For healthcare systems, cash flow and working capital are key to sustainability, and M&A activity is commonplace.

For accounting teams in the healthcare space, validating the completeness and accuracy of revenue from patient services and other cash-generating activities is top of mind.

Yet, in an industry that depends on innovation to literally save lives, accounting processes are often ailing. Processes and controls around hospital revenue and cash application tend to be manual, and validation is difficult and tedious, which introduces risk.

Did you know that most healthcare organizations are suffering from rising bad debt expense? What’s worse—there’s also a lack of confidence and resources to combat the risk.

A well-run revenue cycle, above all else, depends on the ability to collect complete and timely payments.

For hospitals, this is easier said than done.

Adding to other well-known challenges associated with collecting cash are unique issues facing healthcare organizations, including:

- Silos between front-end and back-end patient operations
- Efficient business performance and profit that seems somewhat contradictory to the mission of providing life-saving services
- Healthcare providers who can render services in good faith yet be refused payment later due to documentation or billing issues
- External factors such as insurance reform and government regulation that add to compliance complexity

As a result, revenue cycle bottlenecks are common.
**Revenue Cycle Bottlenecks**

Hospital revenue sources run the gamut, from physician services and facilities charges to gift store purchases. From the moment a patient checks into a hospital to the time when payment is made for goods and services rendered, a significant volume of transactional detail is captured—often across disparate systems.

Certain applications—take EPIC, for example—successfully address a portion of the revenue process, like processing patient invoices or collecting payments. But when it comes to validating and reconciling that data with general ledger activity, manual processes are prevalent and slow down the process.

Hospitals receive payments from numerous parties, including non-governmental insurance providers, Medicare, Medicaid, and individuals (patients paying out-of-pocket). Forms of payment are also vast, including credit or debit card, cash, check, credits from prior visits, and others.

Because the volume of incoming payments is so large and related services are often not immediately available, payments are frequently recorded in a suspense account until they can be reclassified appropriately.

**Are you spending a significant amount of time reconciling patient payments?**

Healthcare accounting teams often spend a disproportionate amount of effort manually reconciling transactions. And unlike other accounting activities, which are performed at month-end, there are bigger implications if revenue transactions and the related balance sheet impacts are not matched and validated on a more regular or real-time basis.

Working capital, cash flows, collections opportunities, and other critical metrics depend on a timely and accurate process.

**Challenges to Address**

Unlike other industries that can more commonly apply a single payment to one or more invoices, numerous payments are often required to cover a single invoice in the healthcare industry.

To ensure services revenue has been accurately recorded and payments related to those services are reflected properly on the balance sheet, multiple matching or detailed reconciliation exercises take place. These are often completed in spreadsheets by highly trained accountants who could be spending their time on accounting activities that require more judgment and analysis.

However, time and effort aren’t the only pain points. Others include:

| **Aging suspense account balances that increase write-off risk** |
| **Difficulty analyzing aging reports due to a lack of timely, unified data** |
| **Limited communication between hospital departments, delaying insights and decisions** |
| **M&A activity resulting in trouble with harmonizing processes and systems** |
| **Supporting documentation that is difficult to access** |
| **Regulatory requirements that present added data security concerns** |

Operational issues caused by these challenges could include:

| **Financial performance and reputation declines** |
| **Unpaid healthcare providers and support staff** |
| **Decreased quality of service** |
| **Reduced governmental funding** |
| **Fines and penalties that are incurred from a lack of compliance** |
When it comes to technology, healthcare organizations are in a unique spot, because they often have a lot of it. With M&A activity comes different systems and solutions across hospitals and departments within the same organization.

It might seem impossible for Accounting to have a single, centralized solution for reconciling and substantiating financial data. And since many hospitals are heavily invested in their existing systems, like an ERP or EPIC, there’s a hesitation to seek additional solutions.

But there are unified platforms designed specifically for Accounting, complementing and enhancing their core systems to fill the spreadsheet-driven gap and deliver better utilization of talented accounting resources.

With business-defined rules to handle even the most complex matching scenarios (one-to-many, many-to-many), technology can reconcile millions of transactions in minutes, reducing risk and freeing accountants to focus on exceptions and analysis.

BlackLine’s cloud platform, which includes an industry-leading Transaction Matching solution, has helped healthcare teams address a host of scenarios, including:

- Credit card to bank and/or GL reconciliation
- Suspense account and accounts receivable clearing
- Daily cash receipt reconciliation
- Services revenue allocation
- Bank to GL reconciliation
- Patient billings to accounts receivable reconciliation
- Bad debt reserve calculation
- EPIC to GL reconciliation
- Insurance claims to payments reconciliation
Results for Healthcare Organizations

Automating large volumes of manual work and centralizing financial data enables accounting teams to:

- Focus on analyzing exceptions (missing transactions, errors, in-transit items)
- Break down silos by providing timely, meaningful insights to the front office and management
- Shift focus to activities that require judgment and analysis
- Actively track KPIs, such as net days in accounts receivable, cash collection as a percentage of net revenue, claim denial rate, cost to collect, and others
- Absorb additional month-end tasks and partner with the business
- Eliminate bottlenecks during peak close time

50% decrease in hours spent on reconciliations

400 hours of reduced audit time

36% decrease in manual journal entries

BlackLine Transaction Matching

BlackLine’s Transaction Matching solution automates the most complex and manual processes plaguing healthcare and hospital accounting teams.

The use cases are nearly endless. BlackLine’s integrated platform imports transactional data from any source and applies intelligent, business-defined logic to automatically match millions of records in minutes.

For any unreconciled transactions, suggested matches and exceptions are identified for Accounting to review.