Case Study

Title: Re-Usable Surgical Linen Savings at Winter Haven Hospital

Facility: Winter Haven Hospital – Winter Haven, FL

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INTRODUCTION

PrePak is a team of consultants that converts hospitals from cotton and disposable surgical linen products to re-usable products featuring world-class barrier fabrics, products, quality assurance, and clinical support.

A proposal was submitted for Winter Haven Hospital to convert from cotton and disposable surgical linens to the PrePak System, utilizing these modern barrier fabric products and our methods and standards. Winter Haven Hospital committed to partner with Standard Textile Company to implement this program.

BACKGROUND

The PrePak proposal documented base system costs at $37.21 per procedure for surgical linen only. We projected costs would decrease to $26.45 per procedure by using the PrePak program. Based on the annual procedure counts at the time, Winter Haven anticipated cost savings totaling $75,000 per year.

Winter Haven requested that PrePak determine and document actual costs of the implemented system versus projected savings for a period of four years. Upon the completion of this four year period, a comparison of actual savings to projected savings would then be examined to determine if conversion to PrePak was cost effective.

STRATEGY

The PrePak staff will be on-site periodically to audit the system. Once each year, during an audit site visit, PrePak staff gathers additional data to enable PrePak to verify actual costs of the system. Current-year procedure caseloads are used to assist in understanding and analyzing the cost data.
LOGIC USED IN ANALYSIS

The initial expectation was that the annual procedure counts could potentially vary significantly from year to year. To determine savings, we agreed to assume that the old system’s cost per procedure would have remained the same as procedure counts varied.

RESULTS

WINTER HAVEN HOSPITAL SURGICAL LINEN COSTS

<table>
<thead>
<tr>
<th></th>
<th>BASE ACTUAL COST/PROC.</th>
<th>PREPAK PROPOSAL ESTIMATE</th>
<th>PROPOSED SAVINGS PER PROC.</th>
<th>ANNUAL SURGICAL PROCEDURES</th>
<th>PROPOSED ANNUAL SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PrePak Proposal</td>
<td>$37.21</td>
<td>$26.45</td>
<td>$10.76</td>
<td>7,045</td>
<td>$75,804</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>BASE COST PER PROC.</th>
<th>ACTUAL COST PER PROC.</th>
<th>ACTUAL SAVINGS PER PROC.</th>
<th>ANNUAL SURGICAL PROCEDURES</th>
<th>ACTUAL ANNUAL SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR 1</td>
<td>$37.21</td>
<td>$23.14</td>
<td>$14.07</td>
<td>11,112</td>
<td>$156,346</td>
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<tr>
<td>YEAR 2</td>
<td>$37.21</td>
<td>$25.83</td>
<td>$11.38</td>
<td>10,605</td>
<td>$120,685</td>
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<tr>
<td>YEAR 3</td>
<td>$37.21</td>
<td>$24.66</td>
<td>$12.55</td>
<td>10,900</td>
<td>$136,795</td>
</tr>
<tr>
<td>YEAR 4</td>
<td>$37.21</td>
<td>$23.71</td>
<td>$13.50</td>
<td>10,547</td>
<td>$142,385</td>
</tr>
</tbody>
</table>

FOUR YEAR SAVINGS $556,210

This chart shows the PrePak proposal estimated savings to be $10.76 per procedure. Actual savings have been greater than $10.76, with actual savings per procedure ranging from $11.38 up to $14.07 per procedure.

Total annual savings have also been greater than estimated. The original PrePak proposal estimated total annual savings to be about $75,000. Actual savings have been much greater than $75,000 and have ranged from $120,000 up to $156,000 per year. Total savings over the four fiscal years completed are over $556,000.