

# Dynamic Blog

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## Recognizing and Resolving Healthcare Logistics Issues

Cardinal Health commissioned a [study](#) that asked decision-makers at 150 hospitals about their most significant costs. Other than actually being paid, which came in first, the second-largest expense was inefficiencies in the supply chain, creating \$5 billion in waste every year from high-value medical devices alone. Two-thirds of respondents failed to classify their supply chains as “very effective.” However, the same number “strongly agreed” that improving their supply chains would not only reduce costs but also increase revenue and quality of care.

Supply chains were significantly disrupted in 2020 due to the fallout from the COVID-19 pandemic. As the dust settles and we begin exploring a new normal, there’s no better time to locate, evaluate and resolve inefficiencies. This article will look into several of the most common medical device supply chain issues and propose potential solutions.

### Medical Device Supply Chain Problems

One of the most significant issues within healthcare supply chains is [inventory shortage](#). While some of this is inevitable due to changing care needs, most deficiencies are driven by poor product accountability. Devices, equipment and supplies are often not well accounted for, so providers will usually default to ordering replacements instead of looking for the existing items when an urgent need pops up.

While this is understandable on an individual product basis, when the tendency becomes a habit and develops into a systemic flaw, massive amounts of funds are expended unnecessarily. Software currently exists that can track everything by bar code, not just by an overall group but also by individual items.

This system can be extended down the supply chain so that an individual medical device can be tracked at every stage. The software automatically tags the item’s location before and after it arrives at the healthcare facility. Imagine the efficiencies that could be gained by knowing where 99 percent of your devices, equipment and supplies are at any time without having to look for them.

Unfortunately, the default approach, as previously mentioned, is ordering new product. However, because this is often only discovered when the need is urgent, [overnight shipping](#) becomes a considerable expense. However, poor inventory management is only one driver; another is [legacy logistics networks](#).

In the world of Amazon Prime, two-day delivery has become a standard consumer expectation. Healthcare supply chains, hiding behind the fact that they aren’t typical retail chains, have stubbornly refused to modernize. Centralized warehousing is useful for high traffic consumables like bandages, gowns and gloves, but it isn’t a “one size fits all” approach anymore. For smaller lots or devices that are used more rarely, a decentralized warehouse network is needed.

When hospital systems and healthcare providers aggregate needs, needs forecasting becomes more accurate. Staging medical devices at numerous warehouses around the country and world permits slower, cheaper shipping to the central locations and facilitates overnight delivery without the added expense.

However, none of these potential solutions can be fully realized until the supply chain is automated. [Manual data entry](#) slows the entire chain to the point where the aforementioned problems simply become short-term solutions to address a core issue. Automating each stage increases accountability, maximizes the accuracy of needs forecasting, and makes healthcare logistics more responsive — all of which equate to lower costs, higher revenue and better quality of care.

### Overarching Issues and Solutions

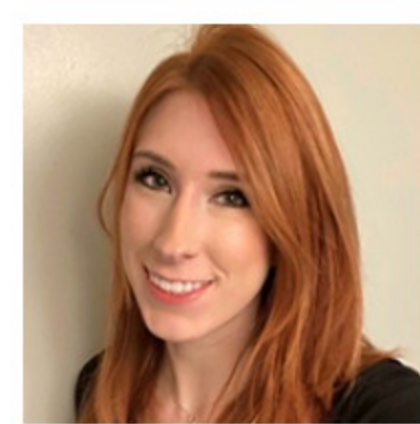
These solutions can be implemented within hospital systems or between healthcare providers. The central issue, however, is one of perspective.

The healthcare industry is heavily regulated, which often creates substantial delays — many of which are necessary. However, this can often become an excuse for inaction. One of the most common patient complaints is unnecessary and prolonged wait times. The lesson is relatively simple: adopting a top-down philosophy of “delay is inherent and unresolvable” impacts every aspect of healthcare.

It is possible to improve systemic issues. One example is the FDA’s Medical Device User Fee Amendments (MDUFA), which streamlined interaction between medical device companies and the FDA. Inefficiencies were highlighted and resolved, including a 35-percent decrease in the average time it takes the FDA to issue pre-market approval. Before the program, it took an average of 427 days; once MDUFA was running, that time decreased to 276 days.

Resolving to discover and resolve inefficiencies creates a culture of improvement that emanates from the C-Suite and can improve each stage of the supply chain and the healthcare system overall. It’s critical to recognize the core role that leadership attitudes have.

Thankfully, that’s also the solution.



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