

A Strategy to Reduce Price Exceptions for Mount Sinai Health System



Rapid growth through merger and acquisition activity resulted in disparate technology, including four materials management information systems. Additionally, three separate item masters challenged maintenance for accurate contract pricing for orders with limited staff resources.

“We questioned how we could get more perfect ‘touchless’ orders so our staff could engage in more value-added activity. The answer was in the ability to find and fix problems before they surface.”

– FRANCO SAGLIOCCA, MBA, FACHE, CORPORATE DIRECTOR, SUPPLY CHAIN

The Solution – Price Sync Managed Service

At the heart of the solution is a custom workflow that coordinates contract price exception resolution between the provider and its distributor and supplier trading partners. The workflow is integrated with the GHX Exchange and allows for exception information to be communicated at the case level versus the existing model of following up on each order line. The service tracks all supplier communication and corrective actions through to the resolution, closes out the case and reports this information to Mount Sinai Health System.

With far fewer contract price exceptions to manage, Mount Sinai Health System's buyers spend less time on transactional activities, (e.g., calling or emailing suppliers in an effort to resolve discrepancies), and more time on activities that bring greater value to the organization (e.g., transitioning to a new distributor).

Improved order accuracy has led to downstream improvements. Accounts Payable (AP) staff spends less time and effort addressing invoice exceptions and collaboration comes easier on other initiatives through a more positive relationship.

Results



Drove down price exception from 14% down to below 0.5%



Increased contract match rate from approximately 60% to greater than 95%



Freed up buyers' time to focus on more strategic activities



The use of cleaner, more accurate data is driving a higher volume of "touchless" orders



Improved relations between Purchasing and AP departments



Contract price savings of over \$400k

➔ Read the [complete case study](#).