Healthcare Organizations Executive Brief

DocStar®

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How Healthcare Organizations Build World Class AP Departments With Document Automation

Accounts Payable is a fundamental activity for nearly all businesses, and organizations in the healthcare industry are certainly no exception. Managing AP efficiently is the right prescription for keeping office administrative costs to a minimum.

Furthermore, if you get behind on your obligations you risk missing important financial discounts, defaulting with creditors, and damaging your reputation with suppliers and stakeholders.

In the healthcare industry where insurance reimbursement rates are shrinking, more and more providers find that reducing the cost of doing business becomes increasingly important…and many CFOs are losing sleep at night.

As other areas of business and commerce have become more and more paperless, the accounts payable process remains mired in paper copies and manual workflow. The result is an often costly and people-intensive process that leaves financial executives with a growing unease over the inherent inefficiencies.

As a result, AP automation has surfaced as a way of getting profit margins off of life support and back on a healthy path.

Automation opportunity

How can healthcare CFOs sleep a little better? One way is through accounts payable automation—a combination of hardware, software and business systems that work to reduce and eliminate the mundane and manual tasks that plague the AP process in most healthcare organizations. By relieving the burden of manual data entry, stare-and-compare matching, and other routine and repetitive activities, automation helps your staff function in more productive and value-added activities.

AP automation works to reduce costs and inefficiencies, but there is also great opportunity through automation and best practices to improve the productivity of the process. The goal of AP automation is not to replace people with computers, but instead use advanced data capture and workflow techniques to make AP teams more productive and focused on tasks that add value to the organization.

The bottom line is that if you aren't automating your AP you are missing out on substantial cost savings, efficiencies and business insight.

Software systems to manage the entire AP process—including electronic invoice delivery and document management, workflow automation, and advanced analytical tools—are all widely available.

Automating your AP can alleviate the time spent manually entering data and free up your staff to focus on more important tasks. You will reduce errors and double payments, capture more discounts, and benefit by much greater visibility into the process. Not only will you rest easier, but find comfort in the knowledge that you are using best practices in both technology and AP that help increase efficiency and overall productivity.

What keeps you up at night?

▶ Is the AP process costing you more than it should?

▶ Does your team feel overwhelmed and short staffed?

▶ Are you capturing all the early pay discounts you could be?

▶ What are the current best practices in AP?

▶ Do your existing systems hinder you from processing invoices quickly?

▶ What happens if key staff members leave or retire?

▶ Are you doing all you can to increase accuracy and reduce errors?

▶ Are people spending time doing menial tasks instead of adding value?

DocStar snapshot | Capital Cardiology Associates

Capital Cardiology Associates (CCA) provides a range of diagnostic and preventative services in the treatment of cardiovascular diseases. In 2012, they found that their paper-based AP processes were beginning to incur unnecessary costs and inhibit their performance. Time, storage space and the potential liability of misplaced documents were the reasons CCA looked to AP document automation.

"Our process was totally paper-driven," says Controller, Denise Johnson. "This slowed down nearly every aspect of the daily workflow and caused a huge storage problem."

CCA switched from a hard copy dominated system to an integrated AP document management software and the results were immediate: same-day invoice approval, reduced printing and storage costs, and more early pay AP discounts. "Now approval takes only a minute and the invoices are processed the same day that we receive them."

Capital Cardiology has dramatically reduced manual workflow, increased the pace of invoice approval, and reduced printing and storage expense.

Four important ways AP automation makes a difference

Reduce procure-to-pay time

Automation systems help healthcare AP departments accelerate productivity by capturing and routing invoices automatically—from one location. Invoices are indexed, classified, matched and directly transferred into your ERP system, eliminating the need for double data entry, reducing the time employees spend on menial tasks, and allowing stakeholders to access order and payment information a lot faster. By handling an invoice once, you automate the review process—saving time and ensuring your workflow is handled efficiently.

Not automating will cost you

According to analysts at PayStream Advisors, companies without AP automation spend $10.11 to process a single invoice. With automation technology, companies can spend as little as $2.67.

Capture early payment discounts

AP automation helps healthcare organizations increase profitability by taking advantage of early pay discount incentives with greater predictability. Invoices are processed more quickly since all invoices and supporting documentation—including audit trails and notes—are stored in one database and accessed directly from your ERP system. The result is that your AP staff has access to all records they need to pay promptly and capture more discounts. The reduction and elimination of late payment penalties and improved cash flow overall are also compelling reasons to automate.

