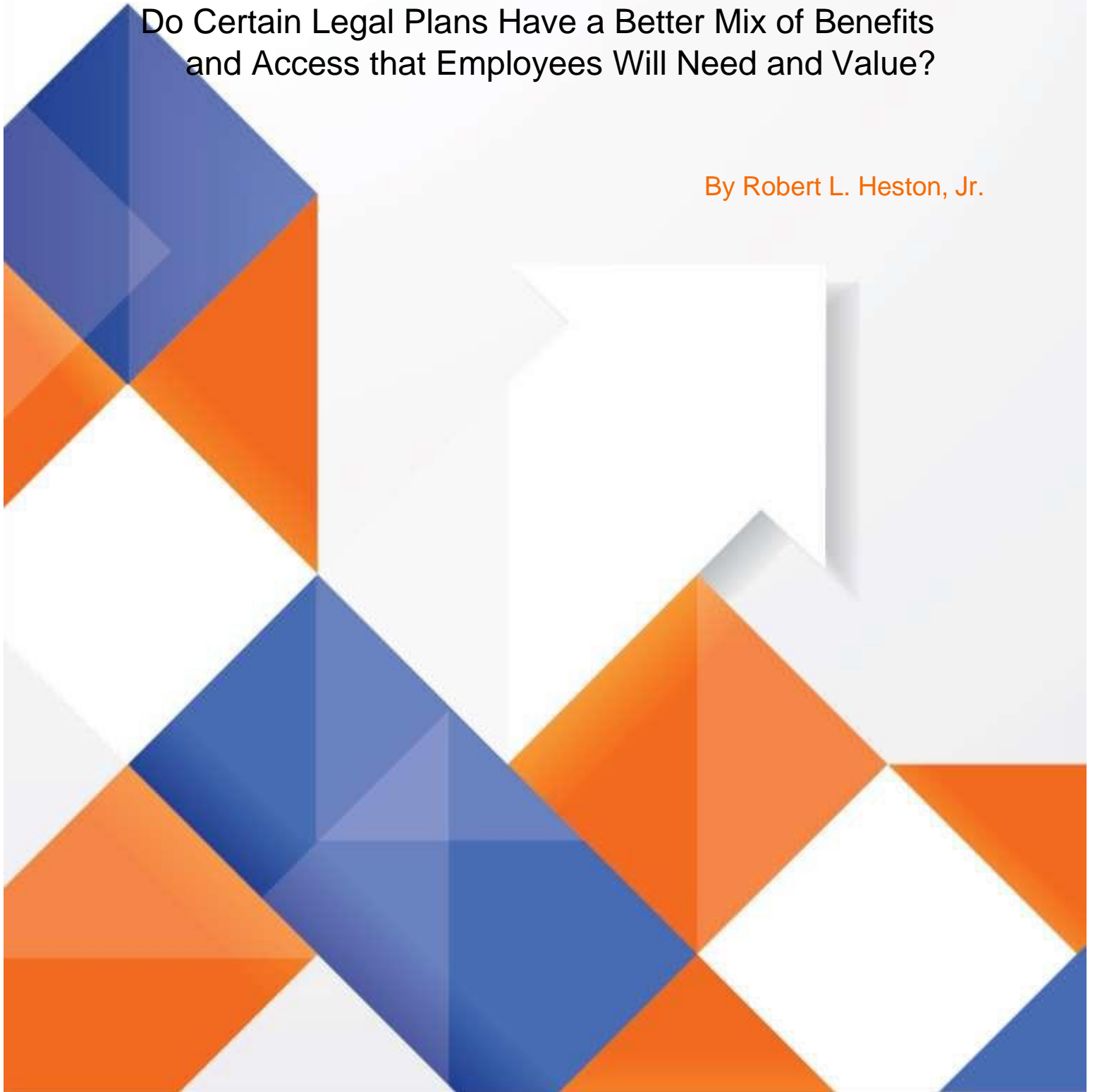


Do Certain Legal Plans Create More Value for Employees than Other Legal Plans?

Do Certain Legal Plans Have a Better Mix of Benefits and Access that Employees Will Need and Value?

By Robert L. Heston, Jr.



Legal Problems are a Major Component of Financial Wellness Today

In the last two years, employee financial wellness has skyrocketed onto the employee health and wellness scene.¹ Many remedies and programs are being examined, analyzed and implemented. For most HR professionals, this is giving recognition to a problem that was always believed to be present among employees, but without the appreciation of how pervasive some of the financial issues actually are for employees.

The Nationwide LegalEASE Legal Plan believes that employee personal legal problems are a huge drain on both employee and company financial resources, and that legal plans can be a significant value to the financial health of employees. We start our discussion by making sure we understand a major reason why many employee financial issues arise. Some reasons include:


- Too much debt
- Too many credit cards
- Not enough retirement savings
- Tapping retirement savings for emergencies
- Too few IRA contributions

These are some of the obvious effects of employee financial illness. Many are within an employee's control and encourage less spending and more saving – the current focus of many financial wellness programs – and can help employees control their finances.

But, many serious financial issues are created by unexpected legal problems that may be outside an employee's control:

- Unexpected medical problems and bills
- Elder parent health issues
- Elder parent nursing home issues
- Teenage disciplinary, drug or alcohol problems
- Spouse and ex-spouse actions
- Soon-to-be ex-spouse conduct and harassment
- Lawsuits from car accidents
- College student landlord, debt or alcohol/drug issues

Because of the financial wellness initiatives throughout the U.S., many HR executives are beginning to realize that they need to examine the actual causes of severe financial problems. Companies are now looking at all kinds of legal problems as a cause of these financial issues and have begun to analyze solutions that will solve the financial problem puzzle for their employees. These companies are looking at fully insured employee legal plans as a voluntary benefit to actually remove this entire area of financial difficulty for the subset of employees suffering through those legal problems. Indeed, these fully insured legal plans can actually solve this part of the financial puzzle for those employees who have



this legal protection for them and/or their families. What is important to note and the subject of this white paper is the analysis of benefits and processes that can or should take place at the HR level to ensure that all companies select the legal plan with the best value in benefits and plan assistance for employees.

Legal Plans for Employees

There are three fully insured legal insurance providers currently offering legal plans as a voluntary benefit to large companies in the U.S. One of the three fully insured large group legal plans is the LegalEASE legal plan, and it is operating in all 50 states in the U.S. It provides legal plans to the employees of over 4,800 corporate clients, including a large number of Fortune 100, 500 and 1,000 companies. There are two other fully insured plans in the U.S. that offer legal coverage as an employee benefit to companies.

Most large and medium-sized companies are focused on these three fully insured legal plans for their employees, as these plans pay all or most of the legal fees involved in handling a legal matter for an employee when a legal problem arises.

If we can appreciate the most needed legal issues employees face, and then determine which insured legal plans have the best coverage to solve the most dire legal problems, we can determine which legal plan(s) offer the best value for employees. An additional part of this value equation is to determine which legal plan offers the most user-friendly access to the best attorney providers in the legal plan, as the legal plan will not be effective if the benefits cannot be accessed easily by employees.

The focus of this white paper is to examine these employee legal needs and to divide its analysis into examining the answers to these value-oriented questions:

- A. Which plans have the best value in benefits?
 - 1. What are the most widely utilized legal plan benefits?
 - 2. Are all legal plan benefits used to the same degree by employees enrolled in a legal plan?
 - 3. How important is it for HR to select a legal plan that has the most widely used benefits?
 - 4. Which benefits will employees with an acute need for legal plan help regard as extremely important?
 - 5. Do benefits that have a high usage have more value to employees?
 - 6. Will legal plans with greater coverage for the more widely-utilized benefits have a higher value to employees?
 - 7. How can HR analyze different benefit categories when not all benefits have the same coverage in legal plans?

- B. Which plans have the best value in access to the right attorneys?
 - 1. How much do legal problems cost?

- a) For the employer
- b) For the employee
2. Using a new study, how can we apply a legal plan value analysis to any company?
3. How can a legal plan solve employee lost time costs by locating the best attorney early?
4. How do legal plans help employees find attorneys when legal problems arise?
 - a. Most legal plans use an online directory search system
 - b. Many employees do not know how to select the best attorney from an online directory system
 - c. Most online directories have connection issues for employees
5. How can we know which legal plan is helpful in finding the best attorney for an employee?
 - a. If employees abandon the legal plan because it is not helpful does that tell us the legal plan may not be useful?
 - b. Wouldn't we know if members are not satisfied by satisfaction surveys?
 - c. What is the abandonment rate of some legal plans?
6. What is a second access system, and how does it work relative to the widely used online directory?
 - a. Compatibility and matching of the best attorney to the actual needs of each employee
 - b. Technology that makes this system a real-time monitoring system
7. Does this second system offer a better methodology of help that lowers the abandonment rate?
8. How do we learn a legal plan's abandonment rate?
9. What are the savings for an employee from a legal plan that has this second system in place?
10. The second legal plan really does offer more value than the first legal plan in a substantial and measurable manner.

A. Which plans have the best value in benefits?

1. What are the most widely utilized legal plan benefits?

Right now, at any company in America, there is a substantial portion of each company's employees who are suffering through one or more components of this legal and financial illness. We begin with the myriad of issues employees face as they begin each new workplace day with personal problems brought unintentionally and unavoidably into the workplace because of their magnitude.

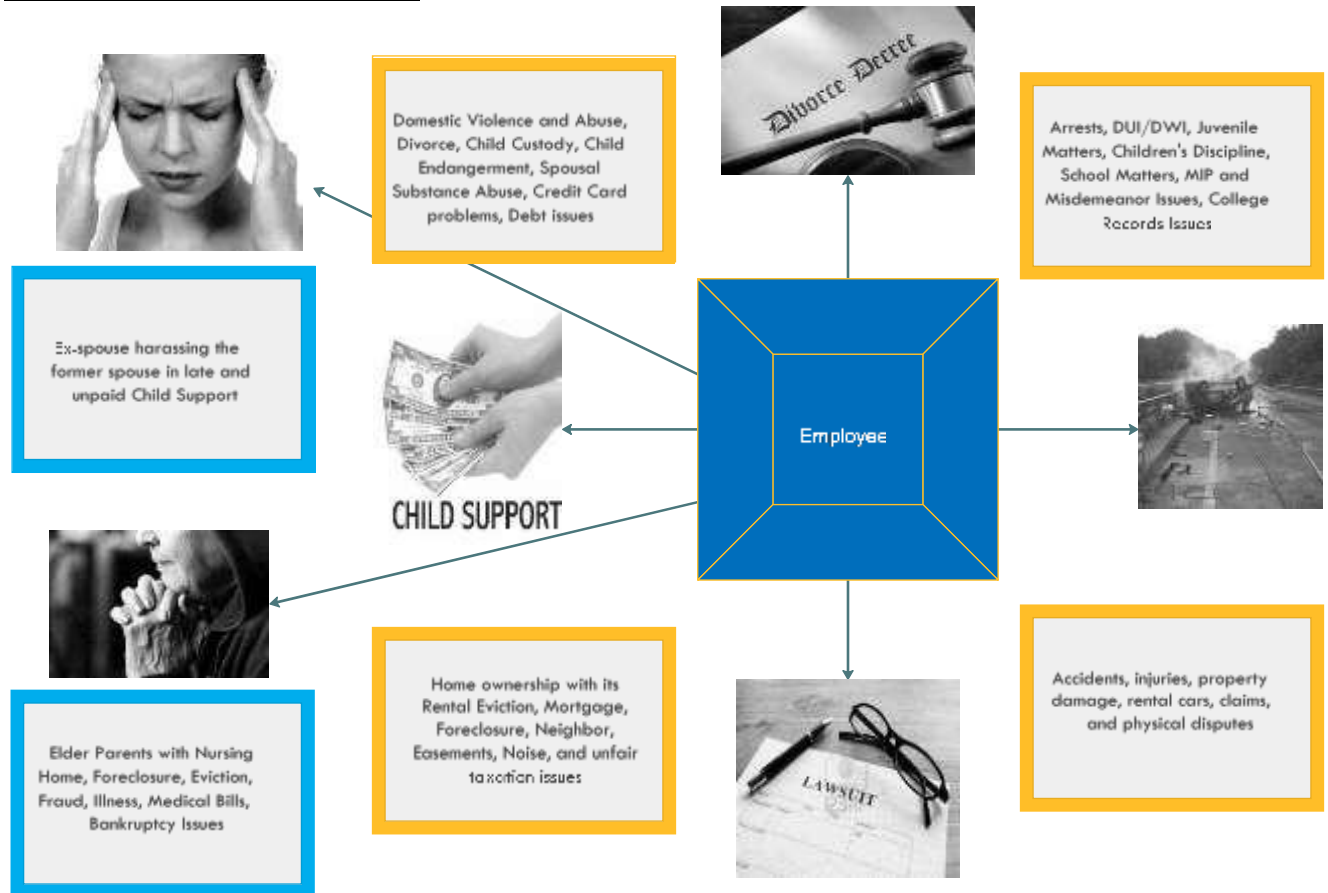
Today, employees face so many challenges from simply engaging in life:

- Marriages fall apart

- Parents argue over the care of children
- Spouses have drug/alcohol abuse issues

Many of these issues will manifest themselves in the form of legal problems.

