

# Consulting the Future

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**A**t 10 a.m. on a typical weekday, the telephone lines are alive at the 10-lawyer firm of Feldman, Kramer & Roberts in Hauppauge, N.Y. A high-tech phone system helps direct callers to the appropriate attorney. A recap of the most recent contact with each caller is available by the time a lawyer picks up the phone.

In Clearwater, Fla., lawyers with Giuliana Associates take a motor home outfitted with a computer, printer, telephone and law books into surrounding communities to meet with clients. Inside, the discussions frequently focus on the estate planning and insurance matters that trouble many retirees.

While Feldman, Kramer and Giuliana Associates are well over a thousand miles apart, they share the distinction of being among the small but growing number of law firms providing services under prepaid legal service plans.

When prepaid legal plans—the lawyers' counterpart to the now ubiquitous health maintenance organizations—were introduced in the 1970s, they were greeted as an idea whose time might not have arrived. Some local bar associations posed ethics objections, state regulatory agencies raised obstacles, and the general public by and large was reluctant to consult lawyers.

But now that a national economic slump and continued competition for business have forced some law firms to increase marketing efforts or pare staff, the idea of a prepaid practice is gaining renewed attention as a way to expand business. Where once only labor unions promoted the prepaid plan as a

workplace benefit, fraternal groups and credit card companies now view it as an advantage of membership, and businesses often include it in employee assistance programs.

When Ron Glantz began a solo practice in 1985, he enrolled as a referral attorney for a national prepaid legal plan as a way to help develop a client base. His idea was simple: At the same time he was attracting his own clients, the prepaid plan would send him clients who otherwise might never have heard of him.

"I didn't originally foresee myself becoming a major prepaid provider, but the plans kept bringing in so much business that it just made sense to continue," said Glantz. Now Glantz & Glantz in Plantation, Fla., has seven lawyers and 11 support personnel to handle both plan referrals and independent business.

"About 10,000 clients are eligible to call our office," Glantz said. "Whenever we get a call, our computer system lets us quickly identify what plan the caller is with, what services he or she is entitled to and at what rates. Computerization helps us master the high volume of calls and the paperwork necessary for reimbursement."

**W**ithin the prepaid universe, various types of plans cover most personal legal matters. Simple access plans entitle members to unlimited telephone advice from "hotline" attorneys. Law firms that supply the advice are generally paid a monthly fee for every covered individual, regardless of how many actually call. Other plans pay per call.

Comprehensive plans act more like health insurance, with payment often coming from a third-party administrator. Under these plans, there is usually a set reimbursement sched-

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ule for covered matters such as wills, real estate closings and simple divorces. Referral attorneys also get reduced hourly fees for work beyond what is covered.

Because plans typically draw members from the mainstream of employers and consumers, the work lawyers get tends to be mainstream as well. "To a large extent, our legal plan practice is not different [from our regular practice]. We provide the same level of service for the same types of matters. We just handle higher volume," said Warren Feldman of Feldman, Kramer.

Legal plans—whether part of a national program that enrolls local lawyers on a non-exclusive basis or a local program created by a hometown firm—encourage early attention that can prevent the escalation of legal problems to the crisis point.

"For example, we are getting a lot of questions about the tax status of domestic help, from the maid to the kid who mows the lawn," said Christopher Giuliana. "These are questions that we can answer by phone, easily and quickly. But without their legal plans, a lot of people would not have easy access to legal advice and would just keep violating the law."

Nationwide, prepaid plans cover an estimated 18.5 million persons and involve about 20,000 lawyers. Among users, about half are covered through unions or employers, the largest of which is the United Auto Workers Legal Services Plan. The other half gets coverage through credit card programs—the Signature Group subsidiary of Montgomery Ward & Co. rules here.

