

Case Study



Automated Contract Management Helps Doctors Community Hospital Gain Visibility and Reduce Exceptions

Overview

Doctors Community Hospital, opened in 1975 by a group of leading community physicians, is a private, not-for-profit hospital located in Lanham, Maryland. Focused on meeting the healthcare needs of Prince George's County and the region, the hospital offers a broad range of inpatient and outpatient services, a number of specialty and subspecialty services, and a full range of ancillary and support services. Doctors Community Hospital currently operates 219 licensed medical/surgical beds, admits 12,000 patients annually, and employs 1,462 individuals.

Challenges

Kenyetta Keys, director of Materials Management at Doctors Community Hospital, follows a philosophy in her everyday work: "By focusing on the cost, we can improve the quality of care by putting the savings into the care of the next patient." This philosophy was put to the test during a time of major growth and expansion at the hospital, which included a new six-story tower with 90 private patient rooms and a significantly expanded Emergency Department.

To continue making investments in technology and facility upgrades that improve patient care, the hospital needed to find ways to cut costs. The supply chain offered an opportunity for cost reduction that wouldn't impact patient care and would enable savings to be applied elsewhere.

Keys joined Doctors Community Hospital in early 2011. "When I first came here, we were still doing paper requisitions, there was no electronic ordering," she said. "We were on the GHX Exchange but no one was really doing anything with it." After meeting her GHX sales representative at a regional conference, Keys and her team embarked on a project to increase GHX Exchange utilization.

Solution

The Materials Management team's first priority was to ramp up the number of vendors that went through the GHX Exchange. To onboard new vendors quickly, Keys used GHX Trading Partner Acceleration, a service that enables hospitals to increase their supplier network by outsourcing activities such as identifying target suppliers and gathering their information, coordinating boarding and

Organization:

- Doctors Community Hospital
- Lanham, MD
- Total licensed beds: 219

GHX Products & Services:

- GHX Exchange
- MetaTrade
- CCXpert
- Trading Partner Acceleration

Highlights:

Grew GHX Exchange utilization and implemented automated contract management for improved visibility and efficiencies, resulting in close to \$100,000 in hard-dollar savings in two months and a more strategic role for the Materials Management team.



“Because we’re able to identify these savings [though visibility into contracts], Materials Management and the supply chain are looked at differently in this organization. We’re not the people moving boxes or doing data entry—we’re the department that’s going to make a difference to the organization’s bottom line.”

—Kenyetta Keys,
Director of Materials
Management

registration, and adding them to the hospital’s materials management information system. The team also implemented GHX MetaTrade so it could work electronically with suppliers that are not yet connected to the GHX Exchange.

Trading Partner Acceleration enabled the Materials Management team to increase the number of its electronic trading partners by 72% in one year. It is now submitting 75% of its 50,000 lines in medical-surgical supply spend electronically, providing the team with visibility to help them reduce purchase order (PO) to purchase order acknowledgement (POA) price discrepancies by 8%. “This has made a significant difference in our supply chain,” said Keys. “It has allowed me to grow the department in a new direction so that we have more detailed focus on our GPO spend, value analysis chain and what we’re doing with the OR.”

Putting contracts to work for savings

Once she started seeing solid growth in Exchange usage, Keys set her sights on improving the contract management process. “We looked at how we were managing contracts and where they were living,” said Keys. “Some department heads had them, some VPs had them, and we didn’t know how they were being managed. There was an instance where we had to pay a vendor because we let our contract expire. We had no trigger to tell us when contracts were up for renewal, and we also had some contracts on auto-renewal with vendors that we may not really want to do business with anymore.”

To tackle this challenge, Keys implemented GHX CCXpert for enterprise-wide contracting, which includes group purchasing organization (GPO) contracts and local contracts as well as lease agreements, maintenance agreements and medical staff agreements. “Now we have a repository for

all of our contracts that allows us to see when they expire,” said Keys. “Plus, CCXpert does price matching, which is huge for us. Our exceptions have decreased greatly because everything is visible now.”

That visibility is also changing the role that Materials Management plays at Doctors Community Hospital. “Because we’re able to identify these savings, Materials Management and the supply chain are looked at differently in this organization. We’re not the people moving boxes or doing data entry—we’re the department that’s going to make a difference to the organization’s bottom line.”

In just two months, Keys and her team achieved close to \$100,000 in hard-dollar savings by working with GHX to ensure they pay the negotiated price for items on contract. They’re looking forward to achieving additional savings in 2013 by taking advantage of early-pay discounts. “We’ve come a long way and still have a long way to go,” said Keys. “I’ve challenged my team, and our goal is to be a top performer on the Exchange so we can get to GHX Best 50.”

Results

Working with GHX, Doctors Community Hospital has achieved the following:

- Increased the number of electronic trading partners by 72% in one year
- Increased the number of POs, PO lines and dollars transacted through GHX
- Achieved close to \$100,000 in hard-dollar savings in just two months
- Lowered its contract price exception rate by 7%
- Improved visibility into early-pay discounts for additional planned savings in 2013
- Enhanced the strategic role of the Materials Management department



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