ReadySet Surgical

Solving the profitability drain on your implantable device supply chain.

The challenge of the implantable device supply chain

> After the pandemic abates, labor and supply costs will be permanently higher, chiseling margins for a well-run hospital to 1.5% to 2% from an already-modest 3%.
>
> Kevin Holloran, Senior Director, Fitch Rating
> 2021 Bloomberg Article

Orthopedic procedures utilizing implantable devices drive over $40 billion of annual hospital costs. Each year, these procedures' devices consume twice the amount of spend as other typical medical devices. So it's no wonder the implantable device supply chain is identified as a hospital's greatest opportunity to save money and reduce costs.

Understanding the profitability drain first requires understanding the specifics of the implantable device supply chain. Implantable devices are man-made implants introduced into the body and intended to remain there. Because surgical technology constantly evolves and improves, hospitals typically choose not to own large amounts of inventory. As a result, many hospitals work with their orthopedic vendors to use the device company's inventory of these implants and devices. In fact, the typical amount of inventory is 23% hospital-owned and 77% vendor-owned.

Implantable device inventory ownership: 23% hospital-owned 77% vendor-owned

These highly specialized surgical cases and the implants used in them are driven by what hospitals refer to as "Physician Preference Items" (PPI). Each surgeon will often choose vendor suppliers with which he/she is most comfortable and/or has the most experience.. **It's here the profitability drain begins.**

The journey of the implantable device

When a surgeon schedules a case, a surgical representative contacts the preferred vendor(s) to review pertinent case details and patient information. Typically, vendors deliver far more inventory than necessary, in some cases 3 to 8 times what is actually required, to ensure the surgeon has every potential option available in the OR.

The vendor delivers the requested inventory in surgical trays to the Sterile Processing Department (SPD) prior to the case. The SPD processes all of these trays, and they are wrapped and sent to the OR. However, once in the OR, many of these trays will end up being opened, but unused, which drives up surgical costs.

Once the procedure is complete, the vendor submits a charge sheet (often handwritten) based on what inventory was delivered. The hospital processes the charge sheet, generates a PO and the vendor is paid.

The profit drain at every step of the journey

At every step of the implantable device journey, profitability is leaking. It starts with the PPIs. Over a third of implantable devices physicians request are off-contract, creating a potential billing and pricing challenge right from the start.

33% **Implants requested** are off-contract or non-preferred

41% **Implant kits** are delivered late

Not only do vendors typically bring in too much inventory, but almost half the time it is not delivered a minimum of 48 hours prior to the case, which most hospitals consider late. These late deliveries cause a chain reaction of cost increases; from the expedited freight to the SPD working overtime to process the inventory and in some cases, the potential for delays in the surgical schedule.

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Charge sheets only add to the problems. Invoices are often wrought with price discrepancies or errors. Last year, nearly 40% of submitted charge sheets contained pricing errors. These pricing errors occur because vendors typically don't have clear line of sight to the hospital item master, and therefore, may not know the contract status and/or individual line item price of the inventory they have delivered. Unfortunately, most of these charge sheets, which have incorrect pricing, are processed and paid. Often times resulting in overpayment.

38% **Implant change sheets** have price discrepancies

As important, the vendor's inventory will remain at the hospital until the vendor needs it again. While on hospital property, the hospital's SPD is financially responsible. Many SPD leaders have been presented with a vendor's lost instrument charges, when after sitting in an inventory room for any number of days or even weeks, a screw or implant may be found to be missing. One lost instrument charge, which can cost in excess of $40,000, can destroy an annual operating budget of the SPD.

[!] Problems. Problems. Problems. Now a single solution.

There's almost no end to the number of challenges loaned inventory can create in an SPD, OR and hospital supply chain. That's why the majority of SPD leaders often point to "Loaner Management" as their #1 problem area. Complete and end-to-end, the **ReadySet Surgical** solution meets every challenge of the implantable device supply chain, from scheduling and procurement to inventory management on through to billing reconciliation. In fact, most **ReadySet** customers show a net positive ROI within 180 days of implementation.

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SURGICAL IMPLANT SUPPLY CHAIN
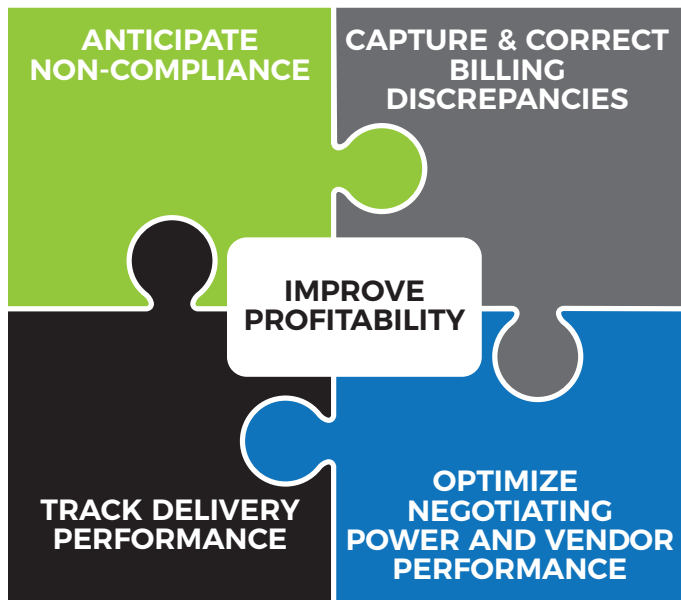
SCHEDULING & PROCUREMENT ▶ **INVENTORY MANAGEMENT** ▶ **BILLING RECONCILIATION**

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End-to-end benefits.

