ST. LUKESHEALTH CASE STUDY:

Automated reconciliations deliver over 25% process efficiencies for St. LukesHealth.

st·lukeshealth

"Automated reconciliation is leading us to the "why" much faster. By identifying discrepancies quickly, we can look at reasons why the discrepancy exists and process the payment in a fraction of the time it used to take."

Matthew Ranson,
**SENIOR ANALYST,
ST. LUKESHEALTH**

Background

Using Prometheus ETL tools and the YellowfinBI analytics and visualisation platform, St. LukesHealth has automated the previously manual reconciliation of member payroll deductions with employer remittance advices.

This simple project has had big ramifications, resulting in reduced payroll group processing times and efficiency gains of 25-33 per cent.

Staff have also welcomed the change from tedious, time-consuming checks to faster, more accurate, automated reconciliation.

Established in 1952, St. LukesHealth is a Tasmanian not-for-profit health insurer with over 30,000 policies covering more than 62,000 people Australia-wide. In 2018, the Fund's steadily growing membership led to a re-evaluation of some internal processes, as Matthew Ranson, Senior Analyst at St. LukesHealth explains.

"We realised some of our processes were no longer time-effective as a result of the demands being placed on our most experienced staff. We found staff were spending time on routine tasks that, although necessary, were not adding value to the Fund or the member. We wanted to automate these tasks so people could use their skills to engage in more productive and satisfying work. The first process identified was payroll group processing.

Payroll groups are created when employees sign up to health insurance and elect to pay premiums via payroll deductions. The paymaster deducts money from the employees' wages, deposits it in the Fund's bank account and sends St. LukesHealth a remittance advice detailing member information including names, payroll numbers and contributions.

St. LukesHealth staff reconcile the employer-provided information and payments with information contained in the organisation's own insurance operating software system, HAMBS.

This task was completed by some of the Fund's most experienced staff in the Member Services team. These employees would spend the equivalent of 1.08 full time employees comparing employer-provided PDF files with data in HAMBS. Often the employer-provided PDF files were not in the same chronological order as the data in HAMBS and as a result a significant amount of time was required to identify and match members between the two datasets. Further, the operators had to identify and manually note discrepancies such as new members, terminated members, cover changes, overpayments and shortfalls. With 25 payroll groups to manage, it was a tedious process ripe for automation.

The Solution

With the authorisation of the COO, the Head of Member Services, Luke Cameron and Matthew set a goal of optimising the processing of payroll groups involving more than 20 members. To assist, the pair selected ETL tools from health industry BI specialist, Prometheus and the Yellowfin platform for data manipulation, visualisation and reporting.

One of the first tasks involved the Member Services team approaching employers, asking them to provide data in CSV format instead of PDF, so that all data could be easily manipulated and inserted into a source CSV file. Next, sample templates were created for testing and validation, and a report was developed to support faster, more accurate reconciliation of payments.

The result was a simple, but effective screen design showing HAMBS system data on the left hand side, filtered by group ID, while the right contained the equivalent, uploaded employer data.

"We match the employee's member number, payroll number and contribution amount to those in HAMBS. We use Yellowfin's conditional formatting to identify and highlight payments that do and do not reconcile. In addition, we are able to control the order in which the members are presented in the report, whether it be by surname, member number etc."

"If the data doesn't match, the erroneous cells are highlighted in red. It's a simple approach but very effective in assisting the Member Services team in locating errors quickly and efficiently," Matthew adds.

Once the checks are completed, the final report is broadcast to the member services task list. Where there are no exceptions, the whole payment process can be completed in minutes.

Benefits

It took two months to automate the process and prove the concept. Since then there have been incremental enhancements including the introduction of alerts and broadcasts, and improvements to data quality.

With each improvement, the degree of operator intervention diminishes and staff satisfaction increases. "We'd like to get to a point where once a file is uploaded the report is automatically broadcast within the hour. In this situation, the only operator-reliant task will be transferring the employee data into the source CSV file. Yellowfin will do the rest for us. ," Matthew says.

"Payroll group processing used to be a task that was disliked due to its repetitive nature, as well as the volume of time it consumed. Automation has changed all that. For example, one of our largest groups used to take an afternoon to reconcile. We've reduced this to around half an hour or less. We estimate processing efficiency gains of between 25 and 33 per cent in processing these groups."

"Simply, the automated reconciliation is leading us to the "why" much faster. By identifying discrepancies quickly, we can look at reasons why the discrepancy has occurred and resolve errors in a fraction of the time it used to take," he concludes.

In time, payroll group processing operators will take over responsibility for all steps in the process, from upload to broadcast. When this occurs, Luke, Matthew and the member services team will have more time to consider other opportunities for process improvement. That being said, Luke has already identified reconciliation of direct debit payments as a likely contender for their next project.

For more information on Yellowfin, visit www.yellowfinbi.com