Payment Automation

The Cure Healthcare Providers
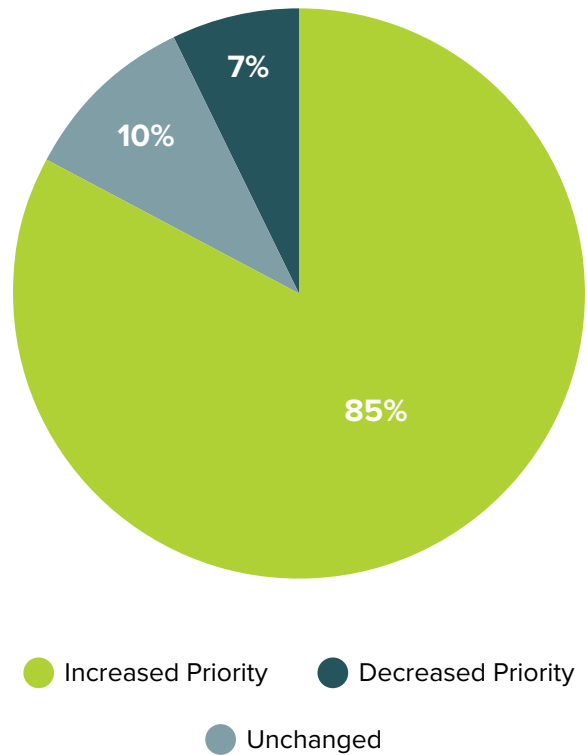Need to Reduce Cost and Relieve
Back-Office Headaches

Introduction

Balancing rising healthcare costs with reduced revenue and ever-tightening margins is a tightrope walk that you, along with most healthcare providers, are likely struggling with, day in, day out. With the growing cost of providing advanced medical treatments and expert patient care, the pressure is continuing to mount on healthcare organizations to cut costs without impacting services. That's a very tall order. In fact, 83% of healthcare CFOs report that cost reduction has become an increased strategic priority this year, according to a Deloitte survey.
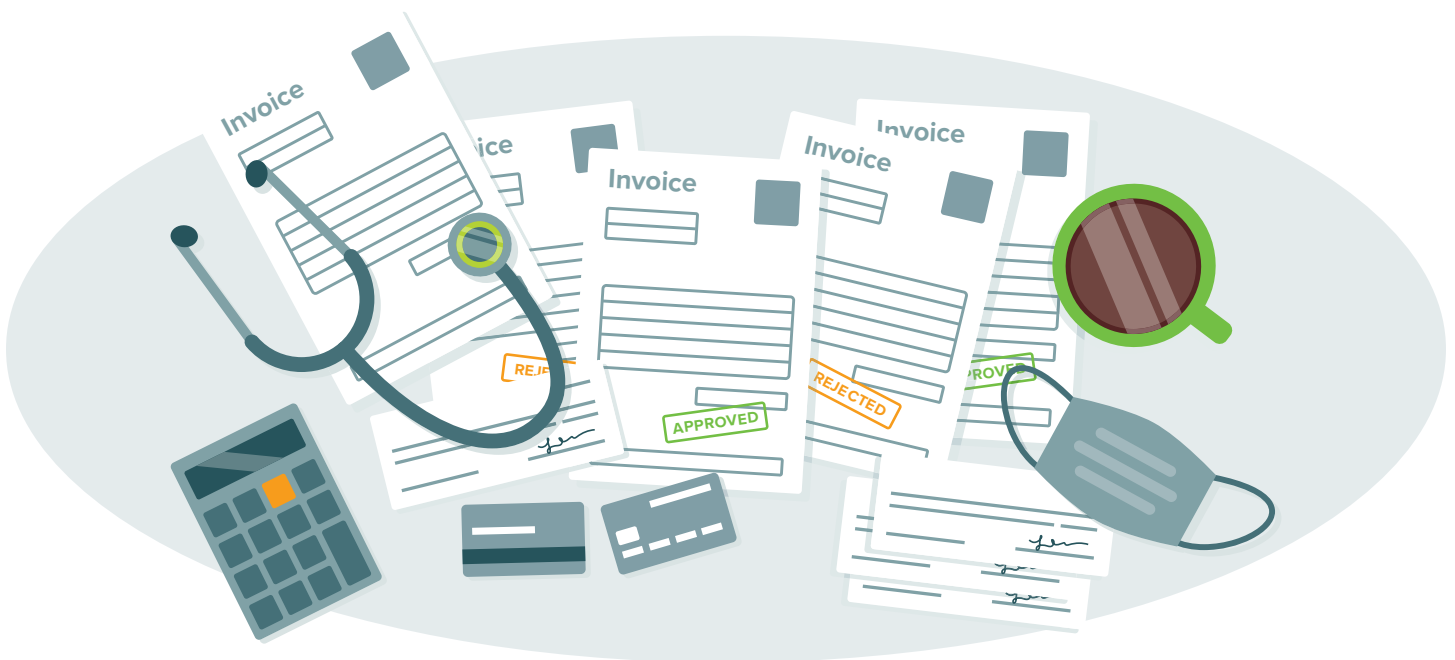
Fortunately, healthcare providers can find the solution to cost reduction in an often-overlooked place: payment and Accounts Payable operations – where most healthcare organizations are still burdened by costly, time-consuming and inefficient manual methods.

