

# Capital Equipment Guide



## Getting help with equipment planning

*Going it alone may be an option, but it may not be the right option*

If any healthcare administrator tells you during the hectic, if not chaotic, process of expanding or renovating a facility that he or she doesn't need advice from a qualified equipment planner, then that person may possess one of four following character traits: Brainiac, Superman, completely delusional or an exception to the rule.

Either way, equipping a new or expanded facility can be a monumentally daunting task, particularly with all the minutiae that must be addressed, including clinical, financial, operational and regulatory considerations.

Chalk locating a qualified equipment planner up there with locating an appropriate third-party independent service organization for instrument repair or even a third-party reprocessor. That's because the "extreme majority of all equipment planning companies are relatively small, privately held organizations," according to Larry Hampton, CEO of HELP International (Plano, TX), an equipment planning firm with more than two decades of experience. "In addition to this, there are literally hundreds of individuals working out of their homes that consider themselves equipment planners and may do one or two projects a year.

*Healthcare Purchasing News* Senior Editor Rick Dana Barlow interviewed Hampton about the need for equipment planners and how to evaluate them.

**HPN: Typically, who brings equipment planning consultants into the process? The architects? The clients/owners of the facility under construction or development?**

**HAMPTON:** The extremely large majority of projects brought to HELP International are from facility developers, facility management companies, and architects. Of those three, more often than not, the architects seek equipment planners through a bid process; whereas, devel-

opers and management companies either have established relationships with one or more existing planning companies, or they do a more informal selection.

**At what stage are these planners brought in? Does it matter?**

Typically, equipment planners are brought into the project too late. Ideally, the equipment planner should be retained, shortly after, or at the same time as the architectural firm. Equipment affects design and vice versa, so the earlier an equipment planner is involved, the better the outcome. Mechanical, electrical and plumbing requirements on medical equipment can be substantial and, typically, are misunderstood or not understood by architects and engineers. If there is any one key to having successful projects, it would be to bring the equipment planner on board as early as possible, particularly in the outpatient market where construction times are very short. Sometimes equipment planners are brought in so late that it is impossible to get the equipment manufactured in time for the required delivery. Many owners try to do the equipment planning on their own and only after they have failed, do they consider bringing in a consultant and, at that time, the drawings and/or construction are so far advanced that any changes cause significant cost and time delays.

**What criteria should hospitals and other healthcare facilities use to select the appropriate equipment planning consultant for them, particularly if the medical architecture/design consulting firm doesn't provide this service? Is it the same criteria that medical architects and design consultants use?**

There are many criteria that should be considered in the selection of a medical equipment consultant, but I will list below a few of the most critical elements.

- Breadth and depth of organization to be able to properly staff and cover the needs of the project.
- High ethical standards that are designed to serve as the owner's advocate
- Current market and pricing knowledge of the broad spectrum of medical and surgical equipment.

- Current purchasing experience for a broad base of products that provides the consultant with current and realistic pricing models.

- A sophisticated software system, designed specifically for medical equipment planning that utilizes the same software and database for budgeting, planning and procurement.

- The ability to procure the equipment, including expediting, delivery coordination, in-service training coordination, accounts receivable services, and installation supervision.

- Sufficient facilities, staff, and financial stability to provide quality service throughout the duration of the project.

- A strong desire and mission statement to serve as the owner's advocate to specify and purchase the highest quality equipment at the lowest possible cost, from an owner's perspective.

You also asked if it is the same criteria that is used by architects and design consultants and my initial response to that would be – no. I personally feel that many times, when the architects or design professionals issue requests for proposals for equipment planning services, the proposals are inadequate in definition and they primarily address the needs of the architects and not the needs of the owner. I had a recent issue where the architect issued an RFP and hired HELP as a result of a competitive bid at a fixed fee. As the project developed, it became painfully obvious that less than half of the client's needs were addressed in the RFP and, therefore, the client was faced with unexpected additional charges. HELP International typically does not request additional services fees; however, this situation was so dramatic that it was necessary. Specifically, the owner wanted 100 percent of the procurement, receiving, warehousing and installation services on a 500,000-square-foot project, to be provided by the equipment planner. The architect had only requested planning services with no mention of any procurement or installation related activities.

**What are some of the potential benefits for hiring an equipment planner?**

The key benefits of hiring an equipment planner, assuming that planner is organized and professional and good at what they do, is that you



have one person with a team backing them up that is the central focal point for all equipment related issues, be they budgeting, planning, coordination, purchasing or installation. In general, the balance of the team knows little about medical equipment and is constantly looking for information throughout the project. By having an equipment planner with their team involved, there is a focal point for information and it reduces the risk of omission or duplication.

