



provisions

Hospitals | \$2.1B

Facilities | \$1.6B

Other Providers | \$1.3B

Physicians | \$5.1B

MPL's
Other Half

Specialty Underwriting

Acquisitions of physician practices by hospitals and other corporate entities increased

25%

from 2019 to 2021.

Physicians Advocacy Institute Study

“This has been going on for probably 40 years. There has been a change from physicians working in solo practice into group practices, into larger groups, and into groups affiliated or groups owned by a health system, similar to the consolidation of our hospitals from individual hospitals into systems.”

Joseph Sellers, MD
President of the Medical Society of the State of New York

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A Word from Shep Tapasak

SPECIALTY UNDERWRITING: Broad Product Lines with a Flexible Approach

The broader healthcare market continues to evolve, particularly in terms of healthcare delivery. Consolidation of healthcare practices, high merger and acquisition activity, and expansion of the roles of allied healthcare providers, among others, play a significant role in current market conditions. ProAssurance Specialty Underwriting is designed to provide coverage options that address the changing dynamics of healthcare.

I sometimes use the analogy of an investment portfolio to describe the structure of the Specialty Underwriting team. It's important to have diversity in your 401(k). Similarly, in insurance, having multiple products in a variety of healthcare spaces puts you in the position to analyze and assess emerging risks and niche opportunities. Defining individual product lines allows us to consider each of these groupings on their own merits in respect to the larger insurance cycle. We have broad product and a broad appetite in Specialty Underwriting and seek to offer flexibility in our approach.

Much of our work is done in the excess and surplus space, an area that is growing rapidly in response to the current medical professional liability market conditions. Writing on E&S paper provides us more room to be creative and set policy terms that are in line with the risk presented. With each market experiencing its own trends, it often makes more sense to take that approach rather than attempting to work within the constraints of the admitted rate filings available.

Working with the team

Our group is in an exciting phase and prepared for growth. In addition to the synergies developed through the NORCAL transaction, our new team members bring fresh ideas and perspectives. We look forward to continuing to update you on our appetite and approach as part of our ongoing response to the evolution of the healthcare market.

The Specialty Underwriting team is always ready to discuss prospects and provide insights on most healthcare sectors/classes. Whether you want to learn more about our E&S products and how we are approaching different areas of business or you want to discuss a specific piece of business you are working with, our team is happy to provide some insight. We want to be a source of expertise for you and your team as we continue to build a strong, productive relationship with our agency and broker partners.



Shep Tapasak
Senior Vice President, Specialty Underwriting

TABLE OF CONTENTS ...

[A Word from Shep Tapasak](#)

[The Decline of the Physician-Owned Practice and Its Impact on HCPL Underwriting](#)

[When a Traditional Solution Won't Fit...Consider Specialty Underwriting Solutions](#)

[Custom Physicians](#)

[Which fits best?](#)

[Hospitals & Healthcare Systems or Miscellaneous Medical?](#)

[Senior Care](#)

[Alternative Risk](#)

[Welcome, John Alexander!](#)

[Inova](#)

[COVID-19's Impact on Peri-operative Services](#)

[TIES THAT BIND](#)

[What's better than relevance?](#)

[Real-time relevance!](#)

[MPL State News](#)

[MPL State Profile: Ohio](#)

[Medical Professional Liability Industry Resources](#)

[The Comments Section](#)

[Don't Miss December's Claims RX: Delayed Diagnosis and Treatment of Spinal Epidural Abscess](#)



PROASSURANCE
Treated Fairly

The Decline of the Physician-Owned Practice and Its Impact on HCPL Underwriting

For two decades, according to a Harvard Business Review study, the percentage of physicians working in small, physician-owned practices has been shrinking and the percentage of physicians working as employees in larger practices, health systems, and hospitals has been increasing.¹ Recent evidence from AMA's most recent biannual Physician Practice Benchmark Survey suggests this trend is accelerating.² Despite these shifts, a McKinsey survey reveals the still strong importance of autonomy for physicians.³

Several long-term developments are likely factors in the trend toward employment and larger practice environments, according to the AMA, most notably increasing practice consolidation, the influx of young physicians entering the workforce who choose employment over ownership, and physicians leaving private practice for employment in hospitals or large health systems.² More recently, the financial strain of the COVID-19 pandemic may also be playing a role in this shift.³

Financial Uncertainty Grew in the Age of COVID

In the McKinsey survey—conducted in 2019 and repeated six weeks into the pandemic—53 percent of independent physicians were worried about their practices surviving, citing the financial uncertainty of the pandemic. Among these physicians, significant minorities were considering alternative practice arrangements including selling their practice (33%) or pursuing employment (40%). While physicians are considering alternative practice models, the report revealed that autonomy is still an important factor for physicians. Among all physicians surveyed in 2019, a large majority (75%) preferred to join an independent physician group over a hospital or health system, a preference that increased to nearly 90 percent in 2020. A further indication of the desire for autonomy is that 26 percent of those physicians who joined a hospital or health system expressed “buyer’s remorse” and an interest in returning to self-employment.³

Practice Ownership Is Decreased While Practice Size Increased

In 2020—for the first time since AMA began their survey in 2012—less than half (49.1%) of patient care physicians worked in a practice wholly owned by physicians, down from 54 percent in 2018 and just over 60 percent in 2012. While the trend has been on a downward trajectory since 2012—decreasing with each survey—the magnitude of the changes is accelerating, decreasing more than five percentage points in 2020 after decreasing less than two percentage points in the previous two surveys.²

With the shift away from practice ownership toward hospitals and hospital-owned practices also comes the increasing likelihood that physicians will work in larger practices. The percentage of physicians working in practices of 25 or more physicians has increased with each survey since 2014 to 25 percent in 2020—an almost six percentage point increase from 2012.²

