Living with lasers, p. 6
Hospitals are understandably reluctant to invest huge sums of money in the latest laser technology. However, as prices come down in the future and physicians find more uses for lasers in place of invasive procedures, that will change.

Tennessee OKs new MR, p. 7
Wellmont Bristol (TN) Regional Medical Center, 384 beds, will purchase Tennessee’s first upright magnetic resonance scanner, following a certificate of need award April 12 by the state.

Price confidentiality, p. 8
Group purchasing leaders are critical of a recent court decision that implies that vendors have the right to decide whether hospitals can share pricing information with outside parties. The ruling applies to a case that Guidant in Indianapolis brought against a consultant.

Radiation deal, p. 9
Consorta in Schaumburg, IL, selected IMPAC Medical Systems in Mountain View, CA, to provide oncology radiation equipment. IMPAC is part of the Elekta Group.

Use your head before moving beds: Precise planning aids vendor switch

By Paula Defohn

Converting to a new supply vendor is always a challenge, but when the switch involves patient beds, it gives the term “rollout” new meaning.

In late April, Diakon Lutheran Ministries in Topton, PA, completed a four-month, $1.5 million implementation of a new contract with M.C. Healthcare Products in Beamsville, Ontario, Canada, to replace the entire bed stock for Diakon’s eight facilities, plus an 82-bed nursing home it acquired earlier this year.

Diakon materials management executive Richard Benjamin, who spent much of his supply chain career in acute-care hospitals, says new, more patient-friendly technology was part of the reason for the decision to upgrade to M.C. Healthcare’s latest models, including the Maxxum line of electric beds.

However, he notes that there were also other reasons, such as the financial benefits of standardization on one manufacturer and, just as important, the level of service the supplier provides.

Before the change, Diakon had used beds from a variety of manufacturers that had different features and required different skills to operate.

Joe O’Brien, a sales representative

(See Planning, continued on p. 2)

Endo price hikes fail to materialize

Despite continuing issues regarding physician influence and reprocessing regulations, the upward march of endoscopic instrument prices came to a halt in late 2005.

Better still, prices are not going anywhere in 2006, according to most of the materials managers polled for this month’s report.

Although last year’s predictions called for price hikes of 3%–5% during 2006, only 20% of respondents told HMM they actually saw those increases. Another 20% even said they saw endoscope prices go down.

However, it is apparent that those newly stabilized prices can vary significantly. Whether a hospital pays $99 or $139 for a Boston Scientific transtracheal catheter, for example, depends on many factors.

These may include the volume of spending, which is based in turn on the number of procedures and size of the hospital, plus the compliance

(See Price survey, continued on p. 3)
at M.C. Healthcare, coordinated the process of preparing the new beds for delivery.

“The essential elements were the planning and preparations before the new beds arrived, and the cooperation of everyone involved,” Benjamin says. Before the first rollout in January, when Diakon’s Manatawny Manor replaced all of its 133 beds, Benjamin drew up a plan for each facility to follow as its turn arrived.

All hands on deck

Preparations involved Diakon staff, vendors, and even residents, who saw their routines disturbed and had to get used to the new beds.

The first step was training. O’Brien, the vendor representative, conducted training sessions to teach staff how to operate and adjust the Maxxum beds.

Meanwhile, logistics managers at each facility selected unloading areas for the new beds and separate pickup locations for the old beds slated for removal.

Benjamin says he sold some of the old beds, but movers took most of them to local landfills.

A third party distributor, O’Brien’s Moving and Storage (no relation) in Allentown, PA, an agent of Allied Van Lines, not only delivered the new beds, but assembled them as well. The beds arrived wrapped in blankets, thus eliminating packaging that would have required disposal.

Diakon housekeeping staff met the delivery trucks to wipe the beds clean before movers took them into the buildings while materials management staff prepared asset identification tags.

A seemingly minor detail that proved important was Benjamin’s request that the unloading locations have power cords. Movers used the cords to connect equipment for lifting the beds.

Other housekeepers made the new beds after movers set them up in the rooms, and clinical staff helped residents move into the beds.

The waste management department had its job as well. It provided containers for the old beds and mattresses that the facilities had designated for disposal.

And the weather helped

Using this procedure, Diakon facilities were able to replace an average of 100 beds per day during their scheduled rollout periods. The following Diakon facilities (in order of rollout) participated:

- Manatawny Manor: 133 beds
- Henry Health: 213 beds
- Luther Crest: 60 beds
- Buffalo Valley: 102 beds
- Frey Village: 136 beds
- Ohesson Manor: 134 beds
- Ravenwood: 88 beds
- Cumberland Crossings: 59 beds

When it was all over, they had replaced 1,007 beds. Although the price depends on the specific features, the average price of the new beds is $1,500.

Planning and preparation were the essential ingredients of the successful bed rollout, but Benjamin admits that luck also played a role, especially in winter months. “We had wonderful weather,” he says.
rate given the choice that doctors have, as well as the
skill of the contract negotiator.

Many other product categories seem to have settled into some type of market consensus about reasonable price spreads for endoscopic instruments (e.g., hip implants), however, both floors and ceilings still appear to be in motion.

Hospitals should bear this in mind when comparing their own prices with the averages listed in the table on p. 4.

