Inventory Control

How to Nourish Your Financial Success

Cultivate and Nurture Your Dialysis Career

DTX22

- Systems and Processes
  - Teaming up for Success
    - Controlling Supply Costs

Systems and Processes

- Efficiency
- Accuracy
- Accountability
- Cost Reduction

Efficiency

ORACLE

ORION®

EPICOR

Acumatica
The Cloud ERP

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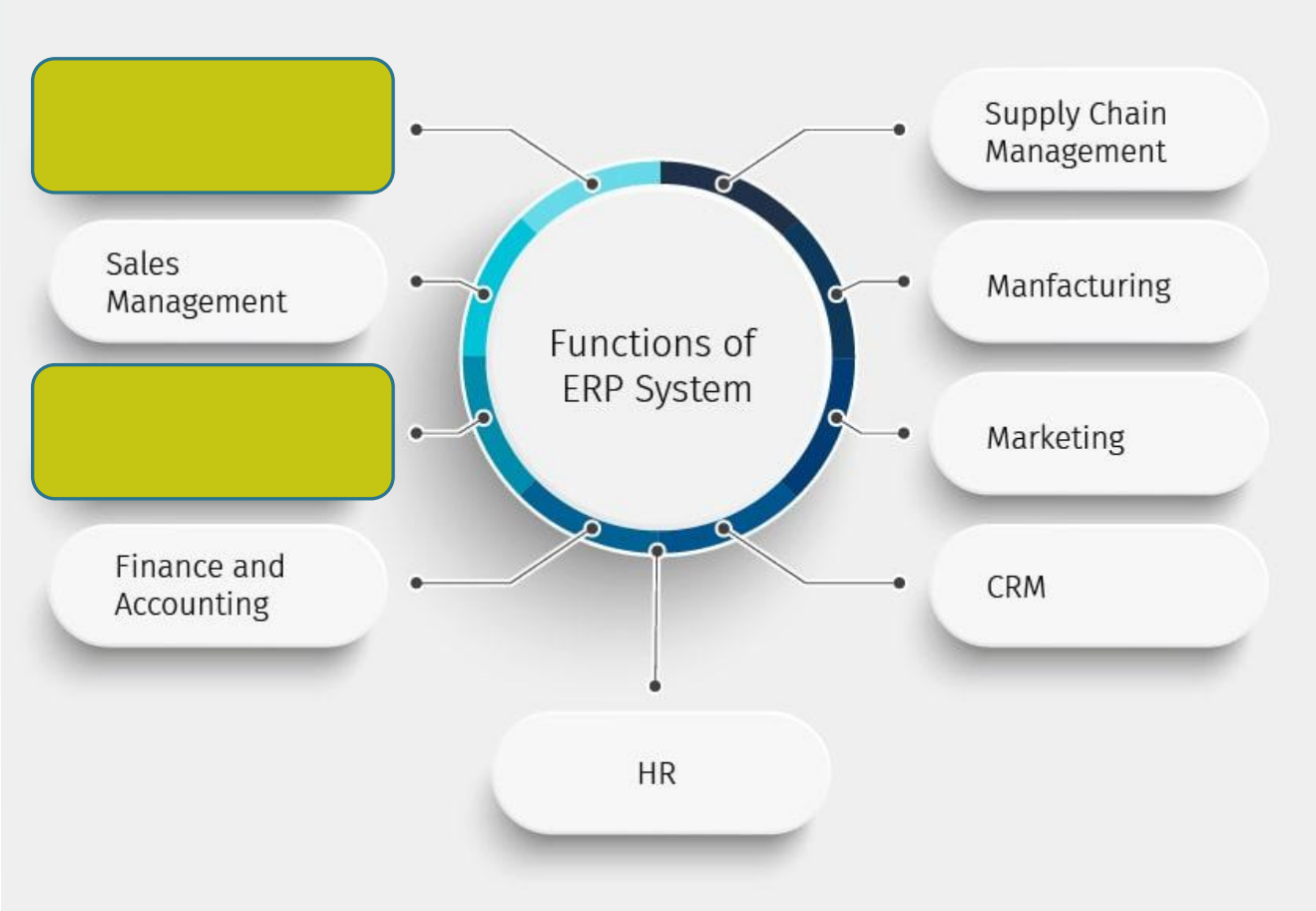
Enterprise Resource Planning (ERP) System

Software application for integrating, managing and auditing business processes



ERP (continued)