Younger Physicians Prefer to Be Employed

The trend toward employment rather than ownership and to larger practice sizes is even more pronounced among younger physicians compared to those nearing retirement, as the AMA survey shows. In 2020, 40.9 percent of physicians under 40 worked in practices with 10 or fewer physicians (61.4% of physicians 55 or older) and 66.2 percent worked in practices not wholly owned by physicians (44.6% of physicians 55 or older). This large difference between age groups could suggest that retiring physicians are leaving small practices without being replaced in equal numbers by younger physicians coming out of their residencies.² High medical school debt and the desire for increased financial stability and work-life balance may also be factors driving this trend.⁴

Practice Consolidations Continue to Rise

The changing state of physician employment is part of a larger trend toward consolidation within the healthcare marketplace. A 2021 Physicians Advocacy Institute study on physician practice acquisitions and physician employment noted a 25 percent increase in acquisitions of physician practices by hospitals and other corporate entities from 2019 to 2021, which contributed to a 12.9 percent increase in physician employment by hospitals or corporate entities.⁵

New Healthcare Segments Emerge as Traditional Business Models Shift

These larger trends are impacting the traditional independent physician insured business model of many HCPL insurers. Conning reports, for example, that from 2011 to 2018, physicians’ share of MPL written premium decreased from 65 percent to 55 percent while other (i.e., non-hospital) facilities is the fastest-growing segment of the market, more than doubling written premium from five percent in 2005 to 11 percent in 2018.⁶

These and other market shifts such as the growth of outpatient surgery centers and specialty clinics and the consolidation of independent physician practices into hospital and health systems who often employ self-insurance mechanisms⁷ are a challenge that ProAssurance’s Specialty Underwriting teams are well-equipped to handle, working with agency partners to expand efforts to capture hospital and large group premiums.

Smaller traditional servings:

“for the first time since AMA began their survey in 2012—less than half (49.1%) of patient care physicians worked in a practice wholly-owned by physicians.”

Pickier appetites:

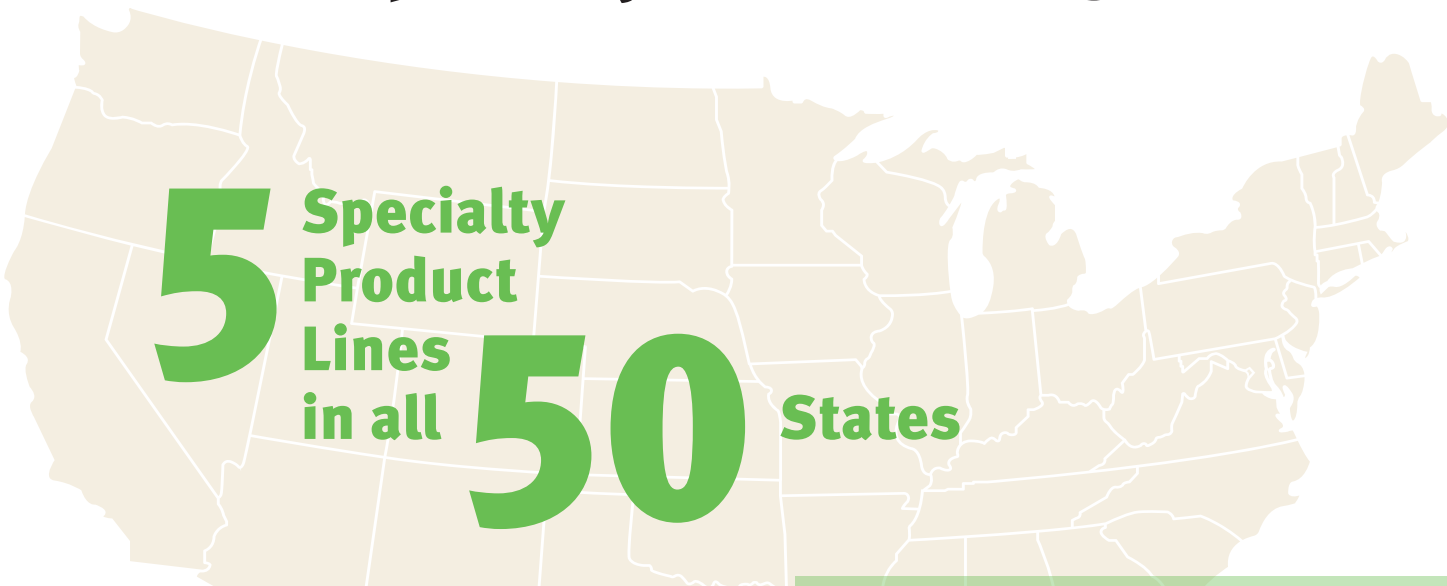
“40.9% of physicians under 40 worked in practices with 10 or fewer physicians and 66.2% worked in practices not wholly owned by physicians.”



References

1. Lovisa Gustafsson, David Blumenthal. “The Pandemic Will Fuel Consolidation in U.S. Health Care.” Harvard Business Review. 3/9/2021.
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7. Susan J. Forray, Chad C. Karls. “A Hardening Market Arrives in Time to Greet a Global Pandemic.” MPL Association. Inside Medical Liability. Q2 2020.

When a Traditional Solution Won't Fit... Consider Specialty Underwriting Solutions



Innovative ProAssurance Specialty Underwriting solutions are available nationwide for custom physicians, hospitals, facilities, and other healthcare providers through five product lines.

- **Custom Physicians**
- **Hospitals & Healthcare Systems**
- **Miscellaneous Medical**
- **Senior Care**
- **Alternative Risk**

Most products offered on an excess & surplus (E&S) basis.*

Submitting Specialty New Business

Route new business submissions to the appropriate **Specialty Underwriting** team when you encounter:

- Multi-state exposures in three or more states
- Multi-state exposures in two or more Standard Underwriting regions
- Accounts generating \$2M or more of gross primary premium
- Accounts on E&S lines

Email submissions to:

- CustomPhysicians@ProAssurance.com
- Hospitals@ProAssurance.com
- MiscMedSubs@ProAssurance.com
- SeniorCare@ProAssurance.com



Offering liability solutions for large multi-state groups, loss-sensitive plans, excess & surplus/nonstandard, telemedicine, stand alone tail, and more.

