GHX

CASE STUDY

Froedtert & MEDICAL COLLEGE OF WISCONSIN

AUTOMATING BILL-ONLY IMPLANT ORDERS:
HOW FROEDTERT HEALTH DID IT AND WHY
YOU SHOULD TOO

Scorecard data revealed the issue
and strategic trading partner
collaboration led to the solution.

"We can automate gauze and styrofoam cups but why can't we automate really high dollar implants?"

Froedtert Health Director of Supply Chain Services Jack Koczela posed that question during a presentation at the 2022 GHX Summit. He and Froedtert Health Manager of Supply Chain Michael Tabbert then described how they worked with one supplier and with GHX to automate these orders.

Using only their ERP systems and the GHX Exchange, Froedtert Health and the supplier are able to process bill-only implant orders without PHI, improving efficiency and reducing costs.

HIGHLIGHTS

1

An internal supplier scorecard showed a significant difference in EDI utilization between Froedtert Health and one of it's strategic supplier partners. Digging into the discrepancy revealed bill-only implant orders as the source.

2

Collaborating with the supplier, Froedtert Health proposed minimum required data to automate implant orders. Both agreed on a minimum data set using the supplier's sales order number to link the PO to the invoice in their systems in place of protected health information (PHI).

3

Today, Froedtert Health and the supplier transact implant orders electronically through the GHX Exchange.

4

Froedtert Health's automated implant purchase order (PO) rate increased 14%.

GHX

SITUATION

THE IMPLANT ORDER DILEMMA

Believing there were opportunities to collaborate with suppliers on mutually beneficial supply chain strategies, Froedtert Health launched its Strategic Partner Council in 2018. With a select subset of suppliers, the team engaged in biannual business reviews where they compared Froedtert health's supplier scorecard to the suppliers' own scorecard to identify areas for improvement.

During a meeting with one key supplier in 2021, the Froedtert Health supply chain team compared its metrics on purchase orders (POs) automated through the GHX Exchange with the supplier's

metrics for those same orders. For the month of August 2021, Froedtert Health reported a 53% EDI PO rate, while the supplier reported an 85% rate. Why didn't the metrics line up?

> "When we compared Scorecards we saw what we were reporting compared to what they were reporting was off by a significant amount."
>
> **MICHAEL TABBERT**
> *Froedtert Health Manager of Supply Chain*

Tabbert's team and the supplier's team determined that the supplier's EDI metrics did not include implant orders. These are orders where a supplier sales rep walks the items into the provider site for a procedure.

Because these implant orders fall outside of supply chain's standard processes for medical/surgical supply transactions through the GHX Exchange, they traditionally require manual handling by the supplier's sales rep and the OR circulating nurse.

A DEEP DIVE INTO THE ISSUE

To determine whether implant orders could be automated, Tabbert, Koczela, and the supplier team looked at how they were currently processed.

They found they were engaging in a highly manual, time-consuming process. The circulating nurse, requester, buyer, and other members of the supply chain team on Froedtert Health's side, and the supplier rep, Accounts Receivable (AR) team, and other members of the supply chain team on the supplier's side, had to "touch" each order to process it. They were shuffling papers back and forth (sticker sheets/PDFs), sending faxes and emails, and engaging in phone calls to get the order details right.

GHX

"It was watching this piece of paper move from person to person and fax machines and telephone-in orders and the confusion that would ensue that really drove us to want to make improvements," Koczela commented.

Health systems and their suppliers have long struggled with manual implant order processing. While most trading partner pairs have automated orders for medical/surgical supplies through the GHX Exchange, the nuances of implant orders (e.g., wide range of items, components, sizes) make them particularly hard to manage electronically.

COLLABORATION TO DETERMINE THE REQUIRED DATA SET

At the heart of the problem was misalignment between the Froedtert Health and the supplier teams on what information each side needed to process implant orders electronically through the GHX Exchange in an automated manner.

The wrong information or the right information formatted in the wrong way in the PO or invoice would cause the transaction to fail.

Froedtert Health and the supplier needed to align on the minimum data set required for inclusion in the EDI order, as unnecessary data points add time, cost, and complexity. They also had to agree on how data would be formatted to reside in the correct fields for automated processing.

They settled on the device identification information (e.g., vendor part number, price, unit of measure), the specific product identification information (e.g., lot, serial number) and the code to identify the type of order (e.g., bill-only, bill-and-replace). Froedtert Health could get the lot and serial number from the implant packaging, the sales rep sheet, or the sales order sheet.

Froedtert Health and the supplier also needed a "basic level primary key" to include in the EDI transaction that would enable both parties to link the PO to the invoice in their systems. After discussing many options, they settled on the sales order number as the unique primary key as it did not include PHI (e.g., patient's name, initials, date of service).

