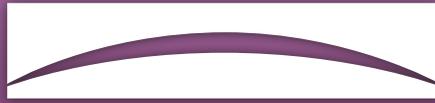


A GHX Case Study



SARATOGA HOSPITAL

people you trust. care you deserve.

Saratoga Hospital is a 171-bed acute care community hospital in Saratoga Springs, N.Y., that anchors a larger healthcare system offering a complete range of healthcare services. The hospital system has more than 347 physicians on staff and provides care in virtually every medical specialty. The only hospital in the county, Saratoga includes a surgery center, family practices, two urgent-care centers and a 42-bay emergency department. Before Saratoga went live with GHX OnDemand AP® in 2005, it was receiving 35-40 percent of its purchase order (PO)-based invoices electronically, and the remaining 60 percent were paper. Today, it has automated 100 percent of its PO-based invoices and plans to automate its non PO-based invoices in the future.

Challenge

At Saratoga, both the purchasing and AP departments report to the chief financial officer (CFO), and there are many cross-functional activities during the procure-to-pay process. The hospital handles 1,450 PO-based invoices per month and, like many hospitals, it had a highly manual, labor-intensive AP process. Consequently, it was experiencing a 15-20 percent invoice exception rate in its materials management information system (MMIS). A single AP clerk processed both PO- and non PO-based invoices, and she was “absolutely buried,” said Becki LaGrange, systems analyst in materials management, who is responsible for the invoicing workflow. Meanwhile, LaGrange was spending about 20 percent of her time resolving PO discrepancies.

Among the challenges Saratoga faced was how to improve both cross-department workflow from procurement through invoicing, and relationships and communications between purchasing and AP. Its primary goal was to optimize invoice tracking, routing and approval while eliminating manual invoice data entry. Other goals included:

- Reducing invoice processing costs and cycle time
- Improving controls and visibility
- Optimizing early-pay discounts and cash flow
- Managing exceptions faster and more efficiently
- Reallocating AP/financial staff time to more value-added activities

Solution

Saratoga recognized the value of having internal champions when it decided to undertake the invoice automation initiative. LaGrange and her CFO—who

Potential Savings With OnDemand AP®

- Save .5% of annual medical-surgical supply expense by reducing invoice cycle time from an average of 25-60 days to 2-5 days
- Eliminate scanning/OCR hardware, software or leasing costs
- Eliminate invoice storage costs
- Eliminate late-payment fees
- Save up to 50% of labor time associated with invoice processing/keying, scanning and invoice discrepancy resolution

“With OnDemand AP®, everything is visible. The visibility we have achieved is a huge benefit.”

-- *Becki LaGrange,*
Systems Analyst,
Materials Management,
Saratoga Hospital

quickly saw the value of electronic invoicing—became internal champions for streamlining the invoice approvals process. Saratoga began by increasing collaboration between C-level staff and managers, and conducted an analysis to determine the value that could be achieved through invoice automation.

Saratoga chose OnDemand AP from GHX as its software solution. OnDemand AP enabled Saratoga to automate the remainder of its PO-based invoices, even those from suppliers that still submit invoices via fax or mail, and to reduce its exception rate from 15–20 percent to zero. Now, says LaGrange, “I can work on errors on the front end so that by the time an invoice hits the system (MMIS), the error is already resolved. With OnDemand AP, everything is visible. The visibility we have achieved is a huge benefit.”

Benefits

With OnDemand AP, Saratoga was able to eliminate the need for manual data entry and to accelerate invoice approvals. It used to take

from two to five days from receipt of an invoice to inputting it into Saratoga’s MMIS. Now it is instantaneous.

“I don’t have paperwork sitting on my desk,” LaGrange said. “I have all the visibility I need through my computer. I no longer have to work exceptions; the buyers can handle them. And we’ve reduced our exception rate on the back end in our MMIS from 15-20 percent to zero. All exceptions are handled in OnDemand AP.”

Saratoga also was able to reallocate an AP position to Financial Services, with responsibility for more value-added work such as journal entries and lease billing.

Other benefits noted by LaGrange include:

- Optimized cash flow
- Increased ability to take advantage of early-pay discounts
- Elimination of invoice filing by AP
- Elimination of lost invoices
- Reduction in errors caused by manual keying of invoices
- “No more pulling stuff” for audits