Improve vendor and customer relations

Healthcare organizations depend on their vendors to keep things running with a wide array of often high-importance products and services. AP automation helps ensure vendor satisfaction by managing and processing accounts payable faster and with more accuracy.

DocStar Snapshot | DRA Imaging

DRA Imaging is a full service medical diagnostic imaging facility. Their former AP process was very labor intensive, and prone to human error and delays. Obtaining documentation from multiple locations, multi-level invoice approval, and special sales tax reporting requirements all plagued the process with delays and errors.

"We needed a solution that could capture invoice data, perform tax calculations and verification, and integrate well with our existing ERP," says Sandy Robb, Director of Accounting.

DocStar ECM Smart AP Automation provided the answer. Intelligent data capture works to capture invoice images and extract important data while performing sophisticated tax calculations and verifications executed in the background. Once all required approvals have been received, invoice data is automatically sent to their ERP system eliminating a lot of manual processes.

"By eliminating data entry, I can more efficiently use the higher level skills I am paying my staff for," says Robb.

Gain greater business insight

AP automation helps healthcare CFOs more accurately predict financial outcomes because it provides greater visibility into the process. Since all the related content is stored, searched, and accessed from one centralized location, financial managers have a more complete and immediate view. You can quickly identify demands and constraints, and directly analyze processing performance over time. As a result, organizations have a clearer picture of where they stand financially and AP professionals are better able to eliminate invoice processing bottlenecks, focusing on those accounts that need attention and improve cash management overall.

Moving forward with best practices

You can quickly begin to realize the benefits of AP automation starting with the basics, then expanding to more advanced techniques. While there are a great many capabilities and technologies available, the truth is that not everyone needs a fully-encompassing AP automation solution. And it is not realistic to expect to take a completely manual process and automate it overnight.

Originate the process electronically

Initiating the AP process electronically is the cornerstone for improving your AP processes. Rather than receiving paper invoices and manually scanning them into the system, companies have vendors and suppliers submit invoices electronically; usually in the form of PDF attachments. One fundamental benefit to this approach is that these electronic files have better quality than scanned documents, and this improvement in quality leads to fewer errors. Plus, the time and staffing required to scan incoming invoices and documentation are reduced or eliminated altogether.

Establish a basic enterprise content management system

The ability to scan paper documents and store them in digital form is at the heart of relieving the burden of paper in the AP process.

Widely available scanning hardware captures document images and rudimentary software allows the user to manually enter basic information about each document. By typing keyword data into fields on a screen, or selecting data from preconfigured dropdown lists, users electronically file away the document along with basic information such as a title, a date, and a brief description. From there, invoices are routed through the workflow for attention and approval, providing insight, accountability, auditability and visibility into the process that is simply not possible using a paper-based workflow. Many companies find this to be an easy transition because automation is achieved with desktop scanners and e-mail.

Establish Intelligent Data Capture (IDC)

IDC "reads" data from document images and allows you to leverage that information in new ways. Rather than manually enter the information, key bits of data—like PO number, amount or date, for example—are digitally captured and populated in a variety of index fields.

Pre-set templates drive the process on common structured documents where specific zones are automatically gleaned of information that would otherwise need to be keyed in manually. Other advances at this stage include the use of barcodes, which can be interpreted quickly and reveal a more extensive set of data.

By incorporating these best practices, you capitalize on immediate savings and efficiencies while avoiding the pitfalls of an undertaking that may be so complex and overwhelming that you'll miss the mark. The biggest hurdle that any organization faces with regard to AP automation is change management. And simply put, you don't break the process. It is important to consider how much change the process and the organization can endure.

Next steps

Does your AP process need a checkup? Like the benefits of an annual physical, taking the right steps today can bring lasting improvements in the process.

At DocStar, we've led the way in AP automation since 1996 through our collaborative solutions that streamline business processes for organizations of any size. Our software allows healthcare CFOs and AP managers to gain control over documents, workflow, productivity and efficiency. Nearly 8,000 organizations from every industry depend on DocStar every day to improve efficiency and reduce costs.

Take the next step—watch our four-minute DocStar ECM Smart AP Automation Tour to learn how your practice can increase efficiency, cut costs and improve your bottom line.

About DocStar

Helping businesses translate vision into action for more than 20 years, DocStar offers the industry's most flexible and innovative enterprise content management and process automation platform. Easy to implement and use—both in the cloud and on premises—DocStar proven technology and global process expertise empowers organizations to operate at peak performance, navigate change, and grow.

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