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Integrated Delivery Network (IDN)

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A Dayton, OH based Integrated Delivery Network (IDN) that consists of 8 hospitals and over 120 outpatient facilities. The IDN provides a wide range of health services that encompass the entire circle of life.

The IDN is looking to align revenue and expense processes in one of its Cardiac Cath Lab. A Cardiac Cath Lab is an examination room in a hospital or clinic with diagnostic imaging equipment used to visualize the arteries and the chambers of the human heart and treat any stenosis or abnormality found. (Wikipedia)

The Cardiac Cath Lab ordering process involves an employee placing a stock purchase requisition with the IDN's Material Management and Supply Chain Management department. Once the stock order has been received, purchasing places the order with the hospital's distributor (Medline) and the product is shipped from Medline's Warehouse. Upon receipt, the Cath Lab immediately expenses the items. This means that the Cath Lab can have hundreds of thousands of dollars in inventory, but it shows up on the income statement as an expense. Even though they are carrying inventory, nothing shows up on the balance sheet.

Due to the nature of the inventory, some of the items have expiration dates or a limited shelf life and some of the items expire before they can be used and must be disposed. This drives up costs in the health system.

The IDN is looking to convert this Cath Lab from an expense based inventory system to a perpetual inventory system. This system will use a combination of technologies to automate the ordering process for the Cath Lab. This technology will include using IBM Merge Hemo software to capture point of use information about inventory used during a procedure and transferring this point of use information to the IDN's McKesson ERP system.

By establishing MIN / MAX values in the Cardiac Cath Lab, the proper amount of inventory will be stored.

This will allow the IDN to:

- Ability to better align revenue with expenses to ensure that procedures are profitable due to insurance reimbursement.
- Better manage suppliers and inventory levels
- Make inventory in the Cath Lab available to the rest of the facilities in the IDN's Network. This will:
 - Reduce waste because products have expiration dates and products can be transferred and used in other Cardiac Cath Labs that have higher demand
 - Make stock utilization more efficient because other facilities will be able to see what products are currently in stock instead of having to order additional inventory