

Ten Realities That Could Be Wrecking Your Health Plan's Subrogation Program

1. ***Not sweating the small stuff*** – make sure your vendor is focusing on more than just the low volume of high dollar cases. Nearly 50% of your annual subrogation program's recoveries could come from cases between \$1 and \$5,000. Without equal focus on all cases regardless of level, your subrogation vendor is cutting your annual recovery potential short.
2. ***It's driving everyone nuts for no reason*** – is your vendor aggravating your employees and their families with countless questionnaires and phone calls just to identify subrogation matters? Case identification should be your vendor's own responsibility and should not involve your employees and their families.
3. ***You are actually the third wheel in your own subrogation program*** – many plan sponsors only receive after-the-fact information from their claims administrator and the claims administrator is actually the only one with the direct communication to its internal unit or the subrogation vendor which they outsource their work to. With the risk of litigation and or negative PR for badly handled cases, make sure that you, as the Plan Sponsor, are able to give directives for the Plan through a direct relationship.
4. ***Not introducing yourself to everyone at the party*** – when seeking a subrogation recovery, a vendor needs to make sure everyone knows your lien is "at the party." If a subrogation vendor only tells the covered member's attorney and not all of the property/casualty claims adjusters, or vice-versa, then you increase the likelihood that the parties will conclude the party without you.
5. ***No street "cred" (ability)*** – does your vendor have an established reputation that puts fear in the hearts of plaintiffs' attorneys? While litigation is rare these days, having in-house litigation attorneys who actually handled established referenceable ERISA court cases translates into less reduction demands from plaintiffs' attorneys.
6. ***Insensitivity to a sensitive matter*** – not every case can be addressed through established settlement parameters. A vendor needs to offer a process whereby sensitive cases make it to the plan sponsor for decision (with vendor recommendations) versus the vendor making the call. If you never hear from your subrogation vendor about tough or sensitive cases that need plan sponsor input and direction, you should be concerned.
7. ***The early bird already got the worm*** – Many cases move fast. If your processes don't move fast, then other interested parties will recover some, or all, of the available coverage limits. Speed is important, particularly for medical policies with low coverage limits because they are usually uncontested, and it is first come first serve.
8. ***Your leverage was lost by wording*** – Depending on the quality and completeness of subrogation language, the context of the case, and the arguments made by the member's attorney, possible recovery results can range from \$0.00 to a full recovery. Without regular review and modification of the Plan's language, your Plan might not be positioned well to make a full recovery.
9. ***You have more work on your plate instead of less*** – A vendor should establish settlement parameters and any other rules at the outset to minimize administrative burden on a plan sponsor. A good vendor can minimize your time related to subrogation. But of course, if you do not have set parameters and rules in place with your vendor and you don't hear from your vendor, you should be concerned.
10. ***Assumptions are a dangerous thing*** – Can you say with confidence that you are meeting your fiduciary responsibility for your plan? Don't settle for incomplete reports that tell the story only from the vendor's perspective. You should have full transparency and direct access to all information you need so you can forecast, evaluate performance, and appropriately respond to internal questions.

