



CHI Employed Physician Insurance Program
*Primary Medical Professional Liability
Insurance Coverage*

First Initiatives Insurance, Ltd.



Catholic Health Initiatives (CHI) is one of the largest faith-based, nonprofit health care systems in the United States. Since the system was formed in 1996, its



mission has been to improve the health of the communities it serves. One of the cornerstones for the achievement of this mission is CHI's close collaboration with its physicians, working together to provide top-quality health care at sustainable costs.

As part of this important work, CHI created a self-insurance program that provides primary medical professional liability insurance coverage for all of its employees, including physicians. The physician portion of this program is referred to as the CHI Employed Physician Insurance Program. The program is a collaborative between CHI's Medical Group Leadership Council (MGLC), the Clinical Services Group and the CHI Enterprise Risk Management Group.

This program provides advantages to the physician, the hospitals, facilities and CHI.

Advantages include the following:

- Improved alignment of physician, local and national clinical goals around the safest and highest quality care
- Ability to present a joint, unified defense to claims
- Reduce administrative burdens for clinic and MBO personnel who manage employed physician insurance policies
- Provide a risk management premium rebate opportunity for physicians who achieve CHI quality and safety goals
- Provide broad coverage and higher limits at a lower cost

This document will provide background information and specific details on the primary medical professional liability insurance coverage provided to employed physicians through the CHI Employed Physician Insurance Program.

FIRST INITIATIVES INSURANCE, LTD.

General Information

Primary medical professional liability insurance coverage is provided through CHI's self-insurance program and First Initiatives Insurance, Ltd. (FIIL). FIIL is a wholly owned subsidiary of CHI, founded in 1997 to provide insurance coverage to CHI and related entities. It is a licensed insurance company domiciled in the Cayman Islands, subject to the rules and regulations of the Cayman Islands Monetary Authority.

Employed Advanced Practice Clinicians and employed allied health professionals have always been covered under the primary liability insurance program through FIIL, while employed physicians obtained their primary liability insurance through an outside commercial carrier. On July 1, 2012, FIIL expanded its primary liability insurance program to include medical professional coverage for employed physicians.

PROGRAM AND COVERAGE DETAILS

The CHI Employed Physician Insurance Program started on July 1, 2012, with the objective of having primary insurance coverage for ALL Employed physicians under this program. Employed physicians have been transitioned into the program over a two year period. All newly hired employed physicians must be covered through CHI Employed Physician Insurance Program.

Policy Information

- **Coverage Form:** Insurance is written in a **Modified Claims Made** form on an annual basis. This form of insurance provides coverage for claims that arise from incidents that **occur** on or after the physician's retroactive date and that are **reported** during the term of the policy. The coverage is modified to provide an automatic extended reporting period when the physician leaves CHI employment.
- **Coverage Type:** Coverage is provided for medical incidents resulting from professional acts within the **Course** and **Scope** of employment with the CHI Entity. This would include activities on behalf of/as a representative of/at the direction of the CHI employer, regardless of where this activity is performed. Activities performed in a state other than the employer's state will need to be noted on the application to ensure coverage is secured for all applicable states.
- **Term:** The insurance is written annually, and the term is from July 1st to the following June 30th. All physicians added to the policy after July 1st of each year will be covered as of their first day of employment with CHI. The policy renews each July 1st, and coverage will continue as long as the employment with CHI continues. Renewal information will be gathered annually through direct renewal applications to physicians or through verifications by Facility contact.
- **Evidence of Coverage:** A Certificate of Insurance will be issued for each physician showing the effective date and retroactive date of the physician's coverage.

- **Limits of liability:** Limits for employed physicians can change each year. The current Professional liability limits for the July 1, 2014 to July 1, 2015 policy periods are:
 - o Primary: \$10,000,000 each claim/\$85,000,000 aggregate shared limit;
 - o Excess: \$200,000,000 each claim/\$200,000,000 aggregate shared limit.

- **Prior Acts Coverage:** Prior Acts coverage is insurance to cover losses due to incidents that occurred prior to coverage under FIIL (but reported in the future).
 - **Physicians employed by CHI as of July 1, 2012:**
 - Prior acts coverage is provided for incidents that occurred since the CHI date of employment through the FIIL program at no additional premium charge. Limits for prior acts coverage will be consistent with the current CHI Professional Liability limits: \$10 million for each and every claim and \$85 million shared aggregate (as of July 1, 2014).
 - In a few instances, the transitioning retroactive date of coverage precedes the date of employment by CHI in which case coverage will be extended to the retroactive date. However, the limits of coverage for the period of time from the retroactive date to the CHI employment date will be those in effect immediately before joining the CHI Employed Physician Insurance Program (typically \$1.0 million/\$3.0 million).
 - **Physicians Employed by CHI after July 1, 2012:**
 - Prior acts coverage will need to be secured by the physician for any pre-employment liabilities as the physician must enter the FIIL program with a retro date that coincides with their CHI employment date.
 - **Physicians Employed by CHI through an acquisition**
 - Physicians transitioning their employment from another entity due to an acquisition will have their CHI pre-employment liabilities determined at the time of the acquisition, based upon the acquisition agreements. The certificate of insurance will reflect the CHI employment date applicable for this program, and the applicable retro date.

- **Tail Coverage:** If employment is terminated with CHI entity, FIIL will automatically provide coverage for an indefinite extended reporting period, also known as tail coverage, for incidents that occurred subsequent to the retroactive date and prior to the departure from CHI. There is no additional charge for this coverage. A Certificate of Insurance will be issued that will reflect this additional Extended Reporting Period language. Note that the limits provided under the automatic tail policy will mirror the limits while employed. If the retroactive date precedes the date of employment with CHI, the limit of liability for pre-employment claims will be limited to what was in effect immediately before joining the CHI Employed Physician Insurance Program (this is typically \$1.0 million/\$3.0 million).

