

Summer Internship Report

At

CK Birla Hospital, Gurgaon



(April 21st to June 21, 2024)

A Report by:

Akhil Bokra

PGDM (Hospital and Health Management)

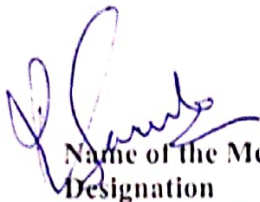
2023-2025



International Institute of Health Management Research, New Delhi

Certificate of Approval

The Summer Internship Project of titled "To analyse and presnt various cost control methods within hospital SCM framework" at "CK Birla Hospital, Gurgaon" is hereby approved as a certified study in management carried out and presented in a manner satisfactorily to warrant its acceptance as a prerequisite for the award of **Post Graduate Diploma in Health and Hospital Management** for which it has been submitted. It is understood that by this approval the undersigned do not necessarily endorse or approve any statement made, opinion expressed, or conclusion drawn therein but approve the report only for the purpose it is submitted.



Name of the Mentor
Designation
IIMR, Delhi

(Completion of Summer Internship from CK Birla Hospital)
The certificate is awarded to

Name: Akhil Bokra

In recognition of having successfully completed his/her internship
in the department of

Title: Supply Chain Management

and has successfully completed ^{his}~~her~~ Project on

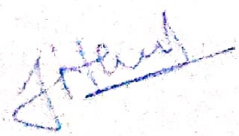
Title of the Project: Cost Control Methodology

Date: 21st June 2024

Organization: CK Birla Hospital

He comes across as a committed, sincere & diligent person who has a strong
drive & zeal for learning

We wish him all the best for future endeavors


Organization Supervisor


Head HR/Department Head

FEEDBACK FORM

(IIMR MENTOR)

Name of the Student: Akhil Bokta

Summer Internship Institution:

C K Birla Hospital, Gurgaon

Area of Summer Internship:

SCM Dept.

Attendance:

Regular

Objectives met:

Yes

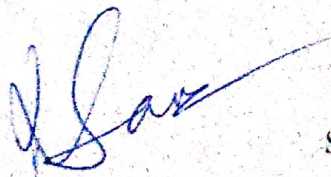
Deliverables:

Completed his project

Strengths:

Quick learner

Suggestions for Improvement:



Signature of the Officer-in-Charge (Internship)

Date: 19-12-24

Place:

FEEDBACK FORM

(Organization Supervisor)

Name of the Student: Akhil Bokra

Summer Internship Institution: C K Birla Hospital, Gurgaon

Area of Summer Internship: SCM Department

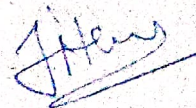
Attendance: Regular

Objectives met: Yes

Deliverables: Completed his Project

Strengths: Adaptable, Quick learner

Suggestions for Improvement:



Signature of the Officer-in-Charge (Internship)

Date: 21-6-24

Place: C K Birla Hospital

Acknowledgements

I would like to express my deepest gratitude to everyone who supported me throughout my summer internship, making it a valuable and enriching experience.

First and foremost, I extend my sincere thanks to my college mentor at IIHMR Delhi, **Dr Ratika Samtani** mam for their unwavering support, guidance, and encouragement. Your insightful advice and constructive feedback have been instrumental in shaping my learning journey and enhancing my understanding and I am incredibly fortunate to have had the opportunity to learn from you.

I would also like to thank my mentor at CK Birla Hospital, Jitendra sir for their exceptional support and mentorship during my internship. Your practical insights, patient guidance, and willingness to share your expertise have significantly contributed to my professional growth. The hands-on experience and real-world exposure I gained under your supervision have been invaluable, and I am deeply grateful for your patience and willingness to help me navigate through challenges and learn from them.

Lastly, I am grateful to both IIHMR Delhi and CK Birla Hospital for providing me with this opportunity and the resources necessary to succeed.

Thanking You

Akhil Bokra

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Introduction to CK Birla Hospital



The CK Birla Hospital, situated in Gurgaon, is recognized by NABH as a multi-specialty hospital. Being a part of the CK Birla Group, a diverse conglomerate worth \$2.8 billion, it has been catering to healthcare needs in India for more than half a century. A team of over 100 specialists heads the operations at the Gurgaon hospital. We take immense pride in being companions to numerous delighted families and patients. Our commitment lies in maintaining global standards of clinical care, emphasizing safety, integrity, and empathy.

By adhering to guidelines and protocols from both national and international sources, we strive to provide top-notch healthcare services that bring unparalleled medical care within reach of our community.

Our state-of-the-art technology and facilities enable real-time communication and seamless collaboration across caregivers to ensure accuracy and the best possible results. We see our patients as our partners and cater to their diverse healthcare needs across all stages of life. Our designated ‘care team’ approach allows our patients to be actively involved in their clinical decision making and access multi-skilled caregivers for well-rounded advice and treatment.