Figure 1: Employee Legal Problems



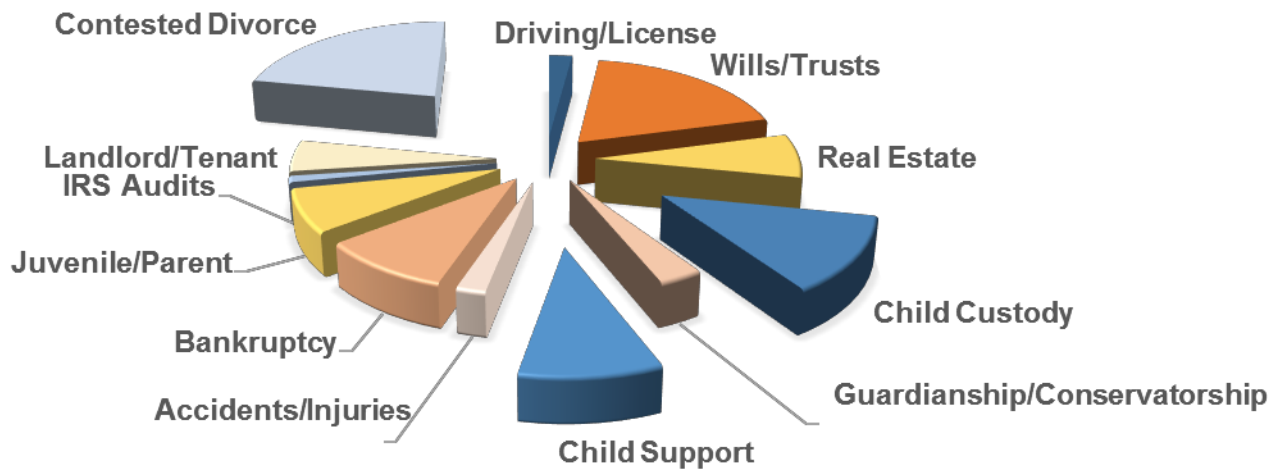
We all know employees who have suffered, or are currently suffering, through

- Divorces
- Parental illnesses
- Nursing home issues
- Injuries and medical problems
- Spousal abuse
- Arrests
- Traffic license suspensions
- Child custody battles
- Credit card debts
- Bankruptcy
- Foreclosure
- Eviction
- Identity theft

In order to find a solution to these stressful and financially significant legal matters, we start by asking what benefits are the most widely utilized benefits in the most common insured legal plans. Typical legal plan usage looks like this:²

Chart 1: Legal Matter Sample Usage 2016

LEGAL MATTER SAMPLE USAGE 2016




In fact, we can see the top 10 legal matters in 2016 in the list to the right. While these usages vary in some ways each month and each year, the percentages still provide a predictable barometer of what benefits are most widely utilized.

We can see that the highest utilized category is the area of divorce and divorce-related legal issues. These family law matters include child custody/visitation battles, vicious disputes with ex-spouses, repeated court appearances by deliberate actions of one party, missed work time for court, children endangered by drug abuse of ex-spouse, savings wiped out just to keep custody of children and loss of job for missed court time.

Family law problems can be some of the most debilitating problems for employees. So many single mothers are juggling their daycare and school issues and their work responsibilities. One of the most obvious employee problems that affects work is when an employee files for divorce or is served with divorce papers. Their stress level skyrockets, particularly if the divorce was unexpected, because the

Top 10 legal issues³

- ✓ Divorce
- ✓ Child custody battles
- ✓ Child support order modifications
- ✓ Will and trust drafting
- ✓ Real estate
- ✓ Vehicle-related issues
- ✓ Juvenile and school Issues
- ✓ Guardianship
- ✓ Bankruptcy
- ✓ Landlord and tenant Disputes



employee must respond immediately to the divorce petition. Chances are, the employee feels lost, life is turned upside down, issues with children must be ironed out, and there is the prospect of losing their friends, their lifestyle and the financial and material holdings acquired during their marriage.

The employee's concentration shifts away from work to divorce and feelings of betrayal, frustration, anger and even rage emerge against the spouse who they feel is doing this to them. Managers or supervisors who have witnessed an employee going through a lengthy and nasty divorce can attest to the effects on the workplace, which can be turned upside down.


Several recent studies have directly linked marital and relationship breakdown to the increased likelihood of developing serious physical and emotional diseases.

- A multi-year study found that men who divorced or separated were 3.3 times more likely to experience depression than men who remained with their spouses. Among women, the odds of depression after a break up were about 2.4 times higher. For many in the study, depression remained a problem for as long as four years post-divorced.⁴
- According to University College in London, stress associated with marital struggle was found to increase the likelihood of a heart attack or other heart trouble in both male and female subjects by as much as 34% over the 12-year life of the study.⁵
- The American Diabetes Association has suggested that stress caused by poor relationships aggravates diabetes for those afflicted with the condition.
- Researchers at Ohio State University found that when couples re-lived past arguments, self-inflicted blister wounds healed at only 60% the rate of wounds inflicted on couples who exhibited lower-hostility behavior.

But that's not all. Studies compiled by Life Innovations on behalf of the Marriage Commission had these key findings:

- Immune system function is lower in couples surviving poor relationships compared to couples enjoying satisfying relationships. (Waite & Gallagher, 2000)
- The likelihood of domestic violence grows as relationships fail. (Gallagher, 2002)
- Domestic violence costs Corporate America up to 7.9 million paid workdays of lost productivity annually. (Corporate Alliance to End Partner Violence, 2006)
- Unhappily married couples are almost four times more likely to have a partner abusing alcohol than in happily married couples. (Whisman, Uebelacker, & Bruce, 2006).
- Those with alcohol problems skip or miss work 30% more than those without such problems. (U.S. Department of Health and Human Services, 2004)⁶

One of the most revealing examples that employees face more than any other legal problem is divorce litigation, especially when child custody challenges are involved. Spouses are abusive, inconsiderate and even mean when divorce is an issue. Much of this litigation can be contentious, vindictive and upsetting to parties who end up being at each other's throats. Often one spouse has the expectation that the other spouse is the clear bad actor and that everyone in the legal proceeding should be able to see this and grant the employee with this expectation the relief or resolution they want. When one's attorney or



judge may not agree with the employee, they begin to feel alienated and angry. The feeling that one's attorney is not there to get them quick help can create a serious rift with the employee and their attorney. These feelings can make employees feel that there is no help anywhere for them.

As frustration builds, so does the stress. This becomes a long-term problem — a problem that ultimately produces a devastating increase in anger, frustration and stress that is costly to the employee and their work productivity. As an example, an employee may be in court for a prolonged divorce proceeding with a spouse ordered to vacate the house they once owned jointly, or an employee may be suffering through delay after delay in court modification hearings of child visitation orders, or, unbelievably, one alcoholic spouse is ordered to retain custody of the children. Employees in these situations cannot help their lack of concentration and distraction in their workplace, and this condition and their stress is directly related to their legal problems.

Of course, dealing with the emotional aspects of divorce is easier said than done. With the build-up of many years of anger, resentment, neglect or jealousy, as well as demands for justice and vengeance, these emotions can often drag cases through years of litigation.

The net effect of a lack of extra funds can force the settling or abandoning of a lawsuit or legal dispute before the case is won since most employees do not have a rainy-day lawyer fund. They may be forced to use their savings, take out a loan or even borrow money from a 401k retirement account. In addition, most employees are not sure how much money might be involved in resolving disputes.

The need for more than sufficient divorce and divorce-related coverage in any legal plan becomes obvious with attention to this major area of employee need.

2. Are all legal plan benefits used to the same degree by employees enrolled in the legal plan?

The previous chart, [Legal Matter Sample Usage 2016](#) on page 6, also shows that legal plan benefits are not used to the same degree. The family law and divorce benefits are used, in some instances, 25 times as much as other benefits. Of the legal problems that make the list in terms of usage, several categories do not have even 1% usage by the entire employee legal plan population. For example, we can compare the greater than 25% usage in the contested divorce category with the tiny portion of plan members that may use the tax benefit within the plan.

Chart 1 makes it obvious that legal plan benefits vary widely in the amount of usage that each benefit receives in the course of an annual membership.

3. How important to employees is it for HR to select a legal plan that has the most widely used benefits coverage?

There is a difference between the legal plan that has the most benefits and the legal plan that has the most widely utilized benefits. Having the most benefits in a legal plan does not mean that plan is the best value for employees. So many times, we are caught up in the spreadsheet comparisons that we forget to focus on how much employees will need each benefit in the plan. It would create a decrease in value if HR chose a legal plan that did not have a benefit that many plan members will use or need. For

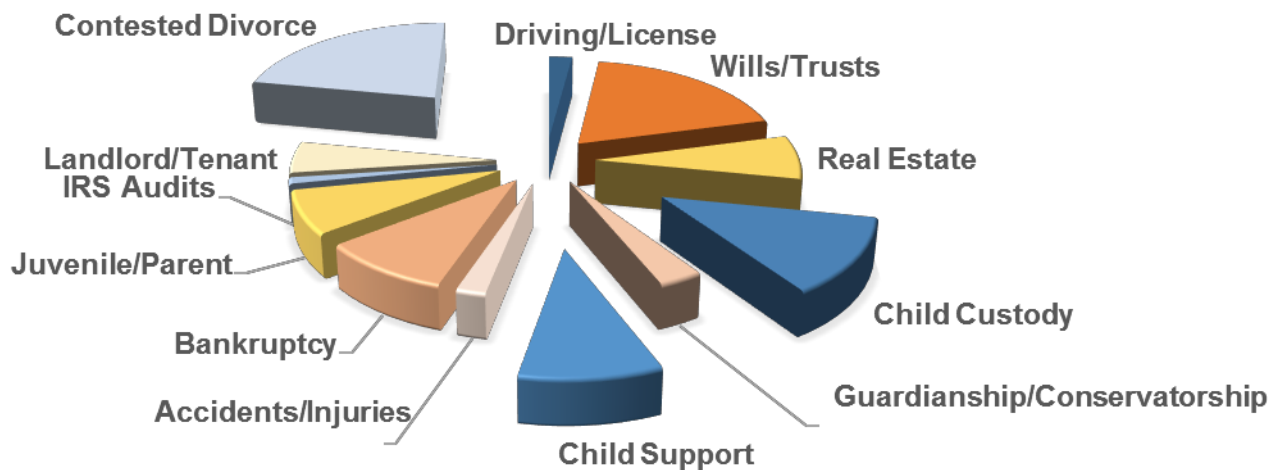
example, a legal plan that covers 20 benefits sounds like a good plan from face value. But if the 20 benefits have a total usage of less than 0.5% usage, these 20 benefits are not really serving any purpose in adding value for employees, especially if there is no noticeable price difference to account for the non-usage.

On the other hand, the plan with only 10 benefits might add much more value for employees if employees are likely to use those 10 benefits 75% of the time. And that plan becomes even more valuable if the price of that plan is not significantly higher than the legal plan with 20 benefits with 0.5% usage.

Thus, it becomes imperative to refer to the previous chart of likely usage of benefits and start one's value analysis there. We have reprinted that chart here:

Chart 1 (Reprinted): Legal Matter Sample Usage 2016

LEGAL MATTER SAMPLE USAGE 2016




We have already seen that the highest utilized benefit in any legal plan will be divorce and divorce-related benefits. Indeed, in the last 25 years, the LegalEASE legal plan's usage statistics have followed a strikingly similar usage pattern.⁷

Of course, this means that employees will likely use the divorce and divorce-related coverage in any legal plan more than any other benefit. That means that in any legal plan analysis one of the key value questions becomes *"how much divorce and divorce-related coverage does each legal plan have?"*

A second high-usage area is estate planning. Estate planning, wills and trusts are critically important to employees and many enroll in the legal plan to obtain these benefits. We can see from the chart that wills and trusts comprise a substantial portion of the benefits usage in a legal plan. Trusts are one of the most important benefits in a legal plan and will provide a significant value for employees.

Any HR executive who is reviewing legal plan coverages while evaluating a legal plan program for their



employees would absolutely want to focus on the estate planning coverage benefits, including the amount of coverage in each benefit.

Whether employees will view a legal plan benefits package as valuable to them will be determined by how they will use the plan based on their needs. Let's examine one group of employees that can be severely impacted by the benefits contained in a legal plan: single working mothers.

