



Operational Excellence in Healthcare Whitepaper Series

Let's Focus on Assets – How Real-Time Technologies Improve Operational Performance of Healthcare Systems

Summary:

- > According to the Congressional Budget Office, the costs in healthcare are expected to increase 5.6% next year and through 2024.
- > One of the major category in healthcare systems' spending is purchase and maintenance of medical equipment.
- > The time is now for healthcare leaders to focus on better management of assets.
- > There is a proven ROI for leveraging Real-Time Technologies to improve operational excellence.

According to the Congressional Budget Office, the costs in healthcare are expected to increase 5.6% next year and through 2024. Undoubtedly, there are many factors out of control in the healthcare system that are driving the cost of healthcare up. However, one of the major categories in healthcare systems' spending is purchase and maintenance of medical equipment, and this type of spending can be controlled and managed by the healthcare organization.

Real-Time Technologies provide untapped opportunities to improve asset management processes. Here are just a few areas where, with the help of technology and optimized processes, you can provide dramatic results for your organization:

ASSET LOCATING (ASSET TRACKING)

Real-Time Technologies, specifically Real-Time Location Systems (RTLS), provide an accurate and efficient way for staff to easily locate mobile equipment that is available to use, without wasting time searching for it in supply closets, patient rooms, and hallways.

ROI EXAMPLES:

- [\\$2,100,000 saved through better use and reduced purchases](#)
- [Thousands of hours converted from equipment searches by staff to patient care](#)

ASSET OPTIMIZATION

With the use of RTLS, you can better understand the true asset utilization and make sound business decisions – whether it is a reallocation of the equipment if the asset type is not being utilized at the desired level, or approval/denial of the new equipment purchase order. Detailed metrics are automatically collected to

measure how and when assets are used. This means your hospital only has to purchase what you need, when you need it.

ROI EXAMPLES:

- Asset use increased by 30%
- \$500,000 reduction in equipment purchases annually

PREVENTIVE MAINTENANCE MANAGEMENT

Medical devices require periodic inspections or preventive maintenance (PM), typically performed by the biomedical engineering department. However, due to the misplacement or hoarding of medical equipment by staff, BioMed technicians experience difficulties in locating assets due for PM. By providing them a real-time location-enabled tool, they can round up required equipment faster.

ROI EXAMPLES:

- Over \$100,000 saved in outsourced manpower
- 95% of on-time preventive maintenance

RECALL MANAGEMENT

With RTLS, you can automatically flag recalled medical equipment/supplies and locate them faster to prevent future use.

ROI EXAMPLES:

- Removal of recalled equipment shorten by 75%
- 99.5% of recalled equipment removed

PAR LEVEL MANAGEMENT

Use PAR Levels to be informed automatically if you're running low on a specific asset type in the clear storage rooms to ensure your clinical staff has always what they need on hand. For example, by setting maximum PAR levels, you can speed up the process of retrieving dirty equipment, which should help with putting them back into a use faster.

ROI EXAMPLES:

- Assets availability increased to 95%
- Medical devices "dirty-to-clean" turnover times shorten by 30%

RENTAL EQUIPMENT MANAGEMENT

With an RTLS system, you can easily differentiate rental equipment from hospital-owned assets, promoting the use of owned equipment first – maximizing its utilization and avoiding rental expenses. For example, an automated notification can be sent when the patient associated with the rental has been discharged. This can trigger stopping of billable hours and notification of the rental company to retrieve their equipment.

ROI EXAMPLES:

- Rental costs reduced by 20%
- Cost for unused rentals eliminated by 100%

SHRINKAGE MANAGEMENT

With the use of RTLS, you can minimize the amount of equipment being lost. By setting up software rules to identify “out of area” zones you can trigger alerts for equipment left in hallways, lobbies, or other departments. You can also avoid the equipment being accidentally disposed in laundry bins or vanishing with patients’ belongings. The shrinkage reports can be used to identify “black holes” in a hospital and increase equipment surveillance in that area to find missing equipment.

ROI EXAMPLES:

- [Shrinkage reduced by 60%](#)
- [\\$200,000 reduction in equipment purchases annually](#)

There is a proven ROI for leveraging Real-Time Technologies to improve operational excellence in healthcare. This technology, combined with adequate process changes, not only delivers tangible monetary savings but it also significantly improves adherence to the Joint Commission and other industry standards, allowing for safer patient care.

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