- NABH accredited multispecialty hospital
- State-of-the-art modular OTs
- Adherence to international and national guidelines and protocols including NICE guidelines and those from the NHS
- State-of-the-art chemo daycare and dialysis centre
- Best-in-class team of 100+ specialists of international repute
- Scarless breast surgeries

- Industry-leading nurse/patient ratio
- 24×7 Emergency, ICU and Critical Care facilities
- Nursing team trained as per NHS and national guidelines
- 24×7 Radiology – including CT scan, 4D ultrasound, X-ray, digital mammography, BMD, ECHO
- Comfortable and spacious patient rooms and amenities
- 24×7 Pathology including advanced genetic testing
- Labour delivery rooms (LDR) with piped Entonox for pain management
- 24×7 Pharmacy
- North India's first water-birthing facility
- Physiotherapy centre
- Level III Neonatal ICU
- Studio for fitness, antenatal and post-natal classes & to host medical and educational workshops
- COVID safe hospital with stringent protocols

VISION & VALUES

Vision

To transform the future of healthcare through outstanding clinical outcomes, research, education and compassionate care.

Mission

To bring global standards of clinical expertise and care to patients and their families.

key values

- Commitment to excellence
- Compassion
- Respect and humility
- Integrity

Departments and Services

| | |
|---|---|
| <ul style="list-style-type: none">• Urologic Robotic Surgery• Neonatology & Paediatrics• Orthopaedics• Gastroenterology• Oncology• The Breast Centre• ENT• GI Interventional Radiology• Vascular Intervention & Surgery• Obstetrics• Gynaecology• GI, Minimal Access & Bariatric Surgery• Urology | <ul style="list-style-type: none">• Nephrology & Dialysis• Pulmonology• Plastics & Aesthetics Centre• Internal Medicine• Paediatric Surgery• Physiotherapy• Robotic Surgery• Cardiology• Ulcerative Colitis• GI Oncology |
|---|---|

General Findings

Supply Chain Management (SCM): In a hospital, SCM do controlling and coordination of sourcing, procurement, storage, and distribution of medical supplies, pharmaceuticals, and equipment necessary for patient care. It manages whole process of acquiring goods and services from suppliers or vendors to delivering them to hospital.

Purchase Department

Basically, Purchase department are of two types:

