

Taking the Temperature of Medical Clinic Risks

by Dan Springman

The number of retail medical clinics nationwide has expanded from 200 in 2006, to nearly 1,600 today.¹ Urgent care “walk in” style clinics are now an estimated \$14.5 billion business.² Once derogatorily tagged “doc-in-a-boxes,” these convenience-focused medical clinics are rising in stature to play an important role in post-Affordable Care Act healthcare. Thinking about insurance for this booming segment must advance as well.

With the passage of the Affordable Care Act, millions of newly insured Americans are tapping into America’s healthcare system. The shortage of primary care physicians³ coupled with the all-American appeal of local, on-demand access is spurring the rapid rise of walk-in style clinics to deliver healthcare. CVS Caremark, for instance, has added 200 new retail clinics since 2011, and has another 850 planned by 2017.⁴ Similar clinics are sprouting up in other pharmacies, big box stores, and large retail locations.

Urgent care clinics have caught the attention of private equity firms, as well as physicians and regional and local hospital systems, which are investing in these enterprises or are otherwise seeking to align their operations with healthcare’s wave of the future.

Diverse Services & Staffing

The services provided by these clinics are diverse, ranging from vaccinations and vital signs monitoring, to setting broken bones, caring for wounds, and – the most common diagnoses in urgent care centers in 2012 – addressing upper respiratory conditions.⁵ As urgent care facilities prove less costly and more accessible than emergency rooms, these clinics will increasingly be embraced as the first-line of medicine for those with everything from heart attack symptoms to serious allergic reactions.

Just as the specific health services delivered at these clinics

1. & 4. Zamosky, Lisa, What retail clinic growth can teach physicians about patient demand, Medical Economics, 1/8/2014. <http://medicaleconomics.modernmedicine.com/medical-economics/news/what-retail-clinic-growth-can-teach-physicians-about-patient-demand>

2. Creswell, Julie, Race is on to Provide from Rise of Urgent Care, The New York Times, July 9, 2014. http://www.nytimes.com/2014/07/10/business/race-is-on-to-profit-from-rise-of-urgent-care.html?_r=0

3. <http://www.npr.org/2012/08/07/158370069/the-prognosis-for-the-shortage-in-primary-care>

5. Urgent Care Association of America, “2012 Urgent Care Benchmarking Survey Results.” Urgent Care Industry Information Kit. 2013. Online at <http://www.ucaoa.org/docs/urgentcare-mediakit%202013.pdf> (from Rodak, Sabrina, 25 Things to Know About Urgent Care, August 19, 2013)

varies, so does their staffing. Some facilities have a physician on staff and onsite. Others have physicians supervising from afar, with physician assistants and/or nurses handling day to day issues. Still others have no physician oversight. Regulations pertaining to these clinics vary by state, and continue to evolve. As the industry grows, so does regulatory scrutiny.

Multiple Ailments

Along with the usual risks of errors or omissions in treatment, these walk-in clinics usher in unique issues that can exacerbate their exposure. Healthcare providers in these settings typically have limited patient background information on hand, which can make diagnosing tricky. The high volume nature of these clinics also means providers are diagnosing many patients quickly. Misdiagnoses are inevitable.

Coordinating care is difficult. Communication between a patient's primary care and urgent care physician may be limited or non-existent. Important information on things like conflicting medications or essential follow up care could fall through the cracks.

Alignment of patient-provider expectations can be a challenge. Many of the patients using these clinics are newly insured, seeking medical care for the first time. Is a patient expecting a clinic's nurse practitioner to pick up on their heart condition?

What is the standard of care at these clinics? Generally speaking, standards of care will vary based on the certification of the healthcare providers, the services they provide and, perhaps, the demands of the patient population.

The location and nature of these clinics, springing up in strip malls and busy retail environments, means they see more foot traffic than a typical primary care physician's office. They are then more vulnerable to "slip and fall" claims.

Privacy and security liability exposure, a challenge across the healthcare spectrum, is especially pronounced for clinics. On a typical day, these clinics might collect 10 times the volume of patients' personal information (financial, PHI, etc.) than a traditional physician's office. Beyond the prospect of liability if information is breached, these clinics must also worry about how they would handle the costly and complex business of responding to a breach – from notifying patients to managing the potential reputational fallout of a widely publicized data leak.

Insurance Market Prognosis

The growth of medical clinics has not gone unnoticed by insurance providers, and new entrants have been drawn to the prospect of underwriting what from a distance might appear

to be a relatively benign class of medical professional liability exposures. For instance, writing a clinic only, despite potentially enormous physician exposures, is not a sustainable strategy. Even one bad claim can prove problematic for the insurance carrier.

Properly Treating the Risk

At Beazley, we take a consistent, long term approach to keep retail and urgent care clinics and their physicians and staff well protected. We start with physicians and staffing – and work from there to understand the risk and the coverages required for insurance to work as it should – and as the clinic and its doctors will expect when a claim occurs.

We look at issues such as who is staffing the clinic, what are the clinic's hours of operation, and how is it staffed during those hours? Is the clinic in a remote location or centralized in a busy mall? How many patients do providers see in a day? (A doctor seeing 30 patients daily can provide a different level of care than one seeing twice that.)

Our policy blends smartly-written medical professional liability coverage for the clinic and its healthcare providers with a healthy dose of general liability insurance, commensurate with the clinic's risk. Products liability coverage encompasses products that clinics may sell onsite, such as nebulizers or crutches.

Beazley Breach Response (BBR), available as an enhancement, extends robust coverage for the expenses a clinic will incur if it needs to respond to a data breach. BBR also puts experts at the ready for clinics to mount a well-coordinated response to the incident.

If insuring healthcare's newest "it" sector is left to novices, the risk of complications is high. Beazley provides the risk management and claims expertise these clinics need to thrive.

Dan Springman is an underwriter in the Private Enterprise/ Small Business unit of Beazley Group.



Dan Springman
Underwriter
Chicago, IL
dan.springman@beazley.com

beazley

This article is prepared and edited by Beazley Group, and is published with the understanding that neither it nor the editors or authors is responsible for inaccurate information. The information set forth in this article should not be construed nor relied upon as legal advice and is not intended as a substitute for consultation with counsel. The descriptions contained in this communication are for preliminary informational purposes only. In the admitted market, coverage is provided by Beazley Insurance Company, Inc. The exact coverage afforded by the products described herein is subject to and governed by the terms and conditions of each policy issued. The publication and delivery of the information contained herein is not intended as a solicitation for the purchase of insurance on any US risk. Beazley USA Services, Inc. is licensed and regulated by insurance regulatory authorities in the respective states of the US and transacts business in the State of California as Beazley Insurance Services (License#: 0G55497). © 2014 Beazley Group