Behind the scenes, GHX configured custom business rules to identify required elements when they are present in a PO, categorize the order as implant and then parse the elements into the EDI locations that the supplier needs to process the order electronically.

SOLUTION

THE PROCESS TODAY — AND RESULTS

Today, Froedtert Health and the supplier transact bill-only implant orders electronically through the GHX Exchange with no manual intervention in most cases using only their enterprise resource planning (ERP) systems — no other solutions required.

The process now starts with the OR team entering the bill-only order requisition, including the sales order number, into Froedtert Health's ERP system. The purchasing team receives the request to create the PO, inserts the sales order number in the comments section of the PO, and sends it electronically from their ERP system to the supplier's ERP system, through the GHX Exchange.

"The supplier can match on it immediately because of the primary key," said Tabbert. "They send it back in the correct format for our AP team to receive it. We've taken out the touching. It's not emailed. It's a transaction now, done with ones and zeros. It has decreased time between the PO and invoice because it's going out and going in seamlessly. Order confirmation is coming right back in, we've increased invoice accuracy, and my favorite — no PHI."

Through enabling technologies and a collaborative effort with the supplier and GHX, Froedtert Health increased its bill-only PO EDI rate by 54% and volume by 465% in just six months (January–July 2022).

Automation of bill-only implant orders has driven a higher rate of EDI transactions overall for Froedtert Health, as Koczela explains:

"From the buyers' perspective, because bill-only implant orders weren't automated, they were telling us they were uncomfortable automating the non-implant orders for those same vendors. There were certain vendors where maybe only 5% of our orders were EDI but once we figured out the implant order component, we achieved 98% EDI. Even if only 30% of total orders were truly implant, the reason overall automation improved is that the buyers were then comfortable using EDI every single time."

This is a common industry occurrence sometimes referred to as "leakage", where even orders that are EDI capable continue to be processed manually.

"What does it mean for suppliers? The PO doesn't have to go to your rep's email, your rep doesn't have to respond to it. They don't have to look at it. They just know it's there. It's gone out. It's come in. They are happy. No manual work. Your cost per invoice is down."

There are also significant time savings. Tabbert added "As the supplier quoted us in January, it took about 20 days for POs to get worked. Now we're talking hours!"

The Importance of
Change Management

Froedtert Health's initiative to automate bill-only implant orders didn't happen in a silo. The supply chain team had to work collaboratively with not only the supplier but also internal stakeholders, including the operating room (OR) team, purchasing and accounts payable (AP) team.

The supply chain team was the driver behind "telling people what was possible," said Koczela. Once the OR team saw the possible benefits of implant order automation, including improved workflow efficiency and better visibility to implant data in their systems, they, in Koczela's words, "started to pull the project along."

"We no longer had to have our OR surgical tech or the circulating nurse code a comment field with precisely placed semicolons and spacing and everything else," said Koczela. "When we proposed this to the OR, they came up with their own benefits such as easier implant look up or searching on a unique field for the case ID."

"When we proposed this idea to our suppliers, the same thing happened. The suppliers told us, 'if you can send an electronic order, we can match more accurately, or get paid more quickly, etc.'" Koczela added. "So, we did drive it a little bit, but mostly we were telling people that it was possible and then they started to pull the project along with us.

It was a nice partnership through the whole thing. Great, actually."

Because the suppliers' sales reps were used to seeing certain information specific to a case in their system, such as the doctor's name and the patient's initials, Koczela said they had to train the reps on the change as well. "It's important to explain that information will still exist because you entered it in the system, but we won't send it to you on a paper sheet."

Koczela also stressed the importance of testing automated implant orders with suppliers to demonstrate the ease of implementation to both suppliers and internal stakeholders, stating:

"There were a lot of proof of concepts we did with each vendor just to show what it would look like. Once people saw it, they were a lot more comfortable," said Koczela. "We would send over one order, everyone would see that it was good and then very quickly we would watch it roll out to all the other hospitals as word spread."

GHX

Koczela said successful change management requires unwavering commitment from those leading the initiative, stating:

"You better believe that this is the right thing to do down to your toenails. You will have to challenge assumptions held by yourself, by your team, and by the industry. It might not be you but find somebody who believes to their core that this is the right thing to do for your patients and for your organization and then go out to the rest of these groups — from surgical services and accounts payable to the vendors — and find like-minded change leaders there."

WHAT'S NEXT

"For us, we want to roll this out to other divisions within our main supplier partner, and we have other projects coming out of the Strategic Partner Council," said Tabbert.

Koczela and Tabbert's advice to other health systems: "I would say to all of you: This is possible. It can be done. So go do it," said Koczela.

> "Go talk to a supplier, pick one. You work with them, then you bring one on board. Like we brought the first supplier on board, then you bring the next. Pick one. Let's get some momentum behind this."

MICHAEL TABBERT
Froedtert Health Manager of Supply Chain

» Learn more at **ghx.com**

GHX