WHITEPAPER

Fixed Assets Management Software For Hospitals
INTRODUCTION

Indian Health Care Industry is rising in gigantic pace. Analysts expect it to grow to $280 billion dollars by 2020 at an annual growth rate of (CAGR) 22.9%.

Hospitals are striving hard to meet this great demand. Providing quality services at minimal cost is their primary motto.

Private hospitals have emerged as a vibrant force in India’s health care industry, leading in both national and international repute. They have accounted for almost 74 percent of the country’s total healthcare expenditure.

With the dense competition in there, Hospitals are examining ways to decrease expenditure, but not at the cost of poor service.

Financial analyst and biomedical teams are developing reports to understand where a large pile of the amount spent. All came up with a single bold answer “Clinical Devices & Fixed assets”.

In motive of providing efficient services, Hospitals procure Thousands of Clinical Devices. Clinical devices include small scissors to large ultrasonic scanners.

Clinical Devices & Fixed Assets make the longest item line in Hospital’s Balance sheets. But most of the hospitals are neglecting to manage the assets periodically. It ultimately results in the decline of productivity of the assets.

As per estimation, 90% of large super specialty hospitals in India use their Clinical devices & fixed assets only up to 50%-60%of their ability. Improper maintenance
of assets causes great difficulty to calculate depreciation and adhere to compliances. Unknowingly, the vast amount of time and money is gone waste.

As per research –

- Nursing Times states, on an average nurse, spend one hour daily in search of clinical devices.
- 20% of nurses give up their search, just because they could not find the devices. It leads to the unwanted procurement. It increases Ghost Assets and Unwanted purchases.
- Theft or damage of Clinical Devices and assets is another major issue. It causes an estimated loss of Rs.3000-Rs.4000 per bed in a year. For a hospital with 200 beds, the loss spikes to Rs. 6Lacs.

Effects or potential revenue loss related to the breakdown of fixed assets is way too high. Consider the shutdown of an operation theater. There are many pieces of equipment necessary to keep an Operation Theater functioning at peak efficiency. Circumstances like chiller malfunction, power drop or failure of the generator and delay in supply of medical gasses have severe ramifications for hospitals. These damages pull down the credibility and financial stability of hospitals.

There are many instances where hospital staff faces the embarrassment of not finding required assets. It leads to the situation where staff raises a purchase requisition of new equipment and assets.

Improper asset management damages the financial structure of the hospitals –

- Paying insurance premium to Ghost assets – If the dispose of high-cost assets is not tracked. Hospitals might pay the insurance premium to these assets. It is a potential loss.
- Even after the dispose of equipment, if hospital employees fail to remove this depreciated equipment from the books. Then the hospital appears
older on paper than it really is. This causes a problem for hospital executives, who are looking forward to refinancing existing debt or raising new capital for expansion

- Unrecorded Assets – Hospitals sometimes have equipment that isn’t on the books, during an audit, it might be the major concern
- Understanding government policies and updating is a vital job. Most of the hospitals do not have enough time to do this. Creating formulae & calculating depreciation using spreadsheets is a time-consuming task. Chance of mistakes is very high
- Much of the assets in hospitals, these days have wheels and are movable, they keep on moving from one place to another within hospitals. Tracking of these assets is another failure of hospitals these days

Primary cause of this situation –

- Lack of rigid body to ensure AMC & CMC of fixed assets
- Absence of periodic physical asset audits
- Lack of preventive mechanism to ensure there is no loss
- Inability to comply and adhere to government policies

How many Hospitals have the following information related to assets?

1. The Actual quantity of assets available?
2. The Condition of assets?
3. Tracking expiry or disposal date of assets?
4. Asset functionality report?
5. Costs related to maintenance (Repair, Spares & Servicing)?
6. Insurance and Premiums details related to assets?
7. Is someone maintaining the records (bills, receipts, vouchers etc.) related to the asset?
8. Are the assets assigned to someone in the organization?
9. Does the hospital have a tracking mechanism to know the assignee?
10. When the asset is moved from one branch to another, is it tracked and entered into the records?
11. Do hospitals calculate depreciation as per latest policies?
12. Does hospital adhere to various government Acts

And questions go on....

Hospitals are organizations with a large number of assets. As told, assets might be as large as CT Scanners to as small as Scissors. Each asset adds value to the organization and is a cost to the organization. Each and every department in hospitals is having their own set of assets.

We discussed the causes of failure of assets in OT. But if we track following information related to an asset in OT – it is easy to overcome those failures.

1. To have complete authority over assets in OT
2. Make a record of all details related to asset
   a. Cost
   b. Purchase Date
   c. Dispose date
   d. Insurance & Warranty timeline
   e. Maintenance dates
   f. Record of all receipts
3. Track of assets or equipment sent for service or replacement
4. Physical location & assignee details of assets should be recorded
5. Condition of Aircon, Respiratory systems should be captured
6. Forecast model to estimate the disposal period of assets
7. Forecasting the level of gasses left and making self-prepared
8. Tracking the assets moved from one location to another
Hospital managements are on crossroads and are not in a position to make a decision. Managing assets are not their top priority. Providing quality services and proper treatment is their top priority. They also face a few other challenges –

- Lack of standard body to manage assets
- Recruiting new employees to manage assets

As the count of hospitals is increasing day by day, the pressure on them is mounting. With such stiff competition, hospital managements are hunting for an effective solution that can reduce expenditure and increase the productivity of fixed assets.

**Fixed asset management**

It is an accounting practice that automates all the activities related to asset maintenance starting with asset tracking, managing & complying assets as per rules. The primary purpose is to have effective financial accounting, preventive maintenance and theft deterrence.

**It deals with** –

- Ideal Procurement
- Reporting
- Branch wise accounting
- Regular Audits
- Service Maintenance
- Accurate Depreciation
- Track Assets
- Consumable Tracking
- Proper Maintenance
- Effectively recording assets
- Documentation
- Data Security
Fixed Asset Management Software assists organizations to have complete authority over their fixed assets. It can give many details related to assets, the location of the asset, to whom it is assigned, insurance details, premium rates, maintenance schedules, depreciation details.

The reporting option that is built into most Fixed Asset Management Software provides pre-built reports, including assets by category and department, check-in/check-out, net book value of assets, assets past due, audit history, and transactions.

**NABH Accreditation**

NABH accreditation is a rare gem that every hospital in India wants to have it in their crown. To comply with NABH standards, the hospital will need to have a process-driven approach in all aspects of hospital activities. It might be either clinical aspects or governance aspects. According to NABH’s 4th edition standards, 8th Chapter – Facility Management & Safety (FMS), It is mandatory for hospitals to have a program that manages biomedical equipment.

**TRACET** is one such software. Tracet can effectively track, optimally manage and effortlessly comply your fixed assets as per rules. It is a web-based solution with scalable cloud and can easily be integrated with existing ERPs.

Silent features are –

- Web-based application
- Compliance with Companies Act 2013
- Efficient AMC & CMC of assets
- User-defined Additional Attributes/Fields

Consider opting Fixed Asset Management Software as an investment, but not as a cost. This investment yields income by optimally utilizing existing resources and reducing the procurement of unwanted assets.

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