Case Study:
Building on a Successful B2C Payment Tool for Healthcare and Academia

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About UPMC

- 20 hospitals and 400 outpatient sites
- 3,200 physicians
- In FY15:
  - $12 billion operating revenue
  - $888 million per year in community benefits
  - $20 million in clinical research funding
About the University of Pittsburgh

- State-related research university founded in 1787
- 5 campuses, 4,442 full-time faculty/researchers, and 32,714 FTE students
- In FY15:
  - $714 million in federal grants (5th in NIH funding)
  - $2 billion in operating revenue
  - Landmark research: polio vaccine, first liver transplant, first man-made protein
Overview

- *WePay* is **prepaid card software**, initially designed for paying clinical research subjects.
- Jointly developed by UPMC and Pitt, starting in 2006.
- A tool that resolved many conflicting needs:
  - Participant anonymity vs. reporting requirements.
  - Decentralized operations vs. centralized accounting.
  - Consumer expectations vs. affordable, efficient payments.
- Today, expanding its use and redesigning its software.
How academic research works

Step by step (by step...)

- Wide variety of subjects—all rigorously managed
- Physicians or research staff submit applications
- Oversight and review of proposed study
- Assemble research team
- Recruit subjects
  - Paid and unpaid
  - Short- and long-term studies
  - Medicine, social science, education, & other disciplines
The beginning of *WePay*

A brief history

- **How it used to be**
  - At Pitt, more than 200 petty cash funds, plus gift cards and individual bank accounts
  - At UPMC, Accounts Payable took 3+ weeks to send out checks, plus petty cash and gift cards

- **Due diligence**
  - Reached out to top 20 NIH-funded universities...but no solutions were found
Reasons *WePay* is needed

- **Strict regulatory environment**
  - HIPAA
  - Patriot Act
  - Sarbanes-Oxley
  - Gramm-Leach-Bliley Act
  - IRS
  - Other federal agencies (FDA, DHS...)

- Risk of asset loss and fraud (internal and external)
- Ineffective oversight
- Better meet consumer needs
- Reporting for payments by study
- Accounting for study payments in an efficient, automated way
Partnership:
University of Pittsburgh and UPMC

- Long-standing affiliation between UPMC and the University of Pittsburgh Schools of the Health Sciences
- Pitt and UPMC had similar challenges, and neither could find a solution
- UPMC agreed to develop payment software for both organizations to use
Partnership: UPMC’s Role

- UPMC developed software and provided equipment, such as servers
- Continued updates of software
- Manages project development
Partnership: University of Pittsburgh’s Role

- Due diligence with peer research universities
- Experienced end-user group helped develop functionality
- Primary training agent (developed website, user manual, and interactive modules)
- Card management and day-to-day operations
How WePay Works:
Overview

- Custom software to track studies, participants, and payments
- Stored value cards, instant issue, multiple redemption options
- Single program usable by both Pitt and UPMC
- Strong controls to ensure compliance with regulations
Walkthrough of a research payment

Send money to bank

Administrator sets up project and study using browser-based software

Study coordinator steps in

Load payment onto card

Accounting
Send money to bank

- Each organization:
  - Establishes its own escrow bank account
  - Funds account
  - Monitors balance and replenishes as needed
Administrator sets up project and study using browser-based software

- Create project
- Create study
- Assign $ limits
- Assign GL codes
- Set parameters for automated emails
- Authorize staff to make payments
Study coordinator now steps in

- Request cards
- Accept cards
- Make appointments
- Enter subject profiles
- Conduct interview/exam/test/survey
Walkthrough

Load payment onto card

• Instant issue
  • Give to subject in person
  • Mail to subject (load upon arrival)
  • Reload card
• Multiple spending options
  • Debit card
  • Participating ATMs
  • Cash back at select retailers
Accounting

- Data to AP and GL to record payments to individuals
- Data to AP to accrue and pay processor fees
- Improved tax reporting
- Study-specific reports
Who benefits and how

Study Subjects

- Instant payment
- Easy access to funds
- **Familiar product**: debit/ATM card, MasterCard brand
- **Confidentiality** maintained
- **Accommodates unbanked** research subjects
Who benefits and how

- Maintain privacy
- System is easy to learn and use
- Can track totals by topic and by study
- Clear payment method makes it easier to recruit and retain subjects
- Reduce administrative burden on research teams
Who benefits and how

- **No bank accounts** to reconcile
- **No petty cash funds** to track and audit
- **Automated** journal entries
- Can **control overspending**
- **Centralized** reporting and auditing
Who benefits and how

- **Aggregates** all payments to individuals during a tax year, across all studies
- **1099 compliance** is increased
  - Automatic 28% withholding if no SSN provided
  - Send IRS 1099s to consumers who exceed IRS threshold
Who benefits and how

- **Strong** cash controls
- **Simple** funding
- **Single** payment method
- **Self-service** for researchers
- **Enhanced** fiduciary tool
- **Improved** regulatory compliance
Lessons learned

- **Rollout**: Encourage and enforce buy-in
- **User experience**: From software user errors to customer problems (e.g., lost PIN)
- **Documentation**: Track what we know and what we’re learning
- **Vendors**: Support and relationship-building
- **Sheer volume**: Number of transactions and total payment amount
Ongoing evolution of WePay

- New uses within both organizations
  - **UPMC:**
    - Charitable funds for indigent patients
    - Event management
  - **Pitt:**
    - Athletics department
    - Honorariums
    - Wheelchair Olympics
Ongoing evolution of WePay

- Consumer habits are changing
  - Demand for new payment types
  - Mobile payment management
  - Mobile functionality beyond payments
Ongoing evolution of WePay

- Product improvements
  - Re-skinning software
  - Streamlined user access
  - Researching enhancements
  - Cloud-based option