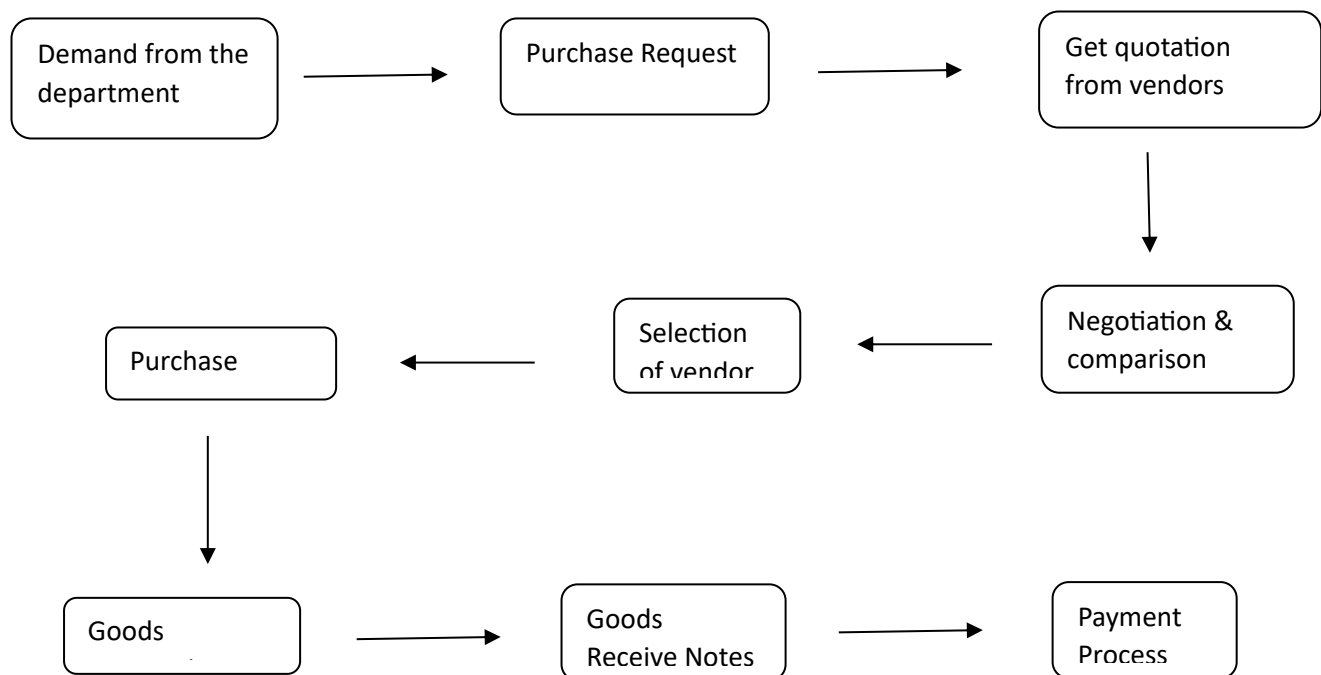
1. Medical

This department do purchase of drugs, injection, vaccine. and other pharma products which are used in both OPD and IPD.

2. Non-medical

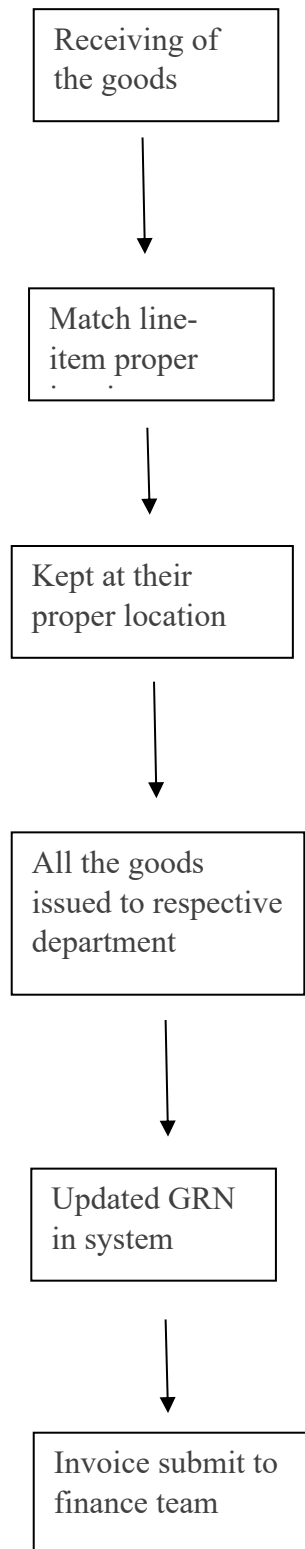
This department do purchase of non-medical equipment, machines and products of different department of the hospital like F&B, Front office, Nursing. This department also work for both IPD and OPD,

Work Flow Process



Store/inventory management: All the goods which are purchased by the purchasing department are received by the store. They have to manage all the goods and keep them according to their storage recommendation. All departments issue their product from the store.

Work Flow:



CHAPTER 2

| |
|-----------------------|
| <u>Project</u> |
|-----------------------|

Title- To analyse and present various cost control methods within the hospital SCM framework.

Introduction

The project, named “Analyse and present different cost control methods within the hospital SCM framework,” focuses on saving a substantial amount of money through efficient cost control methods.

By exploring these approaches, the project aims to pinpoint strategies that can assist hospitals in optimizing procurement processes, reducing waste, strengthening supplier relationships, and ultimately cutting overall operational expenses.

The effective management of hospital Supply Chain Management (SCM) is crucial in achieving this equilibrium. A well-run SCM not only ensures the prompt availability of medical supplies, pharmaceuticals, and equipment but also influences the financial well-being and operational efficacy of hospitals.

Enhanced knowledge of SCM in healthcare settings benefits healthcare providers, patients, and stakeholders alike.

The healthcare sector stands as the world’s largest industry concerning budget, customers, and employees. In 1980, healthcare expenditures in the United States totalled around \$250 billion. Fast forward to 2010, three decades later, and this figure skyrocketed to \$2.6 trillion – a tenfold increase! Clinical service costs and hospital care expenses comprised roughly half of this colossal amount.

Research findings suggest that supply chain costs contribute up to 40% of healthcare expenses in certain hospitals. Consequently, addressing deficiencies in the supply chain and refining inventory management can lead to substantial cost savings in healthcare expenditures.

Hospital supply chain management, or SCM, is the efficient coordination of procedures and resources required to provide patients with medical supplies and services. Hospital supply networks have particular difficulties not faced by typical supply chains in other industries, including strict regulatory standards, a wide range of product specifications, and the urgent need for accurate and fast delivery of medical goods.