Many clinical people think that they can do equipment planning and, by and large, they can. However, they typically do not do it at a level of sophistication and quality that is attainable from someone who is dedicated to that process. Nurses, physicians and technicians tend to buy what they are familiar with and have little knowledge or interest in looking at alternative sources; therefore, many times, they miss opportunities to improve their position. In addition, clinical staff, as opposed to an equipment planner, does not have broad-based market knowledge or a baseline on pricing to use as a yardstick to determine if they are getting the best product at the lowest possible cost. There is no substitution for experience and an equipment planner gets broad-based experience from dealing with multiple vendors, multiple architects, multiple clients and multiple contractors. A professional equipment planner should share this experience with all his clients, thereby, many times offering solutions to problems that would have gone unsolved otherwise.

**What are some of the drawbacks of bringing in an equipment planner?**

The only drawback, I see in hiring an equipment planner, is if you have one that costs you money, instead of saves you money. Unfortunately, there are many equipment planners that are able to sell services at exorbitant fees and not provide the quality of work that the client deserves, nor the savings that could be achieved. In actuality, many equipment planners do not even attempt to save their client money, leaving the entire specification and procurement process up to the client and simply providing documentation services as it relates to the client's wishes. There is also the issue of ethics since, unfortunately, equipment planning and procurement does bring with it the opportunity for the equipment planner to make money through specification fees, etc., from the vendor. This is also commonplace in the interior design industry.

**What are some of the misconceptions healthcare facilities have about equipment planners?**

Some of the misconceptions regarding equipment planners are that they cost money that

could otherwise be saved. Again, if an equipment planner is doing their job and has the client's interest in mind one of the goals should be to more than offset their fees in savings that they can bring to the project. Another misconception is that all equipment planners are getting rebates from the vendors and are motivated to limit what vendors they work with. Again, a professional, ethical, equipment planning company would not do this. Another misconception would be that the equipment planner should be involved in the planning and not the procurement. The best outcome for a project would be where one person/firm is responsible for the entire process; therefore, minimizing the opportunity for omissions, duplications and change orders.

**Is it really necessary for healthcare facilities to rely on assistance or direction from an equipment planner? Why?**

While it is not mandatory, I do feel that it is necessary for healthcare facilities to rely on an equipment planner for several reasons. First of all, in today's marketplace, the typical hospital department head or nurse is already wearing multiple hats and working long hours to the point of not having enough free time to handle the demands of a project, on top of their normal work. Secondly, the typical hospital's staff does not have the automation, database, market knowledge, or tools that it takes to perform a professional job. A typical surgery center will have as many as 100 different vendors and up to several thousand line items for equipment and instrumentation that must be budgeted, planned, purchased, and tracked. Basic database software will not handle the detail that is required to perform this function.

In addition, individual hospitals are a product of their own environment and do not have the broad based national and international knowledge to share and to use when developing their equipment budgets, specifications, etc. Also, clinical and administrative personnel in a medical facility, typically, do not understand the needs of the architects and engineers, in terms of technical data. They will provide sales type information to the architects and engineers, but this is not what is required. The clinical and administrative personnel in an existing facility, typically, does not know how to read blueprints, use an architectural scale, understand the documentation flow required or understand the mechanical, electrical, and plumbing aspects of equipment. Existing hospital staffs do not have the checklist that should be used for plan review, specification responsibility development, etc.

**Whose decision does the equipment planner influence in terms of equipment type, brand, etc., and how much influence do they really have, particularly in the face of GPOs?**

I do not see GPOs as being a major influence in the selection of equipment. Typically, GPO users have learned that, more often than not, GPO equipment costs can be beat in the field and, more often than not, the owner is willing and anxious to shop equipment. The equipment planner can be one of several types in this respect. Some equipment planners will push certain vendors for various reasons. HELP International's position has been to work with major manufacturers, where we are comfortable that they will be readily acceptable by the majority of clients, price competitive, and provide quality products and good service after the sale. Some equipment consultants will simply go to the client with a blank sheet of paper and ask them what they want.

To me, the best approach is to have a broad knowledge of medical equipment, their manufacturers, their pros and cons, and be forthcoming in providing the client with this information and, then let the client make the decision that they feel is best for them. In addition, some clients want the equipment planner to take the lead and some clients have very rigid standards and preferences. I have actually had clients tell me they didn't even want to meet with me, that they hired me to do it and I should do it the way I thought best. At the same time, I have a current client in a large hospital project where they want to develop 100 percent of the specifica-

Does your facility have a formal strategic technology plan?

- Yes 58%
- No 42%

Does your organization have a process to evaluate new clinical or information technologies across the organization?

- Yes 43%
- No 57%

When evaluating new technology or equipment, do you engage outside services?

- Yes 5%
- No 95%

Top five greatest challenges over the next 18 months:

1. Making equipment purchases
2. Purchasing or implementing PACS
3. Reimbursement for procedures
4. Attracting new employees
5. Keeping up with new technology

Source: VHA Inc. survey of 1,513 member hospitals between November 2004 and March 2005



### Defining Moments

In the capital equipment world, definitions and terms can be interlaced, misconstrued or misunderstood. That's why we offer this brief glossary, courtesy of VHA Inc., that puts several terms into proper perspective. We recognize that each healthcare facility, group purchasing organization, consulting firm or vendor may subscribe to slightly different variations of the following definitions and terms. Even so, we felt that these represented a valid and reliable starting point.

