

Physicians Mutual Leverages True Integrated Receivables to Tackle Credit Card Payments



Credit Card Payments

When a new billing and collections system touched off an 850 percent spike in credit card payments, Physicians Mutual Insurance Co. was driven to explore better ways to handle card data. “At the time, card processing occurred as a service through our bank,” explains Roger Moeller, VP and enterprise architect at the Omaha-based health and life insurer, “but it was apparent we needed more sophisticated and streamlined processes to better meet requirements.”

In addition to PCI-compliance, Physicians Mutual (\$2.9 billion in total assets at the time) sought a NACHA-compliant solution. But available packaged and outsourced options were insufficient or cost prohibitive, according to Moeller, who says the insurer began plans for building its own solution.

Although the initial phase of the in-house build were well along, Moeller reports, Physicians Mutual changed course when it learned about ETran, an SaaS-enabled option from Omaha-based Financial Transmission Network, Inc. (FTNI). ETran’s No. 1 benefit, Moeller says, was that it enabled the removal of all transaction data – and related customer information – from the insurer’s systems. During negotiations with FTNI, however, Physicians Mutual realized that it also needed an internal payment centralization system to link various legacy systems.

SUCCESS STORY SNAPSHOT

Challenge: Efficiently maintaining PCI and NACHA compliance requirements for handling customer payment information

Solution: ETran Integrated Receivables Processing

REALIZED BENEFITS

PCI and NACHA compliance achieved within a single receivables system

So, Moeller kicked off two initiatives – the FTNI implementation and development on an in-house SOA-enabled, J2EE-based system, dubbed Payment Management. “FTNI interfaces direction with our payment processors,” Moeller explains. “Information then passes to Payment Management through the processor.”

A Reassuring ‘Hiccup’

One-time credit card processing rolled out smoothly, and recurrent credit card payments and real-time ACH transactions followed shortly thereafter. But then, a third-party partner caused a disruption in the system. FTNI rapidly tracked down the issue’s source and took corrective measures.

Consequently, Moeller says, his company is “quite satisfied with the assurances FTNI provided.” This small hiccup pales in comparison to the rewards, which started with approximately \$250,000 in savings for up-front infrastructure costs and 3,500 hours of development effort, according to Moeller. “And we reduced this phase of our PCI-compliance efforts by about four months,” he adds.

On the customer-facing side, FTNI works with credit card companies to update card expiration information before a recurring payment is processed, preventing coverage interruptions due to an expired card. “For us, it reduces internal inefficiencies caused when a payment attempt is made to an expired card,” Moeller notes.

Not surprisingly, card and ACH transactions have soared. “Within eight months we exceeded credit card volume over the entire previous year,” Moeller reports. “Also, over the period, we processed \$4 million in electronic payments through the enhanced self-service capability enabled by FTNI. And we’re getting a higher persistency of customers who use recurring payments.”

More recently, Physicians Mutual insourced the previously outsourced administration of a particular product. Prior to FTNI, a complex process for scanning checks and posting to legacy systems would have required considerable IT and business resources to develop, Moeller explains. “FTNI provided an easy way to automate,” he says. “We leveraged a very similar process that existed for credit cards.”

The deployment of ETran has also contributed to a new policy administration system rollout. And it will be leveraged during the adoption of other new Physicians Mutual functionality.

“Not only do we feel good about our partnership with FTNI,” says Moeller, “but due to the reduced security and compliance burdens, we sleep better at night.”

\$250,000 savings in up-front infrastructure costs

Internal development efforts reduced by more than 3,500 hours

Accelerated PCI-compliance efforts by four months



About FTNI



Financial Transmission Network, Inc. (FTNI) accelerates the way businesses accept, process, post and manage payments. Processing millions of transactions monthly, FTNI’s integrated receivables solution, ETran, accepts any payment method, via any payment channel — on a single, secure, cloud-based platform. ETran’s easy-to-deploy, modular design seamlessly integrates current business processes, bank and merchant processor relationships, and back-office accounting software to deliver increased efficiencies and cost savings as a result of true straight through processing. Offering a real-time, enterprise view of all payments activity, ETran increases receivables oversight and delivers significant cost savings by streamlining operations and automating time-consuming, error-prone manual processes. For more information, visit www.ftni.com.