4. Which benefits will employees with an acute need for legal plan help regard as extremely important?

Research indicates that single mothers experience excessive stress and that the stress is a result of the need to provide financially for their family concurrently with caring for the home in ways traditionally handled by both men and women. Single working mothers juggle many responsibilities including financial provision, house-keeping and parenting.⁸ In addition, they lack a supportive spouse to turn to for counsel, cooperation and comfort. The stress in a mother's life and the way she deals with it also impacts her children. Current research suggests that professional help is sought for mental health reasons by single-parent mothers two to three times more often than other parents.⁹

Single mothers have a dual responsibility in their households. "You're a working mom and you're tired beyond belief. You rush to get to work on time, race to pick up the kids at day care, and juggle an endless list of household chores before falling into bed at midnight."¹⁰ This is life for many women today in the United States. "Compared to two-parent households, lone parents have not only reduced money but also half the adult time resources available."¹¹

Stress may also result from various sources. One major stress point is conflict with the child's father. Not having a supportive husband is an ongoing reality for many single mothers. Studies suggest that depressive symptoms of single mothers are associated with mother/nonresident-father relationship. Sometimes, the father does not acknowledge his offspring and they go to court. Many are freshly divorced and have a hostile relationship, yet others constantly fight over child support. Even seeking a new relationship can be a challenge for single mothers. Ex-spouses can make the search for a new relationship difficult, challenging and disheartening, especially where the ex-spouse still harbors certain feelings, or where there is substance abuse issue in the marriage as part of the reason for a divorce in the first place.

Constant pressure to take the ex-spouse back to court to seek court-ordered support payments can create a financial hardship for the working mother. Not only are they not receiving the agreed upon support and/or alimony payments from the ex-spouse but they have to find legal fees to drag the ex-spouse back to court to enforce the child support order. The need for legal help is acute, particularly a legal plan that pays for the legal fees to enforce the court order.¹²

Beyond our example of single mothers is the fact that in truth all employees have a need for legal plan benefits to solve the potentially devastating legal problems that can strike them. Employee preferences for benefits and coverages often turn into employee necessities when they are dealing with significant personal legal problems.

Figure 2: Legal Matters Happen at any Age



Legal problems affect all age groups in the employee spectrum. Many times, we do not think of legal problems as prevalent among the younger employee population. LegaleASE has looked at how different age groups are affected by legal problems, and these results are telling.

5. Do benefits that have a high usage have more value to employees?

Looking at one of the most utilized benefits (divorce) that employees will need, we can ask – “Does the amount of coverage (the number of hours of divorce and divorce-related coverage in the legal plan) create more real value for employees?”

Let’s analyze: First, LegaleASE has offered divorce in its legal plans for over 45 years and has monitored all usage. Thus, the utilization figure is a reliable indicator of how much employees will need divorce coverage relative to other legal benefits. Second, we can analyze the amount of divorce coverage (measured by hours paid for by the legal plan) an employee might need when facing a divorce. Given the socioeconomic income level of LegaleASE’s typical employee legal plan members, those with an income range of \$30,000 to \$129,000 in combined household income, LegaleASE’s 25 years of usage statistics indicate that the average contested divorce will take 27 hours or less for completion. That means that in 25 years LegaleASE’s usage statistics show that 99.8% of all employee divorces (and divorce-related matters) are handled without any cost to employees in 27 hours or less of paid-for attorney time.

The next step of analysis is to examine whether there is any value to employees in having more divorce coverage in their legal plan. The chart on the next page shows the calculations that will help to answer that question. We define value here as whether, for a similar cost, one legal plan will pay for the legal fees in full compared to another legal plan that will only partially pay for the benefit, requiring the employee to pay out-of-pocket costs for legal fees not covered by their plan.

As an example, one would assume that if 25% of the employees who enrolled in the legal plan were going to have to use one of the benefits, then the legal plan that created the least additional out-of-pocket costs for those 25% of all employees would create the most value.

Naturally, one employee might get value if their generally uncommon legal matter is covered and the plan saves them an out-of-pocket cost. But, the analysis for HR in most cases is which legal plan is best for all/most of their employees.

Using divorce as a covered benefit and employing that analysis, we can see that in our example below Plan 1 creates the most value because it has the least amount of out-of-pocket costs for the most employees likely to use the legal plan. If all the other benefits in the legal plan are the same, Plan 1 would have the most employee value since it has, one, the most legal plan coverage for divorce of any legal plan, and, two, more employees in the employee population will use the divorce benefit than any other legal plan benefit in the plan.

Chart 2: Divorce Usage

How are these amounts calculated?

Assumptions/Calculations ¹	Legal Plan 1 28 Hours Covered	Legal Plan 2 15 Hours Covered	Legal Plan 3 No Coverage
	37%	37%	37%
Divorce/Family Law Hours Covered Under Plan	28.5	15	None
Average Maximum Time in Court/Litigation Battles in Each Divorce/Family Law Case	27 Hours	27 Hours	27 Hours
Total Number of Employees with Divorce/Family Law, Child Custody and Support Issues (per 100 Employees)	37	37	37
Average Hourly Cost for Divorce Attorney – National Average	\$207.00/Hr.	\$207.00/Hr.	\$207.00/Hr.
Total Employee Out-of-Pocket Cost of Divorce/Family Law Matter for Employee Base (per 100 employees)	\$ 0.00	\$103,396.50	\$206,793.00

^{1/} Legal plan usage models tell us that on a three year contract the divorce usage will be 37%. Using a sample enrolled membership of 900 employees enrolled in the legal plan means that 333 (37%) employees will utilize the divorce and family law matters benefit. This means that under Legal Plan 2, 333 employees will have 15 hours of paid-in-full coverage, but under the LegalEASE Plan, these same 333 employees would have coverage of 28.5 hours or an extra benefit of paid-in-full coverage of 13.5 hours compared to Legal Plan 2. This means that once the 15 hours runs out under Legal Plan 2 333 employees will pay **additional legal fees out of their own pocket** that they do not have to pay under Legal Plan 1—of \$[207/hour times 13.5 hours = \$2,794.50 per employee or a total employee out of pocket fees of \$930,568.50 that they would not have to pay under Legal Plan 1. There is no Divorce coverage under Plan 3, so that means the same 333 employees will pay **additional legal fees out of their own pocket** that they do not have to pay under Legal Plan 1—of \$[207/hour times 27 hours = \$5,589.00 per employee or a total employee out of pocket fees of \$1,861,137.00 that they would not have to pay under Legal Plan 1.

6. When some legal plans have more coverage for the more widely-utilized benefits will those legal plans have a higher value to employees?

Continuing with our divorce example above, depending on the coverage offered in a legal plan, employees can end up paying thousands of dollars out of their own pockets. Right now, in the U.S. market the three top legal plans each offer a different level of coverage in their standard legal plan for the most commonly utilized benefit category – divorce: 1) Paid up to 28.5 hours, 2) Paid up to 15 hours and 3) no divorce coverage.

The total amount employees will be forced to pay out-of-pocket for their divorce/family law matter will depend on how importantly the legal plan chosen by HR values the higher used benefits that have higher coverages.

The following chart shows the tremendous employee out-of-pocket cost for divorce and child custody/support matters over a three-year period using three different plan coverage levels: 1) Paid up to 28.5 hours, 2) Paid up to 15 hours and 3) no divorce coverage.

Chart 3: Out-of-Pocket Expenses Based on Divorce Coverage

Number of Employees Enrolled in Legal Plan	LegalEASE Plan 1 28.5 Hours Covered	Legal Plan 2 15 Hours Covered	Legal Plan 3 No Coverage
20	\$0	\$20,679	\$41,359
50	\$0	\$51,698	\$103,396
100	\$0	\$103,396	\$206,793
500	\$0	\$516,847	\$1,033,965
1,000	\$0	\$1,033,695	\$2,067,930
2,500	\$0	\$2,584,238	\$5,169,825
4,000	\$0	\$4,135,860	\$8,271,720

This analysis leads to the following results: Do these differences in legal plans make a difference to employees? What is the effect of these differences?

Plan 1

Under plan 1, in virtually every case, no plan members pay any out-of-pocket cost when they have a divorce or divorce-related legal matter.

Plan 2

Once the 15 hours run out under legal plan 2, using an enrollment figure of 333, employees will pay additional legal fees out of their own pocket that they do not have to pay under Legal Plan 1 – of $[\$207/\text{hour} \times 13.5 \text{ hours} = \$2,794.50]$ per employee or a total employee out of pocket fees of $[\$930,568.50]$ that they would not have to pay under legal plan 1.

Plan 3

With no divorce coverage under plan 3, the same 333 employees will pay additional legal fees out of their own pocket that they do not have to pay under legal plan 1 – of $[\$207/\text{hour} \times 27 \text{ hours} = \$5,589.00]$ per employee or a total employee out of pocket fees of $[\$1,861,137.00]$ that they would not have to pay under legal plan 1.

Using this analysis, and going back to one of our earlier questions, will employees feel more value from having no out-of-pocket fees on their divorce matters or will they like to have the additional 20-line item coverages, even though only one or two employees may use any of the 20-line items?

7. How can HR analyze different benefit categories when not all benefits within legal plans have the same coverage?

While it is helpful to create a matrix that compares the legal plans in terms of benefits and benefit categories, the sheer number of benefits may not always create the most value as we discussed above.

Employees will consider the legal plan with the most value to be the one that: one, has the most benefits they will actually use, and, two, has the best coverage under those widely-utilized benefits.

This may differ at times, but, in general, the benefit usage categories will not change drastically. As a result, the matrix comparison should be looked with both factors in mind. As an illustration, let's look at a sample several-item usage-based matrix:

Chart 4: Sample Usage Matrix

		Legal EASE / LegalGUARD LB2 Plan - 28.5 hours of Divorce Coverage	Plan 2 UltimateAdvisor Expanded Plan	Plan 3
Divorce/Family Matters				
	Dissolution of Marriage			
	Legal services rendered to the named insured in a divorce, legal separation and/or an annulment of marriage.			
Usage 7.5%	This benefit includes payment of attorney fees incurred in the preparation, review and negotiation of Qualified Domestic Relations Orders (QDROs)	Covered	QDROs Not Covered	QDROs Not Covered
Usage 7.5%	Uncontested divorce -- Advice, negotiation, office work and representation at final court hearing	Paid-in-Full up to 10 hours	Covered	Not Covered
Usage 25%	Contested divorce -- Advice, negotiations, office work and court representation	Paid-in-full up to 28.5 hours of coverage	Paid-in-full up to 15 hours of coverage	Not Covered
Usage 15%	Child Custody, Support, Visitation Creation	Paid-in-Full Coverage	Paid-in-full up to 8 hours of coverage	Not Covered
	Modification/enforcement--uncontested	Paid-in-Full Coverage	Paid-in-full up to 8 hours of coverage	Not Covered
	Modification/enforcement--contested if in divorce			
	Property Issues			
	Boundary / Title Disputes			
Usage .5%	Full Representation (Plaintiff)	Covered at Plan Discount of 25% Hourly Rate	Paid-in-Full	Covered at Plan Discount of 25% Hourly Rate
	Full Representation (Defendant)	Covered at Plan Discount of 25% Hourly Rate	Paid-in-Full	Covered at Plan Discount of 25% Hourly Rate
	Administrative Hearings - Zoning / Variances / Eminent Domain			
Usage .5%	Full Representation (Plaintiff)	Covered at Plan Discount of 25% Hourly Rate	Paid-in-Full	Covered at Plan Discount of 25% Hourly Rate
	Full Representation (Defendant)	Covered at Plan Discount of 25% Hourly Rate	Paid-in-Full	Paid-in-Full
	Administrative Hearings - Building Codes			
Usage .5%	Full Representation (Plaintiff)	Covered at Plan Discount of 25% Hourly Rate	Paid-in-Full	Covered at Plan Discount of 25% Hourly Rate
	Full Representation (Defendant)	Covered at Plan Discount of 25% Hourly Rate	Paid-in-Full	Paid-in-Full
	Administrative Hearings - Easements			
Usage .5%	Full Representation (Plaintiff)	Covered at Plan Discount of 25% Hourly Rate	Paid-in-Full	Covered at Plan Discount of 25% Hourly Rate
	Full Representation (Defendant)	Covered at Plan Discount of 25% Hourly Rate	Paid-in-Full	Paid-in-Full
	Note: This information is the best available information compiled from sources believed to be reliable with respect to the legal plans in question. Some plans change from time to time and some plan benefits are different depending upon the group plan in place. This information is designed to be a guide and should be updated as needed. This information is designed for contracted agent usage and not for distribution or dissemination.			
	1/ Financial Planning and Financial Counseling Services can cause some confusion. Most legal plans cover a phone call consultation to a financial planner or financial planning firm. However, LegalGUARD covers up to 10 hours of counseling on Financial/Debt/Credit matters in addition to Financial Planning services with Local Financial Planners. This distinction is important because the services that include Financial Counseling and Financial Planning are much broader in scope.			
	Color	Usage Percentage per year		
		0.5%		
		1%		
		2%		
		2.5%		
		5%		
		7.5%		
		10%		
		15%		
		25%		

Looking at the partial legal plan matrix on the previous page with the three fully insured legal plans, we can see this concept illustrated.

