



# 7 Tips

FOR ANALYSING MEDICAL &  
DENTAL LEGAL FIRMS'  
PERFORMANCE WITH CLAIM  
DATA



# INTRODUCTION

**Navigating the analysis of medical & dental law firms claim data is an ordeal!**

**How to accurately analyse the multifarious data is key to ensuring you gain genuine insights of claim work costs**

**To help, we've taken the accumulated learnings from some recent assignments and created a set of seven tips which will aid in resolving your indemnity and legal panel analysis trials.**

**With vast experience in analysing legal panel performance, especially in the medical sector, Procurato are trusted by many insurance companies.**



# THE 7 TIPS

*"When analysing the performance of medical & dental law firms, in order to gain the most valuable insights into the costs of claim work, and be able to accurately identify potential savings opportunities.*

*It is crucial to consider these 7 tips when collating and considering the data."*

*Matthew Parker  
Procurato M.D.*

- 1 Review spend volumes, rates and billed hours**
- 2 Use Standard Coding**
- 3 Compare Similar claims**
- 4 Consider the external & internal factors at the time**
- 5 Identify if the right resources were utilised**
- 6 Examine the overall claims outcome not just the pieces**
- 7 Benchmark**

*"How can I ensure I understand what is driving the costs of settling claims and identify lawyer behaviours to help manage down spend?"*



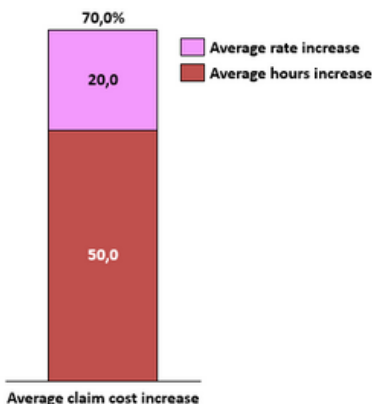
## Tip 1: Review resource spend, claim volumes, rates charged and average hours billed

Examine total resource spend to see if a potential increase is caused by greater volumes or higher costs per claim. Additionally, as resource costs encompass resource rates and hours billed, examine them separately. It is essential to review actual billing files with prices rather than just rate cards.

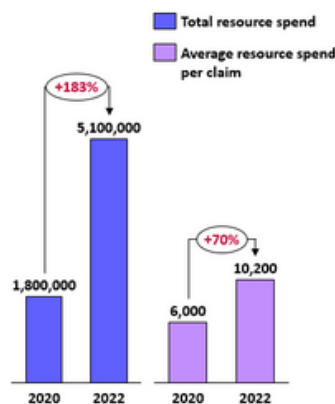
For the hours analysis, once again, control for claim volumes and examine average hours billed.

An increase in average hours may indicate decreased work efficiency, which can be attributed to various reasons. For example, more junior staff members may be involved, although savings should be observed due to rate differences. Additionally, there may be time-consuming administrative processes that do not provide added value, necessitating a separate efficiency analysis.

Another possibility is that the law firm is charging more time than necessary due to a decline in revenues following the COVID-19 pandemic. However, before drawing conclusions, ensure that you have analysed the nature of claims throughout the relevant period, as they may have become more complex, requiring additional time for resolution.



**Average claim cost increase breakdown**



**Total versus average resource spend, £**

*"How can I ensure it is possible to gain valuable insights from my data?"*



## **Tip 2: Use standard coding**

Use a standard coding approach that is specific enough to allow you to extract any necessary data characteristics - distinguish between different types of claims, activities involved, etc.

In order to gain valuable insights from claim data, it should be accurately collected, well structured, and easy to extract and categorize.

The more standardized and specific your coding is, the easier and more enriched your analysis becomes. Although this is not a prerequisite for starting your analysis.

Our experience shows that the better your coding is, the quicker you can get answers to your questions, and the less ambiguity there is regarding the representativeness of the analysis.

# "How can I avoid misleading or inaccurate outputs when analysing claims?"



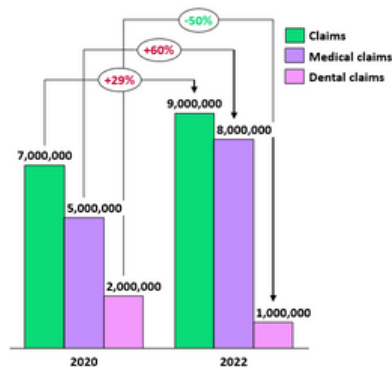
## Tip 3: Compare similar claims to improve accuracy

Ensure that the claims being compared are similar in nature - categorize them by type, such as medical and dental, and complexity, such as simple and complex.

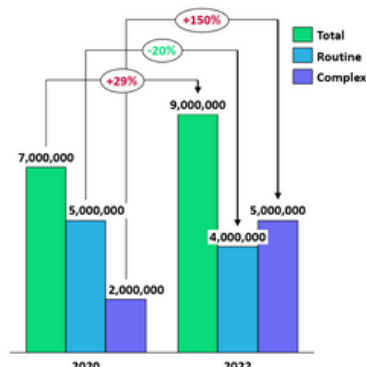
The criteria used to determine claim complexity should accurately reflect the difficulty involved in handling each claim. These can include hours billed, valued damages (if they exceed a certain amount), whether the claim went to trial, involved mediation or required counsel, and so on.

The more data points you have, and the larger the sample size for each identified claim group, the more accurate and representative your analysis will be.

Otherwise, comparing different types of claims without dividing them into separate groups can result in misleading conclusions, preventing the identification of the true reasons for any possible cost spikes.



