ENTERPRISE MANAGEMENT AND SUPPORT IN THE HEALTHCARE INDUSTRY

The Healthcare Industry

Healthcare facilities worldwide are struggling to adapt to a new market environment that demands intense focus on measuring and managing costs. For example, healthcare policies and reimbursement systems are changing dramatically as countries attempt to control rapidly escalating healthcare expenses. Reimbursement systems are evolving toward capitated rates based on population, as well as toward fixed fees based on expected costs per diagnosis and procedure. These changes translate into decreased revenue. At the same time, hospitals face increased competition for patient resources. To reduce costs, patients increasingly receive care in non-acute settings, and insurers are becoming stricter about minimizing the lengths of expensive hospital stays. Meanwhile, patient expectations regarding information access, quality of care, and wait times are rising, placing additional burdens on healthcare facilities. To survive, hospitals must find ways to adapt to this changing environment.

Reimbursement system changes and increased competition mean that hospitals also have to manage ever-tighter budgets. And to effectively plan and administer budgets, they need increased transparency of costs and revenue – per unit, provider, patient, and procedure. In addition, hospitals need to find ways to lower total cost of ownership and increase the effectiveness of IT investments, as well as reduce process costs and improve treatment efficiency. Hospitals also face a myriad of regulations and legal requirements that change frequently, such as the U.S. Health Insurance Portability and Accountability Act (HIPAA), and they must be able to adapt quickly and generate reports to demonstrate compliance. At the same time, the growing acceptance of integrated care and the establishment of healthcare networks are leading to new levels of data sharing between hospitals, other service providers, suppliers, and insurance carriers.

For more than 10 years, SAP has helped organizations in the healthcare industry meet their goals. SAP offers comprehensive solutions that are specially tailored to address the unique requirements of this industry. mySAP™ ERP is a key element of SAP® solutions for healthcare, providing support for financials, operations, human capital management, and corporate services as well as all complex business processes associated with patient management, ambulatory care management, billing and collections, procurement and inventory, time management, cost management, and collaborative care.

Enterprise Management and Support in the Healthcare Industry

mySAP ERP offers capabilities that help healthcare organizations reduce costs, increase efficiency and effectiveness, streamline patient management and services, meet new data and reporting requirements, and improve decision making.

Financial Analytics and Management

As hospitals and other healthcare organizations struggle to stay profitable, they can benefit from tools that help measure and control costs and design and manage budgets. mySAP ERP delivers a comprehensive solution for financial management that offers functions such as the following:

- **Budgeting** – mySAP ERP supports traditional budgeting, rolling forecasts, and collaborative planning that involves departmental and divisional managers. The solution allows organizations to update budgets more frequently; meet changing business conditions; and combine traditional, bottom-up budgeting with top-down strategic planning. An analytical planning workbench allows healthcare organizations to model

budget scenarios, and detailed cost overviews help ensure accurate budgeting. All planning functions are integrated with each other and with balance sheet, income statement, and cash flow planning.

- **Financial and management accounting** – mySAP ERP provides valuation and recording of financial data as the basis for all cost- and revenue-related reporting, while simultaneously staying reconciled with financial accounting. As a result, accountants can maintain a consistent, reconciled, auditable set of books for statutory reporting and management support.

- **Financial supply chain management** – Available financial supply chain management capabilities provide healthcare organizations with greater visibility of working capital and costs, as well as defined business policies and shared services to handle all patient-related and supply-chain-related financial processes. The solution reduces the working capital tied up in an organization and enables accurate cash management.

- **Cost and profitability management** – mySAP ERP supports cost and profitability management with functions that simplify assignment of overhead costs, management of the costs incurred by products and services, and profitability analysis of products and services.

mySAP ERP also provides comprehensive strategic enterprise management (SEM) capabilities, which enable healthcare organizations to implement new strategies, manage performance throughout the enterprise, and simulate budgets based on the diagnostic related groups (DRGs) treated by the different departments. SEM functions enhance the accuracy and sophistication of financial plans and forecasts while simplifying budgeting and planning processes. The solution allows organizations to update budgets more frequently, meet changing business conditions, and combine traditional, bottom-up budgeting with top-down strategic planning. In addition, the solution encourages a more collaborative budgeting and planning process that involves departmental and divisional managers.

Procurement and Supplier Relationship Management
mySAP ERP helps healthcare facilities reduce inventories, lower internal and external procurement costs, and analyze material consumption on a patient level for better decision making. Specifically, the solution improves procurement processes by facilitating plan-driven and ad hoc purchasing, complete inventory management, and intelligent reporting on all procurement activities. In addition to providing supplier relationship management tools that integrate the internal clinical supply chain, mySAP ERP enables supplier selection and qualification, contract negotiations, bid invitations, and vendor evaluation. The solution supports not only traditional processes such as requisitioning, purchase order management, and invoice verification, but also innovative features such as self-service requisitions. Support for process variant optimization allows individual categories of material or services to be procured in the most appropriate way.

Patient Management
In conjunction with the SAP Patient Management application, mySAP ERP supports the management of all aspects of patient care, billing, and insurance processing. The application provides diverse capabilities, such as personalized, role-based work environments for all

hospital departments and staff – employees can enter data directly into the system as services are performed and carry out diverse activities such as scheduling of beds and classifying of patients. In addition, staff can requisition care-unit and case-related materials through an online hospital catalog; requested supplies and drugs are directly reflected in the cost-center accounting and cost-object accounting areas of mySAP ERP.

With SAP Patient Management, all patient-related data is stored centrally so it is accessible at any time and from any location, which reduces data redundancy and enables instant access to patient-related financial data for statutory and internal control reporting requirements. To foster collaboration across healthcare networks, the application enables Web-based cooperative handling of business processes and patient information. For example, information can be selectively shared between hospitals, medical doctors, rehabilitation centers, and payors. In addition, the solution supports all methods of billing and offers a flexible set of rules for determining possible billing rates.

In addition, mySAP ERP and SAP Patient Management together help healthcare providers improve financial operations associated with patient billing. The real-time integration of patient data decreases redundant data throughout the organization, reduces the likelihood of transaction errors, and speeds payment handling. Patients, healthcare providers, and third-party payors benefit from improved accuracy and rapid processing.

Application and Data Integration

mySAP ERP is powered by the SAP NetWeaver™ platform, which allows a healthcare organization to integrate an array of disparate hospital IT systems while lowering the total cost of IT ownership. SAP NetWeaver easily integrates data and applications – including SAP, non-SAP, and legacy systems – and is interoperable with key technology standards, including Java 2 Platform, Enterprise Edition (J2EE) and Microsoft .NET. By integrating existing applications, processes can be linked so that, for example, a hospital may only need to ask patients for their personal information once; the information can be automatically populated across diverse systems used by doctors, the hospital lab, the patient registration office, and billing. Enterprise portal capabilities (available through SAP NetWeaver) deliver a unified view of key information aggregated from systems throughout a healthcare organization so that employees have information at their fingertips.

ELECTRONIC DATA TRANSFER
The SAP Exchange Infrastructure component of the SAP NetWeaver platform enables the integration of collaborative processes across multiple application components within and beyond enterprise boundaries so that, for example, hospitals have secure and reliable electronic data transfer with insurance companies. Processes are integrated using standards-based XML messaging, and all related information is modeled using Web services standards.

MASTER DATA MANAGEMENT
The SAP Master Data Management component of the SAP NetWeaver platform provides capabilities that allow data stored in legacy and non-SAP systems to be easily extended to mySAP ERP. Hospitals can store, augment, and consolidate master data while ensuring consistent distribution to all systems and applications within the IT infrastructure, as well as

externally to insurance companies and other healthcare facilities. Working across heterogeneous systems at multiple locations, SAP Master Data Management leverages existing IT investments in business-critical data, delivering vastly reduced data maintenance costs. This in turn facilitates successful collaboration across diverse business processes and with external organizations, reduces IT integration costs, and improves decision making.

DATA ANALYSIS AND REPORTING

With the SAP Business Intelligence (SAP BI) component of the SAP NetWeaver platform, healthcare facilities can determine which clinical processes drive costs, understand where revenues come from, and detect and analyze deviations early. A strong data warehousing infrastructure enables organizations to collect massive amounts of data from both internal and external sources (both SAP and non-SAP), as well as to combine data from multiple hospital locations, and then quickly generate summaries that improve decision making at every level. Highly flexible reporting displays data in easy-to-handle reports tailored for the various employee roles, such as head physicians and medical controllers, ensuring that employees have easy access to exactly the information they need to do their work.

Regulatory Compliance and Corporate Governance

Many of the business processes used within healthcare facilities support legal requirements such as HIPAA. In addition to adapting to constantly changing regulations, hospitals also face close scrutiny of their financial records, environmental processes and safety precautions, labor law compliance, and supply security. Management must be able to demonstrate compliance and good faith through accurate and detailed reporting of records. mySAP ERP improves corporate governance by providing functions that centralize the documentation of internal controls to help manage compliance. These include online controls for internal and external auditors and the ability to export data to auditing software, enabling detailed insight into various audit functions and supporting faster, more accurate reporting.

Human Capital Management

mySAP ERP delivers a comprehensive solution for human capital management (HCM) that increases efficiency, reduces costs, and boosts employee satisfaction. Employee life-cycle management functions support employees through every phase of their employment with an organization, from recruitment to promotions, and maximize the impact of training and continuing education programs. Employee transaction management functions help streamline and integrate essential HCM processes, including administration, payroll, time management, and legal reporting. And time management functions within mySAP ERP support healthcare facilities with large numbers of specialized employees working in varying shifts. With support for legal and pay-scale regulations for different classes of employees, as well as individual contractual specifications and internal company rules, mySAP ERP helps ensure that employees meet a facility's requirements in a cost-effective way without the need for undue workloads.

Environment, Health, and Safety

mySAP ERP offers environment, health, and safety management features that support hospitals' efforts to protect the welfare of patients and staff, as well as ensure safe handling of medical waste. The solution centralizes waste management functions, and waste management

partner integration ensures visibility into transportation, disposal, and manifest completion. With support for managing employee hygiene and safety, including standard operating procedures, risk assessment, incident/accident logs, exposure profiles and compliance reporting, hospitals can better track and manage incidents such as needle sticks.

New and Enhanced Capabilities for the Healthcare Industry

mySAP ERP offers several new and enhanced capabilities that improve operations in the healthcare industry.

Self-Services and Role-Based Access

mySAP ERP provides new self-service capabilities and roles that empower hospital employees to focus on patient care and strategic tasks instead of administrative paperwork. These include the following:

- **Employee self-services** – mySAP ERP offers a comprehensive set of employee self-service capabilities, including time and expense management, travel planning, benefits selection, personal information updates, and purchasing, that can be easily accessed through the Web or mobile devices. These services eliminate duplicate data entry, increase data accuracy, and reduce costs.

- **Manager self-services** – mySAP ERP helps managers fulfill their cost and budget responsibilities, including annual budget planning, budget monitoring, cost analysis, service requests (for correcting postings, for example), and more. The solution also provides managers with decision support and support for cost management tasks.

- **Purchasing agent role** – The purchasing agent role within mySAP ERP provides status information for procurement processes on a single portal page. Purchasing agents can easily address routine functions, such as assigning sources to requisitions or converting requisitions to orders, and better focus on strategic activities such as improving supplier relationships.

- **HR executive role** – The HR executive role provides a central point of access to all relevant information that supports strategic HR decision making. HR staff can subscribe to key data that meets their interests, navigate to original data sources, monitor key figures, and receive alerts.

Consolidated Financial Reporting

New consolidation functions in mySAP ERP enable efficient collection of data from internal and external accounting and ensure the necessary quality and detail of the data. These functions facilitate an almost fully automatic creation of consolidated financial statements for a broad spectrum of accounting methods, and they do so in compliance with various generally accepted accounting rules. External and internal group reporting for groups of healthcare facilities is based on shared, consolidated data, eliminating time-intensive reconciliation and synchronization of different sets of data.

Why mySAP ERP in the Healthcare Industry?

With more than 800 healthcare installations worldwide, SAP offers proven solutions, best practices, and a strong return on investment. Hospitals can use mySAP ERP as the cornerstone of a comprehensive healthcare solution that integrates clinical processes, patient services, and back-office processes. And because the solution is powered by SAP NetWeaver, healthcare organizations benefit from a single, integrated software foundation for all of their IT systems.

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