Spending spree is over

This month’s survey includes responses from materials managers who represent about 5,000 hospitals with 640,000 beds. Average annual spending on endoscopic instruments was $631 per licensed bed, down 34% from last year, when spending averaged $953 per bed. However, this year’s average is 43% more than it was in 2004, when the average spent per bed was $442.

Given the changing composition of the group of survey respondents, it may be that 2005 was an aberration.

ECRI, a not-for-profit research agency based in Plymouth Meeting, PA, supplied additional data. ECRI provided prices from its own ongoing survey of about 400 hospitals.

For the most part, reported spending figures include the capital cost of reusable scopes and the usually disposable cutting and grasping attachments.

Most hospitals report buying under national contracts, usually multisource. About 40% had their own deals as well.

Respondents agreed that physician preference played an important role in determining the supply source. In fact, 80% say it is a very significant factor in determining the choice of vendor, and 100% agree that it is of more than a little importance.

One materials management executive notes that doctors have a “comfort zone of brands they use over long periods of time.”

Although physician loyalty may seem to give vendors the upper hand, respondents credit contracts with holding prices in line. Even where they expected prices to rise, they cite contract terms that would limit those hikes. Among respondents who described inflationary adjustments permitted in their contracts, the average expected increase for 2007 was 4%.

Note: In this survey, and in future articles, we will use the term “endoscopic,” as it derives from the terms for “inside” and “view.” People often term instruments as “laparoscopic,” which relates to abdominal procedures, perhaps because that was an early use of the technology.

Big companies dominate the market

There are a few big companies associated with endoscopes and their related instruments, but consolidations and upstarts continually change that list. Olympus America in Huntington Station, NY, dominates the market in flexible scopes. These are the most expensive pieces of equipment for less invasive procedures (e.g., arthroscopy), which cost up to $15,000 new and account for up to 70% of total spending on endoscopic devices. Olympus shares the flexible market with Fujinon in Wayne, NJ, and Pentax Precision Instrument Corp. in Orangeburg, NY.

For rigid scopes, especially those used in urology, Karl Storz Endoscopy-America in Culver City, CA, leads the market. Other rigid scope makers include Pilling Weck Surgical in Fort Washington, PA; Richard Wolf Medical Instruments Corp. in Vernon Hills, IL; and Linvatec Corp. in Largo, FL, a subsidiary of Conmed Corp. in Utica, NY.

In 2004, Conmed acquired the endoscope business of C.R. Bard in Murray Hill, NJ, but kept the Bard product codes.

In previous years, other companies have made brief appearances, either on multisource contracts or individual hospital deals. Among them are Jarit in Hawthorne, NY; Smith & Nephew Endoscopy in Andover, MA; Boston Scientific’s Microvasive Endoscopy Division in Natick, MA; and Ethicon Endo-Surgery in Sycamore, OH.

Although Ethicon, a division of Johnson & Johnson in New Brunswick, NJ, was a pioneer in developing endoscopic instruments, it did not appear in this month’s survey.

The table in this issue represents only a small sample of the range of available instruments. Those shown are items for which one or more respondents provided prices this year. Where they are available, HMM has shown percentage changes from last year. ❖
Endoscopic instruments

Average endoscopic instrument prices are listed below, reduced to the price per unit unless otherwise noted. Prices reported by ECRI are listed in a separate column at the right.

