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Billing Tips for Productivity and Profitability in an Insurance Defense Firm

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Lawyers live and die by billable hours. If you don't meet expectations for [billable time](#), you won't generate revenue and grow as a firm. If you go overboard, you risk losing clients.

Since billing is arguably the most important administrative process in the legal profession, it's a great place to start when you're looking for ways to increase your firm's productivity and profitability. In this blog, we'll discuss some steps you can take to improve your firm's productivity and accelerate client payables.

What is a standard law firm billing process?

The standard billing process in the legal industry usually looks something like this:

1. [Timekeepers](#) track and log billable and nonbillable hours throughout the day.
2. Administrators generate and print a pre-bill at intervals consistent with the billing policy.
3. Timekeepers add descriptors to the pre-bill and adjust costs for reasonableness.
4. Administrators review attorney edits and send the bill to the client.
5. The client pays the bill according to accepted payment methods.
6. Administrators track delinquent accounts and send follow-up reminders to clients for late payments.

This process might get the job done, but it's not very efficient. In fact, it leaves an opportunity for law firms to target the billing workflow as a way to increase their productivity and realization rate.

What are some top tips to improve billing productivity?

1. Create a clear billing policy

A clear billing policy gets everyone on the same page when it comes to billing at the law firm. Without a clear policy, timekeepers may have inconsistent and ineffective billing practices that contribute to lost profits. A clear policy cuts down on billing errors and streamlines the process to increase billing productivity across the board.

2. Make more working hours billable hours

It's no secret that lawyers [tend to work more nonbillable hours than billable hours per day](#). That's

because, between court appearances and client meetings, many lawyers are spending time on tedious administrative tasks. By automating administrative workflows with legal technology, law firms can decrease the time that lawyers and paralegals spent on nonbillable tasks and improve billing productivity.

3. Use eBilling software

eBilling software streamlines billing workflows to help law firms generate bills faster and get paid sooner.

That's because admins won't need to print multiple pre-bills and spend precious time sending drafts back and forth. Instead, lawyers can edit the bill directly in the system after being automatically notified that a pre-bill has been generated. Everyone on the billing team can review it contemporaneously and quickly send it up the approval chain without printing a single document, sending an email, or picking up the phone. Once the bill is approved, the billing team is notified, and the bill is immediately sent to the client or uploaded into the client portal.

eBilling software also makes it easy for clients to pay their bills online, so there's no lag time. They support different types of billing arrangements like split billing, consolidated billing, and project billing and can be customized to allow partial payments or custom amounts. eBilling software can also send automated reminders to clients with delinquent accounts or payments coming due so that an administrator doesn't need to waste time following up. The optimal eBilling system will have built-in integrations with other practice management systems, making it easier for lawyers to understand their law practice at a glance and simplifying tasks for small firms that don't have a large administrative team that oversees all of these processes.

4. Focus on the client experience

The [client experience](#) is directly tied to billing productivity because happy clients pay their bills and give referrals. Dissatisfied clients are more likely to balk at invoices and request adjustments that affect your realization rate. That's why it's important to make new clients feel confident that your work is worth the cost.

Law firms with a great intake process are well-positioned to cut down on billing disputes. The client relationship starts the moment a client contacts your office, so firms that set expectations related to billing from the beginning ensure that clients aren't blindsided by the price tag and avoid debates over billing rates. Not only is this a great way to increase billing productivity and realization rates, but it also keeps clients coming back for more.

What reports should I be running to keep the billing process on track?

You'll need to delve into the analytics to make sure the billing process stays on track and actually increases the law firm's bottom line. The best way for law firm management to understand the raw data is to use legal reporting software to generate reports about the various workflows related to billing. These reports can provide key metrics that help managing partners understand the bigger picture.

Collection reports

Collection reports help law firms identify delinquent accounts and observe patterns related to nonpayment. For example, a specific attorney may have several clients who aren't paying their bills, which could be a sign of poor client relationships or a lack of detail in their descriptors. This data and other key performance indicators help law firm management address why a client isn't paying and track whether automated billing reminders are having an impact.

Lawyer productivity reports

Lawyer productivity reports are a great way to identify the timekeepers billing the most hours and those billing the least. These reports let law firms specifically track billing productivity and provide an opportunity to target less productive lawyers and [turn their nonbillables into billable hours](#). A firm's productivity reports can be run monthly, yearly, or at a custom interval of your choice.

