

U.S. Department of Veterans Affairs Chooses PNC Bank to Automate Insurance Payment Processes for Veterans' Health Care

-- Agreement intended to improve efficiency and comply with Oct. 16 HIPAA deadline --

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PNC Bank, a member of The PNC Financial Services Group, Inc. (NYSE: PNC), is working with two federal agencies to automate the processing of health care insurance claim payments and associated data for veterans receiving treatment for non-service-connected conditions in more than 1,100 veterans' medical facilities nationwide. PNC Bank has entered into an agreement with the U.S. Department of Veterans Affairs (VA) and the U.S. Department of Treasury's Financial Management Service to automate this process.

Under the agreement, PNC Bank's Treasury Management division, the ninth largest in the nation, will provide the technology and expertise to help the VA convert its paper-based payment and remittance advice processing associated with an estimated 10 million claims annually to electronic, computer-based processing. This is intended to expedite payment turnaround, reduce administrative costs and help the VA to comply with federal Health Insurance Portability and Accountability Act (HIPAA) requirements. All health care providers that process health care claim payment and remittance advice transactions electronically must comply with the HIPAA standards for those transactions by Oct. 16, 2003.

"All of us at PNC are proud to work with the VA and Treasury Department," said James E. Rohr, chairman and chief executive officer of PNC. "We are enthusiastic about this opportunity to leverage our highly skilled employees, advanced technology and health care experience to create a customized solution to help the VA function more efficiently and effectively and better serve the medical needs of our nation's veterans."

The VA interacts with 1,675 payers in the country and provides medical care for U.S. veterans at more than 1,100 hospitals, nursing homes and clinics nationwide. PNC Bank was chosen as the financial agent for this project because of its combined expertise in technology, health care, electronic funds transfers and information security/customer privacy. PNC Bank is now positioned to help health care providers and payers comply with HIPAA.

"With more than 1,100 health care clients nationwide, PNC Bank has developed the expertise and services to help the VA and other health care payers to migrate from traditional, paper-based processes to streamlined electronic processes," said James Graham, executive vice president, and head of PNC Bank's treasury management business, which will implement the VA agreement. "By leveraging our investments in leading-edge technology, we have developed solutions for both non-profit and for-profit health care systems, Medicare and Medicaid intermediaries, Blue Cross Blue Shield plans and commercial and other payers."

Benefits of PNC Solution

With a designated national health care team led by Jeffrey Troutman, vice president and director, the Treasury Management division of PNC Bank has been supporting health care providers and payers to re-engineer workflows and help reduce the costs associated with handling massive volumes of monthly medical transactions for more than 10 years. According to Troutman, the VA, as a provider, has engaged PNC Bank to offer the following benefits:

- Use of one electronic file transmission standard to comply with HIPAA requirements and send balanced medical claim remittance advice data and payment information to all VA facilities, resulting in a more efficient method compared to paper-based processing.
- Reduce the time spent correcting manual inaccuracies and focus on true exceptions.
- Reduce the time and costs associated with the VA's manual processing of insurance payments and data and the enrollment of health care payers.

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The PNC Financial Services Group, Inc., headquartered in Pittsburgh, is one of the nation's largest diversified financial services organizations, providing regional community banking; wholesale banking, including corporate banking, real estate finance and asset-based lending; wealth management; asset management and global fund services.

SOURCE: The PNC Financial Services Group, Inc.

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