



## Healthcare

### Key treasury issues in the healthcare industry

Kyriba works with a large number of organizations across the healthcare industry, from hospital systems to managed health services providers. Whether these organizations are regional or nationwide in their focus, they face similar treasury management challenges, particularly in areas such as cash forecasting and risk management.

The healthcare industry is unique in the issues that it faces when it comes to cash forecasting. Unlike most industries where there is a single, fixed price for a specific product or service, the cost of treatment varies from provider to provider. Payments also vary from payee to payee, both in respect to the negotiated discount for the service, and also the agreed-upon terms. In addition, if a patient doesn't have health insurance (or not enough), there is a significant risk that the amount of cash eventually received by the health care provider could be a fraction of the original billed amount.

Healthcare providers have also been hit hard by the economic downturn, particularly concerning the way they receive cash from individuals. As many hospitals and managed health providers have non-profit status, they are legally obliged to provide emergency services to anyone who requires it. The increased number of patients who have lost health insurance has created a cash burden on care providers. Individuals' cash flow concerns have also had a significant impact on the amount of non-essential, elective surgery being provided by hospitals, providing a further challenge for long-term cash forecasting. In addition, the adoption of the Affordable Care Act (ACA) is leading to reimbursement rates being changed between providers and insurers, increasing uncertainty for cash flow and forecasting.

The cumulative impact of these issues is that health care providers face a larger challenge than ever before in cash management and forecasting.

### Use example

This Kyriba client is a national, nonprofit healthcare system. It operates in 18 states and has almost 100 hospitals in its system, as well as a number of nursing colleges, home health agencies and community health-services organizations. It has almost 70,000 employees and revenues of \$9 billion.

### Challenge

This client has two key challenges related to the management of its cash. As a nationwide health network, the organization has a network of almost 60 banks across the country. There was no centralized reporting system in place, so each bank had to be manually polled to obtain balances on a daily basis, consuming a significant amount of time and resources each day. The organization also has a lockbox bank, into which commercial insurers deposit a lump sum. The lockbox takes data of individual transactions and imports this data into the management system and reconciles it against invoices.

As a second challenge, the organization lacked visibility at the senior management level. There was often a disparity between the financial statements and the actual cash balances held within its network of banks.

## Solution

The organization implemented the Kyriba Enterprise SaaS-based treasury management platform across its treasury department. Kyriba is a modular solution, and in the first phase, the organization implemented a number of cash and bank account management modules. This solution enables the organization to easily add further modules at a later date, at an incremental cost.

**Bank streamlining** - As part of its overall process to streamline its banking relationships, the organization is moving to a system with three preferred banks. Each of these banks automatically reports into the Kyriba platform with a BAI file, eliminating the need for a treasury team member to manually poll the bank. This both speeds up the process and also eliminates the risk of potential mis-keying errors, giving the organization an immediate, true awareness of its cash position. By using Kyriba to manage outflows as well, the organization also eliminated the need for a concentrator.

**Easier forecasting** – Given the complex and variable nature of inflows and outflows in the healthcare industry, the organization needs to be particularly agile in its cash forecasting processes. Before implementing Kyriba, cash forecasting was a difficult, often manual process requiring data to be re-keyed—increasing the possibility of errors. With a more complete picture of cash movement (such as the ability for automatic emails to be sent to senior management when large wires are received), efficient cash forecasting allows the treasury team to be more effective in analyzing data and providing a truer picture.

## Straightforward reporting and data visualization –

The organization's senior management team does not have time to review financial statements in detail and reconcile them against bank statements. By importing the bank information directly into Kyriba, the organization ensures that there is one true figure for its cash holdings. The treasury team can then develop custom dashboards within Kyriba, which gives an at-a-glance, visual representation of the organization's cash balance.

By implementing Kyriba's *Proactive Treasury Management* approach, the organization improved its treasury in three key ways:

It *optimized its cash*, by automating its banking processes; allowing it to have better, more timely visibility into cash balances.

It *managed its risk*, by making its forecasting process more accurate and efficient, reducing the likelihood of unexpected cash shortfalls.

It *worked its capital*, by providing straightforward visual data to its senior management, giving them at-a-glance strategic insight into its cash position and giving them the analysis to make strategic business decisions.

## About Kyriba Enterprise

Kyriba's flagship product, Kyriba Enterprise, is the most adopted Software-as-a-Service treasury management solution in the global market. Fully in the cloud, Kyriba Enterprise offers the most breadth of any treasury management solution, solving the cash, treasury, and risk management needs of all sizes of treasury and finance organizations.

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