

AP automation can help alleviate healthcare workforce shortages and optimize cashflow

Clinical and administrative staffing shortages continue to plague today's healthcare organizations with 72% of healthcare leaders citing workforce management as their biggest financial challenge, according to a recent survey conducted by HFMA and sponsored by GHX.

"Addressing clinical workforce shortages is top of mind for hospital CFOs nationwide," said Nate Smith, vice president at GHX. "So is addressing labor challenges in finance and revenue cycle management. Labor shortages are literally what keep CFOs up at night."

Recognizing the role of automation

To address the operational instability that occurs with healthcare workforce shortages, leaders must embrace critical opportunities to leverage automation, said Smith. The consequences of inaction? Organizations may not be able to navigate ongoing macroeconomic uncertainty in the months and years ahead, according to Smith.

Many organizations are already struggling. Sixty-one percent of respondents say macroeconomic uncertainty causes staff reductions and hiring delays. Similarly, 64% of respondents say macroeconomic uncertainties delay, reduce or cause their organization to forgo capital spend. Fifty-four percent say there are negative impacts on cashflow while 50% say their

organizations delay, reduce or forgo investments in technology for the same reason.

Fortunately, automation helps address all of these challenges.

"Automating AP [accounts payable], in particular, helps reduce manual processes during a time when it's extremely difficult to find qualified individuals with financial and healthcare-specific expertise," said Smith. "AP automation also helps generate savings that organizations can re-allocate toward capital spend, labor and technology investments."

More than half (54%) of respondents say automation is a top strategy to optimize cashflow, the GHX survey found, and nearly one quarter (23%) of respondents say they will automate AP in the next one to two years.



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Optimizing workflows for greater efficiency

Fewer AP touchpoints mean less human intervention is needed to complete tasks, said Smith.

"Leveraging macros and bots to handle manual AP tasks helps organizations mitigate the impact of staffing shortages to maintain — and even gain — efficiency," said Smith. "Examples of these tasks include sending invoices with no purchase order or invalid purchase orders back to suppliers with a scripted email, placing purchase orders via email to suppliers or identifying short pays. In addition, efficiencies gained enable existing AP staff to focus on more strategic activities that support financial goals and help with staff recruitment and retention."

Leveraging data-driven insights

Digitally transforming AP workflows through automation allows organizations to leverage AI and machine learning to analyze data stored within invoices and then use that information for future financial planning.

"This is when AP moves from being a cost center to a profit center," said Smith. "Invoices become rich sources of data that organizations can mine for enterprise resource planning."

For example, automation enables organizations to:

- Identify exception trends across programs. They can also answer questions such as, 'Is the exception trend supplier specific or line item specific?' This allows them to better pinpoint sources of payment delays and remedy those delays quickly.
- Pinpoint areas for program improvement and growth. Quickly identifying accelerated invoices helps earn rebates and optimize payer mix.
- Prioritize work by urgency or most value to the program.

"In summary, with automation, providers are better able to get a look at how their AP program and invoices work holistically, allowing them to make nimble strategic decisions," Smith said.

Reducing financial risk

Fraud detection and prevention inherent in AP automation enables organizations to identify fraudulent invoices more easily and refrain from paying them. Reducing financial risk and preventing revenue loss means operational leaders can offer more competitive salaries to nurses, physicians, revenue cycle staff and others with greater confidence.

"The more you automate, the less fraud you should have," said Smith. "That's because once AP workflows are automated, you have the historical data

54%

The percentage of healthcare leaders that say automation is a top strategy for optimizing cashflow, according to a joint HFMA/GHX survey

to reference. The macros and the bots can recognize patterns and deviations. For example, they can recognize when you've never paid a supplier using a particular account."

Improving supplier relationships

When organizations automate AP workflows, they're better able to pay supplier invoices in a timely manner, said Smith. As a result, hospitals can:

- **Improve the predictability of receiving goods:** "The more hospitals approve invoices and pay them in a timely manner, the more suppliers are willing to provide goods," says Smith. "AP automation can help reduce suppliers aging receivables, which can cause supply chain challenges."
- **Circumvent credit holds with critical suppliers.** Late payments lead to credit holds, the management of

which requires staff time. Automated AP workflows can help mitigate the risk of credit holds, thereby enabling staff to focus on more strategic initiatives even during times of staffing shortages.

- **Avoid paying higher prices to vendors** with whom they have not negotiated discounts.
- **Obtain rebates and cost savings:** "This money could be applied to hiring nurses, other clinical staff and revenue cycle staff at the rates they are asking," said Smith.

Looking ahead

Labor shortages will not abate anytime soon, and healthcare leaders must have a strategy in place to leverage automation to generate savings and promote operational stability. AP automation is one area ripe for opportunity.

"The workforce issue isn't going away at least in the near term," said Smith. "This will continue to create financial strain. One way to reduce the impact of this strain is to automate your systems and processes, particularly those in AP."

For more information

To read more about the research, visit www.ghx.com/resources/white-papers/hfma-market-report-ap-optimization/ ■



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