Executive Summary

Corporations, law firms and insurance companies are always searching for ways to reduce litigation expenses. With the current economic crisis showing no signs of easing, operating budgets are under pressure and cost cutting programs will continue to receive greater attention. As organizations navigate these uncertain times, difficult decisions will be made on issues ranging from staffing levels to cuts in capital expenditures. One strategy that will continue to be effective in a cost cutting program is outsourcing non-mission critical litigation activities.

There are varied opinions in public discussions regarding outsourcing. In general, when most people hear “outsourcing”, they immediately think of difficult customer service experiences with international call center representatives. These concerns are often magnified when sensitive private information such as medical records are concerned.

Some records retrieval companies in the industry currently have international customer service agents making telephone calls to clients or records custodians. For the purposes of this paper, the definition of outsourcing does not include instances where clients or custodians have interaction with international customer service agents or take physical possession of medical records.

This white paper explores the benefits of outsourcing the retrieval of records used in litigation and provides an overview of the key qualitative and quantitative advantages of outsourcing records retrieval versus performing the function in-house. It concludes with a brief summary of the records retrieval solution that Keais currently offers.

How Does Outsourced Record Retrieval Work?

The outsourcing of records retrieval used in litigation has existed in one form or another for over 40 years. Though prevalent throughout the United States, Texas is one of the most mature outsourcing markets in the country. At one time there were over sixty records companies in Houston alone.

Over the years as with many industries, technology has tremendously improved the quality of records retrieval services, as well as the nature of the interaction between service provider and client. What once was a paper intensive process has now developed into a paperless, seamless integration
with clients information systems. The entire life cycle of outsourced records retrieval, from ordering to delivery, can be managed over the internet in a fully HIPAA compliant system.

With current technology and processes, outsourcing records retrieval is a relatively easy process to begin with almost no capital expenditures required by the client. A client goes to a service provider’s web site and enters basic information about the case, the types of records needed, and the location and time frame to search. The retrieval company works with the client to ensure all legal documents and requirements for the request are present and correct for the target jurisdiction. Once the order has been reviewed for accuracy, the records company will then make requests to the records custodians to send copies of the identified records.

Many service providers, but not all, then review the received records for missing pages or other record irregularities. At this point in the process, the record can have many enhancing services applied such as organization, summarization, OCR enhancement, custom tabbing and scanning. Once the record has been processed, it is uploaded to a web site where the client or any authorized third party (outside counsel, expert witnesses etc.) can then download the record into their system.

Benefits of Outsourcing

Outsourcing records collection has many benefits over in-house retrieval or allowing outside counsel to utilize paralegals to produce the records. This paper will explore three main benefits to outsourcing:

- Reduced Costs
- Better Outcomes
- Faster Retrieval

Cost Reduction

There are many ways in which outsourcing records collection can reduce hard and soft costs for an organization. One of the challenges that organizations face when evaluating the cost/benefit to outsourcing is accurately calculating the total cost of performing this function in-house. Often organization do not track expenses directly related with records retrieval since it is an important yet ancillary activity in the overall claims process. One reason organizations have never analyzed the costs associated with record retrieval is that they are not aware that outsourcing this activity is an option.
The interactive chart below outlines the typical process required to obtain records and the average time required to perform the tasks. The analysis covers the process from organizing the request and submitting it to the custodians through receiving the records and processing them for evaluation. For the purpose of this paper, we have consolidated the many steps involved in records collection into broad categories of activities.

Outsourcing records collection can lead to significant savings at all but the very lowest direct labor rates. In addition to the direct labor cost saving, by outsourcing, claims personnel will have more time available to perform higher valued-added functions.

### Outsourcing Medical Records Retrieval

**A pain-free way to reduce litigation expenses**

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**Battling for Scarcie Legal Work, Associates Vie for Paralegal Tasks**

“...Many associates without enough work to do are willingly taking on tasks traditionally performed by paralegals, reports the National Law Journal. And, in a cost-cutting move, law firms are making staff layoffs that may force attorneys to do more of the work they could formerly shift to their assistants.”

