THE CHALLENGE
Ensuring accurate pricing on purchases is a daunting task that all healthcare organizations face. Seemingly countless products from a wide variety of suppliers complicate the process further for facilities’ pharmacy departments.

And when you are a large integrated delivery network (IDN) such as Intermountain Healthcare, the challenge can get more complex and costly each and every day simply because of the size of your organization.

That’s why solving the price accuracy puzzle is so important for the Salt Lake City-based IDN, which includes hospitals and clinics throughout Utah and Idaho.

In the past, Intermountain had no efficient way of verifying correct prices charged for all pharmacy products and was challenged to ensure they weren’t being incorrectly charged by pharmacy manufacturers. The problem was big enough for Intermountain’s 22 hospitals and more than 140 clinics that they found they were potentially paying nearly $500,000 more per year due to incorrect pharmacy charges.

THE SOLUTION
Intalere – Intermountain’s group purchasing organization – approached the IDN about its highly effective price accuracy tool, AccuPrice®. A daily price auditing solution that quickly identifies pricing errors and sends a report to the facility, AccuPrice also helps with the pricing corrections to the manufacturers.

Healthcare facilities that use AccuPrice report sustainable, hard-dollar savings of as much as 0.75 percent of pharmacy purchases. It quickly identifies and resolves pricing errors, returning money directly to the bottom line and, as a result, provides funds the facility needs to invest in achieving its strategic goals.

Improved billing efficiency also is a result of using AccuPrice. It significantly decreases the amount of time billing clerks spend with each invoice to verify accuracy.

The automated daily audits eliminate the need for manual auditing and streamline credit requests and price correction. Because errors are identified nearly immediately, billing staff can contact the supplier or distributor before the errors repeat, thereby decreasing the risk of recurrence. The monthly AccuPrice summary report also provides a single snapshot to track variances along with credits and rebills.
AccuPrice reports help facilities identify new opportunities for savings by capturing paper invoices. In a manual system, paper invoice orders remain outside the provider master file, making it impossible for facilities to analyze them. With AccuPrice, facilities can track these purchases and determine whether they should be added to the pharmacy item master file. More than 300 member facilities are using AccuPrice, with more than $1.2 billion audited in 2007.

**THE OUTCOME**

In October 2007, Intermountain Healthcare committed to the AccuPrice program. Intalere immediately assigned resources to begin working on the price auditing using the AccuPrice tool. After only nine months, AccuPrice returned to Intermountain Healthcare about $35,000 of incorrect pricing - the difference between what was originally charged and the corrected price. Assuming those errors had never been found and they would have continued to pay the incorrect price for those items for the next 12 months, AccuPrice saved Intermountain about $400,000 of potential incorrect charges.

A detailed breakdown showed 227 invoice problems discovered in the first month of Intermountain using AccuPrice. The value of continued AccuPrice auditing was realized in June 2008 when 490 invoice errors were found and resolved.

An added benefit of the AccuPrice tool was that it helped make manufacturers accountable for their errors. The facility could see which manufacturers had the most errors and could more closely monitor them for compliance.