

# Leading Practices for Today's Healthcare Organizations

reLink Medical



## TABLE OF CONTENTS

---

01

**INTRODUCTION**

02

**REPLACEMENT, AUGMENTATION, OR CANNIBALIZATION**

03

**A CLEAN BREAK**

04

**SECURITY MEASURES**

05

**CHOOSING THE RIGHT PARTNER**

06

**IN CONCLUSION**

07

**ABOUT THE AUTHORS**

According to the National Academy of Medicine, every healthcare institution in the country has on average **2,270 devices** that require near-term end-of-product-life monitoring and planning. Which means for the **6,210 hospitals** in the United States, medical equipment lifecycle management is an ongoing and ever-evolving challenge.

All told, an estimated **\$765 billion** worth of medical devices and supplies are disposed of annually. Yet, despite the immense amount of equipment that is repurposed, a vast majority of healthcare institutions don't have standardized processes in place to manage the disposition effectively.

This is no indictment of our hospitals, of course; healthcare is an industry created in crisis and trained to be reactive. Plus, with the increasing complexity that these organizations face, especially in the wake of **COVID-19**, it's easy to see why medical disposition isn't quite at the top of the agenda.

However, given the mounting liabilities hospitals face, establishing a systemwide medical disposition process is more important than ever. Your healthcare technology management program, supply chain, finance, legal and clinical leaders need to work together to define and implement a process that maximizes organizational efficiencies, minimizes exposure, and builds a sense of teamwork within the hospital.

Without a standardized process, your hospital puts itself at risk for theft, ePHI exposure, HIPAA fines, and environmental violations. Mitigating these risks begins with understanding best practices, aligning your organization, and working with the right partners.

Following, we offer insights to help you develop a disposition strategy that meets your goals.

### HIPAA Fines

Tier 1	Tier 2	Tier 3	Tier 4
Unaware of the HIPAA violation	Reasonable cause that the covered entity knew about	Willful neglect of HIPAA rules; violation corrected within 30 days	Willful neglect of HIPAA rules; no effort to correct violation
\$100 - \$50,000 max = \$25,000	\$100 - \$50,000 max = \$100,000	\$10,000 - \$50,000 max = \$250,000	\$50,000 per violation max = \$1.5M

When your hospital's capital committee decides to purchase a new piece of equipment, you have three basic options: replace and remove the old device, augment the hospital's inventory by keeping the new and old equipment in service, or decommission the old device and use it for parts.

If you decide that the equipment will be replaced, it's imperative that it is removed from the clinical environment -- not just locked in a closet or deleted from the CMMS inventory database. Otherwise, your hospital faces a number of potential liabilities.

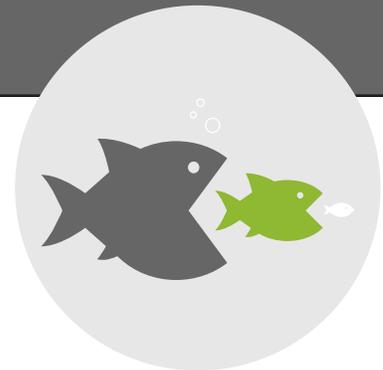
From a financial perspective, your organization will still be accountable for the device and could incur tax and depreciation liabilities. Operationally, the device will still need to be serviced, which can eat up valuable employee hours that could be better used elsewhere. There's also the risk of theft.



Replace



Augment



Cannibalize

Consider these facts: In 2019, millions of ePHI exposure incidents were reported due to medical equipment theft, inventory shrinkage, and improper disposal. The monetary loss associated with the equipment was nothing compared to the exposure these organizations faced. An incredible 68% of data breaches cataloged were the result of theft, with 40 million records exposed, stolen, or impermissibly disclosed. With the average fine for a single breach in excess of \$1 million, the penalties add up quick.

If you are replacing a device, breaking the chain of custody and completely protecting your organization is the first order of business.

