Customer Success Story

BILLINGS CLINIC

Omnicell OptiFlex SS System Dramatically Improves Inventory Management and Financials in the Operating Room

Case Study
Jalea Franzen, Clinical Coordinator for the OR at Billings Clinic in Montana, remembers the old days: “Before Omnicell, everything was done manually. Because we did not have a good way to manage supply inventory in the ORs, we had overstocks, we ran out of items, and there were plenty of mischarges.” Recognizing that automation could offer a solution to these issues, the Director of OR looked at Omnicell’s OptiFlex™ SS Surgical Supply system—supply chain management software that automates physician preference cards and serves as a perpetual inventory management system.

Today, the OptiFlex system is being used in ten operating rooms at the Billings Clinic. One of the deciding factors in choosing to implement the system was the way it managed the preference card system.

Improved Preference Card Management
With the previous process, nurses charged items manually on the preference card by marking down which items were used during the case. This information then had to be input by clerical staff for billing. The process was not only time consuming, but it also left plenty of room for error.

With the OptiFlex system, the preference card is automated and integrates with the inventory system. A unique bar code is assigned for each surgical case based on the physician, procedure, and patient. The system completes an inventory management loop in real time. As items for each case are used, they are automatically charged to the patient, decremented, and inventory is reordered the same day.

“This reduces inventory and overhead costs,” said Franzen. “The system also gives the OR nurses confidence that they’ll have the items they need when they need them.” Another benefit is that nursing staff is no longer burdened with manual inventory replenishment. “Some of our biggest naysayers now think it’s great,” said Franzen. “We don’t have to worry about replenishment as long as they use the system correctly. And we don’t see hoarding at all anymore.”

Inventory Needs No Longer a Shot in the Dark
In addition to aiding clinical staff, the system made life easier for Materials Management. Steve Smith, Value Analysis Data Coordinator for Supply Chain Operations, gained greater visibility into OR supply inventory and was able to keep management better informed of supply operations and costs. “Before, we didn’t know whether an item was going to last two days or two minutes,” said Smith. OptiFlex allows him to pull usage information that is used to set par levels, helping to maintain appropriate stock.

Charge Capture Increased
Now that items used for each case are automatically tracked and charged to the patient, Billings Clinic has seen a dramatic rise in charge capture—an increase of well over $1 million annually according to Melodie Milroy, OR Business Manager.

Inventory Is a Breeze
Inventory management is more efficient with the OptiFlex system in place. Billings Clinic does cycle counts about every two weeks; staff can just scan the bar code and the inventory is updated. “It used to take days to complete the end-of-the-year physical inventory,” said Franzen. “Now it takes us only about three hours.” Moreover, the annual inventory adjustment is down to 1%, compared to the previous range of about 5% or 6%, and missing inventory of $300,000 to $400,000 per year has dropped to negligible amounts.

Challenges:
- Manual tracking of items used per case and data entry post case, delaying inventory decrements
- Charging system was inadequate and inaccurate
- Warehouse staff made multiple trips to replenish inventory
- Nurses spent a large part of their time searching for and hoarding supplies
- Inaccurate inventory levels and values
- Special item orders involved a manual email and worksheet system

Solutions:
- OptiFlex SS Surgical Supply system installed in 10 ORs
- System automates physician preference cards and creates perpetual inventory management system
OptiFlex Helps Track Surgical Supply Costs and Improve Patient Safety

“Having what you need when you need it—that’s crucial for patient safety. Everything we do is for the patient, and this system really helped with that.”

—Jalea Franzen, Clinical Coordinator for the OR

**IMPLEMENTATION**

**Preparation and Leadership**

**Are Keys to Success**

While the OptiFlex system saves time and improves workflow, Billings Clinic did have to invest time and effort to ensure a successful implementation. Having a strong leadership team to steer and champion the project was critical. The Director of OR played a key role, and she worked closely with Materials Management.

