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At a glance

Customer

- Rotkreuzkliniken Süd
- General partner: Schwesternschaft München vom BRK e.V. (Sisterhood Munich of the Bavarian Red Cross association)
- Generaloberin (Mother Superior): Edith Dürr, chairwoman of the Schwesternschaft München

Industry sector

- Health sector

Key figures

- Number of incoming invoices in the hospital group in 2011: approximately 52,000
- Percentage of med. consultant's invoices in 2011: approximately 18 %
- Percentage of MM invoices in 2011: 46 %
- Background posting of MM invoices: 58 %
- Number of vendors within the hospital group: 7,167
- Number of approvers within the hospital group: 221

Challenges

The evaluation of med. consultant's invoices in the daily hospital routine can take many hours. Manual processing causes long document processing times due to inbox distribution, loss of documents and cash discounts. The hospital is looking for an IT solution to support the process.

Solution

- FCI formcraft invoice®
- FIS/edc® - Electronic Document Center

Benefits

An automated processing within the hospital group helps determinate exactly how much a specific patient costs over a specific period of time. The central structure makes sure that most of the processes are executed in a standardized and centralized way. Consequently, the Rotkreuzkliniken Süd group is able to work more economically.

Rotkreuzkliniken Süd use FCI formcraft invoice®:

Costs under control at Hospital Group



"By using the FCI invoice reading software, we are able to save 50 % of the processing time for med. consultant's invoices. This can be noticed in particular with invoices consisting of many items, such as radiology invoices."

*Thomas Pfeifer,
Head of Finance*

How much does a hospital day cost per patient? A simple question – on the face of it. The invoices of all hospital service providers need to be evaluated one by one if you want to assign all services a patient used during their hospital stay to precisely one patient. The analysis of med. consultant's invoices in particular can take many hours unless you rely on IT support like the Rotkreuzkliniken Süd do. They have used the FCI formcraft invoice® invoice reading software since 2011 to automatically read information from vendor invoices. This results in additional benefits within accounting and a better overview of all financial transactions within the hospital group.

The Rotkreuzkliniken Süd hospital group consists of five hospitals at six locations: two hospitals in Munich, one in Würzburg, Lindenberg, Wertheim and Oberstufen. The local operative units are directed by leading staff units for IT, Human Resources, Financing, Purchasing etc. centrally located in Munich. This structure makes sure that

most of the processes are executed in a standardized and centralized way. Consequently, the hospital group can work more economically.

A clear example of this is the implementation of a solution for automated invoice recognition and processing within Financial Accounting. Thomas Pfeifer, head of Financial Accounting, knows well enough the usual problems caused by the manual processing of vendor invoices: long document processing times due to inbox distribution, loss of documents and cash discounts etc. "For us, the takeover of the Wertheim clinic in 2009 was the reason to focus on centralization," explains Pfeifer. As a result, FCI formcraft invoice® was implemented, the invoice reading software by formcraft GmbH. It enables the standardized and central processing of all incoming vendor invoices at the Munich location. The documents can be posted more rapidly, Thomas Pfeifer has a comprehensive overview of all current invoices at any time and can deal with all financial matters effectively and centrally. "This is of



“formcraft was the only provider whose invoice reading software FCI formcraft invoice® was specialized in the recognition of med. consultant’s invoices and who had many years of experience in this sector.”

Erwin Andrulis,
IT manager



Precise assignment of invoice items to every patient

In 2011, approximately 52,000 vendor invoices were received by all clinics of the hospital group. The two Munich clinics received almost 50 % of these invoices. One fifth of the invoices are med. consultant’s invoices playing an important part in the hospital sector. Like many other hospitals, the Rotkreuzkliniken Süd have outsourced functional areas such as pharmacy, laboratory and radiology whose invoices often consist of many items (lab bills may comprise up

to 70 pages). In the past, it was very complicated for the employees of financial accounting to assign them to the corresponding cost centers or in-house departments. This took many hours because it required the matching with the SAP ISH clinic management system to find out which patient stayed at which hospital ward and over what period of time in order to enable the precise assignment of invoice items to every patient. Nowadays, invoices are scanned in the finance department. FCI formcraft invoice® automatically recognizes line items also from complex invoices and reads every item with the corresponding cost center or case-based order number. By using this case number, the software looks for the patient’s name in SAP ISH and combines both. If there are no matches, the software makes available a simple postproces-

sing interface to the user. In this way, the employee can control the values read after the scan operation by using the scanned image and correct, if required, reading errors.

formcraft – the only manufacturer with sufficient experience in the clinic sector

When the clinic management was looking for invoice recognition software it was apparent that there were numerous manufacturers of such software solutions on the market but none of them was really familiar with the particularities of hospitals and could offer meaningful references. “The med. consultant’s invoices were particularly problematic and we needed to ensure that the software vendor had previous knowledge of this type of invoices,” says IT manager Erwin Andrulis. “In this field, formcraft was the only provider whose invoice reading software was specialized in the recognition of such invoices and who had many years of experience in this sector.” Moreover, the price for this software solution was ideal for the budget of a hospital.

After the software had “gone live” at the beginning of 2011, the new invoice processing method was implemented in all other hospitals as well. Since January 2012, all clinics have scanned their invoices locally. In a second step, the invoices are sent to the SAP-integrated FIS/edc® workflow, where the approval processes are triggered. FIS/edc® as well as the SAP system are operated at IT service provider RZV Rechenzentrum Volmarstein GmbH. The FCI software, however, runs on the servers of the Munich hospital. “The cooperation and communication between all participants of this IT project was trouble-free and we had only one central contact person at RZV who was responsible for all technical issues,” explains Erwin Andrulis.



