Changing the Status Quo for Implantable Devices

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 On average, implantable devices account for 30 percent of total hospital supply spend, and make up 50 to 80 percent of the total cost for some procedures. Despite these large numbers, processes around managing and tracking these devices are rife with inefficiencies and revenue leakage.

The Complex and Error-Prone Life of an Implantable Device

The implantable device market (knees, hips, cardiac stents, etc.) is responsible for an estimated $5 billion in waste and expense every year by healthcare providers and manufacturers, due to a lack of automation and process efficiency. These devices represent a $40 billion market segment. Healthcare providers and suppliers that want to get a handle on these losses are turning to technology and collaborative strategies to better manage implantables and create an industry shift from the status quo.

The current “life of an implantable device,” from ordering through surgery, involves an extraordinary amount of human interaction. From scheduling the procedure through payment, there are 15 manual steps involved in the typical process today. The initial step is scheduling the case, which primarily involves a phone call between the surgeon and hospital, then the surgeon or surgeon’s team and supplier to order the necessary devices. The hospital also communicates with the supplier’s sales representative to ensure that he or she brings the correct devices to the hospital for the case. Surprisingly, there is no standard way to track this

communication as it takes place on the phone or in one-off emails.

This process is not entirely free of technology. Some suppliers have developed tools to track devices and cases, but a hospital would have to use a different tool for each supplier it works with, which would quickly become burdensome and confusing. Hospitals also use their own internal systems to schedule cases, which can be one of many different flavors of health information systems, depending on the facility.

It's a common misconception that if a hospital is using an Electronic Health Record (EHR) system, it will also help track implants. This is incorrect. While EHR systems are helpful for scheduling and clinical documentation, most do not include the supply chain process—meaning that they do not have robust ties into supply chain systems. As a result, this perpetuates the disconnect between the clinical and supply chain functions. And in turn, EHRs simply do not work with supplier systems to ensure the right device gets to the right place at the right time. That responsibility falls again to humans—typically in the form of a few phone calls and reminder emails.

Once the sales representative brings in the device for the case to the hospital, more manual steps are taken as the operating room staff pulls the product to go onto the case cart, tracks the items used, and enters the item identification numbers into an internal system to create a purchase order.

As in any industry, manual processes bring the possibility for human error, and the subsequent waste resulting from those errors. The all-too-common results are bloated inventories and inefficient ordering. In attempts to limit human error as much as possible, some providers and suppliers are turning to technology to streamline IDSC processes.

Reducing 15 Manual Steps to Four: Automating the Supply Chain

In order to automate the implantable device supply chain, it's critical that suppliers and providers collaborate—something that is still a relatively new concept in the healthcare space, but gaining momentum today. This collaboration must also include sharing elements of information about the devices throughout their lifecycle.

To avoid the burden caused by utilizing one-off solutions, some healthcare trading partners recently took the first step toward automation by piloting end-to-end supply chain solutions for tracking these devices. By adopting technology to capture and share data from case creation to product usage during procedures, providers and suppliers open themselves up to the ability to create usage capture capability while validating that the device is on contract for more accurate billing, purchasing, and inventory tracking. As a result, it's possible to reduce the 15 manual steps involved in the implantable device supply chain to just four—scheduling a procedure, preparing case materials, executing the procedure, and payment.

Use by these early adopters is just the first step. To solve the lack of visibility and control over implantable devices, and reduce the extraneous costs driven by inefficient, disconnected manual processes will require the collaborative efforts of

everyone—providers, physicians, and manufacturers. According to Gartner [1], better supply chain management can save anywhere from five to 15 percent, translating into a profit increase of two to seven percent. Every dollar counts, and supply chain partners cannot let any hesitation to work together—and trust one another to share data—become a roadblock to necessary automation and cost savings. Once these parties are on the same page and working together to address the lost, expired, and wasted product, the industry can begin to benefit from both the collaborations themselves, and also significant results in reducing healthcare costs.

Links:
[1] http://www.gartner.com/