<table>
<thead>
<tr>
<th>Product no.</th>
<th>Description</th>
<th>2006 price</th>
<th>2005 price</th>
<th>% change</th>
<th>2006 ECRI</th>
<th>2005 ECRI</th>
<th>% change</th>
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<tr>
<td>M00510610</td>
<td>Positrap forceps, nonretracting</td>
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<td>M00510850</td>
<td>Stone retrieval basket</td>
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<td>M00511000</td>
<td>Transbronchial aspiration needle</td>
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<td>M00512431</td>
<td>Latex-free needle biopsy system</td>
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<td>M00512632</td>
<td>Biopsy grasper w/needle, box of 20</td>
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<td>M00518361</td>
<td>Sclerotherapy needle, box of five</td>
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<td>M00530860</td>
<td>ERCP cannula</td>
<td>55.75</td>
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<td>M00530970</td>
<td>Fluor tip cannula</td>
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<td>M00535900</td>
<td>Ultraprime stone removal device</td>
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<td>149.97</td>
<td>147.93</td>
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<td>M00550460</td>
<td>Stone extraction balloon</td>
<td>103.46</td>
<td>104.72</td>
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<td>106.96</td>
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<td>M00556051</td>
<td>Angled tip hydraulix, box of two</td>
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<td>M00556641</td>
<td>Biliary duct straight tip guidewire</td>
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<tr>
<td>M00556561</td>
<td>Jagwire guidewire, box of 12</td>
<td>224.84</td>
<td>236.28</td>
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<td>246.71</td>
<td>246.33</td>
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<td>M00558340</td>
<td>CRE dilatation balloon</td>
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<td>M00560070</td>
<td>Electrochemostasis gold probe</td>
<td>180.19</td>
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<td>M00561050</td>
<td>Injection bicup balloon</td>
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<td>242.00</td>
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<td>241.59</td>
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<td>M00562391</td>
<td>Jumbo oval guidewire, box of 10</td>
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<td>M00563170</td>
<td>Gastrostomy tube, silicone</td>
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<td>M00573010</td>
<td>Sphincterome, with guidewire</td>
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<td>M00589160</td>
<td>Transstracheal catheter</td>
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<td>101</td>
<td>Whist clean brush</td>
<td>3.15</td>
<td>3.25</td>
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<td>107</td>
<td>Bronchoscope cytology brush</td>
<td>9.00</td>
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<td>0.0%</td>
<td>14.17</td>
<td>12.10</td>
<td>+ 17.1%</td>
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<td>108</td>
<td>GI cytology brush pediatric</td>
<td>9.00</td>
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<tr>
<td>138</td>
<td>Sclerotherapy needle</td>
<td>22.95</td>
<td>24.00</td>
<td>– 4.4%</td>
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<td>21.00</td>
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<tr>
<td>140</td>
<td>Pulmonary cytology brush</td>
<td>9.00</td>
<td>9.00</td>
<td>0.0%</td>
<td></td>
<td>12.10</td>
<td></td>
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<tr>
<td>196</td>
<td>GI cytology brush</td>
<td>9.00</td>
<td>9.00</td>
<td>0.0%</td>
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<td>270</td>
<td>Savory esophagial dilator, reusable</td>
<td>215.00</td>
<td>217.00</td>
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<td>340</td>
<td>Esophageal balloon</td>
<td>79.00</td>
<td>79.00</td>
<td>0.0%</td>
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<tr>
<td>381</td>
<td>Alligator forcep X-large</td>
<td>12.50</td>
<td>12.50</td>
<td>0.0%</td>
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<tr>
<td>383</td>
<td>Snare X-large sterile oval cup</td>
<td>12.50</td>
<td>12.50</td>
<td>0.0%</td>
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<tr>
<td>560</td>
<td>Angled-tip guide wire</td>
<td>135.00</td>
<td>125.00</td>
<td>+ 8.0%</td>
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<tr>
<td>569</td>
<td>Oval-cup forceps without needle</td>
<td>9.50</td>
<td>15.00</td>
<td>– 36.7%</td>
<td>10.63</td>
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<td>570</td>
<td>Alligator cup forceps without needle</td>
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<td>12.50</td>
<td>– 24.0%</td>
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<td>608</td>
<td>Rapidfire multiband ligator</td>
<td>130.00</td>
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<td>637</td>
<td>Stone removal balloon catheter</td>
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<td>75.00</td>
<td>+ 6.7%</td>
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<td>819</td>
<td>Gastrointestinal forceps with needle</td>
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<td>200221</td>
<td>Ligator kit, preloaded</td>
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<td>MWF319</td>
<td>Wang bronchoscopic biopsy needle</td>
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<td>PCN1920</td>
<td>Lung biopsy needle</td>
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<td>SW521</td>
<td>Transbronchial needle</td>
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<td>Jarit</td>
<td>Grasping forceps with ratchet</td>
<td>371.52</td>
<td>436.50</td>
<td>– 14.9%</td>
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<tr>
<td>600-100</td>
<td>Fenestrated dissecting forceps</td>
<td>363.42</td>
<td>427.50</td>
<td>– 15.0%</td>
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</table>
Endoscopic instruments (cont.)

<table>
<thead>
<tr>
<th>Product no.</th>
<th>Description</th>
<th>2006 price</th>
<th>2005 price</th>
<th>% change</th>
<th>2006 ECRI</th>
<th>2005 ECRI</th>
<th>% change</th>
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<td>600-112</td>
<td>Needle nose forceps</td>
<td>363.42</td>
<td>353.97</td>
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<td>600-122</td>
<td>Atrau-Allis grasping forceps</td>
<td>403.80</td>
<td>450.00</td>
<td>- 10.3</td>
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<td>600-126</td>
<td>Maryland dissection forceps</td>
<td>452.28</td>
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<td>600-135</td>
<td>Claw forceps</td>
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<td>387.24</td>
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<td>600-140</td>
<td>DeBakey forceps</td>
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<td>600-160</td>
<td>Hunter clamp</td>
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<td>600-202</td>
<td>Supercut scissors</td>
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<td>600-220</td>
<td>Mayo scissors, straight</td>
<td>6.86</td>
<td>7.08</td>
<td>- 3.0</td>
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<td>5.75</td>
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<td>600-270</td>
<td>Suturing set</td>
<td>1,097.29</td>
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<tr>
<td>600-273</td>
<td>Needle holder</td>
<td>302.86</td>
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<td>600-520</td>
<td>Stone extractor</td>
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<td>615-174</td>
<td>Biopsy forceps</td>
<td>330.06</td>
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<td>630-330</td>
<td>Suction cannula</td>
<td>434.53</td>
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<td>630-700</td>
<td>Autoclavable laparoscope</td>
<td>2,311.86</td>
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<td>10020ATA</td>
<td>Rigid Hopkins telescope, pediatric</td>
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<td>3,518.80</td>
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<td>3,065.11</td>
<td>3,013.08</td>
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<td>26055BE</td>
<td>Obturating set</td>
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<td>432.90</td>
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<td>403.38</td>
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<td>102.1</td>
<td>Stopcock tubing luer lock</td>
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<td>74.05</td>
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<td>71.92</td>
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<td>FB24U</td>
<td>Disposable instruments</td>
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<td>–</td>
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<td>FG-22Q</td>
<td>Dormia basket forceps</td>
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<td>FG-45U-1</td>
<td>Tripod forceps</td>
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<td>456.69</td>
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Despite cost, laser technology will catch on due to long-term savings potential

Hospitals are understandably reluctant to invest huge sums of money in the latest laser technology. However, as prices come down in the future and physicians find more uses for lasers in place of invasive procedures, that will change.

