CENTRAL SUPPLY BUDGET READINESS CHECK

Review Your Healthcare Facility's Inventory, Usage, and Operations Before Year End

Overview

For many healthcare organizations, supply expenses are relatively stable year after year. What often changes are the day-to-day processes that support inventory management, such as product organization, replenishment workflows, and supply usage documentation. Budget season provides an opportunity for supply chain and administrative leaders to review both financial performance and operational effectiveness. Evaluating these areas together can strengthen spending habits, improve usage capture compliance, and support more informed decisions for the year ahead.

Five budget readiness milestones

1. **What do we have?**

   Validate inventory accuracy before building next year's budget. Review what is on the shelves, PAR levels, and opportunities to remove excess, obsolete, or expired product.

   Reports to Review

   - Inventory Counts
   - Inventory Valuation
   - Inventory Items with Min/Max

2. **What are we using?**

   Understand which products and categories are most used across the organization. Does this make sense with the type of care your residents are receiving? Compare actual spend against budget and identify categories with mismatched budget v. actuals.

Reports to Review

- Purchasing History
- Budget Performance Summary
- Item Usage Reports

3. **What are we charging?**

   Evaluate whether supplies that support reimbursement are being consistently tracked and reviewed for residents regardless of Medicare or private pay status.

   Reports to Review

   - Quarterly Performance/Charge Capture Reviews
   - Resident Statements by Payer Type

4. **How is the work done?**

   Ensure supply processes are documented, repeatable, and not dependent on a single individual.

   Documents to Review

   - Internal Procedures
   - Software User Guides

5. **What's changing next year?**

   Identify operational changes that could impact inventory, purchasing, reimbursement, or utilization.

   Examples:

   - Census changes
   - Staffing adjustments
   - Vendor transitions

Discussion questions

Inventory & Budgeting	Notes
Which category appears most overstocked?	
What inventory category has the highest value?	
Which category had the largest budget variance?	
Are current PAR levels still appropriate?	

Charge Capture	Notes
Are our chargeable item lists still appropriate? Are high-value categories (i.e., incontinence) being documented consistently? Are current markups aligned with organizational goals and market conditions?	

Operations	Notes
Which process depends most heavily on one person's knowledge? Which supply procedure is least documented? Are there opportunities to standardize how supplies are requested or distributed? How will we prepare for changes next year?	

Next steps

Once you've worked through the five milestones and discussion questions:

1. Document key findings and any recommended changes to current systems
2. Assign ownership for who will address implementing new processes
3. Use this information to support budget assumptions and performance goals for next year

SupplyHawk helps healthcare organizations gain visibility into purchasing, inventory, usage, and charge capture, giving supply, finance, and operational leaders the information they need to plan with confidence.

Learn more at SupplyHawk.com