FOSTERING COLLABORATION AND TRUST THROUGH DATA

A foundation of data and analytics inspires teams, drives contract alignment and informs decisions

A private, not-for-profit organization with nearly 600 locations serving nearly 2 million patients across Georgia, Piedmont Health Care (Piedmont) is known throughout the industry for its innovative, empowering culture and transformational achievements.

Driven by the importance of data integrity, Piedmont VP of Supply Chain, Joe Colonna, asked Frido Pagan, Executive Director, Integration, Performance & Systems (IPS), to engage in a master data management governance strategy. The goal being to establish a structure to cleanse and enrich the item master data so that it contains accurate, complete and up-to-date information to inform sourcing and purchasing decisions.

The work has required consistent collaboration between the IPS team and Supply Chain's Sourcing team led by Executive Director Pam Esper. This established a foundation of data and analytics for the health system's value analysis program, fostering collaboration and trust between supply chain and clinical teams.

When Frido Pagan, Executive Director, Integration, Performance & Systems (IPS), joined the health system in February 2019, Pagan assessed how Piedmont's supply chain was performing compared with other U.S. health systems based on standard metrics.

"My goal when I joined Piedmont was to understand how we were managing the data within our item master because it supports multiple operations and clinical functions," said Pagan. "The product and pricing data within our enterprise resource planning (ERP) system supports the electronic health record (EHR) system and other point-of-use solutions for clinical decision making. Therefore, it was clear that we must ensure that clinicians can trust the integrity of this data."

Leadership also considered the broader implications of master data management and the ability to integrate supply chain, finance, and clinical data to inform value analysis efforts.

SOLUTION

Pagan embarked on a master data management governance strategy and structure with the goal of performing sophisticated analytics to inform sourcing and purchasing. He said the biggest challenge with implementation was developing a vision and communicating to his team what it meant to them and what role they could play in advancing it.

Working closely with the sourcing and finance departments, Pagan and his teams quickly realized that the master data management effort would influence Piedmont's entire procure-to-pay process.

"Effectively managing our contracts would help us have visibility to purchased items and their pricing, which in turn would influence how we receive items into our system and how we pay our invoices," said Pagan. "It came down to how we were going to attack the item master data, cleanse it—and make sure it matched the contracts we had in place."

Data cleansing and enrichment

Pagan engaged GHX, Piedmont's supply chain solutions provider, to train his teams on the importance of data and contract management from purchase orders (PO) through payments.

Piedmont saw reductions in:

Contract price exceptions by **70% (down to 5%)**

Overall price exceptions by **81% (down to 6%)**

Overall exception rates by **62% (down to 14%)**

- **67%** in price exceptions
- **41%** in back order exceptions
- **22%** in part number exceptions
- **7%** in unit of measure (UOM) exceptions

Piedmont saw increases in:

Contract validation by **103% (up to 71%)**

Main distributor Exchange match rate **(up to 93%)**

"Cost per case is influenced by our contract price by line item, so this data must be accurate and up to date when we provide analytics for savings opportunities."

— *Frido Pagan, Executive Director, Integration, Performance & Systems (IPS)*

The work began with "low-hanging fruit." For several years, Piedmont has used GHX's NuVia® data management solution, which keeps supply chain data up-to-date and synchronized. From Piedmont's item master to purchase order history, NuVia continually cleans and standardizes data to feed accurate content into the health system's internal systems. As a virtual item master, it also monitors this data for changes, updates and duplicates to help reduce transaction errors.

Leveraging NuVia, the Piedmont team reduced the total number of products in its item master from 95,000 to 57,000 by eliminating/inactivating items that had not been ordered within a 24-month period.

Because the item master data supports financial and clinical processes, the team utilized NuVia to take two additional, critical steps:

1. Normalize product descriptions within the item master: Clinicians can then more easily identify the items they need for patient care

2. Attach Healthcare Common Procedure Coding System (HCPCS) and general ledger (GL) codes to Piedmont's product data: Finance teams receive reimbursement details used for revenue capture

Collaboration for Contract alignment

Piedmont's overall strategy relied on having correct contracting data within its systems. Therefore, the supply chain team also partnered with their health system's group purchasing organization (GPO), and, together with GHX, the three teams began meeting weekly. The teams discussed how to address existing contract data issues and what technology and processes could be put into place to keep contract data aligned.

They immediately saw an opportunity to improve contract alignment with Piedmont's distributors, particularly its main distributor representing 22 percent of the health system's total order volume.

Using the GHX Price Sync Managed Service, which facilitates contract price alignment with trading partners to help increase transaction accuracy, Piedmont's contracts were electronically loaded into CCXpert to validate pricing. Contract price exception resolutions are now electronically coordinated between Piedmont and its distributor and supplier trading partners.

Ongoing, this entire workflow is integrated with the GHX Exchange and allows for exception information to be communicated at the case level versus the pre-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 Piedmont.

"With our GPO validating our contracts and GHX confirming them, we now have a high level of confidence among the three of us that the data is correct," said Pagan. "Most importantly, when we uncover contract savings opportunities and present them to our executive team, they are confident that our recommendations are based on accurate data."

Representatives from Piedmont, its GPO, and GHX still meet each week to review the health system's progress in maintaining contract alignment, driving on-contract spend and minimizing exceptions.

The work with GHX and the GPO raised awareness within the Piedmont team to the many challenges they faced with their item master data integrity and contract alignment.

When they first compared Piedmont's exception rates to industry benchmarks, it looked overwhelming. But celebrating initial wins — including a whopping 6 percent drop in contract price exceptions in just one month, inspired the team to move forward.

Value analysis efforts

Pam Esper, Piedmont's Executive Director of Sourcing, leads the non-labor Strategic Transformation and Resource Stewardship (STARs) program. Teams with cross-entity representation from Piedmont's 11 hospitals engage in efforts focused on eliminating waste, standardizing products and service offerings, and improving processes.

The integrity of product and pricing data has positively impacted its value analysis efforts in two ways:

- Strengthened trust and collaboration between supply chain and clinical teams
- Supported the cascading of its system-level STARs work to its individual entities

As a result, in October 2019, Piedmont launched its local value analysis teams. They are now able to confidently provide each facility with specific insights into their utilization patterns and product costs and how they compare against their sister facilities and national benchmarks.

" The work we have done to cleanse, normalize and enrich our item master data, and align contract pricing has established the foundation to support our newly established local value analysis teams. The value analysis teams can now compare supply contract opportunities with clinical data and make decisions on what is best for the patient."

— *Frido Pagan*

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