**Claim Reimbursement Process**

A common problem in a lot of companies including Kaiser Permanente, where one of our team members worked, is the cumbersome approach taken to reimburse expenses to employees for business related trips or events. Often an employee would travel to another location for a meeting with other employees of the company who do not work at the same location. The trip would incur expenses that the employee has to spend from their own pocket. The expenses could be in many forms such as flight fare, car rentals, hotel reservations, food expenses, etc. The expense could also be in the form of team outing approved by a manager. The employee is required to save receipts for all the different expenses incurred and then list them down on a travel reimbursement form provided by the company. The employee then needs to print out that form and then get his/her manager to sign that form. The manager is responsible for verifying the legitimacy of the receipts with the expenses listed before signing the travel reimbursement form. The employee then has to scan and email the signed form along with the receipts to the company’s accounts department. A representative from the account’s department then manually verifies the signed form and does a final check of the expenses listed with the receipts provided. The representative also verifies if the employee does work under the manager who signed the form then verifies if the employee is a full-time employee of the company or a contractor (the company hires contractors from a few preferred vendors). In the case of a full time employee of the company, the reimbursement amount is added to the monthly paycheck of the employee. But in the case of a contractor the amount is paid to the associated employer (vendor) of the contractor.

The claim reimbursement process is a business process since there are cross-departmental tasks resulting in an employee receiving reimbursement. The result is identifiable and countable in terms of knowing how many claims were processed every financial quarter thereby helping the company estimate the travel expense budget for teams working on specific projects. The triggering event of this process is when an employee goes for a business trip or sponsors team event approved by his/her manager. The employee then claims the reimbursements for the expenses incurred.

Below are the steps in the process:

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| 1. Incur Expenses | 6. Prepare and email proper documents |
| 2. Save receipts | 7. Verify form and check employee status |
| 3. Complete Reimbursement Form | 8. Approve reimbursement amount |
| 4. Verify Reimbursement Form | 9. Process payment |
| 5. Sign off on reimbursement form | 10. Receive payment |

There are multiple issues with this business process. Often the manager is working remotely and is not available for the employee to get his/her signature in person. The employee can either wait for the manager’s approval signature until he/she comes to office or can email their manager with the form and receipts. In the case when the employee emails the form to the manager, the manager after verifying the legitimacy of the claim will have to print the form, sign it, scan it and email it back to the employee. This becomes tedious for the manager and depending on the work load of the manager, he/she may choose to defer the signing of the form to a later time and run the risk of forgetting about it. Rather than reminding the manager about signing the form, the employee may continue to wait for verification, causing a delay in the process. In the case where the employee gets the signature of the manager in person, the manager often ignores verifying the accuracy of the expenses claimed due to the presence of the employee and signs the form in haste. When the accounts department’s representative receives the claims form, he may not do a verification of the expenses claimed since they assume that the manager has already done so and does hesitate to question the manager’s diligence on the matter should they find a discrepancy. This could result in employee receiving inaccurate expense reimbursement.

This business process can be made efficient by changing the workflow of this process. We are proposing an online portal on the company’s employee administration system where an employee can login with their credentials, fill out and submit the claims form along with the receipts of the expenses. The form will have elements such as type of expenses incurred and their corresponding amount, employee status, employer name if the employee is a contractor, approving manager’s name, type of reimbursement desired, location of employees, vendors, etc. For full-time employees they will have an option of either having the reimbursement added to the monthly paycheck, or having a check be mailed at their residence should they want to receive it sooner. There are two types of reimbursement: first is flight related and the second is other expense, which includes hotel, car rental, food, and miscellaneous. The limit on all types of expenses will be capped by estimated values. The flight cap limit will be based on the flight route and flight class whereas the other expenses cap limit will be based on the expense type and duration of the expense type. When the limit is exceeded by the employee, he/she will get a notification saying, "You have crossed the limit for the type of expense you have entered, do you wish to submit these to your manager for review?". If the employee chooses to continue then his/her manager will get a notification that his/her employee did cross the limit. This will better ensure the manager be more alert at verifying claims. Once the form has been submitted by the employee, the form will be auto verified to ensure the fields entered match what is already present in the database. Once auto verified, his/her manager will get an email notification of the action. The manager will then log on to the same portal and verify the claims with the receipts. While it can never be assumed the manager would thoroughly verify the claim from the employee, an indication of over expense will most likely prompt the manager to check the claims. The system will also notify the manager once every day should they defer this task for a later time. This will help in hastening the process. For approval, the manager would only need to click on the approve or reject button. In case of rejection of claim from the manager, the employee will be notified and it will be up to him/her to address the issues with their manager. In case of approval by the manager, the accounts department will then be notified by the system. They would also be notified about any over-expenditures and will be responsible for a re-check on the receipts and claims. While they cannot do anything about the over-expenditures after approval of the manager but they can send the claim back to the manager for revision should they find any discrepancies. Otherwise they can go ahead and process the claim to the respective employee or employer of that employee in their desired mode of payment.

Some features of this form are:

1. Provides drop downs for manager and vendor choice for employees based on their chosen location for themselves and manager.
2. The employee will have to enter each type of expense along with their duration which helps the system to calculate over-expenditures on every type of expense incurred.
3. Mode of reimbursement desired by a full-time employee (mail check or add to paycheck)
4. Iterative verification until employee chooses correct information followed by automatic email with alert (over-spend) to the respective managers after final form submission.
5. Simple Approval/rejection by clicking button for manager.

Another feature of this improved process is that all the expenditures on each type of approved expense will be recorded. This will enable the company to estimate future capped amounts for every type of expense and update the database accordingly for the base limit on the expenses. The existing claim reimbursement process involves more human effort and possible inaccuracy of claim amount resulting in additional overhead costs for the company, decrease productivity of the employees and discontent employees. The effectiveness of this new process based on this online claim form on the company’s administration system is that it provides a higher degree of reliability that the claims submitted by the employee, minimizes effort, saves time, and assures the employee of receiving his/her payment as soon as possible.