



For Claims Departments,
Convergence of Matter
Management and E-Billing
Creates Opportunity



A single litigation
management solution
yields numerous benefits
for insurers

FOR CLAIMS DEPARTMENTS, CONVERGENCE OF MATTER MANAGEMENT AND E-BILLING CREATES OPPORTUNITY

By

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ABSTRACT:

With certain market trends converging, insurers' litigation management needs call for a single system that consolidates both e-billing and matter management. A consolidated litigation management solution opens up new opportunities for claims departments to reap many rewards, including trimming claim and expense costs, streamlining and automating workflows, and enforcing best practices throughout both the billing and matter management processes. This white paper reviews the five essential criteria to consider when planning to extend an existing system or deploy a new system as a single platform to meet your litigation management objectives.



Claims departments are under constant pressure, and never is this pressure greater than when losses turn into litigation.

The primary responsibility of claims staff is to protect the mutual best interests of their company and their policyholders. However, they must fulfill that responsibility while simultaneously controlling costs and effectively managing the litigation process. Particularly in a challenging economic climate, everyone from the CEO to the shareholders demands improved efficiency and reduced costs.

Technology has been essential to control costs and better manage litigation in the claims department. The research firm Celent has noted that the economic value and the inherent complexity of managing the work of different law firms—with hundreds to thousands of cases—justifies the focus of a specialized litigation management software application.¹

¹ Hyle, Robert, "Too Big to Build," *TechDecisions Magazine*, December 2004.

However, deploying different systems for different litigation management purposes—e-billing for outside counsel and matter management for staff counsel—has created a complex systems environment over time. For a carrier to deal with more than one system in support of defending litigated claims is both cumbersome and inefficient.

Inefficiency has been considered a cost of doing business, but this perspective is changing. In response to claims organizations' need for greater communication, e-billing companies are providing matter management solutions to be used with outside counsel. In response to a desire to compare outside counsel expense to staff counsel, matter management companies are offering e-billing solutions that can be used by outside counsel.

This convergence of litigation management systems is an opportunity for claims organizations to leverage a single platform for both billing and matter management, thereby improving efficiency and cutting costs. Not only is a single solution far less expensive to purchase and maintain than multiple platforms, but it can also lead to improved case results and better executive decision-making.

However, claims departments can reap the rewards of consolidation only if they make the right decisions regarding the solution chosen. In this paper, you will learn the five essential criteria to consider when planning to extend an existing system or deploy a new system as a single platform to meet your litigation management objectives.

A CASE FOR CHANGE

In addition to continued pressures faced by insurers' claims departments, several trends in the marketplace have influenced the convergence of matter management and e-billing technology.

Larger staff counsel operations. Traditionally, many insurers assigned litigation to outside counsel, which made e-billing solutions the greater priority for litigation management. However, in recent years there has been a trend toward larger staff counsel operations, which elevated the importance of matter management solutions. As insurers work to effectively manage claims that may include a mix of both retained and staff counsel, their desire has grown to utilize one multifunction solution to manage the end-to-end litigation process.

Development in the solution provider marketplace. Historically, solution providers came from either the e-billing or matter management discipline. However, as the insurance industry's approach to litigation has changed, the solution provider marketplace has evolved as well. Matter management providers have added e-billing capabilities, while e-billing vendors have augmented their platforms with matter management functionality. In turn, this has led insurers to understand that a single solution provider can serve their entire litigation management needs.

THIS CONVERGENCE OF LITIGATION MANAGEMENT SYSTEMS IS AN OPPORTUNITY FOR CLAIMS ORGANIZATIONS TO IMPROVE EFFICIENCY AND CUT COSTS

Other parallel IT initiatives. Across IT organizations, there has been a steady and marked trend toward system integration, rather than maintaining standalone applications and “silos.” Enabled by modern technology approaches, insurers continue to consolidate systems to reduce costs and gain process efficiencies.

Enterprise-wide expense pressure. Particularly in a difficult global economy, and with some insurance sectors in an entrenched soft market, the need to control expense is acute. Because it costs more to operate and train on multiple systems, consolidating platforms helps insurers respond to expense pressure.