That is the prediction of Frost & Sullivan, a research firm in Palo Alto, CA. In a report it issued April 18, it says that even though physicians will have to undergo training in the operating techniques of complicated laser devices, cost and utilization opportunities will lead to greater acceptance of lasers in coming years.

Not only have lasers expanded the scope of cosmetic surgery, they have also revolutionized the way doctors diagnose diseases. Although researchers currently focus on studying microsurgical laser procedures for cutting chromosomes and deoxyribonucleic acid (DNA), lasers have already proven useful in oncology, ophthalmology, cosmetic surgery, dentistry, cardiology, gynecology, gastroenterology, dermatology, urology, and diagnostics.

Lasers are beginning to replace scalpels and other tools in many surgical procedures, noted A.N. Aditya, Frost & Sullivan research analyst, in a news release. Doctors have used them to unclog arteries and pulverize gallstones.

The United States is the world’s largest and most mature market for lasers. By 2009, Frost predicts that hospitals and physician practices will spend $672.4 million on diagnostic and therapeutic lasers.

Lasers are associated with minimally invasive procedures, reduced risk of infection and pain, less bleeding and swelling, precision in targeting the affected area, eliminating the need for general anesthesia, and shorter hospital stays.

AdvaMed tells Medicare: Proposed changes in reimbursement will restrict technology

Medical device manufacturers are protesting proposed reductions in Medicare reimbursement that they say will prevent patients from receiving the most advanced medical care.

Although new technology is expensive, it saves money for hospitals and the healthcare system in the long run, the manufacturers claim.

Trade association AdvaMed in Washington, DC, issued a statement in April warning that proposed changes to the Medicare hospital inpatient rule would result in wide-ranging cuts that would have a negative effect on patients receiving advanced medical treatments. The Medicare proposal would base future payments on historical costs. However, Medicare regulators would calculate rates based on data that do not accurately reflect the procedures and services available today, which would penalize hospitals that use newer, more advanced technologies, according to AdvaMed.

AdvaMed represents about 800 manufacturers of medical devices, diagnostic products, and health information systems. AdvaMed says its member firms provide nearly 90% of the $68 billion that U.S. hospitals spend annually on healthcare technology products.

For example, angioplasty and other minimally invasive heart procedures have greatly reduced the need for riskier, more expensive heart bypass procedures.

An angioplasty procedure costs $20,960 on average, compared to $49,160 for open-heart surgery. Surgeons can complete an angioplasty procedure in 90 minutes, compared to two to four hours for open bypass surgery.
Patients can leave the hospital in one day instead of five or six days, and recovery takes only one week, rather than four to six weeks for bypass procedures. Total knee replacement produces an average one-time cost savings of $50,000 per patient, according to the American Academy of Orthopedic Surgeons (AAOS).

■ Defective pin leads Iceland company Ossur to voluntarily recall Total Knees

Ossur in Reykjavik, Iceland, has begun shipping replacement knees following a voluntary recall of several of its Total Knee® models.

The company states on its Web site that it has notified customers in the United States and Europe of the recall of the models numbered 1100, 1900, 2000, and 2100. Ossur says some units may contain faulty pins located in the axis of the knee.

Ossur says it has not received notice of incidents or injuries from the faulty pins, but has learned of product failures. Only 1% of the knees recalled so far have the defective pins.

The company produced the knees between July 1, 2005, and March 30, 2006, when the recall began.

Ossur has suspended sales and shipments of its Total Knees and notified the U.S. Food and Drug Administration and regulatory authorities in other countries of its decision to recall the knees.

U.S. hospitals may find out the exact product serial numbers of recalled items by calling Ossur at 800/233-6263.

■ Mergers will narrow supplier choice in high-priced cardiovascular products

The number of cardiovascular suppliers became a little smaller in April as three companies finalized two long-discussed acquisitions.

On April 21, Abbott Laboratories in Abbott Park, IL, acquired the vascular business of Guidant Corporation in Indianapolis.

At about the same time, Boston Scientific in Natick, MA, acquired Guidant’s corporate assets.

Abbott has worked to create a competitive vascular business through acquisitions, licensing agreements, and internal scientific and commercial development. With the addition of Guidant’s vascular business, Abbott can begin marketing a comprehensive line of stents, guide wires, catheters, balloons, and vessel closure devices.

With Guidant, Abbott now has two drug-eluting stents in development: ZoMaxx, coated with the proprietary immunosuppressant drug zotarolimus; and Xience V, an everolimus-eluting stent on the Multilink Vision cobalt chromium stent platform, which recently received approval in Europe.

Guidant’s vascular intervention and endovascular solutions business units had combined sales of $1 billion in 2005.

Abbott paid $4.1 billion in cash for Guidant’s vascular business, and will pay Boston Scientific a milestone payment of $250 million at upon U.S. Food and Drug Administration approval of Guidant’s drug-eluting stent, plus an additional payment of $250 million upon a similar approval in Japan. Abbott also provided Boston Scientific with a five-year, $900 million interest-bearing loan.