The ProAssurance Custom Physicians team is dedicated to providing innovative liability solutions for emerging healthcare classes of risks with diverse needs—from telemedicine and virtual medicine to locum tenens and multi-state healthcare accounts.

Working with approved wholesale and national retail brokers to find customized coverage options, we are the single-source solution for those seeking alternatives to standard market medical professional liability coverage. Our Custom Physicians division focuses on retail and wholesale distribution systems and large multistate physician healthcare accounts in order to better serve your needs.

Moving to a Production Underwriting Model

As ProAssurance transitions to a new production underwriting model, the responsibility of establishing and maintaining relationships with brokers and agents now resides with the underwriter. As the relationships develop and strengthen, both sides are able to anticipate the wants and needs of the other to create a more personalized and efficient underwriting process.

In Custom Physicians, we see production underwriting as the height of service and consistency for our producers. It is the natural progression of underwriting authority, empowering high-level underwriters to have more input in and ownership of the agent/underwriter relationship.

When asked about the new structure, one of our senior associate underwriters said she was excited about the opportunity to utilize both her analytical and interpersonal skills. "This is a great opportunity for so many at ProAssurance," she said. "I'm looking forward to what the world of underwriting holds for me."

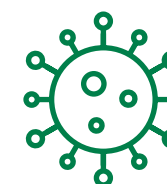
We feel that nurturing the foundation of these individual business relationships—framed by responsibility, accountability, and profitability—will solidify ProAssurance as the preferred market for our business partners and the production underwriting leader in the MPL industry.



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Please send all submissions to CustomPhysicians@ProAssurance.com.

Submissions to the ProAssurance Custom Physicians program are received through approved wholesale brokers. Agents needing access to an approved wholesaler should contact us for assistance.



Preferred Business

We consider physicians, physician groups, and medical facilities based on their unique attributes and requirements including:

- Large, multi-state healthcare accounts*
 - › Radiology groups
 - › Multi-specialty groups
- Other unique physician groups
- Locum tenens and other healthcare staffing
- Telemedicine
- Non-standard, "hard to place" physicians
- Unique and/or experimental practices
 - › Limited autologous stem-cell treatments
 - › COVID treatments and testing
 - › New technologies employed by physician providers
- Stand alone tails (on a limited basis) and prior acts reporting policies (as an alternative to tail and for gaps in prior years of coverage)

*Offered primarily on a surplus lines basis but may consider on an admitted basis where regulatory environment allows. Our application process for each class is tailored specifically to each exposure.

Does your agency need access to E&S placements?

*E&S products must be accessed through an authorized wholesaler. Agencies without an E&S license may benefit from working with the ProAssurance Agency on E&S placements and/or in the event of agent contract limitations. ProAssurance Agency serves appointed agents and brokers nationwide.

Call 844-331-6298, or email PRAAgency@ProAssurance.com.



Which fits best? Hospitals & Healthcare Systems or Miscellaneous Medical?

The ProAssurance Hospitals & Healthcare Systems and Miscellaneous Medical teams provide strong specialty underwriting solutions for hospital, facility, and integrated healthcare system exposures of all sizes and types to address marketplace trends.

While each team has a particular focus, the details of the submission and the states in question result in some overlap on the types of healthcare business they write. This can make submissions difficult if you are uncertain which ProAssurance underwriting team is best suited to handle your business.

We've streamlined the submissions process to shift the burden of these routing decisions to our specialty underwriting teams. After our team receives your submission, they will assess the details and re-route it to the appropriate team if necessary.

Is it a hospital or high excess placement?

YES

NO

Answer a single question to determine where to submit your placement:


We are confident that this simplified submission process will be easier for you, our partners, and offer you peace of mind that your submission will be placed with the underwriting team best equipped to handle it and who can adapt coverage to the unique needs of the organization.

**SUBMIT TO
Hospitals & Healthcare Systems Inbox**
Hospitals@ProAssurance.com



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PROASSURANCE
HOSPITALS &
HEALTHCARE SYSTEMS

Focusing on hospitals and integrated healthcare systems (especially larger placements) as well as additional facilities depending on the state and details of the placement.
This team writes both admitted and E&S business.



PROASSURANCE
MISCELLANEOUS MEDICAL

Providing excess & surplus products for small- to mid-sized operations not handled by the Hospitals & Healthcare Systems team.

The ProAssurance Miscellaneous Medical team has decades of underwriting and claims experience specific to the miscellaneous medical market.

Policies are written on an excess & surplus basis to ensure fit and reliable coverage. Claims are handled by experienced medical professional defense teams. Risk management resources are available online at no additional cost.

Basic Policy Form Features

- Professional liability written on a claims-made form
- General liability written on either a claims-made or occurrence form
- Primary limits up to \$2M per occurrence and \$4M aggregate
- Prior acts available
- Extended reporting period available up to 36 months
- Limits up to \$1M/\$1M hired and non-owned auto liability available
- Legal defense coverage available
- Additional insured coverage available
- Eligible physicians may share in the limits of liability
- \$0 deductible available
- Minimum premiums at \$1M/\$3M limits:
 - › Individuals – \$1,500
 - › Facilities/entities – \$3,500
- Sub-limited sexual abuse
- Employee benefits
- Defense outside the limits
- Incident claim trigger
- Hired/non-owned auto

We are also able to provide blanket additional insureds, primary wording for additional insureds, and waiver of subrogation.

Preferred Business

- Advanced Allied Practitioners
- Allied Medical and Nursing Schools
- Therapy Services (Physical, Occupational, Speech, and Behavioral)
- Home Health
- Hospice
- Laboratories
- Medical Clinics
- Medical Director
- Non-physician Healthcare Staffing
- Specialty Pharmacies
- Dialysis Centers
- Imaging Centers
- Surgery Centers

The classes listed above are for preliminary informational purposes only. Coverages are available in the U.S. only on a surplus lines basis through licensed surplus lines brokers.

The exact coverage afforded by the products described herein is subject to and governed by the terms and conditions of each policy issued.