**Capital** – An item costing over \$1,000 with a life expectancy of at least three years. It is usually a piece of equipment, but may also include medical instruments (e.g., surgical laser) and “systems,” such as software, nurse call, security, meal delivery, etc. The equipment can be medical or non-medical, such as IT hardware. Capital also includes capital expenditures, such as new construction and acquisition of facilities.

**Capital Budget** – An organization's projection of future capital expenditures. Typically includes item description, quantity, anticipated cost, timeframe for payment and preferred supplier data, if known.

**Capital Lifecycle** – The lifetime of a capital item. This is broken into five stages:

- Planning
- Budgeting
- Contracting & Acquisition
- Ongoing Management
- Disposal & Replacement

**Capital Services** – Services and processes that support the lifecycle of a capital item. This includes the processes to plan, budget, manage and eventually replace the capital item.

**Equipment Planning** – The process of identifying a facility's equipment needs and comparing those to existing equipment. The result should be a list of required equipment and replacement plan for existing equipment that should be retired. Equipment planners also provide pre-procurement, procurement and post-procurement services.

**Pre-procurement** – facilitation of capital equipment selection including benchmarking, RFP development, proposal review and vendor selection.

**Procurement** – process of negotiating and submitting purchase order for capital item.

**Post-procurement** – process to store, assemble, and install a capital item upon delivery. May also include end-user training.

**Master Facility Planning** – Integrating technology trends and associated requirements with planned clinical services for new construction and renovation projects. Evaluations give consideration to how existing and emerging technology impacts design, basic architecture, functional space relationships, and mechanical and electrical systems.

Source: VHA Inc., August 2005

# Asset management program benefits hospital

Hospitals across the nation are faced with an equipment financing and management squeeze. The expense of buying new equipment can annually strain the finances of even the best-run facilities. Standardizing and upgrading medical equipment is essential to maintaining a high standard of care, while on the other hand, the cost and complexity of maintaining and managing equipment diverts valuable facility resources away from the core mission of patient care.

Partnering with a trusted outside partner/vendor like Universal Hospital Services Inc. (UHS) that can bring a combination of experienced people, technology and proven equipment management processes to the table is just what the doctor ordered to address the ills of the equipment finance and management squeeze. An Asset Management Partnership Program (AMPP) helps hospitals overcome the challenges of accessing needed equipment, while reducing capital costs, operating expenses and maintenance challenges.

The AMPP places UHS employees inside medical facilities to manage all aspects of moveable medical equipment, including the cleaning, maintenance, distribution, tracking and documentation tasks, freeing up clinical staff to focus on rendering quality patient care.

### How the program begins

Program implementation begins with a thorough needs analysis, including interviews with hospital staff in Materials Management, Nursing, Clinical Engineering, Finance and Risk Management. Next, an Equipment Management Analysis takes place, measuring equipment productivity. Equipment management processes are mapped in addition to measures gauging nursing satisfaction with regard to day-to-day use of the medical equipment. Data drawn from these sources is used to create a customized asset management program, and later becomes a benchmark for the program's effectiveness.

### Getting results

One hospital saved \$6.7 million over a period of seven years by implementing UHS' AMPP. A full-service general medical and surgical hospital located in the Upper Midwest, serving a major metropolitan area, this independent, non-profit, JCAHO-certified facility has an average patient census of 239, with 27,000 annual admissions,

449 beds and a clinical asset base of approximately \$340 million. The hospital began its Asset Management Partnership Program with a trusted partner/vendor in 1997 and has renewed its AMPP agreement with UHS twice.

### Setting and accomplishing objectives

Before the program was initiated, UHS and core facility stakeholders defined and set program objectives and goals. Developing a solid strategy for managing medical equipment assets and using the plan to achieve and execute on these goals created benefits and generated cost savings for the hospital that added up significantly over time.

• *Objective: Reduce large capital expenditures*  
Through implementation of the AMPP, the hospital avoided extensive capital expenditures totaling \$3,952,712 over a seven-year period.

• *Objective: Convert underutilized equipment into cash*

By standardizing equipment, increasing equipment productivity, and then introducing new equipment technologies, UHS AMPP customers typically experience equipment surpluses. In this case, UHS purchased underutilized and unneeded equipment from the hospital, totaling \$602,947, providing a material capital infusion.

• *Objective: Eliminate maintenance expense*  
By turning over equipment management (including maintenance) to UHS, the high-cost of moveable medical equipment ownership was eliminated. With an AMPP, the costs of maintaining equipment, including preventive maintenance and repairs, were incurred by UHS. The hospital saved an average of \$134,490 a year in labor and parts expense related to preventive maintenance and repair service, realizing an additional savings of over \$30,000 annually through the avoidance of need to acquire various equipment replacement accessories.