Inventory Management

- Scheduled Routines at facility
  - Order Cycle
    - Weekly, Biweekly, Monthly
  - Receiving
    - Schedule & Process
- Inventory Count Cycle
  - Frequency (i.e. Monthly, Quarterly, Annually)
  - Focus on Accuracy (UOM and Receipt Timing)
- Warehouse Management
  - Zoning (Organization)
  - Ergonomic Placement of Supplies

ERP (continued)

Purchase Management / Formulary Maintenance

- Product Types
  - Medications, Supplies, Repair & Maintenance
    - Bins / Zoning
- Par Levels
  - Determines quantity ordered (factoring lead times)
  - Modify as patient census or processes change
  - Monitor Prescriptions
    - access type, dialyzer ratio’s, concentrate formulations, pharmaceuticals
- Backorder Management
- Transfers
- Returns

Inventory Placement (Zoning)

Area	Bin	Zone Desc.
Medication Refrigerator		
	01	Refrigerated Meds
Medication		
	02	IV Meds
	03	Crash Cart
	04	Antibiotics
	05	Sterile Water
	06	Heparin
	07	Oral/Topical
Store Room - Pallets		
	08	Bloodlines
	09	Saline
	10	Acid Concentrate - GL
	11	Acid Concentrate - DR
	12	Acid Concentrate - Dri
	13	Bicarb Concentrate
	14	Dialyzers

Area	Bin	Zone Desc.
Rack Shelving System		
	15	Gloves
	16	Fistula Needles
	17	Needles
	18	Syringe
	19	Syringe/Needle
	20	IV Tubing
	21	Transducer Protectors
	22	Thermometers
	23	Disposable Plastics
	24	Catheter Care
	25	Dressings (Bandaids, Tape, Gauze)
	26	General Dialysis Supplies
	27	Test Strips
	28	Suction
	29	Oxygen
	30	AED/EKG/Blood Monitor Supplies
	31	Personal Protection
	32	Bio-Hazardous Waste

Area	Bin	Zone Desc.
Water Tx Room		
	33	Equipment Maintenance
	34	Standard Solutions
	35	Water Treatment Filters
Janitorial Closet		
	36	Janitorial
Lab Area		
	37	Lab
Home Training Dept.		
	38	Home PD Supplies
	39	HomeHemo Medical Supplies
	40	Home NxStage Supplies
Acute Storage		
	41	CVVH Supplies
	42	Plasmapheresis

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Determining Par Levels

- Total number of patients
- Calculate adequate supply (example)
  - Pharmaceuticals = 9 days par
  - Routine supplies = 21 days par
    - (1 week usage, 1 week buffer stock, 1 week in transit)
- Items used in most every treatment
  - Dialyzer prescriptions (ratio of each type)
    - highest single item treatment cost
  - Concentrate (acidified prescriptions from Medical Records)
  - Bloodlines
  - Saline
  - Fistula Needles
  - Medical Supplies
    - Review prescription ratios (catheter percentage vs. fistula/graft)

Maintain Par Levels

- Review Electronic Medical Records (EMR)
  - Dialyzer/Concentrate/Pharmaceutical prescriptions
  - Access Type (Patients using a Fistula or Catheter)
  - Modalities (Hemo, Home PD, Home Hemo, Acute)
- Order Cycle Schedule
  - Accommodate vendor delivery frequency
  - Shipping & Handling
    - Possible minimum order volume
- Develop electronic or online systems

Hemodialysis Supply Cost Per Treatment Goal

- Patient prescription information
- Teaching Aide for staff
- Compare to Clinical P&P’s
- Review results with staff

