

Radha utilizes Lean Sigma Business Process Analysis Approach for reducing Improper Payments

With the dramatic increase in Unemployment Claims over the past few years the Claims process is running at a higher capacity than any time in recent history. Entering the recession nationally Unemployment Insurance claims on average increased by 120 percent, in only a one-year period.

Although additional federal support helped, many state agencies have struggled to keep up with increased workloads and were compelled to focus on processing claims instead of improper payments.

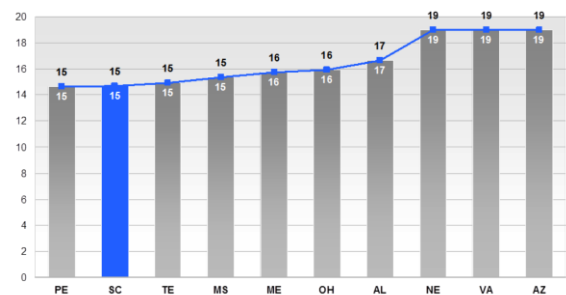


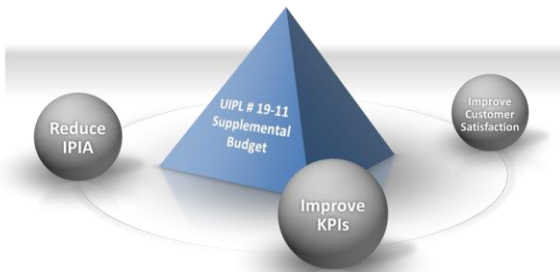
Figure 1: States with 15% or higher Improper Payment Rate

Most states are now actively working to aggressively implement strategies to bring down the UI improper payment rate. The federal government has identified UI as a high-priority program and USDOL has many initiatives to support states' efforts to improve payment accuracy, reduce improper UI payments and thereby reduce employer tax rates.

Over 16 states currently have an IPIA of 15% or higher. States need to employ customized strategies for reducing improper payment of benefits and overpayments. Most states have requested and received funds to engage in a business process analysis to identify areas of weakness and to set the stage for reengineering processes that will improve program integrity performance. This analysis should include a comprehensive analysis of the benefit payment process including procedural review of existing business, rules, staffing, technology and data. Based on this type of thorough analysis

combined with other programs (TOPS, SIDES), USDOL expects the IPIA rate to go down.

Process improvement has a short history in state government but is intended to be a positive, rather than punitive, cycle that relies on the expertise and engagement of employees who work with processes daily and know them best. By making processes more efficient, employees can be more effective and streamline their workload, resulting in improvements to the products and services delivered to the citizens.



Radha has developed its own customized methodology (***Lean Sigma for Government***) for reducing improper payments with state's Unemployment Insurance Divisions. This approach not only identifies specific processes to improve but also develops a method to sustain a culture of continuous business process improvement.

Key highlights of Radha's approach include:

- A systematic analysis approach that reviews the gamut of processes, procedures and systems spanning the UI Benefits operations but focuses on a detailed analysis of high-value targets and business areas that will help Agencies meet its targeted improvements to reduce improper payment rates
- An approach that focuses on data driven analysis backed by anecdotal information collected through onsite observations and face to face interviews with key staff members

- An analysis of possible correlation between UI Benefits performance and key intersection points between UI claims and other processes such as registration and exits for employment services to assess any quality dependencies between processes
- A review of the call center staffing models and associated workloads
- Conducting surveys and targeted focus groups of claimants currently collecting unemployment insurance benefits to identify messaging issues

Case Study: South Carolina and Nebraska

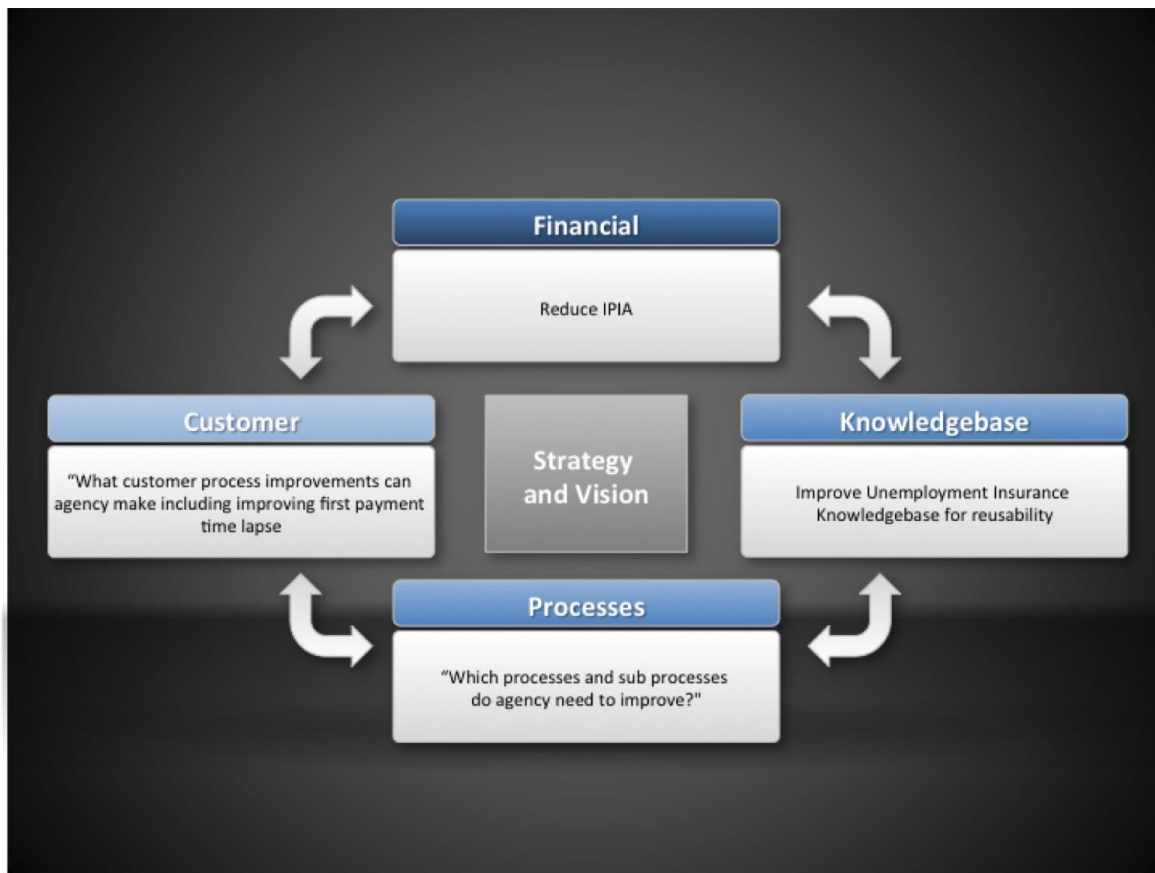
Two state agencies had distributed over \$375 million dollars in the form of UI benefits. With the improper payment rate estimated to be 14.7%, this translated to over \$50 million dollar in improper payments.

The agencies need help in identifying areas of improvement and set the stage for reengineering processes with an aim of reducing improper UI payments, improving customer and setting measurement goals for internal staff performance.

Radha conducted a business process analysis using the Lean Methodology and identified areas, processes and technologies contributing to the improper payment rate. Strategic and tactical recommendations were provided that enabled the agency to rollout measures to reduce fraud and improve customer service

Radha Services

- Business Process Analysis
- Value Stream Mapping
- Data Analysis
- System Analysis
- Organizational Review
- Change Management
- Audience/Focus Group Analysis



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