If all HR examined was the number of paid-in-full benefits, plan 2 looks like the best plan. It has the highest number of benefit categories with the designation “Paid-in-Full” benefits. On its face, HR executives might consider selecting plan 2 for this reason.

But when HR examines the second element of usage percentage for each benefit, we can see some of these benefits have a less than 0.5% usage rate, meaning most employees will never use these benefits. If a benefit program has a number of benefits, but no one will likely need those benefits, that legal plan may not be considered as valuable a plan as others with more coverage for needed benefits. HR has seen this across the board in its many benefit programs.


However, if we engage in the second part of the above analysis a different result is likely. First, using the same matrix above, we see that plan 1 has contested divorce coverage (the most needed benefit of all the legal problems for employees) paid up to 28.5 hours. Plan 2 has this benefit paid up to 15 hours, and the employee pays the rest of the attorneys’ fees. Plan 3 offers 0 hours of this coverage.

Using this second element, we realize that the usage rate on this contested divorce benefit ***is in excess of 25% of the total employee legal plan population***, meaning a substantial number of plan members will use this benefit and exact a benefit from this coverage. This usage analysis will indicate that in plan 1, those plan members will benefit the most since they will not pay anything out-of-pocket in most cases. Plan 2 plan members will benefit somewhat, but a large amount of their members will still be forced to pay almost half of the billed attorneys’ fees out of pocket. And, of course, Plan 3 plan members will have no benefit in this line item.

Using chart 3 that we referenced earlier, we can see the prohibitive cost of these out-of-pocket costs for this contested divorce benefit:

Chart 3a: Out-of-Pocket Expenses Based on Divorce Coverage

Number of Employees Enrolled in Legal Plan	LegalEASE Plan 1 28.5 Hours Covered	Legal Plan 2 15 Hours Covered	Legal Plan 3 No Coverage
20	\$0	\$20,679	\$41,359
50	\$0	\$51,698	\$103,396
100	\$0	\$103,396	\$206,793
500	\$0	\$516,847	\$1,033,965
1,000	\$0	\$1,033,695	\$2,067,930
2,500	\$0	\$2,584,238	\$5,169,825



This means that for plan members in plan 2 or plan 3, HR will see their employees, at least those employees who are paying for a legal plan benefit each month, paying some \$516,857 or \$1,033,965 a year out-of-their-own-pockets for additional legal fees related to one of the benefit categories. This is particularly difficult to see happen to employees when the fact is that if HR had selected plan 1 no plan members would have had to pay any amount out-of-pocket.

Thus, looking at the matrix page, we see that each HR department will have to analyze which legal plan will have more value for its employees based on examining the usage percentages.

B. Beyond benefits, what else in a legal plan creates value for employees?

1. How much do legal problems cost?

LegalEASE completed a two year study that examined 20 years' worth of employee financial and legal problems, the impact of these legal problems and the cost of employee legal problems to employers, *LegalEASE Employee Health; Legal & Financial Stress Impact Study 2016, Part I and II*. In this study, which is now the subject of speaking engagements at HR trade shows across the U.S., LegalEASE found that some \$245,000 per 100 employees is wasted while employees are forced to handle unexpected legal problems. The study used three metrics to provide a concrete measure of employer costs:

1. Absenteeism
2. Increased prescription costs
3. Physician/psychologist visits

Information about this study can be found at robertheston.com.

This study produces some startling analysis. Wellness is impacted on several fronts: one, there is an enormous but measurable stress produced by these legal problems, and, two, there is an equally enormous and debilitating financial wellness component. Taken together, this means a substantial financial illness can be caused by legal problems affecting employees.



The study examined seven of the most common legal problems that employees face today. All these are personal and include: divorce, civil litigation, probating an elder parent's estate, juvenile/criminal matter, warranty/small claims matter, DUI/DWI and traffic tickets.

The study looked at the cost of these and learned that they produced an enormous amount of employee stress and upset. However, measuring this stress can be tricky as there are no exact measurements for the effects of problems like presenteeism.

The study determined that it would focus only on the effects of problems that can be accurately measured. The study determined that it would utilize three effective measures of stress: absenteeism, increase in prescription drugs and an increase in physician/psychologist visits (including psychiatrist visits). Because employees used prescription drugs (like Xanax) in increased amounts during stressful times and because they visited physicians or psychologists to obtain prescriptions to treat stress, these two measures are reliable indicators of the cost of stress.

In addition, without help and without money to handle a lawsuit, stress increased amongst employees. Each day without help or money increased stress in many cases. Adding to this problem is the fact that to find resources to help with the lawsuit (e.g., attorneys) or to find money to handle the legal fees, employees had to take off work, thereby increasing absenteeism costs. They also had to take time off work to visit their physician or psychologist for the treatment, thus the absenteeism.

Each of these three metrics were also selected because they are measurable, unlike presenteeism or other stress indicators, and taken together they could produce an accurate picture of how much stress was being caused by legal problems and how much this stress cost employees.

a. Employer costs

The study concluded that for the seven common types of legal problems employees frequently drag into the workplace the costs are staggering. Using only the three metrics – increased prescription drug costs, increased physician/psychologist visit costs and absenteeism costs – these seven legal problems cost an American company in excess of \$245,000 per 100 employees per year.¹³

Table 1: Total Cost to Employer

Total Cost to Employer Due to Employee Missed Time & Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor for Stress Related to Legal Matters	ALL 7 Common Legal Matters
Employer Cost Due to Missed Time: "Court-Filed" Divorce Legal Proceedings	\$22,974
Employer Cost Due to Missed Time: "Non Court-Filed" Legal Proceedings	\$47,514
Employer Cost Due to Missed Time: Initial Attorney Search	\$85,127
Employer Cost Due to Missed Time: Visits to Doctor &/or Mental Health Counselor	\$33,491
Summary Employer Cost Due to Employee Missed Time: All Factors	\$189,105
Cost of Employee Visits to Doctor &/or Mental Health Counselor	\$18,135
Cost of Employees Using Prescription Drugs for Stress Related Issues	\$37,799
Summary Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor	\$74,069
Total-All 7 Common Legal Matters	\$245,074

b. Employee costs

When confronted by one of the legal problems addressed in the study, the employee’s immediate concern elevates to the lack of financial resources to pay the legal fees. Money at the outset, as well as throughout the case, becomes a substantial problem. As any lawyer knows, the larger the dispute the costlier the legal bills are in most cases. And the American legal system seems to have endless delays, interruptions and wasted time – all paid for by the participants.

Stress for employees comes from the answer to this question - how many employees have a large unused, uncommitted amount of money stashed away in the event a legal problem arises? The answer is that most do not.¹⁴ The problem is compounded because employees are not saving enough money; which is the entire impetus of the financial wellness movement.

We can calculate the employee cost of the legal matters by looking at these statistical figures.



Lawsuit costs on average \$18,000 per disputed legal matter in the United States, with many more lawsuits reaching the \$25,000 - \$50,000+ mark.¹⁸ In today's world, an average hourly rate for legal services is found to be \$278/hr.¹⁹ If we look at the number of legal problems per 100 employees in the study, we can calculate the cost of the lawsuits to employees by using the average total lawsuit figure (\$18,000) per lawsuit.

The study found there are 19 actual litigation matters per 100 employees that are protracted and require substantial expenditures for attorney fees, assuming each employee will follow advice and retain an attorney in each case.


Chart 5: Total Cost of Lawsuits for Employees

Number of Lawsuits [per 100 employees]	Average Cost per Lawsuit	Total Cost of Lawsuits for Employees [per 100 employees]
19	\$18,000	\$342,000 / year

Thus, without any legal plan, the employee cost in hard attorney's fees costs can be estimated at \$18,000 per lawsuit on average multiplied by 19 or some \$ 342,000 for the 19 employees who will have one of our seven common protracted litigation problems in the course of the year.

The result shows that legal problems are not only measurable but huge in costs for both the employer and employee.

2. Using this new study, how can we apply a legal plan value analysis to any company?



Using the three metrics in the study, absenteeism, increased prescription cost and physician/psychologist visits, we can take a sample Fortune 100 Company and, one, examine the value to the employees in that company of having a legal plan and, two, compare the values of the legal plans to see if there are differences between the values offered by different legal plans.

Assume a company (Sample Company) with 130,000 employees has 35,000 employees enrolled in the company's voluntary fully insured legal plan. That means there are 95,000 employees who have not subscribed to the \$17.00/month legal plan that will have to pay all the legal fees for any legal problems they have that would have been covered by the legal plan if they had enrolled.

Using the three metrics from the LegalEASE study, both the non-legal plan and legal plan employees in our sample company will suffer from three legal problem costs that can cause serious financial issues.²⁰ Additionally, the study found that there are two major sources of stress for employees facing legal problems:

- a. The high cost of the expected legal fees to fight the lawsuit
- b. Help finding the right attorney to lower stress during the lawsuit

a. Legal Plans Solve the High Cost of Legal Fees

We have created a spreadsheet to show the costs of these legal problems and how these costs impact (a) those employees with no legal plan and (b) those employees with the company legal plan at our sample company. We then added to our spreadsheet line items that show the costs of these legal problems at our sample company to those employees with (a) no legal plan and (b) with a different legal plan that the sample company does not have but could change to.

Chart 6: Savings to Employees Comparison (Continued on Next Page)

DIRECTORY BASED LEGAL PLAN		Costs TO EMPLOYEES Resulting from Legal Issues for Employees <u>Not</u> Enrolled in the Legal Plan					
Sample Group Employee Count	Participation Rate	Employees Not Enrolled in Legal Plan	Number of Employees Facing a Legal Issue (per year)¹	Value of Lost PTO Days to Employee²	Value of Psychology/Physician Visits³	Value of Prescription to Treat Stress³	Total Costs of Non-Legal Members Suffering Drugs Through Legal Problems
125,000	28%	90,000	24,300	\$21,870,000	\$16,321,500	\$34,019,100	\$72,210,600
CONCIERGE BASED LEGAL PLAN		Costs TO EMPLOYEES Resulting from Legal Issues for Employees <u>Not</u> Enrolled in the Legal Plan					
Sample Group Employee Count	Participation Rate⁶	Employees Not Enrolled in Legal Plan	Number of Employees Facing a Legal Issue (per year)¹	Value of Lost PTO Days to Employee²	Value of Psychology/Physician Visits³	Value of Prescription to Treat Stress³	Total Costs of Non-Legal Members Suffering Drugs Through Legal Problems
125,000	39%	76,250	20,588	\$18,528,750	\$13,827,938	\$28,821,738	\$61,178,425

Key points as to why this happens:

1. Current numbers - employees incur 27% of legal problems/year
2. Average lost PTO days per legal issue - 3.8; 30 hours @ \$30/hr.
3. Stress costs are defined here as prescription drug (\$37,799 x 920 per 100 employees) costs and physician psychologist (\$18,135 x 920 per 100 employees) costs
4. Legal plan search lost time does not change with current legal plan
5. Abandonment rate with 15% of employees giving up on legal plan benefits
6. With LegalEASE more are enrolled
7. With access to legal plan with matching = no missed work time
8. Less stress (1/2 the stress costs in the other two categories)
9. No abandonment

For more details see Financial Stress Study

Costs TO EMPLOYEES Resulting from Legal Issues for Employees Enrolled in the Legal Plan								TOTAL COST
Employees Enrolled in Legal Plan	Number of Employees Facing a Legal Issue (per year) ¹	Value of Lost PTO Days to Employee ⁴	Value of Psychology/Physician Visits ³	Value of Prescription Drugs to Treat Stress ³	Number of Plan Members not Using (Abandonment Rate) Legal Plan Value ⁵	Cost of Abandonment in Plan	Total Costs of Legal Members Suffering Through Legal Problems	Total Costs to Employee of Legal Problems
35,000	9,450	\$8,505,000	\$6,347,250	\$13,229,650	5,250	\$94,500	\$28,176,400	\$100,387,000
Costs TO EMPLOYEES Resulting from Legal Issues for Employees Enrolled in the Legal Plan								TOTAL COST
Employees Enrolled in Legal Plan	Number of Employees Facing a Legal Issue (per year)	Value of Lost PTO Days to Employee ⁷	Value of Psychology/Physician Visits ⁸	Value of Prescription Drugs to Treat Stress ⁸	Number of Plan Members not Using (Abandonment Rate) Legal Plan Value ⁹	Cost of Abandonment in Plan	Total Costs of Legal Members Suffering Through Legal Problems	Total Costs to Employee of Legal Problems
48,750	13,163	\$	-\$4,420,406	\$9,213,506	0	\$	-\$13,633,913	\$74,812,338
TOTAL COSTSAVINGS								
Total employee savings (value) with LegalEASE vs. Directory Based Legal Plan								\$25,574,663

Using the above chart, we can now take it apart and examine the specific costs to employees from legal problems. The chart below, chart 6a, shows that the costs suffered by non-legal plan members are

- (i) Absenteeism costs in the form of PTO time (absenteeism from work)
- (ii) Physician/psychologist visit costs
- (iii) Increased prescription drug costs to treat stress from the legal problem

These costs are shown as follows:

Chart 6a: Cost for Non-Member Employee

Value of Lost PTO Days to Employee	Value of Psychology/Physician Visits	Value of Prescription Drugs to Treat Stress
\$21,870,000	\$16,321,500	\$34,019,100

Interestingly, the chart below also shows the same ratio of costs incurred as a result of legal problems suffered by those employees that are covered under the company's legal plan.

