



5 Easy-to-Overlook Reductions That Are Costing You Money

Legal invoices represent a large expense for insurance companies, so reviewing them carefully prior to payment is a critical first step in any successful legal spend management program.

Make sure your bill review practices are helping you control claim legal costs with this list of 5 easy-to-overlook billing issues.

1. Task-based or Incremental Billing

If a firm always bills the same amount for a particular task, such as .1 for leaving a voicemail message, take note. Six minutes to leave a message? Not likely. Not only is it possible that you're being overbilled, it's also highly unlikely that the task takes the same amount of time every time it's performed. Check invoices carefully to see if firms routinely bill a flat, set amount for similar tasks or expenses.

Example:

| Date | ATTY | Description | Time |
|--------|------|---|------|
| 8/1/12 | LHM | Prepare correspondence to X re: outstanding discovery | .40 |
| 8/1/12 | LHM | Prepare correspondence to Y re: outstanding discovery | .40 |
| 8/3/12 | LHM | Prepare correspondence to plaintiff re: depositions | .40 |
| 8/5/12 | LHM | Prepare correspondence to insured re: deposition | .40 |

2. Redundant Work

Different from a duplicate, which is the same invoice processed twice, redundant work is when the same or similar work is being performed by multiple timekeepers. To determine if this has occurred, assess whether or not the firm has billed the same item more than once by different timekeepers.

3. Reasonableness of Time

Because it's so subjective in nature, issues regarding reasonableness of time can be a little more difficult to recognize. An experienced bill reviewer, however, should have no problem spotting questionable line items. Ask yourself: is the task reasonable based on...

- Difficulty/complexity of the task
- Skills required to perform the task
- Necessity of the work performed
- Firm's/attorney's field of expertise
- Scope/nature of the work performed, and
- Time billed for similar tasks on other invoices and by other firms

If the answer to any of these questions is no, you should request an explanation of why the task was necessary, if not the actual work product as well.

4. Fragmented Tasks

It's very easy for excessive time to be billed when timekeepers perform tasks in inefficient chunks of time rather than from start to finish.

Example:

| Date | ATTY | Description | Time |
|---------|------|---|------|
| 8/1/12 | JDS | Prepare Memorandum of Law in support | 2.5 |
| 8/4/12 | JDS | Continue to prepare our Memorandum of Law | 1.4 |
| 8/12/12 | JDS | Continue to prepare our Memorandum of Law | .7 |
| 8/24/12 | JDS | Work on memo of law | 3.0 |
| 9/6/12 | JDS | Continue to draft memo of law | 1.1 |

When it appears that the same task spans multiple days or that an excessive amount of time is being spent on a task, question what specifically was being accomplished and reduce the billed time pending further explanation.

5. Excessive Staffing

Are multiple time keepers contributing to a billed task? Could be too many. If the firm is billing for more than one timekeeper on any task, especially to attend the same conference or hearing, question the necessity of the additional timekeepers and disallow the charges pending an explanation.

For more information on how to create an effective legal spend management program, please contact us at 603-501-5411.

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