

A GHX Case Study



SCOTTSDALE
HEALTHCARE®

World-Class Patient Care

Arizona Healthcare System Takes Exchange Utilization to the Next Level

Challenges

John Donofrio, manager of Contract Administration at Scottsdale Healthcare, knew the system faced a number of challenges related to its procurement process, beginning on the front end. A majority of its orders were phoned in or faxed in, and “we were quite inefficient in reaching resolution (of price discrepancies),” he said.

Because Scottsdale used faxing as its primary means of communication with its vendors, the only time it was certain a vendor had received an order was when it received a fax back. As a result, discrepancies required additional manual intervention and caused downstream problems. “We were not able to address pricing discrepancies in a timely fashion, which led to an inefficient payment process and late-payment penalties,” he said. “In addition, there was little exception reporting and we were spending significant time on dispute resolution and coordinating discrepancy research.”

Costs were on the rise because ordering processes weren’t as efficient as they could be. Donofrio said, “We didn’t have the opportunity to address back-order situations in a timely manner, and that led to rush orders that resulted in extra shipping costs. We felt the best option was to optimize our use of the GHX exchange by taking our trading partner utilization to the next level.”

Solution

While Scottsdale Healthcare knew what it needed to do, it didn’t have the resources to accomplish its goal in an expedited fashion, so it engaged GHX Business Solutions in a trading partner acceleration project to help it convert 90 percent of its purchase order lines to electronic over a 90-day period. The healthcare system moved from a largely manual procurement document transmission platform to an automated procurement document transmission platform with advanced monitoring and exception reporting.

Scottsdale Healthcare was able to increase the number of trading partners with which it was doing business through the GHX EDI exchange from 47 to 91. It also brought an additional 120 suppliers on board over the three-month

Overview

Scottsdale Healthcare is a not-for-profit community healthcare system in Scottsdale, Arizona, serving the northeastern greater Phoenix area through its three hospitals, cancer center and ambulatory care centers. While Scottsdale Healthcare had been a member of GHX since 2004 and was transacting business electronically with some of its vendors, its procurement process remained largely manual and paper-driven and was characterized by inconsistent, inefficient document transmission methods. Scottsdale Healthcare turned to GHX Business Solutions to help it tackle these challenges by automating processes and enabling EDI with more suppliers and for more transaction sets.

period by employing the MetaTrade solution to conduct business via EDI with suppliers that weren't yet connected to GHX or did not have EDI capabilities.

Results

Working with the GHX Business Solutions team and implementing MetaTrade, Scottsdale Healthcare is now submitting approximately 80 percent of its \$180 million medical-surgical supply spend electronically. Its electronic orders have risen by 30 percent.

"Our time is no longer spent chasing down faxes and making follow-up calls to suppliers, and we are able to address pricing or other discrepancies much more quickly, which has allowed us to keep

problems down," said Donofrio. "As a result, we are able to focus on the next area of our supply chain that needs attention—contracts."

Benefits

Working with GHX, Scottsdale Healthcare has been able to:

- Identify potential annualized contract savings of nearly \$103,000
- Identify annualized price exceptions of nearly \$544,000
- Take advantage of additional savings opportunities with both early-pay discounts and special charges analysis
- Achieve additional efficiencies and automation based on transaction volumes
- Shift labor utilization to a more strategic position

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- John Donofrio,
Manager of Contract
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Scottsdale Healthcare