Abbott has purchased 64 million shares of Boston Scientific stock for a total of $1.4 billion.

■ Wellmont Bristol pioneers upright MRI to provide more accurate spine diagnosis

Wellmont Bristol (TN) Regional Medical Center, 384 beds, will purchase Tennessee’s first upright magnetic resonance (MR) scanner, following a certificate of need awarded April 12 by the state.

Wellmont selected the Upright model that Fonar Corporation in Melville, NY, manufactures.

Morgan Lorio, MD, a spine surgeon who championed the effort to bring this technology to Wellmont Bristol, said in a news release that the upright MR scanner would help physicians see patients’ spines under the natural effects of gravity. Thus, they can place the patient in the position that is causing the most pain.

Most MRIs have removed gravity and its physiologic impact on the spine, because patients must lie down for the procedure.

Questions? Comments? Ideas?

Contact Managing Editor Paula DeJohn

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E-mail: pdejohn@hcpro.com

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Groups protest court ruling that would prohibit sharing of price information

Group purchasing leaders criticized a recent court decision that implies that vendors have the right to decide whether hospitals can share pricing information with outside parties. Hospitals frequently enlist outside analysts and consultants to help them find savings opportunities and manage contracts.

In late March, the U.S. District Court in St. Paul, MN, issued a pretrial ruling in favor of Guidant Sales Corporation in Indianapolis. Guidant says the consulting firm Aspen Healthcare Metrics in Englewood, CO, interfered with Guidant’s contracts with its hospital clients. The ruling is on a lawsuit Guidant filed against Aspen in 2004. The case was to go to trial in May, but Aspen unexpectedly announced May 15 that it has agreed to settle under undisclosed terms.

Health Industry Group Purchasing Association (HIGPA) chair Al LoBiondo is concerned that Guidant may now claim that the ruling limits a hospital’s control over the data residing in its own information systems.

The court interpreted the confidentiality terms in Guidant’s contracts as precluding hospitals from allowing third parties to see the contracts without the vendor’s written permission. Aspen claimed it was acting on behalf of the hospitals and thus had a right to view pricing information. However, Guidant’s position is that hospitals should not allow even physicians and patients to know the prices of the Guidant devices they use, according to HIGPA’s interpretation.

In a statement issued after the ruling, LoBiondo said: “Any event or action which has the potential to disrupt the present system that helps lower the costs to hospitals and the American healthcare system must be taken seriously.”

HIGPA staff are currently gathering and analyzing information related to the lawsuit.

MedAssets in Alpharetta, GA, which owns Aspen, has warned its members that suppliers may use the ruling to prevent hospitals from obtaining price comparisons for medical devices in their efforts to control supply costs.

John Bardis, CEO of MedAssets, issued a statement in which he called the restriction “un-American.”

Guidant had a different take. In a court filing, the company said, “Tortuous interference with contracts between a medical device manufacturer and the hospitals that use its devices is not in the public interest.

Amerinet renews agreement with GEMedical for line of capital equipment

A renewal contract between Amerinet in St. Louis and GE Medical Systems Information Technologies in Atlanta covers patient monitoring units and other diagnostic equipment.

In addition to patient monitors, the contract covers cardiac stress testing equipment. The parties did not disclose estimated spending and savings information.
**GROUP PURCHASING**

- **Premier inks pact with Cardinal for OR supplies, including gowns, custom packs**
  
Premier in Charlotte, NC, awarded a three-year contract for custom procedure trays and other operating room supplies to Cardinal Health in Dublin, OH. 
It covers custom procedure trays under Cardinal’s Presource label and Convertors brand surgical drapes and gowns. Estimated annual spending on covered items is $322 million.

- **Pennsylvania hospitals leave AllHealth, join HPPI, to stay with Novation contracts**
  
The Hospital & Healthsystem Association of Pennsylvania (HAP) in Harrisburg, PA, will join HealthCare Purchasing Partners International (HPPI) in Irving, TX, for group purchasing.
  
HAP is an advocacy organization for about 250 Pennsylvania healthcare providers, including acute-care hospitals.

The agreement follows the recent merger of AllHealth, also in Harrisburg, and Amerinet Central in Warrendale, PA. As a result of the deal, members remaining in AllHealth will transition to contracts from Amerinet in St. Louis (see the May HMM).

By electing to join HPPI, HAP will continue to use contracts from Novation in Irving, TX, the previous group purchasing organization of AllHealth. HAP CEO Carolyn F. Scanlan said in a news release that joining HPPI will provide HAP hospitals with a seamless transition from the expired AllHealth relationship.

- **Consorta signs pact with IMPAC division of Elekta to provide oncology radiation**
  
Consorta in Schaumburg, IL, selected IMPAC Medical Systems in Mountain View, CA, to provide oncology radiation equipment. IMPAC is part of the Elekta Group. The deal covers an electronic medical record designed specifically for oncology, with practice management capability.

Consorta also has agreements with Elekta that cover the company’s Synergy treatment delivery equipment and PrecisePlan treatment planning systems, as well as stereotactic neurosurgical and radiosurgery products.

