

# Insuring Your Medical Practice

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In today's economic and political climates, physicians have more to lose now than they did in prior years; therefore, it is more important than ever to ensure that you and your practice are well-protected against insurance risks and liabilities. Working with experienced advisors who are knowledgeable about the continuously evolving healthcare environment is essential, and a careful comprehensive review of potential risks will ensure that you select the right coverage for you and your practice.

Medical practices predominantly face risks from patients, regulatory actions, identity theft and privacy breach, employees, and building and equipment. This article will review these common insurance risks you may encounter in your practice and provide tips for choosing an effective insurance policy.

## Patients

Unfortunately, for any physician there always is the possibility that he/she will be faced with a medical malpractice claim; patients also can file complaints against physicians with state medical boards or other licensing bodies or make other harmful allegations, such as claims of sexual misconduct. As a physician, your professional liability policy protects you first and foremost from malpractice claims; however, some supplemental benefits can provide you with defense against other allegations. When comparing companies and premiums, know everything that is included in each policy before making your decision.

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## Regulatory Actions

The Centers for Medicare and Medicaid Services have implemented a number of programs to identify and eradicate Medicare and Medicaid billing fraud. Although any kind of fraud certainly must be eliminated, many innocent medical practices likely will be caught up in audits and actions, costing thousands of dollars to defend if you do not have the appropriate coverage. Some professional liability carriers are addressing this new exposure by including a small supplemental benefit in their policies to cover defense costs in these cases; however, there are a number of stand-alone regulatory coverage policies available that can provide you with higher limits of liability and even cover fines and penalties when allowable.

## Identity Theft and Privacy Breach

Privacy breaches are a threat to all companies, not just large corporations. The volume of information and people affected in a privacy breach can be staggering; think, for instance, of all the personal patient information your practice has on file. The expenses that result from a privacy breach have forced many companies out of business. Information theft can occur via the computer (eg, phishing), stolen mail, or bank transactions; everyone is susceptible and you must protect your practice from the threat of a privacy breach. Some professional liability carriers may provide a small supplemental benefit as part of their policies; however, a number of carriers offer stand-alone policies for identity theft and privacy risks, which you may want to consider. Not only do you need a policy that will cover the costs associated with a breach, but you also need the help of experts who can guide you through the process of patient notification and compliance with current and future rules and regulations should a breach happen to occur. You also can take precautions to protect your practice by shredding papers that contain sensitive information, securing patient files in a protected location, and frequently changing computer passwords. Ultimately, however, proper insurance coverage will help ensure that your practice will be protected against

## PRACTICE MANAGEMENT

a privacy breach. If you are considering cutting back on this type of insurance coverage, be sure to contact your agent or carrier for more information to help make an educated decision.

### Employees

The potential for a lawsuit exists anytime you hire, fire, interview, or reprimand an employee. In a difficult economy, this threat increases, as tough staffing decisions often must be made. Executive coverage includes a combination of employment practices, directors and officers, and fiduciary coverage. It will protect you from allegations of harassment, wrongful termination, or discrimination; decisions made as an officer of the practice; and responsibilities you take on regarding the management of retirement or healthcare plans of your employees.

### Building and Equipment

Building and equipment coverage typically is offered as a package called a business owner's policy. You may want to consider adding business interruption (actual loss

sustained), leased and nonowned automobile, utility services (direct damage and time out), crime, and employee theft coverage. If you cannot see patients, you cannot generate revenue. Be sure to review all optional coverages that may be available.

### Summary

It is important to evaluate all of the insurance coverage options that are available to you as a medical practitioner. Do not let the uncertainty in the economy drive your choices; it may be more important now than ever to protect yourself from potential liabilities. Before reducing your coverage, it is wise to contact your agent to ensure that you make an educated decision that will not jeopardize your practice. When possible, use one agent to write all of your insurance coverage; splitting policies with different agents creates the potential for gaps in coverage and confusion on who to call when a crisis occurs. When selecting the best coverage for you and your practice, plan for worst-case scenarios to ensure that you will be prepared, if needed. ■

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