

CASE STUDY

Item Master Tax Flags

“Item Master Cleanse Leads the Reduction of Tax Payment Errors”

Region: West Coast & Southwest

HQ: Texas

Employees: 1,675

Beds: 530

Patient Revenue: \$272 Million

EHR: Epic

ERP: Oracle

GPO: The Resource Group

Problem

A large West Coast Health System expressed concerns that inaccuracies in their item master tax flags were causing them to make sales and use tax (SUT) payments which were not due under the complex SUT regulations in California and Washington. Additionally, incongruent vendor tax flags were creating delays in the payment cycle causing the Health System’s vendors to threaten credit holds.

Solution

SpendMend’s analysis included over 250,000 items purchased in both California and Washington. Utilizing our vast database of the taxability of manufacturing item numbers, SpendMend was able to provide the correct tax code for each item citing the applicable state regulation which supported the SUT exemption. Our findings uncovered an error rate of 8% which resulted from the Health System’s buyers assigning the taxability of the item into the item master.

Result

Due to our extensive relationships with healthcare vendors, SpendMend was able to work directly with the Health System’s largest distributor to eliminate differences in over 200 items’ tax flags. SpendMend provided accurate item masters for both California and Washington allowing the Health System to remit SUT with confidence and improve relations with their distributor.

“SpendMend has the best tax talent in the healthcare industry. I would work with them again and again.”

-Sr. Manager, Treasury and Tax