Offering stock and custom insurance solutions across the full spectrum of senior care from independent living to skilled nursing

The ProAssurance Senior Care team works to tailor solutions that meet the specific risk tolerance and objectives of policyholders. Our aim is to provide sustainable solutions over the long term. We offer quick turnarounds and a creative underwriting team that listens to policyholder needs. Our appetite is flexible and each account is underwritten based on its own merits.

We know every aspect of medical and facility liability from underwriting to risk management to claims. Our tailor-made coverage and knowledge of risk helps bring stability to this long-tail severity insurance market.

Overview

We offer primary and excess professional and general liability insurance on a claims-made basis through surplus lines nationwide.

- Primary and excess coverage available
 - › Professional liability
 - › General liability
 - › Employee benefits liability
 - › Medical payments
- Broad range of limit structures and deductibles available
- In person and online risk management solutions
- Dedicated senior care claims handling team

Coverage Enhancements

- Low deductibles
- Competitive premiums
- Prior acts coverage
- Sexual misconduct coverage
- Evacuation expense reimbursement
- Medical director coverage
- Legal expense coverage
- Additional insured coverage
- Non-owned and hired auto

Dedicated Senior Care Claims Team

ProAssurance Senior Care claims are managed through a carefully established Senior Care Claims team. This team is composed of senior care liability professionals working with national counsel to offer insight and strategies learned from managing senior care claims of all types and sizes.

Senior Care Risk Management

Senior Care insureds receive risk management support at no additional charge, including access to:

- Risk advisors available for consultation via phone and email
- Risk publications covering exposure trends, articles, data, and senior care claim studies
- Onsite or virtual risk management assessments are available upon request

Preferred Business

- Continuing care retirement communities
- Skilled nursing and rehabilitation facilities
- Assisted living and memory care
- Independent living and senior apartments

Preferred Characteristics

- Established operators with stable ownership, exposure, and claims history
- Run by non-profit operators
- Operating in favorable legal jurisdictions

Non-preferred

- Pediatric skilled nursing
- Startup or rapidly expanding operations



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Senior Care Facilities Faring Well Amid the Delta Variant

COVID-19 continues to disproportionately affect older adults and people with disabilities. Since the start of the pandemic, people 65 and older have been at greatest risk of hospitalization and death due to COVID-19 compared to other age groups, and represent nearly 80 percent of all COVID-19 deaths as of September 29, 2021, according to the [CDC](#).

If there's anything positive about the recent Delta variant outbreak, it may be that deaths among older adults in the U.S. have not reached the levels seen earlier in the pandemic, according to a study by the [Kaiser Family Foundation](#). While nursing home deaths in August were the highest reported since February, when 5,300 nursing home residents and staff died of COVID-19, they were still far below the peak of more than 22,000 deaths in December 2020.

This is due, in large part, to older adults being among the first groups prioritized to receive the COVID-19 vaccine. They also have the highest vaccination rate among all age groups, with 83.3 percent of the 65 and older population fully vaccinated as of September 29, 2021. Recent [CDC data](#) show that vaccines remain effective at preventing hospitalizations and deaths.

In fact, states with the highest vaccination rates for older adults—Wisconsin, Maryland, Minnesota, New Mexico, and Massachusetts—experienced comparatively low death rates among older adults during the Delta surge. For example, in Massachusetts, where 88.8 percent of older adults have been vaccinated, the death rate was 28 per 100,000 adults 65 and older, a rate about seven times lower than that of Arkansas during the study period.

It's clear that vaccination rates are a key factor in the number of cases, hospitalizations, and deaths due to COVID-19 occurring during the Delta surge. This is an area where we're doing well. According to the [Centers for Medicare & Medicaid Services](#), as of October 24, 2021, 86 percent of all nursing home residents and 72 percent of all nursing home staff are vaccinated.

The recent endorsement by the CDC of booster shots for older adults and others at high risk of serious illness, including those in nursing homes, could help curb new cases and deaths within senior care facilities.

The ProAssurance Senior Care team is dedicated to the sector and will be here throughout the pandemic to support you and your clients. We continue to offer traditional and custom insurance solutions, as well as tailor-made coverage and risk management services for continuing care retirement communities, skilled nursing and rehabilitation facilities, assisted living and memory care facilities, and independent living and senior apartments.

For more information, please contact Mike Iovine, Assistant Vice President, ProAssurance Senior Care, at 205-877-4420 or MikeIovine@ProAssurance.com. You may send all submissions to SeniorCare@ProAssurance.com.



Providing alternative risk and reinsurance solutions including captives, loss portfolio transfers, fronting agreements, and large risk sharing agreements

ProAssurance and the Specialty team are well-positioned to assist and evaluate the full spectrum of healthcare clients. From hospitals and large physician groups to senior care and allied medical professionals, we've seen an increase of insureds looking beyond the traditional approach to risk transfer. Many large healthcare operations are seeking alternative risk solutions.

We understand there are a myriad of considerations when seeking alternative risk solutions, including:

- An organization's size and growth plans
- Stabilization of risk costs over the long term
- A desire to share in their underwriting and risk results
- A desire to limit the potential burden of a catastrophic event
- A desire to better align with their company's financial and risk management philosophy

Regardless of the reason, we can help address the most complex and unconventional risk valuation and financing needs. Our current reinsurance portfolio includes facultative reinsurance of captives in excess towers, large risk share arrangements (e.g., 50/50 participation), as well as treaty reinsurance relationships that involve many insureds/policies.

Additional solutions for consideration include our captive, Inova—a protected cell segregated portfolio company—whereby we can offer a turnkey approach, including program formation, risk management, and claims administration. This option is targeted to clients seeking a long-term solution with a focus on risk management, claims, and a desire to share some of their risk. Required premium volume typically starts around \$1.5 million.

We can also consider loss portfolio transfers (LPTs) and fronting agreements; however, we've found both work best when ProAssurance provides the claims management services. For fronting agreements, most opportunities are at a minimum fee requirement of \$150,000.

The Alternative Risk team understands that long-term relationships, client-specific analysis of performance results, and an open dialogue about market conditions and overall industry results are the key drivers to our mutual success. We look forward to being a value-added asset in your toolbox and helping you find alternative risk solutions for your clients.

