SPEND MEND

THE 7 MYTHS OF A SPENDMEND RECOVERY AUDIT

MYTH #1

"I don't' have the bandwidth to kick-off a Recovery Audit right now."

Most healthcare professionals are extremely busy managing through COVID-19 in addition to working on essential projects like an ERP conversion, merger, staff re-org, GPO project, business initiative, etc.

The thought of taking on another project, especially right now, seems impossible. A Recovery Audit with SpendMend doesn't require a significant commitment to get started.
We have been doing this for 28 years; and we are currently serving over 100 major U.S. Health Systems. To launch an audit, you need to invest less than 2 hours of IT and AP support, combined We provide prebuilt templates to extract data from pretty much any environment.

In the words of one CFO representing a Top 20 U.S. Healthcare client, "I'm not aware of any other project I can run that will take me 2 hours to get started and deliver millions of dollars within a few months."

MYTH #2

"There aren't enough dollars to justify all of the effort."

Based on our most recent benchmarking survey of over 100 major U.S. Health Systems, we are recovering .125% of annual spend for our clients.

In typical years, health systems that don't work with SpendMend are losing out on up to $1.25 million per every $1 billion of annual spend. Those dollars alone should more than justify the effort it takes to perform a Recovery Audit.

In the past year, we have seen a sharp increase to approximately .17% in recoveries due to challenges relating to the COVID-19 pandemic. That translates into a staggering $1.7M per every $1B in annual spend and climbing.

MYTH #3

"The project takes too much time and too many resources."

We do not take up your time – we give time back to you. Based on the results of our annual client benchmarking survey we have observed where we consistently reduce transaction errors by over 40% within tone year of an audit, and over 50% within two years of an audit.

By digging into the root cause of each recovery, we're able to provide you with recommendations for improving processes and controls.

The increased efficiency accounts for a significant reduction of FTE hours per week, per employee, based on the avoidance of ongoing transaction reviews, error corrections, remediations and ALL the related communication with suppliers and other departments to support these efforts.

MYTH #4

"We don't have an issue. We have solid controls, and our Internal Audit group reviews our systems/processes".

We agree. If you're anything like our clients you have great people, world-class systems, solid controls, and you're operating at an extremely efficient level. But keep in mind, our clients operate at over 99.9% accuracy – and that still equates to an average of over $1.25M in recoveries for every $1B spent per year.
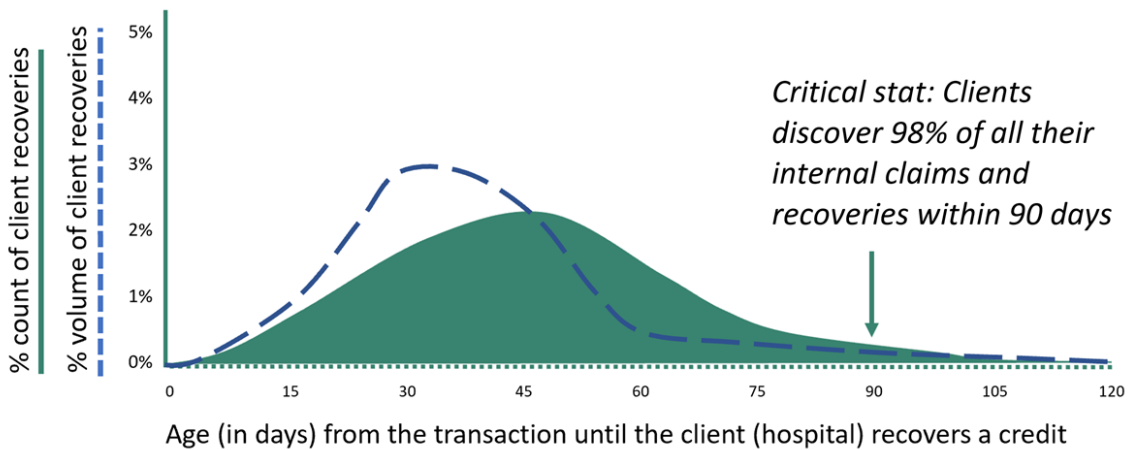
MYTH #5

"We'll find all of these credits on our own. We don't need an outside firm."

