



CASE STUDY



Children's  
of Alabama®

**90%** of invoices automated  
for improved efficiency  
and accuracy

## OPTIMIZING ACCOUNTS PAYABLE WITH AUTOMATED INVOICING

**Children's of Alabama is converting its invoicing process from a paper-based manual process to an electronic automated process.**

Children's of Alabama, located in Birmingham, is ranked among the best pediatric medical centers in the United States, serving ill and injured children not only in Alabama but also from other states and countries. Experiencing rapid growth like many other hospitals and health systems in the U.S., Children's must efficiently oversee the back-end processes that support more than 677,000 outpatient and 15,000 inpatient visits annually.

Uniting the best of healthcare.™

# RESULTS



**Centralized accounts payable processes** for greater visibility and control



**Removed hours** of manual work each week



**Automated exception handling** for 90% of invoices



**Streamlined the approval process**



**Increased invoice automation**

## SITUATION

The AP team at Children's receives between 100,000 and 120,000 invoices per year of which half are purchase order (PO) invoices, while the other half are non-PO invoices. Invoices, whether sent electronically or in paper format, went through various routes and people to get to AP, where staff members would manually scan them. The complexity of this process often resulted in misplaced invoices that weren't paid on time — a significant issue for the organization.

Even when invoices came through correctly to the right people, the process of scanning every invoice and converting it to EDI resulted in errors, either line matching or no-charge items.

Chuck Payne, Children's director of Disbursement, says he and his team would manually fix these errors daily.

"We fixed about 20 invoices every day," says Payne. "And even though we knew exactly where and how to fix the invoices, it still required several hours of work from our team. We estimated that 30-40 percent of our department spend went to manually processing invoices."

“You can’t pay invoices you don’t know you have. We never want AP to slow or prevent the delivery of products that are critical to the health of our young patients.”

Payne’s team also needed greater control over processing the receipt of invoices. Invoices that made it to the AP department were loaded into the systems, but Payne’s team lacked visibility to account for invoices that were not routed through AP.

Payne also wanted to move accounts payable “out of the mailroom.” The accounts payable team spent a significant amount of time opening mail every day. Payne and his team decided it was time to bring higher levels of automation to the hospital’s AP processes.

## SOLUTION

The GHX solution uses business rules to handle both electronic or paper format invoices that come to the Children’s accounts payable team and to reduce discrepancies that can occur when transferring from paper to electronic format. GHX eInvoicing\* provides advanced exception handling, workflow automation and non-PO handling. Invoices are routed with full visibility and tracked with an audit trail of edits and approvals. The solution helps improve workflow and visibility to minimize discrepancies and enable better management of the AP process.

Adds Payne, “The smoothing capabilities have enabled us to cut out hours of manual work every week.”

\* Formerly OnDemand AP

### THE TEAM’S GOAL WAS THREEFOLD:



**Maximize  
810 invoices**



**Convert paper PO  
invoices to EDI**



**Automate all  
non-PO invoices**

The new system would need to integrate with the in-house check system and deliver all invoices to a central mailbox, whether electronic or paper.



The centralized mailbox also gives Payne's team greater control and visibility into their payments and liability. The team has a holistic view of invoices as they are received into the GHX system. Everyone on the team has the ability to code as approvers, including non-PO invoices.

"GHX provided the combination of everything we were looking for, with the ability to tailor the system to what we needed. The GHX team came onsite to see exactly what we were doing and developed flow charts to show us how to get where we wanted to go."

**Chuck Payne**

*Children's Director of Disbursement*

## VISIBILITY IMPACTS THE BOTTOM LINE

Payne says that moving to the GHX system delivers an efficient process but has also provided visibility that led to unexpected value. Adding, "Not only do we benefit from the efficiency, but also the GHX system helps us better understand our liability. It's been tremendously helpful in

planning upcoming and future payments, which has a direct impact on our bottom line."

With the success of GHX eInvoicing, the team at Children's is looking to leverage additional GHX products to continue boosting efficiency as they move forward.

"We also use ePay and are about to expand that product, something that has been on our list for a while. Our hospital has grown quickly in the last five years. As our footprint expands, so does the need to automate payment management," says Payne.

