

Office of School Board Attorney
Walter J. Harvey, Board Attorney

**SUBJECT: REQUEST AUTHORIZATION TO CONTRACT SERVICES
FOR LEGAL BILL REVIEW AND PROCESSING**

**COMMITTEE: INSTRUCTIONAL EXCELLENCE AND COMMUNITY
ENGAGEMENT**

**LINK TO STRATEGIC
FRAMEWORK: SCHOOL/DISTRICT LEADERSHIP**

At the School Board meeting of June 16, 2010, the Board authorized a contract with Gallagher Bassett Services, Inc. (GB) for third party claims administration including administration of workers' compensation and third party liability claims, pursuant to Request For Proposal (RFP)# 006-KK10, Workers' Compensation and Third Party Liability Claims Administration Services. The contract award was for a three-year term commencing July 1, 2010, with the option to extend the contract for up to two additional one-year periods. One of the provisions Included in the GB contract with the District is the requirement for GB to pay appropriate vendor invoices as allocated claims expenses from the claim file, including legal bills submitted by outside counsel to the School Board for legal services rendered in litigated claims.

The School Board Attorney and the Risk and Benefits Officer have been working for the past two years on various strategies to reduce self insured claims expenditures, including the expense of outside counsel legal fees incurred by the District. Among the strategies that have been studied is the electronic review and processing of outside counsel legal bills in order to ensure full compliance with applicable billing guidelines to prevent any anomalies such as rate discrepancies, mathematical errors, duplicate entries, and erroneously billed disbursement expenses. GB makes available at no cost to the School Board a service wherein legal bills submitted by outside counsel are electronically reviewed for compliance with contractual billing guidelines. This service is provided by GB adjunct to its licensing agreement with Legal Solutions Group (LSG) a company that provides to the global insurance industry litigation management technologies through proprietary software with the goal of controlling and reducing litigation costs.

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All legal bills submitted by the School Board's outside counsel are at present manually reviewed and processed by the School Board Attorney's Office and the Office of Risk and Benefits Management to ensure that all contractual billing guidelines are adhered to. An analysis and review of several legal bills submitted by the School Board's outside counsel was performed by LSG on a pilot program basis. The pilot program demonstrated a savings of 15% to 25% in the amount of the bills reviewed and concluded that there are significant cost savings to be realized by the implementation of a billing guideline compliance monitoring program. Staff anticipates that once LSG's program is fully implemented, the average savings to the District of 5% to 10% will be realized.

The School Board Attorney believes that utilizing LSG's system will greatly enhance the School Board Attorney's Office and the Office of Risk and Benefits Management's ability to manage outside counsel litigation costs. The goal of utilizing this system is to monitor and ensure compliance with applicable billing guidelines of all legal bills submitted by outside counsel to the School Board for legal services rendered in workers' compensation and third party liability litigated claims administered by GB, on behalf of the District.

To provide these services, LSG will be paid a fee of 1.5% of the gross value of legal invoices processed as an allocated claims expense pursuant to the contract between the School Board and GB. LSG warrants that reductions in the amount of the legal bills reviewed after they have been adjusted to adhere to billing guidelines will result in a savings to the District of no less than 1.5% per legal bill, resulting in **no net cost to the District**. Any savings over and above a 1.5% reduction in the amount of the legal bill will result in **savings to the District**. In the event that the reduction in the amount of a legal bill falls below 1.5%, LSG's fee will be 0%. GB will not receive any compensation or fee for this service and provides access to LSG solely as a service to the District. The School Board has the right to cancel this legal bill review service at any time with 30 days written notice to GB and LSG. An interim status report will be provided by staff to the School Board six months following the implementation of the legal bill review services by LSG.

Staff believes that the implementation of the LSG legal bill review service will not only result in significant savings to the District in outside legal fees, but will also result in the more effective and productive use of staff from the School Board Attorney's Office and the Office of Risk and Benefits Management, as the present system of bill review is a very time consuming process as all legal bills must be manually and individually reviewed. Additionally, legal bills will be processed and payments issued to outside counsel much faster than at present due to the fact that they will be reviewed electronically rather than manually as is presently done.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida authorize Gallagher Bassett Services, Inc. (GB) to provide electronic review and analysis by Legal Solutions Group (LSG) of legal bills submitted by outside counsel under contract to the District to ensure compliance with contractual billing guidelines, with LSG being paid as an allocated claims expense fee of 1.5% of the gross value of legal invoices processed, warranting that savings to the District will be no less than 1.5% per legal bill resulting in no net cost to the District, with staff providing a six month interim report to the School Board.