Importance of cost control

- Effective management of costs plays a critical role in healthcare organizations for multiple reasons. It assists healthcare providers in optimizing the allocation of resources and ensuring efficient utilization of financial and operational resources.
- Implementing cost control measures aids in reducing financial risks and challenges encountered by healthcare organizations, ultimately promoting financial stability.
- By controlling costs, healthcare organizations can offer affordable and accessible care to patients, consequently boosting patient foot traffic.
- A large variety of expensive medical supplies, medications, and equipment are essential to hospitals' operations. The proper use of these resources to maximize budget allocation and reduce waste is ensured by effective cost control.
- Maintaining cost control makes financial plans and budgets easier to follow. It guards against excessive expenditure and guarantees that resources are distributed sensibly in accordance with budgetary objectives.
- It makes resource allocation for firms more effective. Through the process of identifying expenses that are unnecessary or places where costs may be cut without sacrificing quality, firms can reallocate resources towards more productive projects like expansion or innovation.

Methods of cost control in SCM

- **Vendor Selection:** Select vendor not only on basis of cost but also on quality, reliability, and responsiveness.
- **Vendor Management:** Developing strong relationships with key vendors can lead to better terms, discounts, and improved overall supply chain performance.
- **Inventory Management techniques:** Use of effective inventory control techniques can reduce carrying costs, minimizing waste and ensuring timely availability of critical supplies for patient care. Some inventory management techniques are just-in-time (JIT) inventory, economic order quantity (EOQ) models, ABC analysis,
- **Demand Forecasting:** It involves predicting future needs for medical supplies, pharmaceuticals, equipment, and healthcare services based on their data. By Improving accuracy in demand forecasting we can avoid overstocking or stockouts.
- **Technology:** Using SCM software and automation tools for better visibility, real-time tracking, and coordination throughout the supply chain. This improves work efficiency, reduces errors, and helps in cost control.
- **Collaboration:** Collaborate with vendors, suppliers, distributors, and other stakeholders to know more cost-saving opportunities and work for its continuous improvements.
- **By Reducing Purchased Services Cost:** It is not used for only strengthening the financial foundation of hospitals but it also supports improved operational efficiency and quality of care for the patient.
- **Negotiation:** Negotiate with the vendors helps us to buy goods according to our budget. This helps in control cost and save money for our organization.
- **Upgradation of the products:** Get aware about the upgraded products in the market. Sometimes the upgraded products give us more benefit than the products which we used earlier and it also helps in cost savings.
- **By improving the quality of products:** Quality of a product also effect its consumption. It helps in reduce waste, improve efficiency and leads to better patient outcomes in hospital.
- **Continuous Improvement:** Foster a culture of continuous improvement within the SCM team and across the supply chain. Regularly review processes, gather feedback, and implement changes to optimize efficiency and reduce costs over time
- **Find alternates:** Use of alternate products and generic medicine is a common strategy in hospitals for cost savings while maintaining quality patient care.

Advantages of Cost Control

- Cost control in hospitals is crucial for maintaining financial stability. This stability allows hospitals to manage their budget effectively and plan for future investments or expansions, benefiting patient care overall.
- Moreover, by controlling costs, hospitals can make medical treatments and services more affordable. This affordability helps in providing accessible healthcare to patients, resulting in better health outcomes and satisfaction.
- Furthermore, effective cost control enables hospitals to invest wisely in resources such as advanced medical equipment, skilled healthcare professionals, and improved infrastructure. Strategic allocation of resources enhances the quality of care provided to patients.
- Additionally, hospitals that manage costs efficiently can offer competitive pricing for their services. This competitive advantage attracts more patients and helps in building a strong reputation within the healthcare industry.
- By implementing cost control methods like standardizing clinical practices, following evidence-based guidelines, and optimizing workflows, hospitals can improve patient care outcomes significantly. This includes reducing medical errors, enhancing patient safety, and achieving better clinical results.
- Rigorous cost control measures also foster accountability among hospital staff and management. This accountability ensures that financial resources are utilized responsibly and in compliance with regulatory standards.
- Ultimately, controlling costs is essential for the long-term viability of hospitals. It allows them to adapt to changes in healthcare policies, technological advancements, and evolving patient expectations while continuing to serve their communities effectively.

Challenges Faced during cost control

- Quality and Safety Standards are crucial for ensuring the safety of patients when it comes to medical products. Supply chain managers need to be vigilant in selecting suppliers and products to maintain quality standards and prevent compromising patient safety.
- The demand for healthcare products and services can fluctuate unpredictably due to seasonal variations, patient conditions, and unforeseen events like pandemics. These fluctuations make accurate demand forecasting more challenging and can result in either overstocking or stockouts.
- Effective supply chain management hinges on precise data and analytics. Inaccurate supply chain data riddled with errors can impede decision-making and optimization processes.
- Healthcare supply chains are bound by stringent regulatory requirements such as FDA regulations concerning product safety, quality, and traceability. Adhering to these regulations enhances complexity and necessitates meticulous documentation and procedures.
- Goods as well as medical equipment utilized operations can be quite costly.
- Because patient characteristics vary so much, demand for the types and quantities of products needed for procedures can be very unpredictable.
- Because medical treatments must be completed quickly, inventory tracking can provide challenges.
- Problems with product tracking and expiration brought on by a deficiency of accountability for goods handled through a consignment method

Objectives

- To conduct a comprehensive analysis to identify the primary cost drivers within the hospital supply chain, including procurement, inventory management.
- To compare the hospital's SCM cost control practices with industry standards and best practices to identify gaps and opportunities for improvement.
- To propose effective cost-control strategies tailored to the hospital's unique operational and financial context.

