

Innovation in Healthcare Logistics

Hospital systems today are faced with endless budget cuts, rising expenses and the pressing need to uncover new ways to maximize efficiencies and minimize costs. At the same time, the demand for improvement in patient care presents a conflicting challenge. Caught in this predicament, savvy healthcare organizations are discovering that transportation and logistics outsourcing can be an effective way to meet both sets of demands – to control expenses while freeing up time and resources to focus on what matters most – patient care.

“We have seen many advantages to outsourcing our logistics – with cost savings being just one of them,” said David Blaeske, outreach manager for Elmhurst Memorial Hospital’s Reference Laboratory. “It has allowed us to focus on serving our clients and growing our business – instead of focusing on buying vehicles, training drivers and worrying about frequent delivery errors. Not only have we reduced costs, but we also now have better delivery tracking and valuable supply chain data that helps us run and grow our business.”

In 2001, EMH Reference Laboratory provided services to roughly 100 outreach clients (physician offices, clinics, hospitals and research facilities) in Chicagoland when it began an outsourcing relationship with MedSpeed. In the five years since, the Reference Laboratory has grown to serve more than 330 clients. The partnership played a key role in this growth, providing greater flexibility and control to achieve goals.

“When growing our business into areas we hadn’t been before, we needed to accurately predict costs to determine which clients would be profitable,” Blaeske said. “Before partnering with MedSpeed, we had a difficult time evaluating these costs and assessing risk. Also, we were ‘pencil and paper’ in the day of barcode tracking and we needed higher sophistication and tech-



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nology throughout our logistics function.

We now have a reliable, professional delivery network and business-critical data at our fingertips—something we didn’t have when we managed logistics and transportation in-house.”

Cost savings and service improvements are key drivers behind healthcare organizations’ decisions to outsource. Institutions that work with MedSpeed, for example, can experience as much as 20% in cost savings along with a 99.985% delivery success rate. With any outsourcing relationship, however, success hinges not only on economics or operational features but on the makeup of the relationship itself. High-functioning outsourcing relationships must capture a “best of both worlds” feel – the familiarity and trust associated with an internal department and the operational liberation only available through a partnership.

“We have benefited from MedSpeed’s in-

house staff of full-time drivers, as they help serve as our ‘eyes and ears’ in the field and project a professional image to our clients,” Blaeske said. “The couriers are in essence an extension of our own team.”

Today, the Reference Laboratory reflects on its decision to outsource transportation as a turning point in its development. But, initially the decision was not as obvious. The previous alternative of a general messenger service with independent contractor drivers did not have the tools or focus to produce the operational and client service results that healthcare uniquely requires. MedSpeed provided a real alternative.

When EMH made the decision to outsource it placed itself at the leading edge of a growing trend in healthcare. Since then a number of leading Chicago-area healthcare institutions, including Rush Medical Laboratories, University of Illinois – Chicago Medical Center and others, have realized the benefits of transportation outsourcing with MedSpeed.

And, with a core competency in medical specimen transportation, service can be extended to coordinate the movement of other business critical items including blood product, pharmaceuticals, radiology, reports, supplies and even interoffice mail.

Given the challenges faced in healthcare, this trend toward transportation outsourcing will continue to build. As healthcare leaders confront these challenges, more will outsource their transportation and logistics functions as an effective way to manage costs, improve reliability and facilitate profitable growth. After all, any option that both preserves resources and enhances patient care is certainly part of the cure for what ails healthcare.

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