Healthcare Consignment Inventory

Business Process Flow
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### Document Summary

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<td>Document Title</td>
<td>Canadian Healthcare Consignment Inventory Process Mapping Guideline</td>
</tr>
<tr>
<td>Date Last Modified</td>
<td>February 2020</td>
</tr>
<tr>
<td>Current Document Issue</td>
<td>Version 1.1</td>
</tr>
<tr>
<td>Status</td>
<td>FINAL</td>
</tr>
<tr>
<td>Document Description</td>
<td>Canadian healthcare consignment inventory process mapping process provides information on the future “to be” leading practice for managing consignment inventory for order to cash and includes using EDI.</td>
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### Document Change History Summary

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<th>Reason for Change</th>
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<td>May 2012</td>
<td>1.0</td>
<td>Rita Laur</td>
<td>Final Document</td>
<td>Version 1.0 Final Document Published</td>
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<td>February 2020</td>
<td>1.1</td>
<td>Rita Laur &amp; Nicole Golestani</td>
<td>Updates applied</td>
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<td></td>
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Initial Content Developers

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<td>Nicole Golestani</td>
<td>Implementation Manager</td>
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<tr>
<td>GS1 US</td>
<td>Steve Rosenberg</td>
<td>Director, Ecommerce</td>
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* Co-Chairs (none)

Disclaimer

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Executive Summary

The Canadian Healthcare Consignment Inventory Business Process Task Group is a collaborative team led by the GS1 Canada Healthcare Sector Board, in collaboration with the Canadian Healthcare Technical Standards Work Group. A key requirement of this task group is to drive national adoption of consistent, supply chain standards to enable electronic procurement, interoperability and traceability across the sector. The project aims to enable suppliers and providers with the standardized business processes and to exchange accurate information using EDI (Electronic Data Interchange).

The Call to Action aimed to assemble subject matter experts, their business and technical expertise, commitment and contributions to advance the task group's objective of continuing the development of supply chain standards for local technical, consignment inventory process and encoded data requirements within the Canadian healthcare supply chain.

The project's efforts address the need to further support accurate data and improve efficiencies of the procurement process. The use of standardized mapping process for establishing consignment inventory products (trade items) ordering, identifying procurement steps – purchase orders containing consignment products and updating existing information when product has been consumed/used and informing the supplier to trigger the invoice for payment and replenish (if requested) the used consignment product. This will further improve communications between all parties.

This Task Group is the result of Canadian industry's recognition that currently, there is no industry standard regarding the consignment inventory business process, specifically in relation to the replenishment of the consigned product process management. As per industry’s request, the task group created this document of common policies and procedures.

The Task Group is committed to identifying, analyzing and documenting consignment inventory business processes in order to develop electronic technical solutions. Work directives have been identified by the members of the Canadian Healthcare Technical Standards Work Group and a GS1 Canada Change Request has been submitted. Once approved, this Change Request will be presented to the Canadian Healthcare Technical Standards Work Group’s leadership. The Task Group will complete the requirements and report back.

Mission

The mission of the Canadian Healthcare Consignment Inventory Business Process Task Group is to develop a future business process to manage consignment inventory within the Canadian healthcare supply chain by mapping the healthcare consignment inventory process through the healthcare supply chain; to identify, analyze and document consignment inventory business processes and requirements in order to ascertain appropriate standardized technical Electronic Data Interchange (EDI) business requirements to be published in the Canadian Healthcare EDI Implementation Guidelines. The focus is on the initial consignment inventory contract, consumption/usage of product, billing of used product, replenishment of the used product, and payment management.

Scope

This task group will operate within the following context:

- All business applications and business processes related to healthcare consignment inventory.
- Collect, define and evaluate consignment inventory business processes.
- Document the flow, business rational and rules related to the management of consignment inventory.
- Determine how current and/or revised business processes impact electronic communication requirements
- Provide a standardized electronic communication implementation guideline.

These standards are for national requirements, ensuring alignment with North American and global standards where applicable.
Out of Scope

- Exchange products such as expired product.

Key Requirement

The key requirement for this guideline is to identify the future consignment inventory management process which will include the communication of data via EDI.

Identify the changes that will need to be adopted by the healthcare users to ensure efficient and effective management of consignment inventory.

