

# Fixed Asset & Building Mechanical Inventory

for

# A Large Healthcare Organization

Case Study

|Asset|Services|

| Fixed Assets | Inventories | Audits | Valuations |

## 1. The Client

Founded in 1985, this healthcare organization has grown to become one of the nation's largest hospital organizations that provides healthcare close to home, in cities and towns across the United States. With more than 200 affiliated hospitals in 29 states, the organization employs more than 135,000 employees & 22,000 physicians.

Acquisitions of individual community hospitals and small healthcare systems fuel the organization's growth. The successful integration of smaller, individual healthcare systems as well as larger acquisitions made this organization one of the largest publically traded hospital company in the nation (based on the number of hospital facilities).

## 2. The Situation

As the organization continued to grow and acquire hospitals, it continued to face challenges. One of the main challenges was the maintenance and upkeep of equipment at both new and existing facilities. Each hospital had different methods of tracking equipment ranging from paper work requests and spreadsheets to having a preventive maintenance system in place, but not using it correctly.

Effectively tracking equipment and maintenance records was, and continues to be extremely important for the organization, from both a regulatory compliance and cost savings perspective. It was apparent that the organization needed to implement a system wide preventive maintenance program in order to uphold the company's standards.

Effective preventive maintenance systems are an essential part of ensuring the healthcare organizations remain compliant with regulatory organizations. The Joint Commission, or other regulatory organizations, could make unannounced visits to any hospital, at any time, requesting to see the maintenance history on any particular piece of equipment. In order to abide by the industry regulations, it is imperative that each hospital keep maintenance records for all necessary equipment. However, for this organization, prior to implementing a preventive maintenance system, if the Joint Commission walked through the doors at one of this organization's hospitals and requested the maintenance history on a particular piece of equipment, it was likely that there was no maintenance history or records on that particular equipment, resulting in a citing by the regulatory organization.

With so many moving pieces, the organization wasn't sure where to even begin. Each facility had its own way of documenting and tracking equipment and its maintenance history. In order for the new preventive maintenance system to be effective, the organization needed to ensure consistency and standardization in the data collection process and inventory reports across all facilities.

The organization needed to determine which equipment would be tracked, and what information that would be collected for the preventive maintenance system, and ensure that each facility complied with and met the organization's standards. Many considerations went into the standardization including, regulatory requirements, company policies and standards, and best practices.

Once they determined the necessary information, the next challenge was to determine how the information would be collected. Many of the tenured staff at the facilities felt that they had a good handle on the equipment inventory, and felt the hospital staff could perform the inventory in-house. However, the hospitals did not have the manpower to complete the inventories, forcing staff to perform inventories between other projects, and

dragging the inventory project out for months, even years at a time. These same hospitals would continue to talk about completing the inventory for years; however, it was never completed due to the lack of time and manpower.

Preventive maintenance systems are only as good as the data uploaded into the system, and inconsistent inventory methods yielded inconsistent inventory data. The healthcare organization knew that even if inventory processes and procedures were implemented, if each hospital was responsible for conducting its own inventory, the inventory results would vary from location to location causing the PM system to be less effective.

All of these considerations and challenges led the organization to seek a solution that would efficiently and accurately complete the inventory and provide the necessary data.

### 3. The Solution

The organization determined that outsourcing the inventory project would guarantee the desired results.

Outsourcing the equipment inventory allowed the project manager to educate and direct all project requirements to a single source, ensuring consistent inventory results at each facility. Outsourcing the inventory also freed up hospital staff to perform the maintenance duties and other responsibilities that they are best suited to perform.

Asset Services specializes in fixed asset and building mechanical inventories, and can quickly determine each project length based on the square footage of the hospital. Therefore giving the project manager an anticipated timeline of when the inventory would be complete.

Performing each inventory within the designated timeframe was essential for the organization. Once the anticipated inventory was determined based upon the square footage of the hospital, the project manager knew that the scrubbed and normalized inventory data would be received shortly thereafter. Once the inventory reports were received, the project manager would match up the equipment to the preventive maintenance procedures, which worked hand-in-hand with the company's internal policies.

Outsourcing the inventory streamlined the preventive maintenance system implementation, and made for quick and easy implementation, which was critical for new facilities and facilities that did not have an existing preventive maintenance system in place.

Getting the preventive maintenance program in place was not only important for industry and organizational standards, but the organization also saw a financial benefit. Prior to performing the inventory, if a piece of equipment was not tagged, it was likely not included in the preventive maintenance program. Therefore the hospital was not performing the preventive, routine maintenance on the equipment, causing an increased number of emergency equipment failures. Emergency repairs tend to be 15 to 30 percent more expensive than planned, routine repairs. In addition, an ineffective preventive maintenance system and poor equipment upkeep is a significant risk to patient safety, which at the end of the day, ensuring patient safety is the organization's top priority.