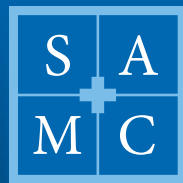


# Case Study



SOUTHEAST ALABAMA  
MEDICAL CENTER

## Southeast Alabama Medical Center Improves Order Accuracy and Contract Compliance and Gains Greater Control over its Purchasing Process

### Overview

Southeast Alabama Medical Center (SAMC) is a not-for-profit community health system dedicated to improving the health and quality of life of the residents of southeast Alabama, southwest Georgia and the Florida Panhandle. Led by a volunteer board made up of community leaders, SAMC operates as a 420-bed regional referral center, serving approximately 600,000 people throughout its neighboring communities and counties. SAMC offers a full range of healthcare services through its main campus in Dothan, including family-centered women's care, advanced cardiovascular and cancer treatments, state-of-the-art surgical procedures, comprehensive pain management services and more.

### Challenges

In late 2013, the Administration team at SAMC decided to convert from a Pathways to Paragon system. While Pathways consisted of individual systems for materials management, financial management and other business functions, Paragon offered SAMC a single platform for all processes, as well as a consolidated vendor master, item master and charge master.

To support this transition, SAMC partnered with GHX and implemented various GHX solutions to improve order accuracy, increase automation, better manage contracts and enhance visibility to data, which could be leveraged for strategic decision-making.

### Solution

#### Master Data Management

According to Leslie McHugh, SAMC's Division Director for Material Management, one challenge the organization faced with its former ERP system was lack of control over who could manipulate data in its item master, as well as how product information was formatted.

### Organization:

Southeast Alabama Medical Center  
Dothan, Alabama  
Total licensed beds: 420

### GHX Products & Services:

- GHX Exchange
- NuVia<sup>SM</sup>
- CCXpert
- MetaTrade
- Procurement Suite

### Enterprise Resource Planning (ERP) System:

- Paragon

### Group Purchasing Organization (GPO):

- Premier

### Highlights:

Supported conversion to new ERP system and transformed its supply chain processes through suite of GHX solutions, helping increase electronic purchase order (PO) and invoice volume, improve contract pricing accuracy, and gain greater visibility into and control over its procure-to-pay process.



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— *Leslie McHugh,  
Division Director for  
Material Management,  
Southeast Alabama  
Medical Center*

“Our old ERP system was open and anyone could order from it,” said McHugh. “When you have multiple hands in an item master, there are discrepancies in common nouns, abbreviations and manufacturer numbers, with some using dashes or dots and others spaces between numerals. All of this contributes to discrepancies in the procure-to-pay process.”

The Paragon ERP system features restrictions on who can manipulate data and place orders, so SAMC used this system as the foundation for a master data management strategy aimed at taking control of its item master, cleansing its data and maintaining its integrity over time. To achieve this, SAMC implemented the GHX NuVia solution, which 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 SAMC’s item master data, such as manufacturer item numbers and units of measure (UOM). GHX and SAMC worked together to standardize and shorten product descriptions, from 254 characters to 40. GHX also assigned United Nations Standard Products and Services Codes (UNSPSC) and Healthcare Common Procedure Coding System (HCPCS) codes to the products within SAMC’s item master, and added patient charge numbers, all of which has improved product categorization and reimbursement accuracy.

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Deborah Potts, Contract Administrator: “Having correct and complete UNSPSC codes within our item master enables us to accurately pull specific product categories. We’ve found instances where we thought we were purchasing certain products from only two vendors only to find we were purchasing from others as well. With this

knowledge we can sit down with the departments to find out if we can consolidate to fewer vendors, and in the process, secure better pricing.”

## Automating Transactions

With clean, consistent item master and charge master data within its systems, SAMC sought to increase its volume of electronic transactions through the GHX Exchange. In addition to transacting directly with those suppliers integrated with GHX, SAMC also 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 SAMC’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 purchase order acknowledgements (POAs). This solution enables SAMC to increase its EDI transaction volume while reducing the number of time-consuming and labor-intensive manual tasks.

The Materials Management team uses the GHX Order Center order monitoring tool to manage all electronic transactions with suppliers through the GHX Exchange. McHugh describes how these solutions have delivered value to the organization: “We’ve increased our volume of electronic POs as well as electronic invoices, which benefits not only purchasing but also our accounts payable department. Order Center enables us to see price discrepancies right up front so we know immediately when there is an issue and what must be fixed, thereby avoiding issues later in the process.”

## Driving Greater Contract Compliance

To help SAMC purchase products at the correct contract prices and reduce 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.

“The buyers no longer have to hunt contracts because they are in CCXpert. The price is there when we place the order, moves across to the PO and hits the vendor. If the supplier comes back with a different price we have the confidence to say that we have the correct price because that data from Premier is in our system.”

— *Deborah Potts,  
Contract Administrator,  
Southeast Alabama  
Medical Center*

Before implementing CCXpert, McHugh and his team had very little visibility to contract pricing. “If we had a price discrepancy someone would have to hunt the paper contract to identify the correct price, copy the page with that product/price and send it to the vendor. With contracts housed in eight different offices, this was no easy task,” he said.

To streamline the contract management process and improve pricing accuracy, GHX loaded contract data from Premier, SAMC’s primary GPO, into CCXpert, so that the Materials Management team has immediate access to activated contract pricing during the purchasing process.

“The buyers no longer have to hunt contracts because they are in CCXpert,” said Potts. “The price is there when we place the order, moves across to the PO and hits the vendor. If the supplier comes back with a different price we have the confidence to say that we have the correct price because that data from Premier is in our system.”

Potts notes that when a supplier questions a price on a PO, the buyer can use GHX Order Center in conjunction with CCXpert to send an email regarding the discrepancy directly to the supplier sales representative.

“With the information in CCXpert we can respond to the discrepancy right there, explain the issue to the supplier and quickly get it resolved,” said McHugh. “Before we implemented this solution price discrepancies like this were often overlooked. Our pricing accuracy in orders has definitely improved.”

## Gaining Greater Visibility and Control

To gain greater visibility and control over its overall supply spend, SAMC implemented the GHX

Procurement Suite solution, a leading platform for catalog search, order management and approval workflow management. Approved orders are interfaced to purchasing for purchase order creation. While in Procurement Suite, users can view real-time requisition status, add new approvers during the approval process and delegate another user to perform approvals in their absence.

“We are using Procurement Suite as the departmental requisitioning system for supplies,” said McHugh. “Previously there would be so many hang-ups in requisitioning because managers didn’t have a clear way to tell if they had POs in their boxes awaiting approval. Now they can clearly see the status of orders and whether they have been approved or rejected. And because the solution is web-based, the department heads can keep things moving by approving requisitions on their smart phones when they are out of the office.”

## Results

Working with GHX, SAMC has achieved the following in the past three quarters (Q3 2013 to Q1 2014):

- Increased electronic trading partners from 115 to 161, a 40% increase
- Transacting \$2.3+ million in PO volume electronically
- Transacting invoices electronically with 49 supplier divisions, which represents \$3+ million in spend, up 19% in six months
- Nearly 40% of purchases made on-contract
- Drove down price exception rate from 6.16% to 4.22% in six months
- Drove down UOM exception rate from 1.33% to .6% in six months



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