A SINGLE-PLATFORM SOLUTION

Insurers have deployed separate e-billing and matter management solutions to automate different parts of the litigation management process. However, they have found that this strategy has created several problems, such as:

- Increased cost,
- Lack of transparency into the end-to-end litigation process, and
- More complicated system training.

Today, consolidated solutions are available in the marketplace. These solutions provide web-based tools that enable insurance claims departments to improve performance, reduce both claim and defense costs, and streamline litigation management processes. Particularly as the needs of insurance carriers have changed due to the market drivers outlined above, an integrated solution is vital as part of a comprehensive litigation management process.

With a consolidated solution, claims departments can eliminate the problems associated with disconnected systems and achieve several key benefits.

Increased visibility. As insurers expand staff counsel and consider a single platform, there is now an opportunity to address a need to effectively coordinate billing and matter management for all counsel. (In fact, many insurance companies require their staff counsel to “bill” their time as well.)

In billing, increased visibility through e-billing systems helps detect duplicate and erroneous payments as well as invoices that are not in compliance with insurance company guidelines. With matter management systems, the claims organization has insight into activities and schedules to meet critical case deadlines. Matter management systems also provide company management with a view into the activities of the claims department and lawyers, as well as easy access to the details of any individual litigated claim.

But where billing data, case development information, and documents are in separate systems, it’s difficult to analyze this information to make strategic decisions. A consolidated system provides claims management with clear insight into where the claims department stands and lawyer performance, and the ability to share these insights with other areas in the organization.

WITH A CONSOLIDATED SOLUTION, CLAIMS DEPARTMENTS CAN ELIMINATE THE PROBLEMS ASSOCIATED WITH DISCONNECTED SYSTEMS

A CONSOLIDATED LITIGATION MANAGEMENT PLATFORM REDUCES COSTS BY LOWERING THE IT INVESTMENT REQUIRED AND BY OPTIMIZING THE LITIGATION MANAGEMENT PROCESS

Improved end-to-end litigation management. At the outset of a claim, a litigation management system can incorporate a rules-based approach to help staff determine not only what type of cases should go to outside counsel versus staff counsel, but also which specific inside or outside resource should be assigned the case based on past performance and areas of expertise.

As claims progress, the system provides both the lawyer as well as claims personnel reminders and other workflow features to ensure that deadlines are adhered to and that the litigation process stays under control. It provides a platform for effective document management and the ability to collaborate around those documents.

Consolidated litigation management systems also provide uniform oversight into the end-to-end billing process. Easily configurable business rules flag invoices for review when company-defined control parameters are met.

Reduced costs. It simply costs more to buy and maintain multiple systems. Not only is an initial investment required into two (or more) platforms, but—if the systems are owned and installed—they must be monitored, updated, and maintained, increasing the IT burden.

A consolidated litigation management platform reduces costs by lowering the IT investment required and by optimizing the litigation management process itself. It manages invoices and ensures that billing is done in accordance with established terms with outside counsel, eliminating erroneous payments. Prompt payment of invoices helps avoid penalties and maintains favorable relationships with outside law firms.

Additionally, if the platform is a hosted service (also known as an application service provider, or ASP), costs are further reduced by shifting expense from a capital outlay to a pay-per-use fee.

Faster and simpler system training. It takes more time to train staff to use multiple systems versus a single system. It is also more efficient for staff to use a single system, rather than having to toggle between different applications to complete a single process. Additionally, by featuring an intuitive interface with familiar, “Windows-style” controls, staff training demands are further reduced.

THE CONSOLIDATED LITIGATION MANAGEMENT SOLUTION

A consolidated litigation management platform is the solution to the problems of higher cost, lower efficiency, and less effective matter and billing management that arise from multiple, disconnected platforms. However, claims departments may struggle to evaluate which consolidated solution best meets their unique needs.

IN ASSESSING A SOLUTION TO EXTEND OR DEPLOY, CLAIMS DEPARTMENTS SHOULD ENSURE THAT THE SYSTEM CHOSEN CAN PROVIDE FIVE ESSENTIAL CAPABILITIES

Because historically solution providers have come from either the e-billing or the matter management disciplines, they tend to approach the technical process of consolidation from one side or the other. The critical decision criteria for insurers, however, is how well can a vendor perform both processes. In assessing a solution to extend or deploy, claims departments should ensure that the system chosen can provide five essential capabilities.