“Putting the right team together is crucial,” said Smith. “The leadership team really drove the project from the get go, and they had buy-in from everyone affected: nursing staff, physicians, and materials management.”

Careful preparation is another important aspect of a smooth implementation. Before installing the OptiFlex system, the OR took the time to look up the inventory level of every supply item and clean up the item master. An OR nurse was dedicated to cleaning up the physician preference cards, a process that spanned about six months.

As the installation drew near, educating the staff became a priority. The OR set up test computers, so nurses could practice using the system via simulations. “At go-live day it was all very familiar to nurses due to the training we provided,” said Franzen.

Billings Clinic owes its ongoing success with OptiFlex to the OptiFlex team that formed during the implementation project. The team, consisting of super users from different parts of the OR, continues to provide support for the OptiFlex system. They respond to staff needs and issues related to the system, and are proactive in solving problems.

**One Place for Everything, and Everything in That Place**

In implementing OptiFlex, it made sense for Billings Clinic to reorganize their central core OR supply inventory. In line with their lean management principles, this model of having one place to pick from and return to has decreased total pick time and increased inventory accuracy.

“Our warehouse staff has it much easier now, and less time is wasted traveling to and from the ORs,” said Smith. Now, instead of doing a manual count in the OR areas and then returning to the warehouse to pull the needed items, they receive an electronic requisition that accurately reveals the inventory on hand so they can pick the items first and bring them to the central core.

Milroy noted that they have saved 10,000 to 14,000 hours a year in labor time since the new system has been in place, just in OR staff.

**Results:**

- Charge capture increased well over $1 million a year
- Missing inventory of $300,000—$400,000 per year down to almost zero
- Labor savings of 5,000 to 7,000 hours per year
- Supply cost/OR case hour decreased from 8%-14% increase per year down to 3%-4% increase per year — lower than actual price inflation
- End-of-year physical inventory adjustment decreased from 5%-6% to 1%
- End-of-year inventory process down from several days to just 3 hours
- Replenishment time reduced from 1-2 days to just 2-3 hours
- All inventory par levels reduced
- Staff trust in the system; nurses confident inventory is available
- Preference card updates kept current due to ease of system

Although two inventory full-time employees (FTEs) were added, overall there are three fewer OR FTEs. “We no longer have nurses spending time chasing inventory and manually marking up preference cards for charges, and other inefficiencies in our old process,” said Milroy.

**USING THE SYSTEM**

**Nurses Like the Flexibility**

“The beauty of the OptiFlex system is the ability to scan the preference card in the room. It automatically pulls up all the supplies that were picked for the case. Then, charging is by exception only. You can modify changes in quantity used, and you’re done,” said Franzen.

Additional items used that were not pre-picked are easily charged for as well. The flexibility of the OptiFlex SS system, which enables nurses to enter data multiple ways, means nurses are not boxed into doing everything the same way. For example, they can use the bar code scanner to scan an item or find the item on the touch screen and issue the quantity that way.

“There’s a huge positive in how the nurse can use OptiFlex in the room,” said Franzen. “It’s very easy to modify the preference card and do their charging.”

**TotalTouch Feature**

One OptiFlex feature the nurses find especially useful is TotalTouch. This software feature lets each facility create a catalog of items on the touch screen that may not be on the preference card. Nurses can easily issue the items from the TotalTouch menu. The feature is often used for orthopedic items where items needed for each patient vary widely.

Billings Clinic decided to keep certain low cost, non-chargeable items off the OptiFlex system altogether, such as gloves and needles, and reorder those manually.

**Reports**

The OptiFlex system offers a variety of reports for analyzing costs and usage. Smith appreciates being able to inform managers and directors of their supply expenditures by department. Milroy finds the ability to track costs by case or physician useful.

**Better Patient Care**

Franzen believes the OptiFlex system has had a tremendous impact on patient safety. “Having what you need when you need it—that’s crucial for patient safety.” She added, “Everything we do is for the patient, and this system really helped with that.”