Rationale

Hospitals have the potential to save a significant amount of money by implementing efficient cost control methods. The economic benefits derived from these savings can be reinvested into expanding services, upgrading infrastructure, or acquiring new technology. This will enable hospitals to offer high-quality services to patients while optimizing their financial resources for long-term success.

Methodology

Study Area: CK Birla Hospital, Gurgaon

Study Design: An Observational qualitative study design was followed to explore the knowledge, attitude, awareness and concerns of complete hospital supply chain management.

Study Period: 21 April to 21 June, 2024

Sampling Method: Convenient sampling technique was carried out for the study based on feasibility to collect maximum information from purchase team of the hospital.

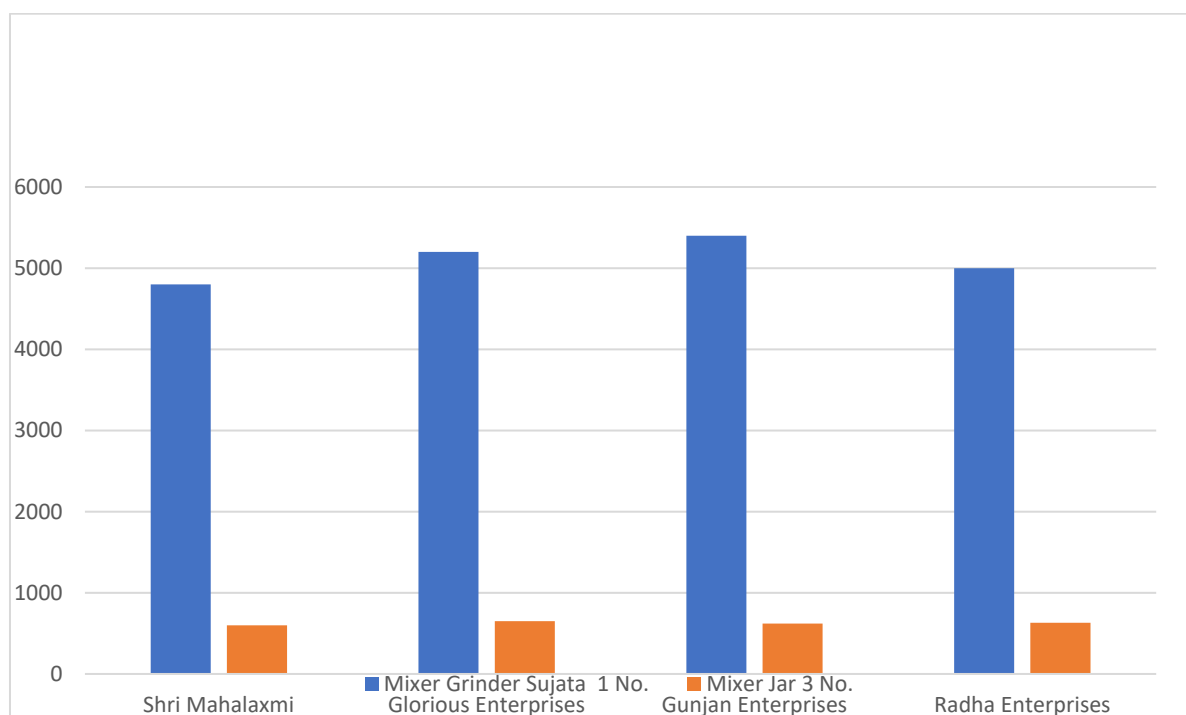
Data Collection Mode: Secondary data is collected from purchase department of the hospital.

Data Analysis: Microsoft excels is used for the analysis of data.

