Is it time to go paperless?

Electronic records in your organization

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Is this you?   Your company has multiple locations.   To locate a specific customer policy or other business documents, you have to drive offsite and face rows and rows of filing cabinets crammed into a small room.   Two hours later, you finally find the file you need, down the hall where the overflow cabinet is located, misfiled in the wrong folder. The file is four inches thick.

Policies, customer records, claims, invoices, correspondence – it's all on paper and your organization needs this information to operate.   You get calls from customers and you cannot help them until you put them on hold to retrieve documents.   Just the process of handling claims alone is one of the most paper-intensive and interactive activities within an insurance organization.   Your organization would be lost without paper… or would it?   Did you know that 90 percent of businesses that experience a disaster, such as a fire or flood and did not implement a backup plan fail within six months?

Is it time for the much-touted paperless office?   What will the conversion from paper to electronic cost?   How much will it save?   Will conversion disrupt your business workflow?   Is it a feasible solution for you and your agency?

These are typical questions asked by agencies considering electric records management, and this article will attempt to address them.

Converting the mountain of paper

There are many benefits that result when an insurance agent or organization converts their records to electronic format:

1.   Cost savings on storage space
2.   Reduction of cost-per-document processing and archiving;
3.   Capability to share information across the Internet or a local area network
4.   Elimination of misfiles, lost documents and costly, time-consuming errors:

5. Improvement of customer response time;
6. The provision of audit trails;
7. Built-in disaster recovery; and
8. Competitive advantage

Even a devoted fan of paper can appreciate the ease with which electronic documents can be stored, searched and accessed.   Most people will agree that technology has a positive impact on business.   The U.S. Department of Labor says that agents who incorporate new technology has a positive impact on business.   The U.S. Department of Labor says that agents who incorporate new technology into their existing businesses will remain competitive. So, once you decide conversion is right for your agency, where do you start?

Selecting a company to handle your conversion
When selecting a company to convert your existing paper records and help you make the change to electronic format, look for an organization with experience, innovation and flexibility that depends on advance partnering as the solution.   The company handling your conversion may even become a mission critical component or an extension of your agency.

Keep in mind that you might need to purchase hardware, software, servers and backup components, but beyond that you also will need training and support during the conversion and implementation process. All of this means up-front costs unless you chose to use an application service provider subscription service and pay as you go only for what you need! Outsourcing of scanning with an ASP option rapidly is becoming a preferred option because of improved return on investment.

To save time and the capital expense of purchasing and maintaining infrastructure, you can outsource conversion or rely on a combination of both in-house work and outsourcing . After the investment, you will reap thousands of dollars a year from time saved, improved filing, and decreased staff and storage needs.   Most importantly, with outsourcing you are able to get the job done fast, less expensively, without capital expenditures and little distraction or disruption to your business.

How much will conversion save?
As a rule of thumb, the savings you will obtain by reducing paper and going electronic may include up to a 90 percent reduction in storage space. Depending on your cost per square foot, this can add up to thousands of dollars in reclaimed office space. In terms of labor and time, Deloitte & Touche USA LLP report that companies spend about $20 to create and file a document.   The cost to replace a missing document is generally assumed to cost around $120 and to reproduce a missing document is $220.

It is likely that over the years, your organization set up several sets of incompatible legacy systems, each of which has a separate information repository, including policy administration systems, claims management systems and customer relationships

management systems.   Once you consolidate the information contained within these systems, you will obtain a competitive advantage In the marketplace and see dramatic improvements in productivity and processes.   Process automation can increase productivity by as much as 300 percent in relation to labor cost.   In real terms, this means companies can grow without increasing head counts or reducing labor to improve bottom-line business performance.

Will conversion disrupt business?

The transition from a paper environment to an electronic one will not be a fast and simple process and it requires commitment. Accomplishing the transition in a phased approach is often the best way to avoid disruptions to daily business.   It is critical for most agencies to have the lowest possible cost with minimum downtime.   Look for a vendor who can guarantee 100 percent uptime.

There are companies that will collect, scan and digitally store your paper, microfiche, microfilm and even e-mail and fax records without changing the way you do business.   In short order, you will be able to retrieve information from the Internet or a proprietary system while your customer is on the phone.   With modern e-tools, you also will be able to update newly created electronic files in real time from your computer or fax machine.

Security should not be an issue if the technology is utilized correctly.   Sensitive documents should be stored on secure servers with Netscape's full secure sockets layer or secure shell, commonly known as SSL and SSH, encryption password protection, firewalls and other technology that restricts access to your "on-line file cabinets."

In a traditional paper environment, the ability to track access to a file cabinet is virtually impossible.   You cannot password protect and encrypt paper documents.   Audit trails – who accessed what and when – are difficult to manage.

Noteworthy statistics
1.   90 percent of corporate information is on paper.
2. An average document gets copied 19 times.
3. 7.5 percent of documents get lost.
4. 10.5 percent of documents get misfiled.
5. Workers spend 50 percent of their time looking for information and 10 percent of their time reading it.
6. There are more than four trillion paper documents in the United States and the total grows 22 percent a years.

* Statistics courtesy of Coopers and Lybrand

In a paper environment, but automatic in an electronic one.   In an electronic records management system you can systematically delete documents when they reach the limits of legal retention periods, or you can archive them for years .   It is much more difficult and time consuming to destroy paper documents or archive them.

How do HIPPA and other regulations affect electronic records?
Maybe your organization needs increased security to comply with the American Health Insurance Portability and Accountability Act, a set of rules followed by insurers, health plans, doctors, hospitals and other health care providers.   Today people often change jobs, and HIPPA helps them carry their health insurance throughout job transitions.

According to HIPPA, people must be able to access their health care records and correct errors. They must be informed of how their personal information will be used.   Other provisions involve confidentiality of patient information and documentation of privacy procedures. These provisions require regulation-specific software updates when your records are in electronic format. If your records are still paper-based, it can mean a complete overhaul of your records system.

The Department of Health and Human Services adopted national standards for electronic health care transactions to reduce the volume of paperwork and provide better service for insurers.   These standards establish formats, codes, standard data content and procedures for submitting electronic claims and other healthcare transactions.   The DHHS says that by promoting the use of electronic transactions and the elimination of inefficient paper forms, the standards will provide a net savings to the health care industry of $29.9 billion over 10 years.

If you need to learn more about HIPPA compliance, there are online and offline HIPPA courses and software that provide training and materials for HIPPA security. Some HIPPA software offers a complete security solution that includes risk analysis and assessments.

Conclusion

Increasingly and unnecessarily, agencies are being overwhelmed by paper files.   Electronic records can help eliminate the clutter of an inefficient, costly, error-laden, paper-based system. The investment in document imaging will not only save you space and time, but will help you to improve the financial outlook of your organization and prepare it to head into the future.