Fistula/Graft	80%
Catheter	20%
Patients	100
Delivery	7 days

Dialyzers	Price	Ideal Usage	Cost	Par
Model 1.6	6.00	60%		30
Model 1.8	7.00	32%		16
Model 2.0	8.00	8%		4
		100%	$ 6.48	
Bloodlines				
CombiSet	2.20	1		25
			$ 2.20	
Saline				
Saline 1000 ml	1.00	1.25	$ 1.25	63
Concentrate (4 Hrs @ 800qD)				
Granuflo	1.50	1.1		40
Bicarb RX-12 (25.4gl/bg)	0.35	1.9		51
			$ 2.29	
Fistula Needles				
Fistula Needles	0.35	2		6
			$ 0.56	
Misc. Medical Supplies				
Syringe, 3cc 20g x1	0.08	2	$ 0.16	26
Syringe, 10cc 20g x1	0.08	3	$ 0.24	38
Bandage Strip, Sheer 1x3	0.02	2	$ 0.03	15
Tape, Micropore Plus 1 in	0.04	0.2	$ 0.01	2
Gauze, 2x2 Non-Sterile 12-ply	0.01	6	$ 0.05	22
Pad, Alcohol Prep Medium	0.01	8	$ 0.08	42
Pad, Iodine	0.03	2	$ 0.06	18
Underpad, 12x17, 3-ply	0.06	2	$ 0.09	2
Washcloth 10x13 Disp	0.03	3	$ 0.09	5
Nitrile Gloves	0.04	28	$ 1.12	252
Impervious Gown	1.25	0.1	$ 0.13	3
Catheter Supplies				
Syringe, 3cc 20g x1	0.07	4	$ 0.05	8
Syringe, 10cc 20g x1	0.08	6	$ 0.10	11
End Cap, Dialysis Catheter	0.11	2	$ 0.05	4
Sterile Dressing	0.52	1	$ 0.10	4
Sponge, 3x3 Sterile 4-ply	0.03	2	$ 0.01	8
Alcavis 50 250ml	0.02	4	$ 0.01	1
Swabstick, Chloraprep	0.43	1	$ 0.09	4
Pad, Alcohol Prep Medium	0.01	6	$ 0.01	6
Mask, Isolation (Patient & Staff)	0.05	3	$ 0.03	11
			$ 2.50	

CPT Goal	**$15.27**

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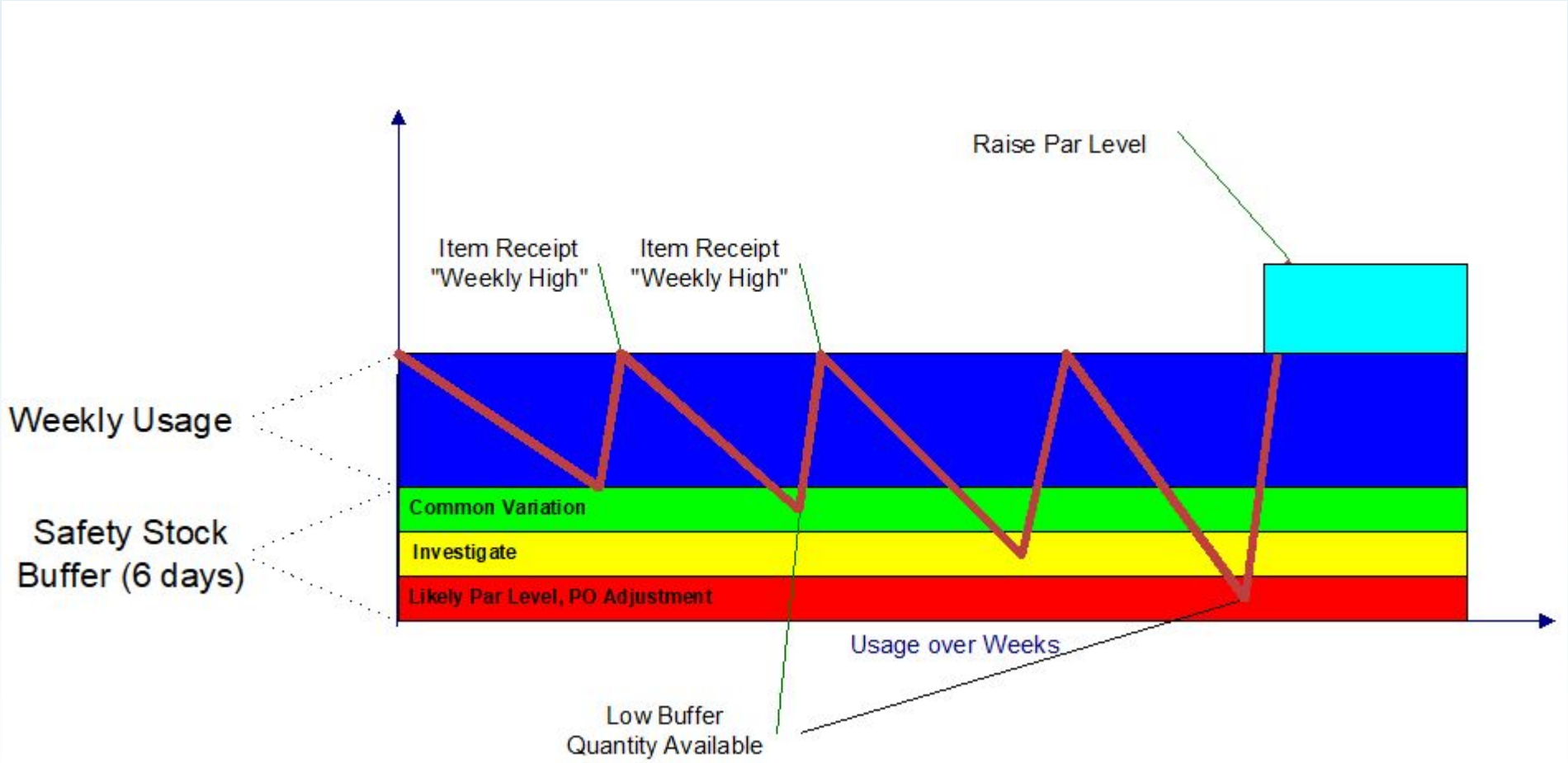
Par Level Optimization