We are pleased to announce that Katy Ladisch has joined ProAssurance as Assistant Vice President of Assumed Reinsurance and Alternative Risk, Specialty HCPL.

Katy has nearly 15 years of experience in the healthcare insurance and reinsurance industries and is responsible for underwriting assumed reinsurance deals, pricing large accounts in collaboration with claims and actuarial reviews, contract and captive policy reviews, coordination of Inova captive (HCPL) deals, and general oversight of all reinsurance/risk share arrangements.



Welcome!

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For more information, reach out to Katy Ladisch or visit proassurance.com/alternative-risk-transfer.

John comes to us with more than three decades of diverse insurance industry leadership experience that includes more than 20 years in medical professional liability coverage. Prior to coming to ProAssurance, he managed a specialized team of financial analysts at the Texas Department of Insurance responsible for identifying and rehabilitating distressed insurance companies. Before that, John held leadership positions in claims and underwriting and was Chief Operating Officer at Texas Medical Liability Trust.

In addition to having skills in regulatory compliance, financial solvency oversight, and turnaround management, John has a successful track record building high performing teams, cultivating profitable business relationships, and implementing effective risk evaluation strategies.

His responsibilities will include portfolio performance through the accomplishment of business growth and retention objectives for the eight states that make up the southwest region. He will strengthen relationships, oversee pricing discipline, and follow underwriting best practices.

John's unique skills and experience will make him a vital member of the ProAssurance team. You can reach him directly at 512-879-5131 and JohnAlexander@ProAssurance.com.



Welcome, John Alexander!
Vice President of Underwriting
for the Southwest Region

Inova Fully Bundled, Turnkey Captives

What is alternative insurance?

Alternative insurance refers to an insurance company controlled by its owners or members that provides insurance to customers.

- Shares in underwriting profits and investment income
- Long-term, stable market solution
- Has a guaranteed cost insurance policy, but is reinsured through an alternative insurance structure
- Inova™ is our alternative insurance brand

S.P.C. Cayman domiciled

- Second largest captive domicile in the world
- Largest healthcare captive domicile in the world
- 90 percent of business from North America
- Healthcare captives represent 34 percent of all captives
- Medical professional liability is the largest primary line, followed by workers' compensation
- \$12.4 billion in premium written
- \$62 billion in total assets under management
- CIMA: Cayman Islands Monetary Authority
- Strong regulatory structure

The Inova Alternative Insurance Service Approach

Fully-Bundled Approach—offering captive guidance every step of the way from program set-up to reinsurance, day-to-day program management, and the annual renewal

Turn-key Operation—the structure and all the necessary services are already in place

Established Partner Relationships

- Global Captive Management (Cayman) – insurance manager
- BDO – auditor
- Sterling Capital Management – investment manager with a separate investment plan for each Segregated Portfolio Cell
- Bank of Butterfield – day to day banking and cash accounts
- CIMA – Cayman Islands Monetary Authority
- Lockton Re – workers' compensation reinsurance broker

Inova Program Reinsurance and Collateral

Medical Professional Liability Reinsurance:

- Specific Retention/Per Professional Incident – Ranging from \$250,000 to \$700,000
- Program Year Aggregate – As a percentage of premium or a specified amount

Workers' Compensation Reinsurance:

- Specific Retention
 - › \$300,000 or \$350,000
 - › Limits of \$120 million
- Aggregate (above floating attachment point)
 - › Attach at 87.5 percent to 95 percent of program year direct written premium
 - › Aggregate limit of \$1.1 million or \$2.1 million

Program Collateral: Required to cover unfunded liabilities, which is the difference between the loss fund and the reinsurance aggregate attachment

- Program collateral will "stack" for a minimum of three years

What Are the Benefits of the Inova Model?

Stable Off-Shore Facility

- Eastern Re Ltd, S.P.C. established in 1987 (Inova Re est. 2018)
- Cayman Islands Monetary Authority regulation
- Segregated portfolio cells statutorily protected from each other

Monthly, Quarterly, and Annual Reporting Package

- Detailed monthly reporting package
- Quarterly actuarial reviews and financials
- Potential program dividends

Dedicated Service Team

- Account management, underwriting, claims, risk management, marketing, accounting, premium audit

Annual Off-Shore Meeting with Senior Management Team

Examples of Active Inova Programs

Healthcare

- Hospitals
- Specialty Physician Groups
- Long-Term Care
- Home Healthcare
- Senior Living Facilities
- Ambulance
- Social Services
- Urgent Care
- Specialty Surgical Centers

Non-Healthcare

- Builders/Contractors
- Wood Processing
- Auto Dealers
- Petroleum Distribution
- Staffing Agencies
- Marine and Recreation
- Food Processors

Where can I learn more about Inova and Alternative Risk Solutions?

Visit the [Eastern Alliance website](http://EasternAlliance.com) to learn more about Inova, captive insurance programs, or to contact the Inova team.

COVID-19's Impact on Peri-operative Services

COVID-19 had a significant impact on the state of surgery at hospitals across the country in 2020, but a new wave of challenges is growing as we reach the end of 2021. By the late spring of 2021, as COVID-19 cases decreased, Caresyntax clients were well-positioned to quickly re-establish—in fact, exceed—pre-pandemic surgical case volumes, but the late summer and fall has seen new challenges, primarily around shuttering operating rooms and finding adequate staffing that greatly affect the state of surgery.

A report from McKinsey & Company found that the average hospital in the U.S. saw a 35 percent reduction in surgical volume from March to July 2020, peaking at 59 percent below 2019 volume in April. At the end of 2020, there was over \$200 billion lost—a toll that continued to grow into early 2021 as the virus rampaged communities across the U.S. Elected surgeries were deferred and as conditions improved, surgical services were strained to recover these volumes.