High-revenue clients

High-revenue client reports help law firms identify which clients consistently bring in money for the firm. These reports help law firms understand what clients bring the most value to the office and those that detract from it. With this data in hand, law firms can work to keep clients that are directly tied to billing productivity and law firm profitability and cut loose the others.

Custom reports

Every law firm operates differently, so custom reports are a great way to grab data that is directly related to your billing workflow and might not be captured in a standard report. With custom reports, law firms have the freedom to innovate their own billing process and track exactly what is most significant for them.

Of course, there are many more reports that can keep your billing processes on track. Check out our [Legal Analytics and Reporting Guide](#) for more information on how specific reports can be helpful to your firm and when to run them.

How can I get paid faster?

Bill regularly

To get paid regularly, you have to bill regularly. [Billing](#) your clients according to a schedule (usually monthly) helps to consistently bring in revenue. Clients will pay you more frequently and are less likely to dispute their bills.

That's because sporadic billing signals that your firm is disorganized. Clients are more likely to think that a disorganized lawyer made an error on the bill. Not only that, but clients will likely also remember certain line items on the bill (like that 30-minute conversation you had a few weeks ago) in the short term, but as time passes, they might forget about it and raise a dispute.

Irregular billing is simply asking for a client to dispute charges, which affects your realization rate and how quickly you get paid.

Allow credit card and payment plans

Allowing clients to use a credit card to pay and allowing them to pay their bills in installments are

great ways to get paid faster, even if it's not in full. Lawyers are expensive, and many clients are making financial sacrifices to hire one. They might not have enough money for the full bill every month. By allowing clients to use credit and payment plans, you'll be more likely to collect your fees and garner favor with your clients.

Automate reminders

eBilling software identifies delinquent accounts and sends automated reminders to encourage clients to pay overdue bills. These reminders gently nudge clients (or not so gently, depending on how late it is) to make a payment they may have forgotten about. This software also cuts out the need for admins and lawyers to spend time hassling clients about payments so that they can focus on higher-value work instead.

What are some best practices that apply specifically to insurance defense firms?

Insurance defense firms have it **harder** than most law firms in other practice areas when it comes to billable hours and realization rates.

That's because insurance defense firms are usually hired by an insurance company to represent the insured according to the terms of the policy. Sometimes the insurance company and the insured have the same interests, but usually, they don't—especially if the behavior in question might fall under the policy.

When insurance companies scrutinize a firm's billing processes, it puts stress on the billing department and can result in a low realization rate that seriously affects your bottom line. That's why insurance defense firms need to work harder (and smarter) to make sure they are paid in full on time.

Itemize billing with LEDES; don't "block bill"

Every law firm should be generating itemized bills that specifically describe the basis for each charge, but this is particularly important for insurance defense firms. That's because insurance companies are notorious for arguing that line items are ambiguous. Billing software that supports **LEDES billing** makes it easier for individual lawyers to describe their time and standardizes codes for each task so that insurance companies can't argue ambiguity.

Ensure consistent billing among co-counsel

It's common for insurance defense firms to have multiple attorneys assigned to the same case. Usually, they are working together but in slightly different roles. It's particularly important for co-counsel to have consistent and accurate time entry practices so that there are no discrepancies. Otherwise, insurance companies might use the inconsistencies in timekeeping as a basis to negotiate their retainer or fee.

A clear billing policy and automation with legal technology standardizes the billing process and removes human error so there are fewer errors in timekeeping.

Use split-billing and alternative fee arrangements

It's pretty common for insurance defense firms to provide legal services for multiple clients all tied to the same matter. Split-billing is an easy way for law firms to divide and send bills to multiple different clients without adding additional work for the staff. Insurance defense firms should also explore other fee arrangements and pricing schedules, like project-based, subscription, and contingency fees, to make the billing process easier and cut down on the need to waste time arguing with insurance companies.

It's time to take your firm's billing to the next level

Billing isn't rocket science. But it's not why you went to law school. And, while it ensures you get paid, it's not value-added work that improves your profitability. Law firms that use technology to simplify the billing process are better able to track their receivables, improve their lawyers' productivity, and raise their bottom line.

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