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## TAKING A HOLISTIC VIEW OF PROCURE-TO-PAY

Healthcare organizations are not exactly known for being on the forefront of automation—especially with regards to accounts payable. On the whole, hospitals and health systems are behind other industries in adopting invoicing and vendor payment technologies. Yet there are many advantages to using automated solutions in the healthcare accounts-payable space. A hospital or health system not only can ensure greater payment and financial statement accuracy and consistency, but also can reduce the amount of time its staff spends manually responding to issues and free them to engage in more strategic efforts. By speeding payment, an organization can also improve vendor relationships and take advantage of early payment discounts and other financial benefits.

Global Healthcare Exchange, LLC (GHX)—a healthcare business and data automation company—is leading the charge toward automating procure-to-pay processes, partnering with hospitals and health systems to transform the way they approach this work. “Our technology supports partial to full automation within a cloud-based environment, which drives efficiency and also makes it easy to realize transparency across trading partners,” says Matt Houston, vice president

for GHX. “Whether you are a small, critical access hospital with more simplified systems or a tech-savvy integrated health system, our company can make invoicing and payment interactions between trading partners more seamless. We do this by proactively identifying issues, standardizing transactions, and simplifying some of the complexity.”

### AN INITIAL FORAY INTO AUTOMATION

One of the GHX advantages is meeting organizations where they are along the payment automation continuum. For example, some hospitals and health systems choose to focus on automating vendor payment. Nebraska Methodist Health System (NMHS) turned to GHX with the goal of freeing accounts payable staff from the challenges of paper checks and other manual processes. The organization signed up for the company’s ePay technology, which provides a standardized payment platform that enables more consistent and predictable payment. The solution offers the flexibility to pay via credit cards or automated clearinghouse transactions and access rebates or extended payment options even with suppliers that don’t accept credit cards.

Although healthcare organizations are behind in automating accounts payable, the need to pursue this work is paramount given changing healthcare dynamics. Global Healthcare Exchange, LLC (GHX) empowers healthcare organizations to enable smoother procure-to-pay processes through a cloud-based supply chain technology exchange platform, solutions, analytics, and services.



"We have been using the ePay process for over a decade," says Karen Kresnik, MSN, RN, director of supply chain and clinical consulting at NMHS. "The ePay solution is easy to implement in that there is very little work for the customer. We send an electronic feed of invoices to the ePay system every night, and GHX does all the work for us to get those suppliers paid. We see the benefit of rebates generated through our card program and of not having to manually process those invoices."

Since onboarding GHX's ePay system, the organization has seen increased accounts payable productivity. "With greater payment efficiency, our team has had the time to clean up their statements, track down missing invoices, and get them processed and paid in the current year," says LeeAnn Griffin, accounts payable/payroll manager for NMHS. "That takes a lot of time and effort—phone calls and emails—but now we have the resources to dedicate to this important work."

### TAKING THE NEXT STEP

Although valuable, automating vendor payment is only one aspect of the procure-to-pay services GHX offers. Through the company's OnDemand AP solution, organizations can automate the invoicing process as well as vendor payment, addressing areas like invoice receipt, document image and data capture, purchase order matching, electronic archiving and workflow management. This solution views procure-to-pay more holistically and specifically helps with exception management.

"For many organizations, when an invoice arrives at the facility and it includes errors—such as pricing mistakes, incorrect invoice numbers, and so on—the typical manual process or automated payment system may kick out the invoice, and a member of the accounts payable team may have to resolve any discrepancies," says Houston. "Even though the organization isn't dealing with paper anymore, there's still a tremendous amount of manual follow-up and activity, consuming the provider's time and possibly

delaying payment. This may cause the organization to miss payment incentive opportunities."

GHX employs intelligent business rules and artificial intelligence to proactively identify errors causing exceptions, tracing them back to the initial contract or requisition and addressing them before the invoices arrive at the hospital. "Through this work, we are striving for higher and higher levels of touchlessness, helping an order move from invoice to payment without need for human intervention," says Houston.

To illustrate this concept, consider the example of an invoice that comes into a hospital with two exceptions—the item lines are out of order as compared with the purchase order, and the unit of measure is incorrect. Either or both of these would trigger a number of manual processes for the hospital. Accounts payable staff would need to get to the bottom of the issues before the invoice could be approved for payment. However, if the organization uses GHX's technology, then the system could look back at the transaction history and automatically fix those exceptions based on available transaction data. In addition, the solution follows the rules of the organization's enterprise resource planning (ERP) system and enables the corrected invoice to flow automatically into the ERP without accounts payable staff having to touch it.

"Going further, if the exception seems to be one that recurs, our solution can go back to the purchase order or requisition to uncover the root cause of the problem," says Houston. "We then reach out to both the vendor and the healthcare organization and let them know they have a disagreement around contract terms and specifics that needs to be addressed or the problem will keep happening. Because we are able to approach invoice and payment automation globally, we are transforming the way organizations navigate procure-to-pay, taking a broader look at issues that crop up and going back to the source to identify where the problems are."

### THE BENEFITS ARE CLEAR

By employing GHX's full technology offering, organizations are making progress toward touchless accounts payable processes. "For most of our clients, more than 60 percent of their invoices are touchless," says Houston. "Best in class organizations realize almost 80 percent touchlessness. When some of these hospitals and health systems began working with us, they were not automated at all, so the progress they've made over time has been substantial."

A more subtle—but no less significant—advantage is the amount of visibility a fully automated approach provides. "When there are invoices sitting on someone's desk and not in the ERP waiting to be paid, and they are stalled due to exceptions and approval delays, they won't hit the organization's balance sheet, which can skew its financial picture—especially if the invoices carry large dollar amounts," says Houston. "However, by automating exception management, organizations can streamline time to payment so that financial leaders can be more confident that their current liabilities position is accurate. Although there are no hard financial benefits to this increased visibility, there are risks to the organization and financial leadership when statements are inaccurate, so it is extremely valuable to have full confidence in your financial statements."

### THE KEY IS TO START

Not every organization is ready to fully automate accounts payable. As such, GHX is committed to working with providers at multiple points along the journey and taking them to the next level. "Even if the organization is strictly focused on vendor payment and not leveraging our invoice receipt and management capabilities, our comprehensive view can provide a broader perspective," says Houston. "And, for those organizations that do embrace the entirety of the process, we can help them realize substantial progress to a completely touchless procure-to-pay endeavor." ♦