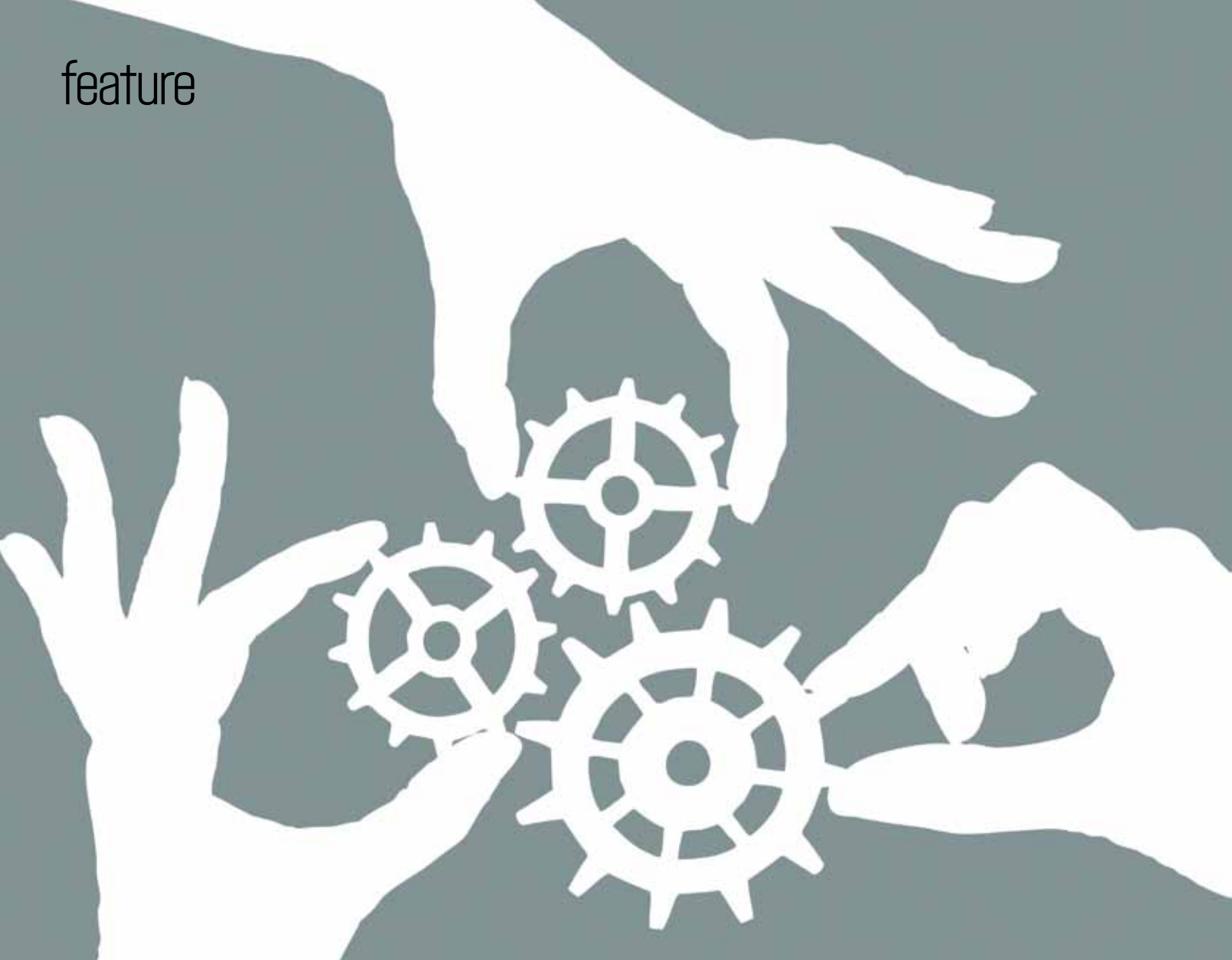


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All in it together

Taking collaborative steps
for pricing accuracy

Confronted with a declining reimbursement environment, providers are making pricing accuracy a high priority. While there's no magic wand for pricing accuracy, the best bet is ongoing collaboration and timely communication among providers, manufacturers, and distributors.

Here are four steps to help get the process rolling:

step 1

Check the expiration date.

Contracting activity in provider organizations is now far more complex than in previous years and accounts for a greater percentage of products. It's critical to recognize that reality and pay attention to contract expiration dates. Last-minute negotiations—or past-due negotiations—add to pricing complexity and inaccuracy. Avoid these last-minute negotiations by keeping track of upcoming expiring contracts.

step 2

Take a team approach.

Distributors administer pricing while manufacturers own it. Manufacturers must provide the right price at the right time or risk causing pricing inaccuracy problems down the supply chain. Providers can help by collaborating with manufacturers in a timely manner to ensure that pricing accuracy begins with them.

step 3

Communicate changes quickly.

Price changes are inevitable, but a process with distributors to communicate changes quickly will give everyone ample time to update pricing files. Set up another process to identify mismatched prices between providers and distributors before invoices are sent.

step 4

Stay focused.

Today's environment requires vigilant and sustained attention from manufacturers, distributors, and providers long past contract negotiation time. The only industry constant is change; key players must maintain communication regularly.

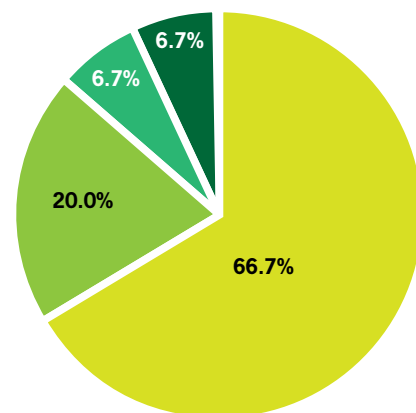


Pricing accuracy yields savings and advantages beyond the obvious:

- decline in AP issues
- less time wasted correcting pricing disputes
- increased efficiency in managing and maintaining contracts and pricing files
- less money and resources spent resolving pricing issues, which often cost more than actual purchase orders

▶ In this industry, **13 percent** of price changes are retroactive by 15 days or more. *(HIDA distributor survey, 2011)*

How late are retroactive change notices?



- 1-7 days retroactive
- 8-14 days retroactive
- 15-30 days retroactive
- >30 days retroactive