

# T E X ★ S Hospitals

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## Best Practices

### No-Brainer Savings: Getting the Best Price on the Best Equipment

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**As the contentious debate surrounding health care financing continues to simmer, finding smart ways to reduce expenses is one of the no-brainer concepts that all health care administrators can rally around. Hopkins County Memorial Hospital, a rural 100-bed facility in Sulphur Springs, provides medical care to the 30,000 residents who live within the 800 square miles of Hopkins County and neighboring counties. The hospital's equipment budget is small compared to larger hospitals, so the approximate \$1.5 million that is allocated every year for equipment purchases must be spent wisely because every dollar saved can be redirected to patient care.**

Wilt Parker, director of materials management at Memorial Hospital, shifted the way he obtains bids on needed equipment when he started using MEMdata LLC seven years ago. MEMdata streamlined the process for Parker, reducing both headaches and costs.

"In the past I would have to research the backgrounds and pricing of equipment companies on my own, and it was very time-consuming just to get three or four bids," said Parker. "Now all of our potential purchases go through MEMdata before we make a decision. MEMdata staff give me reports that provide the pricing from several different vendors on any given piece of equipment, which helps me easily identify savings and make the best purchase for our hospital."

MEMdata, based in College Station, is a belt-tightening resource for hospitals, making it easier for medical facilities to procure state-of-the-art medical technology, furnishings and durable goods at competitive prices. MEMdata identifies all options for best pricing on capital equipment through its electronic request for proposal bidding process and offers a quotation review service that provides pricing analysis and benchmarking on proposals.

"Our business model consistently identifies massive purchase savings on equipment for our medical facility clients – on average 18 percent. And our fees are offset by the cost reductions we achieve by working with hospital purchasing departments," said Bob Yancy, founder and chief executive officer of MEMdata.

"Over the past seven years MEMdata has saved us at least \$600,000 on everything from large purchases like MRIs to smaller items like syringe pumps," said Parker. "Health care is changing, and it's a very complex industry. Unlike other industries, our bottom line is our patients, so spending less for identical equipment and service makes sense."

Over the years, MEMdata has seen numerous instances of wide variations in equipment pricing. For example, one hospital spent \$1.3 million on a CT scanner, while another spent \$850,000 for the exact same product. Yancy explained that materials managers might not be aware of what the competitive price point is because they might make major imaging equipment purchases only seven or eight times during their career, while MEMdata could be doing seven or eight at any given moment.

MEMdata offers a variety of programs so each hospital gets what it needs. "Some hospitals already have quotes on equipment and ask us to analyze them to make sure the prices are fair. Others use our electronic request for proposal program, where we issue the request, review incoming bids and provide the client with a report listing all of their options," said Yancy.

Clients of MEMdata can join the Performer Elite service, which features a low fixed annual fee guaranteed by savings. This service includes such features as the eRFP service, life cycle cost analysis to help purchasers determine the true cost of ownership, a fair market valuator for current assets, budget software designed to ensure efficient allocation of capital equipment, and up-to-date information on recalls.

Some new customers start with MEMdata's Performer service, where the fee is a small percentage of the savings garnered on an equipment purchase. Yancy has found that after using this option, most clients choose to join the Performer Elite service because of the additional benefits offered and the lower fees. MEMdata also provides equipment planning, design and procurement services specifically aimed at helping hospitals undergoing new construction or renovations get the best possible price on all purchases.

Even as major changes await the health care industry, Parker only sees benefits to continuing Memorial Hospital's relationship with MEMdata. "The staff is very helpful, and turnaround time is excellent. Other managers should give them a chance. I think they would be surprised by how much money they save," he said. ★

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