

Reducing expenses on medical supplies and instruments

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Running a practice is becoming more and more complex and it is easy to forget about the basics.

All practices buy a range of medical supplies and while each individual item can be relatively inexpensive, overall costs can add up to a considerable amount of money.

So if you have not looked at your expenses recently you may find there are significant savings to be made.

Here are my 10 tips for reducing your practice's spend on medical supplies.

1. Begin with an audit to find out what you are buying. Look at your latest set of accounts to see what you are spending money on. Some accounts will give you the detail that you need, others just a general heading in which case you will need to ask the accounts or finance manager to identify further details. Concentrate on the items accounting for the biggest spend first. Then ask if your practice really needs each item or could manage without, or at least with less of it. Sometimes we buy products simply because we always have, and then find we have a stock building up in the cupboard because processes have changed.
2. Make sure that someone is responsible for each category of spending. Ask them to review what the practice is buying. Staff may find better ways of ordering things. For example, you may be buying expensive disposal vaginal speculums because someone who has now left the practice insisted upon using them.
3. Set a budget for each area of expenditure and make someone in the practice responsible for that budget. Consider incentivising those responsible to try to underspend their budget; people like being given responsibility and often rise to a challenge.
4. Look into joining a buying group, for example those run by your LMC or federation/network, or an independent buying group like St Thomas Court. These groups can negotiate deals with suppliers and may be able to get you a better price. This is an easy way to make savings without too much work.
5. The new contract means that you are going to have to work with your neighbouring practices, so a good way to start would be to compare practice expenses. Each practice will likely be purchasing some things really well and others not so well. Learning from each other and sharing opportunities to reduce costs is a great way to develop a working relationship.
6. For items you use regularly you may find you can get a discount for buying a certain volume or value of product. This may come as free carriage or a cheaper price per item. Ask your suppliers if this is

the case. If there are volume thresholds, see if you can meet them by either buying one or two months together or by joining up with other practices to increase the volume of products you buy at one time.

7. You need to strike a balance between finding the cheapest supplier for each product and having too many supplies. Also remember that each additional separate supplier will cost you in staff time to deal with the associated administration.
8. The previous point also applies when shopping around for new items – there is a cost associated with doing this, so remember to factor in staff time when finding the cheapest overall price. For very large value purchases such as new fridges or diagnostic kit it will probably be worth it, as savings can be considerable. Here it is particularly worthwhile checking to see if neighbouring practices are looking to buy similar products, as the increase in volume could lead to a significantly better price.
9. For smaller items that you purchase on a regular basis, such as couch roll or minor surgery instruments, try to consolidate them with one or two suppliers and review the supplier on a regular basis, such as annually. If you find a cheaper quote, go back to your current supplier to see if they will match or beat the price, as again there is a cost if you change supplier – for example, staff time setting up due accounts and direct debits, and liaising with the book-keeper.
10. Companies tend to raise the price of items sold for medical use when compared with the same items sold for general use. For example, you could buy 40 plasters for £1 from a supermarket that a medical supplier would charge £3.35 for. Think about what has to be bought specifically for medical use and what could be bought cheaper at a supermarket or other general supplier.

Lastly, always remember the 80:20 rule – that is, 80% of the savings will take much less time to achieve than the remaining 20%, so it may only be worth aiming for the 80%. Just by starting to look at this you will find some savings.

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