• *Objective: Reduce equipment-related costs*  
An AMPP typically reduces equipment-related costs by reducing the number of devices required to meet the needs of clinical staff. The reduction in the quantity of devices occurs as a result of daily tracking of device use and location. Reduced numbers of devices translates into reduced depreciation and/or operating expense. Under the UHS AMPP and when equipment ownership was outsourced to UHS, technology upgrades providing clinical benefits occurred without the hospital footing the bill.

See CAPITAL EQUIPMENT on page 50



*CAPITAL EQUIPMENT from page 48*

• *Objective: Increase nursing staff focus on providing patient care*

A key component to the success and value of the AMPP is outsourcing the day-to-day management of equipment to UHS, allowing nursing staff to more readily focus on patient care. Nurses spend only an average of 30 to 40% of their time on direct patient care. When non-direct patient care time is reduced, nurses divert their newfound time to direct patient care. AMPP implementation reduced the mis-allocation of nurses' time and resulted in increased direct care benefits.

• *Objective: Improve in-service support*

Full-time employees (FTEs) provided by UHS take an active role in conducting and in-servicing clinical staff on safe equipment operation. In addition, the FTEs analyze operate error data, helping to identify specific in-servicing needs. This kind of monitoring increases patient safety and decreases improper use of equipment by clinical staff. Inside the hospital, 41% percent of nursing staff reported they "almost never" had a need for additional equipment training prior to AMPP implementation. Today, 81% of nurses reported they "almost never" need additional equipment training.

• *Objective: Upgrade and/or standardize technology to optimize patient care*

Providing the best standard of care without capital outlay, the AMPP relies on the utilization of UHS-owned equipment, allowing the hospital to sell older or unwanted equipment while standardizing and upgrading to equipment that more suited the hospital's needs. Standardization allowed caregivers to focus on and become familiar with operation of specific equipment, improved operator errors and reduced chances of medical errors. UHS upgraded the hospital's infusion pumps on three separate occasions, allowing the hospital to utilize state-of-the-art infusion pump equipment, and implement additional upgrades and/or standardizations regarding other vital medical equipment.

• *Objective: Improve regulatory compliance and reporting and patient safety*

Without an AMPP, the hospital reported that equipment was delivered functional 85% of the time. With the program in place, equipment is now delivered functional 100% of the time. By instituting the AMPP, the hospital ensured that equipment in use was patient-ready and properly maintained. This improved JCAHO and safety compliance efforts, with caregivers having had access to only the safest and best-maintained equipment.

• *Objective: Eliminate disruptions due to manufacturer recalls and equipment modifications*

When a manufacturer of equipment issues recall notices, it has an impact on equipment availability, administrative support and biomedical departments. As hospitals upgrade to new technology and standardize, risk of service disruption due to recall notices increase. The AMPP allows hospitals to eliminate this risk, due to the ownership and responsibility of recalls falling to UHS. While in the process of standardizing its equipment, the hospital was using infusion pump technology that came under seven manufacturer modification notices in an 18-month time span. While the equipment was removed for modification, UHS rotated replacement equipment into the hospital from its large equipment pool. A transparent modification process with no equipment shortages resulted.

## Reaping the benefits

The implementation of the AMPP helped the hospital overcome the challenges of accessing needed equipment, while reducing capital costs, operating expenses and most maintenance challenges. Partnering with an experienced firm such as UHS that specializes in managing and maintaining medical equipment generated the hospital significant financial and clinical gains and added more to its bottomline. **HPN**

*To learn more about asset management solutions from UHS, visit [www.uhs.com](http://www.uhs.com).*

## Equipment survey spotlights communications gap

After national healthcare alliance VHA Inc. surveyed its members about their capital equipment needs and technology assessment processes perhaps no one was more surprised with the results than its capital services team.

The reactions stemmed not so much from what members were doing – but what they apparently weren't doing. Many were struggling with capital acquisition planning and technology assessment, according to Niklaus Fincher, VHA's senior director of capital services and a member of *Healthcare Purchasing News'* editorial advisory board.

The survey found that while 58 percent of respondents have a formal strategic technology plan, only 43 percent has a process to evaluate new clinical or information technologies. Most surprisingly, 95 percent do not use any outside services to help them evaluate new technology or equipment, according to the results.

"I was surprised to learn that [many] of them indicated they're not using external resources, such as MD Buyline, ECRI or Jannx to advise them on capital acquisitions," Fincher noted. "It made me wonder if there has been a change in the view related to the value of these types of services. It seems like 10 years ago everybody was using some external resource for advice on capital." In fact, 50 percent indicated that they did not subscribe to a research service, but 34 percent said they subscribed to MD Buyline and another 11 percent to ECRI.

But Fincher acknowledged that he could interpret the results in several different ways. For example, the vast

majority of respondents were clinical directors. It's possible, he hypothesized, that materials managers and the "C-suite" may be using these tools and simply not communicating that to the clinical department heads.

Furthermore, it's also possible that the clinical department heads may be making capital equipment and technology assessment decisions without communicating to or involving materials management or the C-suite, he said. These department directors are very influential so if they're not consulting with hospital administration or with outside resources then they're most likely depending on the vendors themselves for information, he added.

