

Preventive Action

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Can Your Practice Survive a Disaster?



With the recent increase in the number of natural disasters, the approach of the anticipated active hurricane season, and potential threat of man-made disasters, dentists should review policies and procedures related to their individual disaster and recovery plans.

Just as you train to handle emergency medical situations that might arise, anticipating and preparing contingency plans for coping with natural and man-made disasters can make a significant difference in how well your practice survives the impact of such an event. Without a predefined plan to protect and recover operations, the odds are that most private practices will be unable to survive an extended business interruption. Recovery planning is essential. Even a minor business interruption can destroy a small business or private practice.

To place a potential interruption of your practice into better focus, consider what occurred, or rather failed to occur following Hurricane Katrina in 2005. At three months post-Katrina, 75 percent of New Orleans remained uninhabitable.¹ Three out of four private-practice doctors had failed to return to their practices² and only two of nine pre-Katrina hospitals were open.¹ At five months post-Katrina, seven of those nine hospitals remained closed.³ Two years after Katrina occurred, the private medical practices in the New Orleans area had not fully recovered. While having your office burn down or blow away would present a financial hardship to be sure, surviving without a revenue stream for an extended period of time is the more serious threat and challenge to financial recovery.

In developing a preparedness plan, consider your patients, your employees and staff members, the physical assets, and the supporting business associates of the practice. Effective loss prevention measures should be addressed as part of preparedness and recovery procedures.

Disaster and recovery planning is an integral component of risk management entailing:

- Self-assessment
- Business impact analysis
- Asset protection; and
- Recovery measures

Self-Assessment

Begin your D&R plan by conducting a self-assessment. Ask yourself if the practice can withstand a disruption. Is the practice likely to survive following the disruption? If so, for how long can it survive financially and to what extent? A few questions to address in a self-assessment include:

- What aspects of the practice need to be operational as soon as possible?
- Do you currently have a disaster response plan in place?
- Are vital records protected?
- Can the practice remain open, even if you cannot use or reach the office?

Business Impact Analysis

Conducting a business impact analysis (BIA) is a fundamental component of managing risk of any kind. All levels of staff should be asked to participate in the BIA. Analyze each of the critical processes that must be recovered following an unplanned disruption. Realistically consider the recovery time objectives associated with each of those processes. Estimate the economic impact that a disruption in each critical process will have to the practice cumulatively.

Do not assume that the same labs will be operable or that the same level of diagnostic services will remain available. A BIA should consider both diminished market share as well as

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For comments, questions or to obtain additional copies contact the First Professionals Insurance Company Risk Management department at 800-741-3742, ext. 3016.

Cliff Rapp
Vice President of Risk Management
Editor-in-Chief

Linda Blythe
Risk Management Consultant

Ruth Lopes
Risk Management Consultant

Joseph Putz
Risk Management Consultant

Sandra C. Strickland
Risk Management Consultant

First Professionals Insurance Company
1000 Riverside Avenue, Suite 800
Jacksonville, FL 32204

800-741-3742
Local 904-354-5910
Fax 904-354-6132

www.firstprofessionals.com

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increased market share. Indeed, your practice might very well be the only one in town that is up and running.

Normally, your practice relies on services provided by other business and professional entities. The availability of these ancillary and derivative services that could possibly impact your practice operations following a disaster include:

- Pharmacies
- Diagnostic centers
- Hospitals
- Labs
- Imaging centers
- Dental & pharmaceutical supplies
- Billing and collections

Asset Protection

In terms of asset protection, consider the fact that your practice has both tangible and intangible assets – they may be the obvious and the not so obvious: the building, property and equipment, accounts receivable, ancillary investment and revenue streams and even the equity in the practice itself. When identifying your assets, include your employees, your “customer base” (patients), the tremendous amount of time that you have invested in the practice, and the future earnings potential of the practice. One of the major mistakes made in managing the risk of business interruption is limiting asset protection to that of tangible property.

A fundamental component of disaster planning is risk transfer – namely insurance. However, remember that not all losses can or will be covered by insurance. There will almost certainly be non-covered situations and unforeseen expenses due to policy deductibles, exclusions, depreciation factors, policy limits and damage caps. An important type of insurance to consider is business interruption coverage. This type of coverage helps to protect against economic loss due to lost revenue attributed to forced closure of the practice.

It is always a good idea to take photos or video of the practice to complement your inventory list. Secure insurance policies and other important documents at a location other than your practice. Maintain a current list of insurance agents and company contact information, as well as a listing of the other vendors your practice relies upon.

Recovery Measures

As part of a comprehensive recovery strategy, a business recovery plan should serve as a repository of critical recovery information to minimize both upstream and downstream losses. An important factor in successful business recovery is the availability of a temporary recovery location. This could include an agreement to work out of the office of another practitioner in the event a peril is confined solely to your office or location. Temporary space will likely be at premium, if available at all, following a hurricane or major storm.

