



**AN GLOBAL**

***Payment Automation Solution  
Saves Fortune 25 Company  
Tens of Millions Annually***

AN Global Team Learns Healthcare Payer Tax  
Code to Build Automatic Payment System

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# Results

100%

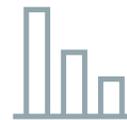
of taxes now accounted for



Automatic payments established within the billing system



A cost burden lowered by tens of millions of dollars annually



The project was completed \$800,000 under budget

# Solution

A Fortune 25 Pharmacy Benefits Management (PBM) company, the largest in the world, was taking on the full tax burden of all medications dispensed, costing the company tens of millions of dollars annually. The company needed a mechanism to automatically charge payers – entities that finance or reimburse the cost of health services such as insurance carriers and plan sponsors – their share of taxes.

AN Global was called on to learn the complicated tax code and develop automatic tax invoicing within financial IT systems and processes.

## Navigating Pharmacy Tax Codes

It wasn't until 2016 that the PBM was distributing taxes for medication they dispensed. Prior to that, they paid all taxes on invoicing.

The project to accurately distribute taxation required:

- Learning the many ways payers processed taxes
- Financial process audits
- Sourcing tax automation software
- Integrating tax software with financial IT systems
- Modifying all related workflows from shipment creation to payments receivable

Calculating and billing taxes wasn't as simple as sending a bill to market payers. The organization needed the right strategic partner, one who intimately knew (or could quickly learn) their financial processes and the relationship with their main ERP system – and who could develop within that system to automate payments.

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AN Global had been a preferred vendor for the PBM for over ten years, and was uniquely positioned to take on the project with process knowledge, technical expertise, and a solution-driven culture.

# The Challenge – Apply the New Tax Automation Software to All Financial Processes

## KEY CHALLENGES:

- Automate tax invoicing within existing financial workflows
- Learn the payer tax system to calculate tax allocation
- Account for multiple payer tax methods
- Ensure no financial process or treatment plan is disrupted

Healthcare payers do not have a universal method to pay taxes, nor are they directly responsible for the tax burden. The way pharmacy deliverables are taxed is that they fall to those who physically dispense and ship medication. It is then up to that entity to invoice payers.

A patient with pulmonary hypertension, for example, has a mixed treatment plan involving exercise, regular visits with a cardiologist, and medication. Many patients receive their medicine through the mail. If they are billed, it is only for a percentage of the total cost of the treatment. The rest of the cost burden, including taxes, falls on who dispensed the medication – the PBM.

The entire system is complex, involving thousands of treatment options for millions of patients with different providers. The PBM did not have a system to allocate tax billings, and was losing tens of millions of dollars in potential revenue.

They needed a way to automate tax billings within an intricate system of workflows, and account for the different ways that payers documented taxation. In addition, the organization required software to calculate the right amount of tax for each invoice, and tie it to patient data in the main ERP system.

# Choosing the Digital Strong Path

AN Global was involved with nearly every financial process in the main ERP system including:

- Invoicing
- Adjustments
- Denials
- Payments receivable

The team modified tables, screens, and workflows within each process – leading to the development of an automated tax allocation system. The team also ensured that all EDIs (electronic data interchange – how IT sends information from one system to another) were properly installed and modified.

AN Global divided the project into multiple phases in order to apply transparent deliverables and communicate the full scope of work. These phases included:



## 1. COMMUNICATE THE REQUIREMENTS

A process audit determined the services needed to tie ERP data with the tax automation software and patient data (PHI). This area involved subject matter experts in finance and specialty pharmacy processes, of which AN Global had both.



## 2. BUILD SERVICES

The team implemented the new tax automation software and updated finance workflows affected by the project. They developed EDIs within the main ERP system to account for all patient data and payer information.



## 3. CONNECT THE DOTS

Lastly, the team modified the ERP and performed a comprehensive QA; this involved creating tables and processes to apply tax allocation to payer invoicing, and involved modifying processes in payment receivables and adjustments to ensure that money was coming in.

## DIFFERENT METHODS PAYERS SEND TAX FORMS:

- A separated service code (\*S9999)
- Under a Kit or NDC line item (AMT\*T)
- Unspecified under revenue for partial or full payments

## Subject Matter Expertise

The main ERP system contains hundreds of applications with many more workflows. The customer relied on AN Global's knowledge of the system to ensure that every patient and financial workflow would be accounted for.

They relied on AN Global's technical lead, and subject matter expert (SME) in finance to flesh out the requirements and affected workflows. The SME provided research and documentation to cover all possible tax scenarios.

The SME also provided consultation, analyzing requests from business administrators and gave feedback as to whether or not the request would work in the overall project scheme.

## A35 Payments & The Different Methods Payers Use for Taxes

Not all payers process payments or data the same way. This was discovered by the AN Global team during the requirements phase.

After reporting their findings (and receiving approval), the team incorporated all potential methods of payer tax accommodation. Today, the system has been set up to automatically determine the specific tax amount to bill based on service codes. Depending on the code, the algorithm will either apply a specific formula per billable item, or distribute tax invoices for all items as a default value.

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100% of taxes are now correctly allocated: 70% of tax payment methods are currently covered, with the rest applying a default value. The result has been the full recovery of lost tax revenue.

## Delivered Under Budget & Without Issues

One of the main project concerns was the reaction of payers, who, up to this point had not been taking on any of the tax burden. The PBM set up a notification system to inform payers that they would start paying their share of taxes.

There were no issues with the payers. In addition, the project did not affect other workflows or regular financial processes. All medications were dispensed as usual, and the AN Global team designed, developed, and QA'd the new tax processes without impacting operations.

AN Global delivered the project \$800,000 under budget, solidifying our role as trusted advisors.

## WHY MORE FORTUNE 1000 COMPANIES TURN TO AN GLOBAL FOR SYSTEM INTEGRATION

The path to digital transformation involves a large investment and technology changes. AN Global ensures customers are prepared to meet those changes by optimizing their current systems and processes so that, when they do upgrade, they know exactly what to expect.

AN Global has been a partner of this PBM for over ten years, and has helped them save tens of millions of dollars in productivity benefits.

### SOLUTION AT A GLANCE

- Successfully implemented new automated taxation software
- 100% of taxes are now accounted for
- Modified ERP system to securely connect patient data with payer information
- Delivered the project \$800,000 under budget
- Prevented disruption to daily operations

# ***ABOUT AN GLOBAL***

AN Global has become one of the fastest growing success stories in digital transformation across the Americas. The Irving, TX headquartered company designs, develops, and implements software and solutions, from

advanced analytics and big data, to omnichannel commerce and cloud services. AN Global helps established and new leading companies thrive in the Digital Era across multiple industries including financial services, healthcare, retail, and consumer goods.

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