



## Post Oak Performs a Paper-ectomy

Bank Technology News | December 2009

By John Adams

While responsibility for insuring healthcare payments has been mired in political debate that's touched all points on the national intellect curve, the virtue of automating those payments should be of little doubt.

"Everybody is looking for ways to cut costs," says [Kelly McClelland](#), vp of treasury services for [Post Oak](#) Bank, which is in the midst of a healthcare payments automation project that includes adding FIS Healthcare Remittance Manager to its lockbox processing business. "Let's start by eliminating paper and be more efficient with processing."

The obvious relationship between paper reduction and lower costs and higher efficiency - along with the overall private and public sector focus on shedding healthcare costs across the board - is causing institutions to step up efforts to lure healthcare payers and providers to 21st century Web-enabled payments and processing.

The Houston area-based Post Oak, which has about 100 physician or medical related customers, is scheduled to go live with Remittance Manager by the end of the year, and will offer electronic payments for both insurance companies and consumers. It will spend the next six months converting users to automated payments via a Web-based file transfer process in which the bank will work with the healthcare providers' IT staff or billing companies to ensure files are transmitted in the correct format.

The bank's goal is to place providers in a position to electronically navigate extensive document flow in payments, which has traditionally been mired in manual processes and hamstrung by delays. "If there's any kind of hiccup in the cycle of payments, the process gets extended," says [Kunal Pandya](#), a senior analyst covering healthcare insurance and payments for [Aite Group](#).

Serving as a "data bridge," FIS' remittance manager connects insurers and medical providers to electronically capture, reconcile and process healthcare billing information with fewer touchpoints and a standardized collection process. The technology automates explanation of benefit (EOB) statements, and captures electronic versions of Form 835 (Electronic Remittance Advice) and reconciles it with Form 837 (the submitted claim). "There is a standard 835, but a lot of people have a different flavor of how they utilize that standard," says [Serena Smith](#), svp of enterprise healthcare and transaction services for FIS.

FIS says it has about five financial users that have signed up for its new product, and it faces plenty of competition from tech firms looking to tap healthcare payments automation. Other providers include [Fiserv](#), SMI, [Revenue Management Solutions](#), Alacriti and [mPay Gateway](#) - which focuses on consumer payments.

Alacriti, for example, recently developed a suite of electronic information and patient payment products that enable patients to make payments and provide and access data, as well as provider office controls for real-time servicing. "We're looking at information processing, remittances...banks have been printing and mailing this information, but there's the ability to lessen that," says [Michael Fontana](#), healthcare development manger, Alacriti.

mPay Gateway uses a "hotel model," in which a card is authorized to make payments, which are then deducted from the card when the consumer's out of pocket expenses are determined. "You only settle once, so there's no reconciliation," says [Brian Beutner](#), CEO of mPay Gateway, which counts [Fifth Third](#) Processing Solutions and [Capital One](#) among its clients.

Also active is [Bank of America](#), which recently debuted a new Web site as part of its HealthLogic product (Bank of America purchased healthcare IT provider Health Logic in 2006). Among the bank's related offerings are Healthcare Revenue Manager, which helps providers post payments from patients - either though lockbox or though collecting ACH and card payments, including healthcare and payment cards issued for HSAs and flexible spending accounts (FSAs). [Aileen Gleason](#), core treasury and sales enablement product management executive for Bank of America, says the current ratio of paper to electronic payments is about 2-1, though electronic payments have been expanding.

The savings from automation vary depending on the type of payment or service, but Celent says to process a fully-paper

payment is about \$6 per claim, with electronic payments costing about a quarter of that. While poised for expansion, current adoption is relatively low ([Aite's Pandya](#) says about 60 percent of health care payments are still paper-based), suggesting vast potential for banks, which can leverage electronic healthcare payments to build added relationships with providers. "In this space, the technology is pretty good, and we're moving to a state where the tech is getting commoditized. So you want work with the tech vendor to create a value add," says Red Gillen, a senior analyst in Celent's banking group.

---

© 2009 American Banker and SourceMedia, Inc. All Rights Reserved.  
SourceMedia is an Investcorp company. Use, duplication, or sale of this service, or data contained herein, except as described in the Subscription Agreement, is strictly prohibited.

For information regarding Reprint Services please visit:  
<http://www.americanbanker.com/aboutus/reprint-services-rates.html>