Chart 6b: Cost for Member Employees

Value of Lost PTO Days to Employee	Value of Psychology/Physician Visits	Value of Prescription Drugs to Treat Stress
\$ 8,505,000	\$ 6,347,250	\$ 13,229,650

Clearly, those employees who have enrolled in the company's fully insured legal plan are saving a significant amount of money, and, if they have an insured legal plan, the plan is paying for all or most of the legal fees. That eliminates the stress of finding the huge sums of money we discussed above. But, a closer look at the numbers shows almost the exact same ratio of stress-related costs to the employee enrolled in the legal plan as those employees who are not enrolled in the legal plan. Does this mean a legal plan cannot cut employee costs?

The answer lies within the LegaleASE study. The study found that while fully paid coverage for legal benefits can lower stress costs, there is an important second cause of stress for employees that must also be addressed. Finding the money to pay for legal fees is the first worry. The second worry is finding the right attorney to help employees when they are hit by a lawsuit or unexpected legal problem. How well the legal plan offers help in the second category of accessing the right attorney is the second major value measure for employees.

b. How does finding the right attorney help lower stress during the lawsuit?

Not being able to access the best attorney is at the heart of this second main source of stress for employees and is actually caused by the structural design of the legal plan. Who the

network attorney is can be one of the most important elements of a legal plan’s value to employees. Employees need to be comfortable with their attorney as they can be in a lawsuit for years. Employees need to feel like their attorney is responsive to them, and they need to have confidence in their attorney.

This means, if the plan does not help employees find the right legal plan provider, then the same stress costs may be suffered by both legal plan and non-legal plan employees to the same degree on the theory that the legal plan in place may be functioning ineffectively for many employees, almost as if they have no legal plan. Indeed, in this analysis above, all the stress related costs are the same for non-legal plan and legal plan employees.

Does that mean that having a legal plan is not a benefit to employees? The answer is no. As we have seen, legal plans pay for some or part of legal fees, and this eliminates the stress on employees to find \$20,000, \$30,000 or more in legal fees from savings or their retirement funds that they likely do not have readily available.

But, does this mean every legal plan is equally as value-centric to employees in finding the right attorney? That answer is also, no.

Using the analysis from chart 6b on the previous page, we can see the stress cost analysis can be different in different legal plans. Using our sample Fortune 100 client, we can see from chart 6c below that a different legal plan has a significant difference in the costs of legal problems for employees.

We can see first that more employees are enrolled in the different legal plan, leaving fewer employees without legal plan coverage. Those not enrolled in the legal plan drops to 76,000 from 92,000, and those enrolled in the second legal plan increases from 35,000 to 49,000. The reasons are explained shortly but taking these number on face value at the moment, we see the impact of having more employees enrolled in a legal plan by comparing charts 6c and 6d to charts 6a and 6b above.

Chart 6c: Second Example Costs to Non-Employees

Value of Lost PTO Days to Employee	Value of Psychology/Physician Visits	Value of Prescription Drugs to Treat Stress
\$18,528,750	\$13,827,938	\$28,821,738

For the non-legal plan employees in chart 6c, the financial suffering is about the same, although there are fewer employees not enrolled in the legal plan.

Why does the second legal plan have more employees enrolled in a legal plan? Because as with any employee benefit program, the better the plan works, the more word of mouth inside the company on community boards and other forms of social media will encourage other employees to enroll in the legal plan. This increased legal plan enrollment in our analysis above is a direct result of this employee belief that a different legal plan works better.

Indeed, the study supports this reality. Some legal plans are more effective and work better for employees than others.²¹ Because the second legal plan works better for employees, we begin to see a marked difference (decrease) in the financial suffering for those employees who have a different legal plan.

Chart 6d: Second Example – Costs to Enrolled Employees

Value of Lost PTO Days to Employee	Value of Psychology/Physician Visits	Value of Prescription Drugs to Treat Stress
\$ -	\$4,420,406	\$9,213,506

Chart 6d shows the biggest difference in legal plans. There is no longer any significant lost PTO time stress cost number. This means there is virtually no cost for this category in the financial costs of legal problems being suffered by employees. This cost has been significantly diminished and almost eliminated by this second plan. Is there a reason for this? Yes. The following topics will explain.

3. The problem – How to solve employee lost time costs by locating the best attorney early?

Just as we saw above with the differences in benefits between legal plans, there are differences in access to legal plan providers. Indeed, the legal plan may only be as good as the network attorney providers and the accessibility of these providers. If one plan has a number of valuable benefits, but the network providers are difficult to access, assess, or they do not know the plan or recognize the plan benefits and end up denying access or make accessing the plan benefits difficult or impossible, then that legal plan may be difficult to use at best, or in some cases, impossible to use.

The LegalEASE study found that without a legal plan, or with a legal plan that was not user- friendly, employees wasted 3.8 days on average in wasted time off of work just to find a network attorney with whom they could work.²²

If a legal plan could eliminate this time cost, the value to the employee would rise markedly.

4. Are all legal plans helpful to employees in finding the right attorney when a lawsuit or legal matter arises?

Legal plans most definitely help in paying bills and high legal costs as we have seen. But are legal plans helpful in helping employees access the needed attorney – the right attorney to help them through a protracted expensive confusing and stressful lawsuit or legal matter?

a. Most every legal plan uses an online directory lookup to enable employees to select a plan attorney

Traditionally, all legal plans use an online web-based directory lookup to help plan members find an

attorney in their network. In the past five years, directories and listings of attorneys online have also proliferated on the web. Consumers can easily access a directory or online listing of attorneys today and find an attorney in seconds. Assuming a consumer knows the attorney, they can find the attorney contact information easily. But, does a directory or online attorney listing really help an employee connect to the right attorney?

Fully insured legal plans all use the same system to sort through attorneys. This system is an online directory lookup, which seems to be an efficient and helpful method for finding a lawyer quickly. What can be easier than accessing the online directory, plugging in a zip code and getting a list of names of attorneys in one's area? Any directory of professionals, doctors, dentists, ophthalmologists, optometrists, works well for fast and easy access when an employee knows the professional for which he is looking.

But only 8% of the employees looking for an attorney know who they will choose from the directory. What we see in practice is that instead of an easy selection and connection from the list, problems and delays result as the employee using the directory goes from attorney to attorney trying to find an attorney who can respond to them or help them. Many voice messages are left, several days of work are missed for attorney appointments only to find out the attorneys cannot help and many days go by with increased stress levels as the deadline to respond to a lawsuit looms. In effect, the directory with all its choices often provides very little help in matching an employee to a compatible attorney. In fact, the study found some 3.8 days of work were missed per legal problem while using the directory and trying to find the right attorney before the lawsuit or legal problem started.²³

“...more than 70 percent of those needing an attorney in the next 12 months don't know how to tell a good lawyer from a bad one.”²⁴

American Bar Association

Legal plans with only directory access or an online listing for attorney searches often provide little or no help beyond the non-plan online searches, since an employee is still forced to pick unknown attorneys from a list. For many legal plans, the directory provides very little analysis or credentialing information. Little more in-depth attorney information is available for a plan member than might be available outside the plan for public online lists. Let's examine the reasons for the disconnect between the attorneys in the directory and employees in the legal plan who need them.

b. Many employees do not know how to select the best attorney from the online directory choices

The problem facing many employees is monumental because without knowing an attorney or having a relationship with an attorney, even after using an online directory, an employee is forced to take time off from work to interview prospective attorneys to find the right attorney for them. Some legal plans offer slightly more help by having a simplistic customer service look up: a staff person to look up the attorney on the directory for the client. While that sounds helpful, in many instances it simply means the customer service representative will use the same directory available to the employee to locate an attorney, and that same lack of in-depth information about the attorneys exists for the customer service

look-up.

Figure 3 illustrates the problem facing two employees as they prepare to find a network attorney in their respective legal plans provided by their companies as part of their benefits package. Patricia on the left has one legal plan with a special kind of matching and compatibility access infrastructure and Patrick on the right has a legal plan that uses the normal system of locating attorneys in legal plans – the self-service attorney directory web-based lookup.

Figure 3: A new legal matter arises



Envision a situation in which one of your employees encounters a legal problem unexpectedly and the desperate search for good legal representation begins. In trying to find an attorney quickly, the employee often first confides in work colleagues, even though the matter is private and embarrassing. If that same employee encountered a medical emergency, he would quickly reference his medical provider network directory to find a physician covered by his healthcare plan.

In fact, only 8% of employees know an attorney they can select off a directory, while 92% know the doctor they would select and 89% know the dentist they would select from their respective online directories, since most know their family physician, dentist or optometrist. As a result, access to attorneys particularly at the onset of a new legal emergency can be challenging and frustrating. Days and even weeks can go by before the employee can find an attorney they are comfortable with and can afford. Time delays and serious consequences can result. Cases are routinely dismissed because clients do not adhere to or meet court deadlines. Even serious cases like those involving a death or major accident can be dismissed if an employee can't retain an attorney in a timely manner.

There is a serious gap between the increasing need for access to lawyers and actual access to lawyers. The fact is that most employees don't know an attorney or know what services to expect from a lawyer. The process of finding the best possible attorney only adds to the tension. Coupled with the fact the legal problem is already in full swing, employee stress is sure to mount. Even if an employee does find that "perfect" lawyer, he may be shocked at the high cost of legal services. It's no wonder the

American Bar Association found that 70% of Americans involved in the legal system do not understand how to select an attorney.

Figure 4 below shows that Michael, on the right, is working his way through the directory list of attorneys with substantial amounts of wasted work time.

Figure 4: After 2 Full Weeks



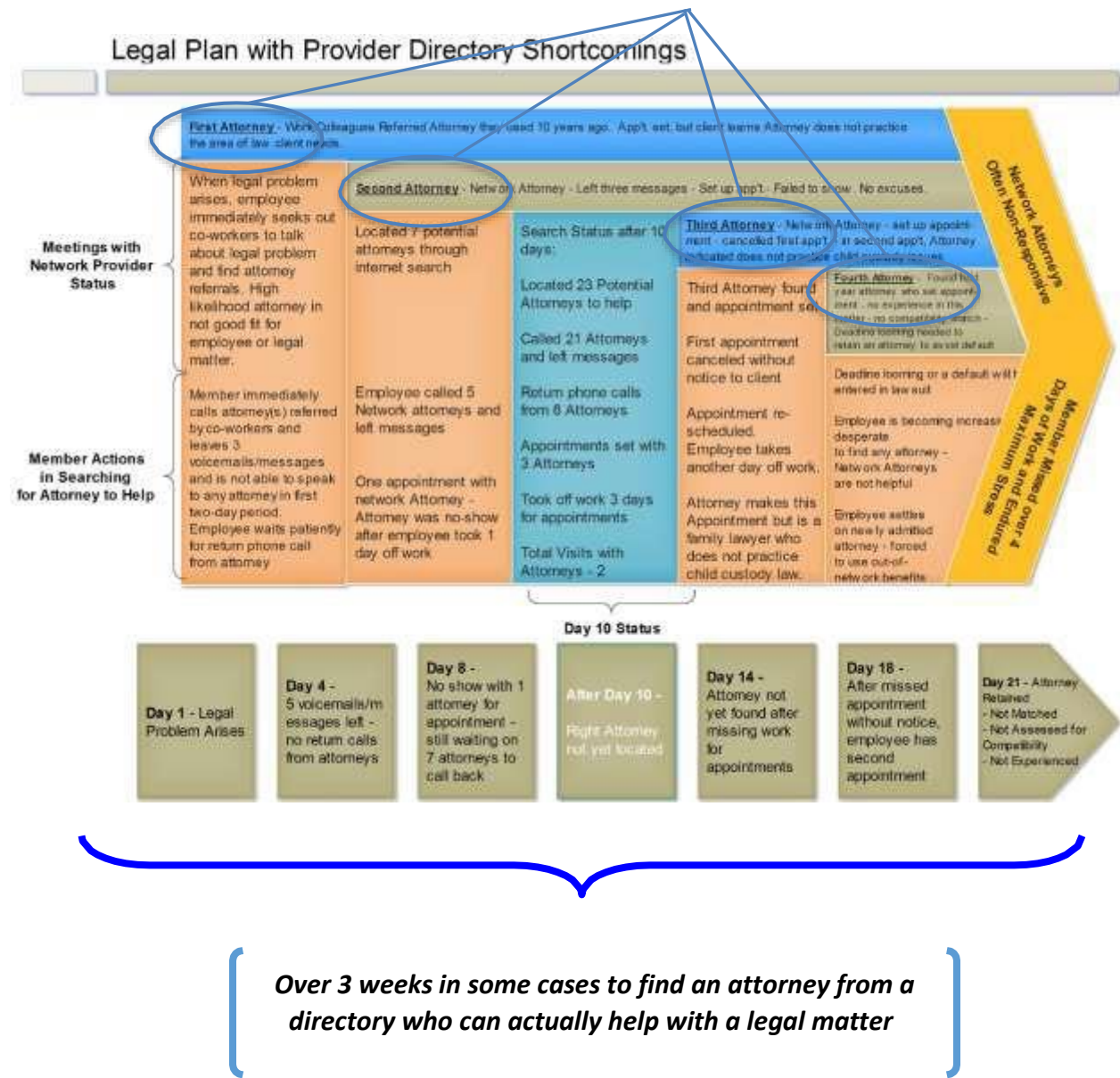
The problem is centered on a system that does not provides substantial selection assistance in finding the best attorney. Without information that can be used to provide more help and matching to the best attorney, employees enrolled in many legal plans waste as much work time in absenteeism costs as employees that do not have legal plans. This basic web-based directory system with no live counselor or support is provided with the best of intentions — to provide the maximum choice and freedom in selecting attorney providers — but most employees have no idea how to select the best attorney from a directory.²⁵