1. Effective e-billing. First, although the level of staff counsel has increased among insurers, retained counsel still comprise the majority of litigation resources most companies use. Therefore, insurers should verify that a system effectively manages e-billing. Celent points out that most carriers that put a litigation management tool in place get an immediate and “fairly significant” efficiency bump just from better handling of invoices.²

Simply put, an insurer is obligated to pay its bills, but doesn’t want to make any errors in doing so. Therefore, a company should seek the most efficient and effective way to manage bills, choosing litigation management solutions for their ability to reduce costs, increase compliance and control, and gain visibility and transparency in the billing process.

The system should incorporate an automated invoice testing routine to ensure that bills are evaluated for completeness, mathematical accuracy, and compliance with the insurer’s outside counsel guidelines. Invoice testing should automatically validate all bills for complete and correct formats, vendor status, and timekeeper rates. It should be able to flag invoices at the matter, vendor, or line item level for violation of any rules or terms and ensure that business rules for payment are followed consistently, rather than depending on inefficient and error-prone manual intervention.

These capabilities provide a transparency into the e-billing process that doesn’t simply enable a company to handle invoices more efficiently; it also helps it manage the litigation process more effectively and brings visibility into the entire claim process. Claims departments can detect and control expenses before they are paid, eliminate erroneous payments, and gain confidence in the accuracy of their books. Additionally, the consolidated litigation management platform should provide reports based on e-billing data that a company can use to continually fine-tune business rules around the process and achieve greater control.

2. Proven matter management capabilities. Managing litigation is not just about reviewing bills; it involves actively overseeing each case. This includes managing documents, diaries, and communications by case, and having the ability to effectively collaborate with both staff counsel and outside counsel on these items.

² Hyle, Robert, “Legal Bills,” *TechDecisions Magazine*, February 2005.

THE SOLUTION MUST BE DESIGNED TO ACCOMMODATE THIS DIVERSE ENVIRONMENT OF DOCUMENTS, ANY ONE OF WHICH MAY TRIGGER EVENT NOTIFICATIONS

Document management is fundamental to effective matter management. A consolidated litigation management platform should also provide an organized strategy for important case documentation. Documents are not limited to invoices and include a whole host of correspondence, diaries, and communications. The solution must be designed to accommodate this diverse environment of documents, any one of which may trigger event notifications. The navigational workflow should feature an intuitive user interface where users can easily store and find critical documents, using a configurable folder structure that matches a company's unique taxonomy and storage conventions. It should be able to store documents with matters or cases within a repository and give users the ability to store documents with invoices or in the document library.

A consolidated litigation management platform should also provide an organized strategy for important case documentation. It should be able to store documents with matters or cases within a repository and give users the ability to store documents with invoices or in the document library. It should also provide comprehensive metadata about documents to enable effective categorization, search, and retrieval, and enable keyword- or filter-based searching in order to find documents quickly and easily. This type of structured document storage methodology eliminates the frustration of searching for documents in large repositories.

The solution should also provide versioning control of documents so that while one user is editing a document others can be 'locked' out, preventing two people from working on the active copy at the same time to eliminate multiple versions. Versioning control also provides a history of every document for auditing and compliance. Lastly, document management should deliver user-controllable security, protecting sensitive documents with a permissions-based folder structure.

Collaboration is also essential to robust document management and effective matter management. The litigation management solution should therefore provide the ability for claim managers and the assigned attorneys (staff counsel or outside counsel) to create, assign and update tasks for matters, invoices, vendors, timekeepers, or client users from the same system. Rather than creating only a simple listing of projects, the system should provide task associations that deliver active reminders of what needs to be completed as well as the link to the actual work area, ensuring that team members can quickly navigate to priority tasks.

3. Automated workflow. Manual processes are notoriously inefficient. An automated solution not only delivers greater transparency into the litigation process, but also increased efficiency into the workflows of litigation management. Automated workflow enables claims departments to streamline, automate, and eliminate manual processes, rather than physically routing approvals and requests around from one area to the next.