KEY PRINCIPALS

1. Consignment Inventory and Regular Inventory may NEVER be ordered on the same purchase order

2. Consignment Inventory Purchase Orders must be separate
   a. the “bill only (Charge)” means invoice only
   b. the “bill and replace (Replace)” means to invoice and send new product
   c. NO MIXED consignment inventory Purchase Orders permitted only
The Healthcare Consignment Inventory Business Process

Consignment – High-value, critical medical devices (mostly implants and related instruments) provided by the supplier at no charge until either used or otherwise billable in accordance with the consignment agreement terms between the provider and vendor. Due to cost constraints providers (hospitals) utilize a consignment option with their vendor partners to ensure that the correct product for the right patient is available for use. Pre-purchasing of medical devices puts the hospital at risk of a financial loss due to product expiration, and potentially limits providers in providing evidence based care through improved technologies and design. Currently there is no consistency in how providers send in their billings and replenishments for their consigned products. There is a need for a best practice solution whereby orders are clear as to whether they are billings and replenishments or just bill only. It often happens that bill only orders are placed without indication causing product to be replenished to the provider in error. This adds to the time and cost for both the provider and supplier.

How to read the document:

Each Process step has a set of swim lanes. An identifier such as A provides reference to other processes on subsequent pages.

The Process

Enclosed are Swim lane process flows on Consignment Stock. There are 7 swim lanes:

A. Supplier Customer Service Personnel
B. Supplier ERP System Functions
C. Provider Material Management Personnel
D. Provider ERP System Functions
E. Provider Clinical Management Personnel
F. Provider Clinical Management System Functions
G. Community Consignment Solution

Additionally, there are 6 specific business processes covered:

1. Replenishment Process
2. Item Level Receiving
3. Clinical Put Away
4. Consignment Item Consumption
5. Bill and Replace Consignment Item
6. Bill Only
The swim lane definitions:

1. **Supplier Customer Service** – Represents the product supplier’s personnel that would manage the consignment supply chain functions to the providers

2. **Supplier ERP System** – Represents the Supplier technology that manages the supply chain functions on the consignment process

3. **Provider Material Management** – Represents the Provider personnel that manages the supply chain replenishment process from the Suppliers

4. **Provider ERP System** – Represents the technology the provider uses to manage the replenishment request and receipt of consumed stock

5. **Provider Clinical Management** – Represents the OR and Clinical area personnel that manage the receipt and consumption of consignment material

6. **Provider Clinical Systems** – Represent the technology used in managing the inventory of consignment stock from receipt through to consumption.

7. **Community Consignment System** – Represents potential solutions that would assist in enabling Best Practices where existing systems cannot meet the requirements. These may include but are not limited to Point Of Use (POU) systems, Cart Management systems and external Clinical Management systems

To properly understand the proposed business process overview, each action has been numbered and a brief explanation provided.
Section “A” Start and Replenishment Process (Figure 1)

**PROVIDER Material Management, ERP System, SUPPLIER ERP System and Supplier Customer Service**

1. To commence a consignment process an initial electronic stocking order is required.
   - **Note:** Consignment items must be on a separate purchase order from non-consignment items. **DO NOT MIX**
2. The initial consignment order is transmitted to the supplier
3. The supplier receives and processes the purchase order
4. Supplier reviews the initial electronic consignment purchase order.
5. At this point the normal replenishment process will take place. It will start with a replenishment notice from consumption (Figure 8 - H see A) will generate an ASN to be received to the Provider ERP system
6. Supplier Customer Service creates the inventory fulfillment of the product from the distribution centre to the provider’s location
7. The supplier’s ERP system generates the transfer/fulfillment to their distribution centre.
8. Using a shipping order (940) the Supplier Customer Service processes the transfer.
9. Supplier issues the advance ship notice when shipping the replenishment order to the provider.
10. Provider ERP System receives the ASN and records the inbound inventory as In Transit awaiting confirmation of receipt
   - **Note:** The provider system does not update any financial records in their ERP system for consignment inventory at this time.

