

## business

# 3 Types of insurance all practices need

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## Quick TAKES

Employment practice liability claims have doubled since 2008.

Protection against cyber-attacks is increasingly important.

Business-oversight activities are commonly overlooked in complex practices.

Today, medicine is as much of a business as providing patient care. Many doctors face this reality shortly after medical residency when they find they're unprepared to assess the risks involved when leading or owning a practice.

Many dermatologists we meet don't have the following three types of insurance:

- ▲ Employment Practice Liability Insurance (EPL)
- ▲ Cyber-Liability Insurance
- ▲ Errors and Omissions Insurance for Medical Billing and Coding (E&O)

At *Integrated Dermatology*, we arrange all three types of insurance for our partnering dermatologists. Doing so limits out-of-pocket expenses should a lawsuit arise.

On average, this coverage will cost a small practice around \$3,000 per year — a minor investment considering how costly a lawsuit could be otherwise.

### EMPLOYMENT PRACTICE LIABILITY INSURANCE:

We are fortunate to live in a time of growing social awareness, with evolving conversations regarding discrimination and harassment at the forefront of media and politics. However, this comes with an increased risk for businesses regarding ethical and harassment-related complaints.

Employment practice liability claims have doubled since 2008.

Allegations of discriminatory employment practices can arise out of routine action. This can be as simple as refusing to hire someone or firing an employee with a perceived just cause. Therefore, it is important for businesses of any size to obtain EPL insurance that can cover legal defense costs leading to a settlement.

For example, one multi-specialty medical group noticed many of its patient records were illegible and incomplete, prompting the group to retrain employees on billing.

After six months, one 54-year-old physician's assistant had not shown improvement despite numerous attempts to train him. The group terminated him, and he sued under the Age Discrimination in Employment Act of 1967. He alleged younger employees who had similar problems were not terminated. In the medical group's defense, they contended that while younger employees did have reporting issues, they'd been proactive in trying to improve. The case settled for approximately \$600,000, and the medical group incurred more than \$300,000 in defense expenses.

### CYBER-LIABILITY INSURANCE:

In today's digital age, no business is insulated from the possi-

bility of a cyber-attack. Medical practices in particular possess information that is extremely valuable to hackers, including private patient data, and social security numbers. As a result, many fall victim to ransom attempts or other cybercrimes.

A practice we evaluated this year, for instance, experienced a ransom attack that deleted all patient data from their servers up until the current year of 2019.

An unrelated medical records provider experienced a server breach that exposed around \$4 million of their patients clinical and financial information. The company was forced to hire forensics, public relations, call center, legal and credit monitoring teams in an attempt to deal with the aftermath, totaling several million dollars.

Without cyber-liability insurance to help cover expenses, attacks such as these can be financially devastating. Cyber-liability insurance providers also offer clients valuable counsel regarding how to prevent and navigate a cyber-attack.

With proper coverage, the countless hours spent researching and contacting attorneys, tech specialists and PR firms in the event of a breach can be condensed to a single phone call.

### ERRORS AND OMISSIONS INSURANCE FOR MEDICAL BILLING AND CODING:

Unlike medical malpractice insurance, E&O liability insurance can cover claims related to billing and coding processes. Given the dynamic nature of the Medicare and insurance landscape, claims from providers alleging wrongful acts in the medical-billing process are commonplace.

In the case of a Texas practice, services performed while out of country and at medical conventions were billed, which are both improper. They also incorrectly billed for services performed by unlicensed therapy personnel. Subsequently, the group was charged with submitting false claims for Medicare reimbursement and agreed on a \$2.3 million settlement. Fortunately, the group had E&O liability insurance, which helped cover both the losses and legal defense on behalf of the physicians.

Medicine is an evolving and increasingly complex practice. Given the responsibilities doctors have regarding patient care alone, business-oversight activities are commonly overlooked. It's vital for dermatologists to consider both the risks and opportunities of insurance options so they can adapt to the litigious and compliant-centric business environment in which we operate. ◀

### Disclosures

Gerry Christopher is the Chief Operating Officer for *Integrated Dermatology*, the country's largest independent dermatology practice. Founded in 2004, *Integrated Dermatology* acquires and partners with dermatology practices across the United States and offers opportunities for dermatologists in all stages of their careers. The company was recently named to the Inc. 5000 list of the nation's fastest-growing