"Although this looks like a void right now it actually represents an opportunity for us to develop programs for them," he said. "We need to get out in front of the organization and have tools available for them before they make the decision to buy anything. Our focus is to get in early enough in the design and planning stages so that we can be effective. Otherwise, your ability to help them is gone."

VHA conducted the survey between November 2004 and February 2005 in order to gain an 18-month snapshot of equipment management needs through mid-2006. It surveyed more than 1,500 healthcare facility members on imaging and cardiac imaging equipment trends. Roughly 70 percent of respondents were clinical department directors, 20 percent were materials managers and the remainder CEOs and CFOs. VHA represents about 25 percent of the nation's hospitals.

Fincher hypothesized that another potential explanation for the lack of using external resources is the Internet

and capital planning or budgeting software programs, such as Attainia, Mezzia, Source Atlantic and Strata. "Are these effective and by using them do medical facilities no longer need MD Buyline and ECRI?" he asked. Indeed, more than three-quarters of survey respondents indicated they use some type of software program; although 44 percent couldn't identify the brand name or whether it was "homegrown."

A slight majority (57 percent) used a fairly simple process for financing capital purchases: Cash from operations, the survey showed. Only 32 percent relied on leasing. Because these purchases tend to be expensed directly to the departments may explain why administration typically isn't involved, Fincher said.

Still, what's noteworthy is that equipment issues comprise the top five challenges with which survey respondents are grappling through mid-2006. Topping the list: Making equipment purchases, followed by purchasing or implementing picture archiving and communication systems. Rounding out the top five: Keeping up with new technology.

Whether members use VHA contractual services or software-backed internal expertise, Fincher believes they should be using something to make capital equipment purchasing and technology assessment decisions. But most of all, he advised, the clinical and administrative, financial and operational sides of the facility should be in constant communication with one another to make the most effective and efficient decisions for their organizations and patients. **HPN**



# A capital beacon: *Baptist Health illuminates hospital model of the future*

in how Baptist South was handling its inventory.

### How to implement

Integral to that patient/clinician flow model was Green's paper-free goal. The first challenge was to get 450 doctors to 'buy in' to the paperless concept. Clinicians carry computer tablets that enable them to update patient records at bedside, at the nursing stations, or wherever they might be. At Baptist South, point-and-click patient admission forms, handwriting-recognition software and other digital records are being used to create electronic medical records, replacing the paper patient charts. One important technological feature of the new Baptist South building involves a wireless network operation throughout the building. A key layout change inserts the location of the central service department within the operating room department. They hope this plan will help alleviate contamination and noscomial infections as well as speed O.R. turnover by having the instruments close by.



Lab storage on rolling shelves

### Even the best plans need to be flexible

In addition to the paper-free patient records, the ability to track supplies and inventory was another paper-free mandate. After the initial plans for storage and inventory were approved (and some built as well), Baptist ended up doubling the number of supply areas. Some store areas had been completely forgotten, or they discov-



PAR Select automatically captures supply transactions at the point-of-use

ered they needed more room to assist in the flow of supplies to patients and remain staff-friendly. Baptist contracted PAR Excellence of Cincinnati, OH, who helped Baptist South finish their storage/inventory plans. David Wozniak, vice

president of consulting services, who oversaw the installation of PAR products at the facility, noted that "one of the keys to implementing systems, particularly when the building, staff, and supply infrastructure are completely new, is to position the processes to be flexible. You can count on things changing no matter how much planning occurs." One of the advantages Baptist Health found

with the PAR Excellence system is its ability to be flexible and to accommodate different environments. "When the nursing staff realized they would be better served by having certain items close by, directly behind the nursing stations, we were able to quickly respond by adding the equipment and supplies that would satisfy their needs," he said.

One example was the lab area. While speaking with Hope Greig, lab manager, she explained that the area was designed to be an efficient minimal lab, but when they received all their equipment, there wasn't enough room for their supplies. PAR Excellence helped solve the problem by placing their storage bins, which incorporated their iButton technology, on rolling shelving. This resulted in two-to-three times the storage capacity in a small area – and the ability to track inventory, chargebacks, etc., which according to Greig, was something the lab never had before. Baptist South is using PAR Excellence systems throughout the hospital. Every supply is being tracked by the PAR Excellence iButtons. Nurses use a simple process requiring only seconds to control the inventory, create patient charges, and generate cost accounting data. The entire process, from the point of use

When Baptist Health looked at expanding its ability to care for a growing population in northeast Florida, it decided to build a new facility that also was atypical of what is usually recognized as the current hospital model. Hugh Green, FACHE, president and CEO, had a vision to build a healthcare facility that was patient-friendly, staff-friendly and paper-free. The hospital was designed to challenge process efficiencies in physical and patient flow. The new \$84-million Baptist Medical Center South, in Jacksonville, FL, has 248,000 square feet and sits on a campus that looks more like a prestigious office complex, or upscale hotel grounds, than the typical hospital setting. Patients are treated to large resort-like rooms that include bedside data ports for Internet access, controls for the window blinds, lights and television, including movies-on-demand, room temperature, nurse call buttons. Day beds and refrigerators for visitor comfort are also provided. The built-in furniture and the art-deco bathrooms look like they came out of *Better Homes & Gardens*. The hospital took three years to plan and build, according to Nancy Branom, director of materials management for Baptist Health. Branom heads up 65 materials and purchasing staff, plus an additional nine in mail and transport, for the five Baptist Hospitals in the Jacksonville area.