Spend by type of claims, £



Spend by complexity of claims, £

*"How can I ensure I will correctly understand the trends my data will show?"*



## **Tip 4: Conduct initial research on internal and external factors to understand your data**

Before commencing the analysis, conduct research on market trends during the relevant period (e.g., the COVID-19 pandemic had a significant impact on the dental industry) as well as internal interviews to identify any recent changes that may have influenced cost increases or decreases.

(e.g., newly implemented reporting procedures could be costly or time-intensive, resulting in a spike in expenses).

The identified changes can then be isolated and scrutinized to gain a better understanding of their impact on costs.

*"How can I be sure that my legal suppliers are not inflating the costs of handling claims by using more expensive resource than is necessary?"*



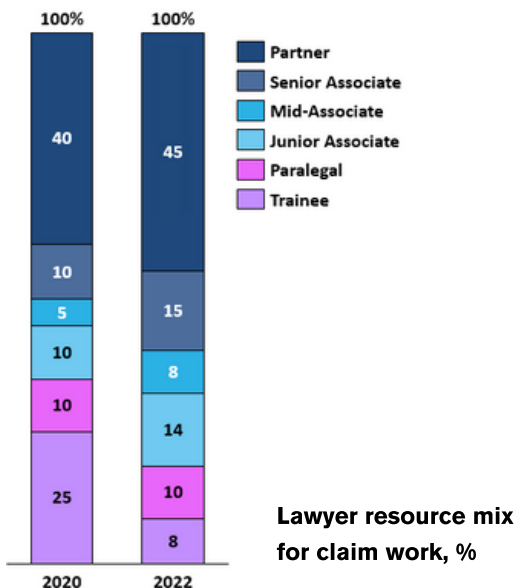
## Tip 5: Examine the lawyer resource mix

Analyse the mix of lawyers involved in claims. This reveals the proportion of partner, senior, and junior time allocated to handling claims. If you are analysing medical law firms that have recently been selected as suppliers, it is useful to review their requests for proposal (RFPs) and compare the percentages of lawyer time they committed to using for each type of claim with the actual resource mix.

Significant differences leading to higher costs should be addressed with the suppliers to understand the reasons behind the discrepancies.

However, when deciding whether to reduce partner and senior time, consider efficiency and quality aspects, including claim outcomes and the expectations of the firm or client regarding lawyer expertise. Some law firms prefer to have the majority of their deliverables double-checked by partners to ensure high-quality work.

Moreover, it is evident that certain tasks may require significantly less time for senior staff compared to juniors, necessitating a trade-off analysis between higher billed hours and higher rates.





*"How can I be certain that my analysis is identifying the correct factors to explain supplier performance?"*



## **Tip 6: Examine overall claim outcomes and litigation strategy**

Examine indicators that assess total claim outcomes, such as damages paid out, third-party costs, own costs, and the duration of open claims ("claim shelf life").

For instance, analyse the ratio of damages paid per unit of legal costs spent with your medical panel firms and compare the cost-effectiveness of different firms in terms of their litigation strategies, controlling for factors like firm size and claim complexity.

Reviewing litigation strategies can help determine whether there is a need to settle or litigate more claims.

Our experience has shown that incorrect decisions can be made due to customer or law firm pressure, the beliefs of specific claims handlers or law firms without a full understanding of the court environment, or a lack of awareness regarding the full cost of a claim.

*"How can I understand if the law firm I am analysing is genuinely performing well? "*

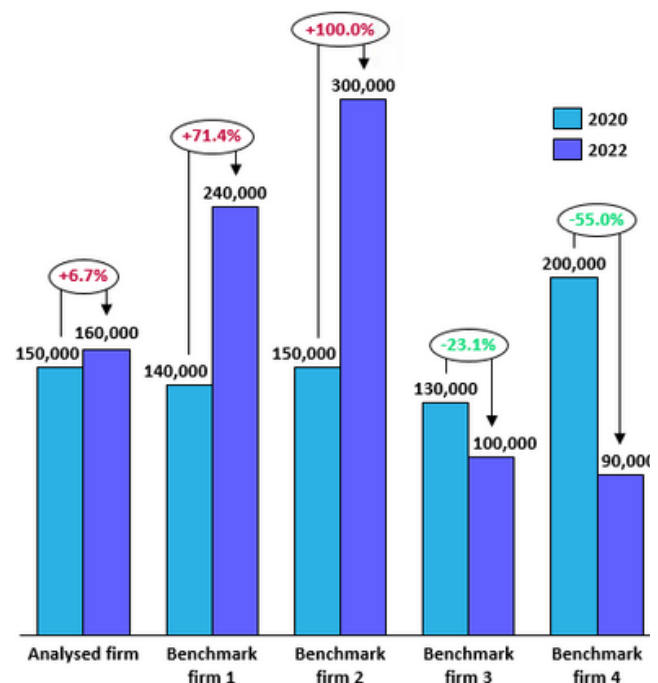


## Tip 7: Conduct benchmarking with other law firms

Conduct benchmarking with medical law firms that are comparable to yours in terms of size and types of claims. In our experience, there is a wide variety in performance between firms doing similar work.

The key is to look at all the variables in the tips above to understand what the best outcome is. For example, if you just looked at hours spent on a claim without looking at claim outcome, this could give you one view, whereas looking at lawyer mix without taking into account hours could give you a different view.

If you have access to anonymous third-party data from which you can extract all the variables in the tips, it gives you a great advantage. External consultancies can help you with that.



Claim spend benchmarking, £



# THE BOTTOM LINE

Analysing claim data can provide valuable insights into the costs of medical & dental claim work and offer implications for reducing them.

There is much more to explore, and if you want to have a discussion, please get in touch with Procurato.

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