Moving to Global Location Numbers (GLNs): Considerations for Healthcare Trading Partners: Multiple Account Numbers for the Same Location

Part 1 in a GHX Educational Series for the Healthcare Community

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*Education Paper #1: Multiple Account Numbers for the Same Location*

**Introduction**

There is increased recognition in the healthcare industry that the use of standard location and organization identifiers has the potential to improve accuracy and efficiencies in the healthcare supply chain. As a result, a number of group purchasing organizations (GPOs) and major healthcare providers have called on trading partners to begin using GS1 Global Location Numbers (GLNs) by December 2010 to identify legal entities, functional entities and physical locations in business transactions.

While on the surface it might seem like a simple matter of replacing all existing account numbers with GLNs, the answer is not so clear-cut. As GHX has collaborated with providers, suppliers, distributors and GPOs to enable the use of GLNs in electronic transactions, we’ve identified a variety of issues that trading partners must consider and address as they work toward the December 2010 sunrise date. When a hospital is enumerating with GLNs, it must consider all of the trading partners with which it transacts and identify any specific business issues related to those relationships that will impact how it enumerates.

This is the first in a series of educational papers discussing issues related to supply chain standards adoption by the healthcare industry. The purpose of these papers is to provide insight into issues that trading partners are likely to encounter while incorporating GLNs and other standards into their business processes. Our intention is not to answer all the questions that may arise or dictate responses. Instead, our hope is that with greater awareness, healthcare providers, suppliers and their business partners will be able to plan accordingly and be better prepared for the standards implementation process.
Multiple Account Numbers

One of the primary advantages of moving to GLNs is that hospitals and other healthcare providers will no longer have to manage multiple account numbers from their various suppliers for the same location. For example, the receiving dock at a hospital may have hundreds, even thousands, of account numbers associated with it, depending on how many suppliers ship to that location. With GLNs, a hospital or healthcare provider can assign a single GLN to that receiving dock, and all of its suppliers can use that number instead of their proprietary account numbers. Unfortunately, the process is not as easy as simply replacing all the current account numbers associated with that loading dock or other locations with GLNs.

Provider-driven Reasons

Stock versus non-stock account numbers delivered to the same location

It is a common practice for hospitals to have stock items that are part of their on-hand inventory, as well as non-stock items that are ordered when needed. In these cases, suppliers sometimes assign different account numbers to the same ship-to location to differentiate shipments of these two categories of items. This practice is not as prevalent as it once was, but it still exists since it enables suppliers to assign products to different general ledger categories within their accounting systems.

As hospitals transition from account numbers to GLNs, they will have to decide if it makes sense to assign separate GLNs for stock versus non-stock items, or if it is more efficient to differentiate these items in some other way. It may be possible to use different GLNs for bill-to locations in combination with a single ship-to GLN to designate stock versus non-stock items, but this practice would require support from the supplier community.

Same ship-to location but different bill-to locations

In some cases, a hospital might have different account numbers for products delivered to the same location but billed to different locations. Take, for example, a hospital ordering products for off-site clinics. The hospital requests that these products are shipped to a central dock where they are then distributed by the hospital to the clinics. In that case, the supplier would use different account numbers to bill each of the clinics for their specific products. Essentially, the supplier is delivering the products to the
same location, but depending upon who ordered it, the bill-to account number is different.

One solution might be to assign GLNs to both the physical location and to the bill-to locations and for the hospital to send both of these numbers to the supplier as part of the transaction. So, for example, a hospital would communicate that a specific order should be shipped to GLN A and billed to GLN B. Since most suppliers don’t currently use both bill-to and ship-to values in their transactions, they would have to find a way to accommodate both numbers in order to support the transition to GLNs in this case.

**Different account numbers for segregating shipments on the receiving dock**

Currently, different account numbers may be assigned to the same receiving dock depending upon the final destination of the products shipped to that location. For example, different account numbers might be used for products intended for the operating room, as opposed to products intended for the general care floor.

Different account numbers may also be assigned to the same dock to differentiate products that must be handled in a special way. For example, separate account numbers might be used for products that must be refrigerated or frozen.

Hospitals must consider the ramifications of replacing these existing account numbers with GLNs and determine whether or not there is a better solution that will prevent them from having to manage multiple GLNs for the same physical location. While the ideal solution would be to consolidate multiple account numbers under a single GLN, there might be cases where multiple GLNs must be assigned to facilitate product segregating. For example, GLNs could be assigned to refrigerator or freezer units to ensure that products that require refrigeration or freezing are placed in these units upon delivery to the dock. This designation would need to be added to the “address 2” or “address 3” portion of the GLN.

Working with the healthcare community, GHX has discovered that in many cases, a single location may be associated with multiple account numbers from the same supplier. There are myriad reasons why this has occurred. Sometimes, the multiplicity is designed to facilitate a legitimate business process for the supplier, the provider or both. In other cases, multiple numbers exist simply as vestiges of former organizational relationships or needs.
Simply replacing all of the current account numbers with GLNs will only perpetuate the problems that the industry is trying to correct and negate the intended benefits. As the industry prepares to meet the December 2010 sunrise date, healthcare trading partners must evaluate their use of account numbers and determine the best course of action for the implementation of GLNs. In some cases, it may still be necessary to assign multiple GLNs to a single location; in other cases, trading partners might be able to address the business reasons in other ways.

