Discount Surgical Device Exchanges

Why use a surgical inventory exchange?
Health care facilities purchase excessive inventory, from expensive surgical devices to disposables. They often must throw away unused items due to expiration dates or lack of space. Providers change their products regularly, and hospitals may purchase a multipack and only use a single unit, leaving unused products on the shelf. Rather than having unused items and obsolete products wasting time, money, and shelf space, health care facilities can send these products to a purchaser. They can also buy products for below market price that are in date or short dated. Single items are often available, eliminating the need to purchase large packs of items when just one is needed.

Environmental Impact

Number of hospitals that have endorsed the Greening the OR Initiative¹
<200

Portion of hospital waste that comes from the OR
20%–30%

Potential Savings

Portion of OR budget that goes toward supply costs²
56%

Average discount off vendor price when buying from surgical inventory exchanges
40%–50%

Total annual savings realized by one hospital with one item purchased from an exchange
$40,000

Using an exchange cuts back on both solid and regulated medical waste. Waste in landfills produces methane, a greenhouse gas six times as potent as carbon dioxide. If put in red bag waste, these materials are incinerated, releasing greenhouse gases, heavy metals, and other toxic substances.²

Step 1: Find a Vendor
Identify a vendor who buys and/or sells discount surgical disposables and other medical supplies.

Step 2: Decide What to Sell, What to Buy
Work with supply chain and surgeons to determine which instruments may be bought or sold based on routine usage and existing contracts.

Tool in Brief: Palm Harbor Medical
Palm Harbor Medical buys and sells surgical disposables. They buy in-date, short-dated, and reprocessed items from over 60 manufacturers. They sell in-date items, often as a single unit rather than requiring facilities to buy in bulk. They also offer short-dated discount items from most popular manufacturers.

Projected Savings
$200K–$250K
Health Care Sustainability Initiative

3 Stories of Savings: How Hospitals Use Device Exchanges

1. “Our surgeons won’t switch vendors.”

Case in Brief: Sasha Health

- >12-hospital integrated delivery network (IDN) on the West Coast
- Switched endomechanical vendors and sold excess items of old vendor to Palm Harbor Medical (PHM) for $120,000
- Several surgeons refused to switch vendors and demanded another vendor’s staple reloads for their cases
- Purchased staple reloads from PMH for $1,600 per box, whereas list price is $5,500 per box
- Purchased 10 boxes and saved $40,000 without affecting any of their existing agreements

Revenue from selling excess items: $120K
Savings from buying staple reloads: $40K

2. “Our trauma costs are out of control.”

Case in Brief: Stillmander Hospital

- 150-bed hospital in the Midwest
- Faced rising trauma costs
- Contracted with an orthopedic trauma vendor but received a weak discount
- Achieved better pricing for the same supplies through PHM resulting in $100K annualized savings

Annual savings from buying ortho trauma items from device exchange: $100K

3. “We have to save and no idea is off the table.”

Case in Brief: Pinderson Hospital

- 400-bed hospital in the Southwest
- Needed to reduce supply costs to increase profitability
- Supply chain team partnered with PHM to identify savings opportunities in physician preference items and unused supplies
- Purchased items at a discount from PHM and sold excess supplies to PHM, resulting in $500K in supply cost and cost avoidance savings

Total annual savings from buying and selling from device exchange: $500K

Have a sustainability tactic you want to share? Want to learn more about how the Advisory Board is serving our members’ sustainability needs? Email sustainability@advisory.com to speak with one of our experts.