

2025 year in review:

Wells Fargo Non-Profit Healthcare finance and payment themes

As we reflect on 2025, one truth stands out: financial leaders in healthcare faced unprecedented complexity. Rising labor costs, persistent payor-provider friction, and mounting pressure to modernize operations defined the year. At the same time, significant opportunities emerged—intelligent automation in revenue cycle, electronic payment optimization, streamlined prior authorization, and the expansion of value-based care. These innovations are no longer optional; they are essential levers available to healthcare finance leaders to strengthen liquidity, reduce administrative burden, and protect margins.

For CFOs and treasurers, the challenge has evolved beyond cost containment. Today, it is about building financial durability—structures that are designed to withstand market volatility and operational disruption to provide greater stability in complex and adverse market conditions.

At Wells Fargo, we partner with health systems nationwide to accelerate cash conversion, optimize fragmented payables, and design resilient liquidity strategies. The intersection of finance and payment modernization is now a strategic imperative and navigating it requires a trusted banking partner along with our deep sector expertise.

2026 priorities

Looking ahead, the following themes stand out as priorities for the coming year.



Revenue cycle administration: Opportunities remain

Electronic funds transfer (EFT) and electronic remittance advice (ERA) enrollment and automation are no longer incremental improvements—they are foundational to accelerating cash conversion and reducing revenue leakage.

EFT adoption delivers faster, predictable cash flow, mitigates denials, and lowers administrative costs while strengthening internal controls. For CFOs and treasurers, this is not just about efficiency; it is about building liquidity structures that can withstand market volatility.

Patient refunds remain a growing pain point for many health systems. Traditional check-based refunds cost more than \$7 per transaction and introduce delays, compliance risks, and patient dissatisfaction. In fact, 44% of consumers cite slow refunds as the most frustrating part of their healthcare experience. Modernizing refund workflows through electronic disbursements reduces administrative burden, improves health equity for underbanked populations, and enhances patient

trust—a critical differentiator in a consumer-driven market. For treasury teams, this shift also reduces unclaimed property exposure and fraud risk, now a \$24 billion industry.²

The surge in utilization management requirements—prior authorizations, medical necessity checks, and appeals—has dramatically increased correspondence volume of both paper and electronic material remitted from payor to provider. Prior authorization alone costs the industry \$23.6 billion annually and remains one of the least automated processes, with fewer than one-third of transactions handled electronically.¹ Automating and segregating these workflows accelerates secondary and tertiary revenue cycle processes, reduces delays, and frees staff for higher-value tasks. CAQH estimates that electronic prior authorization could save \$515 million annually and cut 14 minutes per transaction—a meaningful impact on both cost and patient access.¹

According to the CAQH Index, the U.S. healthcare system spends over \$60 billion annually on administrative transactions yet could save nearly \$25 billion—41%—by fully automating processes such as claims submission and payment remittance.¹

Accounts payable: From back office to strategic command center

Accounts payable (AP) has emerged as a top modernization priority for health systems under mounting financial pressure. The goals are clear: improve cash flow, reduce Days Payable Outstanding (DPO), and redeploy staff toward higher-value work. But AP is no longer just about efficiency, it is now a frontline risk function.

According to the 2025 AFP Payments Fraud and Control Survey, 79% of organizations experienced attempted or actual payments fraud in 2024, with checks remaining the most exploited payment method at 63% of fraud incidents. Business Email Compromise (BEC) continues to rise, impacting ACH and wire transfers, while Nacha's new ACH fraud-prevention rules will require tighter controls across all ACH-using providers through 2026.³ For CFOs, this means AP modernization is not optional—it is a compliance and risk imperative.

From the supplier perspective, legacy payment models—campaign-driven virtual cards and premium ACH networks—are increasingly viewed as margin-extractive and operationally inefficient. Healthcare Financial Management Association (HFMA)'s recent AP optimization report highlights that:

85% of healthcare finance leaders are concerned about downstream fraud risks, and suppliers are pushing back on solutions that create complexity and fail to deliver faster settlement.⁴

The industry shift underway favors payment infrastructure that enhances operational integrity, predictability, and real risk reduction.

