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Illinois Court Holds Block Billing and Insufficiently Detailed Fees May be Reduced as Impermissibly Vague

Under federal employee rights laws, the successful party in a health insurance coverage suit is entitled to a reward of his or her reasonable attorneys' fees. Therefore, after determining that the plaintiff was entitled to an award of her attorneys' fees, the U.S. District Court for the Northern District of Illinois had to decide which attorneys' fees were reasonable, and thus could be awarded to the plaintiff following her ERISA claim against her employer.

The court made several general findings regarding unreasonable legal billing. The court explained that block billing, a method commonly used by law firms, may justify reducing the awarded attorneys' fees. Block billing occurs when a single attorney lumps several discrete tasks into one billing entry. The court explained that this may be improper when the entry relates to more than one type of task, some of which are not compensable. While this was not true in this particular case, the court advised that such billing schemes may be improper and warrant a reduction in fees.

Additionally, the court warned that block billing could pose problems when the entries are not specific enough to determine if the time spent on each task is proper and reasonable. Attorneys may not bill excessive amounts of time for simple tasks, [such as answering an email with a one sentence response] and thus when block billed, it is unclear how much time is allocated to each task. Similarly, the court noted that charges with insufficient detail may also be reduced as it can be unclear whether the time spent on such vague descriptions is properly compensable.

CHARGES WITH INSUFFICIENT DETAIL MAY ALSO BE REDUCED AS IT CAN BE UNCLEAR WHETHER TIME SPENT ON SUCH VAGUE DESCRIPTIONS IS PROPERLY COMPENSABLE

Implications for Legal Billing:

While many legal bills will not be sifted by a court, there are still lessons to be learned from the Illinois court's analysis of these legal fees. Block billing remains a common practice in legal billing, and yet it may result in clients paying a great deal more than should reasonably be required. By grouping many tasks together, attorneys may blur the amount of time delegated to each task and charge for tasks that were otherwise too brief or not compensable at all. The best way to handle this common problem is to request that attorneys do not block bill, and then commit firms to unblocked billing protocols in the firm's retainer agreement. By limiting block billing in this way, it

is possible to ensure enough clarity to determine if an attorney has charged a reasonable amount of time for each distinct and necessary task.

* Huss v. IBM Medical and Dental Plan, 2010 WL 2836743 (N.D. Ill. 2010). Full copies of court decisions may be available through counsel or through various Internet links or paid services.

By Lauren Stulmaker

Sterling Analytics is a consulting and advisory firm that helps companies reduce their legal expenses. Our proven methodologies are based on legal precedent, guidelines and ethical standards that compel law firms to significantly modify improper billing practices. Although our clients come from a broad range of industries with different legal budgets, they share a concern about their legal expenses and are looking for solutions to manage outside counsel while maintaining the highest service level standards. We are able to audit legal fees based on our extensive database of proprietary benchmark data and our solid understanding of traditional legal practices. Our process is fair, independent, cost effective and maintains attorney-client privilege. We are able to measure the extent to which our clients' legal expenses exceed industry standards, and will manage the negotiation and recovery of excessive fees. To institutionalize cost controls, we assist clients by installing systems and protocols that monitor billing activity and catch improper practices.

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