7 Secrets of Sustainable Savings Through Standardized Clinical Engineering

October 12, 2010
Members of Ascension Health

**Presenters**

- **Mikal Hensley**  
  *Interim Chief Resource Officer and VP Operations, Resource and Supply Management, North Florida/Gulf Coast Region, Ascension Health*

- **Joe Skochdopole, CCE, MBA**  
  *Executive Director, Clinical Engineering Services, TriMedx, Indianapolis, IN*
Agenda

▪ Introduction – Why Cost Containment is Critical Now More than Ever Before

▪ 7 Secrets to Sustainable Savings Through Standardized Clinical Engineering

▪ Q&A
How are ASCs managing medical equipment service?

<table>
<thead>
<tr>
<th>Answer</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer service contracts</td>
<td>34%</td>
</tr>
<tr>
<td>Third-party, outsourced equipment management company</td>
<td>6%</td>
</tr>
<tr>
<td>On-site biomed/radiology engineer</td>
<td>3%</td>
</tr>
<tr>
<td>Hybrid of first two or three</td>
<td>57%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>
How are IDNs managing medical equipment service?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer service contracts</td>
<td>0%</td>
</tr>
<tr>
<td>Third-party, outsourced equipment management company</td>
<td>17%</td>
</tr>
<tr>
<td>On-site biomed/radiology engineer</td>
<td>17%</td>
</tr>
<tr>
<td>Hybrid of the first three</td>
<td>67%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>
Secret #1: Reduce Reliance on Service Contracts

- Service contracts are expensive
- Service Contracts are high margin for manufacturers
- Service is a profit center
- Capital reduction – Increased Pressure
Secret #2: Control Your Vendors

- Complex Relationship
- Capital Recommendations
- Competition for Service
- Demand Labor monitoring
- Invoice Approval
- GPO relationships
Secret #2: Control Your Vendors

Money Saved
Q1 FY11 (July-Sept)
$1.2M

Vendor G: 53%
Vendor T: 16%
Vendor R: 10%

Vendor C: 51%
Vendor T: 49%

Vendor J
Billing Error (Not Trimedx) (11)
$477,153.50
Vendor A: 1%
Vendor V: 1%

Vendor B
Charge Back (0)
$0.00

Vendor D
Credit (1)
$5,980.14

Vendor E
Discount (4)
$15,352.00

Vendor F
Duplicate Bill (66)
$736,867.02

Vendor G
Vendor H
Vendor I
Vendor J
Vendor K
Vendor L
Vendor M
Vendor N
Vendor O
Vendor P
Vendor Q
Vendor R

Members of Ascension Health
Secret #3: Control Equipment Throughout Entire Lifecycle

- Capital Sourcing
  - Unbiased
  - Criteria and RFP templates
- Site Preparation/Installation
- Incoming Inspection/Acceptance testing
- Warranty
  - Duration and Details
- PM
- Repair
- Replacement Criteria
- Disposition
  - Charitable donations
Clinical Equipment is an Investment

Total Asset Value for Sacred Heart Health System

- 3 hospitals: $161M in equipment (capital and operating)
Clinical Equipment *is an Investment*

- Current Capital Equipment Investment for ASCs*
  *according to ASC survey, September 2010

- Top 3 most expensive devices to maintain*:
  1) C-Arm
  2) Anesthesia Machines
  3) Scopes/Sterilizers (tie for third)
Secret #4: Develop/Recruit Technical Expertise

- Obtain Technical Training
- Recruitment Strategy: Build Relationships with local technicians and active participation in professional societies
- Associate Empowerment
Secret #5: Mitigate Risk

- Patient Risk
- Financial (Expense) Risk
- Revenue Risk
Secret #6: Collaborate with Clinical Staff to Optimize Medical Device Utilization

- Clinical Relationships
- Communication
  - Formal and informal
- Response Time
- Uptime
Secret #7: Measure, Monitor and Report Performance

- Financial performance
- Repair frequency
- Risk based PM
- Cost Avoidance
- Regulatory Compliance
- Transparency
Secret #7: Measure, Monitor and Report Performance

<table>
<thead>
<tr>
<th>QUARTERLY PERFORMANCE METRICS AT-A-GLANCE</th>
<th>Qtrly Performance</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUIPMENT UPTIME</td>
<td>99.7%</td>
<td>96.0%</td>
</tr>
<tr>
<td>Percent of time medical equipment covered in the program is operating and available for patient use.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SERVICE RESPONSE (PRIORITY CALLS)</td>
<td>99.9%</td>
<td>95.0%</td>
</tr>
<tr>
<td>Percent of priority calls where the customer is contacted within 30 minutes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SERVICE RESPONSE (STANDARD CALLS)</td>
<td>99.8%</td>
<td>90.0%</td>
</tr>
<tr>
<td>Percent of standard calls where the customer is contacted within 60 minutes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERFORMANCE ASSURANCE (LIFE SUPPORT)</td>
<td>100%</td>
<td>98%</td>
</tr>
<tr>
<td>The percent of scheduled Performance Assurance for life support devices completed within a month.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERFORMANCE ASSURANCE (NON-LIFE SUPPORT)</td>
<td>99.5%</td>
<td>95.0%</td>
</tr>
<tr>
<td>The percent of scheduled Performance Assurance for non-life support devices completed within a month.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUSTOMER SATISFACTION</td>
<td>5.0</td>
<td>3.5</td>
</tr>
<tr>
<td>The average overall satisfaction rating of service events on a scale of 1-5.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Secret #7: Measure, Monitor and Report Performance

**EQUIPMENT UPTIME**

Equipment availability is critical to clinical staff satisfaction and patient throughput optimization. Since different device modalities have varying usage needs, TriMedx reports uptime by modality: biomedical, laboratory, and radiology. Uptime is calculated by dividing the number of hours each device is available and operating for patient use by the total number of possible hours, assuming a 24/7/365 equipment operating need.

Total Devices Managed: 12,617
How do you maintain regulatory compliance documentation for medical equipment?

- For Joint Commission, ASC Certifications, ACR, HFAP, Dept of Health, etc.

<table>
<thead>
<tr>
<th>Method</th>
<th>ASCs</th>
<th>IDNs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excel, Access or other electronic database</td>
<td>34%</td>
<td>33%</td>
</tr>
<tr>
<td>Web-based database</td>
<td>3%</td>
<td>17%</td>
</tr>
<tr>
<td>Paper documentation</td>
<td>54%</td>
<td>0%</td>
</tr>
<tr>
<td>Other (combination of above three options)</td>
<td>0%</td>
<td>17%</td>
</tr>
<tr>
<td>Unsure</td>
<td>9%</td>
<td>33%</td>
</tr>
</tbody>
</table>
Q&A
THANK YOU!

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