

Medical Malpractice BULLETIN

The resource for physicians, practices, and health care organizations

CMIC Launches New Malpractice Insurance Program MQI Program Creates Big Rewards for Good Claims Experience

The Connecticut Medical Insurance Company (CMIC) is launching a special program, the **Malpractice Quality Initiative (MQI)**, for physician groups with superior claims experience. MQI features premium reductions up to 30%. MQI utilizes a modified claims made form which eliminates the need to buy a tail. CMIC will also offer its other traditional claims made policy and recently enhanced group malpractice products.

“We understand how difficult it is to maintain a superior claims record,” said CMIC CEO Denise Funk. “Our goal with MQI is to motivate and reward physician groups for such efforts by combining significantly reduced premiums with focused loss prevention and practice management.”

In the past, some Massachusetts physicians have been hesitant to use claims made forms of insurance because of tail issues. The MQI program will provide insureds with a fully paid tail if they leave the program.

Ms. Funk noted, “MQI reflects CMIC’s strong belief in practice technology by adding an extra credit to the already significant savings for physicians using a CCHIT certified Electronic Health Record

(EHR) system. CMIC was one of the first malpractice carriers in the U.S. to provide a general credit for the use of an EHR program. MQI takes this a step further.”

Eligibility for the MQI program is based on several factors including practice size (minimum of 3 or more physicians), continued stellar claims experience, board certification, lack of disciplinary actions and willingness to participate in the MQI risk management process.

Michael Morgan, CMIC’s Director of Business Development said, “MQI will appeal to physician groups with good claims experience that are part of an existing captive insurance program or are considering starting one. MQI can place these groups directly into a program that has many of the features of a captive, such as modified claims made coverage and lower premiums, but without the costs and headaches of starting a captive. MQI may also appeal to smaller groups that may not be big enough to start a captive but may like the special features it has to offer.”

Mr. Morgan continued, “MQI has the ability to offer some features not available from many insurance carriers including captives. For example if an MQI practice is hiring a

physician with a claims made policy, CMIC may accept the new physician’s ‘retroactive’ date depending on the previous state of practice. This could help a great deal in the recruiting process. Occurrence forms of coverage and most captive plans are generally unable to offer prior acts.”

CMIC, established as a mutual company in 1984, is a provider of professional liability insurance and

services to doctors and health care professionals. CMIC is headquartered in Glastonbury, CT and serves Connecticut and Massachusetts exclusively.

For additional information or to qualify your practice for a quote, please call PIAM at (800) 522-7426. More information on the MQI program is available on the PIAM web site at <http://www.piam.com>. ■

MQI Special Features

- Premium savings up to 30%
- Modified claims made form
- Tail included at no charge
- Advanced risk management
- No enrollment fees
- Consent to Settle clause
- Installment payments with no finance charge
- Additional EHR credit

MQI Eligibility

- Medical groups (3 physician minimum)
- Board certification for all group members
- No closed/open claims at \$100K or more
- No disciplinary actions
- Participation in MQI risk management

ProMutual Group Celebrates a Dozen Years With a Best's Rating of A- (Excellent)

A leading provider of medical liability insurance in the Northeast, ProMutual Group, was recently reaffirmed with its twelfth A- (Excellent) rating from A.M. Best. The nation's most recognized insurance rating organization based its independent opinion on the company's financial history, overall capitalization, underwriting practices and conservative reserving practices.

"The reaffirmation of ProMutual Group's A.M. Best rating attests to the company's formidable strength and history of successful service to the health care community," said Richard W. Brewer, president and CEO of ProMutual Group. "To receive an A- (Excellent) rating from A.M. Best for a dozen years is noteworthy in today's demanding health care environment. I am grateful to our policyholders, employees and agents for their dedication and hard work in making this a reality. As a company, we are proud of our success, yet we realize that the future holds many challenges and so we remain steadfast in our commitment to maintaining our financial stability."

ProMutual Group's A- (Excellent) rating reflects a culture that focuses on the conservative management of its assets. The financial stability that has influenced A.M. Best's decision is the direct result of adherence to prudent underwriting standards, the strong defense of good medicine, effective risk management and conservatively managed investments. At the same time, ProMutual Group offers policyholders an array of resources and services to enhance patient safety initiatives and minimize risk, thereby controlling future losses.

"By working with our policyholders and providing them with resources to assist in the practice of excellent medicine, we are able to positively impact the physicians' and patients' experience of the health care system," said Brewer. "We strive to improve and expand our services and benefits for policyholders while continuing to provide the protection more than 18,000 health care providers and facilities depend on."

