



Allina Health: **Improving Efficiency, Accuracy of Bill-Only Implant and Consignment Processing**

Staff reduction doesn't slow efforts to improve efficiency, accuracy

"Allina Health and our suppliers have gained accuracy and transparency through GHX Marketplace Bill Only. The shared goals of eliminating waste in our processes and driving efficiency to support timely payments are major value-adds."

Joshua Gulke

Systems Director, Supply Chain Operations, Allina Health

Highlights



10% greater
contract compliance



11.2% more spend
under management



Faster, more accurate
supplier payments



≈ \$95M bill-only
implant and consignment
spend processed, even
with fewer staff

Challenges

- 10% staff reduction among supply chain team
- Time-consuming and labor-intensive bill-only implant and consignment order processing
- Costly exceptions stemming from lack of visibility and the inability to validate pricing

Solution

- Drive efficiency and greater productivity through cloud-based automation of bill-only and consignment ordering process with GHX Marketplace Bill Only
- Automated data management and enrichment through GHX's solutions to help reduce match exceptions for more touchless transactions
- Integrated order processing to enhance visibility and control for more accurate and timely payments

Results

- Up to \$95M bill-only and consignment spend processed with fewer staff members
- 10% increase in bill-only and consignment contract compliance
- 11.2% increase in spend under management, capturing an additional \$10.4M spend in 2023 (77.62% in 2023, up from 66.4% in 2022)
- Expedited case-to-payment cycle



Client

Allina Health

Minneapolis-based Allina Health is a not-for-profit, 2,400+ bed health system that operates primarily in Minnesota and western Wisconsin. The system encompasses 12 hospitals, along with multiple clinics, retail pharmacies and a wide range of specialty care services, including mental health, home care and palliative care.



Challenges

Manual processes strained staff resources

While Allina Health's supply chain team has been consistently recognized for its ongoing commitment to operational improvement and cost savings, a 10% reduction in its workforce prompted the team to focus on bill-only implant and consignment order processing — an area notorious for its complexity and manual labor burden.

“How could we continue to process \$93–\$95M worth of bill-only spend across the organization with outdated, manual processes and now 10% less staff and still get these orders out in a timely manner?”

Joshua Grulke

Because these special-order items fell outside of the standard item master and procure-to-pay process managed within Allina Health's enterprise resource planning (ERP) system, the supply chain team had to manually add each data element to the required field in the requisition process.

Allina Health's decision to maintain a lean item master resulted from the manual processes used to maintain the data in their ERP. For each item, data for 36 mandatory unique attributes had to be manually uploaded using no less than three different worksheets. This item maintenance restraint left many bill-only items to be entered as special, outside the data standards of the item master and inevitably leading to inaccuracies and downstream errors.

Additionally, staff had to individually create and submit orders, keying in multi-digit item identification numbers along with data elements such as price and unit of measure (UOM). They guessed at other information, such as which contract to associate with the purchase, due to contract naming conventions and subdivisions of parent company contracts. This meant staff members were performing hundreds of manual keystrokes for every single order. In many cases, they then had to email the orders to the supplier.

Manual pricing validation increased exceptions, limited strategic sourcing initiatives

Allina Health and its suppliers also had to manually confirm contract pricing for implant and consignment items at time of order. In most cases, the Allina Health team would rely on the supplier to research and provide the prices, often not having an effective cross check against contractual pricing.

If the item was determined to be incorrect or not on contract when the purchase order (PO) was issued or the invoice was paid, Allina Health's procurement and accounts payable teams had to spend more time and resources manually correcting the issues with the supplier.

"The reality was that we would issue a PO, pay that invoice and then hopefully catch pricing discrepancies on the back end," Grulke said. "When I looked at the complexity and manual burden of this process for Allina Health and its suppliers, I was determined to find a way to get ahead of it."

From a strategic sourcing perspective, incomplete or inaccurate data prevented supply chain leaders from setting a true baseline for compliance, establishing key performance indicators (KPIs) and measuring improvement.

