

# Teaming Up to Cut Health Care Costs, Improve Service

Jill Schlabig Williams

For smaller hospitals, maintaining an in-house staff of biomedical equipment specialists is often a luxury they cannot afford. “We just aren’t large enough to support a full-time equipment specialist and provide the backup necessary,” says Richard Ketcham, CEO of Brooks Memorial Hospital, a 99-bed private community hospital in Dunkirk, NY. Yet, Ketcham and CEOs like him often prefer the personalized, nonprofit approach that an in-house department offers. Luckily for Ketcham, his hospital is located near the Kaleida



Health System in Western New York. He has contracted with that much larger organization for at-cost biomedical equipment services.

Kaleida offers at-cost sharing of its staffing, management programs, and advanced technical expertise to smaller hospitals within the region. Services are provided at actual full-time employee cost, including such factors as salaries, benefits, on-call coverage, paid time-off coverage, and management costs.

## Why Offer Services at Cost?

Dave Croston, now director of clinical engineering at Kaleida Health System, began offering at-cost equipment programs to smaller hospitals in 1989 when he was with Buffalo General Hospital, a large tertiary organization. Hospital administrators had approached him with the idea, and he implemented it. He continued the practice at Kaleida as his hospital merged into the five-hospital system in 1998 and he became manager of the corporate-level clinical engineering function.

“Larger hospitals helping smaller hospitals with equipment services is a good way to curtail the high cost

of health care,” Croston points out. But his goals aren’t all altruistic—the program also brings benefits to the Kaleida system. “Smaller hospitals feed specialty work to larger hospitals, and it behooves us to help them,” he explains. “Biomedical engineering is not a directly competing clinical service, so it offers us a way to establish important relationships with the smaller hospitals.”

“The practice also allows me to pay my own staff better and run my own base program more efficiently,” he says. The expanded workload allows Croston to leverage typical down time for technicians by helping the smaller hospitals and also turns that down time into a revenue stream. With more hospitals in the mix, there is more demand for high-end specialists; his staff can supplement their salaries with evening and weekend work and gain experience on a wide range of equipment. “These advantages allow me to attract and retain specialists,” he says.

## Establishing Ties to Save Money and Improve Services

Croston says that his goal in pricing service contracts is to break even. After evaluating service needs at a new affiliate hospital, Kaleida typically places one or more technicians at the hospital. It offers affiliates use of its inventory and service database, access to its specialized tools, and creation of a procedures manual that is customized with the safety committee of each affiliate hospital. The collective expertise of the Kaleida clinical engineering team is also available to its affiliates, in such areas as service contract evaluation and capital equipment procurement. Because of the depth of his team, Croston reports that balancing urgent needs for the same skill sets at different hospitals has not yet been an issue.

For CEO Richard Ketcham and his management team at Brooks Memorial Hospital, making the decision to contract with Kaleida was not a difficult one. The team evaluated their options for outsourcing, considering various insurance products, third-party vendors, and Original Equipment Manufacturers. In the end, they chose Kaleida.

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Jill Schlabig Williams is a freelance writer who lives in Herndon, VA.

Kaleida placed Rick Seaton, a biomedical equipment technician with 23 years of experience, on-site at Brooks, and challenged him to make Brooks happy and to create a successful relationship. “They wanted an outside service to act like an in-house service. Because we are not profit-driven, we were able to do that,” says Seaton.

When Seaton came on board, he took a comprehensive look at the hospital’s equipment needs and created a system to track equipment-related issues ranging from expenses to work orders to purchase orders. With the help of this system, he has been able to manage the hospital’s equipment needs and pull in resources from the larger Kaleida system when necessary. He serves on the hospital’s safety committee, attends management committee meetings, and is involved in most equipment purchases.

### Outcome

Kaleida now has affiliate relationships with five smaller hospitals. Croston finds it very easy to demonstrate the value of the program to senior managers at Kaleida Health System. “We only have to show that we are not losing money by offering these services,” he says. “That is very easy to do, considering the service contracts we are able to avoid by having specialists on staff, the reduced down time, and the expanded pay and career options for our staff.”

Ketcham is very pleased with the Kaleida relationship. “Although our in-house technician is not directly a hospital employee, he is perceived as such by our

employees,” he says. “He has gotten to know our staff, participates on committees, and is concerned about the total budget. We have been very pleased to have Rick Seaton on our team.”

Seaton, likewise, is happy with the arrangement. He has developed his own computer system, customized his workspace, and managed the budget to operate the program at cost. With first-call responsibilities on all the equipment in the hospital, Seaton has also gained experience on a wider variety of specialty equipment. “There are times when I’ve had to pull

myself up by my bootstraps and go to work,” he says.

“I work harder here at Brooks than I did at larger hospitals because I’m here on my own, but I also have more autonomy and more authority than I would have if I were in a larger organization.”

As Croston says, “For Kaleida Health, for the smaller hospitals, and for our employees, this truly is a win-win scenario.” ■

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—Dave Croston

## Clinical Engineering Specialties Shared by Kaleida Health

- Cardiopulmonary
- Imaging
- Anesthesia
- Biomedical equipment data and networking
- Clinical lab
- Sterile processing
- Dialysis
- Physiological Data
- Physiological Therapy
- Advanced Systems Engineering