Unlike account numbers, which are assigned by suppliers, GLNs used to identify ship-to locations must be assigned by the buying organization. When resolving issues related to multiple account numbers, trading partners will want to collaborate to ensure the solution meets the needs of all parties involved. Trading partners do not operate in a void. The decisions made by one party will affect all of the other parties with which they transact.

**Supplier-driven Reasons**

**Different account numbers for different product lines shipped to the same location**

Many suppliers have grown through mergers and acquisitions over the years. As a result, they may have different account numbers assigned to the same location depending on the product lines. For example, the stent division might identify a hospital location as ABC, while the intravenous products division identifies the same location as XYZ.

In this case, if a hospital assigns a single GLN to a location and begins ordering products from this supplier using this single identifier, the supplier will need to decide if it needs to continue to differentiate locations by product line and, if so, how to do so using a single GLN. Some suppliers have already solved this issue by rationalizing account numbers across their product lines, thereby enabling providers to use a single account number to order products from multiple lines.

**Different account numbers for different shipping options**

Some suppliers assign hospitals different account numbers depending upon how the product is shipped, e.g., standard or rush. For example, the same hospital might be identified as account number 123 if it requests standard shipping and as account number 456 if it requests overnight shipping.
If a hospital wants to consolidate account numbers using a single GLN, the supplier will have to find another way to identify requested shipping options in the transaction. One solution would be for the hospital to communicate shipping options using standard locations within the electronic order.

**Different account numbers for Public Health System accounts**

Some products purchased by public health systems are eligible for special 340 pricing, and the government requires that suppliers track these orders separately from other orders made by the same facility. For example, if a hospital is purchasing products under its GPO contract and then becomes eligible for 340B pricing, the supplier must assign a separate account number for the products eligible for the 340B pricing. This second account number will mirror the original account number, but an inclusion table must be loaded with only those products eligible for the 340B pricing.

If a hospital chooses to use a single GLN to order both products that are eligible for 340B pricing and those that are not, suppliers will have to find another way to comply with government regulations.

One solution to this issue would be to include a code in the EDI purchase order that identifies which products are eligible for 340B pricing. This same solution could also be used to identify products that are eligible for other special pricing.

**Compound account numbers to identify different supplier divisions**

Some suppliers with multiple divisions assign account numbers to hospitals that include a location code or prefix that indicates the division from which the provider is ordering. For example, a hospital might use account number ABC-XXX if it were ordering from a supplier’s cardiac division and account number DEF-XXX if it were ordering from the same supplier’s respiratory division.

If a hospital consolidates these account numbers under a single GLN, they could indicate the appropriate division to the supplier in a segment of the EDI document, keeping in mind that this will require suppliers to process additional information that they do not currently process.

**Different account numbers for different sales people**

Another common practice is for suppliers to identify a hospital in different ways depending upon which salesperson should receive a commission for the product order. For example, if a particular salesperson should receive the commission, the hospital
must use account number 123 to place the order, but if another salesperson should receive the commission, the hospital must use account number 456. The supplier is shipping these products to the same location but identifying it differently to manage a specific business need.

If a hospital begins identifying itself or one of its locations using a single GLN, the supplier will have to find a way to manage sales commissions in a different way. One solution would be for the supplier to implement a sales tracing solution to identify where its products are used within the providers’ facilities.

**Different account numbers for pharmaceutical versus medical-surgical products**

For suppliers that sell both pharmaceutical and medical-surgical products, the FDA requires that they assign different account numbers to these two categories of products to meet track and trace requirements. For example, when a hospital orders IV fluid, it identifies itself or a particular ship-to location with one account number, but when it orders an IV pump, it uses a different account number.

Since this is an issue that impacts both providers and suppliers, as well as patient safety, the hospital will be unable to assign a single GLN under which it can order products from both of these categories. One solution would be for the hospital to assign one GLN that both it and the supplier can use for pharmaceutical product orders and another GLN for medical-surgical product orders. In order to successfully facilitate this, hospitals will need to focus greater attention on where these products are delivered within the hospital to meet traceability requirements.

**GHX GLN Support Activities**

GHX is working with its member hospitals and suppliers to enable the healthcare industry to utilize GLNs for organization and location identification in transactions through the GHX exchange, which is a key component to meeting the December 2010 sunrise date.

These support activities include:

- **GHX Industry Standards User Group**: We have formed a user group, comprising more than 100 healthcare supply chain representatives, through which participants are leveraging their common use of GHX to accelerate the use of industry standards,
including GLNs and GTINs for location and product identification, respectively. Contact mjwylie@ghx.com to become a participant.

- **Information Management:** We have changed the way information is mapped between trading partners on the exchange to enable the use of GLNs without disrupting current service levels.
- **Specifications:** We have issued new specifications for EDI transactions through the exchange to incorporate GLNs.
- **Supplemental Guide:** We have published the "Using GLNs With GHX" supplemental guide, which is designed to complement the GS1 Healthcare Provider Toolkit. This is posted on the Customer Center, via your GHX product’s Help link.
- **Service Offerings:** We are offering new services to help trading partners begin using GLNs in business transactions.

**Conclusion**

This paper presents just a few examples of the many reasons why single organizations and/or locations might be associated with multiple account numbers. As hospitals begin to enumerate their organizations and locations (both ship-to and bill-to) with GLNs, they need to take these business reasons into consideration, often in consultation with their trading partners, to determine the best way to handle each situation without disrupting the flow of business or possibly falling out of regulatory compliance.

*For more information on how to move to GLNs at your organization, please contact GHX at support@ghx.com*