Maximizing Value with a Modern Procurement Methodology

A case study featuring Hall® Powered Instruments

Empowering Financial Decision Makers with Evidence-Based Information

This case study is an application of knowledge based on a Health Management, Policy and Innovation publication titled Value-Based Procurement Using Total Cost of Ownership: A Step-by-Step Financial Assessment of Orthopaedic Powered Instrument Procurement.

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Are you properly analyzing the cost of your Powered Instruments?

Imagine you're purchasing a home. After touring several properties, you are ready to select the best option. You consider the list price, but you don't stop there. You also factor in taxes, HOA Fees, and major household components (roof, windows, AC unit). Then, based on your best analysis you choose the home of your dreams.

Now, imagine you're purchasing **Powered Instruments** for your facility. Do you choose a manufacturer on ticket price and perceived performance? Or do you consider more?

In a recent publication, authors from the University of Toronto discussed this topic. They highlighted the typical capital procurement methodology used in healthcare, based on Total Acquisition Price. It **illuminated significant gaps** in the traditional analysis process.

> ***"There is an overemphasis on the importance of acquisition price. This is especially concerning as medical devices' total lifetime costs to an organization often significantly exceed acquisition price."*** [1]

Comparing a **Total Acquisition Price** (TAP) approach to a more comprehensive analysis they call **Total Cost of Ownership** (TCO), the authors showcase massive financial implications. *"Although laborious, this [TCO] method is critical to fiscally responsible procurement"* [1], they conclude.

To simplify the shift to the TCO method, the authors outlined a **step-by-step financial assessment** that can be easily applied to any capital purchase.

If you've been applying a Traditional Acquisition Price approach to your purchasing decisions, how much value are you unintentionally forfeiting?

Looking at the Data, Line by Line

The publication outlined **several criteria** that **directly impact Total Cost of Ownership**. Utilizing their method, let's see how Hall® Power compares to other systems on the market. We'll include questions you can ask your vendors to gather this information in your own real-life scenarios.

CONSIDERATIONS	ASK MANUFACTURERS	THE HALL® BENEFITS
Handpiece Modularity	Do you offer dedicated and modular handpieces? Non-modular handpieces require **20%** more handpieces to service a hospital.[1] Modularity offers **considerable savings** on upfront costs.	Single System Platform Hall® offers one modular system for all your Power needs. This reduces inventory quantity and operational costs.
Historic Inventory Compatibility	Will my accessories work with other generations of handpieces and vice versa? Most manufacturers require you to purchase new attachments when you upgrade your handpieces, increasing cost and waste.[1]	Backwards-Forwards Compatibility Our commitment to standardized accessories across generations of instruments offers **cost savings** and **better long-term value.**[1]
Device Reprocessing Requirements	Are your handpieces, batteries, and attachments washer sanitizer safe? Battery systems requiring steam and chemical methods can **add up to 73% in reprocessing costs** annually.[1] Are your handpieces modular? More handpieces required = more handpieces to wash and sanitize.	One-Step Sterilization Thanks to Hall®'s Tri-Seal Technology and superior intrusion protection*, **everything** (even our batteries) **is washer sanitizer safe.** This **streamlines efficiency** and saves you money spent on steam and chemical reprocessing — **up to a 42% reduction** in standard reprocessing costs.[1] *IPX 6, IPX 8, IPX 9 rating Single System Platform Our modular system means fewer handpieces needed per surgery — another reduction in reprocessing cost and effort.
Life Span	Do your handpieces have IPX 6, 8, and 9 ratings? Hall® Power offers market-leading IPX ratings for moisture intrusion protection.[2] Brands without IPX ratings of 6 and 8 are more susceptible to moisture intrusion, damage, corrosion, etc.[1] More comprehensive IPX ratings = longer life	**Superior Moisture Intrusion Protection** Hall®'s Tri-Seal Technology and IPX 6, 8, and 9[2] ratings **prolong the life** of your equipment, protecting the inner workings from moisture.[1] This stretches your investment.

Applying the Knowledge to the Numbers

Beginning to see the impact of Total Cost of Ownership factors? Let's close the loop with a hypothetical example based on the publication criteria.

This financial assessment evaluates Hall® Power against a manufacturer that does not offer modularity, historic inventory capabilities, one-step sterilization, or comprehensive IPX ratings.

It showcases the significant value of choosing Hall® Power to support your surgical needs, with a **total savings of over $177,000** over the course of a seven-year life span.

