

New Package of Services at PNC Bank Addresses Healthcare Industry's Electronic Payment and Remittance Dilemma

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PNC Bank Treasury Management unveiled its e-Healthcare Service, a new package of services designed to help the \$1.2 trillion dollar national healthcare industry comply with the federal Health Insurance Portability and Accountability Act (HIPAA) by the mandated compliance date of October 2002 for electronic remittances. PNC Bank's e-Healthcare Service addresses the unique payment and remittance processing compliance challenges faced by both healthcare providers and payers.

"Our 700-plus healthcare clients are burdened with massive volumes of monthly transactions and mandated compliance with HIPAA within 16 months. We developed this package of financial processing services to help our clients migrate to electronic methods of transferring data that comply with the new federal standards," said Francine Miltenberger, chief executive officer, PNC Bank Treasury Management. "The key features of our e-Healthcare Service are advanced receivables technology and a capability to integrate with our client's existing patient accounting software."

Converting from paper to electronic processes may help providers (hospitals, physicians, rehabilitation facilities, etc.) and payers (commercial insurers, managed care plans, Medicare and Medicaid) alike reduce the high costs associated with processing paper claims and remittances. In addition, PNC Bank's e-Healthcare Service also addresses HIPAA mandates that patient-related information transmitted electronically be converted into a standardized format (ANSI 835 X12 version 4010).

"I know of no other financial institution that is doing what PNC Bank is doing for the healthcare community," said Kevin Cash, senior manager, Regional HIPAA Services Leader, Ernst & Young, LLP. "PNC is offering healthcare providers and payers a secure way of doing business in a manner similar to the way they will have to conduct the rest of their business under the new HIPAA regulations."

"Our healthcare clients may not have the resources or the time to develop the necessary infrastructure and technology. PNC Bank Treasury Management has made a multi-year, \$50 million commitment to core systems and technological advancements that serve as a strong foundation upon which we've built a whole host of new services," said Miltenberger. "Many of these services are designed to help our clients transition from a paper-based series of financial processes to a more streamlined electronic-based system. From managing receivables to bill presentment and payment, PNC has been working closely with our clients to develop and to refine processing offerings that meet their changing needs. It was through this kind of collaboration with our clients that e-Healthcare was born."

PNC Bank's e-Healthcare Service begins with a national lockbox network for collecting paper and electronic payments for healthcare providers; disbursement services to deliver payments along with an explanation of benefits (EOB) for payers; wire, automated clearinghouse (ACH), electronic data interface (EDI) and check-clearing infrastructures to move money and data; and online information reporting.

"Our e-Healthcare Service includes PNC Bank's A/R Advantage, our suite of advanced receivables capabilities that uses technologies such as full-color imaging, voice recognition and barcodes to expedite processing of paper payments. In addition, same-day Internet access to all receivables information enables delivery of this information to our clients as fast as it is processed," added Miltenberger.

With the passage of HIPAA, healthcare providers are required to recognize, understand and work effectively with the variety of electronic or paper-based remittance formats used by multiple payers otherwise, providers must outsource their payment processing. PNC Bank addresses this challenge through a strategic alliance with HealthLogic Systems Corporation, a healthcare information clearinghouse.

"The system built by HealthLogic uses 'expert systems' technology to emulate the knowledge of an expert business manager, giving computers the ability to perform in much the same manner as a very knowledgeable human being," explained George Floyd, CEO of HealthLogic Systems Corporation.

"Evaluation criteria and decision rules are implemented in logic tables and decision trees that enable our software to process healthcare transactions on virtually an unlimited number of potential scenarios",

continued Floyd. "Our unique approach provides for rapid assimilation of process rules and expedites very complicated transaction translation, formatting, posting and reporting. As a result, the provider's staff may focus on exceptions management and follow through which improves the timing and amount of cash collections. Results can be interfaced directly to host patient accounting systems and can be managed via our secure Internet portal."

HIPAA also impacts the payers who are challenged by large amounts of data that must accompany each payment. PNC Bank's e-Healthcare Service generates electronic disbursements and corresponding remittance information as electronic (EDI) transactions in the mandated HIPAA format, and then translates those transactions into a format that is acceptable to the providers' patient accounting systems.