Technology is accelerating this transformation. Agentic AI and advanced automation are poised to eliminate human capacity constraints across procure-to-pay. HFMA benchmarks show that leading health systems implementing AP automation achieve straight-through processing rates exceeding 90% for PO and non-PO invoices, cutting cycle times and reducing manual exceptions.⁵ This reorients AP teams toward governance, contract insight, and strategic supplier management rather than invoice troubleshooting.

The financial upside is significant. HFMA reports that AP automation reduces invoice processing costs from an industry average of \$9.40 per transaction to as low as \$2.78 and accelerates payment cycles to improve working capital.⁶ For health systems operating on margins measured in single digits, these gains are material. By the end of 2025, leaders recognized the potential of running their AP departments as payments operations and supplier-risk command centers—multi-rail, touchless, deeply integrated with supply chain, and governed against fraud. Treasury teams now negotiate with suppliers from a position of speed, clarity, and control, using AP not as a cost center but as a strategic lever for financial resilience. Slow adopters will still be wrestling with paper, legacy tools, and staffing debates.

Liquidity: Bank and public market solutions delivered by a single trusted partner

Amid ongoing sector uncertainty surrounding Affordable Care Act subsidies, Medicaid eligibility, supplemental funding sources, and 340B working capital changes, healthcare organizations are prioritizing liquidity access by partnering with stable financial institutions to increase line of credit capacity. As demand for credit facilities grows, banks are focusing on preserving capacity for existing clients while pursuing opportunities with new clients who are open to discussing ancillary business opportunities.

In addition, many healthcare organizations have sought to diversify their sources of liquidity by implementing taxable and / or tax-exempt commercial paper programs in the public market. For organizations with strong balance sheets, self-liquidity commercial paper programs offer a low-cost financing alternative with no undrawn fees.

Beyond liquidity support, clients are leveraging the bank market to address short- to intermediate-term financing needs. Variable-rate structures—such as Direct Purchase agreements and Total Return Swaps—have enabled clients to secure competitive funding costs while maintaining flexibility to access the capital markets as interest rates decline. SIFMA-based financing options have typically outperformed other rate indices. In 2025, the average Securities Industry and Financial Markets Association (SIFMA)/ Secured Overnight Financing Rate (SOFR) ratio was approximately 63%. While SIFMA can be volatile from week to week, the average ratio is meaningful and has provided customers with approximately 75 basis points of cost savings versus 80% of SOFR structures throughout 2025.

In addition to funded loan solutions, there remains strong demand (and increasing supply) for direct pay letter of credit and standby bond purchase agreement products to back variable rate demand bonds. Tenor options remain shorter than Direct Purchase or Total Return Swap offerings, but typically provide a more affordable cost of capital.

Despite a relatively higher interest rate environment in 2025, municipal market issuance remains at record levels, reaching \$580 billion in primary activity. Municipal healthcare issuance has increased from \$38 billion in FY 2024 to over \$48 billion in fiscal year 2025.⁷ In light of the higher interest rate environment, as well as expectations of future decreasing rates, many healthcare organizations have elected to sell intermediate tenor fixed rate bonds to lower their cost of capital.

Wells Fargo offers SIFMA-based direct purchase solutions to select not-for-profit hospitals. SIFMA-based solutions saved an average of approximately **75 basis points** versus 80% of SOFR structures with similar credit spreads in 2025.

Why Wells Fargo?

Each of these areas offers measurable benefits that are underutilized in the marketplace: improved liquidity, reduced administrative costs, and enhanced operational resilience. Treasury modernization and data-driven forecasting are no longer back-office functions—they are strategic levers for stability and growth. As payment complexity rises, health systems need partners who can deliver integrated solutions across banking, treasury, and revenue cycle.

Through a strong partnership between Commercial Banking and Public Finance industry experts, Wells Fargo delivers product agnostic financing solutions to support our healthcare clients. From accelerating cash conversion to optimizing disbursement workflows and building resilient liquidity models, we are committed to turning disruption into opportunity. With more than \$10 billion in loan commitments to nonprofit hospitals and increasing investments in people and products, we are excited to expand our support to clients and prospects throughout 2026.

We are uniquely positioned to offer bank and public market financing solutions spanning our broad platform. We look forward to continued partnership with your organizations.

Sources

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4. [hfma_ghx-report-ap-optimization.pdf](#)
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