Section “B” Replenishment & Item Level Receiving (Figure 2)

**SUPPLIER ERP System, PROVIDER Material Management, ERP System, Clinical Management, Clinical System**

**REPLENISHMENT**

B1. The provider receives the consignment inventory and confirms delivery of the number of boxes received
B2. Provider ERP System is updated by recording information received on the electronic advance ship notice (EDI 856 ASN)
B3. The consignment inventory information is updated to the Clinical System.
B4. Physical consignment inventory is transferred to consignment storage area for verification and reconciliation (detailed check-in)

**ITEM LEVEL RECEIVING**

B5. The provider consignment inventory storage area completes a detail check in
B6. Provider investigates if each consignment inventory item is marked with a barcode

Section “C” Detail Item Level Receiving (Figure 3)

**PROVIDER Clinical Management, Clinical System**

**Products without barcodes**

C1. Manually key in the product to the consignment system or into the Provider ERP System to generate a barcode and attach to product. This bar code will also contain the serial number if present
C2. Generate a barcode from either the consignment system or into the Provider ERP System
C3. Attach the barcode to the product

**Products with barcodes**

Separate products into sterile and non-sterile. Non-Sterile are consigned implants that cannot be asset tagged due to the fact that they are shipped to the hospital un-sterile and placed into implant trays for sterilization. This is done so that the product can be tracked to a specific patient
C4. If no sterilization is required go to G
C4. If sterilization is required go to H
Section “D” Detail Receiving and Consumption (Clinical Put Away) (Figure 4)

PROVIDER Clinical Management, Clinical System

D1. Divide items into trays and scan the tray to identify the product and any components.
D2. Generate a tray label and a cross reference to the components in the tray.
D3. Apply a barcode or RFID tag to the tray.
D4. Sterilize tray and seal
D5. Store the tray and record the location in the Provider Clinical System.
D6. Scan the barcode; match the item to the advance ship notice (ASN) and record item’s storage location (Global Location Number GLN). Proceed to G (Provider recording of consignment inventory).

Section “E” Clinical Put-Away (Figure 5)

PROVIDER Clinical Management, Clinical System, ERP System, SUPPLIER ERP System, Customer Service

E1. Provider Clinical System records any receiving issues.
E2. Provider Clinical system sends update receipt acknowledgment advice (861) to the ERP System
E3. Provider ERP system then creates a new receipt acknowledgment advice (861) and issues a confirmation to the Supplier
E4. Supplier ERP system processes the receipt acknowledgment advice (861) and holds for internal review
E5. Supplier receives the “Over, Short and Damage” report. The Supplier Customer Service confirms any changes and performs the inventory transfer.

Section “F” Consignment Item Consumption (Figure 6)

PROVIDER Clinical Management, Clinical System

F1. Provider Clinical Resource uses the Consignment system and locates procedures scheduled for the day
F2. Provider Clinician selects items for the procedure and scans the barcode which updates the clinical system
F3. The Clinical System then links the product to the procedure.
F4. The procedure is performed
F5. Record any consignment stock consumed or other as shown below:
   • Inventory Reconciliation (field counts) (Vendor performed using the Consignment System audit capability)
   • Damaged or Wasted (Provider action)
   • Defective Protect (Vendor)
   • Expiry Management
   • Superseding Product
   • Loaner
   • Kit (product issue)
   • Substitution
   • Patient Tracking
   • Product Recall
F6. Consignment items are recorded for the patient record, with the Serial # or Lot # if applicable.
Section “G” Consignment Item Consumption with Bill & Replace Consignment Items (Figure 7)

**PROVIDER Clinical System, Management and ERP System**

**Consignment Item Consumption**
- G1. Provider Material Management updates the Provider Clinical System with any items that are not consumable (Example: expired, dropped, shrinkage, etc.)
- G2. Provider Clinical Management updates the Provider Clinical System with any items that are not consumable (Example: expired, dropped, etc.)
- G3. Provider Clinical System records wasted (supplier or provider) items. (Example: expired, dropped, shrinkage, etc.)
- G4. The Provider Clinical System generates a daily summary of consumption and wasted items

**Bill & Replace Consignment Items**
- G5. Provider Clinical system will generate an EDI 852 Product Activity Data summary and sends it to the Provider ERP System
- G6. Provider ERP System receives the EDI 852 Product Activity Data summary and updates the system

Section “H” Bill & Replace and Bill Only Consignment Items (Figure 8)