"We've worked to fit all of the pieces of the healthcare payment and remittance puzzle together to meet the needs of both providers and payers, seeking strategic relationships when appropriate and developing advanced receivables solutions that transcend the traditional focus of a financial institution," said Miltenberger. "Meeting these HIPAA mandates on electronic remittances may seem overwhelming, but PNC Bank has done the lion's share of the work in developing the infrastructure and technology. Healthcare providers and payers need to know that a comprehensive solution is within their grasp."

Since its inception in 1990, HealthLogic Systems Corporation has pioneered the development and implementation of electronic remittances, first with active participation in finalizing the original ANSI 835 standard, and later with taking a lead in implementing ANSI transaction sets for Claims (ANSI 837), Eligibility (ANSI 270/271), Claims Status (ANSI 276/277) and secure document imaging using OCR for data extraction. Serving over 700 healthcare providers nationally and processing over 500 million transactions in 2000, HealthLogic has its primary clearinghouse office in Atlanta, GA, with field offices in Florida, Texas, Ohio and California. <http://www.hlsc.com/>

PNC Bank Treasury Management is a business unit of PNC Bank, which is a member of The PNC Financial Services Group, Inc. PNC Bank is one of the top ten treasury management providers in the nation, maintaining its position as an industry leader with a diverse mix of advanced products and services. PNC Bank Treasury Management helps companies manage their finances by integrating their receivables, payables, investment and information reporting activities into one streamlined system. The PNC Financial Services Group, Inc. (NYSE: PNC), headquartered in Pittsburgh, is one of the nation's largest diversified financial services organizations providing community banking, corporate banking, real estate finance, asset-based lending, wealth management, asset management and global fund services.

[FACT SHEET TO FOLLOW]

Visit PNC Bank Treasury Management on the Web at
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This article includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to PNC Bank's e-Healthcare Service product, including statements regarding the expected rollout, performance and benefits of the product and future product developments. Forward-looking statements are typically identified by words such as "anticipate," "expect," "plan," "explore," "continue," "maintain," "position," and "potential," by future or conditional verbs such as "will," "would," "should," "could," or "may," or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and PNC assumes no duty to update forward-looking statements.

The following factors, among others, could cause actual results to differ materially from those anticipated in forward-looking statements: PNC's ability to introduce the e-Healthcare Service when and as described and its ability to continue development, introduction, and implementation of its products and services as planned; the degree to which customers and potential customers accept the products; changes in the competitive market in which the services will operate; the impact, extent, timing, and cost of technological changes; risks associated with the commercial use of the Internet generally; undetected software bugs; and possible product liability claims. Additional factors that can affect forward-looking statements are identified in PNC's SEC reports, which are accessible on the SEC's website and on PNC's website.

PNC BANK E-HEALTHCARE SERVICE FACT SHEET

Objective:

To provide the healthcare industry with services that will significantly and positively impact cost and efficiency in connection with remittances and payments. PNC Bank will help clients migrate from

traditional paper-based remittance advices and financial transactions to streamlined electronic transmissions, while meeting the requirements for standard formats of electronic transactions of the Health Insurance Portability and Accountability Act (HIPAA).

Benefits For Healthcare Providers:

- Saves time and costs associated with manual posting of patient remittance advices
- Significantly reduces the number of posting errors and the time spent correcting them
- Provides quicker access to exceptions information
- Reduces costs of paper storage and retrieval
- Saves time and costs associated with manual reconciliation of remittance data with payment data
- Creates a standardized data format that complies with HIPAA requirements

Benefits for Healthcare Payors:

- Reduces administrative time and cost by using a single source of contact for data and payment origination
- For payors paying through the Automated Clearing House (ACH) system, reduces costs associated with issuance of checks: paper stock, paper work, bank fees for processing, reconciliation and storage
- Reduces time and costs associated with lost checks: research, stop pays and inquiries

Common Payment/Remittance Challenges Faced By The Healthcare Industry:

- Large quantity of data must be attached to most healthcare bills and payments
- High cost of processing paper-based bills and payments
- Compliance with HIPAA regulations on standard format of electronic transactions by October 2002

Technical Features:

- Converts remittance data and payment information into electronic format meeting HIPAA requirements
- Re-association of remittance data with payment data to create a file that can be automatically integrated into the patient accounting system
- National lockbox network for collecting remaining paper payments
- Infrastructure for wire transfers, ACH transactions, Electronic Data Interchange (EDI) and check-clearing to move along with data
- Images of lockbox documents available same day, online

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