Results & Discussion

1.Outsourcing

| Description | QTY | UOM | Shri Mahalaxmi | Glorious Enterprises | Gunjan Enterprises | Radha Enterprises |
|---------------|-----|-----|----------------|----------------------|--------------------|-------------------|
| Mixer Grinder | 1 | No. | 4800 | 5200 | 5400 | 5000 |
| Mixer Jar | 3 | No. | 600 | 650 | 620 | 630 |



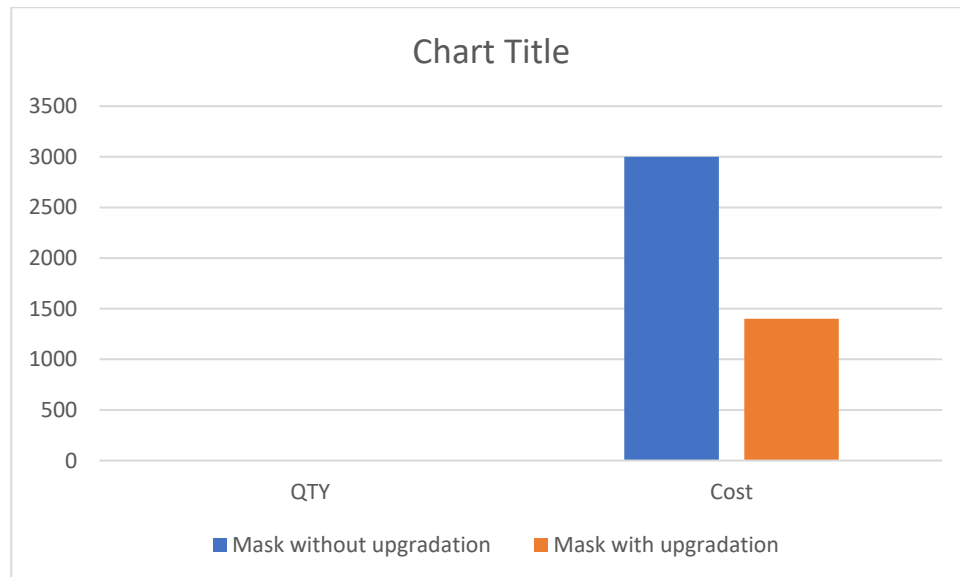
We have to purchase a mixer grinder and its jars for F&B departments. The purchase department (non-medical) do outsource and find different vendors.

There are 4 vendors and each vendor have different rate of same products. So, for cost control we buy our product from the vendor who give us at lowest price.

As shown in the figure, Shri Mahalaxmi have the lowest price of both mixer grinder and mixer jar and Radha Enterprises have the highest price among all of them. So, for cost control we buy or product from Shri Mahalaxmi.

2. Upgradation of Product

| Description | QTY | Cost |
|--------------------------|-----|------|
| Mask without upgradation | 3 | 3000 |
| Mask with upgradation | 1 | 1400 |



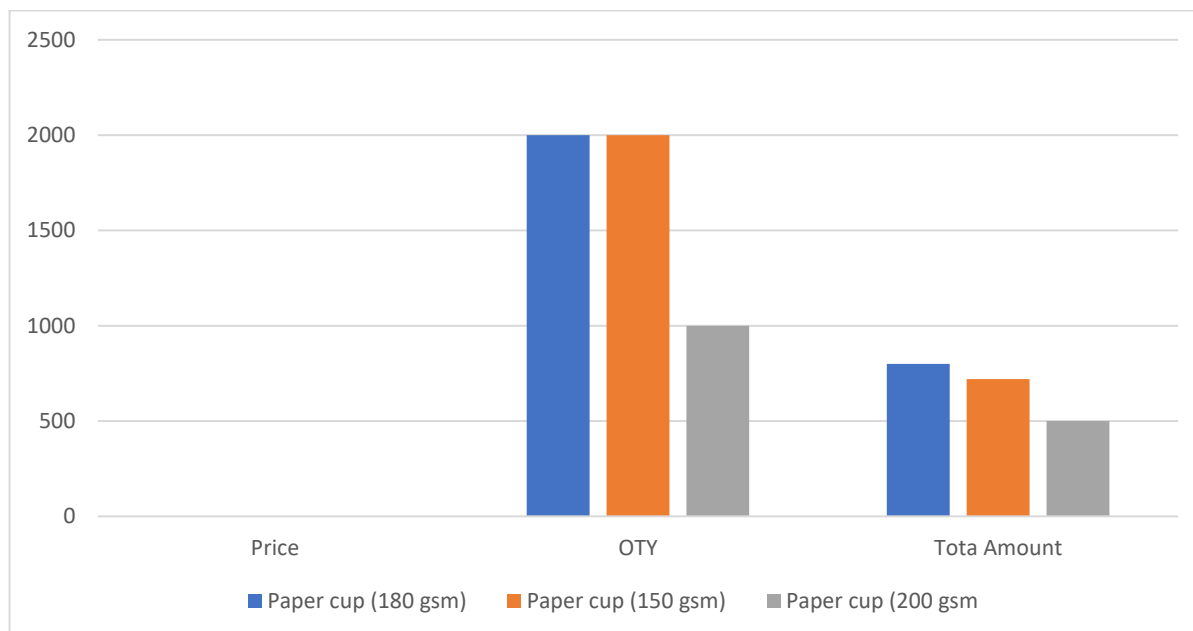
In ICU, ventilator masks are used and these masks are available in different sizes like small, medium, larger. Hospital has to buy all three sizes of the mask. But now a mask come which is adjustable according to patient need. So now hospital don't have to purchase all three sizes of the mask.

