

## Interview: How to Evaluate the Value of Your Professional Liability Insurance



**By Patricia A. Costante and William Hyncik, ATC**

As 2012 comes to an end and physicians are preparing the 2013 budget for the upcoming year, it is an optimal time for physicians and practice managers to review their practice's insurance coverage needs for the upcoming year. Finding the right carrier for your practice *for the long-term* is an important decision that should be carefully researched and considered. Patricia A. Costante, Chairman and CEO of [MDAdvantage](#) Insurance Company of New Jersey, sat down with William G. Hyncik, ATC, Director of Princeton Orthopaedic Associates, PA, to discuss the factors that his group considers when selecting a professional liability carrier.

**Patricia A. Costante: Bill, as the administrator of a large orthopaedic practice in New Jersey, you are in the trenches dealing with all of the challenges that physicians face in these increasingly complex times. How does selecting a medical professional liability carrier rank in terms of the most important decisions you make on an annual basis.**

**William G. Hyncik, ATC:** Selecting a medical professional liability carrier is an especially important decision. It is one of the largest expenses for any medical practice, and is a high priority concern of every physician in New Jersey and beyond. Now, more than ever, physicians need to ensure that they align themselves with business partners that share their interests and can provide them with the support they need to operate their practice safely and effectively.

**Costante: What factors are important to you when you are selecting your medical professional liability carrier?**

**Hyncik:** On its surface, medical professional liability coverage appears to be a commodity that is similar across all insurance companies. It takes a bit more digging into the specific details of the coverage and services available to understand that there are significant differences among the companies providing medical professional liability coverage. Generally speaking, the most important factors for me and the physicians in our group are the financial stability and reputation of the company, along with the willingness of senior management to maintain an ongoing partnership with me and the physicians at the practice. Additional factors include the willingness of the carrier to provide resources for risk management and risk reduction, orientation programs

for physicians new to practice, and guidance on the use of physician extenders, such as physician assistants.

**Costante: How important is it to you and the physicians at your practice that your liability insurer understands your business needs?**

Hyncik: It is very important that our insurance company understands not only the legal aspects of a physician practice, but also the business challenges we face. Now with the myriad of changes coming as a result of the [Affordable Care Act](#), physicians are going to be facing new types of risks. We need a carrier that can proactively educate physicians on potential issues that could impact them.

**Costante: How closely do you work in partnership with your broker? How much contact do you have with your broker throughout the year?**

I work closely with my broker on an ongoing basis. For me, the conversation about coverage and the services available to me is not an annual one, but rather continues throughout the year as we make changes to our practice structure and staff. The brokers are aware of what is going on in the market, and can be a valuable resource if you take advantage.

### ***Key Questions to Ask Your Broker When Choosing a Medical Professional Liability Insurance Company***

- What types of coverage are available?
- What type of carrier is it (stock company, private company, mutual or reciprocal carrier)?
- Does the carrier offer any discounts through my specialty society?
- Can I earn additional premium discounts by utilizing certain office systems or participating in educational programs?
- Are part-time rates available for my specialty?
- What types of premium financing options are available?
- What is the company's reputation in defending against claims?
- Will I have easy access to key staff and senior management?
- Do I have the opportunity to consent to any settlement made on my behalf?
- Are risk management services provided that are relevant and accessible to me?
- Does the company use highly rated reinsurance carriers?
- What are my extended reporting (tail) coverage options if I retire or decide to move to a practice covered by another carrier?
- Will the carrier cover my locum tenens?
- Is the carrier likely to remain in the New Jersey market when the next market downturn occurs?
- Does the carrier offer reasonably priced corporate coverage? Are shared limits on corporate coverage available?

**Costante: Beyond defense of claims, in what other ways do you rely on your professional liability insurer to assist with protecting your practice?**

**Hyncik:** I rely on our insurance carrier to proactively assist me in protecting the physicians in my practice. If there is a potential liability issue that arises, I want to know about it so I can make sure the physicians in my practice are taking the appropriate precautions. Also, I may reach out for guidance on issues not relating to professional liability. For example, if a physician receives a letter of complaint from the Board of Medical Examiners, I want the insurance carrier to review the letter and advise how best to respond, even if it is a non-medically oriented complaint. I also participate in a Practice Manager Advisory Committee that allows me to share information with my peers in similar practice environments and provides an opportunity for members to understand processes, make recommendations, and brush up on areas such as compliance. For example, at one Advisory Committee meeting, a discussion was held and resources were provided regarding the needs and requirements for hearing impaired patients. After the meeting, I shared the information with my staff, and sure enough a patient encounter resulted in the use of the information provided.

**Costante: How important is accessibility of senior management to you?**

**Hyncik:** Personally, I find it helpful to know that my carrier is located nearby, and is available to speak with me when the need arises. For instance, I may want to discuss an upcoming change to my practice, such as a new hire or the acquisition of a new practice. Being able to pick up the phone and talk to someone about the implications of the action before hand is valuable to me. One recent example was when I was considering the addition of trauma coverage to our practice service line, and I wanted to learn more about how it would affect our individual physicians and their malpractice premiums.

**Costante: From time to time, carriers try to enter the New Jersey market with very low initial rates in order to quickly obtain a presence. What advice do you have for practices that receive premium quotations in the coming year that are significantly reduced from what they are currently paying?**

**Hyncik:** I would say that they should proceed with caution. Obviously, these situations can be particularly enticing for physicians who are all fighting to manage expenses. However, you don't want to make a decision that will be even more costly in the long run. Should you ever need the assistance of your professional liability carrier to defend you against a claim, be sure that you know what you are getting. Ask your broker many questions, such as how many other practices within your specialty and state are insured by the new carrier. What you get for your investment should be more than just the piece of paper that your policy is printed on. You should get an advocate, a support system and most importantly an ally that understands what you need to manage your practice and treat your patients effectively. It is important that the business partnership that occurs between physicians and their insurance carrier is a mutually beneficial relationship over the long haul.

**Costante:** Thank you for sharing your insight on this topic.