One of the top 10 medical liability insurance providers in the

country based on direct written premium, ProMutual Group has more than \$2.1 billion in admitted assets, \$504.7 million in policyholder surplus, and \$338.8 million in direct written premium. The company is based in Massachusetts. ProMutual Group member companies also operate in Connecticut, Maine, New Hampshire, New Jersey, Pennsylvania, Rhode Island and Vermont. ProMutual Group distributes its products through independent agents. For more information, visit ProMutual Group's web site at <http://www.promutualgroup.com>. ■

Editors Note: ProMutual Group is one of the premier carriers that PIAM represents. For more information on obtaining a policy from ProMutual Group please call PIAM at (800) 522-7426.

Save the Date LUNCH AND LEARN

Protecting Your Practice:

- The New Group Disability Landscape
- Limiting Your Employment Practices Liability

Thursday, June 5
11:30 a.m. to 1 p.m.

MMS Headquarters
860 Winter Street
Waltham, MA 02451
Lunch is provided.

Who should attend?

Practice Managers, Owners, Executives, Human Resources Professionals, CFOs, CEOs

Call Barbara Lawrence at (781) 434-7288 to reserve your space. Event is free.

Did You Know?

Are you entitled to any credits?

- Risk Management credits for a variety of specialties, including Obstetrics, Anesthesiology, Emergency Medicine, Orthopedics and Ophthalmology can translate into substantial savings — as high as 20% for successful completion of the MACEP program, for example.
- Years of claim free experience will generate credits of 3% to 15%.
- Physicians in their first or second year of practice experience significantly reduced rates.
- There are reduced malpractice premiums for part-time work.
- Schedule rating credits may be available for large physician groups.
- Work at community health centers may mean discounted malpractice rates.

Are you classified correctly?

Ensure you are being correctly classified so that you are not paying too much for your malpractice premium. You should be aware of the differences in costs for classifications rated as "Minor" surgery versus "No" surgery. Physicians should not be paying for a "Minor Surgery" rate when their exposure consists only of the removal of warts and skin tags or minor suturing.

An example of a questionable classification is a Pediatrician rated in a Minor Surgical classification because he occasionally performs circumcisions. The premium difference here can be substantial. Make sure that the revenue realized from these procedures is worth the extra premium you are paying.

If you have any questions or would like a review of your policy, please call PIAM at (800) 522-7426.

PIAM Medical Malpractice Bulletin is a publication of Physicians Insurance Agency of Massachusetts (PIAM), a subsidiary of the Massachusetts Medical Society. PIAM is located at 860 Winter Street, Waltham, MA 02451. Phone: (800) 522-7426 Fax: (781) 434-6929 Web site: <http://www.piam.com> E-mail: piam@mms.org

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PIAM Medical Services Division Adds New Offerings

Heading the need for solutions that will help physicians save money and make practice administration easier, PIAM is expanding its Medical Services Division. According to PIAM President, Jack King, "Our plan is to create a robust collaborative so that physicians can access a wide range of discounted products and services. We see this as complementing our insurance and financial services."

With the focus on practice-based products and services, some of the new offerings may include practice design and construction, medical supplies, real estate consultation, records management, storage and shredding, plus expanded banking services including residential mortgages, investment management, deposit and cash management. The new vendor affiliations will be added over the next few months and their products will be offered along with those listed below.

Discount Office Supplies

The partnership provides significant ways for members to save money on office and computer related supplies, toner, paper, break

room and janitorial supplies and HIPAA compliant file management and storage systems. The PIAM Discount Office Supply Program includes online ordering with significant discounts and free delivery.

Health Care Apparel & Linen Services

Crown Apparel & Linen Services will offer your practice savings on supply, cleaning, maintenance, pickup and delivery of patient gowns, sheets, towels, blankets, scrubs and lab coats. Crown's health care division is the largest in the region, serving a variety of practices from 2-3 person offices to major universities. You will get the best quality merchandise plus the largest selection. Professionally finished garments are laundered and handled to the OSHA blood borne pathogens standard.

Copiers, Printers, Faxes, Scanners

Through a vendor relationship with Northern Business Machines, PIAM is able to offer MMS members special pricing on copiers, printers, faxes, scanners and document management. Headquartered in Burlington, NBM is an indepen-

dently-owned and operated dealer for Sharp Electronics, HP, Konica Minolta, OKI, and KIP. They are the number one Sharp dealer in the Northeast.

Commercial Lending, Equipment and EHR Financing

Through Banc of America Practice Solutions™ PIAM offers commercial lending services including equipment and EHR financing, practice improvement financing, practice sales and acquisitions, new practice start-ups and commercial real estate financing.

Practice Management

PIAM is proud to sponsor the Physician Practice Resource Center (PPRC), a division of the Massachusetts Medical Society. PPRC is designed to provide MMS members with practical resources and services to support the business operations of physician practices.

For more information, go to <http://www.piam.com> or call (781) 434-7288. ■

– Barbara Lawrence

PIAM Offers Free Financial Seminars To Early Career Physicians

As a subsidiary of the Massachusetts Medical Society, PIAM realizes the importance of teaching young physicians about developing the building blocks of a secure financial future. We are pleased to offer residents and fellows a valuable educational presentation and individual financial planning service designed specifically for early career physicians.

