Success Story

Supply Chain Management

A Short Take on Success

The Challenge
‣ Taking ownership of its GLNs

The Solution
‣ Create an organizational hierarchy to validate and reconcile GLNs
‣ Beta test GLN transactional data with a small group of suppliers

The Outcome
‣ Improved operational efficiencies
‣ Reduced costs
‣ Enhanced patient safety

The Next Phase
‣ Preparing for GTINs by December 31, 2012
‣ Educating providers and suppliers to embrace GS1 Standards

How Intermountain Healthcare Successfully Took Ownership of its GLNs and is Embracing GS1 Standards

The Challenge

Information and data are more easily accessible than ever before, yet billions of dollars are wasted in healthcare annually as a result of the lack of standards in the supply chain arena. Compared to the robust supply chain management systems of the retail industry, healthcare is severely lagging behind. And while there is tremendous momentum behind GS1 standards implementation in order to improve efficiencies, reduce costs and enhance patient safety, there is still a long road ahead.

GS1 Standards – including Global Location Numbers (GLNs), the 13-digit number used to identify any legal entity/trading partner, and Global Trade Item Numbers (GTINs), the GS1 System Identification Number that uniquely identifies trade items at all levels of packaging and the relationship with a Global Data Synchronization Network (GDSN) Data Pool ensures that all supply-chain partners are using identical, up-to-date, reliable data.

Intermountain Healthcare, a non-profit health system based in Salt Lake City, Utah, with over 32,000 employees, has become an exemplary leader in GS1 standards implementation. However, back in 2009, the organization was at the same starting point as its peers when group purchasing organizations (GPOs) took the initiative to register GLNs for its members.

"Amerinet created 370 GLNs for Intermountain," stated Heidi Trimble, systems and information specialist at Intermountain. "But we realized that it had been a long time since we had looked at our facilities as they were listed in the Amerinet database. So our first step was to validate the information and reconcile any discrepancies."

Cynthia Shumway, manager of supply chain systems and information at Intermountain, emphasized the importance of organizations taking ownership of their data. "As a provider, we felt it was important to own our data and not have to rely on a third party.

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Nobody else can be responsible for knowing who we are," noted Shumway. "Intermountain believes in GS1 and the efficiencies that will be gained across the supply chain. All sides of the industry – providers, suppliers, distributors and GPOs – can benefit from standardization. That's why everyone needs to take an active role to achieve this goal for the industry."

After receiving GLNs from GPOs though, many providers struggle with the next steps of GS1 implementation. Intermountain took this challenge and went full speed ahead to create a successful roadmap for other organizations to follow.

The Solution

Taking an active role in GS1 standards first begins with a provider reconciling GLNs and determining what locations truly need to be identified. Of the 370 GLNs that Amerinet provided to Intermountain, 170 were removed and 91 new ship-to locations were added. Today, Intermountain reports "280 and growing" GLNs.

"The initial clean-up of our GLNs took about three months," said Trimble. "It is a big undertaking to create an organizational hierarchy with a single bill-to location and all ship-to locations, yet it's a necessary first step for any provider. GLNs must have proper alignment with the daily operations of the organization – and only the organization itself can know and manage that correctly."

Intermountain then wanted to take its GS1 adoption commitment to the next level and test a GLN transaction with not only a direct supplier but an Amerinet contracted supplier as well.

"We wanted our GLN testing to be full circle and demonstrate end-to-end success through the whole supply chain," stated Shumway. "The benefits of GLNs may begin with purchase orders (POs), but it transcends to align the provider's relationship with its distributors and GPOs and even the manufacturer's relationships with distributors and GPOs."

PHS, Intermountain's direct distributor, and Sage, an Amerinet contracted supplier, were both GLN ready and agreed to work with Intermountain on testing its GLN trading process. Intermountain turned to Amerinet to facilitate coordination calls between Intermountain, PHS and Sage.

The goal was to test the 850 Purchase Order, 855 Order Acknowledgement, 856 Advanced Ship Notice, 810 Invoice. We also wanted to find out if the information exchange between the GPO and manufacturer and distributor is working for transactions such as 845 Membership and 867 Sales Reporting. If Intermountain could make these transactions work with GLNs, all parties would benefit.

"The opportunity to assist in this implementation of GLN standards with our healthcare partners was invaluable," said Harold Hallberg, EDI, Sage Products Inc. "Our contribution was to receive production EDI sales tracing with the GLN and report this data back to the GPO every month. The end result showed our GLN data verification process was working extraordinarily well."