Our research report, “The State of Surgery: An Analysis of Surgical Trends During the COVID-19 Pandemic,” reveals that Caresyntax digital platform customers completed significantly more cases than the national average throughout these challenges. Hospitals that used CX-INSIGHT to guide decision making in 2020 completed 16 percent more surgeries than those that didn't. Our customers were operating at around 10 percent less volume than 2019 and recovering surgical backlogs faster by the end of 2020, even as COVID-19 cases were skyrocketing.

“...the average hospital in the U.S. saw a 35 percent reduction in surgical volume just from March to July 2020, peaking at 59 percent below 2019 volume in April. At the end of 2020 there was over \$200 billion lost...”

At the October OR Manager Conference in Chicago, Caresyntax was hearing from a vast number of non-client hospitals that they were shuttering operating rooms and struggling to create a schedule of rotation for the others. The factors were common: a continued decline in patients seeking surgery, along with a significant staffing issue. Surgeons who had operated with the same team for years were now never seeing the same team in the OR. There is an extreme shortage of nurses, now further limited by the infection, quarantining, and hospital worker vaccination mandates resulting in double figure layoffs and resignations. Several hospitals reported they are competing for very scarce resources for agency staffing and wages are skyrocketing. Many are finding themselves utilizing surgical staff who average one year of experience.

Caresyntax customers continue to fare much better as they:

1. Leveraged real-time analytics to more granularly understand their market climate week over week.
2. Pivoted sites of care and scheduling approaches and used our custom-tailored restart playbooks to optimize OR concurrent utilization and block time scheduling to restore surgical backlogs and make more efficient use of limited staff.
3. Continued to increase case capacity by improving on-time starts and reducing turnover time.
4. Improved universally, surgical team dynamics, communication, and training.

What COVID-19 has made more apparent is that the operating room has been left behind from all the digital transformations of our healthcare system and care pathways. Caresyntax's Digital Platform accelerates value-based surgical care via our integrated software solution providing increased efficiency, proficiency, and safety leading to better risk, clinical, and financial outcomes.

Caresyntax has designed its Digital Platform to catch up with this digital gap by opening a new era of progress in surgery:

- Enabling new data to be collected from the OR and support surgeons in their pre-, peri-, and post-operative steps.
- Improving operative efficiency and surgical outcomes, and significantly reducing the surgical variability.
- Making risks of medical errors more predictable and shrinking them.
- Reducing the insurance cost through this positive cycle, and developing new business models with insurers through a risk management approach.
- Reducing the costs of the OR and surgeries.
- Changing the way training of surgeons and surgical teams will be done.

Caresyntax is transforming the way ORs and teams are managed, nurses/surgeons are trained, and creating new business opportunities and risk partnerships for all the stakeholders around the OR.

Learn more about ProAssurance's relationship with Caresyntax at <https://bit.ly/3rmxJYN>.

Ties that Bind

Monthly Insights for Selling to Healthcare Professionals

“

Just the mention of a real-time need or concern almost always gets attention and sparks curiosity.

”

What's better than relevance? Real-time relevance!

The COVID-19 pandemic has made healthcare providers busier than ever. How do you get their time and attention to make them aware of the many options ProAssurance offers to protect them? The answer is *relevance*.

Doctors and other clinicians use triage-like thinking to prioritize projects and buying decisions. Those that are relevant and urgent get attention and serious consideration.

As a ProAssurance agent, you offer the right coverage to healthcare providers and facilities at the right time. In other words, *you sell relevance!*

Relevance Is a Moving Target

Have you ever had a prospect appear interested in doing business with you one day only to ignore your follow-up attempts the next? What changed? Again, relevance, or at least their perception of relevance. The prospect's attention has shifted to something they consider a higher priority. What's relevant one day might not be the next, and vice versa. Shifting priorities don't just create obstacles; they also create opportunities. And there's a way to address both.

The Shift To Real-time Relevance

Do you think you might get more appointments, have more engaging conversations, and ultimately sell more if you focus on what truly matters to a prospect at every encounter? Of course! It's about getting real, as in real-time relevance.

Real-time relevance refers to issues and topics that are on your prospect's radar right now. Just the mention of a real-time need or concern almost always gets attention and sparks curiosity. While medical liability is relevant to physicians and healthcare executives, they can defer consideration when it's not a pressing issue.

But if you can show how a line of coverage addresses a problem or concern that's important to them at the current moment, your product becomes real-time relevant.

Telemedicine visits exploded during the early days of the pandemic. Why aren't all HCPs and facilities asking about liability when diagnosing and treating patients virtually?

The reason is a lack of real-time relevance; in other words, they don't see the need, or they're not thinking about it. For example, telemedicine liability is a real-time concern when doctors find themselves more cautious or hesitant during virtual encounters with patients or if they question whether their current coverage is adequate. But if a doctor doesn't perceive any additional risk, maybe because he thinks he's careful or assumes his standard liability coverage protects him, he won't be concerned. The subject of liability protection is not relevant to him in *real-time*.

However, telemedicine itself *is* a relevant topic since it's part of the doctor's practice. Begin with that and then elevate the priority by generating real-time concerns. Open the conversation by asking the doctor about his comfort level with telemedicine. You then mention how easily a clinician could overlook some associated risks (the words *risk* and *telemedicine* should create some curiosity). Next, you discuss specific risks, such as conducting a first-time patient visit via telemedicine. Another risk might be virtual patient consultations across state lines. You explain how standard liability coverage alone might not suffice. If the doctor acknowledges that he needs to manage these risks *now*, you've made liability real-time relevant, and he'll be more open to hearing about solutions.

Selling with *real-time relevance* helps medical professionals connect the dots between their real-time concerns and the solutions you can provide. Use it to show how ProAssurance's standard and specialty product lines fit their needs now and into the future.

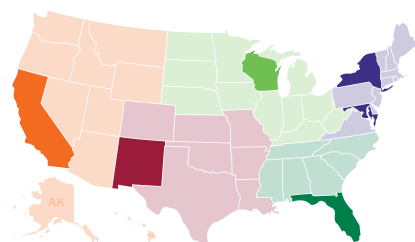


Written by **Mace Horoff** of Medical Sales Performance

Mace Horoff is a representative of **Sales Pilot**. He helps sales teams and individual representatives who sell medical devices, pharmaceuticals, biotechnology, healthcare services, and other healthcare-related products to sell more and earn more by employing a specialized healthcare system.