**PROVIDER Clinical Management, ERP System, Material Management & SUPPLIER Customer Service**

- H1. Provider ERP System generates the EDI 850 Purchase Order for the Bill Only transactions and another 850 Bill and Replace Purchase Order for the balance of items to the Supplier ERP System
- H2. Supplier ERP System receives and processes the Bill and Replace Purchase Order
- H3. Supplier Customer Service processes the order to bill and replenish the provider consumed consignment inventory.
- H4. For those suppliers that can receive an EDI 850 Purchase Order for Bill Only items an EDI 850 is sent from the provider
- H5. For those suppliers that cannot receive an EDI 850 Purchase Order for Bill Only Items, the provider will create a manual purchase order for the Supplier to process
- H6. Supplier Customer Service updates the inventory consumed by the Provider and issues an invoice.
- H7. Supplier ERP System is updated with the inventory changes and generates an invoice to the Provider.
- H8. Provider ERP System receives the consignment inventory invoice for processing
- H9. Provider Material Management reconciles each invoice with the appropriate purchase order which identifies the consumed product and pays the invoice.
- H10. Provider ERP System processes the payment and issues an 820 Payment Order / Remittance Advice for funds transfer.
- H11. Supplier ERP System receives and records the 820 Payment Order / Remittance Advice
Section LOANER / KIT Parts Bank for consignment products (Figure 9)

L/T1. Discussion takes place with the Surgeon /OR and the vendor to determine if a bank / kit can be available on a specific day.
L/T2. A Requisition is approved for the loaner bank(s) and trays to be brought into the hospital
L/T3. The Requisition is pulled to a Purchase Order and the Purchase Order number is communicated (not EDI) to the vendor (because of timing EDI is not used). Direct communication is preferred due to the sensitivity of the situation. Requisition line(s) would identify loaner, etc.
L/T4. The vendor (often the sales representative or courier delivers the loaner banks, etc. to the hospital).
Note: cleaning instructions should be included with an inventory list.
L/T5. The inventory on the Bank/Kit is validated by the provider staff or vendor that all products are accounted.
L/T6. Any trays which will be used are sterilized prior to use (as applicable)
L/T7. The products are used by the Operating Room (OR)
L/T8. After the surgery the Bank/Kit is checked by the provider staff or vendor for usage.
L/T9. Any trays which were used would be sterilized and available for return shipment (as arranged).
L/T10. The products used are then itemized on a new Purchase Order (PO) number to bill for items used – these are not replenished) (pricing will be based on contract agreements)
L/T11. In order to pay the invoice, when a three way match is required, the receiver will be notified by the OR coordinator to receive the PO lines in the ERP system.
L/T12. The vendor’s invoice would reference the billing PO and once the invoice is received the lines are matched to the PO lines. Assuming there are no discrepancies the invoice will be paid.
Appendix: Process Mapping

Figure 1 “A” PROVIDER Material Management, ERP System, SUPPLIER ERP System, Customer Service - Start and Replenishment Process

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<td><strong>Replenishment</strong></td>
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<td><strong>Provider Material Management</strong></td>
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<tr>
<td>Create PO to start consignment inventory DO NOT MISS NON-CONSIGNMENT</td>
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<tr>
<td>850 Purchase Order</td>
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<tr>
<td><strong>Provider ERP System</strong></td>
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<tr>
<td>Transmit PO for initial Stock transfer to Provider</td>
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<tr>
<td><strong>Provider Clinical System</strong></td>
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<td><strong>Community Consignment Solution</strong></td>
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Figure 2 “B” SUPPLIER Customer Service, PROVIDER Material Management, ERP System, Clinical Management, Clinical System – Replenishment & Item Level Receiving

CONSIGNMENT INVENTORY PROCESS – Community Consignment Approach

Replenishment Item Level receiving

- **B**
  - Supplier Customer Service
  - Items for consignment

- **B1**
  - Supplier ERP System
  - General Receiving sign delivery advice, confirm # of boxes received

- **C**
  - Provider Material Management
  - Records shipment confirmation to PO and ASN
  - B2
  - Transfer confirmed ASN to clinical system
  - B3
  - Move boxes to Consignment location

- **C**
  - Provider ERP System
  - 856 Advance Ship Notice

- **D**
  - Provider Clinical Management
  - 856 Advance Ship Notice
  - B5
  - Open boxes, complete detail receiving procedure
  - B6
  - Hold for detail check-in

- **E**
  - Community Consignment Solution
  - Does item have barcode / RFID tag?
    - Yes
    - E
    - No
    - D
Figure 3 – “C” PROVIDER Clinical System, Clinical Management, ERP System, Material Management - Detail Item Level Receiving

