



## Case Study: Pension Benefit Guaranty Corporation Streamlines Payment Process

The structure of PBGC was like many other government organizations, with departments operating in silos with distinct areas of responsibility. However, what many of the department heads didn't realize was that, within the process of collecting pension benefit overpayment, there was a great deal of unnecessary delay and repetition of tasks. The system was broken and employees were feeling frustrated, as motivation to perform waned.

To find ways to streamline the process and reinvigorate the workforce, Guidon's team conducted a four-day Kaizen event to examine the process from the moment the PBGC received word of overpayment to the moment when a decision was made about how that overpayment would be collected.

Throughout each collection process, one main team was in charge of overpayments. However, that team also had to reach out to various other functional groups to get information and approvals, such as the legal or payment administration teams. Because this overpayment collection process represented a small portion of the responsibility of these teams, response was often slow, as it was not viewed as a priority.

Working with a group with representatives from four departments involved in the collection process, the team began mapping out each step in the overpayment collection process. What they found were significant delays and duplication of effort.

Within the four-day period, the team unveiled a new collection process. It cut delays in issuing notification letters to the collection targets by 30 to 45 days. Some loop-backs with teams were eliminated, further streamlining the process and avoiding delays. Overall, lead time to a collection decision—a conclusion about how collections would be handled—was cut nearly in half, allowing the agency to recover money quickly. This is important because PBGC is not funded by tax revenue, but by insurance premiums set by Congress and paid by sponsors of defined benefit plans, as well as investment income, assets from pension plans trustee by PBGC, and recoveries from the companies formerly responsible for the plans. When overpayments are made, they drain resources that should go to pension beneficiaries.

In the new process, teams also had the autonomy to write off unknown debtors and collections of less than \$1,000 in certain circumstances. Debtor research was done once instead of multiple times, further reducing delays and unnecessary tasks. In addition, team members received an important education in how other teams worked and a renewed understanding for their jobs. Even team members who were initially skeptical about the Kaizen process found that their jobs were made easier and more efficient with the improvements made as a result of the event.

**Client:** Pension Benefit Guaranty Corporation (PBGC)

**Industry:** Government

**Service:** Kaizen event

### Challenge:

- Payments made incorrectly through errors in paperwork or oversight resulting in overpayment of the benefit
- Collection of reimbursement taking too long and resulting in duplicating efforts

### Solutions:

- Used a four-day, Kaizen event to examine the process from when overpayment was noticed to when it would be re-collected
- Analyzed current performance data
- Identified opportunities for improvement
- Developed a new process and conducted multiple pilot tests

### Results:

- Reduced delays in issuing notification letters to collection targets by 30 to 45 days
- Lead time to a collection decision was cut nearly in half allowing the agency to recover money quickly
- Had the autonomy to write off unknown debtors and collections of less than \$1,000



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