

Ten Ways Outsourcing Medical Professional Liability Insurance Can Pay Off for Hospitals

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As more physicians become hospital employees, hospitals must face the challenges of integrating and managing physician practices. Many hospitals, for example, now outsource the risk exposures for medical professional liability to a specialty insurance company. A hospital's purchase of professional liability insurance for its employed physicians offers several key advantages.

1. More Efficient Hospital Management. Hospitals initially hired primary care physi-

cians as employees, but as the hospital-employed physician mix moves from primary care to more specialists, some hospitals may no longer have the expertise to provide risk management and claims services for these specialists. When an insurance company manages a hospital's claims and risk management, hospital administrators can focus on what they do best: caring for patients. And a professionally managed liability insurance company provides specialized claims and risk management services for all unique exposures that employed physicians may present.

2. Better Control of Claims and Settlements. Professional liability insurance companies have decades of experience handling claims and controlling costs in every medical specialty. Keeping claim costs low is essential to a successful business, and established professional liability insurance companies have been helping physician practices and clinics stay successful for years. Professional liability insurers with experience in providing coverage to hospital-employed phy-

sicians can offer claims handling that minimizes conflicts with the hospital's self-insured exposures while maintaining protection for physicians.

- 3. Lowered Risk.** Physician-specific and specialty-specific reports and loss analyses, along with risk management expertise, can help hospital administrators identify claim trends of specific physicians and within specialties. This information can help hospitals find more ways to improve procedures and systems, thus lowering risk within the organization.
- 4. Detailed Tracking and Reporting.** With detailed tracking reports on claims losses, defense costs, legal expenses, and reporting to data banks, Washington State Medical Quality Assurance Commission, and CMS, hospital administrators can report data accurately and measure results and expenses separately from hospital-wide trends. The liability for these claims rests with the insurer, not the hospital, and costs can be allocated to the correct profit center.
- 5. Specialized, Timely Risk Management Services.** Experts can advise physicians



**Michael Tronolone, MD, MMM, Medical Director
The Polyclinic
Seattle, Washington**

“Whether we’re on the phone about a grave risk management issue or meeting in person on a routine business matter, the Physicians Insurance staff treats every interaction with equal importance. A consultant is always available when we need one. I’m impressed with the company’s on-site risk management programs.”



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and staff on urgent matters and claim trends by phone, by e-mail, and in person, offering solutions on topics such as medical records, treatment of minors, HIPAA compliance, team communications, dealing with a difficult patient, adverse outcomes, and much more.

6. Specialized Knowledge of Medical Professional Liability.

Navigating medical negligence claims can be a long, complex process. Experienced claims experts can handle the most difficult medical malpractice claims with skill and professionalism. They can also provide access to privileged communications with a psychiatrist who specializes in helping physicians understand and cope with the stresses of claims and lawsuits.

7. Specialized Knowledge of Legal Venues and Attorneys.

In the event of a lawsuit, a

defendant physician and the hospital can benefit from an insurance company's expertise and longevity in the marketplace. A local, experienced company will maintain strong relationships with top plaintiff and defense attorneys and possess in-depth knowledge of the strategies, expert witnesses, arbitrators and mediators, courts, and other participants in the medical professional liability field.

8. Outside Review of Prospective Employees.

The insurance underwriting process offers a different look at a physician's risk exposures and can bring to light issues not addressed in the hospital's credential verification process.

9. Organizational Teamwork Opportunities.

Using a professional liability insurance company creates additional opportunities for combined

risk management efforts focusing on the entire hospital health care team.

10. Better Allocation of Financial Resources.

A hospital that purchases professional liability insurance for its employed physicians does not need to tie up reserve capital for potential claims.

Hospital administrators should consider how outsourcing coverage of employed physicians aligns with patient safety initiatives, handling efficiencies, and budgets.

The Physicians Insurance marketing staff can answer any questions and discuss how these advantages apply to your institution. Please call 1-800-962-1399 (Western Washington & Oregon) or 1-800-962-1398 (Eastern Washington & Idaho), and ask to speak to the Marketing Department, or e-mail me at susan@phyins.com or marketing@phyins.com for assistance.

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