Managing Your Dermatology Practice

Review Your Insurance Coverage

Insurance is one of the most necessary, and most hated, facts of life, particularly for physicians. We resent all the money we throw into a black hole every year, but in the event of an unforeseeable calamity it is indispensable.

Chances are that you're already insuring yourself against the worst calamities, but are you getting the most insurance for your premium money? To find out, it behooves you to meet with your insurance broker every couple of years and review all of your insurance coverage.

BY JOSEPH S. EASTERN, M.D.

At first glance, malpractice insurance offers few opportunities to reduce costs, but more and more alternatives are becoming available as premiums on conventional policies continue to increase inexorably.

"Occurrence" policies remain the coverage of choice where they are available and affordable, but they are becoming an endangered species as fewer and fewer insurers remain willing to write them. "Claims made" policies are usually cheaper, and they provide the same coverage as long as you remain in practice. You will need "tail" coverage against belated claims after you retire, but some companies now provide free tail coverage once you've been insured for a minimum period (usually 5 years).

Other alternatives are gaining popularity as the demand for reasonably priced insurance increases. The most common, known as reciprocal exchanges, are very similar to traditional insurers but differ in certain aspects of start-up, funding, and operations. For example, most exchanges require policyholders to make capital contributions in addition to payment of premiums, at least in their early stages. You get your investment back, with interest, once the exchange becomes solvent.

Risk retention groups (RRGs) are similar to exchanges in that capital investments are usually required, but the owners are the insured parties themselves, who are ultimately responsible for all management and operational decisions, including the assurance of adequate funding. Most medical malpractice RRGs are licensed in Vermont or South Carolina because of favorable laws in those states, but they can be based in any state that allows them.

A third alternative is called a captive, which is generally defined as an insurance company formed by one or more noninsurance entities (such as medical practices) to write the insurance business of its owners. All participants are shareholders and all premiums (less administrative expenses) go toward enhancing the prosperity of the captive.

Reinsurance (usually not available to RRGs) protects the company against catastrophic losses. If all goes well, individual owners will be able to sell their shares at retirement for a nice profit—a profit that has grown tax free.

Exchanges, RRGs, and captives all carry risk: A few large claims can eat up all the profits and may even incur further financial obligations. But lack of profit is a certainty with traditional malpractice insurance.

If your current premiums are getting out of hand, ask your broker if any alternatives have become available in your area. While you are at it, you may want to review the rest of your insurance as well.

Worker's compensation insurance is mandatory in most states and heavily regulated, so there is little room for cutting expenses. Some states, however, do not require you, as the employer, to cover yourself, and eliminating that coverage could save you a substantial amount. This is only worth considering, of course, if you have adequate health and disability policies in place.

One additional policy to consider is employee practices liability insurance, which protects you from lawsuits brought by militant or disgruntled employees. I discussed this type of insurance in detail in last month's column, which can be found in the archives at www.skinandallergynews.com (or drop me an e-mail and I'll be happy to send you a copy).

If your financial situation has changed since your last insurance review, your life insurance needs have probably changed, too. As your retirement savings accumulate, less insurance is necessary. And if you own any expensive whole-life policies, you can probably convert them to much cheaper term insurance.

Disability insurance is not something to skimp on, but if you are approaching retirement age you may be able to decrease your coverage or even eliminate it if your retirement plan is far enough along.

Liability insurance is also no place to pinch pennies, but you might be able to add an umbrella policy providing comprehensive catastrophic coverage that may allow you to decrease your regular coverage or raise your deductible limits.

Health insurance offers numerous variables, with so many competing insurers and so many types of plans. If you still have expensive indemnity insurance, consider switching to an HMO, PPO, or any of the other plans in the alphabet soup available in today's market. Or consider raising your deductibles, which can lower premiums substantially.

If you're over 50 years of age, look into long-term care insurance. It's relatively inexpensive if you buy it while you're still healthy, and it could save you and your heirs a load of money on the other end.

Insurance is a necessary evil, but overinsurance is an unnecessary expense. Regular insurance reviews are the best way to be sure you have the right coverage, and only the right coverage. ■

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PAs Bring 'Time Luxury' to Cosmetic Dermatology Practice

BY BETSY BATES
Los Angeles Bureau

Santa Monica, Calif. — Without question, a physician assistant can inject welcome cash into a cosmetic dermatology practice, as evidenced by the $516,000 in income generated by Krystie P. Lennox in a recent 6-month period at an aesthetic center in Boca Raton, Fla.

Ms. Lennox believes, however, that the full measure of a PA's worth should be gauged in hours, not dollars. "One of the primary benefits to hiring a PA in aesthetic medicine is the luxury of time: taking an extra 5 minutes with patients to make the experience [different] from those clinicians who 'turn and burn' their patients," she said at a cosmetic dermatology seminar sponsored by Skin Disease Education Foundation.

PAs can decrease waiting times, increase the number of services offered, and enhance patient safety by allowing for more follow-up visits. They can also bring to aesthetic medicine the art of "service, service, service," a business priority advocated by author Jack Mitchell in his book, "Hug Your Customers" (New York: Hyperion Press, 2003).

Paraphrasing the author, Ms. Lennox said, "It is no longer enough to satisfy customers. You have to develop extremely satisfied customers."

By positioning the PA as a highly trained professional with the time and desire to build a warm, personalized rapport with patients, a busy dermatologist may see dividends in terms of patient comfort and staff enthusiasm, she said.

PAs "must prove to patients that not only do they want to treat themselves to the botulinum toxin or dermal filler in this office, but also they want the PA to perform the treatment," said Ms. Lennox, a certified physician assistant who works with Dr. David Goldberg, a dermatologist, and Dr. Jason Pozner, a plastic surgeon, in Boca Raton. "The M.D. is critical in this handoff," she noted.

Team building begins with how the PA is introduced to the staff and how he or she is accepted and promoted by them. One helpful step in the process is to ensure that staff members receive cosmetic treatments from the PA, perhaps during live demonstrations, to enhance trust and rapport.

"A patient will speak with the receptionist on the phone and at the check-in counter, and likely will see the medical assistant and the physician before the first interaction. If any of those people hesitate in the slightest manner, the chance of patient conversion [to a PA cosmetic patient] drops dramatically," said Ms. Lennox.

The supervising physician should introduce established patients to the PA, and should voice confidence in his or her training and ability.

The introductory period may be an opportune time for a 15%-25% rise in physician fees for cosmetic services while the PA's charges remain at previous levels, thus offering patients an incentive to try the PA. This frees the physician to focus on techniques of special interest and difficult cases.

A physician assistant also can spend time at seminars, courses, and conferences, learning specialized and state-of-the-art cosmetic procedures for patients who want to stay on the cutting edge, Ms. Lennox said.

Admission to conferences is sometimes restricted to physicians; however, Ms. Lennox is one of the organizers of a meeting specially designed for PAs and nurse practitioners (www.aestheticextendersymposium.com).

Currently, there are more than 68,000 PAs in clinical practice in the United States. They wrote more than 303 million prescriptions in 2007, approximately 17 million more than the year before.

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