In this eBook, you'll discover the automated payment cure: how you can significantly reduce payment costs – and even make money; protect your organization from threats; keep suppliers happy; and empower your team to work faster and smarter. Along the way, you'll also see how you can extend these practices beyond payments to gain benefits in end-to-end AP automation as well, covering the entire invoice-to-pay process.

Cost reduction is an increased priority for CFOs

- 7%
- 10%
- 85%

● Increased Priority ● Decreased Priority

● Unchanged

Source: Deloitte, "Building reslience ruring the COVID-19 pandemic and beyond"

Are You Feeling the Financial Pain?

Remarkable medical innovations have led to life-saving medical procedures, improved patient outcomes and have changed people's lives. But in the era of healthcare digitization and innovation, payment and AP processing have largely been overlooked. These operations have, in many cases, been running relatively unchanged for years, if not decades.

Here are a couple of areas where manual payment processing has been falling down:

→ Payment Authorization

The AP manager needs to determine which approved invoices to pay in the next payment run and then route them to the CFO or controller for authorization. If the authorizer is unavailable or away, or if invoices are overlooked or fall through the cracks, this will result in payment delays, late fees, and unhappy suppliers.

→ Payment Execution

According to industry watchers, healthcare lags behind other industries in payment automation, unfortunately, relying on manual payment processes and checks instead. Paper checks account for somewhere between 60-80% of payments by B2B healthcare organizations, a very expensive practice given that the cost of issuing a check is about $5.95. Factoring in ink, toner, and paper stock as well as the staff time needed to prepare the checks, get them signed and mail them to suppliers, the financial pain adds up very quickly.

The High Cost of Paper Checks

Print checks & attach related documentation → Review & sign checks → Stuff & stamp envelopes

Drop payments in the mail → Reconcile check payments manually in ERP

Payment Automation Can Provide the Antidote to High Costs and Late Payments

The mounting costs and inefficiencies of manual processes are driving healthcare organizations to look for a better way to manage payments. They are finding their answer in payment automation, which provides a single workflow to prepare, authorize, and issue payments across multiple payment types (e.g., check, ACH, card, FX), giving them the cost savings they desperately need, while making processing faster, easier, and more secure. You can gain

Virtual card delivers real value for BrightView Health

BrightView Health, which manages 30 outpatient medication-assisted treatment centers, adopted MineralTree to automate its AP process and support the company's rapid growth. In addition to increasing efficiency, BrightView has benefited from MineralTree's virtual card, which allows the firm to earn cash-back rebates for paying supplier invoices.

Check out the full case study

" **We were making these payments anyway, so the fact that MineralTree helps us generate a new revenue stream from them is a huge win. It's been great for the accounting team to show that we're not just a cost center—now we're able to contribute to the company's financial success, too.** "

**- Matt Santell
Controller**

BrightView

savings in several ways: by reducing the inefficiencies of a manual process, avoiding late fees, and gaining the ability to capture more early-payment discounts offered by suppliers.

