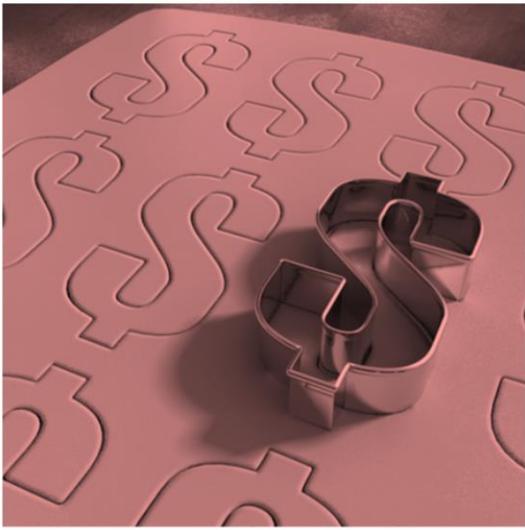


Avoid the Cookie Cutter Approach to Equipment Maintenance Management



The holiday season is upon us and you know what that means...lots of cookies! If you search online for “cutout cookie recipe,” there are pages of “the best” or “the perfect” cookie recipes. Whether the recipe is a family heirloom, or from Martha Stewart or Betty Crocker, the basics are the same. Mix together butter, sugar, flour, and few other ingredients, cut out shapes, bake at 350°, and voila...cutout cookies. Wouldn't it be nice to try something different this year?

For years, healthcare providers have been addressing equipment maintenance and repairs much the same way as the cutout cookies. The recipe for getting equipment coverage hasn't changed in years – an equipment buyer's natural inclination is to uniformly purchase service agreements directly from the Original Equipment Manufacturer (OEM), even before the warranty expired. There's a “that's the way we always do it” mentality

about it all. It's a different state of affairs today; annual budgets are smaller and need to be stretched farther.

Healthcare providers are constantly feeling the pressure to cut costs on their ever-tightening budgets. When hospitals reduce their operating expenses, spending reductions on state-of-the-art medical equipment are inevitable.

Providers are also seeing more and more patients who were previously uninsured or underinsured and who require more care than initially reported. This puts healthcare executives in a conundrum – budget cuts and reduced reimbursements have strained their resources, but the volume of patients has steadily grown.

Similar scenarios have played out in hospitals across the country. For example, some healthcare facilities are experiencing a backlog of insurance approvals. As a result, many hospitals are not getting paid in a timely manner resulting in staff, service, and budget reductions. Other facilities are seeing funding cuts in order to provide more funding to higher education hospitals connected to medical schools. Rural areas have been hit the hardest and force healthcare professionals to move their business to larger communities in order to financially survive.

It's time to avoid the cookie cutter approach to equipment maintenance management!

Read the Warranty

Warranty coverage varies from product to product. It's important for the customer to know exactly when the warranty expires for each piece of equipment and what conditions may void the warranty. This will safeguard you from paying for a repair that should be covered or accidentally void the warranty. Reading a manufacturer warranty is not a fun way to spend the afternoon, but it may end up saving you some cash.

One Size Doesn't Fit All

Ensuring the appropriate levels of coverage are in place at the right price is just as important as purchasing the right equipment in the first place. One size doesn't fit all in the world of equipment maintenance management. When purchasing new equipment, always have the salesperson break out the cost of the service agreement from the actual price of the equipment. The services being offered may be available at a lower price by a different vendor. Take the time do some research.

Under Pressure

Selling OEM service agreements is an extremely lucrative business, so there's often a huge amount of pressure placed on the buyer to purchase it at the time of equipment purchase to avoid unexpected, costly equipment repairs. Buyers can end up making rash decisions and hastily sign a contract that they may not understand or need.

There are some instances when manufacturer service agreements are the smartest choice to maintain certain types of equipment, such as mission critical equipment, equipment with proprietary parts, new technology, or software intensive equipment. However, purchasing that same agreement for all of your facility's equipment may be an unnecessary and pricey expense.

Negotiations

The ideal time to negotiate service terms and conditions is before the service agreement is signed. The contract is a legally binding document upon signature and the customer's negotiating leverage is completely lost after it's signed, sealed, and delivered.

Before signing a contract, get EVERY DETAIL promised to you verbally in writing. During negotiations, here are a few key areas to focus on:

- Effective dates
- Auto renewal clause
- Replacement parts
- Travel costs
- Cancellation penalty
- Preventive maintenance
- Updates, upgrades

In-House Repairs

Many healthcare facilities have on-staff clinical engineers that can do minor repairs on equipment, which reduces equipment downtime. However, it is important to weigh the following:

- Do you have a capable in-house staff that can do repairs?
- How much would it cost to employ a technician? Would it be more cost effective in the long run compared to OEM service agreements?
- May save money, but can they repair all the type of equipment owned?

Pay as You Go

Paying for equipment repairs as they occur may appear to be the most cost-effective service option at the time. Unfortunately without a crystal ball, it is virtually impossible to know how much money equipment

repairs will cost for the year. Creating an accurate equipment budget for next year will be nearly impossible. In the end, those “surprise” service events will undoubtedly take a toll on your bottom line.

Asset Management Reporting

For many facilities, asset management often consists of utilizing an Excel spreadsheet to keep track of historical equipment maintenance and repair information. To say that is ineffective is an understatement. In order to contain or reduce maintenance costs and increase service vendor accountability, there needs to be complete transparency on all aspects of the equipment. Before purchasing an asset management reporting system, conduct an honest assessment of your current practices.

- Is a physical inventory of all equipment conducted annually?
- Who is responsible for this task?
- Is the location of equipment being tracked?
- Is the equipment inventory list updated as soon as any changes are made?
- Is the cost of equipment service events being tracked?
- Are manufacturer warranties and service agreements tracked?

Effective equipment maintenance management takes time, experience, and energy. Fortunately, equipment maintenance management programs offer the technical expertise and reporting software needed to monitor and maintain all types of medical equipment. These programs offer customized solutions that deliver all of the necessary operational and administrative support required under one cost effective agreement. It is crucial to your facility that expensive equipment is properly maintained and managed in order to guarantee the longest possible useful life. Inadequate equipment maintenance will result in increased equipment downtime, frequent service events, and premature equipment replacement. Consider all the different options before signing an OEM service agreement and avoid the cookie cutter approach to equipment maintenance management!

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