

Hospital System Saves Millions by Cutting Waste in the Operating Room

The Challenge:

Cut costs, not patient care.

The Healthcare industry today faces significant challenges. With an aging population, increasing costs, and the uncertain impact of the Affordable Care Act, healthcare providers are under tremendous pressure to meet the needs of their patients while maintaining or even reducing costs.

One such organization feeling this pressure is an 850-bed teaching health system with four facilities located in the eastern U.S. With over 600 practicing physicians and more than 30,000 surgeries performed annually, their budget for operating room supplies exceeds \$40 million annually across all four facilities.

Faced with the challenge of reducing overall operating costs without sacrificing their high standards of patient care and safety, this healthcare organization quickly realized that surgical waste represented a huge opportunity and called upon the material utilization expertise of USC Consulting Group (USCCG).



Key Metrics

Cost Savings — \$2.3 Million

Decrease in Material Issued — \$14.9 Million

The Solution:

Robust process improvements and LINCS® technology combine to streamline the supply chain.

Successful and sustained elimination of waste requires a shift in the way an organization thinks and behaves. As a result, an experienced team of implementation consultants from USCCG's Healthcare Practice worked hands-on with hospital staff to implement process improvement and change management techniques. The team also deployed their proprietary technology solution, LINCS®, which enabled hospital staff to collect, aggregate and analyze data from their Perioperative Management Software and Materials Management System. The information was used to create relevant statistical analyses of surgical material utilization in the operating rooms.

EXECUTIVE SUMMARY

By providing visibility to information that was otherwise hidden, LINCS was able to show comparisons between surgical materials issued, used, and returned; including between doctors, procedures, and locations. This helped the hospital to achieve a number of objectives including:

- Ensuring that all material issued to the OR was accounted for based on use, and that appropriate charges and billing took place for consumed items.
- Providing factual data to drive surgeon preference card optimization enabling resource nurses to statistically validate which items should remain on the preference card.
- Supporting a new material color coding process for surgical preference cards as well as color-coded bins on each case cart for easy visual identification.

Once the hospital's staff was trained and familiarized with these new processes, the final step was institutionalized with the *Action Item* feature from LINCS. This tool allowed the staff to make proactive recommendations during each case to improve material management, material utilization processes and other general issues leading to improved overall communication and to actionable outcomes.

The Result:

Waste is eliminated, cost savings are realized, and patient care remains high.

Now armed with meaningful data and actionable insight, the hospital has successfully accomplished their goal of reducing material waste within their operating rooms.

The hospital has experienced a 15% per case reduction in preference card items resulting in annual cost savings of \$2.3 million. Additionally the amount of material issued has decreased by over \$14.9 million annually and material returned across facilities has been reduced by \$11.2 million annually. Significant reductions in transaction and handling time per case have also been achieved.

The process improvements identified by USCCG are beginning to take hold throughout the entire hospital network and conscious efforts are made to not only sustain this waste reduction effort within the operating rooms, but reduce all material waste hospital wide.

"The new process has been a tremendous benefit to our system, and has proved to sustain itself overtime. We have seen a decrease in the amount of returns from a baseline of 37% to 16% in the current year, one year after the project concluded."

Operating Room Director



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