Content and Contract Management Strategy Enables Medical University of South Carolina to Reduce Errors and Improve Compliance, Driving $1M+ in Savings

Overview
Founded in 1824 in Charleston, the Medical University of South Carolina (MUSC) is the oldest medical school in the South. Today, MUSC continues the tradition of excellence in education, research and patient care. MUSC educates and trains more than 3,000 students and residents, and has nearly 13,000 employees, including approximately 1,500 faculty members. As the largest non-federal employer in Charleston, the university and its affiliates have collective annual budgets in excess of $1.7 billion. MUSC operates a 750-bed medical center, which includes a nationally recognized Children’s Hospital, the Ashley River Tower (cardiovascular, digestive disease, and surgical oncology), and a leading Institute of Psychiatry.

Challenges
In 2011, MUSC’s procurement-to-pay processes were largely manual and the organization’s item master contained inaccurate, inconsistent and incomplete data. At the time, MUSC was transacting electronically with only 12 suppliers. Within these trading partner relationships, MUSC was transacting only 25% of its purchase orders (POs) and 35-40% of its invoices electronically. Lack of visibility and control over supply chain data and transactions drove a non-file procurement rate of 42% and price exception rate of 8.27%.

“We worked hard to tie our GPO pricing to products in our item master but when we performed an analysis on our data found we were often paying the wrong price,” said Régine Honoré Villain, MPH, director of Supply Chain Management for MUSC. “In one year we had purchased the same product at four or five different prices.”

Another challenge to MUSC’s supply chain was that individuals outside of procurement were manipulating data in the item master, increasing the risk for transactional errors and driving off-contract purchases.

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“You cannot underestimate the power of teamwork,” said Honoré Villain. “So many of us in supply chain believe that everything lies and rests in our world but frankly we touch so many people and everything we do has a ripple effect in the organization. While it is important to have a solid, core supply chain team, it is never too early to include other key stakeholders, including clinicians, the CEO, CFO and CIO, in your master data management strategy.”

At the core of MUSC’s strategy is the GHX NuVia™ content management solution. Using NuVia, GHX cleansed and enriched MUSC’s item master data, correcting product data inaccuracies and infilling missing information, such as manufacturer item numbers and units of measure (UOM). GHX and MUSC worked together to standardize product descriptions, gaining input from clinicians and nurses to make it easier for them to find the products they need within the item master, which minimizes off-file purchases.

More Accurate Reimbursements
Using NuVia, GHX also assigned Healthcare Common Procedure Coding System (HCPCS) codes to the products within MUSC’s item master, enabling the organization to be reimbursed appropriately for products used in procedures. By integrating its item master with its charge master and providing users with easy access to detailed product descriptions, MUSC is driving greater accuracy in the billing process and, in turn, receiving adequate reimbursement from the Centers for Medicare & Medicaid Services and other payers.

“We’ve seen an amazing difference with NuVia,” said Honoré Villain. “By serving as the initiator of item master data, supply chain can now play a central role in revenue enhancing initiatives. It’s absolutely phenomenal!”

Greater Contract Compliance
Leveraging NuVia, as well as two additional GHX solutions, CCXpert and Procurement Suite, the MUSC supply chain team developed what they call a “Contract Centric Procurement Formulary” designed to increase on-contract purchases. Through a combination of technology, business processes, data standardization and education of key stakeholders on the impact of their purchasing decisions, MUSC decreased non-catalog procurement by 42%. Furthermore, the organization reduced what Honoré Villain refers to as the “item master” by consolidating its item master data management strategy.

“"The item master is the center of a hospital’s universe because it contains the building blocks for everything that we do. Without an item master that is clean, we are unable to transact or communicate internally or externally – we frankly can’t do business.”

—Régine Honoré Villain, MPH, Director of Supply Chain Management for MUSC
to as “procurement noise,” which are the issues that arise from inaccurate item master data (managing discrepancies, pricing errors, etc.). This improvement has empowered MUSC’s value analysis team to focus their efforts on driving greater contract compliance and better managing high dollar implant spend.

“GHX provided our team the tools and automation necessary for all stakeholders to access the information they need to make the right decisions,” said Honoré Villain.

Automating Business Processes
Using its master data management strategy as a foundation for further supply chain improvements, MUSC partnered with GHX to automate more of its PO and invoice transaction volume with suppliers. To quickly and efficiently grow its overall volume of automated, electronic transactions through GHX, MUSC implemented the GHX MetaTrade solution, which enables the organization to facilitate electronic transactions with those suppliers not yet connected to the GHX Exchange. MUSC also uses the GHX OnDemand AP solution, which allows it to receive virtually all of its invoices electronically, even from suppliers who do not support electronic invoicing.

Together these solutions have enabled MUSC to significantly increase its electronic transactions and drive down content, price and contract price exceptions.

Results
Working with GHX, the Medical University of South Carolina has achieved the following in the past 12 months:

- Avoided $1 million in costs stemming from inaccurate data and inefficient processes
- Secured $370,000 in savings related to contract and tier price compliance
- Increased electronic trading partners from 12 to 206, a 1,600% increase
- Transacting 75% of POs electronically
- Transacting 90% of invoices electronically
- Decreased non-file spend by 42%
- Decreased price exceptions from 8.27% to 1.8% (78% decrease)
- Decreased contract price exceptions from 994 to 138 per week (86% decrease)
- Decreased content exceptions from 313 to 127 per week (59% decrease)

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