The rising cost of new technology has contributed greatly to the growing global healthcare budget. In fact, new medical technology accounts for 38 to 65 percent of health care spending*. Adding in the cost of materials management staff, tracking, maintenance and upkeep, one can begin to see how medical equipment management is a major budget concern for hospitals and for healthcare systems. To further complicate the situation, hospitals are contending with strained budgets and the increasing population of insured and uninsured patients.

However, there is some good news – more and more hospitals are driving efficiency and reducing their costs by effectively managing their equipment and utilizing their assets. For example, as part of a strategic partnership with GE Healthcare Services, Baptist Health System in Jacksonville, Florida devised a way to more efficiently manage its assets and share risk, ultimately saving the system millions of dollars, while enhancing clinical and operational performance.

**About Baptist Health**

A five-hospital, 1,101 bed health care system in northeast Florida with more than 9,100 employees including 1,500 medical staff physicians, Baptist Health maintains more than 350 medical equipment assets, including MRs, CT scanners, digital X-ray systems, and ultrasounds. Currently, Baptist Health’s capital budget is over $60 million with a significant portion dedicated to new and replacement clinical equipment.
Prior to working with GE Healthcare, Baptist Health was in the difficult position of having to manage a large fleet of equipment, and make purchasing decisions based on limited information about service costs and the root causes of downtime. Baptist's staff had access to information about how old a piece of equipment was, but little insight into how that age translates into equipment reliability, utilization, and maintenance costs.

"Like all hospital systems, acquiring and servicing assets to treat a growing number of patients translates into a major investment for our organization. Our operating budget for clinical equipment maintenance is close to $10 million annually, so it is critically important to keep this expense as low as possible through careful management."

— Marianne Hillegass, senior vice president and chief resource officer of Baptist Health

Forging a Partnership with GE

Baptist Health began partnering with GE Healthcare 11 years ago. At the time, the system was planning a major expansion of services, including a new medical center, heart hospital and a new full service breast center. The organization was looking for ways to control capital costs for medical equipment and associated service costs without compromising patient care, quality or staff productivity.

Knowing that the health system would need to acquire and maintain large volumes of new equipment, Baptist’s Chief Operating Officer suggested that the organization consider working with a single vendor to holistically meet the majority of its needs. After a detailed RFP process, Baptist Health sorted through several major clinical equipment vendors and selected GE Healthcare as a preferred provider and to put into place a unique service agreement. The agreement would leverage GE’s comprehensive technology planning and asset management expertise, bringing to bear its people, processes and tools, including proprietary technology solutions, like iCenter and others.

The Journey to Better Asset Management

As GE Healthcare began working with Baptist, it became clear that the organization’s needs centered around Technology Planning and Service Agreements. So, GE set out to address Baptist’s challenges by customizing solutions in each of these categories:

Technology Planning: Prior to working with GE Healthcare, Baptist Hospital had adopted a reactive approach to asset management, planning one year to the next, and giving attention in siloes to the facilities with greatest needs at any given time. Without real data, Baptist lacked the insights needed to identify priorities and build a longer-term strategic plan.

Working closely together, Baptist Hospital and GE Healthcare developed an annual technology assessment and real-time data and analytics reporting system to provide visibility into what it was actually costing Baptist to maintain its equipment. This detailed reporting, along with the support of trusted GE consultants, also helped Baptist keep track of every service event: how long it lasted, and how much it cost. This information is now regularly used by service engineers, clinical users and managers to predict service events before they occur and gauge the necessity of replacing devices.

As a result of implementing this annual technology assessment, Baptist was able to create an inventory of each piece of equipment, the acquisition date, the amount and cause of downtime over the previous year, and cost of service. “Using iCenter data, our team worked with Baptist to create a custom reliability scale,” said Richard Warwick, Service Program Manager, GE Healthcare. “The scale helps Baptist make capital planning priorities for the following year on the majority of its assets, as well as five year capital plans for larger, more expensive assets such as MRIs. Overall, Baptist’s equipment planning has become more proactive, efficient and cohesive."

Service Agreements: In addition to introducing the annual technology assessment and real-time data and analytics framework, GE Healthcare also provided (and continues to provide) extensive remote monitoring and online technical support, enabling Baptist staff to diagnose and resolve maintenance issues before dispatching service personnel.

Before Baptist began working with GE Healthcare, the hospital system struggled with balancing relationships with multiple vendors that serviced equipment. This resulted in a lack of visibility into
actual service activities/costs, conflicting goals and agendas, and, ultimately weaknesses and variations in service provided and higher costs.

The GE team collaborated with Baptist to put into place a process that would provide 100% cost visibility and consistency through system-wide tools for tracking and maintaining equipment performance. “GE service engineers have developed strong, trusting relationships with our clinicians and biomedical engineers, which has driven even greater process efficiencies for our organization,” observed Hillegass.

Through this program, GE also shares with Baptist the risk of maintaining equipment for entire lifecycles, covering preventative maintenance, repairs, and first-level support, resulting in a successful partnership between the two, complete with shared goals and accountability.

**Achieving Big Results**

As with any new process, initially, some of Baptist’s department directors feared additional equipment costs and expressed concerns about being over budget for the first few years of the program. At the time, the department heads had no baseline of what their budgets should be in a given year. However, after the first year of working with GE, managers received baseline assessments of what their departments needed – and clinicians and managers recognized that the equipment servicing and capital planning processes ran more smoothly, thereby reducing their concerns.

Since implementing a unique service agreement with GE 11 years ago, Baptist has saved more than $7 million on materials and service costs, including $1.5 million last year.

Aside from the $7 million in overall materials and maintenance savings that resulted from its partnership with GE, Baptist Health’s equipment uptime has also increased. Monthly reports show overall system uptime is consistently 99 plus percent – markedly higher than it was 10 years ago.

“When we first started working with GE, what we didn’t know put the organization at a disadvantage. We knew there had to be ways to streamline processes and cut equipment and service costs, but we did not have the data or insight for to do it. Much of the cost savings resulted from the sheer visibility into equipment failures and trends,” Hillegass says. “GE Healthcare is a true partner with an incentive to reduce costs and increase uptime, and the risk-sharing component has also helped us keep our costs down. Through establishing a comprehensive planning and service program with one vendor, material costs are now lower than those in a traditional service agreement.”

Today, Baptist develops its annual budgets by studying average cost by department from the previous years, as well as equipment age, service history and state-of-repair. With the GE Service Program, the actual cost per unit of equipment has dropped significantly, creating dollars that can be more effectively spent where they are needed most.

About GE Healthcare

GE Healthcare provides transformational medical technologies and services to meet the demand for increased access, enhanced quality and more affordable healthcare around the world. GE (NYSE: GE) works on things that matter - great people and technologies taking on tough challenges. From medical imaging, software & IT, patient monitoring and diagnostics to drug discovery, biopharmaceutical manufacturing technologies and performance improvement solutions, GE Healthcare helps medical professionals deliver great healthcare to their patients.

GE Healthcare
3000 North Grandview
Waukesha, WI 53188
USA

©2014 General Electric Company — All rights reserved

General Electric Company reserves the right to make changes in specifications and features shown herein, or discontinue the product described at any time without notice or obligation. Contact your GE representative for the most current information.

GE and GE Monogram are trademarks of General Electric Company.

GE Medical Systems Information Technologies, Inc.,
GE Healthcare, a division of General Electric Company.

*Trademark of General Electric Company.