As the data shows, cost of mask without upgradation is 3000rs for 3 different sizes and cost of upgraded mask is 1400rs. On every upgraded mask we can save 900rs.

It clearly shows that the upgradation of product can use for the cost control.

3.Improve Quality

| Description | Price | OTY | Tota Amount |
|---------------------|-------|------|-------------|
| Paper cup (180 gsm) | 0.4 | 2000 | 800 |
| Paper cup (150 gsm) | 0.36 | 2000 | 720 |
| Paper cup (200 gsm) | 0.5 | 1000 | 500 |



F&B department put a purchase request for the paper cup to purchase department(non-medical). Team of purchase department see that the employees of the hospital use 2 paper cups instead of one during tea/coffee break.

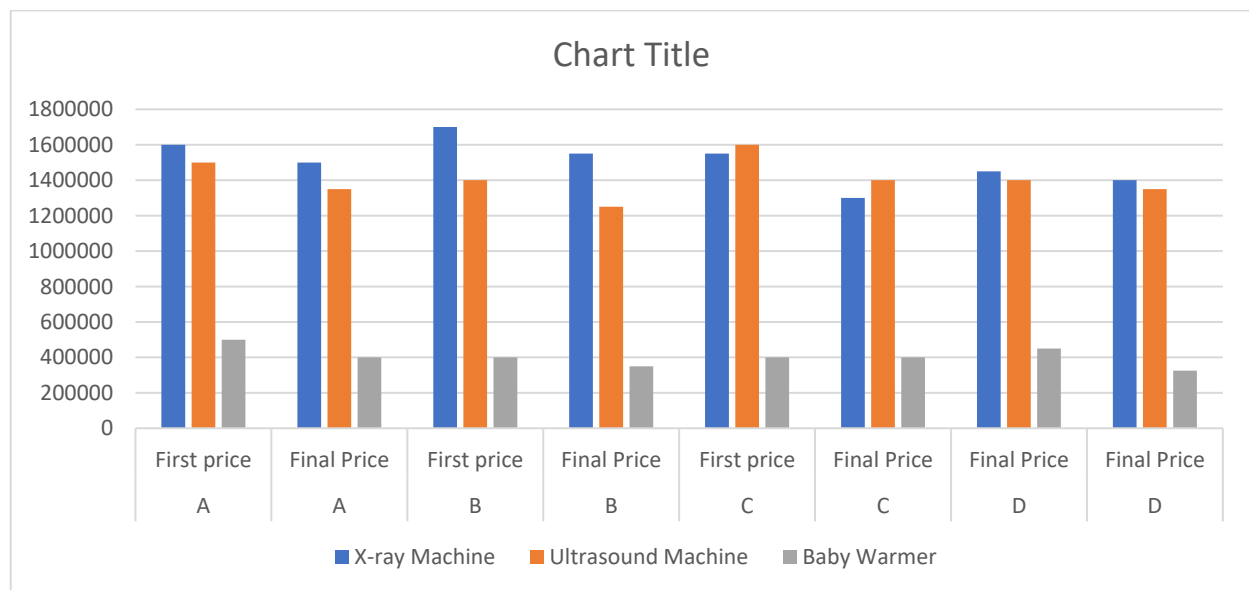
Due to this requirement of paper cups increase rapidly. Purchase team decided to improve the quality of paper cups so that each employee use one cup instead of two. By this method they save money and wastage of cups also decreases.

As shown in the figure, we required 2000 paper cup of 150(gsm) of price 0.36rs (for each) cost us total amount of 720rs. On the other hand, we use only 1000 paper cups of 200(gsm) of price 0.50rs (for each) costs us total amount of 500rs.

Here we see that by improving the quality of products we can save money and control cost.

4.Negotiation

| Description | A | A | B | B | C | C | D | D |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | First price | Final Price | First price | Final Price | First price | Final Price | Final Price | Final Price |
| X-ray Machine | 1600000 | 1500000 | 1700000 | 1550000 | 1550000 | 1300000 | 1450000 | 1400a000 |
| Ultrasound Machine | 1500000 | 1350000 | 1400000 | 1250000 | 1600000 | 1400000 | 1400000 | 1350000 |
| Baby Warmer | 500000 | 400000 | 400000 | 350000 | 400000 | 400000 | 450000 | 325000 |



Hospital required an X-Ray machine, Ultrasound sound machine and a baby warmer. The purchase team of the hospital do outsource for the machines and select four vendors.

