

# OSF HealthCare saves time and money with lease automation

OSF HealthCare now has visibility and control over their entire lease portfolio, saving weeks of audit preparation time and hundreds of thousands of dollars in evergreen fees.

## Situation

OSF HealthCare is an integrated health system with 147 locations, including 14 hospitals and two colleges of nursing throughout Illinois and Michigan. Across the system, OSF HealthCare manages leases for 150-200 properties, 150 vehicles, as well as medical and office equipment. Most months, the company initiates three to five new leases, and to add complexity, in addition to being a lessee, OSF HealthCare is also a lessor to physicians.

OSF HealthCare began looking for a lease management solution when they realized their manual approach wouldn't be sustainable for meeting the requirements of ACS 842. The company also needed to adjust their accounting process to handle straight-line leases and deferred rent.

One of OSF HealthCare's biggest challenges was that the finance team did not have full visibility into their lease portfolio to ensure correct accounting. Their manual, decentralized process for gathering information on lease contracts and updates was time-consuming and incomplete. "The supply chain team had one process, the real estate team had another, and the IT team another," explains Ministry-wide Accountant, Tony Dodaro. Even though the finance team spent weeks each year putting together audit reports, Dodaro estimates they only included 80% of leases.

This lack of visibility also resulted in expensive mistakes, including medical equipment leases that were allowed to auto-renew. As a result, OSF HealthCare continued making monthly payments well past the end of term to the degree that "we could have bought one MRI machine two times over," Dodaro estimates.



### HQ

Peoria, IL

### Industry

Healthcare

**~600**

leases

**~\$250M**

portfolio

## Solution

OSF HealthCare evaluated three lease accounting software vendors and, after detailed due diligence and testing, they chose LeaseAccelerator based on its simplicity and levels of automation. "They made it easy to tie out payment value tests and walk through the journal entries," notes Dodaro.

The first task was to create a comprehensive database of all leases throughout the hospital system. OSF HealthCare worked with RGP, a LeaseAccelerator partner, to find and extract lease data, including embedded leases which had been off the radar. OSF HealthCare was then able to identify expired leases and leases that had been misclassified, updated their accounting, and began to manage straight-line leases and deferred rent.

LeaseAccelerator's automation capabilities, streamlined workflows for gathering information and consolidating it into auditable reports. OSF HealthCare also set up automated alerts so that before new leases get signed, the accounting team is notified. "Now we get a heads up so we can ask the right questions," says Dodaro.

By the first major milestone at the end of the year, "all our entries were in, everything reconciled, we were comfortable, we were ready," Dodaro reports.

## Impact

OSF HealthCare can now track leases and changes automatically and centrally, which is particularly important for their dynamic real estate leases. The team can now produce audit reports and disclosures with ease and create SOC 1 and 2 reports on demand, saving what used to require 80 hours of staff time.

Proactive end-of-term management ensures that assets are returned, replaced, or renewed appropriately, and as a result, OSF HealthCare saves significantly on evergreen fees and increases their free cash flow.

As OSF HealthCare prepares for ASC 842 compliance, automated lease accounting gives them the tools for an easy transition.

## Automation gave OSF HealthCare the insights to manage leases proactively.



I felt more confident with LeaseAccelerator because the team was always transparent, and it was easy to understand how the software works. Automating our lease accounting has helped us achieve sustainable compliance.

Tony Dodaro, CPA,  
Ministry-wide Accountant