Adventist HealthCare Maximizes Use of GHX Solutions to Increase Automation, Visibility and Contract Compliance

Overview
Adventist HealthCare, based in Gaithersburg, Md., is a faith-based, not-for-profit healthcare system and one of the largest employers in Maryland. This integrated, healthcare delivery network includes five nationally accredited, acute-care and specialty hospitals, mental health services and home health agencies, serving the Washington, D.C. metropolitan area and northwestern New Jersey.

Challenges
In 2013, Adventist HealthCare’s vice president of Financial Management assumed responsibility for the organization’s supply chain and embarked on a total transformation of its procure-to-pay process. As part of this effort, he carried out a major reorganization, hiring Talia Mauck as Adventist HealthCare’s new director of Supply Chain Management. Mauck was tasked with improving the efficiency and accuracy of the organization’s business transactions through greater visibility to order status and process automation.

“Change was necessary because much of our work was manual and both the buyers and the purchasers of products within clinical departments had little visibility into supplier transactions. This resulted in mistakes, unconfirmed orders, incomplete work and complaints from the clinical staff that their orders were not getting processed in a timely manner,” said Mauck.

Solution
While Adventist HealthCare had been a member of the GHX community for many years, the organization was not optimizing its use of GHX solutions to automate and eliminate manual supply chain processes. In July 2013, Adventist HealthCare was transacting only 40% of its purchase orders (POs) electronically with suppliers through the GHX Exchange. Mauck determined that the organization could increase efficiency and accuracy and reduce costs if it partnered with GHX to grow its electronic data interchange (EDI) transactions, gain greater visibility to orders and increase contract compliance.

Organization:
Adventist HealthCare
Gaithersburg, MD
Total licensed beds: 1,047

GHX Products & Services:
• GHX Exchange
• CCXpert
• MetaTrade

Materials Management Information System (MMIS):
• Oracle PeopleSoft

 Highlights:
Adventist HealthCare launched a supply chain transformation initiative in partnership with GHX to increase business process automation, contract compliance and visibility into order status, achieving a 78% increase in electronic trading partners, a 77% decrease in contract price exceptions and a 25% increase in contract matches.
“Prior to implementing CCXpert we never had the ability to compare the vendor acknowledged price to our contract price in a fast enough manner to really make a difference. Now with improved match exception reporting we can catch price discrepancies much earlier in the process to avoid costly invoice exceptions.”

— Talia Mauck,
Director of Supply Chain Management, Adventist HealthCare

"GHX has been very supportive in this effort and it helps tremendously that our GHX account executive has worked in a hospital setting and understands the challenges that we face," said Mauck. "Our GHX team has given us great direction so that we’ve been able to implement those solutions that best meet our needs."

**Automating Transactions**

To automate more of its PO transaction volume with suppliers, Adventist HealthCare implemented the GHX MetaTrade solution, which enables the organization to facilitate electronic transactions with those suppliers not yet connected to the GHX Exchange. With MetaTrade, GHX converts Adventist HealthCare’s electronic POs into fax or e-mail format for those suppliers who cannot accept EDI transactions. Suppliers can then use an Internet link within the orders to respond with electronic purchase order acknowledgements (POAs). This solution enables Adventist HealthCare to increase its EDI transaction volume while reducing the number of time-consuming and labor-intensive manual tasks.

While Adventist HealthCare was still early in the MetaTrade implementation phase at the time this case study was written, Mauck stated she and her team have already “seeing a huge change” in their electronic transaction volume.

“We initially provided GHX with a list of 120 vendors with which we wanted to transact electronically. Some have integrated with GHX and others are transacting with us through MetaTrade. We are only a few weeks into the implementation and have 40 more vendors to transition from manual to electronic transactions. Once those vendors are complete we should be transacting close to 90% of our POs electronically through GHX.”

**Driving Greater Contract Compliance**

To ensure Adventist HealthCare is purchasing products at the correct contract prices and to reduce or eliminate the labor required to check prices manually, the organization implemented GHX CCXpert, a contract management tool that helps maintain pricing accuracy through price validation, detailed historical purchasing reports and contract updates. When an order is placed, CCXpert performs a three-way price match between the PO, POA and contract price to help ensure the right product is purchased at the right price.

Working with GHX, Adventist HealthCare is in the process of loading not only its group purchasing organization (GPO) contracts into CCXpert but also its local contracts so it can actively manage its entire contract portfolio electronically. From this central contract repository, Mauck and her team generate weekly price assurance reports for their main distributor. The report, sorted by vendor, includes the GPO or local contract number and negotiated price for each product enabling the distributor to easily check for and correct any pricing discrepancies.

“The reports are really clean and make it easy for them to access all of the information they need to take action,” said Mauck. “Based on the success of this initiative with our main distributor we are planning to generate price assurance reports for our other vendors as well. We’re really getting creative with how we use CCXpert and our other GHX solutions to derive the greatest value for our organization.”

**Increasing Access and Visibility**

One of the most creative ways Adventist HealthCare has leveraged its GHX relationship is through its rollout of the GHX Order Center monitoring tool to clinical departments. While most healthcare provider organizations choose to centralize their use of Order Center within their purchasing departments, Mauck felt there would be tremendous value in enabling Cath Lab and OR staff to use Order Center to view order status.

Previously, the department managers who order supplies for Adventist HealthCare’s Cath Lab and OR would rely on buyers and vendors to provide status alerts because they had little or no visibility into order status. There were frequent calls and emails back and forth between department supply managers and the buyers as the managers worked to determine whether their orders had been confirmed, whether products were on backorder and when they would arrive.

With direct, read-only access to Order Center, department supply managers in the Cath Lab and OR can view order status in real-time. Having this information at their fingertips enables them to
manage their orders on their own without having to call or email the buyers and vendors. Furthermore, because CCXpert and Order Center are integrated, department managers can access up-to-date and accurate contract data to help ensure Adventist HealthCare is paying the correct price for products at the time of order placement. For Mauck’s team, it relieves the buyers from the time and labor required to research order status and report back to the departments.

“Supply managers in the clinical departments typically have little visibility into orders after they’ve placed them. We’ve taken a centralized purchasing department and decentralized the information, empowering clinical departments to manage the status of their orders,” said Mauck. “They can now watch their orders being processed rather than having to rely on the buyers and vendors for updates. Because the Cath Lab and OR staff love their direct Order Center access we are now determining where in the hospital we will roll it out next.”

Mauck has also worked to maximize Order Center’s value within her own department. She and her team recently began using the flagging functionality of Order Center so the buyers can notify each other and their managers of problems with pending orders. They’ve put into place a process by which flagged orders must be resolved within 48 hours and cleared from the Order Center dashboard. This improves communications between buyers and managers and ultimately helps speed resolution.

“No, now that we have a higher volume of POs going through Order Center it’s really important that everyone on our team has a direct line of sight into order status so we can quickly identify and address problems as they arise,” said Mauck. “Another benefit is the ability to send emails regarding orders directly from Order Center. It’s so much more efficient being able to manage orders and communicate on them all from one place.”

Results
Working with GHX, Adventist HealthCare has achieved the following:

• Increased electronic trading partners from 80 to 142, a 78% increase
• Transacting over $3.7 million in PO volume electronically, up 15% in six months
• Transacting invoices electronically with 57 supplier divisions, up 13% in six months
• Nearly 40% of purchases made on-contract
• Increased contract match rate from 15% to 40% in three months, a 25% increase
• Lowered contract exceptions rate from 22% to 4% in three months, an 81% decrease
• Lowered contract price exception rate from 22% to 5%, a 77% decrease