Accuracy

Monitor for reporting consistency, identify exceptions

- End of month Inventory Count Timing
  - Must be completed after all supplies have been allocated for the day
  - Typically 12 treatments per month
    - One shift of supplies can throw off monthly usage (cost) by 8%
- Inventory Count Accuracy
  - Pay attention to **Quantity** and **Inventory UOM** (may differ from ordering UOM)
  - Inventory organized on shelves with minimal packaging (ready to use)
- Receiving
  - Record incoming shipments timely
- No borrowing
  - Minimize transfers between locations

Disorganization Makes for Difficult, Inaccurate Counts

Chrome Wire Shelving

- 6’ x 12'
- 228 ft^2 storage

Chrome Wire Shelving

- 6’ x 18’
- 372 ft^2 storage

Label Shelving (allocate space for full par qty)

GRAINGER Catalog Find A Branch KeepStock Help 1-800-GRAINGER

AIGNER

PVC Label Holder, Clear, 3 inL x 1 1/4 inW, 25 PK

Item # **4YW91**
Mfr. Model # **WR1253**
UNSPSC # **55121618**
Catalog Page # **N/A**

Country of Origin USA. Country of Origin is subject to change.

Wire-Rac™ flexible, plastic label holder makes labeling wire shelving easy. Holders snap on for a perfect fit and snap off to reposition. Labels are easy to insert from the top or bottom. Holder is protected by a bar code compatible, clear cover.

Single Shelving Options

Accountability

Ownership of process

- Assign primary responsibility for each task
  - Ordering
  - Inventory counting
  - Store room maintenance
  - Receiving
  - Clinical floor stocking

Analyze Monthly Supply Cost

Identify Opportunities

- Look for consistency month over month
  - Determines process accuracy
  - Keep cost fluctuation below 5%
- Monitor each item usage
  - Usage = (beginning qty) + (received) +/- (transfers) – (ending qty)
- Review each item
  - understand cost impact
  - evaluate effectiveness
  - compare to other standard products
  - review policies to ensure process efficiency and product appropriateness

