

Danbury Hospital Saves With Olympus® Endoscopy Service

Compared to third-party service, Danbury saved more than \$116,900 in one year alone

Many claims have been made that third-party endoscope service is less expensive than that performed by the original equipment manufacturer. This assumption was tested at the Danbury Hospital endoscopy suite, which for a time tried a third-party service provider.

Danbury discovered that third-party service did not live up to its promises of expert repair work and responsive customer service. Scopes had to be sent out repeatedly to repair the same or similar problems and customer service was poor, disrupting patient schedules and frustrating the physicians. Now that the endoscopy suite is back with Olympus®, these problems have disappeared.

Compared to the third party, Olympus service is extremely cost-effective. Olympus saved the hospital over \$116,900 in 2003 alone, and the savings continue.

Danbury Hospital is a 371-bed, not-for-profit community teaching hospital serving 360,000 residents of Western Connecticut and Southeastern New York. With over 3,000 employees and a medical and dental staff of more than 500 physicians, the hospital is the area's largest employer. It has a long history as a teaching institution and currently maintains agreements with numerous colleges and universities to train medical, nursing and allied health students. The hospital made the list of the top performers in the 2003 issue of *U.S. News & World Report* which publishes a list of America's best hospitals.

The hospital's mission is to advance the health and well-being of people in the community, a commitment that extends to the endoscopy suite. Located in the hospital's outpatient section, the suite features five procedure rooms with a sixth under construction and is staffed by 16 physicians along with 17 nurses and technicians. In pursuit of its mission, the suite aims to

maximize the satisfaction of patients, physicians and employees. Innovative programs include a service excellence initiative, which also applies to its endoscopy equipment, where satisfaction is measured regularly through a series of written surveys in an ongoing effort to improve performance.

The hospital utilizes 46 Olympus endoscopes and associated electronics to perform more than 10,000 procedures annually. The equipment is maintained under an Olympus Service Agreement.

That was not always the case. In 2001, the suite experimented with third-party service, and experienced highly unsatisfactory results.

Third-Party Problems

Though the decision to try third-party service was made before her tenure at Danbury's endoscopy suite, Catherine Kean, RN, nurse manager, remembers the problems that arose. "When I began working here we were ending a trial with one third party and starting another, and the results were of concern. We had to monitor them very closely, which was difficult to do because we were so busy.

"We had a mixed group of new and old scopes, and the repairs of the old scopes were of poor quality," Kean says. "There was a pattern of sending scopes out repeatedly to repair the same thing. Scopes were not operating correctly and cables were snapping. There was serious concern whether the scopes were being repaired correctly the first time."

"I was not happy with the technical quality of the third-party repair," says Joseph Fiorito, MD, chief of gastroenterology and director of the endoscopy unit at Danbury Hospital. "Many times the original problem was not fixed, or the equipment was not repaired to acceptable standards."



Danbury Hospital

Compounding this problem, turnaround time was extremely long. "We had endoscopes out for extended periods of time waiting for parts," says Beverly Stevens, RN, Danbury's clinical leader. "It was also difficult to get a loaner scope from the third party. Loaners had to be requisitioned and only one was available — an older scope in questionable operating condition."

"Customer service was also unsatisfactory," says Kean. "The third-party sales representative did not have knowledge about repairing scopes, and couldn't tell me exactly what was wrong or how long repairs would take."

This pattern of poor repairs and poor service led to as many as 10 endoscopes being out for repair at the same time, severely impacting the suite's operating efficiency. "The physicians became quite frustrated due to the depleted inventory of scopes," says Fiorito. "They preferred to use the newer scopes in inventory, rather than the older ones that had been repaired and re-repaired. As a result, procedures were delayed while they waited for the newer endoscopes to be cleaned." This added to the stress on the nurses and technicians, whose jobs became more difficult due to the shortage of scopes.

The Olympus Advantage

By late 2001, the endoscopy suite had reached a crossroads: operational efficiency was being compromised by third-party repairs. So in the fall of 2002, the hospital's endoscopy suite made the decision to return to Olympus under a Full Service Agreement and has been highly satisfied ever since.

As users of an Olympus Full Service Agreement, the suite receives several key benefits:

Lower costs: Repair costs for 2002 were \$328,760 — based primarily on using third-party repair vendors. Under an Olympus Service Agreement, repair and maintenance costs for 2003 were \$211,849, inclusive of some level of refurbishments to correct the damage created by the third-party vendors. With Olympus service, having the repair done correctly the first time resulted in a cost savings over a two-year period (2001-2003) of more than \$194,000.

Quality repairs: "Whether repairs are performed at a local Olympus Service Center or at the National Service Center in San Jose, CA, the quality is excellent," says Kean. "You don't mind sending a scope out when you know the repairs will be performed properly and you can count on the quality of the repair."

