

Proven Ideas for Tough Times

Save Money, Improve Service

March 2009

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Foreword

To improve operational efficiency and trim government spending, public sector officials — including local, county, state and federal agencies — have found it increasingly valuable to selectively contract with private providers for business process solutions. Leveraging the proven expertise of the private sector to perform specific operations is steadily being demonstrated as the right path for cash-strapped government agencies, particularly in an environment of spending cuts and growing economic pressures.

This paper provides a quick reference guide to many solutions for improving government operations. While some are leading-edge and others already widely adopted, all have the potential to save government money. Some of these solutions require no up-front investment. Many are already yielding proven savings for government. We have highlighted examples of results ACS has helped our clients achieve.

About ACS

ACS is a \$6.2 billion business process services company with 70,000 people across the globe. We provide services to more than 1,700 federal, state and local governments in all 50 states and the District of Columbia. ACS touches millions of lives every day—on highways and in hospitals, at the courthouse and the corner store, over the phone and on the Web. Learn more at www.acs-inc.com/government.

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Collections (e.g., fines and fees)

Enforce obligations already owed. Finding the time and resources to address uncollected fines, fees, and penalties is an ongoing problem for many government entities. Private providers can often enhance effectiveness with new technology or tools, payment plan establishment, dedicating additional resources, or focusing collection efforts on a particular type of account.

ACS has helped cities, counties, and states realize additional revenue from previously uncollected debts. ACS provides collections as a stand-alone service and as an add-on to other contracts. Detroit added collections to the scope of its parking management contract, and in one year, realized an additional \$1 million in revenue. In the area of court collections, ACS helped Arizona's Fines/Fees And Restitution Enforcement (FARE) program collect \$60.6 million in a three-year period.

Constituent Care

Improve service without incurring costs; build goodwill with citizens. By consolidating call centers and improving call center technology, state or county programs can save money and improve service. Reducing redundant calls to multiple numbers and staff hours spent handling routine requests can help lower costs and provide streamlined, simple-to-use one-call access to citizens. Consolidated human services (211) or non-emergency services (311) call centers are becoming increasingly common as both cost-saving and service-enhancing measures.

ACS has helped cities, counties, and states consolidate operations to give citizens streamlined, one-call access. The Denver Department of Human Services converted a decentralized operation of 35 phone numbers covering 20 different programs into a single, consolidated call center, delivering better service to citizens. ACS also provides consolidated call services to the State of Louisiana (human services), Harris County (District Clerk), and New Orleans and Solano County (both 311).

Data Conversion, Digital Imaging, and Workflow Management

Improve access, enhance efficiency, and get the paper out. Paper files are inefficient and vulnerable to theft, damage, or loss. States are correcting for these flaws by converting paper files to images, then storing the images in a retrieval system to make data conveniently accessible to authorized users. Workflow management software takes this solution to the next level by automatically routing images and data to the right person. Instead of storing vulnerable, hard-to-locate paper files, these solutions make them available electronically, which is also a key planning strategy for disaster recovery and business continuity.

ACS has helped government and commercial clients enhance security as well as financial savings from reduced staff and storage requirements by putting imaging solutions in place. We do all this without requiring upfront capital expense from the client; ACS invests in the hardware and development. For our clients, ACS creates 10.3 million images per day, storing over 5 billion images at any one time.

Driver Responsibility, a/k/a Driver Surcharge

Deter bad driving behavior and deliver increased revenue. Driver responsibility programs assess an annual surcharge against drivers who accumulate “points” past a set limit or have a record of specified offenses, such as driving while intoxicated or driving with a suspended license. After initial enabling legislation is passed, program operations involve sending surcharge notices, processing payments, pursuing collections, and providing customer service.

ACS has helped New Jersey deter bad driving behavior and charge those who create dangerous or deadly situations on state roads. National Highway Traffic Safety Administration statistics show that of the 10 largest states, New Jersey has the lowest number of fatalities per 100 miles driven, the lowest number of speed-related fatalities per capita, and the second lowest number of alcohol-related fatalities per capita. The Washington Post reported that the New Jersey program raised an estimated \$300 million in two years.

