



## CommerceHealthcare®

# Best Practices for Using Virtual Credit Cards

The Accounts Payable (AP) function in any organization is critical to its day-to-day business operations. However, the role it can play in that organization's strategic growth is often overlooked. A purposeful approach to AP can help create efficiencies that drive down costs.

CommerceHealthcare® works with AP departments to analyze their current procedures and identify opportunities to automate processes, capture costs savings and realize revenue streams. Working in tandem, they crunch numbers to build a business case for better payment solutions. An AP card, or virtual card, is often an effective payment solution for AP departments, targeting those suppliers with an annual spend between \$10,000 and \$1 million. The use of electronic payments via ACH, purchasing cards and similar electronic payments methods continues to grow due to the expensive nature of checks.

If you don't have a payments strategy in place yet, it may be time to consider how developing one could help your AP department become a key component in your organization's overall growth. When healthcare organizations embrace virtual card payments, there are several best practices that contribute to its success:

- 1 Leverage Technology** — Your organization can save time and money when it automates its AP functions. Some digital tools that create efficiencies include automatically sending remittance details, electronically reconciling payments, and real-time visibility to payment status.
- 2 Redeem Monthly/Quarterly Revenue Payments** — When paying with a virtual card, a portion of it goes to the transacting bank which ultimately comes back to you. You should collect that revenue as soon as the bank will allow, which is typically monthly or quarterly.
- 3 Work with a Dedicated Enrollment Team** — The AP department can create more efficiencies when more suppliers are enrolled in the virtual card program. For example, the CommerceHealthcare® enrollment team proactively calls and explains the benefits of virtual card payments to encourage suppliers to enroll in the program. They also continue outreach as healthcare organizations obtain new suppliers.



#### 4 Offer Alternatives:

- **ControlPay Exchange (CPX ACH)** is an enhanced, revenue generating ACH payment type accepted by a group of healthcare suppliers who are part of the GHX payment network, leveraged by over 1,300 hospitals nationwide.
- **Manual AP** (also known as proxy payments).
- **Closed loop networks** allow for a negotiated interchange rate between CommerceHealthcare® and the supplier, and the supplier receives a reduced rate as compared to their existing merchant agreement.
- **Straight through processing** enables the buyer to generate the payment through its virtual card and the supplier receives the deposit into its merchant's bank account.

Offering an experienced perspective on receivables, payments and lending, CommerceHealthcare® delivers innovative financial solutions to meet the unique needs of healthcare organizations and their patients. Our team of specialists takes time to understand your processes, then recommends tailored strategies for optimizing revenue, improving cash flow and creating better patient experiences. Our high-touch services and growing suite of solutions solve challenges across the payments continuum while streamlining receivables management and offering patient financing options. As trusted advisors, we are committed to seeing your organization thrive by helping you navigate today's complex financial environment.

#### Case Study Snapshot

Operating a multi-location health system is no easy feat, especially when you set high standards, like American HealthCare in Virginia. The award-winning organization is continuously challenging itself to streamline back office operations. Exploring automated AP solutions led Robbie Dalton, CFO, to CommerceHealthcare®.

The CommerceHealthcare® team quickly implemented an automated AP solution. The team provided technical support and payments experience that yielded immediate financial benefits. With ongoing supplier enrollment and program evaluation, American HealthCare earned sizeable annual revenue share payments.

"One of the more tangible benefits of working with Commerce is earning monthly revenue share by replacing paper checks with electronic card payments," said Dalton.

“We found immense value with the ongoing supplier enrollment. It continues to **augment our revenue share payments**, which we use to **improve our facilities and add technology that enhances the patient experience.**”

– Robbie Dalton, CFO  
American HealthCare