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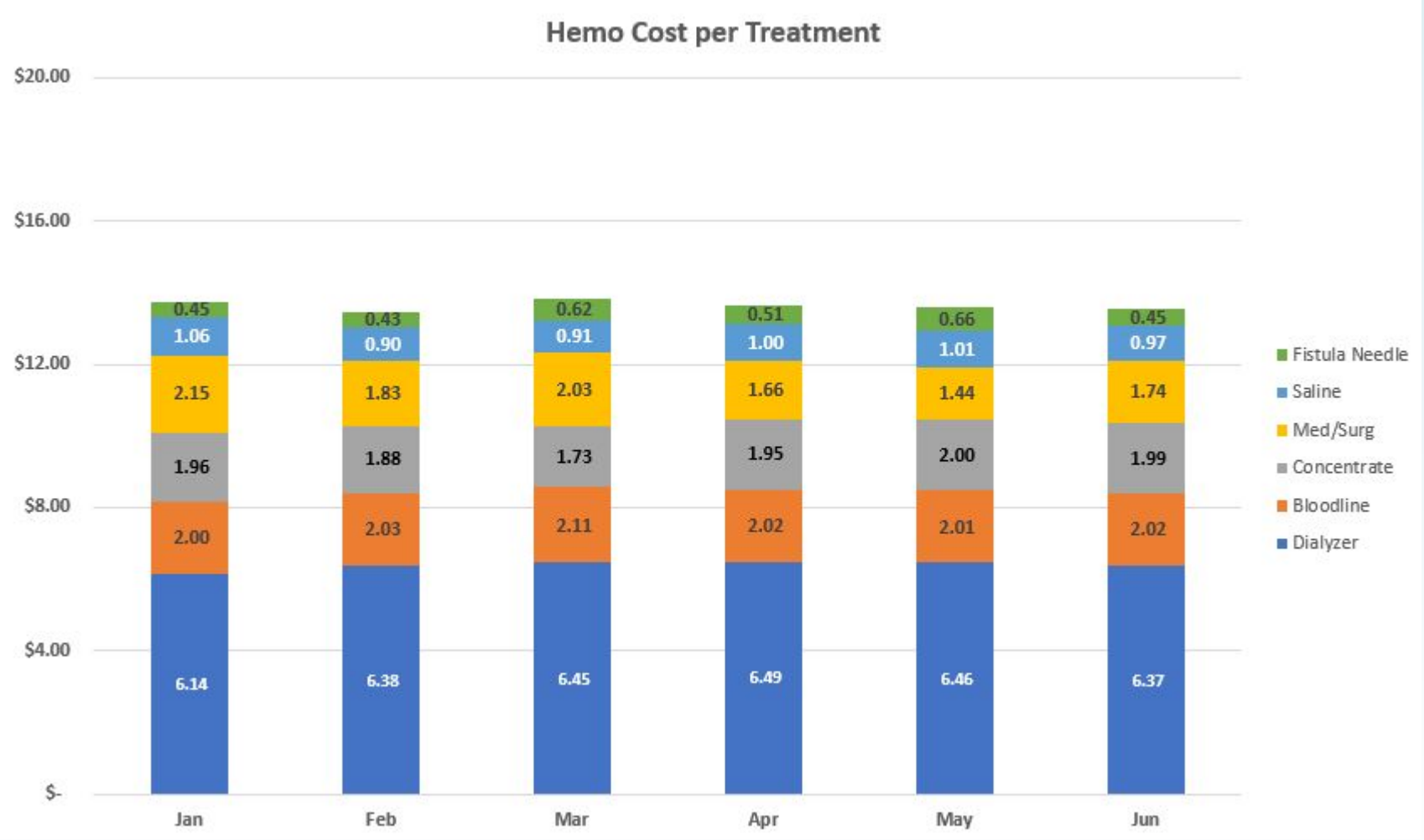