The smallest difference when entering data manually could cause data validation errors if special characters were used or omitted.

Lack of visibility, inaccuracies prolonged processing and payment

Implant and consignment orders, invoices, payments and data managed outside of Allina's Health's digital EDI processes meant both the health system and its suppliers lacked real-time visibility and the ability to address issues as they arose.

Manual processes limited the supply chain team's ability to track when they issued an order, when the supplier processed it and generated/delivered an invoice, and when the payment was made. Issues at any one of these stages prolonged the period between usage and payment.

"With all the opportunities for something to go wrong in a manual environment, not only are there risks for delayed payments and wrong payments, there's also the chance for no payments," Grulke said. "And the longer the payment takes the less chance of meeting early payment terms and deriving related savings and incentives. Or even worse case, the delay in payment could result in being placed on credit hold and future items not being delivered to provide patient care."



Solution

In Q4 2023, Allina Health implemented GHX Marketplace Bill Only, a virtual e-commerce solution, to help automate, audit and authorize implant and consignment orders throughout the procurement lifecycle.



Automated data management drives efficiency, accuracy



Integrated order processing enhances visibility, control



Mobile app drives greater efficiency

Automated data management drives efficiency, accuracy

GHX's solutions gave Allina Health access to 135,000 items not stored within its item master, including enriched data points and validated attributes (e.g., GTINs, UNSPSC, HCPCs), revenue and billing codes, item images, and descriptions. Relevant data points are returned to Allina Health's ERP system via API integrations to improve data accuracy during the procurement process.

Foundational data integrity drives accuracy throughout Allina Health's implant and consignment order processes, reducing the number of match exceptions for more touchless transactions.

Additionally, consistent item data from PO to payment supports more accurate usage analysis, which in turn supports more informed contracting decisions.

“GHX's virtual content catalog laid the foundation for bill-only order automation.”

Joshua Grulke

Integrated order processing enhances visibility, control

With GHX Marketplace Bill Only, which integrates with Allina Health's ERP system, the health system and its suppliers have collaborated to help automate and streamline the implant and consignment order process, improving visibility into and control over the procurement lifecycle.

Within GHX Marketplace Bill Only, Allina Health employees and suppliers can collaboratively access digital processes and data to help drive item and price compliance, increase the volume of touchless transactions, lower exceptions and reduce rework.

GHX generates comprehensive timestamps at each stage of the pay-to-procure process, supporting accountability as each party works to drive efficient processing and on-time payments. This auditing process encompasses supplier cart build and check out, and Allina Health employee cart assignment. Combined with the ERP system, GHX also produces timestamps for PO, invoice and payment processing. With this level of visibility, the supply chain team and its suppliers can drive process efficiency and accuracy at the front end rather than reactively addressing roadblocks and correcting errors.

“It’s this level of transparency that’s a real game changer for ensuring payment in a timely manner,” Grulke said. “I now have the intelligence to see those timestamps and measure KPIs against the entire continuum. And if there’s a variation somewhere, we can quickly identify it, get to the root cause and address it.”

Mobile app drives greater efficiency

Allina Health worked with suppliers during the GHX Marketplace Bill Only rollout and recognized how representatives increasingly rely on smart phones and other mobile devices in lieu of laptops. This prompted the health system to begin offering its suppliers the GHX Marketplace mobile edition application in 2024.

With this mobile functionality, suppliers can log into GHX Marketplace Bill Only, where they have access to only their company data that Allina Health has curated into a hosted catalog of approved items for use, and the service lines they support. They can scan item GTIN barcodes when building carts, as opposed to keying item ID numbers into the solution’s web interface. Data integration and alignment help ensure only contracted items from Allina Health’s formulary are included.

“GHX sees how the market is changing, how systems must be integrated more today than they have in the past, and is developing solutions to meet this demand,” Grulke said.

“In the bill-only implant and consignment order space, GHX Marketplace mobile edition sits in the middle as an integrated solution that offers ease of use for both providers and suppliers.”