*ABA Journal, December 2008*

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<table>
<thead>
<tr>
<th><strong>Basic steps in the records retrieval process</strong></th>
<th><strong>In-House Claims Department</strong></th>
<th><strong>Keais Records Solution</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prepare and send all legal documents and faxes</strong></td>
<td>1.5 hours, $67.50</td>
<td>$44.00</td>
</tr>
<tr>
<td><strong>Gather and mail request to record holders</strong></td>
<td>0.1 hour, $4.50</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Review and organize the returned record</strong></td>
<td>1.2 hours, $54.00</td>
<td>$49.00</td>
</tr>
<tr>
<td><strong>Print and scan record for case or claim file</strong></td>
<td>0.5 hour, $22.50</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Request and process payment for custodian records fees</strong></td>
<td>0.5 hour, $22.50</td>
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<tr>
<td><strong>Total Cost Per Record</strong></td>
<td>$171.00</td>
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<td><strong>Savings Per Record</strong></td>
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<td><strong>Est. Annual Savings</strong></td>
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</table>
Another factor in reducing record retrieval cost is the audit function performed by retrieval companies. Most states have laws in place regulating medical records release including standardizing copy fees and service charges. Though these issues are addressed in existing legislation in those states, many records custodians are not familiar with these laws and often inadvertently charge higher than allowed amounts for records. Records retrieval companies that audit custodial charges before completing an order have an understanding of local restrictions and can determine if their clients are being charged excessively for records. Most self-performing organizations do not have enough time or resources to audit custodial charges resulting in increased expense for records retrieval.

In the current economic environment, operating departments within many organizations are under pressure to drastically slow or eliminate entirely the addition of new full-time employees. As personnel spend more time on the core function of claims processing instead of records retrieval, the ratio of claims per claims agent increases, delaying the need to add new agents as overall case loads increase. There are many ways in which outsourcing can reduce an organization's operating costs. Additional cost saving effects are outlined in later sections of this paper.

Better Outcomes

One often overlooked, but very significant benefit to outsourcing records retrieval is the impact it can have on the outcomes of claims and related litigation. One of the key questions when evaluating claims and preparing for any resulting litigation is how “sure” does your organization need to be that they have all of the information available that could impact the claim. It is well known that plaintiffs often forget to disclose previous injuries or medical procedures that could negatively effect their settlement.

In the records outsourcing industry there are two different philosophies regarding how to service clients. One philosophy some providers embrace is the bare bones, lowest cost solution. Low cost providers will search for records where they are told to look, but will not provide additional tools or effort to locate undisclosed records. The other approach is to offer a full service, value added suite of discovery tools that can search and locate undisclosed injuries, treatments and prescriptions.

One effective discovery tool is the ability to search for and identify previous treating physicians within a certain geographical area. With this type of tool, the defense or claims agent can search instances where the plaintiff used a third party payor to see a medical facility or private practice physician. Recent studies by the providers of this information indicate approximately 75%
Outsourcing Medical Records Retrieval

A pain-free way to reduce litigation expenses

White Paper

Where national healthcare spending goes

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Hospital care</td>
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</tr>
<tr>
<td>Other</td>
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</tr>
<tr>
<td>Physician/clinical</td>
<td>21%</td>
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<tr>
<td>Rx drugs</td>
<td>7%</td>
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<tr>
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<tr>
<td>Administrative</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

Where national healthcare spending goes

PHRMA, January 2008

of all treatment incidents would be captured in this discovery tool database. If this tool resulted in a positive result, those records can then be retrieved and evaluated.

Another powerful tool is a comprehensive report of a claimant’s prescription history. Imagine the value of the information obtained by searching the major pharmacy databases and receiving a comprehensive historic report of all prescriptions written for the claimant. Prescription reports can be extremely detailed and often include the following types of information:

- Pharmacy name
- Initial quantity
- Initial days supply
- Number of refills
- Drug name
- Prescribing date
- Dosing size
- Prescribing physician

Similar to the treating physicians report, the prescription report data providers also rely on information collected from third party administrators involved in the medical care. Companies that supply this type of data estimate they capture and report approximately 70% of all prescriptions written in the U.S. The prescriptions not captured by the database would be transactions paid with cash or not involving a third party.

One of the more promising recent advancements in records retrieval is the organization and summarization of medical records. Retrieval companies who are on the leading edge of the industry are making the transition from being data vendors to becoming partners with your organization and delivering usable information. Organizing and summarizing records is an essential element in delivering on the potential of a partnership.

There are varying definitions of what constitutes an organized record in the retrieval industry. The basics of an organized record should consists of the following activities:

- Checked for fulfillment of all order components and missing pages
- Organized by treatment chronology and document type
- Continuous number stamping on each page of the records
- PDF tabbing with hyperlinks by document type
- Scanning and placement on the web and OCR record processing
Outsourcing Medical Records Retrieval
A pain-free way to reduce litigation expenses

Organizations that self-perform records retrieval often receive the records out of order with missing pages or is incomplete. Records received in this condition will require additional processing time to get to a point where they can be used by the organization and any third parties involved in the claims process. Having records organized is the difference between data and information.