Dan Ingram, director of imaging services for Consorta, said in a news release that Consorta selected the IMPAC products because of their open architecture and flexibility, which make them compatible with non-Elekta systems.

- **MedAssets renews pact for document management with Standard register**
  
MedAssets in Alpharetta, GA, has renewed its contract with Standard Register in Dayton, OH, for document management services.

The multiyear deal is valued at $110 million. It covers electronic document management, including print-on-demand and copying services, e-procurement solutions, patient identification systems, consulting, and design services.

Nadia LaFlam, director of administrative services at MedAssets, said in a news release that her office based the decision to renew the deal on the company’s past service and discounted pricing.

- **New VHA member expects to reap savings by combining spending of two systems**
  
VHA in Irving, TX, added Essentia Health in Duluth, MN, as a shareholder member in February.

The addition will increase VHA membership by 10 hospitals and save the new member an estimated $3 million annually on supplies.

The affiliation of St. Mary’s/Duluth Clinic Health System and the Benedictine Health System created Essentia Health. CEO Peter Person, MD, said in a statement that Essentia decided to join VHA to take advantage of contracts from Novation, also in Irving, using its new combined purchasing volume to generate higher discounts.

- **Pact between Amerinet, Getinge USA features sterilizers, related equipment**
  
Amerinet in St. Louis has a new contract for sterilizing equipment and supplies. The vendor is Getinge USA in Rochester, NY. The deal covers sterilizing equipment and supplies. It includes undisclosed savings on sterilizers, washers, disinfectors, sonic cleaners, warming cabinets, and sterilization consumables.

The parties did not disclose savings and spending information.

- **MHA moves into larger quarters; growth made relocation necessary, GPO says**
  
Managed Health Care Associates (MHA) in Florham Park, NJ, has moved to larger headquarters. On May 1, MHA relocated to the following address: 25-B

(See Group purchasing, continued on p. 10)
Vreeland Road, Suite 300, Florham Park, NJ 07932. The telephone number is 800/642-3020.

The move is a result of the group purchasing organization’s growth, MHA said.

Although it primarily serves long-term care facilities, MHA also includes 67 acute-care members.

**New Novation deals with Medline feature disposable pillows, postmortem bags**

Novation in Irving, TX, awarded two sole-source agreements to Medline Industries in Mundelein, IL.

The three-year contracts cover disposable pillows and postmortem bags.

The combined contracts are worth an estimated $3.8 million during the three-year terms, and if fully implemented, will save Novation members $230,000 annually on covered products.

**While GPOs expand their services, members are still most attracted to supply contracts**

It’s still all about pricing.

Despite the efforts of group purchasing organizations (GPO) to expand their services beyond supply contracts the groups’ primary value is in the contracts they are able to negotiate.

That is the conclusion of a recent survey of about 100 suppliers and hospital materials managers published in *StratCenter.com*, an online newsletter for suppliers published by Patrick Michael Plummer, a vendor consultant who has worked at Amerinet in St. Louis and VHA in Irving, TX. He asked the survey participants, “Within three years, what service offering will generate the greatest revenue stream for GPOs?”

Nearly half (48%) said “product contracting.” Other respondents divided their answers among the following choices:

- Revenue enhancement services: 14%
- Supply chain consulting: 11%
- Other expense-reduction consulting: 14%
- Information management services: 13%

Among those who defined contracting as the primary value of GPOs was a supplier who used the example of MedAssets in Alpharetta, GA, which is promoting its programs to enhance hospital revenue.

Although this supplier agreed that hospitals are concerned about the bottom line, he pointed out that a GPO’s closest contacts within healthcare organizations are responsible for purchasing, not overall financial strategy.

**Amerinet members gain access to assistance with patient billing under new agreement**

In an open-ended agreement, Amerinet in St. Louis named Cardon Healthcare Network in The Woodlands, TX, its provider of executive resources. The deal covers patient receivables management services, including billing, self-pay management, appeals and denials management, and account cleanup.

Cardon Healthcare Network provides third-party eligibility work and other specialized accounts receivable services. Amerinet did not disclose the financial details of the contract.

**Another Catholic hospital system joins Broadlane for group purchasing services**

Broadlane in Dallas scored a major coup by adding Ascension Health, a 63-hospital Catholic system based in St. Louis, to its membership roster.

Under a three-year deal that will take effect October 1, Ascension will transfer its $2 billion annual purchasing volume to Broadlane from Consorta in Schaumburg, IL, a prominent Catholic group purchasing organization (GPO).

Broadlane CEO Charles Saunders, MD, said the Ascension conversion is remarkable because it shows that Broadlane is competitive with a GPO that caters to Catholic hospitals. “The deal appears to open the door to even more growth for Broadlane in the faith-based healthcare arena,” he said in a news release.

Other Catholic systems that have joined Broadlane during the past year include Christus Health in San Antonio. The addition of Ascension will give Broadlane an annual purchasing volume of more than $10 billion annually.

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The overall medical-surgical price index for the fourth quarter of 2005 was 102.43, up 0.40% from the third quarter, and 2.43% from a year ago.

Of the 21 categories surveyed, 12 were down for the quarter and nine were up. The average quarterly change was +0.08%, with elastic bandages leading the way at +3.32%. The average annual change was +4.46%.

After bandages, the highest quarterly increase was 2.32% for paper.

