

First National Bank of Vinita Taps into Healthcare Market with Healthcare Lending by ProfitStars®

“Very soon, the healthcare market is going to be a \$10 trillion industry,” predicts Dee Robison, CEO of First National Bank of Vinita (FNB Vinita). “If our bank can touch even just one one-hundredth of one percent of that number – our opportunities for growth will be virtually limitless.”

Few industries have seen as much progress in recent years as healthcare. From regulatory adjustments to billing and technology, the U.S. healthcare market is moving quickly. And yet, many financial institutions (FIs) refuse to enter the market.

“Most FIs don’t want to think about healthcare because they don’t understand it. But this is a very large market, and there’s a lot of opportunity here. If FIs would take the time to understand the problems facing healthcare systems, they’d see that there’s a lot of synergy between our two industries.”

FIs are uncomfortable with the unique aspects of the healthcare industry, like reimbursement rates and longer payment cycles. These issues can cause real problems for healthcare providers when it comes to accessing the working capital they need to operate on a day-to-day basis. Nearly 70% of healthcare providers surveyed by *Healthcare Finance* cited cash flow and reimbursement as their top concerns – with similar numbers saying waiting for payment is painful.¹

“Our cashflow is sporadic,” says Dennis Morris, Controller at Ozarks Community Hospital (OCH) Health System. OCH Health System works with FNB Vinita for its lending needs. “While we have government payers and a few others who pay on a regular basis, we have commercial payers who – quite frankly – can take quite a long time to pay, even if the claim is clean.”

OCH Health System is a privately-owned safety net provider that receives no public or private support. In spite of this, they’re still the lowest-cost healthcare system in the nation based on hospital and physician utilization by Medicare beneficiaries, according to the *U.S. News & World Report*. For them, cash flow is paramount.

“Because of our longer payment cycles, it’s important for us to secure an A/R line of credit so we can smooth out our cash flow and make sure we have enough funds to cover our day-to-day operation costs,” explains Morris. “Prior to working with FNB Vinita, we had incredibly burdensome reporting requirements in addition to some not-so-great terms. We were subjected to audits on a quarterly basis, which somebody had to pay for, and that somebody was us – so that expense wound up essentially being another fee that was tacked onto the loan.”

INSTITUTION

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WEBSITE

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ASSETS

\$435 million

BRANCHES

3

FOUNDED

1892

PROFITSTARS SOLUTION

Healthcare Lending, part of the
Commercial Lending Center Suite™

“We have a very secure, low-risk loan because of the payees we’re dealing with.”

Dee Robison
CEO, First National Bank of Vinita

¹Healthcare Finance: *Cash Flow, Reimbursement Are Biggest Challenges Facing Physicians in 2017, Survey Shows*. December, 2016.

FNB Vinita offered OCH a loan with transparent terms, which was something that their previous vendor did not. Robison says, "At FNB Vinita, we're finding opportunities with rural hospitals that have unfortunately been taken advantage of in the past. We want to do the right thing. We want to develop a better market with them."

"The customer service we've received from FNB Vinita has been outstanding," says Morris. "Since working with FNB Vinita, we've improved our position by maintaining cash flow. They're responsive to our needs, they offer us better terms than our prior lender, and they've relieved the reporting burdens we previously had."

With Healthcare Lending from ProfitStars®, FNB Vinita is bridging the gap between the services OCH Health System provides today and the reimbursements that won't come for weeks or months. FNB Vinita gives cash to OCH Health System for billed but unpaid insurance claims and can produce significantly higher yields than traditional lines of credit.

"Accounts receivable is the unique part of working with the healthcare industry," Robison explains. "All the accounts receivable and claims billed goes into a collateral management system. A third party measures that data for collectability, and calculates how much we can lend based on historical dilution and collection rates. Actual collections are received via lockbox that we control. That money comes straight to us, creating a closed loop and self-liquidating line of credit."

"When you think about it, we're not really loaning money to the hospital," Robison sums up. "We're loaning money to Aetna. To UnitedHealthcare, Medicare, Medicaid, Blue Cross Blue Shield. That's who's paying these invoices. We have a very secure, low-risk loan because of the payees we're dealing with."

With Healthcare Lending by ProfitStars, you can provide financing to the healthcare market, leveraging insurance and patient receivables. You can allow physicians, hospitals, clinics, surgical centers, and more to gain greater cash flow. And because it's built on the Commercial Lending Center Suite™ platform, you can track the funding relationship through an electronic borrowing base and supporting reports.

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