Cost Relationships of Medical Textile Products

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UC Davis Conference, June 1, 2, 2010

Primary Factors in Healthcare Textile Selection

Performance

Cost

Environmental Impact

Health and Safety Issues

Challenge of Increasing Healthcare Expenses

- Healthcare Reform
- Secure funds to pay for programs
- Govt efforts Pursue waste, fraud and abuse – Cost HC system Billions every year
- NEJM July 16, 2009 (John Iglehart)

Total Healthcare Expenditures as a % of GDP

2000 2001 2002 2003 2005 U.S.A. 13.2 13.9 14.7 15.1 15.2 Canada 8.8 9.3 9.6 9.8 9.8

U.K. 7.2 7.5 7.6 7.7 8.2

Total Healthcare Expenditures as a % of GDP

	<u>2000</u>	<u>2001</u>	2002	<u>2003</u>	<u>2005</u>
China	4.6	4.6	4.8	4.8	4.7
France	9.6	9.7	10.0	10.9	11.2
Japan	7.6	7.9	8.0	8.1	8.4

Some Factors Underlying Rising Healthcare Spending

- As previously stated fraud, waste and abuse
- Aging Population Baby boomers at, or close to, retirement
- Infectious and many other diseases
- Drugs, tobacco and accidents
- A perspective of entitlement in a free and prosperous society

Cost Comparisons, Reusable and Disposable Surgical Gowns

	<u>Reusable</u>	<u>Disposable</u>
	*	4. - 0
Initial Cost	\$60.00	\$4.50
Cost/Use*	1.20	4.50
Admin. Costs	.15	.15
Laundering	.50	
Pack Mkng, Strlzn	.40	
Waste Dispsl		<u>.25</u>
Total Cost/Use	\$2.25	\$4.90

^{* 50} uses

Possible Variations

Number of Use Cycles

Total Cost/Use

	<u>Reusable</u>	<u>Disposable</u>
50X	\$2.25	\$4.90
40X	\$2.55	\$4.90
30X	\$3.05	\$4.90

Conventional Costs

Capital equipment

Materials

Labor

Supplies

Utilities

Structures

Hidden Environmental Costs

Regulatory Related

Monitoring/Testing

Reporting

Remediation

Testing

Record keeping

Inspections

Waste Management

Medical Surveillance

Taxes/fees

Additional Hidden Environmental Costs

Contingent Costs

Future compliance costs

Penalties/fines

Property damage

Legal expenses

Natural resources damages

Cost Comparisons

Anecdotal Information

Actual Studies – With Controls

Life Cycle Assessment Evaluations

Mercy Healthcare

Sacramento, CA

 Conversion of Disposable to Reusable Fluid Impermeable Gowns

\$60,000 Annual Savings

Intermountain Hospital System

Throughout the state of Utah

 Conversion of disposable to reusable surgical packs

\$250,000 annual savings

University of Minnesota (MnTAP)

- Life Cycle Assessment (LCA)
- Fairview Medical Center, Minneapolis
- Reusable Surgical Gowns
- Cost Savings \$360,000/year (relative to disposable gowns)
- Waste Reduction 254,000 lbs/year

Winter Haven Hospital

- Winter Haven, FL
- Conversion of disposable to reusable fluid impermeable gowns
- Cost per procedure
- Disposable \$37.21
- Reusable \$26.45
- Savings \$10.76

Potential Global Cost Savings

Estimate – 70-80% current surgical pack materials – single use disposable

Annual global surgical procedures

120 million proceduresX0.8X \$10.75

= \$1.032 Billion

Overall Perspective

- Cost is One Factor
- Total Value Considered
- Rising Medical Expenses Some Positive Aspects

The Business of Medical Care Employment of Professionals, et al Save and Prolong Life, Alleviate Suffering Toward an Improved Global Society