CONSIGNMENT INVENTORY PROCESS – Community Consignment Approach

Item Level Receiving

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<tr>
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<tr>
<td></td>
<td>C2</td>
</tr>
<tr>
<td>Supplier ERP System</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C3</td>
</tr>
<tr>
<td>Provider ERP System</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C4</td>
</tr>
<tr>
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<td>E</td>
</tr>
<tr>
<td>Clinical create RFID YES</td>
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</tr>
<tr>
<td></td>
<td>C5</td>
</tr>
<tr>
<td>Provider Clinical System</td>
<td></td>
</tr>
<tr>
<td>Generate barcode / RFID tag, x-ref to supplier product #</td>
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<tr>
<td>Community Consignment Solution</td>
<td>C6</td>
</tr>
</tbody>
</table>

- **C1**: Enter product # to create barcode / RFID tag
- **C2**: Generate barcode / RFID tag, x-ref to supplier product #
- **C3**: Sterilization required?
  - **C4**: Yes
  - **G**: No
- **C5**: Barcode on the product
- **C6**: Clinical create RFID YES
- **C7**: Apply barcode / RFID tag to item
- **C8**: Generate barcode / RFID tag, x-ref to supplier product #
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<th>Description</th>
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<td>D1</td>
<td>Divide items into trays. Scan tray to identify the product and any components.</td>
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<tr>
<td>D2</td>
<td>Generate tray label, cross-reference component items in tray.</td>
</tr>
<tr>
<td>D3</td>
<td>Apply barcode / RFID tag to tray.</td>
</tr>
<tr>
<td>D4</td>
<td>Sterilize tray and seal.</td>
</tr>
<tr>
<td>D5</td>
<td>Store a record in the system.</td>
</tr>
<tr>
<td>D6</td>
<td>Scan barcode &amp; match item to ASN, Record item storage location.</td>
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<tr>
<td>H</td>
<td>Clinical Put-away</td>
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**CONSIGNMENT INVENTORY PROCESS – Community Consignment Approach**

- **Provider Clinical Management, Clinical System**
- **Supplier ERP System**
- **Provider Material Management ERP System**
- **Provider ERP System**
- **Community Consignment Solution**
Figure 5 – “E” PROVIDER Clinical Management, Clinical System, ERP System, SUPPLIER ERP System, Customer Service – Clinical Put-Away

CONSIGNMENT INVENTORY PROCESS – Community Consignment Approach

Clinical Put-away

- **Supplier Customer Service**
  - Review receipt with O, S & D. Confirm changes, perform inventory transfer (if req’d)
  - End

- **Supplier ERP System**
  - Process receipt, hold for review
  - 861 Receiving Advice

- **Provider Material Management**
  - Update PO with receipts, issue confirmation to Supplier
  - E3

- **Provider Clinical Management**
  - Record any receiving issues, close off receipt
  - 861 Receiving Advice

- **Provider Clinical System**
  - Update ERP system
  - E2

- **Community Consignment Solution**
  - G
### Figure 6 – “F” PROVIDER Clinical Management, Clinical System – Consignment Item Consumption

**CONSIGNMENT INVENTORY PROCESS – Community Consignment Approach**

<table>
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<th>Step</th>
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<tr>
<td>F1</td>
<td>Start</td>
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<tr>
<td>F2</td>
<td>Clinical resource locates procedures scheduled for day</td>
</tr>
<tr>
<td>F3</td>
<td>Link item to procedure</td>
</tr>
<tr>
<td>F4</td>
<td>Clinical resource selects items for procedure, scan to clinical system</td>
</tr>
<tr>
<td>F5</td>
<td>Procedure performed</td>
</tr>
<tr>
<td>F6</td>
<td>Perform case-end to record items used by each procedure</td>
</tr>
<tr>
<td>J</td>
<td></td>
</tr>
</tbody>
</table>

Community Consignment Solution

Supplier Customer Service

Supplier ERP System

Provider Material Management ERP System

Provider Clinical Management Systems

Provider Clinical Management Systems

Supplier Customer Service

Supplier ERP System

Provider Material Management ERP System

Provider Clinical Management Systems

Provider Clinical Management Systems

Community Consignment Solution

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Figure 7 – “G” PROVIDER Clinical System, Clinical Management, ERP System and Material Management – Consignment Item Consumption with Bill & Replace Consignment Items

