



Workforce Strategies

Case in Point: **Hospital System Cuts Costs with New Claims-Handling and Reserving Procedures**

The Client and Its Challenge

A hospital system in the Midwest created a captive insurer after having purchased medical malpractice insurance from the commercial marketplace for many years. The client had no experience in managing professional liability claims in-house or in setting reserves, and needed to develop effective claims-handling procedures. The client's reinsurers also required the hospital to have written claims-handling and reserving guidelines.

The Risk Consulting Solution

The hospital system retained Marsh to develop effective claims-handling procedures and reserving guidelines. First, Marsh met with the client's newly hired general counsel, risk manager, and chief financial officer to determine who should be on the claims committee. Next, Marsh delineated the roles and responsibilities of the claims committee. Once the committee was established, Marsh assisted members to understand the factors to consider when setting reserves, and shared best practices for establishing reserves and other reserve-related procedures.

Marsh also drafted a comprehensive written claims-management manual that covered several topics, including what types of incidents the facilities were required to report to the legal department, how to investigate claims, and how to establish reserve and settlement authority levels. Marsh wrote litigation and billing guidelines for outside defense counsel. Finally, Marsh worked with the client's information technology personnel to develop injury codes, loss runs, and other reports for tracking and trending claims information.

Results

The client received a custom claims manual that outlines practical claims-handling and reserving procedures and emphasizes proactive claims management and early attempts to resolve probable liability cases. The claims manual helped the client save on damage and expense payments. Marsh also helped the client develop litigation guidelines that focused on prompt analysis of liability and damage exposures and provided standard reporting templates, enabling the client to control litigation expenses while obtaining information needed to determine how to resolve cases in a timely manner. A new risk management information system (RMIS) generated meaningful reports that presented quantitative and qualitative claims information in an easy-to-understand way, allowing the client to identify and appropriately respond to potentially troublesome trends. In addition, the written claims manual, reserve procedures, and litigation guidelines helped to effectively market the client's program to reinsurers.

The Risk Consulting Practice at Marsh

Who's looking out for you?

The Marsh Advantage

The Risk Consulting Practice at Marsh collaborates with clients to develop solutions and services that reduce the likelihood of risk – diminish its impact if it does materialize – even help you leverage the opportunities it often reveals. We focus on the following critical areas:

- Business Risk
- Claims and Litigation Risk
- Operational Risk
- Risk Technology
- Workforce Risk

For more information, please call us at 866-9AtRisk (866-928-7475), contact us via e-mail (At.Risk@marsh.com), or visit us at www.marshriskconsulting.com.