When *Healthcare Purchasing News* visited the facility in late April, it had been just two months since the doors opened to patients at Baptist South. The original plan limited the number of beds to 92 when they first opened, in order to work out any logistic problems. However, in late April they were already feeling the need to expand quickly to 150 beds. Patient levels had hit original projections in their first two weeks versus the forecasted six months. Baptist South was ready to handle the 50 percent increase because their systems in place were working even better than anticipated. "Our current systems are able to support the hospital because of careful planning," said Branom, commenting on their rapid growth ability. *HPN* was especially interested

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all the way through to the products being ordered and received and stocked, is paperless.

In response to HPN's question regarding whether Baptist or other hospitals have carefully considered inventory/storage/charge capture goals in their expansion or new construction planning processes, Wozniak replied, "Careful planning was fostered throughout the process. PAR Excellence and key members of the Baptist staff met personally with each department that was to be served by the system. Methods and equipment choices were extensively reviewed and aligned with the goals specific to each area. We try to meld our knowledge and experience with the emerging understanding of the system capabilities of the using departments. It truly is a joint effort. Due to the 'newness', of just about everything in a brand new facility there is almost no way to anticipate everything. So circumstances tend to crop up at the last moment as realities set in and then it's a matter of being able to quickly adapt to the new knowledge and new requirements. It is the careful planning up front though that minimizes this inevitable challenge when time is of the essence. The most common pitfalls are not realizing that the supply complement will change once nurses arrive in their new areas and begin

patient care and that the world envisioned when looking at architectural drawings is not exactly what it looks like when operating in the new building."



Hospital Lobby



Patient Room

### Receiving

When the hospital first opened, they weren't sure of what was needed for their new census mix. Baptist uses Mc-Kesson as its distributor, and McKesson "helped" order the initial supplies.

Although there was some excess inventory and miss-orders, the hospital and McKesson were in the process of returning any unneeded supplies. The supply receiving area was being re-organized by Georgette Hanna, who heads up materials management in the Baptist South facility for Branom, and staff. She told HPN they are hoping to have less than \$8,000 in inventory in the supply room at any given time.

Baptist Medical Center South Campus is the first Baptist Health campus to have electronic medical records. The latest technology that the Baptist South campus utilizes, builds upon some of their past experience in computerizing other facilities, and will provide a template for other Baptist facilities to use in the future. In addition, the staff continues to evaluate ways to further reduce paper flow, including clinical, registration and administrative areas, freeing up staff to attend to more important patient needs. In August, they announced plans for a sixth hospital for the area, and Baptist Health is now in the process of updating their downtown hospital, which will employ the same inventory and storage model as the South facility. **HPN**



*Nancy Branom, Director Materials Management, Baptist Health, Jacksonville, FL, oversees materials at Baptist Medical Center, Baptist Medical Center Beaches, Baptist Medical Center Nassau, Wolfson Children's Hospital in addition to Baptist*

*Medical Center South. www.e-baptisthealth.com. PAR Excellence Systems, Cincinnati, OH, provides products and services to automate the way that healthcare supplies are documented, controlled, and replenished. For more information, visit www.parexcellencesystems.com.*

# Making sense of used equipment terms

by Cathy Mighell

Refurbished medical equipment has become an increasingly viable way to contain costs as more facilities look to rebuilt equipment as a painless way to extend their capital equipment budgets.

However, there is some confusion regarding the different terminology in this industry – refurbished, rebuilt, reconditioned, remanufactured and remarketed. What's the difference?

The Food and Drug Administration, in its analysis of this emerging market in 1996-1997, identified the following categories:

**Servicers:** Persons who repair a device and perform recommended scheduled preventive maintenance.

**As-is remarketers:** Persons who resell items to whom the operational condition of the device is unknown and the device may or may not be cosmetically enhanced.

**Refurbishers:** Persons who visually inspect, functionally test and service devices, as may be required, to demonstrate that the device is in good repair and performing all the functions for which it is designed but do not change a fin-

ished device's performance, safety specifications or intended use.

**Remanufacturers:** Persons who knowingly change the finished device's specifications or intended use as established by the original finished device manufacturer. Because of these alterations, this category falls under the FDA Good Manufacturing Practices (GMP) requirements.

The terms refurbished, rebuilt, and reconditioned are used loosely and somewhat interchangeably to mean the same thing, but the purchaser must be aware that there is a huge range of quality within this category and those deals that are "too good to be true" probably are just that. The wise buyer will purchase from a reputable company that is knowledgeable and helpful and that completely restores the equipment mechanically, electrically and cosmetically.