Maximum uptime: Under the Olympus Service Agreement, scope downtime has virtually disappeared. "I really don't have any scopes that are out for any length of time," Kean says. "Occasionally a scope has to go out, but it's usually for something minor and it has no impact on procedure volume." She also likes the safety net provided by the Olympus on-site loaner program. This program offers on-site backup endoscopes for emergency use to ensure lab efficiency while Olympus quickly repairs the primary endoscope to factory specifications.

Valuable training and education: Olympus customers can tap into a wide range of Olympus resources, from the Sales Representative to Field Service Engineers, local service centers, Olympus University and a wealth of service bulletins and newsletters. Kean is especially grateful for the assistance provided by her Olympus Sales Representative. "He did a great job providing me with information on maintenance and on the endoscopy business in general," Kean says. "He is always willing to help and I can always count on him."

She also appreciates the formal training and education Olympus provides. "Olympus education keeps us up-to-date on the latest developments in technology, scope maintenance and repair, and best practices of our industry," Kean says. "Olympus comes in regularly to help us maintain our competency in cleaning and reprocessing scopes. In terms of training and education, you couldn't ask for more."

Excellent Service Means Higher Productivity

Since the service agreement began, both physician satisfaction and patient satisfaction have improved while productivity has increased. Cases per day increased from 29.4 in 2001 to 38.1 in 2003, and the annual number of procedures increased from 7,410 in 2001 to 11,084 in 2003. An endo-specific Press-Ganey study, conducted by Danbury Hospital, found that patient satisfaction rose from 95.2% in 2002 to 97.4% in 2003.

"When repaired equipment is of good quality and operating as it was designed to originally, everything runs a lot more smoothly," says Kean. "We have definitely improved our operations as a result of the Olympus Service Agreement."



"We are very satisfied with the quality of Olympus repairs. The problems we experienced with the third party have disappeared."

—Joseph Fiorito, MD
chief of gastroenterology
and director
Danbury Hospital

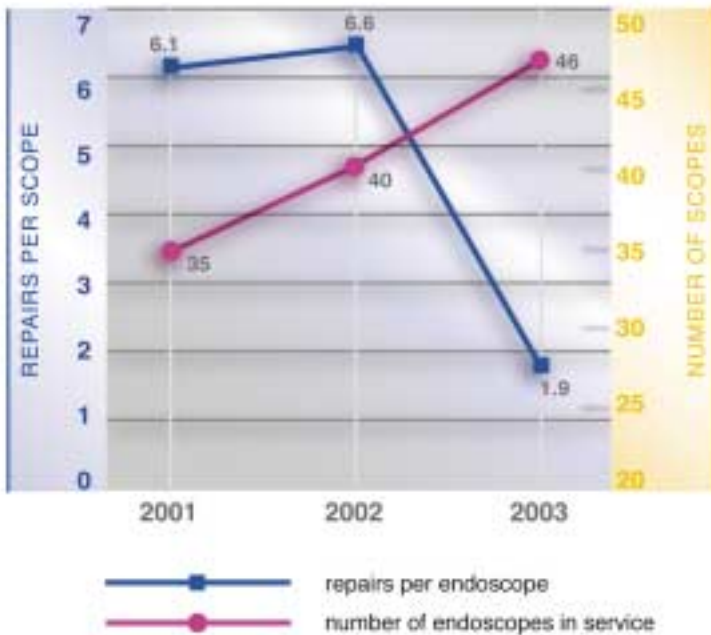
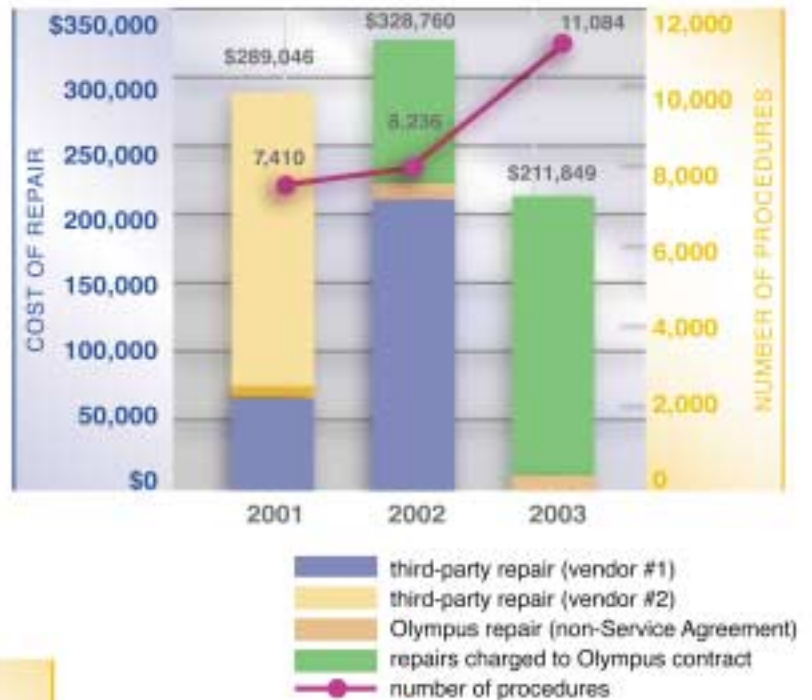
FINANCIAL ANALYSIS DETAILS SAVINGS

Danbury Hospital Endoscope Repair Costs, 2001-2003

An analysis of the financial records reveals that Danbury Hospital achieved significant cost savings after leaving third-party service providers in 2002.

