

Transitioning **Vision** to **Digital Reality**

Enterprise Content and Business Process Management Aids in Regulatory Compliance



Abstract

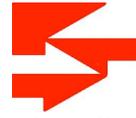
This white paper describes the use of Enterprise Content Management as an effective technology for complying with many regulations on how organizations must manage their business content. The need to demonstrate regulatory compliance has escalated the need for essential IT solutions to high priority for many information technology professionals and corporations. This includes enterprise storage at the back end and Enterprise Content Management (ECM) on the front end, including the critical digital imaging and scanning components of an ECM solution

Performance Improvement White Paper.

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January 2006



A thorough assessment can lead to more efficient determine the appropriate technology best meeting both processing and industry based regulatory compliance needs.

We are living in a time when our nation and the world have been shaken by numerous businesses being probed for corporate improprieties such as wrongful accounting methods and records management fraud. It has become an almost current event to pick up the daily newspaper and read of another organization that has been accused of intentionally disposing critical business documents.

As a result, government agencies are developing new regulations for how organizations must manage their business content. These new regulations are compounding existing regulations defined by governing agencies such as the Food and Drug Administration (FDA), the Security and Exchange Commission (SEC) and the Department of Health and Human Safety (DHHS).

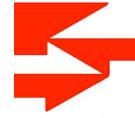
Customers, vendors, resellers, partners, and industry consultants in the technology, financial, banking and healthcare industries are coalescing in an effort to wrap their arms around the challenges for creating a 'best practices' approach to meeting regulatory compliance.

Many regulations are still in their infancy and we are seeing shifts in these regulations on almost a daily basis. However, the need to demonstrate regulatory compliance has escalated the need for essential IT solutions to high priority for many information technology professionals and corporations. This includes enterprise storage at the back end and Enterprise Content Management (ECM) on the front end, including the critical digital imaging and scanning components of an ECM solution.

What regulations? Who is affected?

The need to become regulatory compliant is impacting virtually every market. Recent regulations enacted impacting the banking industry and financial service organizations include Sarbanes-Oxley, Gramm-Leach-Bliley and the Patriot Act.

The Gramm-Leach-Bliley act addresses safeguarding an individual's information. Specifically, they state that an organization must identify reasonable foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems. Sarbanes-Oxley impacts financial information capture, use and reporting. Additionally, Sarbanes-Oxley amended Title 18 of the U.S. code making the records-based obstruction of justice and tampering provisions applicable to all businesses public and private. The Patriot Act targeted at deterring terrorists defines that banking institutions must verify the identity of their customers and that they must maintain records of the information used to verify the customers identity.



Impacting every facet of the medical industry including insurance, healthcare entities, hospitals, doctors, pharmacies and patients is the Health Insurance Portability and Accountability Act (HIPAA).

The first area for HIPAA compliance was due on October 16, 2002 and called for all claims to be processed electronically. The government has since granted an one-year extension to this act which deadline is rapidly approaching. The remaining segments of compliance including the use of unique identifiers, security and health information privacy became effective April, 2003. This date has come and gone and, although many health organizations believed they would be given another one-year extension, extra compliance time was not granted. Perhaps the most significant aspect of HIPAA that heightens a need of ECM is the privacy portion giving a patient the right to know who has had access to their health records and for what purpose.

The Business Problem Callout - With regulatory compliance an organization is not innocent until proven guilty. These regulations are creating the need to physically protect information to be able to manage it more efficiently and to maintain a literal audit trail of who has had access to the information.

With regulatory compliance an organization must be able to produce documented proof they adhere to the regulatory statues that govern their business activities. Many industries are subjected to unexpected inspections. Some of these regulations hold not only the corporation, but also individuals like the CEO and CFO, personally responsible for compliance, which in turn are turning to their IT professionals mandating more efficient and faster access to data.

What can you do?

One way to meet these objectives and directives is found in Enterprise Content Management solutions such as digital imaging and scanning. ECM cannot make an organization 'regulatory compliant', but it can be a valuable tool to assist in managing the information that can demonstrate they are in compliance.

