COMMUNITY
MEDICAL CENTERS

Community Medical Centers' Content and Contract Management Strategies Drive Greater Compliance, Efficiency and Savings

Overview

Based in Fresno, California, Community Medical Centers (CMC) is the region's largest health care provider and private employer. It operates four hospitals – Community Regional Medical Center, Clovis Community Medical Center, Fresno Heart & Surgical Hospital and Community Behavioral Health Center – other health care facilities and a physician residency program in conjunction with the University of California, San Francisco.

Challenges

Following an ERP system conversion from MediTech to Lawson, CMC recognized that it had challenges with the accuracy and completeness of its item master data. The organization's item master contained inaccurate, incomplete and duplicative information that caused exceptions during the purchasing process and prevented Materials Management from conducting accurate spend analysis.

"The item master is the foundation of good analysis, so when the data is bad, your analysis is bad," said Rajendra (Ryan) Singh, Corporate MMIS Manager, Community Medical Centers. "There were definitely opportunities missed because of it. For example, we could not accurately assess CMC's spend to determine if we were hitting our group purchasing organization's (GPO's) contract tier levels. Inaccurate data has serious repercussions."

At the same time, CMC assessed its contract management capabilities and determined that its contract match rate was approximately 15 percent. The contracting team was using a shared drive to manage its GPO and local contracts, which were saved in various formats, including PDFs and Excel spreadsheets. Without the ability to easily and quickly access contract data during the purchasing process, buyers could not ensure they were procuring products at contracted prices.

"Contracts were expiring and we didn't know it because the process was so convoluted and cumbersome," said Singh. "Our buyers had to do extra research to find out if products were being purchased on the right contracts and address

Organization:
- Community Medical Centers (CMC)
- Fresno, California
- Total licensed beds: 1070

GHX Products & Services:
- CCXpert
- MetaTrade
- GHX Exchange
- NuVia[SM]

Materials Management Information System (MMIS)
- Lawson

Electronic Health Record (EHR) System
- EPIC

Group Purchasing Organization
- Premier (Ascend)

Highlights:
Leveraged GHX solutions to automate master data and contract management and drive more electronic transaction volume, increasing its contract match rate to 92 percent and number of electronic trading partners from 15 to over 300.

GHX

price exceptions. Invoice exceptions were creating extra work for AP (Accounts Payable). We realized we would never get ahead if we were constantly reacting to contracting issues."

Solution

To take control of content and contract management, CMC teamed with GHX to implement various solutions with goals to improve order accuracy, better manage contracts and enhance visibility into strategic decision-making data. Once the organization gained control over its content and contracts, it then leveraged the GHX Exchange to increase its number of electronic trading partners and volume of transactions.

"So much of what we do in Materials Management is based on data and the ability to manage and manipulate it," said Quentin Phillips, Director of Materials Management, Community Medical Centers. "Initially we tried to address the issues we were facing on our own, but determined what we really needed was a holistic, systemic approach to content and contract management. With hundreds of vendors and thousands of provider customers using its Exchange and solutions, GHX is the leader with regards to these services."

Taking Control of the Item Master

According to Singh, CMC evaluated a number of vendors that could cleanse its item master data, but only GHX had a solution that would facilitate both the upfront cleanse and continuous item master maintenance.

"Anyone can do a one time cleanup, but only GHX has the complete solution," said Singh. "Centralizing our content management and implementing a master data management strategy is key to our long-term success in creating a strong foundation for enterprise data management."

GHX NuVia is a cloud-based virtual item master that continually monitors an organization's item master for changes and updates, and then systematically corrects product data inaccuracies, removing duplicates and infilling missing information.

Using NuVia, GHX cleansed and enriched CMC's item master data, including manufacturer item numbers and units of measure (UOM). GHX and CMC also worked together to standardize and streamline

product descriptions. In addition, GHX assigned United Nations Standard Products and Services Codes® (UNSPSC®) and Healthcare Common Procedure Coding System (HCPCS) codes to the products within CMC's item master, which has improved product categorization, reimbursement accuracy and value analysis activities.

