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## Anticipating the Trends: Current Challenges We Face as the State's Leading Medical Professional Liability Insurer

**By Susan Peskura, CPCU, RPLU**  
*Associate Vice President,  
Marketing & Sales  
Physicians Insurance  
A Mutual Company*



No one says it's easy being on top. Physicians Insurance A Mutual Company insures more physicians than any other insurance carrier in Washington. Having physicians continue to entrust their coverage to us requires diligence in understanding health care delivery and controlling claim costs with practical and effective risk management tools and patient safety programs. It also requires a conservative approach to managing our investment portfolio. And to stay on top, the company must provide industry-leading customer service.

### **2009 premiums**

In 2009, thanks to a decline in claim frequency, our member in-

sureds received a 10% decrease in premium rates while continuing to be eligible for our ACCOLADES loss experience credits, which can reduce premium by another 5% up to 20% for members with excellent loss histories. In 2008, the company was also able to return dividends to its members totaling \$5,000,000.

### **Cautious reserve management**

Physicians Insurance manages its assets conservatively. While other financial services organizations suffered weighty blows due to investment in derivatives or otherwise risky securities, more than 90% of our company's assets are placed in a highly rated and well-diversified bond portfolio. The rest is invested in equity mutual funds and short-term investments. This conventional approach to asset management resulted in positive returns on investments and contrasted significantly to overall indices, which were down significantly in 2008.


### **Risk management and patient safety initiatives**

Our focus in risk management and patient safety education lies in augmenting providers' own practice standards with good patient communications skills-building programs, practice safety audits, and patient record-keeping tools.

Our new AVERT (AdVerse Event Response Team) training program incorporates enhanced physician/patient communications skills-building training. It also promotes a patient-focused approach to adverse outcome management. We're also launching Patient SAFE (Patient Safety Assessment for Every Medical Practice), an auditing mechanism clinics can implement to regularly evaluate their patient safety practices. Patient SAFE uses ten parameters for assessing quality care, including maintaining detailed medical records, securing informed consent, and recording known allergies. These risk management programs, as well as numerous Continuing Medical Education courses we provide for our members, are designed to help physicians achieve their professional goal of outstanding patient safety while also lessening the frequency and severity of claims.

### **Regulatory reporting duties**

Challenges facing both insurers and self-insured organizations are their regulatory reporting duties. For many years, payers of medical professional liability claims have reported those payments to the National Practitioner Data Bank and the Medical Quality Assurance Commission. Last year, all payers of medical professional liability claims began reporting outcomes



Marcy Shimada, Executive Director  
Puget Sound Family Physicians and  
Edmonds Family Medicine Clinic, PS,  
Edmonds, WA

"Physicians Insurance has been responsive to our desire to have active risk management. They bring us ideas and programs that we can make our own. It has been beneficial to have PI challenge us to demonstrate our systems for follow-up."

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to the Washington Insurance Department. This year, the Center for Medicare and Medicaid Services (CMS) is requiring all liability insurers and self-insured organizations that pay liability claims to register with CMS and report all their claim payments made to Medicare beneficiaries. Additionally, both insurers and self-insured organizations have a responsibility to assure that their physicians satisfy Washington State's risk management educational mandate. Every three years, physicians must complete a risk management course to maintain their coverage. Regulatory oversight of the health care liability system imposes time

and resource burdens on insurers and on self-insured organizations.

### **Service reigns over price**

Despite the many challenges that face us and our member physicians, we consistently find that our highest value rating comes from the personalized attention we offer to our insureds. Renewal time proves this over and again. Providers wisely compare professional liability rates, and consistently renew with Physicians Insurance because of our personalized attention to their queries. Premiums at times may be less expensive with other carriers; however, nothing compares to a real risk management

expert's voice on the telephone, a representative's clinic visit, or an underwriter's responsiveness to a practice's changing insurance needs.

Staying on top has its challenges. We're willing and able to take them on to meet the needs of the 6,000 physicians and clinics we insure in the Pacific Northwest.

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*Susan Peskura is an Associate Vice President with Physicians Insurance a Mutual Company. Susan can be reached at (206) 343-6530, or SusanP@phyins.com. To learn more about Physicians Insurance A Mutual Co. visit [www.phyins.com](http://www.phyins.com).*

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