Summarization of medical records represents the future of records retrieval. Luckily for organizations that outsource and choose the right partner, that future is here. Summarization of medical records is the last step in fully transforming data into usable information and fully developing a partnership with your records retrieval company. In its basic form, summarization entails searching for specific information or keywords within a record and recording the instances in which that information appears in the record. The advanced applications of summarization are much more powerful.

With advanced summarization an organization could provide a list of keywords, phrases or scenarios to search for in a record. For example, a search could be performed to identify instances where the patient smokes, has diabetes, was prescribed a pain medication and has been in an auto accident in the last five years. This summarization could be performed on each record and added as the first page of each record or aggregated into a statistical analysis of a pool of records. Where summarization has real potential is in instances where large numbers of plaintiffs or claimants are involved. It is possible for an organization to quickly sort the records into groups and focus their efforts on cases where the keyword criteria has been met.

The next generation of summarization involves creating a medical “FICO” score. If there are a large number of individuals related to a claim, it is possible to assign a numeric score to represent the risk or severity of individual parties involved in the claim. Organizations could then assign valuable limited resources based on this scoring system and maximize the effectiveness and efficiency of their organizations.

Summarization and organization holds the promise of significantly increasing the productivity, effectiveness and value of your organization. The various solutions for outsourcing medical records collection can lead to better claims outcomes. The last consideration that should be taken into account when deciding on outsourcing is the speed at which information is received.

Faster Information

In almost all cases, records retrieval companies can get records faster than organizations that self-perform this task. The main reason retrieval companies obtain records faster is because they focus their efforts, attention and
innovation on developing techniques to retrieve records faster. Many organizations that self-perform do not have dedicated resources whose only job function is retrieving records. Often, retrieving records is an additional duty performed by someone whose main purpose is another set of higher value-added tasks.

Many retrieval companies use dedicated call centers to actively check the status of requests with custodians that have the records. In most instances, retrieval companies are able to check the status of requests with custodians much more frequently than self-performing organization can with employees who retrieve records as a part of their overall duties.

In addition to specifically tasked employees and dedicated call centers, some retrieval companies have the ability to create and service subpoena’s in every state. The major advantage this service provides is eliminating the need for your organization to understand the different legal requirements for records retrieval in each state and jurisdiction. Often there is a slight but significant difference between the written rules for records requests and the actual way things are processed.

Selecting the Right Service

This paper has outlined the possible benefits of outsourcing the retrieval of records. If your organization is considering outsourcing, the following attributes should be the foundation of any service offering:

- **A complete solution:** An integrated retrieval service should have the knowledge, experience and ability to operate and process all required legal documents on a nationwide basis.

- **Web-based interface:** Any service should allow the client the choice to complete all phases of a transaction from ordering to final delivery online from any internet connected computer.

- **Discovery tools:** To maximize the benefit of outsourcing, a provider should have tools, techniques and resources available to help an organization find undisclosed information that may be relevant to the claim.

- **Positive ROI:** This paper identified cost savings, better outcomes, and faster information as the main benefits of outsourcing. Ideally, a solution should present a positive return on outsourcing by delivering measurable improvements in all three areas.
Keais Outsourcing Solution

Keais, founded in 1975, provides record retrieval services on a nationwide basis. Keais is a leader in the records retrieval industry and has helped law firms, insurance companies and corporations get medical, banking, military and IRS records for personal injury claims and insurance underwriting. Keais focuses on ways to strengthen their partnership with clients by leading the industry in creating value added retrieval services and continually.

The Keais records retrieval solution incorporates the following attributes to serve your organization:

- **Comprehensive solution**: Keais’ experience in records retrieval dates back to 1975, and during that time it has developed a wealth of experience in servicing clients nationwide. Keais has the ability to process subpoenas and affidavits for records request in every state. This capability combined with the Keais structured retrieval process creates a truly comprehensive records retrieval solution.

- **Paperless focus**: Going green and reducing the consumption of resources is becoming an increasingly common theme for organizations. Keais offers an order to delivery process that minimizes the creation of paper based information. If your organization is working to reduce paper based processes, Keais can integrate its web based application with your information systems to help you achieve your goals.

- **Transforming data to information**: Keais is actively focused on truly becoming a partner with your team by delivering actionable information and not just data. We recognize that this is not a ‘one product fits all” business environment. As a result, Keais will work with your organization to create a customized service that will meet your particular needs.

- **Getting to “sure”**: Keais is leading the records retrieval industry in helping our clients get the information they need to make decisions. The Keais discovery tools such as the Physicians Finder Report, SSN Search, and Prescription Finder Report are helping organizations bridge the gap between uncertainty and being “sure”. While no service provider can guarantee they will find all records in existence, Keais will guarantee no other service will work harder to get you the information you need.