When the decision is made to decommission a piece of aging equipment, hospitals want it out of their facility and off their books as fast as possible.

However, the removal of the device is much more complex than calling a junk dealer and then calling it a day. Every hospital must have protocols in place to completely break their chain of liability. Each piece of equipment that is being repurposed must have all patient data scrubbed so that no ePHI remains. In addition, all hazardous materials must be removed.

Parallel protocols should also be established with your financial team who is managing the financial life of the assets. The two efforts must be coordinated so that the equipment is out of service and off the books at the same time.

### IF YOU DECOMMISSION A DEVICE YOU MUST



Remove all ePHI



Remove All Hazardous Materials

If your hospital concludes that a piece of equipment should be retired, you will likely trade it in or you'll store it in an effort to sell it at a higher price.

If you choose the latter, it's important to ensure that your storage area is secure to prevent the threat of theft, ePHI exposure and other factors that could expose your organization. When storing your equipment, be certain that the facility is both physically and cyber secure. The storage space should be climate controlled and relatively dust free to prevent damage to the equipment. It should also have electrical and networking utilities so that appropriately trained technical staff can remove all ePHI and any other organizational information from the equipment. Similarly, the facility should be locked and access-controlled so that only those assigned to managing that equipment have access to it.

### Storage Requirements



Designated Area



Climate Controlled



Dust Free



Electrical Utilities



Locked Facility

Few hospitals – whether you’re a small community facility or a large urban health system – have the expertise or the resources to effectively implement a disposition program on their own. The costs would be untenable. So, many turn to medical disposition companies for help.

As is true with any industry, all providers are not the same -- each has its strengths and each has its weaknesses. So, it’s imperative to vet your potential partners to assess which one best aligns with your goals and needs.

### Critical questions you should ask as you interview potential providers

01

Are you a vendor or a partner? Are you looking for a company that is merely transactional (vendor), or are you looking for a provider who will engage with you and will work with you in a more strategic, programmatic (supplier) way?

02

As a provider, how will you handle the equipment? Is the company certified under a quality standard? How does that impact the way they do business? What value does that bring to me, the healthcare delivery organization? What certifications do the staff members of the company hold?

03

What protocols do you have in place to minimize our exposure? Specifically, how do you validate that all the hazardous material and ePHI have been removed?

04

How will you break our hospital’s chain of liability? How do you validate that the legal ownership of this device has moved from our books to yours?

05

Specifically, what steps do you take to reduce our hospital’s risk? How can we be sure as an organization that our risk profile is mitigated once the equipment has been removed from our facility?

Medical equipment disposition is complex and complicated. By implementing a systemwide process using best-practice protocols and by partnering with experts in the industry, your hospital can manage your inventory safely and effectively. By doing so, you can minimize your exposure to fines, lawsuits and financial liabilities, while enhancing your hospital's productivity.

TO LEARN MORE:

[www.relinkmedical.com](http://www.relinkmedical.com)

### ABOUT THE AUTHORS

**Carol Davis-Smith, MS CCE**

Carol is a nationally-recognized expert in the development and maintenance of safe, reliable, and cost-effective patient care delivery systems. She has 30 years of experience working in academic and not-for-profit medical centers. Carol holds a Master of Science degree in electrical and computer engineering – clinical engineering – from the University of Arizona and a Bachelor of Science in bioengineering technology from the University of Dayton.

### reLink Medical

Leveraging technology, logistics, and community, reLink Medical is a leading provider of medical equipment disposition solutions. reLink works with more than 2,000 health care organizations across the United States to streamline processes, improve sustainability, and achieve bottom line results. reLink Medical strategically manages the lifecycle of hospitals' obsolete medical equipment, providing them with a streamlined disposition process, a reduction in their carbon footprint, and a reduced risk of ePHI exposure. The reLink community consists of more than 15,000 hospital partners and buyers across the globe.

Sources:

Retrieved 1 October 2020 from HIPAA Journal, The National Academy of Medicine

FOLLOW US

