How to effectively manage your ASC’s operating room inventory

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Welcome

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Objectives

1. Discuss why supply management in your operating room is important
2. Describe the challenges of effective OR supply management
3. Review the current processes used to manage OR supplies
4. Outline strategies to improve OR inventory management
5. Review the roles and responsibilities of perioperative nurses in effectively managing OR supplies

Cited study: Supply costs fact: (and many others that may interest you) http://www.beckersasc.com/lists/100-asc-benchmarks-to-know-2014.html
About Cardinal Health

Recognized leader in healthcare supply chain transformation
• Ranked #1 by Gartner 2011–2014 in transforming the healthcare value chain to meet new challenges around costs, revenue and outcomes

Unparalleled understanding of healthcare value chain
• Supplier and leading manufacturer of med/surg products
• Leader in providing supply chain services with 40+ years experience

Leading med/surg distributor for ASC market
• ASC clinical team of perioperative nurses – averaging 20 years of OR and supply chain management experience – to help ASCs cut waste and OR costs
• Built to meet the unique needs of ASCs both now and in the future
ASC supply spend is substantial

- Annual supply spend per ASC
  - $230K per suite
- Inventory $$ per surgical suite
  - $100,000-$120,000 per suite
- Average inventory turns
  - 4.8 times per year
- ASC supply costs
  - Between 17-25% of net revenue
- 25% of clinical staff time spent on supply chain activities
- Waste in the OR can have a profound impact
Financial pressures

• CMS/Medicare pays ASCs less than hospital outpatient departments for the same service
  – In 2015, an average of 45.9% less
• Profits declining with reimbursements
• Transition from fee-for-service to value-based care
• Patients often prefer ASCs in contrast to a large hard-to-navigate hospital
  – ASCs are conveniently located, offer improved service and lower out-of-pocket costs
Where are the supplies?

- The surgical suite
- OR core area
- Specialty carts
- Case pick areas
- Case carts/baskets
- Bulk storage area
- Other non-official areas
  - Nurses’ lockers

7+ locations where you can find the exactly same product!
Challenges

- Diversity of procedures
- Physician preferences
- Typical practice
- Limited data
- Preference cards management
- Duplications
- Lack of automated inventory systems
- Multiple categories of supplies
Procedure challenges

Just-in-case (JIC) practices
Physician preference challenges
Typical practice

- Lack of data to support inventory levels
- Perioperative nurse ensuring the surgeon has everything on the preference card
- Supply acquisition and distribution managed by people who do not know what happens in the OR
- Lack of integration between supply chain personnel and surgical services
- No defined PAR levels
- Perioperative nurse lacking knowledge and understanding of inventory management
- Perioperative nurse focused on patient care, NOT inventory management
Data analysis gaps

- Lack of technology in many ASCs
- Data master file
- Issues & usage reports
- Current P&L statements
- OR IT systems reports
- Determine where you are – annual spend, inventory & turns
- Decide where you want to be – targets/goals
- Preference cards or lack of preference cards
Preference card management
Product duplication
Taking greater control of OR inventory

- Product consolidation
- Product consignment
- Product standardization

- Improved acquisition and distribution
- Control new products and vendors
Organize a supply chain team

Team members should include:
- Materials management
- OR leadership and OR clinical experts
- Administrator/CEO/CFO

Review ALL policies related to inventory management
Do a walk-through

- Include entire team
- Visit all stocking locations
- Look for duplications and excess inventory
- Look for “mission” bins
- Observe case pick process
- Review pick lists for accuracy & have “availables”
- Evaluate daily returns from OR
- Review group observations
Start with commodity items

- Consolidate like products
- Combine commodities into procedure-specific kits or packs (standard or custom)
- Work with vendors to develop appropriate kits for high-volume, supply-intense procedures
- Base kits on actual volumes – group similar draping practices
- Review contents annually for additions or waste
  - Review preference cards, case carts, return carts
- Review kit contents each year
Look for consignment opportunities

• Explore vendor relationships and consign all possible products
  – Orthopedic implants
  – IOLs
  – Spine implants
  – Tissue
• Include instrumentation in consignment
• Include consigned items in physical inventory
Standardize products

Reduce multiple/duplicate SKUs

Require clinically acceptable alternatives

Look for opportunities inside and outside of kits

Involve vendors and sales specialists in trials or sampling

Focus on drapes and gowns, implants and sutures
Control the flow of new products & vendors

Establish/enforce policy on new product entry

Committee oversees new product requests

Control vendor entry
Expand your action plan

Move toward more critical clinical practice issues

- Waste
- Over draping
- Right product for right task
- Right level of protection
- Eliminate practices that do not add value or improve outcomes
- Convert to clinically acceptable alternatives
Next steps

- Establish a baseline
- Set measurable goals
- Assemble a team
- Determine appropriate solutions to employ
- Develop an action plan
- Operationalize your plan
- Measure your success
Q&A

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