



## NORTH CAROLINA'S SOURCE FOR IMPORTANT PHYSICIAN INFORMATION

### Insurance Coverage for Bariatric Surgery

Bariatric surgery is the fastest growing medical procedure for treatment of the morbidly obese. It is helping many patients and holds the promise of long term improved health and wellness. However, the new and emerging bariatric surgery techniques, coupled with a high-risk patient population, have created a significantly increased likelihood of adverse surgical outcomes.

These adverse outcome uncertainties, the growth in the number of surgeons who perform the surgery, and the explosion in the number of patients who undergo the operation present MAG Mutual with a serious dilemma of escalating proportions. *How do we fund the higher claims cost for those few MAG Mutual insureds who perform bariatric surgery without impacting the rates of the majority of our insureds who do not?*

**Your Board of Directors recently determined that surgeons who perform bariatric surgery for the treatment of obesity do not meet MAG Mutual Insurance Company's standard underwriting guidelines. However, they may qualify for coverage, but only with special underwriting considerations.**

Surgeons who currently perform or assist in bariatric procedures and meet specialized underwriting guidelines will continue to have the same basic coverages as their current policy. However, because of the higher loss exposure inherent in bariatric surgery, the renewal policy will differ from their current coverage in two important aspects:

- The maximum limits of coverage available will be \$1,000,000 per claim and \$3,000,000 aggregate per year. Organizational protection will share the surgeon's limits.
- Individual premiums, while reflective of the specific characteristics of each bariatric practice, will be significantly higher than current premiums.

*(continued on page 2)*

### A.M. Best Reaffirms MAG Mutual Insurance Company's A- (Excellent) Rating

MAG Mutual Insurance Company is one of only a few PIAA medical specialty providers in the nation able to reaffirm their A.M. Best Company A- ("Excellent") rating again this year. In addition, MAG Mutual is one of a handful of surviving companies continuing to insure physicians in the Southeastern states.

The rating report from the A.M. Best Company represents an independent opinion from the leading provider of insurer ratings and depicts the company's financial strength and ability to meet its obligations to policyholders.

### Risk Management Tips

*When you don't know all the facts...*

Sometimes criticizing other treating physicians can encourage lawsuits. Frequently, the complete set of facts concerning the patient's previous treatment is unknown and criticism based on limited knowledge is irresponsible. Was the standard of care met or was there a reasonable difference in clinical judgment?

How should you proceed when you or the patient believes the former treating physician has breached the standard of care?

1. Discussion with the prior treating physician is always a good first step
2. If you agree with the prior treating physician, explain to the patient why you believe the treatment was correct or appropriate
3. If you disagree, explain to the patient how you reached your conclusion with objective, factual information. Stick to the facts without blame
4. Do not belittle any complication
5. Do not use words that might wrongly imply negligence (e.g. error, wrong, mistake, accident)

Your first priority is to reassure the patient about treatment options going forward, showing sincere interest and commitment to resolving the problem.

The determination of negligence is a legal consideration better decided in the courtroom. Patients will interpret a physician's negative, uninformed comment as an expert opinion, possibly precipitating an unwarranted lawsuit.

In all cases, whether you've talked to the patient or communicated with the former treating physician, document your conversations and your recommendations.

For assistance in managing specific situations, contact your risk management consultant, Kris Kuzenski at 866-798-5281. ●





## Did You Know...

*You can buy medical practice supplies at discounted prices?*

As a MAG Mutual member, you can buy the same supplies you are currently using and enjoy a typical overall savings of 12-15 percent! Save your practice money through the MAG Mutual and ILS National, LLC group purchasing program, on the following medical practice supplies:

- Medical supplies
- Office supplies
- Laboratory supplies
- Pharmacy supplies
- Record storage
- Medical waste disposal
- Much, much more...

For a free, confidential, no-obligation analysis of your current purchases and comparison with our pricing, call 888-249-7880, toll free, for your MAG Mutual/ILS program representative.

## Employee Embezzlement Costs Your Practice Money

*Starting this month and continuing through the next two issues, we'll discuss employee dishonesty and provide you with possible solutions to the problem.*

It usually starts small. An employee "borrows" money with the intention of paying it back. But then it grows. It's easy to keep "borrowing" because no one knows and no one is keeping tabs on your practice's accounts. Or to make matters worse, your trusted, dependable bookkeeper and friend of six years has been repeatedly embezzling funds.

Embezzlement takes many forms. Among the most common in a physician's office involves stealing co-pays. These cash payments of \$10, \$15 and \$20 are sometimes hard to resist for a dishonest employee. And if that employee doesn't process the insurance claim associated with the co-pay, the practice can lose even larger sums.

Prevention is your best defense. Here are several things you can do to protect yourself:

- Segregate employees' duties – the employee who receives the funds should not be the one disbursing the money
- Conduct thorough background checks for all employees who have access to your practice's funds and assets
- Pay attention to employees who are living beyond their means or experiencing unusual financial problems – the Association of Certified Fraud Examiners says the average fraud scheme lasts 18 months before it is detected

Fraud and embezzlement grows larger every year. Be proactive and stay involved with your practice and the record-keeping process. For more information, please call Chip Goen at 404-842-5584 or 800-282-4882 ext. 5584. ●

*In the next issue, we will provide you with several real case studies of employee dishonesty and how the practices dealt with the problem.*

*(Insurance Coverage for Bariatric Surgery, continued from page 1)*

The Board of Directors also authorized an endorsement to the MAG Mutual policy that will **specifically exclude coverage for bariatric surgical procedures for the treatment of obesity.**

Beginning January 1, 2005, we will begin to add this endorsement to all professional liability policies at renewal, except for those policies individually underwritten with the special bariatric surgery guidelines previously mentioned.

Surgeons potentially impacted by these changes will receive more detailed information.

If you have any questions or comments, please call Jay Tasker or Lisa Coppolino at 800-282-4882. ●

*MAG Mutual does not presume to establish any standard of care or establish rules for the practice of medicine. Material in this newsletter does not constitute legal advice.*

**Need to file a claim? Call our Raleigh Office at 866-798-5281.**

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