



Can an EMP Reduce Center Operating Costs?

By Tina Reese

In light of the Deficit Reduction Act, which went into effect in this month, many imaging practices and physician offices that provide diagnostic imaging services, are looking for ways to reduce their operating costs. Some practices are looking at reducing staff; while others are evaluating every line item of their operating budgets. One line item often seen but not considered is equipment maintenance/service.

Equipment maintenance insurance (EMI) is not a new concept to the health care industry. In the early 1980s, EMI made its debut as an alternative to original equipment manufacturer service contracts. As with any industry, there were some reputable companies that entered the marketplace and then there were others that were not backed by the financial strength of an insurance carrier or that did not last long in the sector and left some health care providers, and in turn their vendors, with unpaid invoices.

In the late 1990s, the current EMI approach fine-tuned into what is known as an equipment maintenance program (EMP). It takes the best features of earlier versions of EMI and adds the ability of the purchaser to become the most educated consumer of service possible. A true EMP answers questions for you such as:

- **What are** the true costs for maintaining a certain piece of equipment (or for that matter, each piece of equipment) in my practice/clinic/organization?
- **How much** do I truly spend on equipment maintenance?
- **Are certain pieces** of my equipment less costly to purchase but more costly to maintain?

As a consumer of equipment maintenance service in a large diagnostic imaging services wholesaler, I had the luxury of a three-person asset management department. That team handled the burden of service agreement negotiations, following up on questionable invoices, and tracking warranty work. In a smaller organization, that luxury does not usually exist. By participating in an EMP, you are hiring an organization to do these tasks for you. The EMP staff focuses on nothing but equipment maintenance—everything from cataloging maintenance events, tracking warranty work, and disputing duplicate invoices, to sourcing parts and finding alternate organizations to service equipment.

An EMP may be a good option for you if:

- **You have ever** sat near the end of a service agreement contract term and thought, "I am no closer today to knowing the true cost to maintain this equipment than I did on day one. I know what I pay my service contract vendor, but how much did it cost him/her to maintain my system(s)?"
- **You have ever** had to pay out of pocket for an equipment repair because your service contract lapsed.
- **You have ever** thought, "I'm a clinician not an asset manager."

Equipment maintenance management is a full time job. If you have ever wondered if there is someone out there to help you with it, the good news is yes. There are companies that have been in the industry for 20-plus years, have fine tuned their approach, and are working in the best interest of the consumer. If you would like more information, you can email me at treese@theremigroup.com.