Assigning Value to Perioperative Equipment: Are we Getting our Money’s Worth?

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Conflict of Interest

All Equipment appearing in this talk is fictitious. Any resemblance to any actual equipment, living or out of service, is purely coincidental.

Why can’t I have my new toys?
It is a competitive game

- Surgery
- Anesthesiology
- Sterile Processing

Who gets their new toys?
It is all about relationships

Why do I need to know about this?

You may end up on a peri-op committee

Terminology:

End of Life/Service

- End of Life = Predetermined length of service
  - Common practice
  - Like expired aspirin

- End of Service = No parts, no service, no nothing
  - Big risk
  - It breaks, you are screwed
Types of Capital

- Strategic Capital
  - Newer technologies
  - Positive ROI
  - Makes the newsletter

- Plain Old Capital
  - Replace existing technology
  - Poor ROI
  - Makes heartburn

Sterile Processing

- Instruments way more complicated
- Much more expensive
- Processing more complex
- More instruments
- Not a highly paid workforce
- Off-site processing (space demands)
Request & Funding Process:
Determine the “Why”

- Improved outcomes?
- Impact throughput?
- Marketing impact?

Request & Funding Process:
Determine Contribution Margin/Case

Value Analysis: No simple calculation

- Example: Robot hernia surgery
  - Calculate cost per case (include OR time, disposables, robot costs)
  - Lost additional cases?
  - Reimbursement/case
- Does LOS change?
- Outcome change?
- Stir it up/Get the answer (sort of)
Request & Funding Process: Optimal Funding Options

- Outright purchase (depends on capital)?
- Lease — The “go to” when capital constrained
- Placement Agreement — Razor/Razorblade

Buy It

Lease vs Buy

THE SAME BUT DIFFERENT
Even though these cars are identical, the methods to pay for them are very different

Understanding the differences will help you make the best decision for you
Lease

- Expensive (> $250k)
- Leasing Co’s
- Changing technology
  - Surgical robots
  - Anesthesia machines
- Easier ROI
- Newer models

Buy

- Cheaper (< $250k)
- Hospital checkbook
- Static technology
  - SPD equipment
  - Operating tables
- ROI? No chance
- Own it forever

Placement Agreements:

- Examples:
  - Processed EEG monitors
  - Disposable bronchoscopes
- Agreements are time consuming
- Guarantee “x” number of units/year
- Don’t have to spend $$ on capital equipment
- Spoiler: Companies don’t lose on these deals
Service Agreements

- Common for items that break
- Usually very expensive items
- Examples:
  - TEE probes
  - Laparoscopic cameras
  - Video laryngoscopes
- Expensive items = expensive agreements
  - Robots > $150k/device/year
- Finite # whiffs

Companies will assist in decisions

Shocking

Summary

- Getting your equipment is all about relationships
- Heavy competition for limited capital
- Leasing becoming more common with capital constraints
- Service agreements are very expensive
- Companies always willing to “help”