c. Most online network directories have connection shortcomings

Most online directories suffer from these issues. Figure 5 on the next page shows the stops and starts that can happen when an employee attempts to use some type of provider directory. Without knowing which attorney provider they are looking for, the search becomes a trial-and- error process. Figure 5 shows how much time can elapse from the day the directory is first consulted until a provider attorney appointment can be secured. Figure 5 also shows how many voicemails, callbacks and additional providers must be called for appointments before contact might actually be made. In many cases, days and weeks can pass before a provider appointment can be made.

Figure 5: The Process of Finding an Attorney with a Directory

4 Different Provider Attorneys Not Available for Client





On its face, the directory seems to be an efficient and helpful method for finding a lawyer quickly. We can see from figure 5 a typical employee experience using the directory when a legal problem arises unexpectedly. We can see the affected employee going from attorney to attorney trying to find an attorney who can respond to them or help them but getting nothing but voicemails and waiting. Days of work are missed for attorney appointments without finding the right attorney to help. Each day that goes by is critical in terms of lost days to file a response to a lawsuit.

All these false starts require work time to be taken off for appointments or for searches that may not be successful. This absenteeism hurts employers. The same lost work time and stress caused by not knowing an attorney that can help when an employee does not have a legal plan can be similar to lost work time and stress searching for attorney help even when a legal plan is in place.

An easy, efficient selection process in the medical field or dental field creates instant paralysis when it is the only method of finding an attorney. Hours of phone calls and often several days of work time are lost to interview, explain and visit with attorneys in the legal plan network who have the potential to help. After days of calling, leaving messages and waiting for call-backs, employees begin to feel pressure given the court deadlines. Stress increases and employees start to search for other methods by which to call attorneys in an online ad, Yellow Pages listing, or other directories. In a large number of instances, days and even weeks go by with no luck in the search process where the pressure intensifies for employees by hovering legal deadlines.


What often ends up happening with an employee using every available means of finding an attorney is that, desperate to find someone to help, the employee takes the first available attorney, regardless of demeanor, location or experience and often settles on the cheapest retainer fee. Deadline desperation trumps all. When an employee chooses the first available attorney rather than a carefully researched attorney that matches their needs, the employee is set up for increased stress and worry as the lawsuit progresses.

The entire search process before an attorney is found also produces massive amounts of worry, concern and frustration resulting in stress, depression and the need for doctor/psychologist visits for help and prescription drugs. In fact, as borne out by our three metrics and the calculations regarding how much this employee stress costs employers, actual measurable absentee time is lost in substantial amounts during the first days and weeks of a new legal problem.

5. How can we know if a legal plan is helpful in finding the best attorney for an employee?

Typically, legal plan satisfaction is not a widely-measured topic. Having a legal plan in place that is not “noisy” as defined in many HR departments often seems to be enough to determine if a legal plan is working. But is silence the same thing as satisfaction?

We have already seen the tremendous difficulties and hurdles employees have when they face the daunting American legal system. Employees do not understand legal procedures, practices or legal terms, and lawyers often have a non-customer centric service outlook. The difficulties



employees have with the legal system are tremendous. Employees embroiled in the legal system can become dissatisfied very quickly, especially where their legal benefits are not comprehensive. Employers will end up re-creating the absenteeism, presenteeism and increased healthcare costs problems that they thought they would decrease when the legal plan was installed.

Additionally, we have also seen the confidential and private nature of today's legal problems. Recall figure 1 on page 5. How many employees who have any one of these problems are going to report to HR that they are having these difficulties. The answer is virtually none. Instead, employees will use every possible means available to keep the embarrassing legal problems quiet and private.

Thus, it is very foreseeable that HR will not know how truly satisfied employees who are battling legal problems really are. If the company has a legal plan, but the legal plan only measures satisfaction a month after the problem is over and only 2% of the employees ever respond to surveys, then will HR really know how satisfied their employees are with the legal plan or how well the legal plan is performing. In fact, given legal plans that use a directory to find a lawyer, with all of its frustrations, HR cannot know how satisfied their employees in the legal plan truly are.

What HR needs to look at to determine how well a legal plan is performing is the abandonment rate. What does this mean? What does this metric measure? And how accurate is it?


1. If employees abandon the legal plan benefits does that tell us the legal plan is not helpful?

Normally when we think of abandonment rate, we think of a call center metric relative to the number of calls that do not get through to a call center service person. If there are too many abandoned calls, the program or technology inherently has problems that keep those attempting to use the program from getting the benefit of the program.

But abandonment rate can also be a critical measure of how well a legal plan is performing relative to being able to find the most responsive attorneys for a legal plan member who is suddenly staring down an unexpected legal problem. By measuring an abandonment rate in this context, HR will be able to tell if a legal plan is working effectively. HR can now ask, "What if an employee has a legal plan, is paying for it and cannot use it because the employee cannot get into touch with attorneys?" HR can also now determine if there are employees who are struggling when they try to use the legal plan.

If these questions were asked, would HR know how effectively the legal plan they have in place is for employees? This abandonment rate is an entirely different way to make sure a legal plan is working for all employees. Right now, only one legal plan is able to measure the abandonment rate and routinely measures it for all its corporate clients. Let's examine this further.

What is it that a legal plan should measure when it measures an abandonment rate? The critical factor is whether an employee-member can actually find an attorney quickly and efficiently when using the legal plan's attorney access/search mechanism. As we have seen, this is generally



the online web-based directory. And we have seen the problems associated with the online directory above.

What is abandoned? We are looking at how well the selection and connection method to an attorney works in a legal plan. If the plan has terrific benefits but it is impossible to get in contact with an attorney in the plan's network, then are the benefits worth the price the member is paying each month?

The focus then should be on how well the search for a network attorney using the legal plans directory access infrastructure is working. What does a search look like? And how well does the directory work? How many members trying to use the directory are successful? How many times is no connection made with a network attorney? If legal plan does not help and often hinders the process of finding an attorneys, then is the legal plan really working? Is the legal plan really helpful?

Employees who experience frustration in using the directory and connecting with a network attorney readily give up on the legal plan directory and try to find an attorney on their own. They make numerous attempts to find and connect with a network attorney, as figure 5 above shows, but if there is no connection as the litigation deadlines approach, employees are likely to conclude that the legal plan does not work.

Large numbers of legal plan members actually give up on trying to use the legal plan they are paying for and try to find an attorney on their own via a website or online in some form of search. The number of legal plan members that give up on their attempts to find and retain a network attorney in the legal plan are those being measured in the abandonment rate calculation.

If HR could simply ask each legal plan its abandonment rate, comparisons between legal plans and performance metrics would be easy. But the problem is the nature of the directory. The legal plan does not know when an attorney search is initiated. This search involves an employee going to the directory unannounced and performing a search which yields the list of attorneys. Legal plans have no mechanism to measure when a search is initiated. Thus, legal plans cannot tell HR what percentage of the time a search for an attorney is successful or not. And, there is no measure of this metric. In fact, surprisingly, today's main legal plans, with one exception, cannot tell HR what the abandonment rate is when asked.

Why is the legal plan unable to measure or demonstrate this abandonment metric? The lack of metrics stem from the lack of contact with members who are searching for attorneys. Attorney after attorney is located, and employees leave message after message on voicemail with no return calls. As days go by, the attempt to connect with the first attorney, then the second attorney, then the third attorney are all abandoned. And this process continues for weeks in many cases. But, the legal plan never knows that an employee is having this kind of trouble finding an attorney, because the online directory has no mechanism by which to enable the legal plan management team to know about these issues. Without plan management escalation or customer service help, and in a desperate stressed out condition, the member faces two likely courses of action:

- (1) Selecting any attorney they can find in the network regardless of their feelings about the attorney.
- (2) Abandoning the network search and finding an attorney outside the network, thereby abandoning the legal plan.

What is the rate at which this abandonment rate occurs in today's legal plans? *Stunningly, the problem is there is no real measurement of this abandonment issue.* Legal problems themselves are so intimate and private that employees are not willing to report failures in the legal plan for fear someone in HR will know their legal problem and talk about it (the same reason many employees do not use the company's EAP plan despite the safeguards and privacy protections inherent in these plans).

A high abandonment rate translates into an economic loss when employees have paid-in-full coverages for many legal problems but they cannot find or connect with network attorneys in the legal plan who will honor the benefits. Thousands of dollars may be lost, as the chart below shows:

Chart 7: Abandonment Rate – Cost in Loss Benefit Dollars

Abandonment Rate - Cost in Loss Benefit Dollars				
Abandonment Rate	Number of Plan Members	Number of Abandoned Searches	Total Legal Fees in Average Legal Matter	Total Lost Fee Benefits - Unused
5%	600	30	\$18,000	\$540,000
10%	600	60	\$18,000	\$1,080,000
20%	600	120	\$18,000	\$2,160,000
30%	600	180	\$18,000	\$3,240,000
40%	600	240	\$18,000	\$4,320,000
50%	600	300	\$18,000	\$5,400,000

Model - 10,000 employee group, with average 6% enrollment

One would think the network attorneys would be readily available to offer all the plan coverages to which members are entitled. But all the practices unique to the legal system and to the way attorneys practice law can often prevent an easy connection with network lawyers.

Figure 5 shows the difficulties many employees experience when trying to connect with a network Lawyer using a directory access system.

2. If a legal plan is surveying members wouldn't the legal plan know its members have abandoned attorney searches or are having trouble getting in touch with network attorneys?

It seems logical that if someone is having trouble getting in touch with a network attorney that they would call customer service and complain. But the dynamic in legal plans are different. We have seen how confidential and private many legal problems are. Most people do not want other people to know they are caught or immersed in an embarrassing legal situation. Thus, they certainly do not want to call HR and complain about their problems connecting with a lawyer in the company legal plan.

They also run into a problem where the legal plan does not know the member is trying to connect with a network attorney. For almost every legal plan, there is no mechanism by which the member contacts the legal plan administration first. Instead, the directory is available, members enter a zip code and area of law and the network attorneys' names pop up. And members can call the attorneys at will.

When the connection (defined as actually getting in touch with a network attorney for consultation) issues arise, the member just goes to the next name, as we have seen above. The problem arises when a member has been through a number of names with no connection. The frustration settles in and stress surrounding the legal problem and trying to handle it with no help leads to abandonment of the plan.

It is known to legal plan companies that almost every search has some abandonment factor. That is, at least one or two attorneys, the first and second pick, result in no contact made in many cases, and so these attorneys are abandoned for a third or fourth attempt.

When the time comes to survey members to ask about their experience, most surveys do not ask about the early parts of the case in finding an attorney – the reason? Because, the only information most legal plans have about who used the plan is when a claim is filed. Once services are over and the claim is paid, the employee is surveyed. There is no surveying of employees using the directory, because the plan has no mechanism by which to monitor this part of their service. Most legal plans focus on whether or not a member received their benefits and if the case was resolved as well as could be expected. If the survey was one or several methods used to ascertain satisfaction, a more accurate understanding of the real satisfaction levels might be determined by HR. But, for most legal plans, the one month after the case is closed survey is all there is.

The problem of the surveys is two-fold:

- (1) The survey only captures 1-2% of those using the legal plan to the end of the matter.
- (2) Surveys never capture those who abandoned their cases in midstream. Unless the Member who had abandoned his/her case in midstream calls to complain, their negative voice will never be heard.