Joshua Grulke





Results

Initially, Allina Health paused its GHX Marketplace Bill Only rollout to automate implant and consignment orders with one top supplier at one hospital. This was due to the partnership with that supplier and the realization that a mobile solution was needed to be effective. Even with this limited use, the health system has made tremendous strides in process efficiency, order accuracy and contract compliance.

Up to \$95M implant and consignment spend processed with 10% fewer staff members

With GHX Marketplace Bill Only, the supply chain team is managing the same level of implant and consignment order spend (between \$93M and \$95M) with fewer employees. Automated and integrated processes, a shared digital workstream with suppliers, and a more accurate and complete data foundation for \$1.5M in category spend to date has freed up the team to focus on strategic initiatives, such as contract conversions.

“Even with staff reductions, we have maximized our effectiveness through GHX Marketplace Bill Only by eliminating upstream and downstream waste based on the factors we can now control.” Grulke said.

In March 2024, Allina Health issued over 7,000 bill-only PO lines, of which over 5,400 lines were in the item master, reducing the number of keystrokes required for PO creation by 13,500. However, Allina Health still had to manually key 13,658 numbers and characters to document the remaining 1,590 lines of items not in the item master.

Grulke explained how GHX Marketplace mobile edition functionality will address this challenge: “The mobile edition scanning combined with GHX Marketplace-hosted content will provide accurate, error free efficient data entry and will be critical to Allina Health workflows moving forward.”

10% increase in contract compliance

With access to more accurate, updated contract data within procurement workstreams, and automated alerts to off-formulary and off-contract items at the front end of the ordering process, Allina Health indicated it has increased contract compliance for implant and consignment spend through GHX Marketplace Bill Only of 10%.

“Our strategic sourcing team and suppliers have gone through the hassle of agreeing on a price,” Grulke said. “Let’s make that pricing transparent and accessible to everyone. That’s what GHX Marketplace Bill Only does for us. Not only do we have that agreed upon price loaded, but our price file is also continuously updated.”

11% increase in spend under management

With GHX Marketplace Bill Only, Allina Health indicated its spend under management has increased by 11% for this category. With order- and item-level detail captured digitally, the supply chain team has robust data to support actionable analytics and data-driven decisions around implant and consignment contracting and spend.

Accurate spend under management also contributes to safer patient care. As Grulke pointed out, item level data discrepancies (e.g., an item number with a dash instead of a dot) can prevent recall management software from determining if the health system has purchased recalled items.

Expedited item usage to payment cycle

The combination of process automation, data alignment and enhanced visibility to order management status supports more timely payments. In the event a supplier has not been paid according to agreed-upon terms, GHX Marketplace Bill Only helps the Allina Health team uncover root causes and determine accountability.

Grulke highlighted one example where a supplier created a cart, assigned it to an Allina Health employee, who checked it out, and sent the supplier a PO through the Workday ERP system, all on the same day. Despite this timely processing, there was still a delay in payment.

“With GHX Marketplace Bill Only, there's really no reason why we shouldn't be receiving invoices almost immediately so we can generate timely payments,” he said. “In this case, we discovered that after receiving the PO, the supplier had waited seven days before invoicing us. We had the timestamps to prove to the supplier that the payment delay was due to a delay from when the sales rep received the PO and when they entered the PO information into their internal system to invoice Allina Health, and not something we neglected to do.”

Looking ahead

Grulke plans to go live with GHX Marketplace Bill Only across Allina Health’s top three implant and consignment product suppliers later in 2024. These suppliers represent just under half of the health system’s total bill-only spend.

“Automating more consignment and bill-only spend in GHX Marketplace Bill Only will provide greater intelligence into how the supply chain team is performing with regards to our KPIs. Our plan is to leverage this intelligence for more robust supplier conversations at the start of 2025,” Grulke said.

» Start automating your bill-only implant and consignment order processes with help from GHX Marketplace Bill Only and mobile edition. [Schedule a demo to learn more.](#)