But the cost benefits don't stop there. You can take it one step further and actually earn money by adding virtual cards, or v-cards, to your payment mix. By doing that, you'll receive a cash rebate with every supplier payment, which will not only offset your costs, but in some cases, may even transform payment processing from a cost to a profit center.

Curing the Ills of Manual Payment Processing

While the financial upside of payment automation is critical, there are other important benefits that healthcare organizations gain, including:

→ Combatting Fraud

Fraud is a rampant problem that can cost your organization a lot, both in terms of money and reputation. Checks, the most popular payment method for healthcare organizations, is the number one method associated with fraud, according to the 2020 AFP Payments Fraud and Control Survey, accounting for 74% of instances. These losses can be substantial. On average, fraud causes organizations to lose 5% of their revenue annually, or more than $4.5 trillion dollars per year.
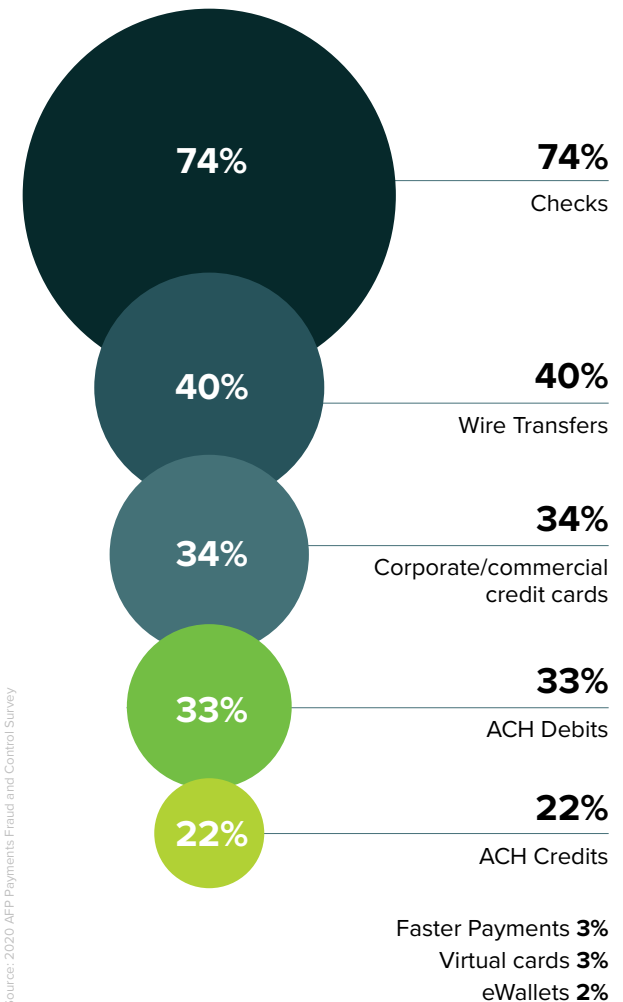
Electronic payments, and virtual cards in particular, provide critical protection against fraud. In the AFP survey, only 3% of organizations reported actual or attempted fraud with virtual cards. That's because of the protection virtual cards provides with unique, randomly generated numbers, that are limited to a specific payment amount and available for one-time use only.

→ Strengthening Supplier Relationships

Healthcare organizations depend on strong supplier relationships to maintain the steady flow of goods. However, the traditional payment process can create cash flow tension between organizations that want to extend days payables outstanding (DPO) and suppliers wanting to get paid as soon as possible. But these opposing needs don't have to end in conflict. Payment automation gives you the flexibility to use different payment methods that

Payment Methods that Were Targets of Attempted and/or Actual Fraud in 2019
(Percent of Organizations)

74% — 74% Checks

40% — 40% Wire Transfers

34% — 34% Corporate/commercial credit cards

33% — 33% ACH Debits

22% — 22% ACH Credits

Faster Payments **3%**
Virtual cards **3%**
eWallets **2%**

Source: 2020 AFP Payments Fraud and Control Survey

can meet both of your needs. For example, by using virtual cards, your suppliers can be paid right away, and you benefit from cash rebates. Moreover, consistently paying key suppliers on time can give your organization leverage to negotiate and extend credit limits.

