

Processing and checking of invoices for AHV and IV individual benefits

Central Compensation Office and Federal Social Insurance Office

Key facts

Each year, the Central Compensation Office (CCO) processes close to 1.6 million invoices for individual benefits for old-age and survivors' insurance (AHV) and disability insurance (IV). These invoices cover medical measures, vocational education, assistive devices or transport costs. They account for a financial volume of around CHF 2.2 billion a year. The Federal Social Insurance Office (FSIO) sets out the rules to be followed and performs supervisory tasks. The IV offices perform an initial check of invoices. The CCO then verifies compliance with the tariffs and conducts an arithmetical control.

The Swiss Federal Audit Office (SFAO) audited the efficiency and effectiveness of the processing procedure for invoices. It focussed on the division of tasks between the actors, the type of controls and the use of IT tools. The CCO has an IT application, SUMEX (SUVA Medical Exchange), developed by the Swiss Accident Insurance Fund (SUVA) and used by various insurers. Overall, the SFAO believes that electronic processing of invoices is being under-utilised even though the CCO has an IT solution. Savings of at least CHF 3 million could thus be realised for the CCO alone. These resources could be allocated to strengthening the checking of invoices.

Small proportion of invoices processed by automated handling in the digital age

About 70% of invoices arriving at the CCO are in paper format. The IV implementing bodies do not have dematerialisation tools for automated processing. According to the FSIO circular, the invoices are firstly validated by the IV offices before being sent to the CCO by post. The CCO does not receive any information on the checks carried out by the IV offices. The IV does not have any data on the checks carried out and cannot know how effective they are.

The SFAO discovered redundancies in the checks carried out by the IV offices and then by the CCO. The existence of two distinct processes, one for paper invoices and the other for electronic invoices, is not in line with current practices in terms of efficiency. Processing a paper invoice, to a large extent manually, takes more time and is more costly. On average, it costs CHF 5 per paper invoice just for the part relevant to the CCO. There is no data on the processing costs for the IV offices. The average cost for an electronic invoice is CHF 1.

By way of comparison, more than 80% of SUVA's invoices undergo scanned and automated processing. SUVA has a comparable invoice volume to the CCO. Like other insurers, SUVA has information on the effectiveness of checks. The SFAO believes that efficiency gains are possible by using a single process. This means having invoice dematerialisation tools and conducting initial automated sorting. The average cost for processing a dematerialised invoice would be CHF 2.

Development delays in the SUMEX application at the Central Compensation Office

The CCO is one of the first users of the SUMEX application and has the same basic functionalities as SUVA. This application offers automated invoice processing and checking. The invoices are sorted using a multitude of criteria. Those invoices deemed to be problematic are directed to a dossier manager for further inspection. Given that the paper invoices are not integrated in the process upstream after reception, the IV implementing bodies cannot use SUMEX in an optimal way.

The CCO has adapted SUMEX to its own needs by adding numerous extensions. It has decided to manage the application without any external support. From 2010, the CCO faced stability and performance problems with SUMEX. The level of interdependence between the SUMEX basic functions and the extensions unique to the CCO is too high. In addition, it only has one software developer who has the know-how specifically for this application. In 2014, it was no longer able to integrate the regular updates for SUMEX. The CCO is falling behind on the development of new functionalities and the advances possible thanks to SUMEX. A project to revamp the application is currently under way.

Revise breakdown of responsibilities

The SFAO found that the breakdown of responsibilities between the FSIO, the CCO and the IV offices is not clear. There is not much strategic thinking on the development of SUMEX and possible alternatives to enhance the efficiency and effectiveness of the process. The contractual relationships reflect the confused allocation of responsibilities. The FSIO, however, has no operational expertise. The CCO is responsible for the IT application but does not have the legal authority to take the lead in the development of SUMEX requiring a different process for processing invoices.

The SFAO noted the existence of a multitude of working groups dealing with implementation questions. There is no overall view and not much strategic thinking. The allocation of responsibilities restricts the opportunity to take decisions swiftly and thus to make the invoice processing procedure more efficient.

The SFAO recommends that the IV bodies establish an automated process to meet the current standards. This will require clarification of responsibilities and appropriate use of SUMEX. The project on the modernisation of supervision in the first pillar is the perfect opportunity to make the invoice processing procedure more effective. This project has generated serious thought on governance and better separation of supervisory tasks and execution tasks.

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