

Claims Results: "We Didn't See *That* Coming!"

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Just as adverse events can happen in medicine, adverse business events can happen to practices and hospitals. These risks are often unpredictable and can be significant in both cost and the ability to provide continuing care for patients. The following examples depict different types of unanticipated events and the coverage that helped the physician and practice recover after the outcome.

EVENT: Storm caused power spike, crashing insured's computer system

IMPACT: Clinic rendered nonoperational for 48 hours, employees unable to work or serve patients, data lost, and patient records lost

BENEFITS PROVIDED: Reimbursement for emergency IT services to restore clinic operations as soon as possible and data recovery services to restore lost patient records

PRACTICE TYPE: Primary care clinic of 75 employees

COVERAGE IN PLACE: Business Owners Policy with Equipment Breakdown

RESULT: \$67,136 paid

EVENT: One of four physicians, in a physician-owned clinic, died in a fatal car accident

IMPACT: Remaining physicians needed to quickly put resources in place to provide overflow patient care, as well as consider how to act upon their buy-out agreement and legal next steps

BENEFITS PROVIDED: Tax-free financial policy payout to clinic that covered the buy-out of the widow's inherited interest, costs associated with sourcing temporary support to help service patients, the expense of hiring a new partner, and associated legal fees

PRACTICE TYPE: Dermatology clinic

COVERAGE IN PLACE: Business Buyout Coverage

RESULT: \$1 million paid

EVENT: Employee theft—bookkeeper stole funds for 9 months before being discovered

IMPACT: Loss of revenue and burden of investigating all prior accounting

BENEFITS PROVIDED: Forensic accounting services to determine scope of loss, reimbursement of lost funds, and assistance with recovery action against employee

PRACTICE TYPE: Palliative care center of 42 employees

COVERAGE IN PLACE: Business Owners Policy with Employee Dishonesty

RESULT: \$32,785 paid

EVENT: Solo physician became temporarily disabled after a spinal cord injury

IMPACT: Physician was unable to see patients for 6 months

BENEFIT: Financial policy payout to clinic that covered business expenses to keep clinic running, including salary continuation to retain staff and the hire of a temporary physician to see patients

PRACTICE TYPE: Ophthalmology group with three employees

COVERAGE: Business Overhead Expense Insurance

RESULT: \$60,000 paid over 4 months; clinic able to continue operating at 95% patient retention/revenue during physician's absence

EVENT: Building's hot water pipe burst at night

IMPACT: Extensive physical damage to multiple offices throughout building, affecting carpet, walls, furnishings, and office equipment; clinic was nonoperational and patients had to be directed to other clinics

BENEFITS PROVIDED: Reimbursement for emergency cleanup, repair, and reconstruction of damaged property; replacement of damaged assets; and reimbursement of lost revenue

PRACTICE TYPE: Obstetrics and gynecology clinic of 60 employees

COVERAGE IN PLACE: Business Owners Policy

RESULT: \$132,025 paid

EVENT: RAC audit revealed an incorrect ICD code used repeatedly over several years' time

IMPACT: Repayment demand of \$627,000 and fines and penalties totaling \$250,000

BENEFITS PROVIDED: Defense cost reimbursement and shadow audit to review findings

PRACTICE TYPE: Orthopedic surgery center of 18 physicians

COVERAGE IN PLACE: Billing Errors and Omissions Policy

RESULT: Fines and repayments were reduced to \$250,000 total

EVENT: Vehicle drove through front of clinic and driver fled the scene

IMPACT: Extensive physical damage to front of medical office waiting area

BENEFITS PROVIDED: Reimbursement for cleanup, repair, and reconstruction of property; replacement of damaged furnishings

PRACTICE TYPE: Ophthalmology clinic of 27 employees

COVERAGE IN PLACE: Business Owners Policy

RESULT: \$17,542 paid

For more information about the range of business insurance policies that can protect your clinic, contact Janet Jay with Physicians Insurance Agency at (800) 962-1399 or visit www.phyins.com.

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