

SUCCESS STORY

A Short Take on Success

The Challenge

- Resolve laboratory pricing errors
- Improve laboratory purchasing process

The Solution

- Establish a process for receiving price changes in a timely manner from a primary lab distributor
- Implement Amerinet's AccuPrice software to quickly identify and resolve pricing errors

The Outcome

- AccuPrice captured more than \$8,000 in pricing errors in 2009
- Laboratory staff no longer need to consistently manage supplier price discrepancies every day

“AccuPrice is an integral part of our laboratory solution and truly serves as our last line of defense in resolving pricing errors. Amerinet continually proves to be a great partner in helping ProMedica Health System improve financial outcomes and quality of care.”

John Krempa
Sourcing Specialist
ProMedica Health System

AccuPrice

AccuPrice Captures \$8,000 in Laboratory Pricing Errors for ProMedica Health System

The Challenge

When John Krempa joined ProMedica Health System's laboratory as a purchasing agent, he wanted to make the laboratory purchasing process as efficient and effective as possible. “We were not receiving supplier price updates in a timely fashion,” said Krempa. “As a result, the purchasing staff literally had to watch for and manage price discrepancies on a daily basis and that was extremely time consuming.”

Located in Toledo, Ohio, ProMedica is a mission-based organization that is ranked among the Top 5 most integrated health systems in the United States. It was formed in 1986 and is comprised of ten hospitals and more than 283 facilities located in Ohio and Michigan. ProMedica's laboratory product portfolio with an outside vendor contains 900 to 1,000 items. On average the organization purchases approximately 500 items every month.

“The laboratory staff frequently voiced their concerns that the primary lab distributor's pricing was not always accurate,” said Krempa. “The goal was to know about tomorrow's price changes



today. To reach that point we needed to develop an entirely new system to ensure our pricing was accurate at the front, the middle and the end of the ordering process.”

The Solution

To get its laboratory purchase process on the right track, ProMedica first worked closely with their primary lab distributor to coordinate a process for receiving price changes in a timely manner. As a result, Krempa and his team are now electronically notified of upcoming price changes prior to the effective date of the new price.

After resolving price errors on the front end, ProMedica wanted to then apply a type of checks and balances into their new system. That was when they turned to their group purchasing organization (GPO), Amerinet, for a solution. An Amerinet member since 1997, ProMedica recently implemented AccuPrice®, a daily price auditing solution from Amerinet Diagnostix®, in their pharmacy and inquired whether this solution would work for its laboratory. Anxious to expand this innovative software tool to other areas in a hospital, Amerinet agreed to beta test AccuPrice for ProMedica's laboratory.

AccuPrice is an innovative software tool that combines master file maintenance, daily price audits and staff resources to quickly identify and resolve pricing errors. Each week, AccuPrice software reviews all purchases and submits an audit report by e-mail to ProMedica which includes key elements such as unfavorable variances as well as tier pricing. Facility summary reports capture and detail all pricing errors for specified time frames and include purchase dates, individual facility item numbers, purchase order numbers and dollar amount extensions of line item variances.

“AccuPrice is a great management tool,” said Krempa. “We all lead busy lives and I only have to look at the AccuPrice summary report for a brief time each month and I have all the information I need. It’s amazing to see how many items on the report have already been addressed.”

Additionally, AccuPrice captures “exception pricing” that applies to specific products with special requirements for transportation, integrity packaging, Department of Transportation (DOT) hazardous materials packaging, direct shipment, service and restocking charges.

“This summary of freight and special handling fees allowed us to review these charges and identify where order processes could be changed to reduce costs,” said Krempa.

The Outcome

A full year after implementing the new laboratory purchasing process, AccuPrice captured more than \$8,000 in pricing errors for ProMedica Health System.

“AccuPrice gives us the satisfaction of a third-party auditing tool. Thus with our collaboration with Amerinet and our primary lab distributor, our entire laboratory purchasing process is more organized than it was before,” said Krempa.

Instead of constantly managing supplier prices every day, ProMedica’s purchasing staff is now operating in a more efficient manner – enabling more time to be spent on higher-level projects and goals.

“AccuPrice is an integral part of our laboratory purchasing solution and truly serves as our last line of defense in resolving pricing errors,” said Krempa. “Amerinet continually proves to be a great partner in helping ProMedica Health System improve financial outcomes and quality of care.”

Contact Summary

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About Amerinet

As a leading national healthcare group purchasing organization, Amerinet strategically partners with acute and alternate care providers to reduce costs and improve quality through its performance solutions. Built on a foundation of data, savings and trust, and supported by a team of clinical and supply chain experts, Amerinet enriches healthcare delivery for its members and the communities they serve. To learn more about the Amerinet difference, visit www.amerinet-gpo.com.

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