

# Benefits of Equipment Swapping Within Health Systems

Jill Schlabig Williams

**A**RAMARK Healthcare Management Services took over the system-wide equipment maintenance function at Bon Secours Health System in 2002. The system needed help with capital equipment planning and had limited funds with which to operate.

ARAMARK's Jeff Hooper, who runs the day-to-day operations of the contract with Bon Secours, and Bon Secours's Lance Martucci, regional director of materials management, had an idea. The two had worked together in the health system's Richmond area and had seen firsthand the lost opportunities for savings when a hospital replaced equipment. "When equipment that was not at the end of its useful life was underutilized or being replaced, its value was lost. System-wide, however, there were facilities where that equipment was needed," says Martucci. The two developed a system they call "equipment cascading"—moving underutilized equipment to a facility that needs it—that has saved the system \$1.5 million over two years.

## Background

Bon Secours Health System is spread over a large region, with facilities in Michigan, Pennsylvania, Florida, Virginia, West Virginia, and Maryland. As the system acquired hospitals through the 1990s, each hospital had a different equipment management program. In its Richmond market, equipment management was being handled by Premier Clinical Technology Services, which was then acquired by ARAMARK.

By 2002, senior management decided to standardize its approach to equipment management. The equipment cascading program has been one of its most successful efforts to date. They posted information about available equipment to a Web site rather than using e-mail. They found that sending the information via e-mail was more effective. No one responded to the web postings, but when the information was "pushed" via e-mail, facilities within the system responded.

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**Subject:** Bon Secours Health System

**Location:** Headquartered in Marriottsville, MD, the system includes 24 acute-care hospitals and other facilities located in 15 communities in nine states, primarily on the East Coast.

**Beds:** 5,360

**Staff:** 27,000 employees. ARAMARK Healthcare Management Services manages equipment maintenance system-wide.

## Solution

"In any market, top-of-the-line equipment is not always necessary. The best bet is the right piece of equipment to do the job and handle the volume required," says Martucci. One hospital's cast-off can be another facility's gem. The hospitals within the Bon Secours system are very different, says Hooper. "For example," he says, "while some facilities provide high-end care, others serve Medicare and Medicaid clients. Those facilities would love to have hand-me-downs of needed equipment."

ARAMARK and its hospital partners developed a system-wide policy for equipment recycling using a loosely-designed e-mail system. Available equipment

must be announced across the health system. Hospitals that want the equipment must arrange its transport. If a piece of equipment goes unclaimed within the Bon Secours system for 10 days, it is then passed to a resale broker. Since capital dollars are distributed centrally, the savings in avoided capital expenditures are seen system-wide.

In some cases, equipment has been sitting unused. In other cases, hospitals upgrade to state-of-the-art equipment even though equipment being replaced still functions well. Materials managers and biomedical department personnel identify available equipment and put out e-mails offering it to other facilities. Interested hospitals reply and ultimately manage the transfer of the equipment. "We set up links between all the right players," says Hooper. "The biomed department knows the equipment is available, and offers it free for the taking."

In one case, a large Detroit-based hospital was replacing two GE mammography units. The clinical engineering manager announced that the units were available, and a Virginia-based community hospital immediately responded. The Virginia facility was building a new women's health department, and was able to save \$100,000 in capital equipment costs on the two machines. Engineers from Virginia rented a moving van, drove to Detroit to dismantle the machines, and reinstalled them in Virginia. Before the equipment cascading program, the machines likely would have been sold to a distributor for \$20,000.

In another case, a hospital in Venice, FL was reducing the size of its telemetry ward and removing a 12-channel telemetry system. A Norfolk-based hospital was building a new cardiac step-down unit and wanted the equipment. Staff from Virginia traveled to Florida and brought the equipment back, reinstalling it in the new ward and saving the facility \$225,000.

Currently, the program is entirely voluntary. There is, however, an effort underway to formalize the program. "Experts have surveyed equipment at all hospitals, looking at utilization and the state-of-the-art, and developed recommendations for what equipment is or is not needed," says Hooper. From there, a grass-roots effort will be initiated at the department level to identify equipment that is no longer supported, costing too much in maintenance, or not being utilized, and transfer it to an appropriate facility.

## Outcome

From September 2002 to July 2004, 45 equipment systems have been relocated for a total savings of \$1.5 million. But the program has other benefits, as well. It has helped to link the large, diverse health system together. "This program has created links among hospitals, biomed departments, radiology administrators, and materials managers. It has helped make the hospitals feel that they are not alone, but are part of larger system."

ARAMARK's Jeff Sminchak, who manages the contract with Bon Secours, says that programs like these are designed to conserve capital dollars and achieve a balance between new equipment and existing equipment.

Bon Secours' Lance Martucci agrees. "The recycling program is another example where the relationship with ARAMARK is a relationship between partners. We've created a win-win situation. The hospital gets to save money, and ARAMARK gets to add value to its program." ■