CONSIGNMENT INVENTORY PROCESS – Community Consignment Approach

Consignment Item Consumption ➔ Bill & Replace Consignment Items

Supplier
Customer Service

Supplier ERP System

Provider Material Management

Input supplier initiated problems, expired items, exceptions

Provider ERP System

Provider Clinical Management

Input case items not used for patients that are non-consumable

Provider Clinical System

Community Consignment Solution

J

852 Product Activity Data

Record wasted (supplier or provider), dropped or expired items

Daily summary of items used by supplier

end-of-day Consumption File

K
CONSIGNMENT INVENTORY PROCESS – Community Consignment Approach

**Bill & Replace and Bill Only Consignment Items**

<table>
<thead>
<tr>
<th>A</th>
<th>Supplier Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3</td>
<td>Bill &amp; Replace</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B</th>
<th>Supplier ERP System</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2</td>
<td>Receive &amp; process EDI 850 Bill Only PO</td>
</tr>
<tr>
<td>H4</td>
<td>Receipt of payment confirmation</td>
</tr>
<tr>
<td>H6</td>
<td>AP resource matches invoice to PO to consumed items. Pay invoice</td>
</tr>
<tr>
<td>H11</td>
<td>820 Payment Remittance Advice</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C</th>
<th>Provider Material Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>H8</td>
<td>Process payment, issue funds transfer</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>D</th>
<th>Provider ERP System</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Create the PO for 850 PO for Bill and replace</td>
</tr>
<tr>
<td>H7</td>
<td>Yes</td>
</tr>
<tr>
<td>H9</td>
<td>810 Invoice</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E</th>
<th>Provider Clinical Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5</td>
<td>Receive &amp; process Paper 850 PO for Bill and Replace</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>F</th>
<th>Provider Clinical System</th>
</tr>
</thead>
<tbody>
<tr>
<td>H10</td>
<td>850 PO For Bill Only?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G</th>
<th>Community Consignment Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Receive invoice, hold for AP match</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H</th>
<th>Review Provider “bill &amp; replace”</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3</td>
<td>Update inventory consumed by the Provider, issue invoice</td>
</tr>
<tr>
<td>H6</td>
<td>Receive payment advice</td>
</tr>
</tbody>
</table>
Figure 9-1 - LOANER / KIT Parts Bank for consignment products SUPPLIER Customer Service, ERP System: PROVIDER Material Management, ERP System, Clinical Management

Consignment “Loaner Parts Bank” products Business Process

1. **Start**
   - Surgeon/OR reviews the procedures for a specific day
   - Surgeon/OR creates a requisition for the parts and trays

2. **Create PO for Loaner Parts Bank and trays**
   - DO NOT MIX WITH OTHER CONSIGNMENT
   - send an email of the PO to the supplier showing the loaners

3. **Review Provider PO for loaner parts bank items and trays**
4. **A**
   - Creates a Loaner request in Supplier ERP
   - Generates shipping papers

5. **Print PO**
   - DO NOT MIX WITH OTHER CONSIGNMENT
# Figure 9-2 - LOANER / KIT Parts Bank for consignment products SUPPLIER Customer Service: PROVIDER Material Management, Clinical Management

### Consignment “Loaner Parts Bank” products Business Process

<table>
<thead>
<tr>
<th>Supplier Customer Service</th>
<th>Ship or rep deliver loaner banks to provider</th>
<th>Provide Tray cleaning instructions to provider</th>
<th>Supplies received and missing parts noted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier ERP System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provider Material Management</td>
<td>Retain cleaning instructions when returning the trays</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provider ERP System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provider Clinical Management</td>
<td>Check in shipment to ensure all parts are present in the loaner parts bank</td>
<td>Trays are Sterilized</td>
<td>Trays are sterilized</td>
</tr>
<tr>
<td>Provider Clinical System</td>
<td></td>
<td>Products are used in the procedure</td>
<td>Trays and loaner part banks are assembled and picked up by supplier</td>
</tr>
<tr>
<td>Community Consignment Solution</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 9-3 - LOANER / KIT Parts Bank for consignment products SUPPLIER Customer Service, ERP System: PROVIDER Material Management, ERP System

