

CLIENT STORIES

A Conversation with the Supply Chain Manager from a \$8B+ Healthcare Network based in the Midwestern United States

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Background:

The subject of our conversation serves as the Supply Chain Manager for Audit and Controls at a \$8B+ Healthcare Network based in the Midwestern United States. He is primarily driven by the organization’s mission. “As a mission and values driven organization, the SCM team aligns to this mission by taking great pride in making sure dollars do not leave the organization or leave the supply chain incorrectly. I know every dollar that our team can bring back goes back to funding organizations mission.

SpendMend (SM): Thanks for taking the time talk with us today.

Client: I’m happy to do it. Unfortunately, my system won’t allow us to endorse a solution, so we have to make this anonymous, but I still think it’s important to have this discussion because if we’re finding significant money from a recovery audit, then I know there are many other hospital systems that should do this too.

SM: Your goal is to help your hospital and the whole community.

Client: Correct, I’m an accountant and I’m an auditor. I do not have direct patient care, but this is how my team can tie our work back to the mission of the organization and back to the patients whom our doctors and our nurses take care of everyday.

SM: We appreciate you making SpendMend a part of that.

Client: We've always worked with recovery auditors. We started with your firm last year, but it's been a good improvement for us.

SM: How? Can you talk a little about how you differentiate between recovery audit firms?

Client: The biggest thing that I see is that interaction point between the three big stakeholders: The first stakeholder is the hospital system - and that may be a team member from Accounts Payable or from the audit team. The second group is the Vendors - this is a critical group, because there is a lot of vendor interaction. Finally, the third group is the Service Provider. You must evaluate how the three different counterpoints will interact. For me, it's the biggest evaluation point.

SM: What does it look like when it's bad versus when it's good?

Client: When it's bad you'll find the service provider is incentivized to quickly grab credit memos and get them posted. They will work the same vendors where there are always issues and dollars to recover. They don't communicate well with the vendor and they do not do all the necessary due diligence to ensure the validity of the claim to avoid problems downstream. A good service provider should have a closed loop system consisting of: 1) good communication with the vendor and Hospital System; 2) a comprehensive system to detect errors, credits and financial leakage; and 3) a complete, accurate, and detailed review of the claims to ensure validity of the credit all the way to the payment remittance:

SM: You place a lot of emphasis on being accurate?

Client: Yes, the biggest thing from our leadership perspective is that we need consistent and reliable supplies from our vendors. Introducing inaccurate or incomplete claims can put us on credit hold and vendors may withhold supplies. We want to receive the funds and credits we are owed, but only if they're 100% valid. I feel like SpendMend goes above and beyond what is asked. I know our coordinator and your team have frequent interactions. Your auditors are responsive whenever we need them. We think of the SpendMend team as an extension of our own team. When we ask you for additional due diligence, you know exactly what we're talking about.

SM: So, the communication is strong?

Client: Yes, and you have a good website application and within the application is a seamless system for sharing documentation as well as reporting to share in-depth root cause analysis. This is better than the other providers we've used previously. Other firms focused on the low hanging fruit and as a result they found the same money every year. They weren't forward-thinking and they didn't deliver root cause analysis, so we struggled to improve our process. SpendMend takes the client-service approach versus what I felt was an individual incentive approach.

SM: You made the switch to SpendMend last year. What was it like to get started and to implement the project?

Client: We have a good working relationship. We have built good rapport with the SpendMend team.

SM: How long did it take before the first recovery dollars hit your bottom line?

Client: It only took about a week.

SM: Were the recovery dollars in line with what you expected?

Client: SpendMend recovered significantly more than I expected.

SM: Can you point to any benefits or value beyond recovery dollars?

Client: I've seen improvements on the vendors' side. Vendors have become more forthcoming with information and communication. That's how you know the audit is successful. Also, SpendMend helps to reconcile accounts payable records with accounts receivable records so transactions don't sit on a statement or on the accounts payable sub-ledger and age.

SM: What's the most surprising thing about your relationship with SpendMend?

Client: Whenever our coordinator or I have questions about a claim, and we ask for more information I am surprised at just how hard our SpendMend auditor is working for us. They work directly with our vendor to gather information and get everything right.

SM: What advice do you have for someone evaluating a Recovery Audit?

Client: I recommend setting clear expectations on what to expect from the internal AP or Audit team and what to expect from your audit service provider. There needs to be clear communication and deliverables as the audit progresses. We did a really good job at setting clear expectations upfront and we benefited from that. It helps to have a good partner like SpendMend.