The Association of Information and Image Management (AIIM) define ECM as both product and strategy. From a product perspective, it is "the tools and technology to capture, manage, store, preserve and deliver content throughout an enterprise." From a strategy perspective, it is "being able to formulate a plan to manage all information whether structured or unstructured."

Considering so much information is still paper-based, an organization wanting to demonstrate a 'best practice' approach to regulatory compliance will need to convert the paper to an electronic format. The first step in that process is to scan the documents. The selected software will be used to either retain the documents as an image, or by utilizing a combination of data recognition engines; the data will be extracted from the documents. Once in an electronic format, software features such as check in, check out, full text search and retrieval, audit trail and version control make managing the information more efficient and faster.



Other critical decisions include how you will deploy the scanners. One method of deployment would be to have all of your information sent to a central location where the documents are scanned using production capture software. The alternative to this approach is to deploy low to mid-range scanners to your field, remote or home offices and have the information captured at the point of origin. The documents can then be delivered using the Internet for processing and, in some cases, to enter automated business processes. Many organizations are finding this type of deployment beneficial, as all the documents are not in a central location where they can be vulnerable. Other organizations have been able to cost justify the entire ECM implementation by simply eliminating courier services.

Making it work for you ...

One such customer driving both a return on investment and meeting compliance needs with its use of ECM and business process technology is a leading national diagnostic laboratory which has implemented a business process and workflow management solution in its back-office AR/billing processes for Medicare, Medicaid and Private Insurance re-imburement claim filing. Performance Improvement teamed with laboratory personnel in conducting an enterprise analysis, process improvement and conceptual solution design for initially private insurance (over 2,000 carriers) denial management and facilitated technology procurement. The solution included scanning, document management, workflow and e-forms and BPM for managing processes.

The laboratory must adhere to HIPAA compliance to ensure security of patient information. Thus scanning into electronic folders for patient letters, explanation of benefits (EOBs) and other billing documents replaced previous manual methods to find this information in either filing cabinets or on someone's desk which was labor intensive, time consuming and often unsuccessful and reduce lost paper. As a result of this implementation, the Lab has immediate and easily accessible access to all of its documents on a timely basis when working a denial, etc. and also when they are subjected to regulatory compliant audits. The lab had another requirement where it is subject to unexpected carrier audits and on any given day may have an auditor request to see selected documents for proof of claim filing to prove correct payments were made.

BPM and workflow were implemented as part of the solution for process efficiency and enhanced proactive management - ensure processes are worked according to standard operating procedures and tracked for accounting for whom did what action when timeframe and systems involved. This is a critical requirement for Sarbanes Oxley 404 compliance for financial reporting processes. In addition, to process efficiencies, the lab has cut costs associated with both process and document management and have substantially reduced both bad debt expense by efficiently processing denials and DSO. Both impacts have increased the bottom-line and accelerated cash flow.



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This is lab is an example of where both Enterprise Content Management and BPM tools are helping in both regulatory compliance and improving processes. As an industry we continue to work together to address the scenarios driving a need for this technology including regulatory compliance, business continuity, and the need to accelerate business processes. Enterprise Content Management and its critical digital imaging component continue to gain momentum due its preservation, protection and retrieval capabilities, while BPM ensures process protocols and procedures are followed with an underlining audit trail to support process tracking and who did what and when in the process.

For more information about Enterprise Content and Business Process Management including Regulatory Compliance call 336-924-9139 or visit: <http://www.PerformanceImprovementCorp.com>



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PERFORMANCE IMPROVEMENT

Performance Improvement has over 50 years experience in business process improvement and management include designing and analyzing Electronic Document Management, Document Imaging, Business Process Management/Workflow and Enterprise Report Management Systems. Performance Improvement has experience in the Financial Services, Healthcare, Distribution and Manufacturing Verticals as well as the Account Payable, Account Receivable and Human Resources Departments.

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