

The price is right

Distributors work behind the scenes to ensure pricing accuracy

Pricing discrepancies can lead to increased operating costs for providers, manufacturers, and distributors. But price alignment is a challenge in this era of complex, multi-tier contracts between manufacturers, group purchasing organizations, and provider organizations.

That's why the role of the distributor in managing pricing is more important than ever. Distributors have dedicated teams working behind the scenes to ensure that customers get the products they need at the prices they negotiate. "The more time we spend with our manufacturer-partners ensuring clarity in contracting processes, the more accurate pricing is for our customers," says Matt Gillard, Director, Contract Administration, Owens & Minor.

"We also work closely with our customers to improve pricing accuracy," says Gillard. "We're constantly reviewing pricing information received from manufacturers and communicating with our customers to ensure it aligns with their expectations."

Anne-Marie Johnson, Vice President, Administration, for healthcare distributor Clafin Company, says her company follows similar practices. "Bringing together all the right people and getting them on the same page allows distributors to grease the wheels of progress across departments and partners," she adds. "When we all are moving in one direction on contracting, everyone's job becomes that much easier."

Keys to getting it right

Distributor contract administration experts rec-

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Adopt standards: "The more we can work as an industry to move toward accepting and adopting standards, the faster we can leverage the tools and processes that use these standards and drive supply chain efficiencies," says Gillard. Standards like Global Location Numbers allow all parties to identify healthcare locations the same way, reducing confusion related to customer identification.

Communicate: "The more communication that occurs and the more all parties are engaged in the pricing process, the better the outcome," Gillard adds. Most distributors agree that when providers are actively engaged in contracting and other supply chain processes, it's a best practice for both improved pricing accuracy and overall business. Providers should get involved and ask questions that help clarify contract accuracy, rather than simply defer to their distributor-partners to solve potential problems.

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Start early: "I would say the most important initiative we can work on as an industry is improving the timeliness of the contract information we receive," says Johnson. "Buy a desk calendar if you have to. It sounds simple, but trading partners should always know and be prepared for when contracts are going to expire." Distributors have to load contract information into their systems to ensure customers receive everything they need, when they need it, and for the correct price. Starting