Our benchmarking data shows that hospital accounting departments consistently find 98% of all the credits that they will ever find within 90 days of the transaction date.

In other words, if the AP group doesn't discover a credit within three months – there is almost no chance that they will ever find it. Do not overlook that long tail of claims and recoveries – it's worth millions of dollars and full of root-cause analysis and other insights about when and why your processes fail.

The chart below is based on millions of data points from our annual client benchmarking survey.

Critical stat: Clients discover 98% of all their internal claims and recoveries within 90 days

Age (in days) from the transaction until the client (hospital) recovers a credit

MYTH #6

"We can wait until next year!"

Waiting to start a Recovery Audit will always, and without exception, cost your organization hundreds of thousands of dollars – if not millions. This money comes right out of your health system's bottom-line.

Every day you wait, costs you money. Your vendors, team members and other departments within your organization are making decisions every day that will unintentionally lead to financial leakage throughout your health system's records.

There are simple ways to prevent this.

MYTH #7

"Recovery Audit firms don't fix the problem."

SpendMend's goal is to improve our client's process. Our focus is on reducing error rates. Observe in the annual client benchmarking report below the distribution of claims in the 1st, 2nd and 3rd years of SpendMend audits.
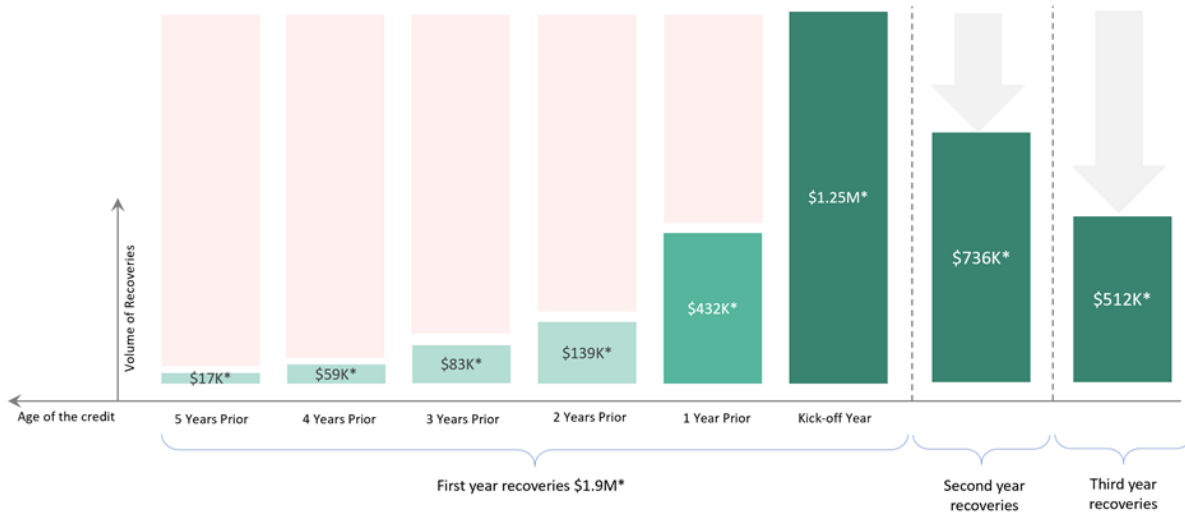
SpendMend clients experience a 41% reduction in transaction errors by the second year of their audit and a 59% error reduction by the third year.

Conclusion

Done correctly, recovery auditing can deliver a great deal of dollars, time, and insights to your company. We recommend that you engage a firm that can help you reclaim overpayments, while also delivering insight and visibility into why the financial leakage was occurring in the first place. Without gaining context into why the problem has occurred, your ability to exert control over your process is severely challenged and limited.

Your Mission In Our Mission

At SpendMend, we strive to help hospitals improve patient care through the delivery of innovative cost savings solutions, insightful transaction analysis, and improved visibility across business relationships.