(1) A survey only captures 1-2% of those using the legal plan to the end. Usually, those who are surveyed are those whose cases are over, signified by a Closed Case Statement or some similar form

received from the network attorney handling the case to tell the legal plan administration that the case is over. Within two to four weeks, the legal plan typically sends out a survey, and some 1-2% of those members respond with their level of satisfaction. It should be noted that these after-the-fact surveys follow the full legal matter being paid and the stress relief of having the painful legal matter over. Likewise, experience indicates that those responding to the surveys are typically not the members that had the difficult, embarrassing problems, like domestic abuse arrests, Children’s Protective Services allegations with a child taken away, elder domestic abuse arrests, home foreclosure, bankruptcy, having a child abusing drugs who stole everything from family bank accounts, having parents in an abusive nursing home or hundreds of other similarly private and devastating legal issues. Most just want the matter over and forgotten.

(2) Surveys rarely capture feedback from those who abandoned their searches for network attorneys, decided not to wait on a connection to a network attorney or were upset and dissatisfied over a network attorney’s handling of their cases in midstream. Most legal plans do not survey members whose cases are not completed. This has three effects:

- (1) The legal plan has no idea who is using the plan until a claim form is filed or a complaint is made, thus they cannot send them a survey as they have no contact information.
- (2) The legal plan has no idea of the status of any search for a network attorney, thus they cannot know how successful any member has been in getting connected to a network attorney.
- (3) The legal plan has no idea how many members just gave up trying to get in touch with a network attorney.

That means, unless any member who is experiencing any of these three issues and had abandoned his/her case in midstream calls HR or the legal plan to complain, their negative experience will never be known. And, we have seen how many people suffer from problems they simply will not call anyone about.

That also means, that unless the legal plan has a distinct infrastructure that will automatically measure these connection problems, the legal plan, no matter what its professed satisfaction rate, will not be able to publish an abandonment rate. The information is simply not available. As such, there is no real measure of how well the legal plan is working.

3. Abandonment rate metrics

We can see this abandonment rate in chart 8 for legal plan members in our first category. And it adds a serious amount to the employee costs of legal problems.

Chart 8: Cost of Abandonment

Number of Plan Members not Using (Abandonment Rate) Legal Plan Value	Cost of Abandonment in Plan
5,250	\$ 94,500

When this abandonment rate can be measured, we see a much different abandonment rate with a legal

plan that has a different access infrastructure. With a plan that has a second access infrastructure, we see a significant difference - the abandonment rate is non-existent:

Chart 8a: Second Legal Plan Abandonment Cost

Number of Plan Members not Using (Abandonment Rate) Legal Plan Value	Cost of Abandonment in Plan
0	\$ 0

How can there be an abandonment rate measured, if we just stated that most legal plans do not and cannot measure their abandonment rates? The answer lies in the recognition that one legal plan offers two legal plan access structures. In our above example, the first plan's only structural method of helping employees find the best attorney is with the self-serve online directory, which we discussed above. However, there is a second legal plan that offers two systems of access: one, a self-serve online directory and, two, a second system of helping employees find the best attorney. Let's see how this one plan's second access system might affect value.

6. What is the second infrastructure and how does it work relative to the directory?

The infrastructure that is required must have a process by which the member can access the service center operated by the legal plan at the first step when the search is about to commence. We have seen that the directory-only system has shortcomings.


We have seen that employees need more than a name and zip code distance from a directory. Inherently, most employees do not understand how to select an attorney, they do not know attorneys and they need help. We can see that many employees in all categories believe there should be customer service representatives or counselors in the legal system that they go to for help in selecting the right attorney that will meet their needs. Boomer and millennials will need help with guidance, to make complaints or get detailed information to address areas of confusion.

The LegalEASE legal plan is the only plan that has added a function in its compatibility/matching access infrastructure to help with this difference in expectations. In fact, it has two components other legal plans do not have:

- a. A complete system that analyzes the characteristics and personal traits of each provider attorney so that each employee would have a compatible attorney match to the best available attorney.
- b. A built-in infrastructure and culture that offers personalized assistance by an expert trained to help employees navigate the complex legal system.

a. Compatibility and matching to the actual needs of each employee

The most important component of this type of more sophisticated LegalEASE system is a focus on



compatibility, an element of particular importance in legal matters in which an employee will be inextricably intertwined with the lawyer throughout the life of the stressful lawsuit. Legal problems differ significantly from interactions with physicians or dentists except in the most serious medical cases. Compatibility is critical because of the lack information among the workforce about legal problems and procedures coupled with the highly charged, highly stressful and acrimonious environment that seems never ending. Many legal matters last as long as four or five years. In one recent Ohio divorce case between two married attorneys, legal proceedings have gone on for 17 years even though the couple was only married for seven years.


While an online directory makes the selection of an attorney easy and quick, it does not help make a connection to a compatible attorney. The online directory simply has no mechanism by which to make any kind of compatibility assessment or match for an employee based on the employee's individual preferences. One of the most important yet frequently overlooked concerns faced by an employee hiring a lawyer is the attorney's personality and demeanor – in short, his compatibility with each client. Whether the employee is filing for divorce, seeking compensation for catastrophic injuries or fighting to stay out of jail, almost any legal matter is accompanied by a great deal of stress and anxiety. Clients often believe that attorneys should be amicable, so the employee has a reasonable degree of confidence and so the two can navigate the difficult legal process together. An employee may have to discuss very personal information, so he must feel comfortable being open and candid with the attorney. This does not always happen when the client feels like the attorney is disconnected or aloof relative to their case.

There also needs to be a good fit between the employee's personality and that of his attorney. The attorney-client relationship requires close interaction and cooperation, so personalities that clash can have a devastating impact on the professional relationship. An employee must also select an attorney whose approach casual, antagonistic or business-minded is consistent with how the employee wants the case handled. In most instances, the attorney-client relationship lasts many months and perhaps years, making it crucial for the employee to choose an attorney he likes and with whom he feels comfortable.²⁶

If these preferences are not met the way each group of employees expects, the satisfaction with the legal plan will not be as high as it could be. Access is often overlooked, and, yet, it can be the most critical function in the legal plan. Not being able to access a provider attorney or experiencing delays in getting in touch with the right attorney can create serious amounts of stress. Particularly while the deadlines to respond to lawsuits are running out every day that an employee is waiting on an attorney to contact them.

The LegalEASE legal plan has spent over 20 years developing a unique system that recognizes that client needs in a Network Provider are varied, and this plan utilizes a number of factors to target solutions for specific client needs. It has developed a special intake assessment process designed to elicit specific client needs.

The core of the matching/compatibility system is the member service specialist (MSS) who introduces him/herself to the employee on the first call and informs the employee they are assigned to them on a



dedicated basis until the legal matter ends. The MSS then informs the employee that he or she will be available whenever needed and instructs the employee through the entire contact process. The MSS's goal at this point is to establish a relationship with the employee, who in most cases is attempting to wind their way through the complicated legal system for the first time.

While conducting the initial assessment with the client (although this is not a counseling interview but rather an intake interview), each employee begins by talking to our Member Service Specialist who starts the search to find the right attorney for each client by developing a profile of specific employee needs. The utilization of a non-attorney Member Service Specialist who has already exhibited an empathetic and willingness to help type attitude helps in the initial assessment.

During this initial interview, notes of the employee's needs are made, along with any factors that might help decide what type of network provider can be helpful. The system then moves into a phase of matching each employee with the right attorney for their specific legal matter. Matching factors include:

- Field(s) of law involved
- Area of geography
- Special geographic needs
- Specific gender preferences
- Type of legal problem dictated by situation
- Parties' actions in the case
- Duration or stage of the matter
- Damages suffered
- Mediation/arbitration possibilities
- Lawsuit likely/filed
- "Aggressive" attorney needed
- "Passive" attorney better
- Attorney age preferences
- Ethnic, culture or diversity preferences
- Other special needs

Matching occurs when the needs and focus of the employee including these above-referenced elements are matched to the personal characteristics of network providers. Each characteristic is scored and compared to the network database ratings.

Once the MSS matches the needs of an employee, the MSS gives the employee access guidance and then ensures the employee has the MSS name and access information in the event of any other issues come up or if assistance is needed. If the employee has additional needs, the matching system will uncover these, along with any conflicts, personality problems, issues with the law firm or the attorney or a staff member. The MSS can also uncover unanticipated or unexpected problems. These may include:

- The attorney is more aggressive than needed

- The attorney is already representing another related party
- The client prefers a different gender attorney

By uncovering these early, an effective referral for service can be made.

The MSS will then use the above criteria in our proven needs assessment process to identify the best options for the employee given the employee's legal problem. Questions regarding attorneys and qualifications undergo a detailed analysis in every case. Each employee request for service is analyzed by the interview information recorded by the MSS using the attorney qualification/matching process that we employ to make certain each employee obtains the proper attorney who is qualified to and can help each employee.

b. Proprietary technology makes this compatibility/matching system a real time monitoring help system

Most legal plans offer an 800-line customer service line for reporting problems with attorneys. To ensure quality in the services provided through the attorney provider offices, LegalEASE has developed and implemented its proprietary case management interface (CMI) that tracks each action of each employee, LegalEASE staff/manager action and each attorney provider and office staff action. LegalEASE uses its proprietary tracking and monitoring technology staffed with its MSS assigned to each employee to monitor every action, report and/or concern with the actions of the attorney provider or the legal plan benefits and coverages. Every interaction is tracked and can be demonstrated to your company as needed.

A major part of its case management interface (CMI) is utilized by LegalEASE to track every legal issue and the case status of every legal issue on open matters. By doing this, LegalEASE knows whether there is problem on any one case. Its MSS specialists talk to every employee assigned to them after every touch point with the attorney provider to ensure that all is well in the case and to make sure there are no service issues. Unlike the after-the-fact surveys, LegalEASE's MSS specialists are checking every time an attorney provider is used to ensure there are no issues. LegalEASE's report of less than 0.1% (one-tenth of one percent service issues) is much more reliable than numbers reported by other companies that do not use this system.

The LegalEASE matching model results in the LegalEASE Provider Relations Department being in contact with our network providers on a daily basis. Every day, new cases are made visible to our provider network to review matching compatibility. This constant communication with our provider network allows LegalEASE to reinforce service expectations and get the most up to date information possible on the status of each provider. For each match, LegalEASE reconfirms the network provider does not have any new instances of disciplinary actions or malpractice suits not previously disclosed upon entry into the provider network.

LegalEASE, like the other legal plans, also offers a directory service which some clients may be more accustomed to use. However, where the two choices are offered, LegalEASE has a 91% usage rate on its matching/compatibility service over the directory access system.

7. Does this second system offer a better methodology of help that will lower the absentee problem?

The question is whether this legal plan with this second access system will offer more selection help than having an employee flounder around in the attorney search process either without a legal plan or with a legal plan that employs the directory search process. At first look, it would seem that having any kind of legal plan with a network of lawyers would be helpful. Almost every legal plan maintains some type of directory with fast access to attorneys and practice areas for the closest plan attorneys in the network.

The differences between the two access systems are highlighted as follows:

- (1) The directory system works well when one knows the name of their provider such as in a medical or dental insurance plan but creates confusion and offers little help where a provider is not known. Only 8% of the employees who search for an attorney know the lawyer they want to use in their matter (92% of the employees know the doctor they will use and 89% know the dentist they will use when they use a provider directory).
- (2) The matching/compatibility access infrastructure provides a client-centric choice system that enables a client to analyze and vocalize their preferences. This system also deploys a systematic matching/compatibility process that ensures an available attorney who has actually reviewed the client intake information and agreed that they can handle and accept this type of client and this type of case.
- (3) A direct connect infrastructure that actually makes the connection between the client and the matched attorney's office without the need for a client to await responses to voicemail or email messages. This direct connect infrastructure also minimizes missed appointments or the need for taking off work to visit with an attorney who is the wrong provider or a provider who cannot provide the needed help.

Only one plan gives employees a choice between the directory system and an entirely different method that is a high-touch advocacy system that has an advocate who conducts a needs assessment with each employee and performs a technology generated compatibility/match that matches the right attorney to the client based on the client's espoused preferences for each employee who needs services.

Having the second compatibility/matching infrastructure in place enables the legal plan to meet more customer service needs:

- (1) By having a feedback system – one in which the employee can tell their specialist at the legal plan what is happening in their search, or their case, and one in which the specialist has a mechanism for keeping in direct contact with the network attorney on the case. These two feedback systems enable the legal plan to know what is happening in every search.
- (2) It enables the legal plan to facilitate the actual connection to the network attorney once matched, which helps the employee avoid calling multiple attorneys with negative outcomes.
- (3) It enables a rapid re-match of any network attorney that is not satisfactory to an employee without a loss in days before the new network attorney is on board, which keeps the stress

level low knowing a new attorney is being provided.