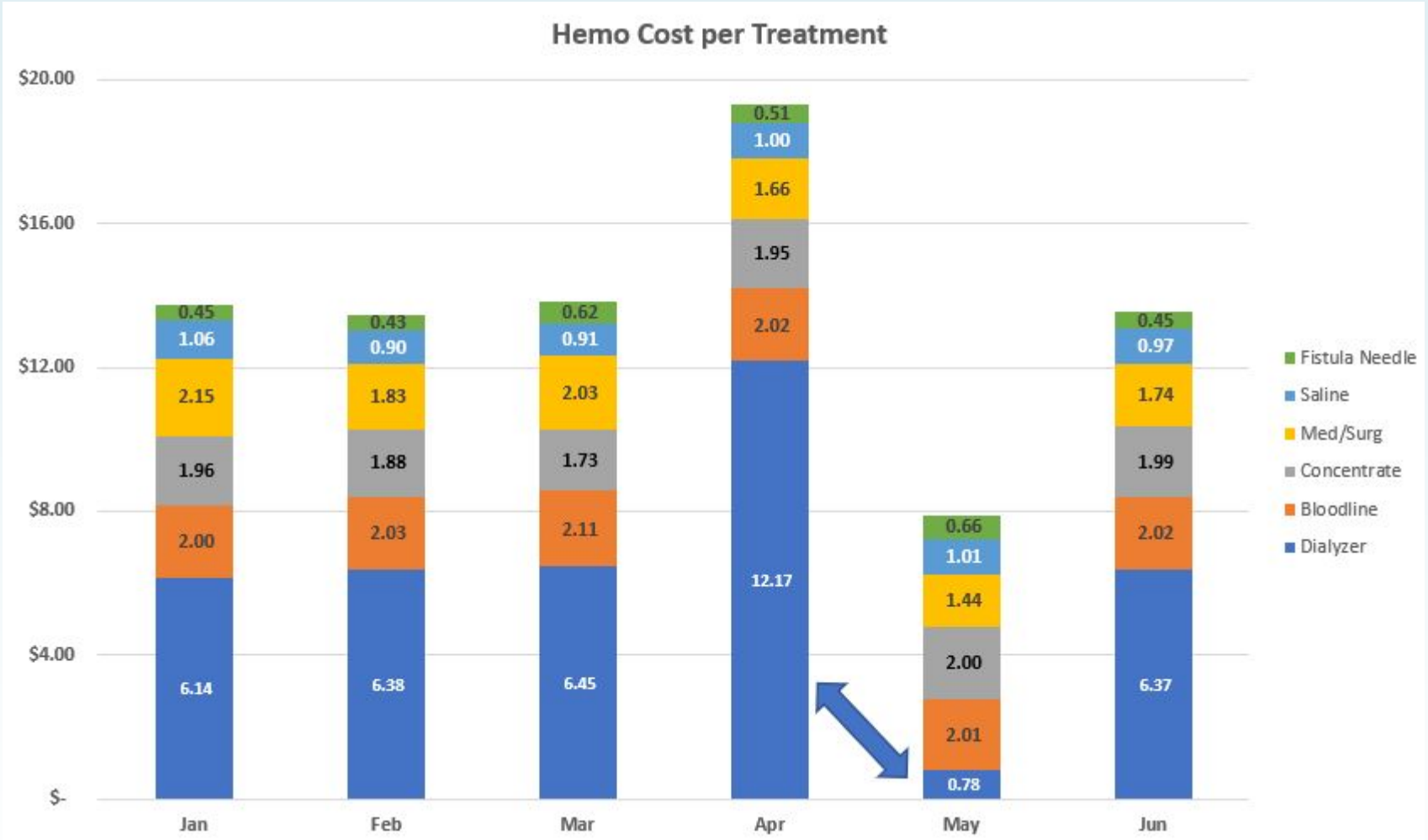
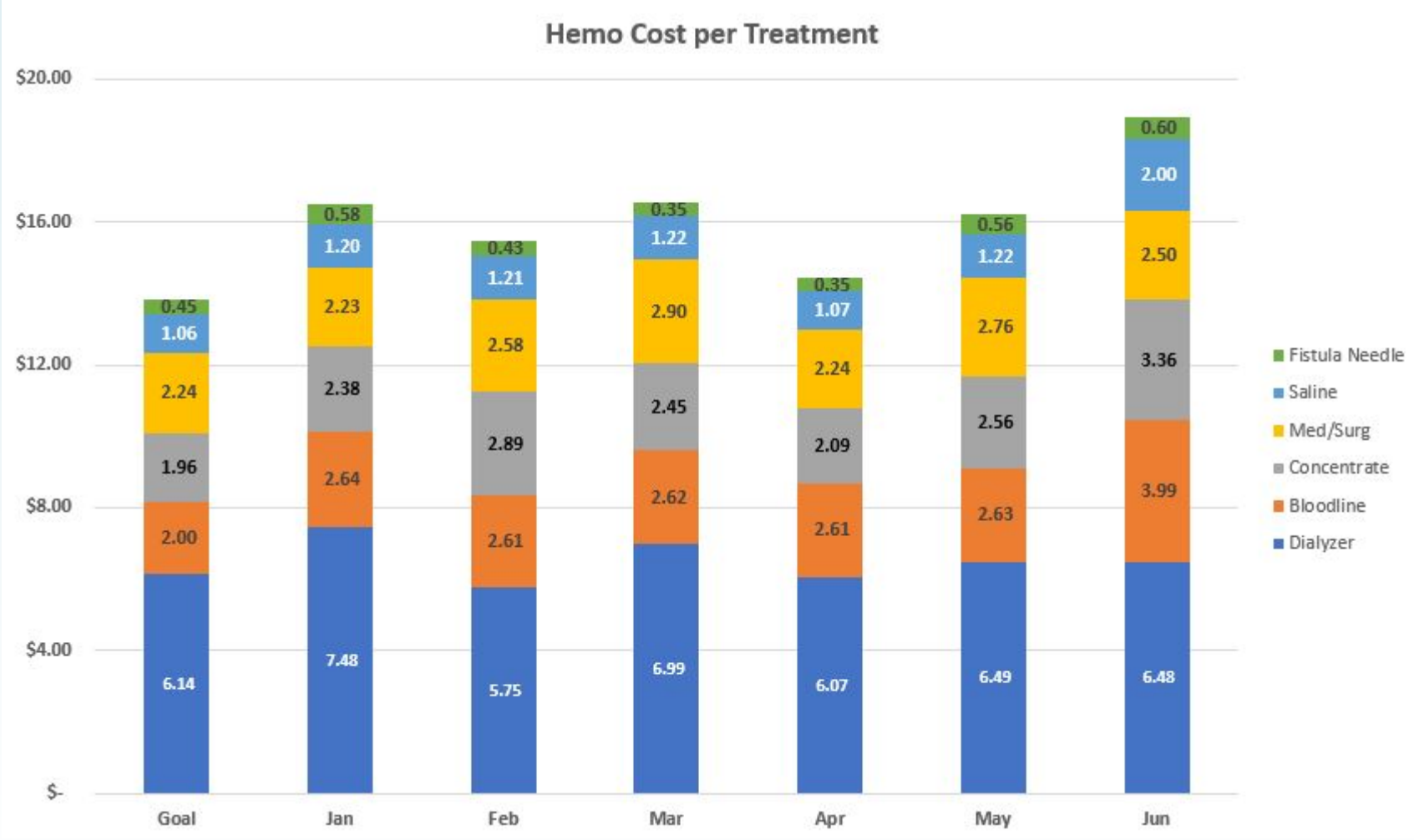
Graph Supply Cost Results