As residents begin their professional careers they face the reality of paying off education loans and starting new families. Given the many challenges of today's medicine, how will they be able to build real financial security? What steps should they take to begin the planning process? What are the pros and cons of paying down student loans versus setting some income aside in a retirement plan?

In our presentation "Financial Planning for Young Physicians" we discuss these questions and some of the basic concepts of financial planning. Because we are part of the Massachusetts Medical Society, this service is free of charge.

Recent feedback from one of our seminars stated, "Great lecture, very informative. This was the most useful financial planning seminar I have been to."

For further information or to book a seminar for your group, please contact Chip Moynihan at (781) 434-7398. ■

– Barbara Lawrence

Workers Compensation Rates Slashed by 30%

While overhead costs for the average medical practice continue to increase, the good news is that the rates for Massachusetts Workers Compensation insurance coverage have decreased by over 30% this year.

Effective on September 1, 2007, the Workers Compensation Rating and Inspection Bureau approved an average rate decrease of 13.4% for all Commonwealth employers. However physician practices will

enjoy a much larger rate decrease due to lower incidents of workplace injuries and the medical field's excellent claims experience. The already low rate for physicians and other practice employees (Class 8832 – Physicians & Clerical), which had been \$3.90 per \$1000 of payroll, has dropped to \$2.70 per \$1000. This rate decrease will affect most practices regardless of which company the practice uses for Workers Compensation insur-

ance. PIAM offers an exclusive 5% discount through Atlantic Charter Insurance Company over and above the new rate decrease.

As policies renew during 2008 the new rates will be implemented and most practices will see a decrease. For more information on obtaining a policy through Atlantic Charter, call (800) 522-7426. ■

– Kathleen Finnerty-Schroth

PIAM

a subsidiary of the
Massachusetts Medical Society

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MASSACHUSETTS
MEDICAL SOCIETY

The Importance of Getting Disability Insurance While You Are Young

Disability insurance is one of the most important types of insurance for a doctor to own. Given the years of training it takes to become a physician, it is clear that the ability to earn a living is one of your most important assets. Losing the ability to work due to illness or injury can be financially devastating. It is critical that you protect yourself early in your career. Physicians who wait even a few years tend to have more difficulty getting coverage and they pay more.

Consider the following: over 6.8 million workers receive Social Security disability and almost half are under age 50¹. One in seven workers can expect to be disabled for five or more years before retirement². 50% of all mortgage foreclosures are caused by disability³. Unexpected illness and injuries cause 350,000 bankruptcies each year⁴.

The most desirable disability insurance coverage for physicians in the last 50 years has been the individual, noncancellable (aka “non-can”) policy with an “own occupation” definition of disability until age 65. Because it is an individual policy, the coverage is completely portable and can be taken from job to job. With a noncancellable policy, the carrier cannot cancel coverage and the cost cannot increase. The premium is effectively “locked in” from the date the policy was put in place. And because it has an “own occupation” definition of disability, the policy will pay the monthly benefit amount if the physician is totally disabled and cannot perform the duties of his or her profession (i.e. as a physician.)

During the 1990s disability insurance carriers witnessed a significant spike in claims. Physician claims

increased so dramatically that many carriers pulled out of the physician market completely.

In recent years several carriers have ventured back and excellent coverage is available for physicians once again. However, disability insurers have become much stricter in their underwriting standards. Even relatively young physicians who may have qualified for coverage in the past are being declined due to minor health problems. Disability insurers are also declining applicants because of prescription drug usage that carriers believe may point to claim issues in the future. Unfortunately, it does not appear likely that these insurers are going to become more lenient with their underwriting standards.

That is why it is vitally important that young physicians focus on getting disability coverage as

early as possible. Young physicians will pay less for their coverage and they stand the best chance of being approved for coverage because they tend to be healthier. If you or your practice have questions about disability insurance please feel free to call us at (800) 522-7426. ■

5 Top Causes of Disability Claims

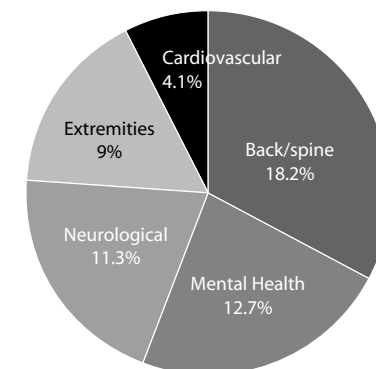


Chart Source: HIAA Source Book of Health Insurance Data 1999-2000

¹Social Security Fact Sheet 2007. ²Commissioners Disability Table, 1998. ³Health Affairs, February 2005. ⁴Health Affairs, February 2005.