



Invoice Analysis

Background

The Invoice Analysis program by SUNRx was the first “real-time” system to analyze 340B pricing. Invoice Analysis delivers an automated process to identify pricing discrepancies or errors made during the purchasing process. Errors can occur at any stage of the purchasing process, often due to human error. Many of these discrepancies go unnoticed and unresolved, costing the healthcare organization millions of dollars of unnecessary costs annually. The ability to resolve any pricing discrepancies is limited to six months to one year per contractual agreements; therefore, it is important for each healthcare facility to monitor this carefully, and in real-time.

Situation

Many hospitals and other healthcare facilities purchase medications daily, and others weekly. These transactions are accomplished using web-based software, typically managed by the Wholesale Distributor. The “buyer” will place the order with its distributor, which will fulfil and deliver, usually within 24-48 hours. The price paid by the healthcare facility can be catalog-based, a negotiated rate through a group purchasing organization (GPO), 340B pricing, Federal Supply Schedule (FFS), PHS or a contract directly negotiated with the manufacturer. The distributor (wholesaler) receives these prices and updates through an EDI connection from the various sources. These prices must then be loaded or updated in the Buyer’s system. Due to human error, limited resources, and other issues, these prices can be loaded too late, incorrectly loaded, or drop off due to technical issues, all of which occur regularly. Additionally, changes in market share can have a significant impact on the prices paid. For example, new market share performance driven contracts can take time to calculate and have loaded into the wholesaler’s system. These agreements are usually updated quarterly. Purchasing healthcare facilities are not usually aware of these nuances, resulting in orders being invoiced/billed using incorrect prices.

Impact

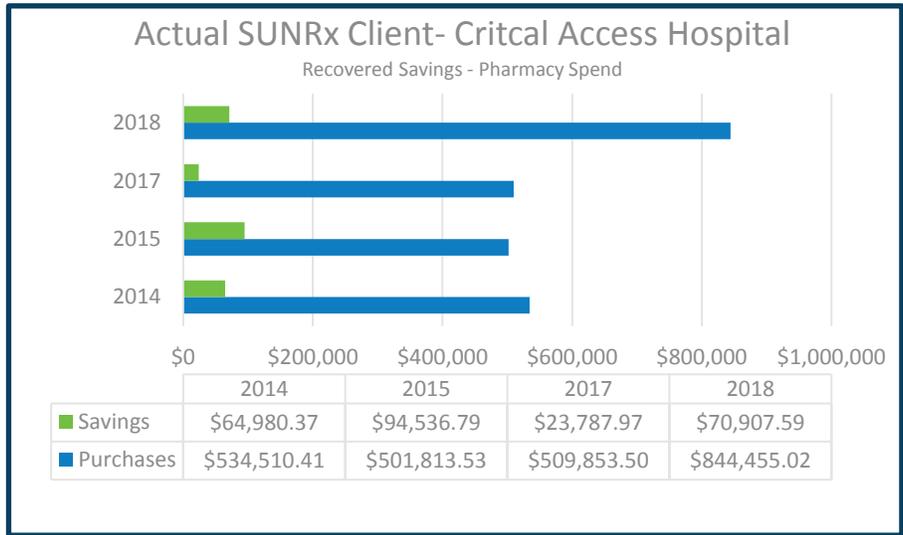
Purchasing errors/discrepancies can be in the millions of dollars annually to an organization. All organizations which purchase medications can be affected; very small rural critical access hospital, inner-city federally qualified health centers, disproportionate share hospitals (DSH) and large academic medical centers. Discrepancies add up over time, causing a one percent to twelve percent increase in annual drug spend.

There are also indirect costs required to resolve these discrepancies, if/when they are identified. Many larger hospitals dedicate an FTE to finding these discrepancies. This requires hours of manual data review of reports from wholesalers and manufacturers. The Invoice Analysis program’s automated process frees up FTEs for more important work and identifies and returns significant dollars to be used in other critical areas of patient care. At a minimum, it allows the director of pharmacy to more effectively manage the pharmacy budget.



Example

A Critical Access Hospital (actual SUNRx client) with 6 clinics spent \$2,390,632.46 over four years on medications dispensed within their facility and SUNRx identified over charges for drugs purchased, worked with the CAH’s wholesaler to recover and return \$254,214.72 (10.63%) to our client.



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For more information about Invoice Analysis, please see: <https://www.sunrx.com/invoice-analysis>