



Fiserv Remittance Report

RemitStream Solutions' Newsletter

Volume 5, Issue 1, 2009



A Message from Anna Quinlan

Fiserv would like to take this opportunity to wish you a successful and prosperous 2009. We would also like to reassure you that our company, including our *RemitStream Solutions* remittance processing product suite, is in a good financial position. In a recent investor conference call, Fiserv President and CEO Jeff Yabuki shared his insight that "Overall, our capital position and cash flow outlook are strong." We remain committed to the provision of best-in-class results in 2009.

Product Update

Processing Platform Expansion Wholesale/Retail Lockbox

Fiserv has rolled out the new *RemitStream Solutions* Retail/Wholesale lockbox system. This investment positions us well for the future and enables: automatic processing of greater retail/wholesale lockbox volume, enhanced stop and acceptance file processing, consolidated Retail and Wholesale Lockbox X9.37 file (image cash letter) creation, and more. Consider offering Retail/Wholesale Lockbox services if your customers receive scannable coupons in the mail.

Intelligent Character Recognition

Intelligent Character Recognition (ICR)-Assisted keying is provided to select Fiserv customers. ICR replaces traditional manual data keying by systematically capturing data from qualified remittance documents. It minimizes paper handling on our operations floor and ensures continued high-quality processing. Bank customers with list bill invoices that meet our criteria will find ICR particularly beneficial.

Short Takes

- For the fifth consecutive year, Fiserv has received one of the top two ratings in the FinTech 100 rankings. This year Fiserv gained the top spot in the survey, which identifies the leading 100 global technology and service providers to the financial services industry.
- We are pleased to report our 2008 Annual Fiserv Client Satisfaction survey results. The *RemitStream Solutions* product suite received an overall satisfaction score of 87 out of 100 and one of the top two ratings within Fiserv Item Processing in all categories. It was a pleasure servicing you in 2008. Thank you for your confidence in our products.
- In November, the Federal Reserve Bank announced an accelerated transition to a fewer number of regional check processing sites. By the end of 2009, the Federal Reserve Bank of Atlanta will serve as the sole electronic check processing site, and the Cleveland Fed will serve as the sole paper check processing and adjustments site. The Fed sites in Chicago, Los Angeles, and Atlanta (where the Miami Fed moved its processing in November) are scheduled to move processing to Cleveland by year-end. While the Fed will continue to accept paper cash letter deposits after the first quarter of 2009, your Fed prices will most likely increase and availability decline. Stay tuned for information on our service that will transition your Fed deposit to an electronic cash letter.

- DHL discontinues U.S. overnight delivery services on January 31. All lockbox customers using DHL have been notified accordingly.

Industry Update

Remote Lockbox Capture RDC to Grow Deposits

According to a fall 2008 Celent consulting firm report, the remote deposit capture (RDC) market has not been immune to the recent turmoil in the financial services industry -- RDC adoption tapered off in 2008. In contrast with other industries, however, RDC adoption will progress in 2009. Industry expert John Leekley believes the financial crisis may actually boost the RDC industry. While initiatives that don't increase deposits are being put on hold, RDC, a low-cost deposit acquisition vehicle, could assume a central strategic role.

Another change that the Celent report identified is the entrance of lockbox providers into the RDC space. RDC solutions are currently evolving to include full-page document scanning. Some platform vendors are also beginning to make available an integrated remote lockbox capture solution that is spawning bank interest.

Lockbox RDC

Just like lockbox processing, remote lockbox capture (lockbox RDC) solutions can grow a financial institution's deposits, generate fee-based revenues, and expand your geographic footprint without capital expenditures. Payments received at your customers' offices may currently be sent via courier or overnight mail to a lockbox provider for processing. With remote lockbox capture, your customers may save

on these transportation costs by scanning the checks and remittance documents on a scanner in their offices and transmitting the resulting images to a central lockbox site to complete processing.

Retail remote lockbox capture services use a check scanner to scan the checks and accompanying scannable coupons for payments like health club dues or doctor office visit co-pays. Wholesale remote lockbox capture services scan checks to office suppliers, contractors, etc. with any size of remittance document on a single desktop scanner. In both cases, the lockbox provider sends your customer a consolidated accounts receivable file combining the remotely-captured items with the customers' lockbox payments. Your customers reduce mail float, and benefit from a local mailing address.

Ideal Customers

Your organization may be among the financial institutions that until now have been highly cautious about their RDC offerings. In Celent's view, however, the benefits of a remote capture service integrated with remittance processing make it a "no brainer that should be widely adopted." Businesses with multiple locations and a central treasury, government entities and other organizations wanting a local mailing address are ideal candidates for the service. They may receive a payback in overnight shipping costs alone in two to three months.

As of October, the remote lockbox capture services available in the market were largely limited to retail lockbox solutions for scannable coupons and checks. Look for more information in our next newsletter on a *RemitStream Solutions* service using one scanner for wholesale lockbox payments with full-page invoices.

Healthcare Lockbox Update Payment System Reform

As healthcare reform takes the national spotlight, the Healthcare Financial Management Association

(HFMA) has published a healthcare payment system reform study that advocates simplified, standardized payment processes. Current wisdom is that electronic payment remittance technology can help the healthcare industry achieve this goal. The Health Insurance Portability and Accountability Act (HIPAA) took the first step by establishing a standard format, the 835 (EDI) file format, for electronic remittance advices (ERAs). The intent was for healthcare payers (insurers) and providers (hospitals, medical group practices, etc.) to exchange claims and payment information electronically.

When this technology is used, providers tend to be satisfied, per a September Celent study. Likewise, HFMA experts have attributed faster collections to not only cleaner claims but also to electronic payment remittance technology.

HIPAA as a Guideline

Yet, as TAWPI industry experts recounted this summer, only 40% of remittance advices that providers receive from payers are currently electronic. This percentage is low because HIPAA did not provide strict electronic remittance advice requirements and only provided guidelines. With the option of using different data segments within the 835 file, payers create various versions of the 835. Unable to turn off the paper, some continue to remit with a paper EOB (Explanation of Benefit) and use non-HIPAA compliant reason codes for claims denials. These practices force provider billing staff to try to build comprehensive code maps to post payments to a single patient accounting system, a very difficult, often manual process.

As a first step toward reform, the *RemitStream Solutions* Healthcare Lockbox service converts paper EOB data from multiple payers into an electronic HIPAA-compliant file (835) that can be automatically posted regardless of payer. The service merges ERA data with the paper data into a consolidated 835, matching the ERAs with their

electronic payments. The service helps your customers increase their efficiency, their automation and ultimately their quality care. For more information, contact your Account Executive.

Secure CD-ROMs

In mid-December, the accounting firm Deloitte reported that financial institutions have remained sensitive to risk over the past six to eight months, but that they now need to approach their data privacy and security differently. A Tower Group industry analyst report concluded that a new wave of risk management and compliance regulation will emerge from the current economic crisis. New investments and approaches will be needed to comply with this greater regulation, even in 2009.

Fiserv understands the negative impact of lost or stolen data and need for new solutions. In 2009, we will introduce a new service that safeguards the data and images on your customers' CDs. Stay tuned for our product launch.

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