

Bay Area Retina Associates
Diseases and Surgery of the Retina and Vitreous

BOR 2025: Insurance Gap Analysis

Do you know your gaps?

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What is an insurance gap analysis?

- Do you have the **types of insurance** your practice needs?
- Do you have the right **amount of coverage** for each policy?

What are we discussing today?

- Insurance that **benefits the practice**,
 - NOT individual MD insurance (individual disability, life)
 - NOT employee benefits (medical, dental, vision, life, etc)

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What kinds of insurance does your practice need to consider?

- **General business** liability
- **Labor**-related liability
- **Crime**-related liability
- **Manpower**-related liability
- **Disaster**-related liability
- **Professional** liability

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General business liability coverage

Business/Property/Umbrella Insurance is broad, necessary coverage, also known as "all risk" coverage

- "Slip & fall" coverage for bodily harm to patients/visitors
- Property damage, damage to landlord's property
- Personal injury (non-physical) such as libel or slander

- Typically has specific exclusions such as professional services, D&O, employee injury, intentional acts

Example:

- A \$4M policy might cost \$20k in annual premiums for a 5-doctor practice




Do I need this?

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Employment Practice Liability

- Protects your business from employee lawsuits for wrongful employment practices.
- **Harrassment, retaliation**
- **Wrongful Termination**
- **Discrimination:** discrimination based on age, gender, etc
- **Wage violation:** wrongful calculation of hours or overtime
- **Wrongful job classification:** misclassified employee status




Do I need this?


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Workers compensation insurance



- Required by law in all states except Texas.
- Requirements vary by state.
- Most of the determination of premiums are not ones that your practice can control
 - Location, business classification, payroll size, claims history



Do I need this?

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
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Commercial Crime

- Employee **theft, embezzlement**
- Third party theft, **robbery**
- **Forgery** including manipulation of checks
- **Fraud** including unauthorized fund transfers

Example:

- A policy with \$500k of coverage might only cost \$300/yr

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Cyber

- **Data recovery** if data is lost or stolen
- **System damage:** repair of damaged computers, networks
- **Extortion** coverage
- **Customer notification** and customer credit monitoring
- Should include **dependent system coverage** (coverage for cyber attack on a system that your practice depends on, like your clearinghouse or EMR)

Some policies are healthcare specific

- **Policies often include access to useful resources** such as cyber preparedness tools, phishing tests, cyber risk reports




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


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Key person insurance(s)

Bigger groups are more able to self-insure

Insures the practice against **lost revenue** if a doctor is unable to work.

- **Disability:**
 - Usually has 90 day waiting period
 - Renewed every 3-5 years: higher cost with increasing physician age / decreasing health.
 - Example: Premium of \$300-\$1,000/month per MD for \$20k/month benefit
- **Life:**
 - Always better to buy the policy when the MD is younger/healthier; get enough coverage!
 - Cost of policy goes up exponentially with age, may not make sense for late career MDs

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Buyout insurance

- Insures the practice against the **cost of buying out** a partner who becomes disabled or dies.
 - This is distinctly **different from key person** coverage for **lost revenue**.
- **Disability trigger**
 - Triggered if disabled long enough to force exit from the practice, typically 12-18 months after disability starts
 - Most practices with discipline can self-insure against this risk
- **Death trigger**
 - Since this coverage is for the buy-out (not lost revenue), risk to practice depends heavily on structure/amount of buy-out

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Buyout insurance: Example


5 physician partner practice

Assumptions:

- Buyout would cost the practice \$750k paid over 3 years (\$250k/yr x3 years)
- Policy would pay out \$500k over 3 years (\$167k/yr x3 years)
- Policy premium for all 5 docs would cost \$10k/yr

If a partner dies or becomes disabled, forcing a buyout from the practice, this policy will cover most of the cost to the practice.

Unless a practice is so large that it can self-insure effectively by saving on the premiums, this type of policy can provide good value.

 Do I need this?



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Business interruption insurance

- **Reimburses** expenses to help cover **overhead** in the event of a business interruption.
 - If MD death/disability, only reimburses overhead expenses
 - **Does not address lost revenue** which far exceeds overhead cost
 - Relevant for a natural disaster that prevents business operations.
 - Typically has 30, 60 or 90-day waiting period.
- **A disciplined practice may be able to self-insure** against this type of liability. Working capital can also help offset this risk.

Example:


- A policy covering up to \$15k/mo per MD might cost \$30k/yr for 8 doctors
- This adds up to coverage of \$1.4M/yr, but only covers overhead costs, not lost revenue
- In the event of a disaster, if you cut payroll and still collect outstanding AR...

  Do I need this?

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Malpractice insurance

- We all generally know what this is for, but malpractice coverage **often includes additional coverage** beyond medical malpractice
- Examples:
 - May include **cyber coverage** such as network asset protection and cyber extortion
 - May include coverage for **errors & omissions** related to billing and coding. This includes defense/negotiations/fines.



Do I need this?

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D&O (Directors & Officers)


- Has value if your practice has executive leaders who are making decisions that could be targeted in a lawsuit.
- If the physicians are making those decisions as business owners, or if the non-physician leadership is making decisions that are deemed low risk from a litigation standpoint, this may not be needed.
 - There are no easy lines to determine when D&O is relevant in a physician-owned practice that has non-physician executive leadership. Consider consulting legal counsel.

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E&O (Errors & Omissions) coverage

- Errors and omissions liability coverage is relevant if your practice is sued for billing mistakes.
 - As noted earlier, this **may already be covered in your malpractice insurance**. Make sure to check!
- Separate E&O insurance is relevant if your practice **determines utilization** for managed care or workers compensation plans.
 - Assuming your retina practice is not involved in utilization determination, separate E&O coverage is not needed.




Do I need this?

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Ok, I'm scared. Now what?



1. Find out who is responsible for reviewing and updating insurances for your practice. Maybe it's you!
2. Make a list of every insurance policy your practice carries including the carrier, policy number, effective date, expiration date, premium amount, etc.
3. Are all your doctors covered? Do you have all the policies you need? Have policies expired and need to be renewed?
4. Can you self-insure in some areas?
5. What system do you have in place to review your insurances regularly?

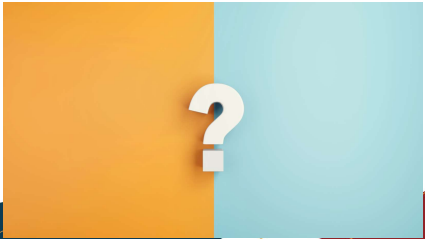
It hurts when you identify a gap after you fell into it!

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