Common Problems in Healthcare Procurement



It’s easy to focus on the major technological advancements in healthcare: patients can now see doctors from the comfort of their home with virtual visits, surgeries are often laparoscopic, and the need for a paper prescription taken to the pharmacy yourself is long gone.

As far as healthcare has come in terms of how patients are treated, there’s little attention given to various challenges the healthcare industry still faces on the backend. Supplies aren’t always in stock, ordering new inventory wastes hours of valuable time.

This means procedures are often delayed, inflates costs, and in the end, negatively affects patients.

Consider this: One side of the hospital has doctors working with robots to perform surgical procedures, and the other side in the supply room, there’s a procurement team manually checking spreadsheets to make sure the inventory is in stock.

As budgets decrease, hospital executives must bring healthcare spending to keep things running smoothly.

This means they must focus on spending fewer resources on outdated technology.

Often times, taking a closer look at the company purchasing program or participating in group purchasing organizations is ignored in favor of other cost cutting measures, usually because of the upfront investment required.

Changing anything in the way a hospital or doctor's office runs, especially on a large scale, comes with its set of challenges and complications.

But, there's just no way to deny that making improvements in the procurement process can allow for improved patient care and clinical outcomes.

Common Problems in Healthcare Procurement

Outdated IT Infrastructure

A 2017 report from the Health Sector Supply Chain Research Consortium reveals 94% of healthcare providers "cited the use of analytics as an area of focus in [the] supply chain. However, for many organizations, access to that data remains a challenge.

In most situations, IT structure implemented decades ago has created issues with data standards, making it difficult to impossible to interpret the data to develop actionable insights.

Many healthcare systems still rely on manual methods to track all procurement items and approved purchases. Ultimately, this manual approach leaves massive room for error and negatively impact patient care.

Over the past 10 years, many studies have shown clinicians are spending up to 25% of their day either looking for supplies or the correct clinical equipment their patients require.

This time takes away from patient care, putting additional strain on both the workforce morale and patient outcomes.

Current procurement systems, combined with online purchasing, give healthcare organizations the ability to simplify their procurement

processes from an expensive, labor-intensive option to a review and approve approach.

Admins go into the system to set the parameters for what can and cannot be purchased, an organization can more easily delegate purchasing power to the employees who need it.

This approach helped one PLANERGY client curb overspending and duplicate payments at their assisted living center network with more than 20 facilities. This allowed them to shift their focus back to patient care.

> *Healthcare systems are like any other business. They must find ways to provide high-quality services, while still identifying cost savings that allow them to keep a positive bottom line.*

Wasted Spend and Wasted Time

Many health organizations spend a significant amount of money on unmanaged supplies and non-strategic items. The tail spend is both expensive and time-consuming, because it means managing hundreds, if not thousands, of suppliers.

Switching to an online procurement system gives healthcare leaders more freedom to look at their spend transparently.

Using the right analytics allows them to make more data-driven decisions about the suppliers and products they purchase, while also limiting maverick spend.

If healthcare professionals want to save time on their procurement, the processes must be easy-to-use and make sense to the next generation.

Millennials now make up the majority of the workforce and are responsible for a growing number of positions in healthcare.

As such, they are current with the latest trends and technology, but forced to revert to old practices at work.

Let’s say one your millennial employees can’t find a product or service

through the traditional portal.

To her, it's easier to go elsewhere to make the purchase simply because of the seamless experience.

It gets her what she needs, but it can create a number of issues in your current system because it's not easy to account for.

It's important to adopt online tools that are easy to use not only for supply chain management efficiency and keep things in stock, but to also keep the staff morale up and improve employee recruiting and retention efforts.

Because of the high cost of employee turnover, it's in an organization's best interest to invest in their employees to keep costs down overall.

Because hospital procurement systems have been around for decades, it's easy to see why many organizations would consider them the best solution out there.

But failure to recognize the potential for other solutions to be better suited for your needs, in the long run, can have a damaging effect on your bottom line.

Switching to the new technology will require an upfront investment, but when implemented correctly, it can increase profits by saving money and improving efficiency.

When these issues are handled, it allows healthcare systems to return to the heart of the matter: patient care.

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