Overview
Since 1875, the Hospital Sisters of St. Francis have been caring for patients in the United States and across the world. Today, HSHS is a multi-institutional health care system that cares for patients in 14 communities in Illinois and Wisconsin. With 15 hospitals, scores of community-based health centers and clinics, nearly 2,300 physician partners, and more than 14,600 colleagues, HSHS is committed to its mission “to reveal and embody Christ’s healing love for all people through our high quality Franciscan health care ministry.”

Organization
- Hospital Sisters Health System (HSHS)
- Springfield, IL
- Total licensed beds: 2,714

GHX Products
- GHX Exchange
- Procurement Suite
- CCXpert
- NuVia

Materials Management Information System (MMIS)
- Oracle PeopleSoft

Highlights
Through expanded use of the GHX Procurement Suite solution, HSHS has automated its content and contract management processes, now achieves more on-file and on-contract purchases and has greater visibility into its overall supply spend across the entire hospital network. The HSHS team is now able to manage contracts with only one full-time staff member, compared to an industry average of five to six full time employees (FTEs) they found were required with other PeopleSoft users.

HSHS has achieved a 77 percent contract compliance rate in its overall spend, with the remainder of spend (23%) electively off-contract, but still managed within the item master. Furthermore, the HSHS team has assigned United Nations Standard Products and Services Codes (UNSPSC) to 90-95 percent of contracted items and are using spend analytics to uncover new contract savings opportunities.

HSHS Drives More On-File and On-Contract Spend — With Existing Staff Resources — By Leveraging the GHX Procurement Suite Solution
Challenge

The supply chain team at HSHS is currently two years into a five-year initiative entitled Project Vision, with a goal to achieve a 10 percent reduction in supply spend through greater operational efficiency and strategic decision making. They have implemented an Oracle PeopleSoft materials management information system (MMIS) and are in the process of consolidating the purchasing and accounts payable (AP) functions for all HSHS hospitals.

Upon implementing the new MMIS system, they discovered there was no automated way to integrate their item master and contract updates from their group purchasing organization (GPO). After speaking with other healthcare systems that were using the same system, they found most were manually loading contracts and maintaining the data. According to Mark Weaver, Director of Procurement, HSHS, integrated delivery networks (IDNs) of a similar size to HSHS required anywhere from five to six full time employees (FTEs) to manage this process.

“Manual contract data maintenance was not ideal for us from a staffing perspective,” said Weaver. “So we started looking at other options.”

“PeopleSoft has a requisitioning tool and we probably would have been fine with using that for requesting items within the item master for inventory, but we needed to have a way to request items that aren’t in the item master but on contract, and we needed an automated way to update the prices.”

– Mark Weaver, Director of Procurement, HSHS

Solution

HSHS had already been using the GHX Procurement Suite solution to manage non-file and off contract procurement. Procurement Suite leverages one of the industry’s most accurate content management platforms from GHX along with contract optimization capabilities, and connectivity to manufacturers and distributors.

Upon speaking with GHX, Weaver and his team discovered they could use Procurement Suite to automate their content management, drive more on-file and on-contract purchases, and gain greater visibility into their overall supply spend across their entire hospital network.
“GHX has the capability to host our electronic contract catalog, which was the main factor that drove us toward broadening our use of Procurement Suite,” said Weaver. “With this solution in place, we can manage the process with one FTE, versus the five to six that may have been required had we taken a manual approach.”

**How it Works**

Each day HSHS sends GHX an item master extract from its MMIS system to Procurement Suite, which GHX uses to build a catalog of inventory and non-inventory items. When a user is requisitioning products from within the HSHS MMIS system, they can “punch out” to the GHX hosted Procurement Suite site, where they can requisition items in three categories:

- **Inventory item request**
- **Non-inventory item request**
- **Contract item request**

After searching the GHX-hosted catalog, selecting the required items and placing them in his/her shopping cart, the user brings the items back to the MMIS to build and send the requisition. In Procurement Suite, users can build a “favorites list” of items that they regularly procure to help streamline the process.

“Another advantage was that we were already a Procurement Suite user, so we were giving staff a tool they were already familiar with,” said Weaver. “While there were a few retraining adjustments, we were already 90 percent there.”

**The Double Punch-out**

HSHS is taking this to the next level through what Weaver calls the “double punch-out.” A user can punch-out from the MMIS to Procurement Suite and while on the site select a link to go directly into a vendor’s website, where the vendor hosts a catalog from which the user can select items. He/she selects the required items, brings them back into Procurement Suite and then back to the MMIS to create the requisition.