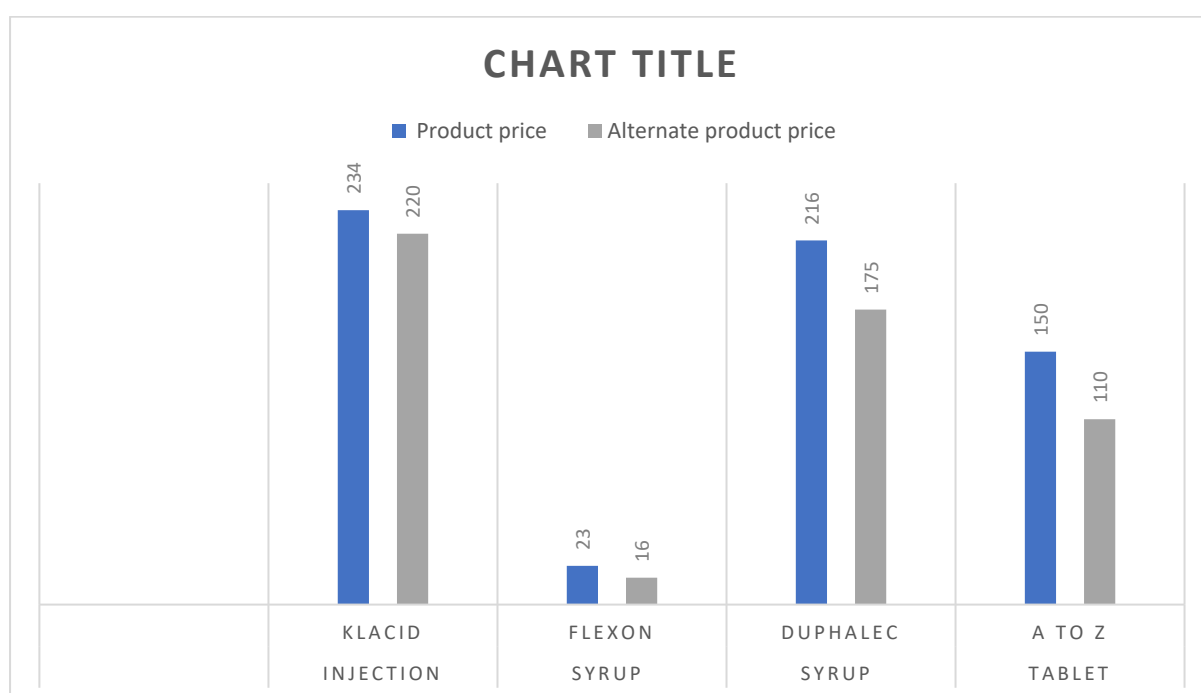
Each vendor gives their quotation to the hospital. Then Purchase team do meeting with each vendor for negotiation of price and also talk about the payment terms and condition.

After negotiation vendor give their final price and purchase team select the vendor who give them best price with good quality of the product

As we see in the figure each vendor gives their first price and after negotiation, they cut the price and give their final price. This proves that, negotiation helps in the cost control.

5.Alternate Products

| Description | product name | Product price | Alternate product name | Alternate product price |
|-------------|--------------|---------------|------------------------|-------------------------|
| | | | | |
| Injection | Klacid | 234 | Clarineon | 220 |
| syrup | flexon | 23 | ibugesic+ | 16 |
| syrup | Duphalec | 216 | looz | 175 |
| Tablet | A to Z | 150 | Zicovit | 110 |



In pharmacy cost control can be done by using alternate product and generic medicines. we have to make sure that the alternate product has same chemical composition and don't have any side effects.

Here we have some data which represent the product name and its price on other side we have alternate product and their price. This data clearly shows that the price of the alternate product is less. By using these products our cost savings increased and we don't have to compromise with the patient care.

Conclusion

This study outlines the diverse cost control techniques employed by hospitals. It underscores the significance of hospitals managing finances wisely while maintaining high-quality patient care. Through methods such as Vendor Selection, Vendor Management, Demand Forecasting, Product Upgradation, Product Quality Improvement, Purchased Services Cost Reduction, alternative product usage, Outsourcing, and Negotiation, hospitals can cut costs without compromising care quality.

The findings demonstrate the effectiveness of these cost control measures in saving hospital funds. Nevertheless, challenges arise including upholding Quality and Safety Standards, Adapting Demand Changes, Data Management, Compliance with regulations, garnering support for changes across the board, and navigating the complex healthcare landscape.

Utilizing technology aids in decision-making. By leveraging advanced technologies, implementing best practices in procurement and inventory management, and nurturing strong supplier relationships, hospitals can bolster supply chain resilience, reduce expenses, and enhance overall patient care outcomes.

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