Have a topic you'd like to see covered? Email your suggestions to AskMarketing@ProAssurance.com.

MPL State News



CALIFORNIA

New California Payment Remittance Addresses—Effective November 5, 2021, we have updated our payment remittance addresses in California. To avoid delays in processing, please advise policyholders who pay by check or use their bank’s BillPay service to use the following new addresses and company name, as indicated on their invoice:

OLD ADDRESS	NEW ADDRESS
NORCAL Mutual Insurance Co. Department 34443 P.O. Box 39000 San Francisco, CA 94139	NORCAL Insurance Company P.O. Box 884443 Los Angeles, CA 90088-4443
NORCAL Mutual P.O. Box 398054 San Francisco, CA 94139	NORCAL Insurance Company P.O. Box 888054 Los Angeles, CA 90088-8054

NEW MEXICO

Change to Minimum Coverage Requirements and Patient Compensation Fund Eligibility for New Mexico Insureds—In March 2021, New Mexico enacted House Bill 75, which increases minimum coverage requirements with regard to the Patient Compensation Fund (PCF) from \$200,000 to \$250,000, effective January 1, 2022. The cap on damages has been increased from \$600,000 to \$750,000.

House Bill 75 also added certified nurse practitioners, clinical nurse specialists, and certified nurse-midwives to the list of eligible PCF participants. Doctors of medicine, doctors of osteopathy, chiropractors, podiatrists, nurse anesthetists, physician’s assistants, and business entities comprised of doctors and medical professionals enrolled in the PCF continue to be eligible to participate in the PCF.

In order to comply with the new law, we will be raising the base limit to \$250,000 and will adjust rates accordingly for all new healthcare providers and policies that renew on and after January 1, 2022. Affected policyholders will be notified of the change in advance of their renewal.

NEW MEXICO

‘We are struggling, we are frustrated.’ New Mexico Again Declares Crisis Standards of Care—New Mexico has, for the second time since the arrival of the COVID-19 pandemic, formally enacted crisis standards of care for the state’s hospital network, owing to a lack of resources sufficient to meet the demand for care. (Las Cruces Sun News)

WISCONSIN

Rock County Jury Finds Doctor Negligent—“If that’s medical negligence, ladies and gentlemen, God help us. That’s the definition of the standard of care, the same process he had used for 40-plus years.”

Robert Vyvyan, of Milton, filed his lawsuit in 2018, claiming malpractice in Brandt’s performance of an upper endoscopy. The procedure involves a probe inserted through the mouth and throat to view Vyvyan’s esophagus. The jury awarded Vyvyan more than \$500,000: \$400,000 for future pain and suffering; \$100,000 for pain and suffering; \$70,000 for medical expenses; and \$12,000 for lost income. (Heart of Illinois)

MARYLAND

Maryland Physician Fined for Attending Legislative Meetings from OR via Zoom—The Maryland Board of Physicians reprimanded a physician and fined her \$15,000 after she attended legislative meetings twice via Zoom while in the operating room, according to documents filed October 16. (Becker’s Hospital Review)

NEW YORK

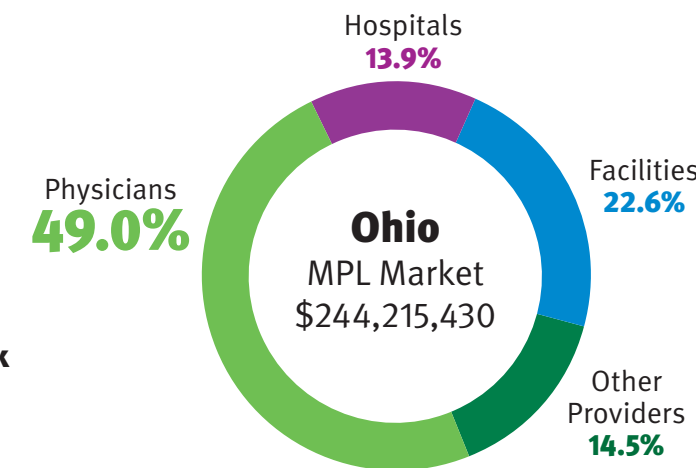
Family Wins \$2.5M Verdict After Long Island Woman Died Following Botched Surgery—The patient, 68, received a surgery to repair a hernia on her upper stomach on February 28, 2013 and was discharged that same day. She died the next day after she got a blood clot that cut off the flow of oxygen to her organs, causing them to fail. (New York Post)

FLORIDA

New Premium Surcharge for Florida Insureds—To comply with an order issued by the Florida Office of Insurance Regulation, we will be assessing a premium surcharge of 0.70% on all 2022 renewals. The purpose of this surcharge is to secure funds for an assessment levied by the Florida Insurance Guaranty Association (FIGA), which handles the claims of insolvent property and casualty insurance companies. We will notify our affected policyholders.

MPL State Profile Ohio

- 11** 2020 Rank in MPL Market
- 5** 2020 ProAssurance Rank
- 14** 2020 NORCAL Rank
- 5** 2021 ProAssurance Post-Merger Rank



Department of Insurance Reporting

Ohio tort reform requires all entities providing medical professional liability insurance (i.e., authorized insurers, surplus lines insurers, risk retention groups, and self-insurers) to report closed claims to the Ohio Department of Insurance. Closed claims data must be reported by May 1. [See the latest report.](#)

The DOI also produces market share reports, though [the most recent](#) is from 2020.

Tort Laws

- **Limits on damages for pain and suffering:** Greater than \$250k or 3x economic damages, max of \$350k/plaintiff, \$500k/occurrence; for catastrophic cases \$500k/plaintiff, \$1M/occurrence
 - › Effective 2003 (§2323.43)
- **Limits on contingent attorney fees:** capped at non-economic damages unless approved by the court
 - › Effective 2003 (§2323.43(F))
- **Reform of collateral source rule:** evidentiary unless rights of subrogation exist
 - › Effective 2003 (§ 2323.55)
- **Periodic payment of future damages:** discretionary over \$50k
 - › Effective 2003 (§ 2323.55)
- **Statute of limitations:** 1 year from discovery, 4 year statute of repose
 - › Effective 2005 (§2305.113)

Pre-Judgment Interest

If pre-judgment interest is allowed because the parties failed to make a good faith effort to settle the case, the rate is the federal short term rate plus three percent.