Below are some criteria to help identify if refurbished equipment is an option for your facility:

1. We need more equipment than our budget allows.
2. Our procedures don't require the highest cost equipment.

3. We would like to standardize the same equipment in all our rooms.

4. The equipment we want is no longer being manufactured.

If refurbished equipment seems like a viable option, here are some questions to ask to make sure you get the best value on the market:

1. Does this company completely disassemble and repair every item, returning it to its OEM specifications?
2. Does this company cosmetically restore every piece of equipment?
3. Does this company offer a full parts and labor warranty?
4. Does this company offer the best price/quality/service combination available?
5. Has this company been in business long enough to establish a good reputation? **HPN**

*Editor's Note: Cathy Mighell is vice president of marketing at World Medical Equipment, a Marysville, WA-based refurbished equipment supplier. For more information about World Medical, visit www.worldmedicalequip.com.*



# Strategic Sourcing for Capital Equipment Needs

Effective and efficient planning for capital equipment needs can be a daunting task, particularly when minute details fall through the cracks. To help shed some light in your information search and perhaps speed the process along we've compiled a list of vendors that provide myriad products and services. We did not include group purchasing organizations (GPOs), all of which manage their own capital equipment programs.

### Asset management, equipment planning and technology assessment services

Attainia Inc., [www.attainia.com](http://www.attainia.com)  
Carter Design Associates, [www.carterdesignassociates.com](http://www.carterdesignassociates.com)  
Centex Corp., [www.centex-construction.com](http://www.centex-construction.com)  
Centurion Service Group LLC, [www.centurionservice.com](http://www.centurionservice.com)  
CREST Services, [www.crestservices.com](http://www.crestservices.com)  
ECRI, [www.ecri.org](http://www.ecri.org)  
EQ International, [www.eqintl.com](http://www.eqintl.com)  
ePlus Inc., [www.eplus.com](http://www.eplus.com)  
Equipment Collaborative Inc.,  
[www.fkp.com/service/EQcollaborative/](http://www.fkp.com/service/EQcollaborative/)  
Equipment Planners Inc., [www.equipmentplanners.com](http://www.equipmentplanners.com)  
Euthenics Inc., [www.euthenics.com](http://www.euthenics.com)  
Fisher Consulting, [www.fisherconsulting.com](http://www.fisherconsulting.com)  
GB&A Gene Burton & Associates, [www.gbainc.com](http://www.gbainc.com)  
GE Healthcare (CompreCare), [www.gehealthcare.com](http://www.gehealthcare.com)  
Getinge USA, [www.getinge.com](http://www.getinge.com)  
Greenwood International Consulting Inc.,  
[www.gic-inc.net/](http://www.gic-inc.net/)  
Hayes Inc., [www.hayesinc.com](http://www.hayesinc.com)  
HELP International, [www.helpintl.com](http://www.helpintl.com)  
Health Facility Institute, [www.hfi.org/](http://www.hfi.org/)  
Herman Miller, [www.hermannmiller.com/research/healthcarerenovation/](http://www.hermannmiller.com/research/healthcarerenovation/)  
Integrated Medical Solutions Inc., [www.idealmedical.com](http://www.idealmedical.com)  
Integrated Medical Systems International Inc., [www.imsred.com](http://www.imsred.com)  
InterMetro Industries Corp., [www.metro.com/spaceplanning/](http://www.metro.com/spaceplanning/)  
Kinetic Biomedical Services Inc., [www.kineticbiomedical.com](http://www.kineticbiomedical.com)  
MD Buylines, [www.mdbuylines.com](http://www.mdbuylines.com)  
Masterplan, [www.masterplan-inc.com](http://www.masterplan-inc.com)  
Medical Equipment Planners—US, [www.mep-us.com](http://www.mep-us.com)  
Medical Specialties Distributors Inc., [www.msdonline.com](http://www.msdonline.com)  
Med-XS Solutions Inc., [www.medxs.com](http://www.medxs.com)  
META Associates, [www.meta-usa.com/equipment-planning.html](http://www.meta-usa.com/equipment-planning.html)  
Mitchell Associates, [www.mitchassociates.com](http://www.mitchassociates.com)  
Modern Biomedical & Imaging Inc., [www.modernbiomedical.com](http://www.modernbiomedical.com)  
Remedy Inc., [www.remedyinc.com](http://www.remedyinc.com)  
Sg2, [www.sg2.com](http://www.sg2.com)  
Source Atlantic, [www.sourceatlantic.com](http://www.sourceatlantic.com)  
STERIS Corp., [www.steris.com](http://www.steris.com)  
SU Group LLC, [www.su-group.com](http://www.su-group.com)  
Symphony Medical Inc., [www.symphonymedical.net](http://www.symphonymedical.net)  
The Advisory Board Co., [www.advisoryboardcompany.com](http://www.advisoryboardcompany.com)  
The Center for Health Design, [www.healthdesign.org](http://www.healthdesign.org)  
Thermo USCS, [www.us-cs.com](http://www.us-cs.com)  
TriMedx, [www.trimedx.com](http://www.trimedx.com)  
Turner Construction Co., [www.turnerconstruction.com](http://www.turnerconstruction.com)  
Universal Hospital Services, [www.uhs.com](http://www.uhs.com)