- (4) It enables the legal plan to measure satisfaction at every contact between an employee and a network attorney at every stage of the case, giving the legal plan an automatic satisfaction measuring metric than can measure satisfaction at every stage of legal plan use accurately.
- (5) It enables the legal plan to make network attorney adjustments faster. For example, if it knows that attorney A never returns phone calls until day 3 of any search, the legal plan can admonish or ultimately terminate that attorney from the network.
- (6) It can enable the legal plan to build and utilize a DirectConnect into each network attorney's office. In that manner, the legal plan can ensure the member is directly connected to the desired network attorney.

Given the difficulties with lawyers and the American legal system that we have already seen, this type of system is the best available system to ensure that all employees who need help and assistance can get the help they need. And it can ensure that those who want the directory and prefer not to use the more detailed service will also have their needs met. When given the choice of systems, our statistics show 91% of the employees end up using the compatibility/match infrastructure, even though when asked they want to use the directory system. It is the inherent difficulty working with lawyers and understanding the American legal system that requires this infrastructure to be in place to meet the needs of employees.

The practical translation of this substantial help at the outset of a legal matter is to lower the absenteeism rate in finding an attorney. We have seen in *LegalEASE Employee Health; Legal & Financial Stress Impact Study 2016, Part I and II* that there are an average of 3.8 days of missed work time to find an attorney because of attorney visits, false starts and appointments that do not work out. We have seen that the directory access system gives no help for this part of the absenteeism problem.

However, will the substantial attention and help provided in the compatibility/matching access system reduce or eliminate these 3.8 days of missed work?

To determine if the compatibility/matching infrastructure truly enables employees to find attorneys that are a better match faster, the study looked at the infrastructure of the second legal plan to show how it reduce costs. Table 2 shows the time it takes to search for and find an attorney to help with a contentious civil litigation lawsuit. This focuses only on a portion of one of the three productivity cost areas – missed work time to search for an attorney. This also assumes the legal plan had a normal directory lookup system of finding attorneys. The study found that there is a substantial missed work cost to the employer per 100 employees, \$85,127, even when the employee had a legal plan and the directory search system was used in the plan.

Table 2: Employer Cost due to Missed Time: Initial Attorney Search

Employer Cost due to Missed Time: Initial Attorney Search						Caused By: Visits to Attorneys Unable to Help With Legal Matter			Total Employer Cost Due to Missed Time: Initial Attorney Search	
Legal Matter	Work Hours Per Day *1	Hourly Wage (Including Benefits) *2	Number of Employees Affected by "Court-Filed" Legal Proceedings *3	Number of Employees Affected by "Non- Court-Filed" Legal Proceedings *4	Total Number of Employees Affected by "Court-Filed" + "Non-Court Filed" Legal Proceedings *5	# Missed Work Days per Affected Employee	# Missed Work Hours per Affected Employee	\$ Missed Work Hours per Affected Employee *6	Total # Missed Work Hours per 100 Employees *7	Total \$ Missed Work Hours per 100 Employees *8
Divorce	8	\$30.11	4	23	27	3.8	30.4	\$915	821	\$24,714
Criminal Matter	8	\$30.11	3	4	7	3.8	30.4	\$915	213	\$6,407
Probate an Elder Parent's Estate	8	\$30.11	2	18	20	3.8	30.4	\$915	608	\$18,307
Civil Litigation (Neighbor Dispute)	8	\$30.11	2	9	11	3.8	30.4	\$915	334	\$10,069
Consumer Warranty Problem - Small Claims	8	\$30.11	5	12	17	3.8	30.4	\$915	517	\$15,561
Traffic Ticket/License Suspension	8	\$30.11	2	6	8	3.8	30.4	\$915	243	\$7,323
DWI/DUI	8	\$30.11	1	2	3	3.8	30.4	\$915	91	\$2,746
Total Number of Legal Matters per 100 Employees					93	26.6	212.8	\$6,407	2,827	\$85,127

Assumptions & Definitions

- *1. 8 hours is the average number of hours worked per day
- *2. \$30.11 is an average hourly wage and includes benefits
- *3. The number of employees "Affected by 'Court-Filed' Legal Proceedings is calculated per 100 employees
- *4. The number of employees "Affected by Non Court-Filed' Legal Proceedings is calculated per 100 employees
- *5. This figure is calculated by adding "Number of Employees Affected by 'Court-Filed' Legal Proceedings *3" to "Number of Employees Affected by 'Non Court-Filed' Legal Proceedings *4"
- *6. This figure is calculated by multiplying "# Missed Work Hours per Affected Employee" by "Hourly Wage (Including Benefits) *2"
- *7. This figure is calculated by multiplying "# Missed Work Hours per Affected Employee" by "Number of Employees Affected by Court-Filed + Non Court-Filed Legal Proceedings *5"
- *8. This figure is calculated by multiplying "Total # Missed Work Hours per 100 Employees *" by "Hourly Wage (Including Benefits) *2"

Will the Legal Plan with better access systems cut this absenteeism cost?

To compare the normal legal plan (with its inefficient directory provider search function to the second Legal Plan with its superior matching/compatibility infrastructure we can recall the following differences:

- (1) The directory system works well when one knows the name of their provider, such as in a medical or dental insurance plan, but creates confusion and offers little help where a provider is not known²⁷;
- (2) The matching/compatibility infrastructure provides a client-centric choice system that enables a client to analyze and “vocalize” their preferences. This system also deploys a systematic matching/compatibility process that ensures an available attorney who has actually reviewed the client intake information and said “yes” that they can handle and accept this type of client and this type of case.
- (3) A direction connect infrastructure that actually makes the connection between the client and the matched attorney’s office without the need for a client to await responses to voicemail or emailed messages. This direct connect infrastructure also minimizes missed appointments or the need for taking off of work to visit with an attorney who is the wrong provider or a provider who cannot provide the needed help.

We can see that this second Legal Plan will reduce the number of work-days missed by 75% because of the propensity to facilitate the search much faster than the online directory system.

While each search will be different, we can see that the faster search time translates to a total savings to the employer that has a Superior Legal Plan infrastructure from time that would be lost without the Superior Legal Plan is a savings of \$63,845 per 100 employees. This figure is calculated by taking the total employer cost of missed work-days, \$85,127, and multiplying by 75% to determine the savings in lost search missed work time. That means, with a Superior Legal Plan, employer cost is reduced from \$85,127 to \$21,282 per 100 employees.

This is illustrated in Table 2a by incorporating new calculations in Table 2 with 75% less missed work time. Another way of seeing the significance of this number is to recognize that the average number of missed work days per legal matter is 3.8 days which with the Superior Legal Plan is reduced to approximately 1 day. This is a critical area in which the second legal plan with two systems of access can save employees and the employer amounts of money simply by taking time to find the second Legal Plan with this matching and case management infrastructure.

Table 2a: Employer Cost due to Missed Time: Initial Attorney Search with Superior Legal Plan

Employer Cost due to Missed Time: Initial Attorney Search						Caused By:			Total Employer Cost due to Missed Time: Initial Attorney Search	
						Visits to Attorneys Unable to Help with Legal Matter				
Legal Matter	Work Hours Per Day *1	Hourly Wage [Including Benefits] *2	Number of Employees Affected by "Court-Filed" Legal Proceedings *3	Number of Employees Affected by "Non-Court-Filed" Legal Proceedings *4	Total Number of Employees Affected by "Court-Filed" + "Non-Court-Filed" Legal Proceedings *5	# Missed Work Days per Affected Employee *6	# Missed Work Hours per Affected Employee	\$ Missed Work Hours per Affected Employee *7	Total # Missed Work Hours per 100 Employees *8	Total \$ Missed Work Hours per 100 Employees *9
Divorce	8	\$30.11	4	23	27	0.95	7.6	\$229	205	\$6,179
Criminal Matter	8	\$30.11	3	4	7	0.95	7.6	\$229	53	\$1,602
Probate an Elder Parent's Estate	8	\$30.11	2	18	20	0.95	7.6	\$229	152	\$4,577
Civil Litigation (Neighbor Dispute)	8	\$30.11	2	9	11	0.95	7.6	\$229	84	\$2,517
Consumer Warranty Problem - Small Claims	8	\$30.11	5	12	17	0.95	7.6	\$229	129	\$3,890
Traffic Ticket/License Suspension	8	\$30.11	2	6	8	0.95	7.6	\$229	61	\$1,831
DWI/DUI	8	\$30.11	1	2	3	0.95	7.6	\$229	23	\$687
Total Number of Legal Matters per 100 Employees					93	6.65	53.2	\$1,602	707	\$21,282

Assumptions & Definitions

- *1. 8 hours is the average number of hours worked per day
- *2. \$30.11 is an average hourly wage and includes benefits
- *3. The number of employees "Affected by 'Court-Filed' Legal Proceedings is calculated per 100 employees
- *4. The number of employees "Affected by Non Court-Filed' Legal Proceedings is calculated per 100 employees
- *5. This figure is calculated by adding "Number of Employees Affected by 'Court-Filed' Legal Proceedings *3" to "Number of Employees Affected by 'Non Court-Filed' Legal Proceedings *4"
- *6. This figure is calculated by reducing the original Missed Work Days per affected Employee by 75%.
- *7. This figure is calculated by multiplying "# Missed Work Hours per Affected Employee" by "Hourly Wage [Including Benefits] *2"
- *8. This figure is calculated by multiplying "# Missed Work Hours per Affected Employee" by "Number of Employees Affected by Court-Filed + Non Court-Filed Legal Proceedings *5"
- *9. This figure is calculated by multiplying "Total # Missed Work Hours per 100 Employees *" by "Hourly Wage [Including Benefits] *2"

8. Will this Second System offer a better Methodology of Help that will Eliminate the High Abandonment Rate?

Legal plans with a directory-only system cannot measure their abandonment rates as we have seen. However, the one legal plan that has this infrastructure in place reports a 99.8% connection rate or an abandonment rate of 0.02%. This metric is reliable as we have seen when the legal plan knows the status of every case that is underway with each of its plan members.

Because of the attention and detail from the customer service help in the second legal plan, the abandonment rate almost vanishes with this second legal plan.

Chart 9: Cost of Abandonment

Number of Plan Members not Using (Abandonment Rate) Legal Plan Value	Cost of Abandonment in Plan
5,250	\$ 94,500

Chart 9a: Second Legal Plan Abandonment Cost

Number of Plan Members not Using [Abandonment Rate] Legal Plan Value	Cost of Abandonment in Plan
0	\$ 0

9. What are the savings to the employee when the employee has the second legal plan with the compatibility/match high touch system?

If we return to chart 6, we can see the differences in savings between the legal plan in our sample company and the second legal plan they could have had. We can now see the very significant savings with the second plan in comparison to the first.

When we compare the total stress costs of all the employees enrolled in the sample company's legal plan and those not enrolled in the first legal plan in our sample to the total costs of all the stress costs to the employees enrolled in the legal plan and those not enrolled in the second legal plan in our sample, we see some massive differences

Chart 6e:

DIRECTORY BASED LEGAL PLAN		TOTAL COST
Sample Group Employee Count	Participation Rate	Total Costs to Employee of Legal Problems
125,000	28%	\$100,387,000
CONCIERGE BASED LEGAL PLAN		TOTAL COST
Sample Group Employee Count	Participation Rate ⁶	Total Costs to Employee of Legal Problems
125,000	39%	\$74,812,338
		TOTAL COST SAVINGS
		\$25,574,663


Indeed, the differences between the costs in all categories are substantial for the second legal plan with the compatibility/match access infrastructure.

10. The second legal plan really does offer more value than the first legal plan in a substantial and measurable manner.

In terms of having better, more refined and high-touch access to the best attorney, there really is a measurable difference in legal plans. This translates into a significant amount of value for the employees of the second high-touch legal plan. Over \$14 million in savings and less stress and frustration are the easy-to-see results of having this plan.

Conclusion

Legal problems are now recognized as a serious causation factor in the financial illness of today’s U.S. employees.²⁸ HR departments across the U.S. are now analyzing fully insured legal plans as a voluntary benefit to help those employees who believe they will need legal coverage.



The task of analyzing the best legal plan is falling to HR, and it is here that HR can have a major input into selecting the legal plan with the most value for employees. What is now also clear is that the legal plan with the most benefit line items on the matrix may not be the best legal plan in terms of value for employees. So too, the legal plan that does not have the most paid-in-full coverages may still be the best value for employees.

This white paper discusses a path for HR executives to better analyze legal plans before they are implemented and to select the plan that has the most value for employees. HR is beginning to learn that fully insured legal plans have usage rates that approach 100% in some companies given the widespread and potentially devastating nature of legal problems in today's world.

Evaluating not only the sheer number of legal benefits but how impactful the insured coverage is inside of each benefit category will yield the most value for employees. The employees who are paying for legal plan protection out of their own pockets will be happy when they do not have to reach back into those pockets to pay out-of-pocket legal fees that are not covered under their so-called comprehensive legal plan.

End Notes

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