Out of Period Receipt

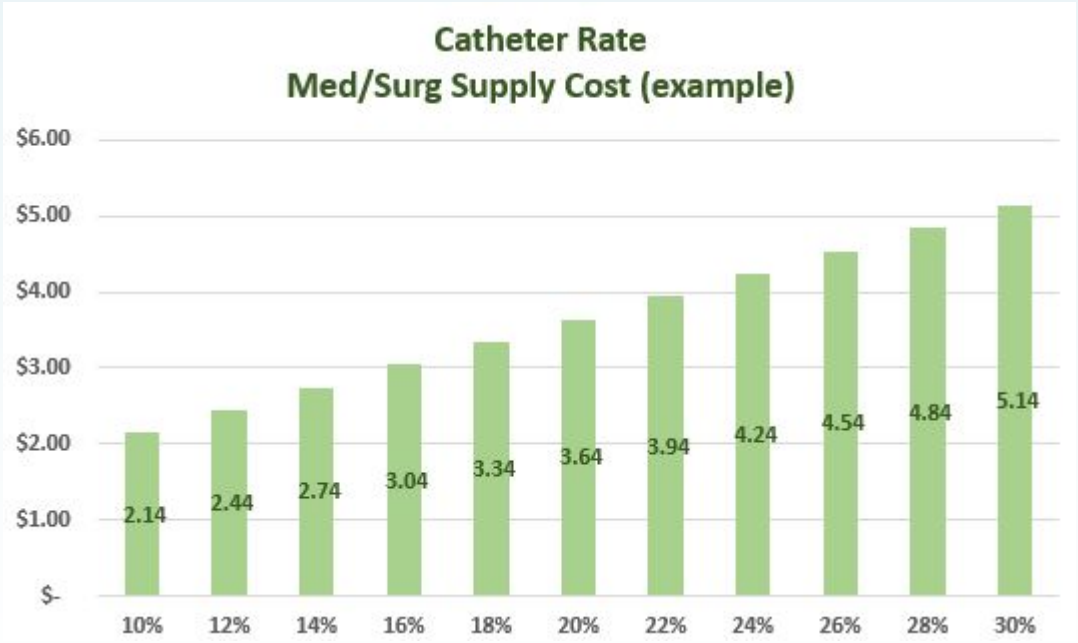


Inventory Control Issues



High Cost Drivers

- Dialyzer Type
  - Leverage volume for best contract price
- Review Catheter Rate
  - Slight increases in catheter percentage rate increase cost significantly



Cost Reduction

- Review P&P's
  - Specific products identified
  - Are all staff properly trained?
    - Procedure
    - Product selection
    - New employees may require educational reinforcement
- Set cost per treatment goal based on par levels
  - 5% over goal = High cost per treatment
  - 10% over goal = Very high cost per treatment

