How to Evaluate Medical Practice Equipment Acquisition Options

Evaluating medical office purchase alternatives based on cost is an incomplete analysis and likely to be misleading.

**Source:** Physicians Practice

Relying upon cost to evaluate alternatives when purchasing equipment or services for a medical office seems far more reasonable than it is. The comparison is objective and precise, but it is an incomplete analysis and likely to be misleading.

Here’s why and what other factors to consider when evaluating purchase alternatives:

**Cost looks at only part of what you are giving up,** e.g., initial hard dollar expenditures. Initial cost does nothing to describe or quantify the expected benefits that drive new purchases and other commitments. Cost can eliminate options and it is an important part of the analysis, but it is only one part of it.

**Initial cost does not speak to total cost of ownership.** What about maintenance and consumables? For example, an HP inkjet printer has a very low purchase price, but the cost for ink cartridges can make a more expensive printer much less costly in the long run.

**Many costs do not involve writing a check or signing a charge slip.** Reliability and ease of use have a huge influence on operating costs. If a task takes an extra 30 seconds and is performed 75 times a day, how long does it take for the value of the extra labor to exceed the purchase price? What influence does downtime have on office productivity and patient satisfaction? One Monday morning without a scanner can represent a significant expense.

**What are you trying to accomplish?** Is a new copier really the objective? Or is it a copier that is reliable, reasonably fast (see below), and supports your desire to eliminate paper copies by “copying” to digital files?

Describing the objective as what you want to get, as in "I want a new copier," falls short. The real question, the one that is driving the decision to even consider a purchase or lease, is "What is unsatisfactory about the current copier? What needs to be better?" It is also important to determine what elements of the status quo you want to maintain.

**What features and functions are important?** These details derive from the statement of what should be accomplished. What is reasonably fast? What's absolutely required? It does not matter how well priced something is if it cannot deliver the objectives. That is why this is a good place to begin evaluating alternatives. Products without the necessary capabilities will not make it through this first filter and the field can narrow quickly.

**What's nice to have, and how much business value does it provide?** Duplex printing and copying may cost more, but they are generally very good values because the extra handling and errors associated with treating duplex documents as simplex are avoided. On the other hand, overkill is all cost and no benefit. If 20 pages per minute are fine 95 percent of the time, a copier that can handle 80 pages per minute is a serious waste of money.

**How do the alternatives stack up based upon value?** This is the payoff: What are you getting for your expenditure of both dollars and labor, initially and during the life of the purchase? For which
alternative is the cost/benefit ratio smallest, assuming the cost is affordable?

The advocated process takes more effort upfront, and it does slow the decision making to some degree. Overall, however, it can help you avoid significant time and money lost to bad decisions.

Source URL:
http://www.physicianspractice.com/blog/how-evaluate-medical-practice-equipment-acquisition-options-0

Links: