

# Sarbanes-Oxley and Merchant Services: Are You Taking Too Many Risks?

Sarbanes-Oxley compliance is on the mind of every hospital financial employee, but perhaps none more so than the patient finance staff and cash posters who are engrained in the daily, labor-intensive efforts to maintain quality, timely healthcare financial reporting.

The bulk of the Sarbanes-Oxley Act is intended to regulate financial practices and corporate governance for public companies, although some provisions also apply to privately held organizations. While for-profit hospitals are required by law to follow all Sarbanes-Oxley regulations, many nonprofit hospitals are voluntarily following suit to strengthen internal financial management and reporting.

## Sarbanes-Oxley in Revenue Cycle Management

Sarbanes-Oxley has become a key consideration for hospitals leading the charge in efficient and effective revenue cycle management technologies and processes, including merchant payment processing services. With more merchant services options than ever before, it takes greater diligence to find a merchant services vendor that can provide the best combination of cost, convenience, consistency, and compliance.

The right merchant services agreement can help hospitals reduce the risk of Sarbanes-Oxley violations in coordination with an integrated revenue cycle management improvement strategy — saving time, legal costs, and financial burdens.

## Four Ways to Mitigate Sarbanes-Oxley Risks With Merchant Services

### 1. Empower Audit Oversight and Quality

Compliant and ethical auditing is a significant component of Sarbanes-Oxley, which sets strict requirements for the structure of internal audit committees separate from the management team or board of directors, along with guidelines for selecting independent external auditors.

External auditors rely on clear, accurate, and complete financial reports to judge the hospital's finances and accounting practices. Comprehensive merchant services can streamline a hospital's accounting practices — giving cash posters real-time insights into payments as they are invoiced, processed, deposited, and posted. With increased transparency into all payment activity, hospitals can generate more accurate, real-time financial reports for submission to internal and external auditors.

### 2. Reduce Manual Errors and Improve Accuracy With Automatic Reconciliation

Hospitals that rely on manual reconciliation of payer payment data with internal billing records incur higher labor costs, are subject to error-prone processes, and assume greater risk of reporting inaccuracies.

A merchant services program with automatic reconciliation capabilities can intelligently match payment data from the payer with the amounts and information in billing records to confirm payments are accurate and then notify the patient finance team of any outstanding charges. With transparency into when each payment posts, hospitals can be confident in the accuracy of their financial reports.

### 3. Increase End-to-End Information Security

While Sarbanes-Oxley does not directly regulate information security, enhanced security initiatives and technology can indirectly assist in compliance efforts and are a major focus of secure payment processing through healthcare merchant services.

Updated physical payment hardware and secure online payment portals that are equipped with capabilities like EMV compatibility, point-to-point encryption, and tokenization help to secure payment information at the point of collection and throughout the payment environment. Enhanced payment information security will mitigate the risk of fraud and data breaches to keep hospitals in sound financial health.

Additional IT security controls outside of payment data protection can contribute to earlier detection of suspicious account activities to warn hospitals of potential fraudulent behaviors, helping to maintain other legal and regulatory requirements. More stringent IT security goes beyond potential Sarbanes-Oxley benefits, instilling more trust and confidence in financial data for better reporting and protecting hospitals from attacks like ransomware that can paralyze the entire operation.

### 4. Enhance Transparency With Accurate Payment Processing and Posting Records

Access to precise payment processing and posting records allows hospitals to generate accurate financial

reports based on real-time payment information. Up-to-date payment and reconciliation data also allow hospitals to make nimble decisions when disclosing financial issues or changes “on a rapid and current basis” as dictated by Sarbanes-Oxley Section 409 addressing Real-Time Issuer Disclosures.

Merchant services give hospital patient finance staff and cash posters real-time insights into which payments have processed that day and will be in the bank deposit, which payments will process the next day, and which prior-day payments are in that day’s bank deposit, allowing them to make timely posts to their accounting system.

## Ready for the Next Generation of Healthcare Merchant Services?

Health systems can realize other benefits from the technology and process improvements related to maintaining Sarbanes-Oxley compliance, including mitigated risk of fraud or financial abuse, increased trust and confidence among stakeholders and the public, and more sound decision making in the best financial interest of the organization.

If your health system is evaluating revenue cycle management technology for enhanced compliance, security, and engagement, consider payment solutions that can help to achieve multiple business-critical initiatives.

### About RevSpring

RevSpring is a leader in patient communication and payment systems that tailor engagement touch points to maximize revenue opportunities in acute and ambulatory settings. Since 1981, RevSpring has built the industry’s most comprehensive and impactful suite of patient engagement, communications, and payment pathways backed by behavior analysis, propensity-to-pay scoring, intelligent design, and user experience best practices.

RevSpring leverages “Best in KLAS” software and services to deliver over one billion smart medical communications each year that drive increased patient engagement and payment rates.



[www.revspringinc.com](http://www.revspringinc.com) | 248-567-7300 | [learnmore@revspringinc.com](mailto:learnmore@revspringinc.com)