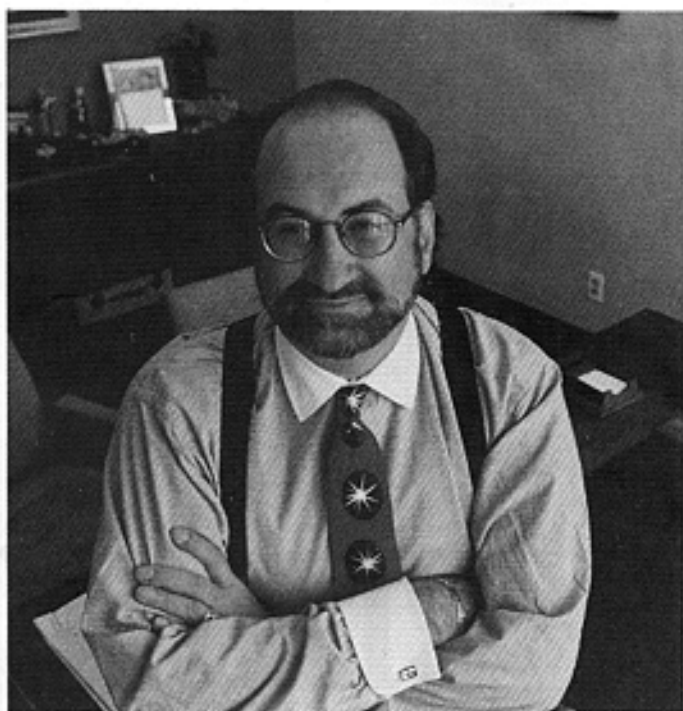
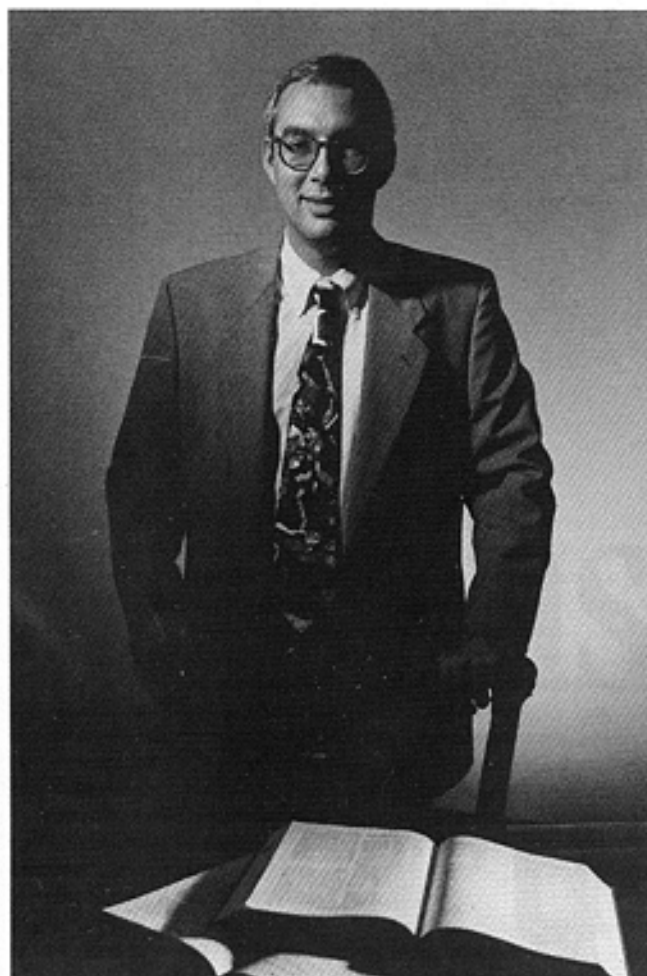
"As the plans are expanding, we are seeing some changes in the demographics of plan members," said Lawrence Stahl, a lawyer in Owings Mills, Md., who provides services under five national plans. "The median income and educational levels are going up. We are seeing a trend toward smarter, more involved plan members."

People attracted to the plans are, for the most part, new to the legal system, said Glantz. "Some attorneys fear that the plans will steal their business, but that's not the case. These people would not use attorneys at all without the plans. We are actually increasing the total pool of business."

Because plans typically require participating lawyers to charge reduced hourly fees, skeptics wonder if they are financially worthy while critics tend to challenge the quality of legal work.

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*Jennifer Dahlgren is public relations consultant to the ABA-affiliated American Prepaid Legal Services Institute in Chicago.*



For Ron Glantz (left) and Warren Feldman, offering prepaid legal services has meant increases in business volume and broader client bases.

"What they don't see is that these plans bring in volume business without any associated marketing costs," said Stahl. "Some firms are spending a lot of money on marketing and the effect on the bottom line is no different than that of accepting lower hourly fees.

"The plans bring in clients with needs beyond the plans' coverage and, in time, they bring in referrals to nonplan clients. We also get paid simply for giving information, which is something you generally don't do in a regular practice. When clients are expected to pay high hourly rates with the meter always running, they don't bring you their questions."

To detractors who interpret lower fees to mean second-class lawyers, Stahl replies that "some attorneys think plans are like the old storefront legal clinics. When they take a closer look, they realize that this is a sophisticated, business-like delivery system.

"There are diligent screening processes. Without plans, many clients would just open up the phone book and select the attorney with the biggest ad, which is certainly no guarantee of quality. This process helps ensure that members get a

good attorney and get good service."

Most plans have some kind of quality control mechanism and they seek customer feedback in areas such as promptness, courtesy and knowledge. Customer complaints are logged and scrutinized.

"There's accountability inherent in the prepaid legal plan system," said Feldman. "If a plan attorney doesn't deliver, the client has someone to complain to. Performance is important, because plans continually weed out bad attorneys. This protects the consumer and ensures quality service. Second-class attorneys just don't make it in prepaid legal services."

**B**ut there are potential pitfalls for lawyers considering getting involved with a plan. "Problems can arise from the way in which plans are marketed and packaged," Feldman said. "Occasionally a marketer will promise too much or create misunderstandings on the part of the members as to what is covered under the plan. Unrealistic expectations can ultimately result in unhappy clients."

Problems also can develop in the delivery of prepaid legal services

when there are conflicts of interest. For example, what happens in a divorce that involves two covered employees who must use the same law firm? A good plan will stipulate how an outside attorney for one of the spouses is to be retained and compensated.

"Here again, attorneys should carefully review the details of the contract and look for specifics on how conflict situations are handled," Feldman said. "No matter what, make sure that you can decline to accept a client or a matter if you see a potential conflict of interest or if it seems professionally advisable to do so. With a good plan, attorneys do not give up their professional independence."

There are several different ways in which interested attorneys can get involved with prepaid legal services. Some firms start their own plans and market them to area businesses, associations, credit unions, religious groups or civic organizations. Many existing national plans are also continually looking for lawyers for their networks of panel attorneys.

While in prepaid plans health insurance is undeniably king, prepaid legal services remain an idea whose time may have arrived. ■

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