless steel equipment. We supply and assemble storage solutions including wire shelving and carts.

[www.hospitalassociates.net](http://www.hospitalassociates.net)

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