- Between 2002 and 2003, procedures increased 35%, yet with Olympus, repair costs dropped from \$328,760 to \$211,849. This saved Danbury over \$116,900.
- For the two-year period between 2001 and 2003, savings on repair costs totaled \$194,000.

Note: Data for 2002 includes both third-party and Olympus repair costs.



Danbury Hospital Repairs Per Scope, 2001-2003

After Danbury Hospital signed an Olympus Full Service Agreement, repairs declined sharply.

- In 2002, when Danbury contracted its repair work through a third party, the average scope had to be repaired 6.6 times per year.
- In contrast, with Olympus, the average scope needed no more than 1.9 repairs per year, a clear indication of better repair quality and preventive maintenance.

Key Points

The quality of Olympus repairs on Olympus equipment is unsurpassed in the industry, reducing the number of scopes out for repair and better utilization of scopes. (Refer to Repairs Per Scope chart.)

Use of a third-party repair vendor may void the Olympus product warranty.

Beware of hidden charges. In 2002, Danbury Hospital was billed \$8,207 by its third-party repair vendor for scope aeration, a necessary step in most repairs. Olympus customers receive this benefit at no additional charge.

Beware of inflated charges. In 2002, Danbury Hospital was billed \$16,450 for Bending Section Covering repairs by its third-party repair vendor. In 2003 with an Olympus Full Service Agreement and a 35% increase in procedures, only 11 Bending Section Covering repairs were required.

Further Your Knowledge at Olympus University

Olympus University provides physicians, surgeons, nurses, technicians, biomedical engineers, administrators and materials managers a way to further their knowledge of the industry — and their careers. Through a selection of educational programs, Olympus University offers CME and contact hour accredited live courses across the U.S., as well as on-line courses and home study guides.

Professional Education

A program of courses has been developed in response to GI and OR managers, nurses and technicians who have expressed a need to improve their business, clinical and financial management skills while maintaining quality patient care. Attendees are given updated information to help improve unit operations and patient care.

As an example, Olympus University offers a management training course entitled *GI and OR Strategies* which features general sessions on healthcare trends, regulatory compliance, capital equipment acquisition and reimbursement. Breakout sessions cover GI and OR equipment reprocessing, repair reduction and best practices for efficiency and cost containment.

Technical Education

The Endoscopy Service Technical Institute is an on-line campus that details the courses offered by Olympus Endoscopy Service. Courses available cover such topics as Care and Maintenance of Olympus Flexible Endoscopes, Reprocessing Specialist Training and Biomedical Engineer Training. The site allows students to register for courses and to track their progress toward certification.

To download the *Educational Program & Resource Guide*, or to learn more, go to www.olympusuniversity.com.



Olympus Full Service Protection Plan

The Ultimate in Investment Protection

When it comes to repair, keeping your Olympus endoscopes “100% Olympus” is ultimately the most cost-effective way to protect your investment, your patients’ safety and your bottom line. But which Olympus Service Protection Plan should you choose?

Olympus offers three Service Protection plans—Full Service, Value Service and Fee for Service—each designed to eliminate the risk of excessive repair expenses and downtime through preventive maintenance and continued education. Many forward-thinking organizations, such as Danbury Hospital, choose the Full Service Protection Plan, the most comprehensive and secure coverage Olympus offers.

For a fixed annual fee, the Full Service Agreement includes the following benefits:

- No CAP on service or repairs.
- Full service electronic coverage for new CV, CLV, OEV, OEP (six (6) endoscope Service Protection Plan minimum).
- 36 month extended warranty on processors and light sources (bulbs excluded).
- 12 month extended warranty on endoscope repairs. Standard warranty coverage without a Service Protection Plan is 90 days.
- On-site backup endoscopes (one generation behind facility’s standard inventory) for emergency use.*
- Local repair service with on-site repairs (as applicable during preventive maintenance).

Olympus has the training, proprietary tools, test fixtures and original parts to properly repair Olympus endoscopes. With Olympus Service, your repaired endoscope is returned with original Olympus parts repaired by factory-trained, certified Olympus technicians. That’s the ultimate in investment protection.

* Must meet six endoscope Service Protection Plan minimum and PAR level requirements. One set (GIF/CF) for minimum of six Service Protection Plan endoscopes, two sets for minimum of 24.



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The Quality Inside Olympus.
The Q Inside The OSM