

Special Technology Supplement

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Technology Showcase

A Special Supplement Highlighting Technology Tools for Claim Handling

TyMetrix Tools for Managing Litigation

Recognizing that claims expenses and indemnity payments comprise more than 70 percent of an average carrier's operating expenses, claim managers are continually seeking new ways to reduce costs and improve their claim management processes. One of the best new technologies that accomplishes both goals is electronic invoice review, as it provides claim managers with comprehensive performance and analytical tools to improve both their litigation spending and their loss ratios.

The widespread adoption among insurance defense firms of standardized, task-based coding in the mid 1990s, combined with web-based application technologies, has created technology tools that literally did not exist seven years ago. Claim executives now recognize that they can reduce expense and indemnity ratios, minimize reserve creep and case-specific surprises, and project total claim costs, by combining their claim management, legal invoicing, and performance metrics data into a cohesive and integrated system.

The TyMetrix e-invoicing system automatically reviews each legal invoice received by the insurance company. Law firms, using their existing time and billing applications, submit their invoices electronically through an automated screening process to check for compliance with the carrier's litigation guidelines, disbursements exceeding a predetermined limit, math errors, duplicate invoices, and dozens of other criteria set by the carrier. Any non-compliant invoices are automatically returned to the law firm for correction and re-submission, while others are routed to the claim handler for more specific review, depending upon the carrier's business rules. Automating the often tedious process of invoice review and payment alone can reduce a carrier's per invoice processing cost to less than \$1.

System Capabilities

Even more beneficial than saving money on invoice processing is the vast warehouse of claim management data these systems mine. The data can be aggregated and reviewed from several different perspectives. Reviewing the data can help claim executives better manage case assignment, formulate their legal budgets, track litigation tracking, review documents, evaluate their law firms, ensure billing guideline compliance, and accurately benchmark the comparative performance of their law firms and their claims staff.

The TyMetrix system enables claim handlers to efficiently online assign a case to counsel, obtain an evaluation and litigation plan, establish and revise litigation budgets, and evaluate and adjust invoices. The information extracted from legal invoices enables clients to efficiently and effectively manage selected defense partners toward optimal claim outcomes. TyMetrix has more than 950 *ad hoc* reports that answer such questions as: Which are our best law firms? For what



types of claims? In what jurisdictions? Why? How do firms compare to one another in terms of outcomes, expenses, cycle times, staff mix, and best practices?

The case-specific and macro views of this data are helpful to both front line claim handlers and claim executives alike. The system identifies claims that are deteriorating against budgets or reserves, while offering a macro view of overall legal spending by law firm, line of business and jurisdiction. Since these systems integrate easily with a carrier's existing claim management systems, carriers can reap the benefits of the data mining and analysis capabilities with minimal interruption to their current claim management process.

Selecting a Technology Partner

Claim managers evaluating e-invoicing systems should look at several factors when selecting a technology partner. Look for an experienced partner that has a demonstrated and diverse client base. The ability to network and benchmark with other users of the system is a significant additional benefit. It is important that your technology partner devotes enough time and resources to understand your organizational culture, workflow, and staff's receptivity to technology introduction.

Your partner's staff should possess both strong technology backgrounds and a deep understanding of your claims process. A customized and flexible system is key to a successful organization-wide implementation. Ensure that the technology supports existing or revised workflow. Turnkey and rigid solutions that require your organization to change workflow will ultimately create frustration and minimize use by the claim handlers.

The technology provider should also have staff dedicated solely to the law firms using the system. Another advantage of an established provider is that carriers often find their defense firms are currently using the same e-invoicing technology for other clients. TyMetrix, for example, has over 3,300 law firms currently using its systems for their clients. This, of course, makes the transition to the new system even smoother.

Measuring Success

Successful implementation of a system can be measured by both financial savings and improved process efficiencies. TyMetrix clients have experienced process improvement savings of 3-7 percent of their legal spending, even before the additional financial benefits of lowered indemnity payments are calculated.

Successful implementation of the relatively new technologies to manage litigation expenses and processes creates a significant return on investment in process improvement efficiencies. However, the ultimate goal is to reduce indemnity payments through the use of performance and outcome metrics. Having the right tools and the right partner can make that an attainable goal for all carriers.

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