AUTOMATED WORKFLOW
ENABLES CLAIMS
DEPARTMENTS TO
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PROCESSES

For e-billing, automated workflow should incorporate comprehensive, end-to-end electronic invoicing and payment. When invoices are submitted by law firms, they are programmatically tested for data integrity and compliance with the insurer's outside counsel guidelines, then automatically routed according to a carrier-specific workflow and presented in an intuitive and flexible on-line review interface. Rather than having to analyze all invoices manually, invoices are now reviewed by exception in order to make adjustments to the entire invoice, groups of line items, or single line items.

Notes can be added to invoices, and invoices can be emailed, printed, and converted to different formats, such as Excel. Payment files can be created within the application and downloaded for further processing, or the application may be programmed to generate and transfer a payment file to client file specifications.

The configurable workflow should also provide multi-dimensional review at various approval levels, including management, supervisor, matter, and work-area-level. Reviewers are provided the ability to send invoices back to prior reviewers for additional review. Additionally, all actions taken on an invoice should be logged and viewable to provide a full audit trail.

For matter management, workflow capabilities should span the spectrum of activity from fully automated task assignment to technology-enabled decision support. Claim staff need to quickly determine not just whether a claim is sent to outside or inside counsel, but what specific inside or outside resource is most appropriate based on past performance.

4. Report delivery for claim department management. An insurer's claims data contains valuable metrics about the claims department, staff counsel, and outside counsel. However, simply implementing an e-billing and matter management system doesn't automatically allow a company to fully realize the potential of the claim department's data. A consolidated litigation management solution should report on those metrics and enable a company to use those metrics to optimize the claim department's performance through better financial management, stronger law firm engagement decisions, and more effective strategic planning.

With the entire claim department's data at management's fingertips, the department is better able to add value to the organization with metrics that identify best practices for both staff and outside counsel. The department can compare case cycle times, team concentrations, budgets, risk management profiles, outcome information, and more, allowing it to allocate resources more effectively and identify those staff lawyers and outside law firms that bring the most value to the company.

5. Provide the most flexible delivery model. Litigation management involves coordination of the claims staff as well as staff or outside counsel. Therefore, it is important insurers choose a system that is web-based and can be easily and conveniently accessed by all parties.

Within the claims process, including litigation management, collaborative “hubs” that utilize web technologies provide a neutral platform for everyone involved. Besides reducing friction, this can provide greater visibility into the claims process and improve overall claim management.³

A hosted deployment model best meets this objective. By requiring no client-side deployment, a hosted, web-based system can be easily accessed by end-users, law firms, vendors, business partners, and others. This model, also known as an application service provider (ASP), provides for robust security that allows administrators the ability to grant and restrict rights and privileges to users and selectively limit their ability to add, edit and view system information.

An ASP model provides a secure solution that is also more affordable, with lower capital costs. This advantage is especially important in a challenging economic climate. A hosted model shifts system development, storage, and maintenance costs to the provider. Additionally, the provider is able to make upgrades to the application, providing claims departments with the best, latest capabilities as they are enhanced and developed without involvement of insurers’ IT resources.

The consolidated solution should also support a component-based deployment, freeing an insurer to choose only the capabilities it needs today while providing a platform to seamlessly add additional functionality as needs change.

CAPITALIZING ON CONSOLIDATION

In addition to seeking a consolidated litigation management solution that delivers the key benefits and capabilities outlined above, an insurer should choose a solution from a provider experienced in working with a large number of outside law firms. This consideration is particularly important in evaluating a litigation management system decision versus other software because of the critical nature of the counsel-client relationship, where maintaining positive working relationships and assuring information security are of paramount importance.

Insurers have seen the benefit of deploying technology to control costs and better manage litigation in the claims department. However, deploying different systems for e-billing and matter management is not the optimal solution.

Today, there is an opportunity for claims organizations to leverage a single platform for the end-to-end litigation management process. A consolidated litigation management solution helps insurers trim claim expense costs, streamline and automate workflows, and enforce best practices throughout the claims discipline. The end results are better decision-making and improved case outcomes, which benefit not only insurers, but also their investors, agents, and customers.

³ Voelker, Michael, “How to Remove Friction From Claims, Payment Processes and Please Customers,” *IASA Daily News*, June 5, 2007.

COLLABORATIVE “HUBS”
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