Several assumptions should be considered when developing your business recovery plan:

- Practices and partnerships can and do dissolve
- Practice acquisitions and mergers often occur
- Downsizing can occur and greater outsourcing may be necessary

- Most practices will undergo a change of dependency in their distribution network to accommodate new market conditions
- Federal and state regulations may be implemented
- Local zoning and building codes can and do impact business recovery

Implementing a Plan

Now is the time to evaluate preparedness procedures, meet with office staff and address these issues. The use of a D&R Plan is an efficient loss prevention measure. Seek guidance from your insurance agent, accountant or personal attorney. An hour or two spent discussing preparedness can help avoid chaos and confusion, reduce exposure to loss and maintain patient safety if and when your practice is faced with a disaster.

While there is no one way to predict how well a medical practice will survive the next disaster, one thing is for certain: some things will be temporary, some things will be permanent, some things will be worse, and some things will be better, but nothing will ever be the same.

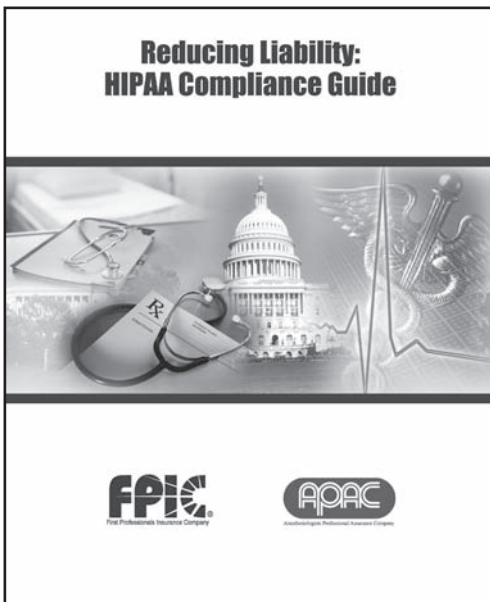
References

- ¹ USA Today, December 19, 2005
- ² Parish County Medical Society
- ³ Louisiana Hospital Association

First Professionals Insurance Company has developed an easy-to-use guide, *Disaster and Recovery Plan: Physician Office Practice*, to help identify key areas of a medical practice that could be impacted by a natural or man-made disaster. To obtain a complimentary copy, contact the Risk Management Department at (800) 741-3742, extension 3016 or send an e-mail to rm@fpic.com. —



New HIPAA Risk Management Product



First Professionals is pleased to announce the development and release of our most recent risk management product: *Reducing Liability – HIPAA Compliance Guide*. This guide was developed as a comprehensive risk management reference tool that utilizes a highly-focused approach to HIPAA issues.

This reference guide contains information regarding many of the HIPAA liability challenges commonly confronted by practitioners, including:

- Privacy Rule Requirements
- Security Rule Requirements
- Risk Management Guidelines
- Office Forms for Physician Practices
- Brochures for Distribution to Patients

Reducing Liability – HIPAA Compliance Guide evidences First Professionals' commitment to effective risk management products and services for our policyholders. This publication is available in hard copy and, for your convenience, USB flash drives.

To request your copy of this new risk management product, please call our Risk Management Department at (800) 741-3742, ext. 3016 or send an e-mail to rm@fpic.com. —

Legal FAQs For information specific to your state of practice, contact First Professionals' Risk Management department



What procedures should be followed when actual or suspected biological/chemical exposure is encountered?

Dentists should follow current guidelines issued by the Department of Health, Centers for Disease Control, and County Medical Societies. Carefully document in the patient's chart the severity of symptoms and your clinical examination and findings.

Do Florida statutes set forth specific requirements for administering anesthesia in a dental office?

Yes. FS 466.017(4) specifies that "A dentist who administers or employs

the use of any form of anesthesia must possess a certification in either basic cardiopulmonary resuscitation for health professionals or advanced cardiac life support approved by the American Heart Association or the American Red Cross or an equivalent agency-sponsored course with recertification every two years. Each dental office which uses any form of anesthesia must have immediately available and in good working order such resuscitative equipment, oxygen, and other resuscitative drugs as are specified by rule of the board in order to manage possible adverse reactions." An anesthesia permit is required under Florida Administrative Code 64B5-14 to administer general anesthesia, parenteral conscious sedation or pediatric conscious sedation.

Is a dentist required to have an 'off the record' conversation with a patient's attorney?

No. Not unless the discussion and medical treatment is in direct connection with a workers compensation claim.

In such case, seek legal or risk management guidance first, before speaking with the attorney.

Are e-mails pertaining to a patient part of the dental record?

Yes. All forms of electronic communication and information exchange, when in connection with a patient's care and treatment, are considered personal health information and thus considered part of the dental record, subject to the same legal requirements and HIPAA privacy provisions as a traditional, hard copy.

What is the appropriate way to make charting corrections?

Errors in charting should be corrected by drawing a single line through the incorrect portion, initialing, and dating the correction. Additions to the chart should be dated contemporaneously with the entry and when appropriate, an explanation given for the addition. —