Wound closures came in third for the quarter with an increase of 1.08%.

At the low end, catheters and tubes dropped by 1.39% for the quarter, followed by surgical instruments with a decline of 1.38%.

In yearly changes, sponges continued to lead with an increase of 76.89%. Surgical instruments declined the most, at 5.08%.

HMM obtains its indices from IMS Health in Plymouth Meeting, PA. IMS surveys 350 hospitals each quarter and projects the results for the 5,300 acute-care hospitals in the continental United States.

Editor’s note: A price index is a measure of relative change in a group of prices from the base period to another specific period. In the HMM survey, the base period is always the date four quarters back, which is set at 100.
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**PRICE WATCH**

**Med-surg indices move upward in March**

The finished goods component of the producer price index for March 2006 was 159.0, up 0.8% from February, and up 3.5% for the year.

In the medical-surgical categories surveyed, the average change for the month was +0.4%.

Electromedical equipment showed the greatest drop at 0.6% lower than in February. Clinical laboratory instruments rose highest during the month, by 1.6%.

**Several CPI components declined**

On the consumer side, the March 2006 unadjusted medical care commodities component of the consumer price index was 284.3, up 0.4% from February and up 4.1% for the year.

Prescription drugs and medical supplies were up 0.4% compared with February.

Nonprescription drugs and medical supplies rose 0.3% for the month.

Internal and respiratory over-the-counter medications rose 0.2%.

Nonprescription medical equipment and supplies were up 0.5%.

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<th>March 2005</th>
<th>Change in month</th>
<th>Change in year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>159.0</td>
<td>157.8</td>
<td>153.6</td>
<td>+ 0.8%</td>
<td>+ 3.5%</td>
</tr>
<tr>
<td>Catheters and tubes</td>
<td>129.4</td>
<td>129.9</td>
<td>130.1</td>
<td>– 0.4%</td>
<td>– 0.5%</td>
</tr>
<tr>
<td>Clinical laboratory instruments</td>
<td>127.7</td>
<td>125.7</td>
<td>125.0</td>
<td>+ 1.6%</td>
<td>+ 2.2%</td>
</tr>
<tr>
<td>Electromedical equipment</td>
<td>89.4</td>
<td>89.9</td>
<td>91.5</td>
<td>– 0.6%</td>
<td>– 2.3%</td>
</tr>
<tr>
<td>Irradiation apparatus</td>
<td>111.8</td>
<td>111.4</td>
<td>111.3</td>
<td>+ 0.4%</td>
<td>+ 0.4%</td>
</tr>
<tr>
<td>Surgical and medical instruments</td>
<td>133.9</td>
<td>132.7</td>
<td>135.7</td>
<td>+ 0.9%</td>
<td>– 1.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>March 2006</th>
<th>February 2006</th>
<th>March 2005</th>
<th>Change in month</th>
<th>Change in year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical care commodities</td>
<td>284.3</td>
<td>283.1</td>
<td>273.2</td>
<td>+ 0.4%</td>
<td>+ 4.1%</td>
</tr>
<tr>
<td>Prescription drugs and medical supplies</td>
<td>361.5</td>
<td>359.9</td>
<td>344.5</td>
<td>+ 0.4%</td>
<td>+ 4.9%</td>
</tr>
<tr>
<td>Nonprescription drugs and medical supplies</td>
<td>154.1</td>
<td>153.6</td>
<td>151.3</td>
<td>+ 0.3%</td>
<td>+ 1.9%</td>
</tr>
<tr>
<td>Internal and respiratory over-the-counter drugs</td>
<td>182.4</td>
<td>182.1</td>
<td>178.9</td>
<td>+ 0.2%</td>
<td>+ 2.0%</td>
</tr>
<tr>
<td>Nonprescription medical equipment and supplies</td>
<td>183.5</td>
<td>182.6</td>
<td>180.9</td>
<td>+ 0.5%</td>
<td>+ 1.4%</td>
</tr>
</tbody>
</table>

**Recent price surveys**

- **May 2006: Knee implants.** The prices of knee implants are on the rise, *HMM*’s first price survey of these products reveals.
- **April 2006: Sutures.** Overall prices for sutures held steady in 2005, but the newest contracts feature increases.
- **March 2006: Needles and syringes.** The modest price increases that marked 2004 have ended, but the decreases predicted for 2005 did not materialize.
- **February 2006: Gloves.** Materials managers reported an average price decline of 18% for selected products.
- **January 2006: Paper.** As long as energy prices continue to rise, so will the price of paper, materials managers say.
- **December 2005: Foley catheters.** Even with several new contracts on the books, Foley catheter prices have remained stable during the past year and are expected to stay that way.
- **November 2005: IV solutions.** Prices of IV fluids and related supplies rose last year, but not as much as predicted. They will continue increasing next year except where protected by contracts.
- **October 2005: Cardiac catheters.** Prices of cardiac catheters will decline next year, except where they are frozen under current contracts.

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People on the move
Amerinet in St. Louis promoted Victor E. Samolovitch to CEO, taking the place of retiring Robert “Bud” Bowen, and named Todd Ebert president and COO. Samolovitch previously was president of Amerinet Central in Warrendale, PA, one of three Amerinet shareholders. In that position, which he’d held since 2003, he oversaw a 250% increase in acute-care membership and an increase in annual purchasing volume to $1.9 billion from $200 million.

