

Banks, Vendors Automate Health Care Payments

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By [Steve Bills](#)

Bankers and their technology vendors are attempting to automate health-care payment systems as insurers and providers wrestle with complex federal regulations and mounting paperwork.

The software vendor VectorSGI announced last week that it will incorporate patient-validation features into a compliance system developer's electronic payments application. KeyCorp began offering physicians' offices an image-based payment processing lockbox service last week, and Metavante Corp. recently bought a health-care remittance company.

"There's a tremendous need for automation in health care," said Frank R. Martire, Metavante's president and chief executive, in an interview.

Phillip Yarbrough, the vice president of electronic payments at VectorSGI, said its Vector E-Payments Solution provides two levels of testing to validate a health-care payment. "But that is not good enough," because the Health Insurance Portability and Accountability Act of 1996 has a seven-level testing requirement.

VectorSGI, of Addison, Tex., develops bank transaction processing software that can plug into corporate customers' accounting systems. The deal it announced Tuesday is with Foresight Corp. of Dublin, Ohio, a specialist in Hipaa compliance technology.

Mr. Yarbrough said that adding the Foresight application to his company's payment software would enable banks to meet the regulation's compliance rules when processing

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patient claims, remittances, and other transactions.

VectorSGL's transaction processing system is used by 35 major U.S. banks to execute wire transfers and automated clearing house payments, and 21 of those are using the application for the two levels of Hipaa authorization that the system will support. "That would be our immediate target audience" for the customized health-care product, Mr. Yarbrough said.

KeyCorp calls its new system for physicians' offices Key2Image Lockbox Remittance Manager. It uses the Cleveland banking company's existing image-based lockbox system for processing business-to-business payments, combined with a specialized database product from a health-care and banking software vendor, Donnell Systems Inc., to collect and archive data and document images for physicians' offices.

Eric G. Brown, a vice president in the health-care and life sciences research practice of Forrester Research Inc. of Cambridge, Mass., said image technology is starting to be used for storing and moving patient documents and health records in electronic format. Once that becomes more commonplace it will facilitate the transition to electronic payment processing as well, he said.

"Because of the nature of health care, you have very large and very small institutions, all of which have to be ready to do business with any of the others," Mr. Brown said. The simple transfer of paper documents to digital archives is "an incremental step with incremental benefits" but an important one, he said.

"Without that transitional step, I don't think you ever get to the other side" with the fully electronic payment systems that all the big players want to achieve, Mr. Brown said.

Since banks already are processing the payments, whether on paper or electronically, and many are making massive investments in image technology to prepare for the Check Clearing for the 21st Century Act, this is a natural move, Mr. Brown said. "The banks would like a piece of that business."

Other vendors that anticipate an important role for image systems include Metavante, the technology subsidiary of the Milwaukee banking company Marshall & Ilsley Corp. Metavante entered the check-image business in May by acquiring Advanced Financial Solutions Inc. of Oklahoma City and, in the same deal, Medical Banking Exchange LLC, which uses image technology to transmit medical remittance information.

Mr. Martire said he anticipates the operation will become more important because banks are looking for ways to make their health-care payment processing more efficient. The transition is in its early stages, but "you can start small and grow," he said.

LaSalle Bank Corp. of Chicago, a subsidiary of ABN Amro Holding NV, has said it plans to use Medical Banking Exchange for medical payments.

The financial outsourcing vendor Fiserv Inc. of Brookfield, Wis., processes payments for health management companies. Leslie M. Muma, its president and chief executive, said the market is expanding now that more companies are trying to improve their health-care processing.

"The majority of our growth is coming from health care this year," Mr. Muma said. "Our banking segment is not experiencing the growth it has had in the past."

Fiserv buys several companies a year. This year many other financial services vendors have bought or agreed to buy banking technology properties, and that has driven up prices, Mr. Muma said. As a result, his company is more likely to expand in health-care processing than in banking, though he would not say if any deals are imminent.

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