Auto Casualty

Using Negotiation Services for Best Third-Party Claims Savings

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Third-party claims can be challenging for adjusters, so we invited Chris Williamson, senior manager of product management at Mitchell, to explain some solutions to make the process run a little more smoothly.

Tom Kerr (TK): Chris, welcome to the podcast.

Chris Williamson (CW): Thanks, Tom, for having me today. I'm excited to share information about bodily injury negotiation service with you today.

TK: And let's start with that. Can you provide an overview of the negotiation services that you use?

CW: Sure. So, our provider negotiation services is really something we've been working with our first?party coverages for years. So, think personal injury protection (PIP) or MedPay, as an addition to our network adjustments for those coverages. But, in the past several years, we've put a focus on adding provider negotiations for bodily injury (BI) claims.

And there are some unique differences that we can talk about that are unique for bodily injury or auto liability, general liability claims. But what we've put in place is a system to build on the relationships and knowledge we have of providers in the industry. And reaching out to them and securing adjustments on those bills.

Adjustments are traditionally fairly tough, to get on bodily injury claims. Adjusters do struggle to realize savings on those bills. That can be for a lot of reasons. But we've really seen a lot of growth and interest in bodily injury, provider negotiations, and have placed an emphasis on our program to develop some very specific procedures for bodily injury coverage that help us take care of the adjuster, keep the adjuster informed, have an open channel of communication with us throughout the life of the negotiation. So that adjuster feels and has control of timing, because as we all know, bodily injury claims tend to unfold differently than a PIP or MedPay, adjustment. So, giving access to our negotiators is a big part of what we focus on for our bodily injury coverages.

But, in the end, we provide a final settlement agreed to by that provider and so there's no risk of back billing or going back to the injured party or the third?party claimant for additional monies or additional payment.

In addition to that, we also provide collateral source or prior payment information. About 10 percent of the bills that we see end up having a prior payment. That could be invaluable information for an adjuster to have even if we're unsuccessful in negotiating with a specific provider. Knowing that provider accepted a specific amount can make all the difference, especially in those collateral source states like Texas or California. So, we're really designed to help adjusters maximize savings in unrepresented bodily injury claims where those can be tough, for adjusters to focus on.

TK: Great, and you had mentioned some of the unique challenges that third-party auto claims present? Can you talk about that?

CW: Sure, Tom. There's several, and things that we've learned along the way as far as expanding into third? party coverages. So, we had outstanding base relationships with providers on securing adjustments. We find that providers are much more willing and eager to negotiate with us on those bodily injury claims because of the payment cycle varies from first?party coverages. So, those providers aren't necessarily billing the carrier like they would for a first?party claim.

And so, in those cases, having the knowledge of prior payments that we can return to that BI adjuster really helps them understand the true amount that they owe on each bill. Where, traditionally, that might be a hard number to get to. And adjusters, in not wanting to escalate the claim or try to negotiate the savings further, will just pay those in full. And they don't realize that there's that opportunity to seek out a prior payment or that amount can

be tough to get to for a BI adjuster with the payment process being less structured than PIP or MedPay. We can integrate with claims systems directly and payment systems for ease?of?use.

So, once we establish that payment amount or that agreement with a provider, we can flow that rate through the claims system that a carrier is using and trigger a payment request in their traditional payment processes like we would use for first?party or PIP.

One of the other things we've learned that is really important for a BI adjuster to have interaction and communication with our negotiators. So, we've made it much easier to communicate with our negotiations team upfront through a dedicated portal, as well as reaching out through support lines.

And, initially on their request to negotiate a bill with us, to provide special instructions, things like, remaining policy, or here's where a negotiation makes sense and really makes it a much more collaborative interaction on the BI claim than it may be on a first?party negotiation.

And then, the final challenge I'll talk about is just any fear of back billing or support that the adjuster's going to have in case that's happened. And what we've developed is a way to deliver signed settlements that that provider agreed to full and final payment for the bill.

And all that information is available for adjusters through our support portal, and we can provide those signed agreement on demand to ensure that the bill is paid, and the claimant won't see a balance bill for that amount.

So, we secure that and provide support along the way. Again, some of the unique challenges a lot of the processes are very similar to what we do in first?party, but sometimes the process is a bit different, and we've developed procedures in processes and workflows to specifically focus on third?party claims. It's a little different because adjusters are going to need a different level of support on those bills.

TK: So, why wouldn't an adjuster just handle these negotiations themselves?

CW: [You know that's something that an adjuster certainly can do, however, it's very difficult for an adjuster or teams of adjusters to be really consistently good at this. When you think about the core focus of an adjuster working with attorneys or directly with an injured party, sometimes we've found in practice that that gets pushed to the background on their work queue. It's really not their priority on a day?to?day basis, even though there is significant savings that we can deliver. Adjusters don't necessarily have the process or the bandwidth to make sure that there's a full and final signed settlement.

They don't necessarily always have the expertise or the payment history with a specific provider or even know who to reach out to in that provider's office. A lot of the services we provide at Mitchell will make that more efficient. You can tap into that wealth of experience and relationships that we have with those providers and really allow the adjusters to put their focus back where their priorities tend to be, which is working directly with the injured party and potentially their attorney to reach settlement.

TK: And how successful are these negotiations and how much do they save on average?

CW: So, not every provider will negotiate a settlement with us. In those cases, if a prior payment was made, we'll note that and return that to the adjuster so that they can use that amount instead to secure an accurate, payment on what they owe.

But, overall, we have a success rate of around 60 percent of the bills that sent through us will result in savings. Then overall savings on bills that flow through us is 30 percent. So, it's a pretty significant savings. It's fairly

easy for the adjuster to wrap those bills to us.

We have customers who have a direct integration and just feed those bills through us, and we give the adjuster a benchmark rate, and a prior payment if that was made. Then, the negotiator will take those bills and negotiate them to the effect of 30 percent savings overall on the charges we see.



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