Shumway added, "The beta test with PHS and Sage was very beneficial because it helped all parties establish GLN trading processes that could be replicated with other organizations moving forward."

After successful transactions with PHS and Sage, Intermountain was ready to formalize and implement more suppliers into its GLN trading process. The organization identified its top 100 suppliers and provided them with GLN scorecard information to assess their readiness to reconcile accounts and begin transacting. Of the top 100 suppliers that Intermountain identified, only one-third were GLN ready.

The next step Intermountain took with the GLN ready suppliers was a cleansing process to reduce account numbers.

"I work to eliminate duplicates where the supplier might have more than one account number for the same GLN," said Trimble. "The goal is to obtain a one-to-one relationship. Then I send this information back to the supplier in order for them to reconcile with their account information."

After the cleansing process is completed with a supplier, the old account numbers are removed from the files and transactions so the only information the supplier receives moving forward are the GLNs. Now the transactional data testing phase may commence – which can be completed in less than an afternoon. Intermountain officially begins submitting POs with GLNs once the supplier confirms the tests were successfully received.

"It may sound like a lot of time has to be spent reconciling account numbers, but since we already know and have established who we are, it's just communicating that to suppliers," stated Trimble. "And we already have a process to ensure any new Intermountain clinic and internal location changes are added or edited in the GLN Registry."

The Outcome

Of the suppliers that were GLN ready, Intermountain has completed GLN reconciliation and testing with a number of key suppliers.

"Testing with the remaining GLN ready vendors is in process, and will be easily completed," said Trimble. "The transactions that are fully utilizing GLNs represent 44 percent of the total orders for our organization."

Intermountain is seeing the fruits of its labor through the efficiency that's been gained by not having to maintain the 15,147 different account numbers it had on file with various suppliers.

Looking at the industry as a whole, Shumway commented, "Account numbers were created and utilized for various reasons including tracking sales commissions, segregating product/pallets, etc. The fact of the matter is that it is costly to the supply chain to expect providers to manage accounts set up to facilitate an internal supplier process or need. The bottom line is that it's really just a ship to – a physical location."

Additionally, Intermountain anticipates enhanced benefits with more accurate price loads between all parties, which reduce purchasing and payables touch points. GPO contract pricing gets easily lost in the system link between the provider, the distributor and the manufacturer.

"Without GLNs, we found pricing errors because the suppliers did not have all of our facilities linked to Intermountain," stated Trimble. "These inaccuracies can be costly. GLNs will provide efficiency in making price loads more consistent and ensure all Intermountain entities are getting charged the correct price the first time."

For those suppliers that are not GLN ready, Intermountain requires that the supplier provides a ready date. And while the greatest challenge tends to be identifying the person in the supplier organization who can affect change, Intermountain expects suppliers to be aware and do their part in improving supply chain efficiency by adopting GS1 standards.

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The Next Phase

With a firm GLN reconciliation and supplier testing process in place, Intermountain is staying ahead of the curve by preparing for the industry-wide initiative to adopt GTIN – a standardized number (similar to a U.P.C. symbol) used to uniquely identify manufactured products at each packaging level – by December 31, 2012.

The use of GTINs to uniquely identify all products within the healthcare industry will have a dramatic impact on patient safety and operational efficiency. Standardized product identification ensures the accuracy of product information, at every level of packaging, throughout the healthcare supply chain from manufacturer to point-of-care. By having reliable product data – even down to the unit of use level – enables more effective product recalls, efficient traceability, and improved business processes such as accurate pricing, patient billing, settlement and other transactions.

Intermountain already populates GTINs (when available) in its item master and is capable of sending GTIN in Electronic Data Interchange (EDI) transactions. Naturally, the organization is looking forward to the sunrise date, when they will be able to receive real-time synchronization and updates on healthcare products from the Global Data Synchronization Network.

In the meantime, Intermountain continues to work with suppliers on completing the GS1 Scorecard in order to see what their capabilities are and where they stand with implementing GTINs.

"Having the capability to transact is a big step for us," said Trimble. "And this is the first step that will ultimately lead to improved patient safety and improved patient supply data."

Educating providers and suppliers on the importance of GS1 standards is a role that Intermountain will continue to embrace. In fact, the organization is an active member of the Healthcare Transformation Group (HTG) which is comprised of highly influential healthcare provider IDNs who are committed to pushing this initiative forward.

Shumway concluded, "Intermountain believes in GS1 and felt we needed to be a leader in this initiative to help build momentum and adoption across the industry."

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