

T E X ★ S Hospitals

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Best Practices



Easy Money: Hospital Creates Income Stream Through Visa® Revenue Share Program

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“Do you accept Visa?” When one of Midland Memorial Hospital’s vendors said it did, it received payment for a large order more quickly than usual – and MMH received a significant early-pay discount in addition to earning rebate money through Commerce Bank’s electronic payment program, ControlPay® Advanced. Through this program, MMH has created a new revenue source, earning about \$15,000 a month.

MMH, which serves a large section of West Texas and about 150,000 patients a year, is in the midst of an exciting remodeling project: a state-of-the-art patient tower that will increase bed capacity to 240. Because this \$175 million improvement is funded by a combination of community bond money and private donations, MMH wants to be a trustworthy steward of those funds by looking for ways to decrease costs and increase revenue.

When MMH signed up for Commerce Bank’s ControlPay Advanced program, which uses the Visa® Network, hospital staff knew it would allow the hospital to pay many of its vendors electronically while receiving a monthly revenue share rebate. Having the option to pay the vendor that provided the hospital beds for the new patient wing early while receiving a discount on the \$3 million bill was an added bonus that increased their enthusiasm for the program.

BEST RETURN, BEST SERVICE

“This program has proven to be a win for our hospital and our vendors,” said Stephen Bowerman, MMH vice president and chief financial officer. “We received electronic payment proposals from several banks, but we went with Commerce Bank because they already have more than 10,000 vendors signed up with their program and because they gave us the best deal on our return, so we are generating the maximum amount of revenue. They by far had the best combination of services.”

According to Lance Wright, vice president of commercial card services at Commerce Bank, this “simple as it gets” accounts payable solution allows hospitals to pay vendors with an electronic Visa payment without changing their invoice process. Instead of cutting a check, hospitals pay with Visa and then receive a bill for their credit payments a few days later.

“This reduces the number of checks they have to write, but more importantly, they get a cash rebate every time they use Visa for a vendor payment,” said Wright.

In just the first two months, MMH earned \$30,000 through the monthly revenue share program. The projected annual income is \$200,000.

TAKING CARE OF VENDOR ENROLLMENT

Because a hospital’s revenue share is based on transaction volume, Commerce Bank takes care of the research legwork by reviewing the vendor list of participating hospitals and making the calls to see which vendors will accept electronic payments, signing up as many as possible. “We currently have about 80 of our vendors signed up to get paid electronically, which is a small percentage of our vendors, but these are our biggest bills, so our rebate return is significant,” said Bowerman.

“Commerce Bank recognizes that hospitals are overworked, understaffed and looking for ways to make the most of every income opportunity,” said Wright. “These rebate dollars add up and allow the hospital to create a new revenue stream on money it was already committed to spend. The ControlPay Advanced program can work for a health care system of any size, and our level of support sets us apart.”

The ControlPay program is easily customized and works with existing accounts payable software, so hospitals don’t have to change any accounting processes. There is no cost for the program and no need to purchase additional software. Commerce Bank customer service representatives have experience with numerous payroll systems, including PeopleSoft, Oracle, SAP, Meditech, McKesson, Lawson, CPSI, Great Plains, HMS and JDE. These systems all have the ability to create an alternative payment type, so the payment process can be automated.

“This is an easy process to pick up. Adding it to your accounts payable routine is not difficult at all,” said Bowerman. “Commerce Bank gave us great service during the sales process and beyond, helping us every step of the way.” ★

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