Electronic Benefits Transfer for Women, Infants, and Children (WIC EBT)

Extend electronic benefits, simplify administration, and better serve participants. WIC EBT provides WIC program benefits to clients via electronic magnetic stripe card technology, versus a cumbersome paper-based coupon system. WIC EBT better serves participants, reduces fraud and abuse, and processes payments to retailers faster and more accurately. Online WIC EBT also provides more reliable program data to allow state administrators tighter control over program spending and administration.

ACS has helped Michigan implement the first online WIC EBT program in the nation, which is scheduled to be fully implemented by February 2009. Michigan is on track to deliver the following savings: less time spent by clients in local clinics (15%), reduction in state program administrative time (10%) and improved service delivery and satisfaction for program participants.

Electronic Health Records/Health Information Exchange

Improve quality of care and enhance service to individuals. Electronic Health Record (EHR) and Health Information Exchange (HIE) solutions increase efficiency by eliminating cumbersome paperwork, improving data accessibility, reducing medical errors, lowering healthcare costs and/or empowering consumers with access to critical health information. EHR and HIE are intended not just to save money, but also to improve patient care.

ACS has helped states realize cost savings in two ways: by avoiding initial cost (e.g. providing alternate prescription coverage at the point of sale) and by cost containment. In July 2008, ACS helped Alabama implement Alabama Together For Quality, combining a suite of cutting-edge HIE tools intended to save time and money for all healthcare stakeholders: physicians, pharmacists, individuals requiring care, taxpayers, and state program officials. ACS has helped Missouri curb prescription drug program costs by 9 percent while providing better and faster service to individuals, for a total savings of \$117 million.

Electronic Payment Cards (EPC)

Disburse funds quickly and securely, while reducing costs. To cut costs without compromising service, government agencies of all sizes are replacing checks with electronic payment cards (aka prepaid debit cards). Converting funds distribution to an electronic solution yields dramatic savings. The right payment card program can also enhance service to constituents, eliminating mailing delays and providing round-the-clock customer service.

ACS has helped states save an average of \$2 per check by avoiding printing and mailing costs, as well as dramatically reducing returned mail processing needs. The state of North Carolina contracted with ACS to deliver unemployment benefits via EPC and saved \$4 million in its first year. ACS is working with 17 states and a variety of programs ranging from child support to payroll to TANF to Unemployment Insurance, delivering savings while improving service, all for little or no cost to the state. Working as a subcontractor, ACS is also serving the U.S. Department of Treasury through EPC for the Social Security and Supplemental Security Insurance programs.

Fuel Tax Reporting

Solve an administrative headache and increase revenue by enforcing existing obligations. Taxes levied on motor fuels can be particularly difficult to track. The problem can be addressed with an automated system that receives, validates, records and tracks motor fuel transactional activity from pipeline to retail pump to tax payment. Automated systems can reduce data entry requirements up to 90 percent, and free up state staff to focus on resolving errors and discrepancies, instead of hunting for high-level tax return information.

ACS has helped states streamline tax return processing, reduce manual processing and detect fuel tax evasion. Benefits include increased revenue from identifying and collecting previously undiscovered taxes owed to the state. ACS provides fuel tax reporting in Arkansas, Kentucky, Michigan, Mississippi, and Virginia.

Healthcare Audits

Ensuring compliance and recovering much-needed program funds. While stringent rules specify what types of healthcare are eligible for coverage and reimbursement under programs like Medicaid, ensuring compliance with these rules is a challenge for many states. Tools are needed to identify billing errors, overpayments, waste, abuse, and non-compliance by analyzing provider and member data. Findings from audits such as Pharmacy Benefits Management (PBM) audits or Durable Medical Equipment (DME) audits facilitate the identification of inappropriate previously billed claims, as well as the elimination of future inappropriate billings.

ACS has helped states by conducting over 25,000 pharmacy audits, more than 500,000 direct subscriber mail audits, and dozens of PBM audits; identifying hundreds of millions in noncompliance/fraud recoveries; and building over 100 cases for prosecution. Our DME audits for government turn up an average error rate of 5 percent and a range up to 20 percent, with an average recovery rate per provider of \$100,000.