Account assignments using text contents

Due to pre-defined tables, the invoice reader can also propose G/L accounts only using text contents. There are two company codes in the Munich clinic: “acute care clinic” and “geriatric rehabilitation” that have to be settled separately. If FCI formcraft invoice® finds the word “geriatrics” or “rehabilitation” on the invoice, it will post the item to the correct processing group. Susanne Egersdörfer, IT application manager: “This is a very elegant solution. We do not only save time, but posting is also much more precise. In the past, one person devoted half a day to assigning invoice items to patients. Today, it takes only one hour.”

Moreover, FCI formcraft invoice® automatically determines the status of insured persons (private or non-private) with regard to invoice reductions. The problem with med. consultant’s invoices is that services that need to be assigned to private patients are not marked separately. But how should laboratories know that? Here as well, financial accounting employees had to manually divide individual items according to private and non-private patients, assign them to the corresponding cost centers in the hospital and post them.

Automated invoice reduction for private patients

By means of the identified treatment category, FCI formcraft invoice® now checks in the SAP ISH background whether or not a private patient is

involved. For this purpose, rules have been programmed in the invoice reading software resulting from contractual particularities between clinic and vendor. The exclusion of payments for private patient services is a specific rule that is programmed into the solution. There are other algorithms for special cases such as transfer and weekend treatments. FCI formcraft invoice® recognizes such cases due to the implemented rules, makes a stop at the item concerned and proposes an invoice reduction the user needs to confirm. “In the past, for instance, we needed to manually find the address data of private patients in the system and send them to the laboratory,” says Thomas Pfeifer. “Today, the software generates a reduction automatically and creates a rejection letter with all patient data, which I can send directly to the vendor via email. This saves a considerable amount of time and effort. Above all, we also save money thanks to the automatic recognition of private patients.” It sometimes

Who caused which costs and when?

The connection between the invoice reading software and SAP ISH is used to check whether the data was read correctly, to refine and coordinate this data and to support account assignments. The software does not only make a rough assignment of individual invoice items to specific cost centers, but assigns them automatically to patients or case-based order numbers. As a result, Thomas Pfeifer can specify in detail the costs of a specific patient over a specific period of time. “If, for instance, the costs get out of control in a department, I can tell the local doctor exactly who caused which costs and when. This was not possible in the past,” explains the head of finance.

In this way, the software also assists the hospital group on its road to more efficiency. The finance department uses the central overview



“Today, we can process 84 % of all FI invoices within a period of ten days – in the past, this percentage was much smaller.”

Susanne Egersdörfer,
IT application manager

happened in the past that such items were not identified and the clinic had to pay services that the private patient would have had to pay. Another example: if FCI formcraft invoice® identifies February 15 as treatment period and the patient was not in the clinic that day according to SAP ISH, the invoice will be reduced as well.

of all invoices to get the status information of an invoice at any time (amounts due or paid for specific services). Moreover, it is easier to comprehend the underlying cases and Thomas Pfeifer can immediately specify the daily costs of a patient for his clinic.

The SAP-integrated FIS/edc® invoice workflow is used for the in-house approval of invoices. Financial accounting triggers the release process from the FIS/edc® invoice ledger. Approximately 220 appro-



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Rotkreuzkliniken Süd

The Rotkreuzkliniken Süd hospital group consists of 5 hospitals located in Munich (2), Würzburg, Lindenberg, Wertheim and Oberstufen. General partner is the Schwesternschaft München vom Bayerischen Roten Kreuz e.V. (Sisterhood Munich of the Bavarian Red Cross association). Rotkreuzklinikum München is a hospital focusing on specialized care and an academic teaching hospital of TU München (Munich Technical University). Eleven departments are centrally located in the district of Neuhausen-Gern (Nymphenburger Straße). The Frauenklinik (gynecological hospital) located on Taxisstraße also belongs to Rotkreuzklinikum München and is the hospital with the highest birth rate in Germany. It has a neonatal intensive care unit and hosts a breast center as well as the departments of diagnostic radiology, prenatal medicine and plastic surgery. The geriatric rehabilitation department is an independent unit of Rotkreuzklinikum München. The group also includes Rotkreuzklinik Würzburg, a practitioner hospital with eight medical departments, as well as clinics in Lindenberg and Wertheim focusing on basic and standard care.

FIS GmbH

FIS Informationssysteme und Consulting GmbH is an independent company with approximately 500 employees focusing on SAP projects. FIS, an SAP full-service provider, works on all hardware platforms released by SAP and, as an internationally operating SAP VAR partner with "Gold" status, concentrates on the "industrial" and "technical wholesale" sectors. FIS develops separate solutions that can be used independently or complement and enhance the SAP standard software products. All software systems and tools offered by SAP are consulted, supported and licensed by FIS GmbH.



vers can be found in the hospital group. From FIS/edc®, they receive an email with a link to the image of the digitized invoice stored in SAP. They can release the invoice or, if specified in the workflow, pass it on to the second approval. The FIS/edc® processing history shows in which processing step the invoice can be found. In this way, the entire approval process is logged. Specific approval steps and processes have already

been pre-installed in FIS/edc®.

Invoices with purchase order reference from SAP MM are not subject to an approval test and can be posted in the background – provided their quantities or prices do not differ from the purchase order. In 2011, 46 % of all vendor invoices had this purchase order reference, 60 % out of these could be posted in the background.

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