"We had UNSPSC codes within our item master prior to implementing NuVia, but they were outdated and incomplete," said Singh. "With NuVia all of the codes are populated, which enables us to conduct analysis down to the commodity level. And because our value analysis team and contracting team are one in the same, they too have access to the UNSPSC codes, which helps them to be more proactive in conducting product analysis and identifying cost savings opportunities."

"The revenue team now compares the HCPCS codes in its charge master with what we have in our item master to keep them aligned," adds Singh. "We are hoping to someday soon have an automated feed where the HCPCS codes in our item master flow through to our charge master."

"Now when we perform analytics, we can trust the outcomes because we trust our data," said Phillips. "This has positioned Materials Management as a more valuable and strategic resource for our organization."

Driving Greater Contract Compliance

At the time CMC was implementing the GHX NuVia solution, Singh realized the organization had the GHX CCXpert contract management tool, but was not utilizing it. Recognizing the benefits it could provide, Singh worked with GHX to get the CMC purchasing and contracting teams actively using CCXpert to ensure products were being purchased at contracted prices. They loaded their GPO and local contracts into CCXpert, establishing it as the organization's single repository for all contracting data.

The GHX CCXpert solution 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 of the purchase order (PO), purchase order acknowledgement (POA) and invoice against the contract price to validate that the right product is purchased at the right price.

With the GHX CCXpert solution, CMC has driven down discrepancies, increased its contract match rate by 77 percent and improved both process efficiency and relationships between its purchasing and accounts payable (AP) departments.

Increasing Electronic Transactions

Once CMC had taken control of its content and contract management processes, Singh and Phillips then turned their sights to increasing the organization's electronic transaction volume. In April 2014, CMC 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 CMC's electronic POs into fax or e-mail format for those suppliers who cannot accept electronic data interchange (EDI) transactions. Suppliers can then use an Internet link within the orders to respond with electronic POAs. This solution enables CMC to increase its EDI transaction volume, while reducing the number of time-consuming and labor-intensive manual tasks.

"It's great to have clean content and control over contracts, but if you are not transacting electronically with suppliers then what use are these tools?" said Singh. "We partnered with GHX to increase our number of electronic trading partners and now have over 300 suppliers that we are conducting business with through the GHX Exchange and MetaTrade combined."

One Stop Shop

Singh explains how conducting business through the GHX Exchange and MetaTrade while using the GHX NuVia and CCXpert solutions has significantly improved transactional accuracy and process efficiency by providing a "one-stop shop" for contracting and purchasing.

"Having everything in one place has completely changed the mindset of our organization from reactive to proactive," said Singh. "Whereas in the past we would wait for an invoice to show up and then deal with exceptions, we now can identify and address issues on the front end when the POA comes back from a supplier. And because the exceptions have gone down, we can pay suppliers in a timely fashion and avoid finance charges."

Singh adds that the accuracy and efficiency gained through CMC's partnership with GHX and use of the company's technology solutions has enabled the organization to work more strategically, stating:

"Being more proactive and efficient frees up resources that we can redirect to other areas," said Singh. "Instead of using our time and effort to sustain something that was broken, we can now grow areas that bring value to our organization."

Future Vision

Community Medical Centers is now working on an initiative whereby it will leverage the GHX NuVia solution and its Lawson ERP system to continuously manage clinical item descriptions in its EPIC EHR system. This extends the organization's master data management strategy to its clinical systems.

"Materials Management is part of a larger stream of healthcare operations. If we can look at what we do systemically and be vigilant with quality of our data then we not only benefit our department, but also contribute to the broader success of our overall healthcare system," said Philips.

Results

Working with GHX, Community Medical Centers has achieved the following:
- Increased its number of electronic trading partners from 15 to 302 suppliers
- Increased its contract match rate by 77 percent, from 15 percent to 92 percent
- Became one of GHX's Best 50 U.S. organizations based on effective management of enterprise data

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