



HIGHLIGHTS

Goal: For Empire Blue Cross Blue Shield to reduce printing and mailing expenses, centralize print and copy centers, cut paper costs, and comply with federal regulations including HIPAA and Check 21.

Solution: A variety of consulting services and solutions provided by Xerox Global Services, including outsourcing the print-to-mail facility to Xerox.

Results: Significant savings across the board for printing, faxing, postage, paper, and related services that resulted in a payback period of 11 months. A 31% annual savings in its print-to-mail environment; a 26% savings in paper costs; a 17% savings from printer and fax consolidation; an 11% savings in envelope costs; a 19% savings in check related costs; and a 4% postal savings.

CUSTOMER PROFILE

Empire Blue Cross Blue Shield
www.empireblue.com
Founded in 1935, Empire Blue Cross Blue Shield is the largest health insurer in New York State, based upon HMO and PPO membership, serving 5 million members and over 38,000 employer accounts in New York and across the nation.

Headquarters: New York City

Industry: Healthcare Insurance

Empire Blue Cross Blue Shield Cuts Printing and Mailing Costs, Consolidates Print Centers, Reduces Costs and Realizes an 11-month ROI with Xerox

New York-based Empire Blue Cross Blue Shield, like many insurance providers, spends a significant amount of money every year on printing, mailing, faxing, check-writing, and associated costs. Empire wanted to improve its efficiency and cut costs in those areas and provide better service to its members. Empire turned to Xerox Global Services to decrease costs in its print-to-mail facilities, consolidate its internal copy and print centers, reduce office output device expenditures and do a Six Sigma efficiency review to identify postal savings and inefficiencies.

The Challenge for Empire

Empire confronts the same challenges faced by health insurance plans across the country — how to contain costs while improving customer care and customer relationships.

Empire was looking for solutions to:

- **Decrease costs in its print-to-mail center.** By 2005, Empire was mailing approximately 3.5 million pieces every month. Additionally, the company wanted to print more creatively, customizing documents for individual members.
- **Consolidate its copy and print centers.** Empire had separate copy and print centers in offices in New York City, Middletown, and Albany — each of which was a standalone facility.
- **Control and reduce spending on office equipment.** The widespread use of individual printers meant that the company had increased maintenance, administration, and troubleshooting costs. Because purchase and support were decentralized, Empire's total spending was unclear.
- **Reduce postal costs and streamline the entire mailing process.**
- **Solve frequent paper jams and keep paper costs down.**
- **Comply with Check 21 and HIPAA.** The focus of the federal Check Clearing for 21st Century Act (Check 21) is on check security, and the focus of the federal Health Insurance Portability and Accountability Act (HIPAA) is on the privacy of personal medical records.

“ Our print-to-mail facility had an aging infrastructure. We had older printing equipment that needed to be replaced, we wanted to reduce administrative and maintenance costs, and we wanted to improve our efficiency. ”

Richard Moskowitz
Director of Document Services
Empire Blue Cross Blue Shield

“ Our decision to work with Xerox was based on their commitment to our vision of outstanding member communication and the delivery of cost-effective solutions. They know what is important to us, and they find the solutions, services, people and equipment to match our needs and expectations. ”

Gloria McCarthy
Executive Vice President and
Chief Operating Officer
Empire Blue Cross Blue Shield

Empire Blue Cross Blue Shield Chooses Xerox

Empire recognized that its core competency is health insurance, and that Xerox could provide that same level of competency in handling a print-to-mail operation and production printing. Empire decided to outsource the entire facility to Xerox rather than upgrade and maintain the facility itself.

Empire made this decision based on Xerox's proven track record; experience with printing and mailing technology; talent base, expertise, and overall breadth of knowledge.

The Bottom Line

Xerox was able to reduce administrative expenses in many different categories. And because of the minimal investment required, Empire was able to see significant savings with little risk.

COSTS DECREASED IN PRINT TO MAIL CENTER

The print-to-mail outsourcing project yielded sizable dividends, including an estimated annual savings of 20% between 1997 and 2003.

Empire requires that all documents are sent out to members, providers and institutions accurately and on time. In the last two years, Xerox has produced all documents 100% on time (in 24 to 48 hours, depending on the job).

Additionally, Xerox has captured and archived explanation of benefits (EOB) documents within Empire's secure and encrypted Web site, making these documents available to members who log into the secure site, giving members a simple and quick way to access information on claims that have been processed. Previously, this information was only available by mail. Web availability also helps Empire customer service representatives retrieve EOB documents to help explain benefits to members when they call with questions.

PRINT CENTERS CONSOLIDATED

Depending on what needs to be printed, data and documents are now automatically routed to the most effective output device. Additionally, departmental printers have been reduced, leading to significant savings in maintenance, troubleshooting, and hardware costs.

OFFICE EQUIPMENT SPENDING REDUCED

Outsourcing back office operations such as document production and management to Xerox can lead to clear and compelling advantages, especially cost savings. By outsourcing document production to Xerox, Empire Blue Cross Blue Shield was able to get immediate cost savings.

POSTAL COSTS REDUCED

Xerox also undertook a Six Sigma review for Empire, and identified a variety of ways in which the mailing process could be improved. For example, Xerox improved Empire Blue Cross Blue Shield's zip code sorting capabilities, which allowed Empire to receive a discount on mailing costs.

“ The arrangement with Xerox was the first outsourcing Empire was involved in, and this was a radical change in the way that we handled our business. As far as technology, talent, and new ideas go, on our own we could not have accomplished what Xerox has done. ”

Richard Moskowitz
Director of Document Services
Empire Blue Cross Blue Shield

“ Our relationship with Xerox is a true partnership — we view them as a strategic partner, not as a vendor. Xerox really understands our business, our customers and their needs. ”

Richard Moskowitz
Director of Document Services
Empire Blue Cross Blue Shield

PAPER JAMS AND PAPER COSTS REDUCED

Xerox also solved the problems of printer jams — and the solution has yielded additional savings, in the form of reduced paper costs. Xerox identified Empire's paper as the source of the jamming problem. By buying the paper from Xerox, Empire not only eliminated printer jams, but has reduced its paper costs by an estimated 26% per year.

CHECK 21 AND HIPAA COMPLIANCE

Xerox quickly put the company in compliance with Check 21. As part of that process, Xerox reduced the cost of check stock, and added 13 new security features to help the company cut down on fraud and forgery and comply with the federal regulation.

Xerox has also helped ensure Empire adheres to HIPAA by using bar coding and job tracking throughout its print and mail production procedures.

Empire Blue Cross Blue Shield Looks to the Future

Xerox has been able to reduce costs and improve the efficiency of Empire's printing, mailing, and document related processes. Additionally, Xerox has allowed Empire to precisely monitor its printing and faxing cost as well as provide timely and accurate benefit checks, and provide better customer service — an important differentiator in the highly-competitive healthcare landscape.

About Xerox Corporation

Xerox Corporation (NYSE:XRX) is a \$15.7 billion technology and services enterprise that helps businesses deploy Smarter Document ManagementSM strategies and find better ways to work. Its intent is to constantly lead with innovative technologies, products and services that customers can depend upon to improve business results. For more information on the advanced solutions and services that Xerox can provide, call 1-800-ASK-XEROX, ext. FSHC or visit www.xerox.com/healthcare.

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