Teaming Up for Success

Communication

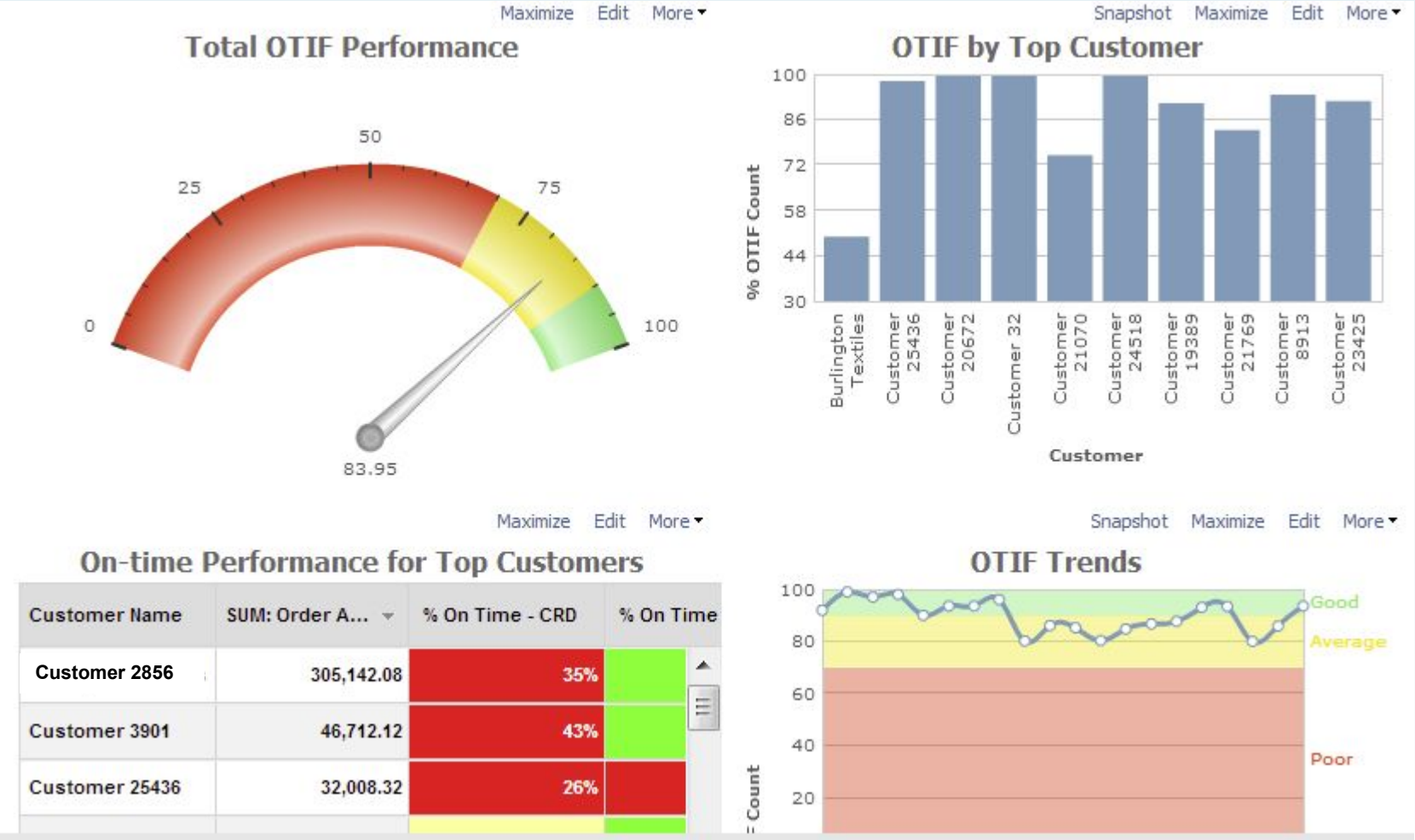
Teaming up for Success

- Collaboration
  - Medical Director
  - Facility Administrator
  - Biomed/Technical
  - Purchasing
  - Clinical Staff
- Product Selection
  - Quality
  - Clinical or Technical outcomes
  - CMS ESRD Interpretive Guidance compliance
  - Ease of use
  - Financial stewardship – balance of cost and quality

Vendor Selection

- Product Quality
- Product Cost
- Alignment with dialysis industry
- On Time In Full (OTIF) performance
- Screen companies for:
  - Customer Service accessibility
  - Focus on Quality Assurance & Regulatory Affairs
    - What programs are offered to assist with troubleshooting

OTIF – On Time In Full



Anticipate Deliveries

- Know delivery cycles
- Plan for holidays and vacations
- Understand order cycle and lead times
- Logistics (freight and shipping)
- Monitor Open PO reports

Opportunities

Ensure Success

- Manage Supply Cost
- Minimize Waste
- Identify Opportunities
- Share Best Practices

First Steps

Where do I Start?

- How much time and effort should I spend
  - Look for easy changes to achieve success
    - Little changes can have a big impact
  - Influenced by environment
    - people, space, current organization opportunities
- Take advantage of Corporate contracts (if available)
  - Product pricing depends on volume purchases throughout the company
  - Try to use preferred items (i.e. Corporate initiative)
    - Based on clinical or financial outcomes
  - Set expectations
    - Store room appearance
    - Professionalism within your facility

Once these have been addressed, constant monitoring may decrease

Plant new seeds…watch them grow