Human Resources Management

What it does. Human Resources Management (HRM) can include contracting out one or several functions under the HR umbrella, including staffing, training, payroll, and benefits administration. In addition to initial cost savings, the HRM approach can enhance organizational performance and worker satisfaction, as well as freeing government agencies to focus on their core competencies. Partial or full-suite modernization of enterprise resource planning (ERP) solutions, delivered cost-effectively, is often a critical element for success. Our approach enables governments to provide self-service technology without making costly investments.

ACS has helped commercial and government clients across the country and around the world find the solution that meets their needs. ACS has provided benefits administration for Orange County, California, since 2002, automating previously manual processing steps to increase efficiency, reduce staffing and training costs, and redirect thousands of incoming calls each week to an ACS call center, allowing the county to make better use of its HR staff.

Information Technology Management

Improve efficiency and access without compromising data security. Contracting with a private provider for information technology (IT) management can be partial or comprehensive, on-site or off-site. Legacy systems are particularly challenging as staff skills become less available and more expensive. Management and staffing can be contracted out for IT functions including help desk, applications development, network services, mainframe operations, and security. Depending on government needs, anything from a one-time infrastructure refresh to a full-scale consolidation yields financial and operational benefits.

ACS has helped cities, counties, and states make better use of expenditures by allowing the client agency to focus on core competencies, as well as reducing or controlling operating costs. The IT consulting firm TPI reports that savings for private IT management can range from 10 to 39 percent during the first year of operation, with the average savings at 15 percent. By providing IT services through a contract with service level agreements, ACS helped a large state agency cut their costs by 50 percent.

Mailroom Services (including image scanning and data entry)

Enhance efficiency, maximize accuracy. Governments can achieve cost savings by automating incoming mail processing in whole or in part. Aspects of mailroom automation range from high-speed mail opening machines to Optical Character Recognition (OCR) software and image archives. End-to-end process automation includes data retrieval, payment handling, and customer support. Data recognition improves accuracy rates and storing images instead of paper records improves retrieval costs, convenience, storage, and disaster preparedness.

ACS has helped government and commercial clients improve mailroom services dramatically, delivering time and labor savings, and providing simple, secure image retrieval. ACS opens and sorts 7 million mail documents per day and creates 10 million images per day. For the federal government alone, ACS processes more than 80 million documents per year.

Motor Vehicles Partnerships

Improve efficiency, enhance customer care. Some Departments of Motor Vehicles (DMVs) contract out a portion of their services to the private sector to reduce costs and provide more timely and efficient service. Contracted functions can include document imaging, driver licensing, Real ID compliance, vehicle registration, license plate issuance, and/or customer service.

ACS has helped Pennsylvania streamline its customer service with a Driver & Vehicle Services call center operation that handles 3 million calls per year from customers who have questions in all areas of driver licensing and motor vehicles. The call center also handles the scheduling of all road testing for new drivers. Projected total savings for the Commonwealth is \$5 million.

Time and Attendance Tracking

Improve tracking and reporting while reducing fraud and error rates. Human services programs that require time and attendance data can use magnetic-stripe cards, contactless smart cards, or biometrics to track data. In cases where third-party providers offer services, this would help ensure that fees paid to service providers are for services actually used.

ACS has helped states use time and attendance systems to reduce fraud, streamline paperwork, allow government staff to focus on core competencies, and produce efficiencies that exceed the cost of the solution. ACS provides e-Childcare time and attendance systems in Oklahoma and Indiana. The Oklahoma Department of Human Services is saving about \$1 million a month, with a 10 percent reduction in the average cost per child – recouping its implementation costs in the first six months of operation.

Tobacco Tax Reporting

Solve an administrative headache and increase revenue by enforcing existing obligations.

Tobacco and cigarette tax filing and reporting is largely manual in many states. Automated systems can electronically file tax returns, enforce cigarette/tobacco brand accountability through supporting documentation, provide 24/7 electronic ordering of cigarette stamps with full tracking and accountability, and create information for a Master Settlement Letter. All these features contribute to efficiencies, which in turn produce operational cost savings and increased revenue from better enforcement.

ACS has helped Michigan implement the nation's first fully automated, electronic filing system for tobacco and cigarette tax. As with motor fuel tax reporting, benefits take the form of increased revenue from identifying and collecting previously undiscovered taxes owed to the state. In the first year of Michigan's contract, \$3 million in missing revenue was identified.

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