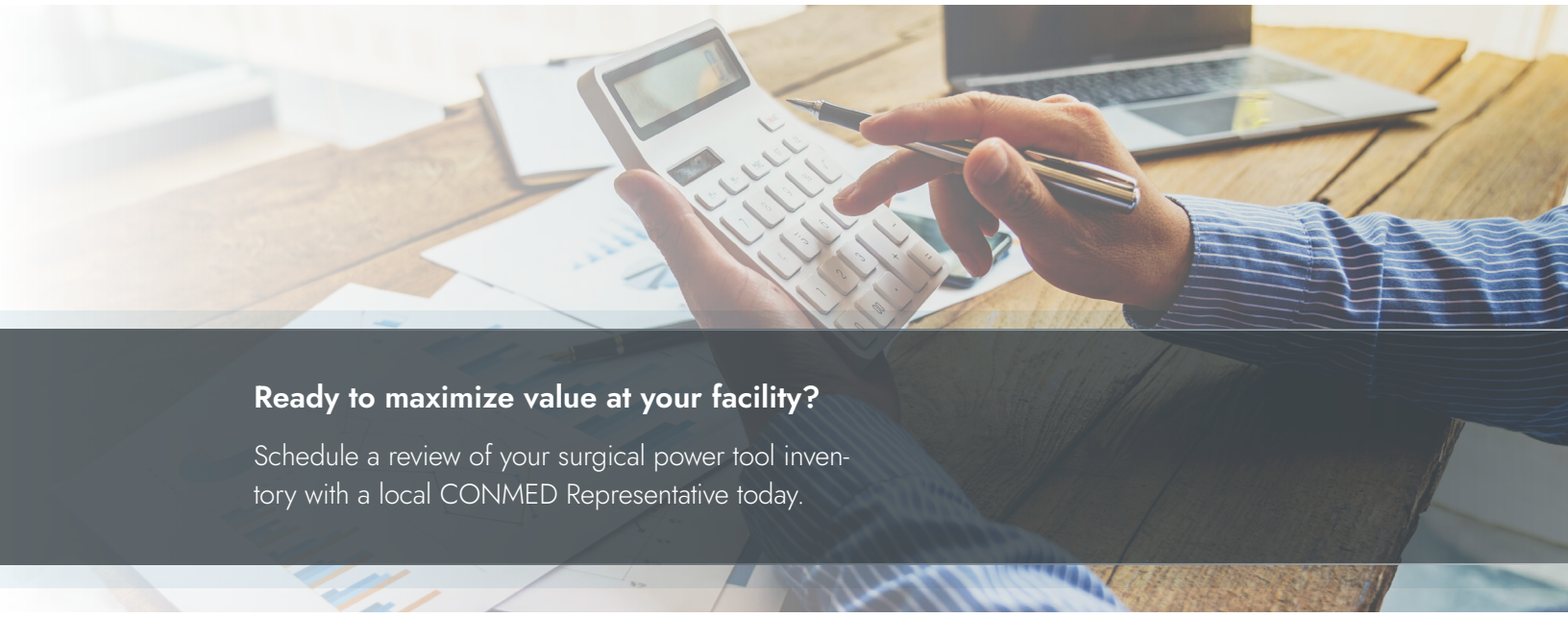
	HALL® Power	Other Powered Instrument Manufacturer
Handpiece Modularity	Yes, estimate 35 handpieces needed **$280,000**	No, estimate 42 handpieces needed **$336,000**
Historic Inventory Compatibility	Yes, **not** required to purchase new accessories and attachments **$0**	No, required to purchase new accessories and attachments **$60,000**
Device Reprocessing Requirements	Washer Sanitizer Safe, estimate steam only reprocessing costs **$84,000**	Steam and Chemical Reprocessing Needed, estimate costs for both **$145,600**
Total Cost of Ownership	**$364,000**	**$541,600**

Factors used to estimate cost per line item include: a hospital averaging 2000 cases per year with a powered instrument requirement, an assumed $6/cycle for steam and $4/cycle for peroxide and an intra-operative error rate of 4% for a two-stage system, an average handpiece cost of $8,000 per unit, and new attachment costs of approximately $1,429 per handpiece. These numbers are duplicated from the exercise shown in *Value-Based Procurement Using Total Cost of Ownership: A Step-by-Step Financial Assessment of Orthopaedic-Powered Instrument Procurement.* [1]

Note: For the purpose of this exercise, disposable and maintenance costs are not referenced as this varies from site to site.

The Tip of the Iceberg

The analysis to the left is limited only to criteria considered in this featured publication. By factoring in your facility-specific data, we can uncover additional cost savings up to 4x the amount listed above*.



Ready to maximize value at your facility?

Schedule a review of your surgical power tool inventory with a local CONMED Representative today.

*Data on file

[1] Aazad Abbas, Jin Tong Du, Cari Whyne, William Mitchell, Jay Toor. 2022. Value-Based Procurement Using Total Cost of Ownership: A Step-by-Step Financial Assessment of Orthopaedic Powered Instrument Procurement. Health Management, Policy and Innovation (www.hmpi.org), Volume 7, Issue 1.

[2] Data on File. UL file E350964-D1012-1/A2/C0-UL, TR13-853, and TR14-008.

[3] Compared to Stryker Systems that require two different handpieces for large and small bone and non-autoclavable batteries that require separate, more costly sterilization.

For more information about Hall® Power, including our newest power series Hall® Titan®, visit www.CONMED.com/HallPower

Toll Free: 1-866-4CONMED
International: 727-214-3000

customerexperience@conmed.com
internationalorders@conmed.com

www.CONMED.com

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