Ebert has served as president since November 2005 and president of operations since July 2004. He previously was executive vice president responsible for contracting, and before that was vice president of Amerinet’s pharmacy program.

Amerinet said the promotions reflect its efforts to streamline the group purchasing organization by creating a single national business platform. Samolovitch’s appointment expands the role of CEO from Amerinet’s St. Louis headquarters to management of the shareholder operations as well.

Monroe Hospital in Bloomington, IN, 35 beds, appointed Donna Mullen as director of materials. Monroe is a new hospital that will open in September. Mullen previously was materials management director at The Heart Center of Indiana in Indianapolis, 80 beds. She also set up the supply chain when The Heart Center opened.

People available
An experienced buyer is seeking a position in east Texas. Email sheila.darcey@healthsouth.com or call 903/510-7015 or 903/849-2740.

Positions available
Two-hospital NorthBay Healthcare System in Fairfield, CA, is seeking a director of supply chain management. Send your résumé to Peter Goodspeed, Peter Goodspeed Healthcare Recruiters, Inc., 202 West Louisiana, Suite 207, McKinney, TX 75069; call 972/562-4800; or e-mail peter@petergoodspeed.com.

Allina Hospitals and Clinics in Minneapolis is seeking a director of logistics and materials management. Apply online at www.allina.com.

Coastal Carolina Medical Center in Hardeeville, SC, 41 beds, is seeking a director of materials management. LifePoint Hospitals owns this newly opened hospital. Contact Barbara Van Peursem, Coastal Carolina Medical Center, 1000 Medical Center Drive, Hardeeville, SC 29927; call 843/784-8216; or e-mail barbara.vanpeursem@lpnt.net.

Anne Arundel Medical Center in Annapolis, MD, 291 beds, is seeking a director of materials management. To apply, visit www.aabs.org.

MedAssets in Alpharetta, GA, is seeking a director of supply chain contracting to work in the Bridgeton, MO, office. E-mail your résumé to employment@medassets.com.

Centura Health in Denver is seeking a director of materials management. Apply online at www.centuracareers.org or call 303/804-8130.

Cincinnati Children’s Hospital Medical Center, 475 beds, is seeking a director of logistics. To apply, visit www.cincinnatichildrens.org.

Good Samaritan Medical Center in Lafayette, CO, 144 beds, is seeking a materials management assistant and a distribution technician. To apply, visit www.exemplajobs.org.

Saint Joseph Hospital in Denver, 565 beds, is seeking a materials management technician and a central distribution supervisor. To apply, visit www.exemplajobs.org.

Lutheran Medical Center in Wheat Ridge, CO, is seeking an ancillary resource manager. To apply, visit www.exemplajobs.org.

MedAssets in Alpharetta, GA, is seeking a regional vice president of sales in Florida. For more information, e-mail your résumé to employment@medassets.com.

Moving on? Need help?
To place an announcement in Job Mart/People, call Managing Editor Paula DeJohn at 303/693-6608 or e-mail pdejohn@hcpro.com.
Editor’s note: The following are excerpts from the May Healthcare Strategic Management, an HCPro monthly newsletter. HCPro is the publisher of HMM. For more information, call our customer service department at 800/650-6787.

**Merger of Alabama hospitals would spread market share, improve finances**

Several Alabama hospitals began implementing a merger in early 2006.

St. Vincent’s Hospital of Birmingham will merge with the three-hospital Eastern Health System, also in Birmingham.

The hospitals plan to complete implementation in 2007.

Seton Health Corp. of North Alabama, an affiliate of St. Vincent’s, will manage the new system, which St. Vincent’s parent, Ascension Health in St. Louis, will own.

Seton Health Corp. of North Alabama will operate St. Vincent’s and Eastern’s three hospitals—Medical Center East in Huffman, Medical Center Blount in Oneonta, and St. Clair Regional Medical Center in Pell City—according to published reports.

**Medicare will cover several types of bariatric surgery for elderly patients under new rule**

Bariatric surgery is becoming more mainstream, and the Centers for Medicare & Medicaid Services (CMS) has recognized the trend by expanding coverage of bariatric surgery for all Medicare beneficiaries. However, Medicare will cover the procedure only in high-volume centers that achieve low mortality rates.

“Bariatric surgery is not the first option for obesity treatment, but when performed by expert surgeons, it is an important option for some of our beneficiaries,” CMS administrator Mark McClellan said in a news release. “While we want to see more evidence on the benefits and risks of this procedure, some centers have demonstrated high success rates, and we want to ensure access to the most up-to-date treatment alternatives for our beneficiaries.”

This decision reverses a proposed rule that would have excluded bariatric surgery coverage for patients over age 65. Under the new rule, Medicare will cover the following types of weight-loss surgery: gastric bypass; open and laparoscopic Roux-en-Y gastric bypass; laparoscopic adjustable gastric banding; and open and laparoscopic biliopancreatic diversion with duodenal switch.

According to the National Institutes of Health, 34% of Americans are overweight and 27% are obese.

Overweight and obese persons have an increased risk of diseases such as hypertension, type 2 diabetes, coronary heart disease, stroke, gallbladder disease, osteoarthritis, sleep apnea, respiratory problems, and certain types of cancers. 

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