<table>
<thead>
<tr>
<th>Supplier Customer Service</th>
<th>Supplier ERP System</th>
<th>Provider Material Management</th>
<th>Provider ERP System</th>
<th>Provider Clinical Management</th>
<th>Provider Clinical System</th>
<th>Community Consignment Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>PO held awaiting confirmation from provider on consumption</td>
<td>Supplies received and missing parts noted</td>
<td>Items used are itemized on a PO</td>
<td>PO sent to vendor</td>
<td>Updated PO printed and emailed to Supplier</td>
<td>Print PO</td>
</tr>
<tr>
<td></td>
<td>Match PO to received stock</td>
<td>Generates EDI 810 invoice for consumed items</td>
<td></td>
<td></td>
<td></td>
<td>Issue EDI 820 Payment Order</td>
</tr>
<tr>
<td></td>
<td>Receive EDI 820 Payment Advice</td>
<td></td>
<td>Items used are itemized on a PO</td>
<td>PO sent to vendor</td>
<td>Updated PO printed and emailed to Supplier</td>
<td>Print PO</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Issue EDI 820 Payment Order</td>
</tr>
</tbody>
</table>

Consignment “Loaner Parts Bank” products Business Process

- Items used are itemized on a PO
- PO sent to vendor
- Updated PO printed and emailed to Supplier
- Print PO
- Issue EDI 820 Payment Order
### Appendix: Glossary of Terms and Expressions

<table>
<thead>
<tr>
<th>Word or Expression</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advance Ship Notice (ASN)</strong></td>
<td>An advance ship notice or advance shipping notice (ASN) is a notification of pending deliveries, similar to a packing list. It is usually sent in an electronic format and is a common EDI document.</td>
</tr>
<tr>
<td><strong>ASN</strong></td>
<td>See Advance Ship Notice</td>
</tr>
<tr>
<td><strong>Clinical Management System</strong></td>
<td>Clinic Management System is computer software products that coordinate and integrate all the inherent activities involved in the management and running of a healthcare facility.</td>
</tr>
<tr>
<td><strong>Consignment</strong></td>
<td>Consignment is the act of consigning, which is placing any material in the hand of another, but retaining ownership until the goods are sold or person is transferred.</td>
</tr>
<tr>
<td><strong>Customer Service Personnel</strong></td>
<td>The customer service personnel (CSP) interact with customers in response to inquiries, requests, concerns regarding a particular product or service.</td>
</tr>
<tr>
<td><strong>ERP System</strong></td>
<td>Enterprise resource planning (ERP) systems integrate internal and external management information across an entire organization, embracing finance/accounting, manufacturing, sales and service, customer relationship management, etc. ERP systems automate this activity with an integrated software application. The purpose is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside stakeholders.</td>
</tr>
<tr>
<td><strong>Material Management Personnel</strong></td>
<td>The materials management personnel (MMP) are responsible for development, maintenance and coordination of supply support systems to meet the needs of patients and hospital departments.</td>
</tr>
<tr>
<td><strong>Supplier</strong></td>
<td>A party that supplies goods or services. A supplier may be distinguished from a contractor or subcontractor, who commonly adds specialized input to deliverables. Also called vendor.</td>
</tr>
</tbody>
</table>
Appendix: Implementation Notes for EDI

**Implementation Notes are added to:**

Transaction Set **850 Purchase Order**

**HEADER**

<table>
<thead>
<tr>
<th>Segment</th>
<th>BEG – Beginning Segment for Purchase Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td>1/0200</td>
</tr>
<tr>
<td>Date Element</td>
<td>BEG02 (DE 92 Purchase Order Type Code)</td>
</tr>
</tbody>
</table>

**Code Value**

- CN Consigned Order
- HC Implementation
  - Note 1: Consignment inventory and regular inventory may never be ordered on the same purchase order
  - Note 2: Consignment Purchase Orders must separate the “bill only (charge)” from the “bill and replace (Replace)” product purchase order – NO MIXED Purchase orders permitted

**Segment** CSH Sales Requirements  
**Position** 1/1100  
**Data Element** CSH02 = DE 306 Action Code  

**Code Value**

- CE – Charge
  - HC Implementation Note: An invoice to be generated for used consignment product.
- RX – Replace
  - HC Implementation Note: Invoice for used consignment product and replenish.

**DETAIL**

<table>
<thead>
<tr>
<th>Segment</th>
<th>CSH Sales Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td>2/1420</td>
</tr>
<tr>
<td>Data Element</td>
<td>CSH02 = DE 306 Action Code</td>
</tr>
</tbody>
</table>

**Code Value**

- CE – Charge
  - HC Implementation Note: An invoice to be generated for used consignment product.
- RX – Replace
  - HC Implementation Note: Invoice for used consignment product and replenish.
GS1 Canada Contact & Submission Information:

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Business Requirement Work Request

EDI Work Request
https://www.gs1ca.org/apps/CRSystem/CRForm.aspx?RequestType=EDI

February 2020