



The Data Mining Myth EXPOSED

By Robert A. Marcino, Esq.

Subrogation vendors would have you believe that they are superior when it comes to identifying subrogation cases—that they will out-perform you, the claim payor or Third Party Administrator (TPA)—in finding all the viable subrogation cases there are to find. **THINK AGAIN!**

There are a Finite Number of Viable Subrogation Cases

Subrogation cases are initially triggered by procedure codes (primarily ICD-9 and CPT). These codes prompt inquiry, traditionally through the sending of accident questionnaires to injured plan members. Well, who does this best, the claim payor or a subrogation vendor “scrubbing” claim data? SRP’s 18 year experience has found that claim payors and TPA’s can do it just as well, and for less cost, than the subrogation vendors who sell fear, uncertainty and doubt around missed cases along with the promise of trumped up recovery expectations. Viable cases with real recoveries cannot be manufactured. They exist among the member population who are injured by other parties. The key is to find these cases as efficiently as possible so most of the contingent revenue earned on recoveries goes to the TPA.

What’s to Gain by Promising the World?

The reason certain vendors sell on the hype is quite simple: it allows them to charge more and they can hide unrealized recoveries in the “potential or investigating” category of cases—leading clients to hang on for recoveries that never come. This is not to say that no money is ever recovered—just not nearly what was promised. Finally, it enables vendors to entrench themselves with a client who just invested considerable effort into claim data exchanges and adapted processes.

Questions to ask yourself or your subrogation vendor:

1. *What % of completed accident questionnaires are opened as a potential recovery case versus not?*
2. *How many new “potential” cases are identified each month? And of those, how many actually result in a recovery within 18 months?*
3. *How many “closed without recovery” cases do you record each month or in a given year?*

4. *What is the ratio of open/active inventory dollars versus dollars recovered on a monthly basis?*
5. *At what % of the lien are the actual recovery cases being settled?*
6. *What is the ratio of open/active cases where the plan member is represented by an attorney to those where the member is not?*
7. *How many cases have been open for greater than one year where the member is not represented by an attorney?*
8. *Are you very aware of the number of active and closed cases and recoveries being made? If so, through what methods?*
9. *Does your subrogation vendor track the policy limits available in your cases?*
10. *What contingent fees are you paying to your current subrogation vendor?*
11. *What revenue are you, the claim payor, earning on recoveries?*



SRP offers a \$1,000 to any TPA for answering the above list of questions—even if you are currently working with a subrogation vendor like the Phia Group, Socrates, or Ingenix.

Contact us at info@srpsubro.com to qualify.

An Important Data Distinction

There is a difference between data mining to identify claims appropriate for accident questionnaire follow up and data matching. Data matching compares potential claims against databases of existing liability claims and lawsuits. At SRP, we fully utilize and recommend the matching technique as the most efficient way to back up the internal sending of accident questionnaires.

Our Recommendation for TPA’s

Keep the *sending* of accident questionnaires in house! There are several receipt options thereafter, depending on your current claim practices. Either way, doing so enables TPA’s to control the process and retain the lion’s share of contingent revenue earned on recoveries. In our view, it is better to have leverage with your subrogation partner than to be dependent on them.

Contact SRP to discuss your current practices and how to realize maximum TPA revenue on subrogation recoveries.