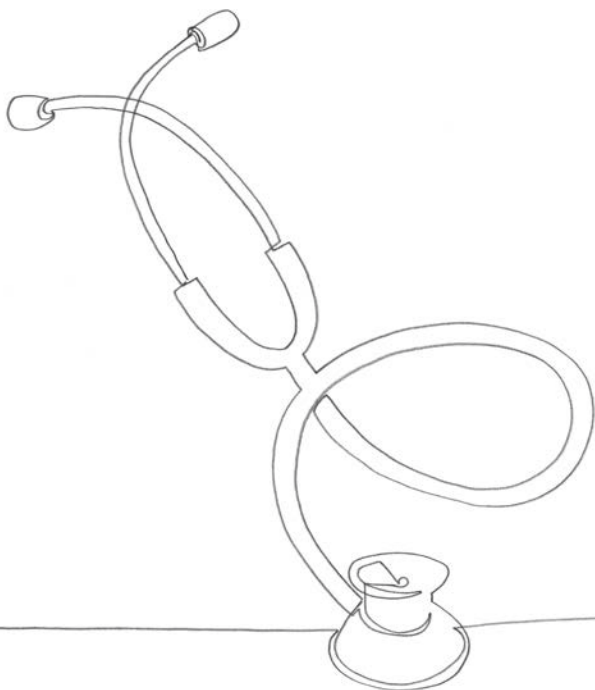


Beazley Insight

Home Healthcare: As Business Booms, Risks Mount

By Dan Springman



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There are already over 4.9 million home healthcare patients – most aged 65 and over¹ – and this population is set to explode, as the number of Americans over the age of 65 is expected to grow to 21.7% of the population by 2040.² Indeed, America's massive baby boomer generation is on the fast track to home healthcare.

Already a \$89 billion industry,³ the home healthcare sector is growing fast as well, with new businesses springing up nationwide, especially in warmer climate states like Florida, California, Texas and Arizona that attract retirees. According to the SSA, a man and woman reaching age 65 today can expect to live, on average, until age 84.3 and 86.6 years, respectively.⁴ Because of this, individuals can require many years of services from a provider once they are in the medical system. While the opportunity for home healthcare businesses is vast, so too are the exposures associated with it.

What the risk looks like

On the surface, home healthcare may seem to encompass relatively benign services, such as running errands for the homebound elderly or making sure they take their medications. But the risks are diverse and potentially severe in nature – which helps explain the inconsistency seen in the medical professional liability market for this class.

The services rendered by a home healthcare provider can run from bathing a patient to providing injections or intravenous therapy. Simply providing on-on-one personal care, like bathing, can leave a home healthcare worker exposed to one of the most common claims such as hot water burns or sexual molestation accusation(s). Even a slip or fall by a fragile patient (tripping on a turned up rug, for example) can result in a medical professional liability claim if the fall is judged to be caused by the aid's negligence.

With home care becoming ever more sophisticated, the risk is escalating. For instance, it is increasingly common for cancer

1 Data based on the year 2013.

Source: <https://www.cdc.gov/nchs/fastats/home-health-care.html>

2 U.S. Census

3 <http://www.ibisworld.com/industry/default.aspx?indid=1579>

4 <https://www.ssa.gov/planners/lifeexpectancy.html>

patients to receive drug infusion therapies at home. If there is something wrong with the medicine – the timing, dosage or administration – the home healthcare provider may face blame.

Equipment brought in to the home or recommended by the home healthcare provider may not work as expected: special bedding chosen by the agency still allows serious bedsores to develop, a wheelchair ramp installed by the agency's contractor collapses, the ergonomics of the in-home hospital bed are improperly set and the patient suffers a serious fall out of the bed. In all of these scenarios, the blame (and damages) may be laid on the home healthcare provider.

Making matters worse, juries deciding medical professional liability awards can be notoriously volatile. Jurisdictions in certain states – Florida among them – are known to be severely anti-defendant. Regulations are tightening, with Texas leading the way to provide public access to information on quality of home healthcare providers, including regulatory fines, penalties, and claims.

Hired and Non-Owned Automobile Liability must also be considered for this class, especially when the home healthcare business does not provide vehicles. Workers drive themselves to and from the office to the client's premises. As a critical component of managing this risk, home healthcare providers should require workers to carry a minimum of \$100,000 per occurrence and \$300,000 in the aggregate in personal auto liability limits. Reason being, in the event of an accident, the individual's auto insurance will always act as the "primary" insurance, but once the personal limits are exhausted, the company is left with any remaining balance from the claim.

A new and critical frontier for this risk is privacy and security liability. Home healthcare workers are busy, often running back and forth between jobs – with a patient's personal health information in hand and on anything from laptops, to paper files, to zip drives. There are countless exposures – from lost notebooks retrieved by neighbors, to a home healthcare business' computer security being breached, putting a patient's personal health information at risk. In these situations, home healthcare providers face the challenges of regulatory investigations, fines and penalties; the logistics and costs of notifying breach victims, and potential liability.

Bringing coverage together with ease

Beazley provides state-of-the-art miscellaneous medical professional & general liability insurance for growing home healthcare organizations. While the exposure is multi-faceted and complex, we have learned from experience how to

simplify the underwriting process – and make it easy for brokers to provide this booming sector with far-reaching coverage that addresses the sector’s specific risks.

Company revenue, previous claims history, employee count (and employee longevity and pay scales – indicative of employee job satisfaction) are all factors used in underwriting the coverages that fit the nooks and crannies of these risks. Our coverage for home healthcare providers can include coverage for:

- miscellaneous medical professional liability
- general liability – including products
- privacy liability – including notification costs and breach response services
- abuse and molestation liability
- hired and non-owned auto liability
- employee benefits liability
- stop gap coverage for the monopolistic states

Beazley’s appetite for home healthcare risks encompass a full spectrum of risk size from the single person startup operations all the way to some of the largest home health staffing firms in the US.

Home healthcare is a booming segment of an aging America. Beazley is an insurance carrier with the right perspective and experience that can underwrite home healthcare risks efficiently for brokers and clients – and provide consistent, reliable protection for home healthcare providers.

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