“The benefit to this approach is that the vendor has built a catalog of only the items we want, along with the agreed upon pricing,” said Weaver. “With one vendor, its reps manage inventory in our hospitals on our behalf and load inventory counts onto their website. We access this information from their site and load that back into Procurement Suite to help with inventory management.”
Achieving the Perfect Order

According to Weaver, GHX Procurement Suite used in conjunction with the GHX CCXpert contract management solution helps HSHS achieve the “perfect order.” CCXpert is the healthcare industry’s only real-time repository of GPO and local contract pricing.

When someone within HSHS places an order, CCXpert performs a three-way price match between the purchase order (PO), purchase order acknowledgement (POA) and contract price to help ensure the right product is purchased at the right price.

Weaver explains that while HSHS has 95,000 items profiled in its item master, that is nowhere near the total number of products purchased by the health system. For example, a single vendor might have anywhere between 200-300 products for a specific type of knee procedure. When one takes into consideration the variation in knee styles and procedure types, as well as the number of vendors offering products in this area, that number skyrockets.

Instead of trying to manage all of these items within their item master, HSHS has loaded their custom catalogs for its major orthopedic vendors into CCXpert. GHX has also loaded all other GPO contracts into CCXpert. As a result, HSHS has approximately 500,000 items in their Procurement Suite contract view.

“All of that data is validated and verified from both a product number nomenclature and product description perspective, and for unit of measure (UOM) and price because of the integration with CCXpert. We are driving the requester to the right information so they know they have the right vendor at the right UOM, the right product number and the right price – that gives us the perfect order on the back end.”

– Mark Weaver, Director of Procurement, HSHS

Special Orders

Weaver and his team have developed a specific approval process that helps them further reduce the number of off-file and off-contract purchases. Once a user selects items in Procurement Suite and brings them back into PeopleSoft to create a requisition, any special requests are routed to an analyst on Weaver’s team so that they can determine whether the special request is necessary. This analyst conducts a secondary check in Procurement Suite to ensure the requested item does
not exist there. If the analyst finds the item in Procurement Suite, he/she sends the requisition back to the requester.

“It provides an opportunity to educate users on the need to select items from the catalog and not to free text their requests,” said Weaver. “The more we can push out to the users at the hospitals to make items available to select, the greater our accuracy and efficiency.”

**Product Categorization and Spend Visibility**

Weaver and his team are also using Procurement Suite in conjunction with CCXpert to assign United Nations Standard Products and Services Codes (UNSPSC) to products on contract. When GHX builds the HSHS contract catalog through the integration of Procurement Suite with CCXpert, it assigns UNSPSC to these items. To date, 90-95 percent of contracted items have been assigned UNSPSC.

Within PeopleSoft, HSHS uses the UNSPSC as a category identifier. Each UNSPSC is associated with a specific general ledger (GL) account so that every time a hospital purchases an item using that UNSPSC, the item goes to a designated expense account. That way, expense across all HSHS hospitals is classified consistently, allowing the organization to obtain a “true and accurate picture of expense by category,” according to Weaver. He states:

“We are working toward the ability to roll it up in our GL so we can see from a system perspective spend by category, and then start aligning that back to metrics within those areas that would use that category of product. Specifically what we are hoping to do is be able to look at cost per knee or cardiac pacemaker – so with those type of events we can correlate the volume of patient transactions to supply expense in that category. This will enable us to monitor trends and changes over time.”

— Mark Weaver, Director of Procurement, HSHS

Weaver and his team are also using this UNSPSC categorized data in a retrospective manner for spend analytics and evaluating new contract opportunities. For example, if they are thinking of switching from manufacturer A to manufacturer B, they can pull out their current spend in that product category based on the UNSPSC and compare it to the potential savings by switching manufacturers.
Results
Working with GHX, HSHS has achieved the following:

» Gained visibility into overall supply spend across its entire hospital network

» Expanded automation in content and contract management processes requiring only a single full time employee (FTE) to manage contracts, alleviating the potential need for up to six additional FTEs as required in similar PeopleSoft user organizations

» Increased contract compliance rate to 77% in overall spend with the remaining 23% electively off-contract but still managed within the item master

» Utilized UNSPSC for consistent categorization resulting in accurate expense data to track trends and changes by category and to gain clarity when evaluating new contract opportunities

Learn More. Contact us at 1.800.YOUR.GHX for more information or visit GHX.com.