Large Insurance Provider Automates Invoice Disputes

Overview

Business Challenge

- Resolve 150,000 invoice disputes per month
- Maintain excellent customer service as business grows

Solution

- More automated work assignment and tracking
- Real-time visibility into at risk invoices and tasks

Benefits

- Reduced manual work by 80 percent
- Deployed first version in 90 days

This large insurance provider is a Fortune 500 Company and the leading writer of voluntary insurance coverage marketed at the work site in the United States. Today, they insure more than 40 million people at more than 300,000 payroll accounts. There are two principles at the core of their business strategy—to continually design new policies to help fill the gaps in the existing primary insurance coverage of U.S. consumers; and to grow the network of sales associates and coordinators distributing and servicing their policies. With such a large customer base, product portfolio and distribution network, there are many different processes that must be managed, monitored and constantly improved.

Diagnosing the problem

Invoice Reconciliation is an important process for this insurance provider. Each month invoices are sent to corporations billing them for the coverage stipulated by their policy. In any given month, approximately 500,000 invoices are sent out to customers. Up to 30 percent of the invoices sent in each month are disputed in some way. The challenge for the Invoice Reconciliation team is to resolve as many of these disputes as possible before the next billing cycle—typically less than

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30 days. If the deadline is missed, the customer will only dispute the bill again the following month—resulting in wasted effort and customer frustration. Key challenges before BPM included:

- **Time Consuming, Manual Routing.** Invoices are mailed back to the insurance provider with notes and questions attached to them. Each dispute had to be reviewed and manually routed to a Research Specialist, which was not always known.
- **Research Inefficiencies.** Research specialists gather information from many different legacy systems to determine whether the dispute is justified.
- **Inconsistent Prioritization.** With so many requests for reconciliation coming in through e-mail, it was difficult for specialists to prioritize work.
- **Lack of Real-Time Control.** The Invoice Reconciliation team wanted the ability to more proactively prioritize work and automatically track deadlines and generate escalations.

Controlling processes in real time

By deploying Lombardi Teamworks®, the Invoice Reconciliation team gained unprecedented control over the reconciliation process. Working collaboratively with the IT team, the group implemented a process that automates routing of disputes, streamlines research timelines and gives managers real-time control of all disputes being processed. Key new capabilities include:

- **Automated Task Assignment.** Disputed invoices are scanned and indexed by a document system and then automatically routed by Teamworks to the appropriate Reconciliation team based on geography and company assignments.
- **Time and Value-Based Prioritization.** Teamworks automatically prioritizes reconciliation tasks for specialists according to invoice age and dispute amount. This ensures that the highest priority invoices are always being worked first.
- **Proactive Notification.** Teamworks alerts specialists when a dispute has aged 20 days without resolution. This ensures that no disputes inadvertently slip through the cracks.

Solution Components

Services
- Lombardi Teamworks®

IBM Business Partner
- Lombardi Services

- **Integrated Working Environment.** Direct integration to the main-frame billing system allows Reconciliation specialists to adjust invoice amounts directly from Teamworks after concluding their research.
- **Managing Related Processes.** When policy changes are required, Teamworks automatically generates tasks for Policy specialists and tracks them through to completion.
- **Interactive Approval Controls.** Reconciliation managers can interactively set the threshold at which disputes can be automatically accepted—saving time spent by specialists researching disputes over small amounts.
- **Real-Time Performance Metrics.** At any time, managers can view real-time process performance reports in Teamworks ScoreBoard portal. The reports show diverse information, including percentage of disputed invoices pending, total outstanding policy items by geography and customer, difference in dollar amount between the original invoice and the resolution, and age and status of every invoice in the system.

Results in 90 days

Typical of all Teamworks projects, this provider was able to deploy the first version of the Invoice Reconciliation process in just 90 days. The initial deployment is well on its way to reducing by 80 percent the amount of full-time equivalent (FTE) required to handle paper invoices. When deployed to the full 300 users across the Client Services group, the return on investment will be significant—even for the single process. Today, the Client Services team is working the next revisions of the process that will help them automate even more of their work. Soon, Teamworks processes will be running throughout the company—helping deliver ever greater benefits.

About Lombardi, an IBM company

Lombardi, an IBM company, is a market leader in business process management (BPM) for companies, systems integrators and government agencies of all sizes. We help clients optimize performance, increase agility, and reduce costs, by discovering, documenting, automating, and continuously improving business processes. Our solutions are built on open standards, and provide ongoing prioritization, planning, visibility and control of business processes, increasing the speed and flexibility with which organizations can manage their business process activities and decision making.

For more information

To learn more about Lombardi Teamworks, please contact your IBM marketing representative or IBM Business Partner, or visit the following Web site:

- www.lombardi.com
- **ibm.com**/software/websphere/announcement.html

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