→ Overcoming Inefficiencies

The manual payment processing workflow is time-consuming and inefficient. By contrast, automated payments enable better overall management and a smoother workflow. If you use virtual credit cards, for example, you can reduce the number of statements that need to be reconciled, as these payments appear on your bank statement alongside checks and ACH transfers.

Creating Healthier AP Practices

There's no doubt that payment automation can provide critical cost savings and efficiencies that will cure your finance headaches. But, why stop there? Why not automate your end-to-end AP process – all the way from invoice receipt and capture through payment? And, do it with a HIPAA-compliant solution for peace of mind?

AP operations in healthcare organizations are typically in the same boat as payments, with 85% of them bogged down with paper invoices and manual processes.

Here are some of the ways manual processes impact the AP process:

➔ Invoice Receipt

It's not unusual for AP departments to be inundated with hundreds or thousands of invoices each month, which are often sent to different people across the organization. With this decentralized approach, how can AP know which invoices they have, let alone collect them and process them all in time? On top of that, these invoices are typically received in multiple formats, including email and snail mail, which creates additional complexity.

➔ Invoice Capture

Once AP receives the invoices, AP clerks need to manually input them into the accounting system. When you consider that each invoice might be pages and pages long with detailed medical supplies and other purchases, it's an incredibly overwhelming, inefficient and costly process. Moreover, if your organization uses purchases orders, invoices may also need to be manually matched against POs to ensure that price and other terms comply.

➔ Invoice Approval

In addition to the capture challenges, the doctors, nurses and other healthcare professionals who need to approve the invoices might be located across hospitals, clinics and other locations, making the routing and review process difficult and very time-consuming.

Because of these inefficiencies, invoices often get misplaced, overlooked, or delayed, which could lead to late payments and late fees, as well as negatively impact relationships with suppliers.

The same cure for payments – automation – works for AP as well. Automation enables you to create a faster, streamlined process, gain efficiencies, reduce waste, and save costs. Also, an electronic process reduces manual processing errors and enables you to more effectively control spend through automated rules and controls. It also helps to reduce your vulnerability to fraudulent invoices sent via email, also known as Business Email Compromise, a growing threat for organizations.

With AP Automation, you have central visibility into all of your invoices and payments to support an easy audit process as well as flexibility to respond to changing practices, regulations, market conditions, reporting needs and more. For example, it's often not easy for AP departments to make the shift from fee-for-service to value-based reimbursement using manual processes, but automation has the flexibility to handle this effortlessly.

Another key benefit for automating both AP and payment processing is that when they work in tandem, you get the end-to-end visibility to see where bottlenecks arise across the entire process to fix them easily, as well as to identify opportunities for further savings, such as volume discounts.

Automate Your End-to-End Process

| Invoice Receipt | Invoice Capture | Invoice Approval | Authorize Payment | Send Payment |

Busting the Myths

So, what's stopping you from making the switch to automated payments? According to consulting firm Levvel, healthcare organizations assume that automation tools are costly, as well as difficult and time consuming to implement. Nothing could be further from the truth. Electronic payment methods start paying for themselves in as a little as one to two months, by reducing costly processes and late payments, and can even generate revenue when you use virtual cards. And, AP automation provides additional savings by ridding your organization of time-consuming, tedious work.

Payment automation is as simple as can be since the service provider does almost all of the work. AP automation is easy to implement, requiring minimal work on your part, and no IT involvement other than keeping the department in the loop. From start to finish, we're talking weeks, not months, to get your payment and AP processes automated, streamlined, and efficient.

Whether you choose to start with payments or automate AP as well, you can get the savings you need to operate within tight margins so you can fund medical innovations and improve patient care, among other business goals, while you work faster and smarter.

Next Step:

Request a demo to see how your healthcare organization can reap the benefits from MineralTree's HIPAA-compliant AP automation solution.

Invoice