ANTICIPATE NON-COMPLIANCE

CAPTURE & CORRECT BILLING DISCREPANCIES

IMPROVE PROFITABILITY

TRACK DELIVERY PERFORMANCE

OPTIMIZE NEGOTIATING POWER AND VENDOR PERFORMANCE

ANTICIPATE NON-COMPLIANCE

Contract compliance

From the moment a surgical case is scheduled, the **ReadySet** cloud-based system goes to work. Easily integrated into the hospital EHR, the **ReadySet** application constantly scans the surgical schedule. Once a new case is entered into the hospital's EHR, the application will electronically notify the vendor representatives, advising them of case date, details and inventory requirements. **ReadySet** eliminates all of the back and forth phone calls and last minute running around from OR staff contacting the vendor to inquire where their trays are. As important, if a surgeon has requested a non-contracted item, the **ReadySet** application alerts the appropriate hospital staff to advise them of the non-contracted request. And they are notified well in advance of the case so they can pursue potential corrective action and offer the surgeon a preferred contracted option as an alternative. Hospitals that use **ReadySet** have experienced an 80% increase in contract compliance within the first 6 months of implementation.

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Improved vendor delivery performance

Surgical case delays, expedited freight, SPD overtime and last minute headaches are significantly reduced and often eliminated via the **ReadySet** application. As cases are scheduled, appropriate vendors are contacted and electronically "accept" the case, including delivery date for the device. Hospital policy usually requires inventory to be delivered a minimum of 48 hours in advance of the scheduled surgical case. **ReadySet** sends electronic reminders to the vendor until the trays are delivered on-time. Supply chain and perioperative staff have visibility to device delivery status via real-time updates, accessible at any time of the day or night, with a hand-held device or desktop computer via the web. This knowledge of case-readiness alleviates SPD stress and delays, as well as tracking vendor performance for on-going benchmarking.

Supply chain and perioperative staff have visibility to device status via real-time updates.

Eliminate pricing discrepancies

Upon case completion vendors' submitted charge sheets go through the **ReadySet** application. Each line's charges are automatically compared to the hospital's item master. If the device is on-contract, and has a discrepant price, the application automatically updates the charge sheet with the correct pricing, including notifying the vendor and supply chain staff of the price discrepancy and update/correction.

If the device is off-contract, the **ReadySet** application automatically reverts the invoiced amount to $0. The invoice is then returned to the vendor advising them of the non-compliant inventory with instructions to contact hospital supply chain personnel to resolve the invoicing issue. This eliminates incorrect invoices from aging in the hospital's accounts payables and will not delay patient billing.

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Data at your fingertips

Case-by-case, **ReadySet** manages each vendor's performance across a number of metrics. This data is captured and aggregated so supply chain leadership can quickly and easily track vendor performance. Having this powerful data available at the push of a button provides supply chain professionals the information they need to lead fruitful vendor business reviews. The **ReadySet** application eliminates wasted time pulling vendor data from multiple sources. Now, it is available at the push of a button.
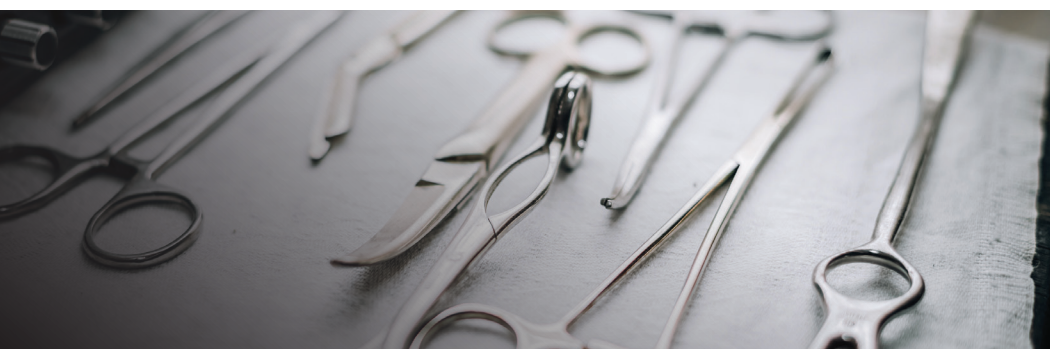
Plug the profitability drain in your implantable device supply chain

The **ReadySet** application can be implemented with as little as 10 hours of hospital IT support. The cloud-based solution proactively manages the implantable device supply chain from end-to-end utilizing AI/machine learning to continually optimize and improve your profitability. Start saving money from day one and see why **ReadySet** customers show a net positive ROI in as little as 180 days and an average reduction of 5% to 10% in annual implant vendor spend.

ReadySet can be implemented with as little as 10 hours of hospital IT support.

To learn more about how **ReadySet Surgical** can increase your hospital's implantable device supply chain's efficiency and profitability, email us at hello@readysetsurgical.com or visit our website at www.readysetsurgical.com.

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