



Improving healthcare providers' third-party liability claim strategy

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Navigating the landscape of third-party claims is crucial for healthcare providers seeking to optimize financial performance and ensure timely, accurate payments. The complexity and time from claim submission to payment makes them more difficult to manage, especially considering legal implications and accounts receivable (AR) recovery times.

To create an effective strategy, or improve the one you have, it's critical to first understand what third-party liability is and where the opportunities are likely to come from. Armed with that knowledge, you can begin asking the right strategic questions about how to identify opportunities, protect your legal rights as a provider and set expectations with your organization's leadership.

Understanding third-party liability

Third-party liability is when a third party, other than a patient's health insurance, may be liable for paying for a patient's injuries and related treatment.

Examples of third-party liability include:

Automotive claim—A patient is injured in a motor vehicle accident and the other person involved could be liable for the related expenses. Additionally, if the patient has first-party auto insurance, such as personal injury protection (PIP), uninsured motorist coverage (UM) or underinsured motorist (UIM), these policies might also offer medical expense coverage.

General claim—A patient experiences an injury where liability of another party could be found, such as a slip and fall in a big box store.

Workers' compensation claim—A patient is injured on the job, and the workers' compensation carrier is potentially liable for the patient's medical expenses.

Before creating a strategic plan and enacting improvement strategies for third-party liability claims, ensure your team understands and is aware of the types of claims they're likely to see and process. This sets a strong foundation for maximizing your collections and settlement.

Asking the right questions

Begin exploring your third-party liability strategy by asking yourself and your team these three questions:

1. How do I identify financial opportunities from third parties?

Start by examining your patient access processes. Ensuring frontline staff has access to all the information they need is key to maximizing collections.

Keeping your staff up-to-date and continuing to grow their skills is critical. Not only are they managing the information, they're also interacting directly with patients impacted by accidents who need and want a human touch during a hard time.

Example: If the patient has an injury from a motor vehicle accident, the frontline registration staff needs to obtain all necessary information, such as the cause of injury and the policy details of the patient's auto insurance, for the back end to pursue potential revenue opportunities. Obtaining the necessary information is also important for patients injured when a third party may carry liability.

2. How do I protect my legal financial rights as a provider?

Some states provide a statutory right to providers to file a lien against a patient's potential third-party settlement, allowing the provider to be reimbursed for the medical treatment rendered. A lien provides a way for automotive-related negotiations and settlements to disburse funds directly to the provider to pay for medical expenses.

There are two things you need to do to protect your legal financial rights as a provider:



Determine if you're in a statutory lien state

[To find this information](#), you or your legal team will need to review your state's statutes regarding hospital lien laws. Once you know if you are located within a lien state, your legal team or a legal vendor will need to be involved in filing the paperwork on liens.



Know and understand the statutory requirements

Each state's statute has different requirements to appropriately enforce the lien. These are details such as notice requirements, the timeframe in which the lien must be filed and how long the lien is enforceable.

Example: Texas is a statutory lien law state, and a patient is injured in a motor vehicle collision within the state lines. With a properly filed lien, the patient settlement must pay the provider for medical expenses. Without a lien, or without following the proper filing requirements (such as failing to provide required notice to the patient), the provider may face significant delays in receiving proper payment, if any payment is issued to the provider at all.

3. How do I set the right expectations?

Setting the right expectations with leadership, as well as your team, is key to managing third-party liability claims, as well as expectations about resulting revenue. There are three areas that can help you set these expectations appropriately.

Understand the settlement

Providers need to be proactive with regards to third-party liability claims. They should be actively reaching out to adjustors and/or the patient's attorney to find out the necessary information. Specifically, the adjustor and/or attorney must be aware of the provider's medical bill for the patient to make sure the provider's bill is included for payment considerations. There's almost always negotiation with medical bills, and providers must be part of that conversation so they can be equitably compensated for their services.

To negotiate a settlement, you should ask:

1. What is the total settlement amount of the patient's case?
2. What is the total of the patient's medical bills for all providers?

When you have these two numbers, you can negotiate a fair settlement and ensure you're getting an appropriate portion of the settlement in comparison to other providers.

Be aware of policy limits

Providers can anticipate reimbursement from health insurance, but can't fully anticipate payment from an auto policy, such as PIP or MedPay. Policies like these depend entirely on an individual's policy limitations and what policy benefits are remaining after payout to other providers. There's also not typically a contract that lists the exact expected reimbursement owed per service.

Explain long AR recovery timelines to leaders

Accounts receivable (AR) recovery time associated with third-party liability claims is significantly different from other AR. This is especially true for accounts that don't have quick PIP payments available. When reimbursement is yet to be issued after the typical outstanding AR timeframe, don't press for the AR to be written off and balanced to zero before you should. Take the time to explain to executives why the AR for third-party liability claims is still active so they understand what's going on.

Navigating third-party liability claims and being able to achieve additional reimbursement is a time-consuming process. It takes a good deal of "leg work" so to speak, especially for providers who may not have a large or dedicated legal team.

If you want to better understand and work third-party liability claims, consider partnering with a vendor who has a deep knowledge of lien laws and adequate legal resources so you can maximize your opportunities from these complex claims.

To learn more about third-party liability claim remediation visit cognizantrcm.com.



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