Walsh Consulting Group Inc., [www.wcg-inc.com](http://www.wcg-inc.com)  
World Medical Equipment, [www.worldmedicalequip.com](http://www.worldmedicalequip.com)

### Online exchanges

Amazing Medical Equipment Guide, [www.amazingmedicalequipmentguide.com](http://www.amazingmedicalequipmentguide.com)  
AuctionMart.com, [www.auctionmart.com](http://www.auctionmart.com)  
DOTmed.com Inc., [www.dotmed.com](http://www.dotmed.com)  
Esurg Corp., [www.esurg.com](http://www.esurg.com)  
Forbes Consulting Inc., [www.medmatrix.com](http://www.medmatrix.com)  
Intellamed Inc., [www.intellamed.com](http://www.intellamed.com)  
Med-E-Quip Locators Inc., [www.meql.com](http://www.meql.com)  
Medical Equipment HQ, [www.medicalequipmenthq.com](http://www.medicalequipmenthq.com)  
Medical EquipNet, [www.solumed.com](http://www.solumed.com)  
Medical Resources.com, [www.medicalresources.com/](http://www.medicalresources.com/)  
MediZaar.com, [www.medizaar.com](http://www.medizaar.com)  
MedPricer.com, [www.medpricer.com](http://www.medpricer.com)  
Physicianequipment.com, [www.physicianequipment.com](http://www.physicianequipment.com)

### Software vendors

AdvanTech Inc., [www.advantech-inc.com](http://www.advantech-inc.com)  
AeroScout Inc., [www.aeroscout.com](http://www.aeroscout.com)  
Agility Healthcare Solutions, [www.agilityhealthcare.com](http://www.agilityhealthcare.com)  
AMTSystems, [www.amtsystems.com](http://www.amtsystems.com)  
Attainia Inc., [www.attainia.com](http://www.attainia.com)  
ePlus Inc., [www.eplus.com](http://www.eplus.com)  
Exavera Technologies Inc., [www.exavera.com](http://www.exavera.com)  
General Data Corp., [www.general-data.com](http://www.general-data.com)  
Hand Held Products, [www.handheld.com](http://www.handheld.com)  
Key Surgical Inc.,  
[www.keysurgical.com/infodot/index.cfm](http://www.keysurgical.com/infodot/index.cfm)  
Mezzia Inc., [www.mezzia.com](http://www.mezzia.com)  
Mobile Aspects Inc., [www.mobileaspects.com](http://www.mobileaspects.com)  
Neoris, [www.neoris.com](http://www.neoris.com)  
PanGo Networks Inc., [www.pangonetworks.com](http://www.pangonetworks.com)  
PHG Technologies Inc., [www.phgtechnologies.com](http://www.phgtechnologies.com)  
Precision Dynamics Corp., [www.pdcorp.com](http://www.pdcorp.com)  
Radianse Inc., [www.radianse.com](http://www.radianse.com)  
RF Technologies Inc., [www.rft.com](http://www.rft.com)  
Rosebud Solutions, [www.rosebudsolutions.com](http://www.rosebudsolutions.com)  
Strata Decision Technology LLC, [www.strata-decision.com/capitalplanning.asp](http://www.strata-decision.com/capitalplanning.asp)  
Symbol Technologies Inc., [www.symbol.com](http://www.symbol.com)  
VeriChip Corp., [www.4verichip.com](http://www.4verichip.com)  
Videojet Technologies Inc., [www.videojet.com](http://www.videojet.com)  
Zebra Technologies Corp., [www.zebra.com](http://www.zebra.com)

### Financing

Bank of America Leasing, [www.bankofamerica.com/leasing](http://www.bankofamerica.com/leasing),  
[www.vendorportalonline.com/portal/healthcare.htm](http://www.vendorportalonline.com/portal/healthcare.htm)  
Celtic Leasing, [www.celticleasing.com](http://www.celticleasing.com)  
Equipment Leasing Association, [www.elaonline.com](http://www.elaonline.com)  
GE Commercial Finance, Healthcare Financial Services,  
[www.gehealthcarefinance.com/us/default.asp](http://www.gehealthcarefinance.com/us/default.asp)  
Lessors Network, [www.lessors.com](http://www.lessors.com)  
Siemens Financial Services, [www.siemensfinancial.com](http://www.siemensfinancial.com)

*Editor's Note: While this may be an extensive listing of product and service companies addressing asset management, equipment planning and financing and technology assessment, it does not represent a comprehensive listing. For more listings be sure to check out HPN's 2006 Industry Guide, scheduled for publication in November.*

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