Presence Health

Presence Health, the largest Catholic healthcare provider in Illinois, uses Perceptive Intelligent Capture for AP automation to enable straight-through processing of invoices, eliminate errors, support operational growth and direct resources from the back office to its treatment facilities. Presence Health has seen a rapid, substantial boost in efficiency and productivity, achieving field extraction rates of 94 percent on PO-based invoices and reducing paper-based processing from 87 percent to 10 percent.

Challenge

The consolidation of hospital systems is only part of the success story about how Presence Health is working hard to help its doctors, patients and bottom line.

"There's a continual demand for change within the health care delivery system and that reaches down to every level of operations in a hospital system like ours," says Robert Banwart, Director of Accounts Payable for Presence Health. "Health care reform legislation has called for a consolidation of hospital systems, upgraded IT infrastructures and the implementation of new technologies that relieve the administrative burdens placed on operational management and staff."

Seeking efficiency through automation

In answering the call for operational improvements, Banwart explored the strategic benefits of automating or outsourcing the slow manual data entry routine that had burdened the accounts payable operation. He turned his attention to capture-based automation technologies after concluding that outsourcing the process would carry too many long-term costs and e-invoicing would not offer a suitably comprehensive alternative.

"Once the decision was made to pursue automation technology in accounts payable, we decided that we should try to achieve the goal of complete elimination of paper. What I was looking for in particular was a product that would actually enable us to affect the bottom line—to take work out of the system, and as a result of this, enable us to allocate full-time employees (FTEs) elsewhere. We were looking for hard-dollar, bottom line savings."

Presence Health's financial and IT management organized a practical test to evaluate their options, including OCR-based automation solutions from such vendors as Kofax and EMC Captiva.

Meet Presence Health

In November 2011, Provena Health of Mokena, Illinois and Resurrection Health Care of Chicago, Illinois merged into what is now known as Presence Health, the largest Catholic health care system in the state. Presence Health and its 22,000 employees provide a broad range of health care services throughout 12 hospitals, 27 senior care facilities, 50 primary and specialty care clinics, 6 home health agencies and numerous others—more than 100 facilities in total, providing access for more than 4.5 million people.

- Facilities: 100
- Population served: 4.5 million
- Employees: 22,000

Products in use: Perceptive Intelligent Capture

"When we finished surveying the marketplace of products available to us, we decided to set up a process where we could most easily tell which system was going to deliver the highest likelihood of actual cost reductions. We provided approximately 100 invoices to each vendor, asked them to ingest them into their systems, and show us what their systems could do with the data. When we finished the live demonstrations for each product, it was clear that Lexmark Health's was the only product that could clearly demonstrate a potential for the elimination of a significant amount of costs throughout the accounts payable process. Perceptive Intelligent Capture was the only product that could take a document, extract the information and process it to a point where you could say it's ready to be put into your ERP system without manual intervention."

Solution

Rapid implementation

Presence Health contracted with Lexmark Health to implement its intelligent data capture solution on Microsoft SQL Server, for the processing of accounts payable documents into a McKesson enterprise resource planning (ERP) system.

"Lexmark Health's staff came on site. We met for several days, and then a few weeks later the actual implementation started. From the actual start of the implementation until we were up and running with purchase-order related transactions, took about a month and a half, and that's a very fast implementation."

"What I especially liked about working with Lexmark Health was that they stayed off the critical path, they delivered their products when they said they were going to deliver them, and they delivered them accurately. They were very helpful in walking us through the process of developing the customized features, understanding our business processes and feeding back their recommendations to us. Lexmark Health's specialists brought a level of experience that enabled us to better align the application with our long-term business objectives, and the process even helped us uncover weaknesses in our prior routines."

Results

Achieving fast ROI

Presence Health saw a rapid, substantial boost in efficiency and productivity upon implementing Lexmark Health's solution. Banwart's accounts payable operation is achieving field extraction rates of 94% on PO-based invoices, and in the first year reduced paper-based processing from 87% down to 10%.

Lexmark

"As a result of the Perceptive Intelligent Capture implementation, we have been able to reduce the hourly staff actually entering data into the system by about 40%. We have also been able to achieve other benefits that affect the bottom line. We have now the ability to greatly expand the number of vendors that we work with to obtain prompt payment discounts. That effort would not be possible, nearly to the extent that we're now seeing, without the Perceptive Intelligent Capture solution. On our purchase-order related invoices, what we're finding is about 45% of those transactions are able to go through the verification process without our intervention, and about 75% of the transactions were able to have the software match automatically— the line items on the invoice to the line items on the purchase order. Those percentages are significant reductions in key punching that we have to do within accounts payable."

Visibility through automation

Banwart also spoke to the heightened level of process visibility achieved with Lexmark Health's solution.

"In addition to transforming the routine for processing invoices, expense reports and other document types from 'data entry and paper handling' to 'analysis and exception handling,' the software provides a vastly improved audit trail, as well as a consistent method for discrepancy resolution. We have been able to more quickly identify possible duplicate payments and develop additional reporting mechanisms to drive down the risk of making duplicate payments. When you have a system like this, where everything is visible, it's transparent, you're actually driven to continuously improve your process."

Furthermore, Banwart noted that Lexmark Health's solution for enterprise search was helping his department to quickly retrieve scanned documents and review physician payments. "I am required to review all payments to physicians, to ensure that each of them can be reconciled with an existing contract. The search technology saves my department a great deal of time and effort that would otherwise be spent retrieving paper documents. Our accountants also use it to efficiently recall invoices related to specific checks, and I anticipate the technology benefitting additional users as we continue to roll out the Lexmark Health solution more broadly."

Making a Difference in AP

In terms of innovation and long-term strategic initiatives, health care financial operations typically take a back seat to functions more directly serving the core mission of delivering medical treatment and conducting research. In this case, Robert Banwart and his team leveraged technology to benefit the organization's bottom line, creating efficiency in the back office so that more dollars can go directly to patient care.

" You don't have many opportunities in your career to implement significant change. With the procurement of the Perceptive Intelligent Capture solution...this change will position us for the future, in accounts payable, to contribute even more directly to the mission of Presence Health."

Robert Banwart
Director of Accounts Payable, Presence Health

"Accounts Payable is a back office function, and you don't have many opportunities in your career to implement significant change. In the case of the intelligent capture project, we're implementing some cutting-edge technology in an area that's not used to that. With the procurement of Lexmark Health's solution, I feel we have taken the fundamental step to becoming a world-class accounts payable operation. We'll be able to stack up our accounts payable operation against any accounts payable operation, in any industry, after we finish this implementation. I firmly believe the benefits of going through this change will position us for the future, in accounts payable, to contribute even more directly to the mission of Presence Health."

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