In the News

Hospital Executive Unable to Serve as Expert Witness (Court News Ohio)

A physician employed in an executive position who does not directly oversee physicians treating patients does not meet the requirements to testify as an expert witness in a medical malpractice lawsuit, the Ohio Supreme Court ruled.

A Supreme Court majority upheld Ohio’s rule requiring that only physicians who spend more than 50 percent of their time in “active clinical practice” can testify as expert witnesses.

The decision overturns a ruling by the Hamilton County Common Pleas Court that found a doctor not negligent based on testimony that should not have been allowed.

ProAssurance Specifics

ProAssurance has a longstanding relationship with Ohio insureds, beginning with assuming the business of Physicians Insurance Company of Ohio (PICO). PICO was founded by Ohio physicians in 1976. This foothold was further expanded in 2004 when ProAssurance purchased the renewal rights to the Ohio Hospital Insurance Company’s MPL business—including physicians, hospitals, and healthcare facilities.

Primary limits: \$1M/\$3M

Insureds can earn premium credit through the Longevity Credit Program after choosing ProAssurance for three consecutive years, with the credit increasing each year up to a maximum credit.

MEDICAL PROFESSIONAL LIABILITY

Industry Resources

How Artificial Intelligence Will Impact the Insurance Industry

Artificial Intelligence (AI) has become one of the largest influences in the insurance industry. Seeing that AI is projected to grow into a \$58.3 billion industry in 2021, according to MarketsandMarkets, the insurance industry would be foolish to not take advantage of AI's benefits. Currently, AI offers faster and more efficient claims management and application processes, and a variety of on-demand insurance services. This, in turn, improves the overall customer experience. This article will explore how AI integration will impact the insurance industry. (TechPresident)

More Physicians Are Now Employees Rather Than Owners—What's Behind the Continued Decline of Independent Practice

An American Medical Association (AMA) survey revealed in May that for the first time, the majority of U.S. physicians (50.2%) are now employees—suggesting the nature of how and where physicians practice is at an inflection point.

That report also showed that the share of physicians who are practice owners dropped to 44 percent. The statistic represented a drop of almost 10 percentage points from 2012, the AMA said, when 53.2 percent of doctors were practice owners.

“This has been going on for probably 40 years,” said Joseph Sellers, MD, president of the Medical Society of the State of New York. “There has been a change from physicians working in solo practice into group practices, into larger groups, and into groups affiliated or groups owned by a health system, similar to the consolidation of our hospitals from individual hospitals into systems.” (Medpage Today)

ERs Are Now Swamped with Seriously Ill Patients—But Many Don't Even Have COVID

Inside the emergency department staff members are struggling to care for patients who are showing up much sicker than they've ever seen.

Terrified of contracting COVID-19, people who were sick with other things did their best to stay away from hospitals. Visits to emergency departments dropped to half their normal levels, according to the Epic Health Research Network, and didn't fully rebound until the summer of 2021.

But now they're too full. Even in parts of the country where COVID-19 isn't overwhelming the health system, patients are showing up to the ER sicker than they were before the pandemic, their diseases more advanced and in need of more complicated care. (NPR)

THE Comments Section

This month's topic: More and More Doctors Abandoning Private Practice

Fewer doctors are opting to run their own small private practices, with more seeking jobs in hospitals or larger medical groups, according to a new report.

These patterns likely reflect broader trends toward consolidation in healthcare, with both insurance companies and hospitals also having grown in size in recent years.

The latest biennial analysis of doctors' practices by the American Medical Association showed an acceleration of a trend away from private practice, defined as a practice wholly owned by physicians. The 2020 results found less than half—49.1 percent—of doctors involved in patient care worked in a private practice, the AMA said in a report released this month.

View the full article.

Source: WebMD

“While a small personal experience within the alarming bigger picture, my younger sibling is a DPT and spent her undergrad years set on pursuing private practice and opening her own clinic post-grad. After a short stint in private practice early on, witnessing the increasingly complex administrative load coupled with the need to wear a variety of hats as an owner (HR, compliance, billing, etc.), her tune changed and she pivoted to employment opportunities. She has been employed with a health system ever since and doesn't see that changing anytime soon.”



Joe Kimichik
Production Underwriter, Standard



Patricia Manzi
Associate Underwriter, Specialty

“Ensuring quality healthcare with the consolidation of healthcare providers and services is possible. Outpatient care that can be achieved in a one-stop-shop setting will enable a more efficient and less costly approach if managed correctly. Close scrutiny for cost and service is imperative.”



Jo'Ethel Fullilove
Senior Underwriter, Specialty

“Good article. Physicians are abandoning private practice to become a part of large health systems and organizations.”

About The Comments Section

The Comments Section is a recurring feature that focuses on an industry article in line with the monthly theme. ProAssurance thought leaders offer insights on the article and how the topic relates to our industry.

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To subscribe or see previous issues, visit ProAssurance.com/ProVisions.

Don't Miss December's *Claims Rx*: Delayed Diagnosis and Treatment of Spinal Epidural Abscess

The combined November/December issue of *Claims Rx* is now available presenting, Delayed Diagnosis and Treatment of Spinal Epidural Abscess. Each month, NORCAL Group publishes *Claims Rx*, featuring claims-based learning or frequently asked policyholder questions, and risk management advice on both clinical and administrative topics. Typically each *Claims Rx* provides an opportunity for NORCAL Group insureds to earn AMA PRA Category 1 Credit™ at no additional cost. After reading an article, insureds can complete a post-activity quiz through MyACCOUNT or the MyNORCAL CME mobile app to receive their CME certificate.

Previous *Claims Rx* issues are available in the online directory.