- **Rates:** The CHI Employed Physician Insurance Program team processes the applications for insurance and applies internal underwriting guidelines developed by MGLC and FIIL. Each application is individually reviewed. A base rate premium is established for each physician, with consideration given to the practice state, hours practiced per month, and specialty. Base rate premiums are subject to annual actuarial review and approval. The underwriting guidelines provide direction for premium adjustments based on medical malpractice loss history (at policy inception and at renewal) and risk reduction activities (at the time of policy renewal). Premium adjustments may be credits (discounts) or debits (surcharges).

- **Patient Compensation Funds:** Where required by State law and to ensure that any protection provided by state patient compensation funds is secured, an admitted insurance company, Preferred Professional Insurance Company (PPIC), writes the coverage in applicable states and issues the Certificate of Insurance. All risk is transferred from PPIC to FILL via a reinsurance agreement. Underwriting and claims are handled by CHI in a manner similar to all other States.

Additional Coverage Details

- **Outside of Employment Activities “Moonlighting” (Included upon request and approval)**

It is not CHI’s desire to provide primary coverage for outside of employment activities; however, it is not always practical for another policy to be obtained for certain moonlighting activities so coverage is available for outside activities provided all of the following conditions are met:

- The moonlighting activities are disclosed and approved by an authorized representative of their employer
- The moonlighting activities are disclosed on the initial insurance application or notification is sent to the CHI Employed Physician Insurance Program Administrator. Additional documentation may be required
- The moonlighting activities meet underwriting guidelines
- The employed physician reimburses the facility for an appropriate amount of their annual premium assessment for the moonlighting activities coverage

Limits of coverage for moonlighting activities are limited to \$1 million per claim and \$3 million annual aggregate, or to applicable State fund limits, whichever is lower.

For more information on coverage for professional activities outside of the scope of employment, please contact the CHI Employed Physician Insurance Program Administrator at the contact information provided at end of this document.

- **Medical Licensing Protection Coverage Endorsement: (Automatically Included)**

FILL will pay for the defense of an employed physician insured under this policy, provided the defense is:

- In connection with an investigation by any board or licensing bureau responsible for Medical Licensing, and
- In connection with injury arising out of a “medical incident” to which this insurance applies.

The coverage amount for such defense is up to \$20,000 in total costs for all investigations commenced during the policy term. However, there would be no coverage for any type of penalty or fine imposed on the physician.

The individual physician will have the right to select their legal defense counsel, but only for the purpose of their defense of any investigation under this Endorsement.

PATIENT SAFETY — AN ONGOING IMPERATIVE

Program Administration Information

In addition to applications, renewal and underwriting, claims management is handled by the CHI Enterprise Risk Management Group. Physician practice management representatives are invited to contact the individuals listed at the end of this document.

CHI looks to all employees to:

- Be champions of safety and risk prevention
- Be leaders in the creation of a culture of safety
- Be participants in safety training and education
- Speak up about risks and solutions

Risk prevention is KEY to the success of CHI's self-insurance program and its overall quality and safety strategies. Active engagement in these strategies results in improved quality of care, operational improvements, and ultimately, reductions in risk and loss.

A strong commitment to loss prevention and patient safety is a hallmark of CHI's Employed Physician Insurance program. CHI understands how influential physicians are in efforts to create a culture of safety: both CHI and FIIL expect physicians to take a leading role.

Risk Management Rebate Program

Each year, CHI's Enterprise Risk Management Group collaborates with MGLC and the Clinical Services Group on safety programs and loss prevention initiatives that help eliminate the risk of harm to patients. These programs and initiatives also provide an opportunity for all insured physicians to earn rebates on their renewal annual insurance premiums by either completing process metrics or achieving stated outcomes.

Benefits of participation in this program include reductions in patient harm, lower premium costs, continuing education opportunities and fewer medical liability claims. More information is available on Inside CHI or through the local Physician Enterprise office.

All employed physicians covered by FIIL are highly encouraged to participate in the Risk Management Rebate Program.

CLAIMS MANAGEMENT GUIDELINES

A physician may become aware of an incident, claim or potential claim in different ways:

- A written or oral demand for compensation;
- A written or oral threat of medical malpractice litigation;
- An unexpected event that results in physical, mental or emotional injury to a patient and poses a threat of financial loss or medical malpractice liability to the physician;
- A subpoena, summons, complaint, notice of a lawsuit, or notice of intent to sue served on the physician or physician practice;
- Request for a deposition or interview;
- Request for medical records from an attorney;
- Significant patient incidents including:
 - Unexpected death
 - Unexpected damage to, or loss of, limb or organ
 - Unexpected neurologic injury.

Reporting is required as soon as the physician becomes aware of an unexpected event that results in injury to a patient or when a patient or patient's family member asserts a claim against the physician for actual or alleged injury. The physician should immediately take the following steps:

- Contact the CHI Enterprise Risk Management Group
- Secure the patient's office medical record. Store any paper records in a safe location. Do not make any alterations to the patient's record. Do not release a copy of the medical record without the patient's or the patient representative's written authorization for release of information, unless it is to the CHI Enterprise Risk Management Group or an attorney hired for the physician by CHI;
- Do not discuss the incident with anyone other than the claim coordinator, local market Risk Manager, or the assigned attorney except as it relates to factual disclosure of the event to the patient or patient's family;
- Keep all correspondence related to the incident in a separate file apart from the patient's record. Store the file in a secure location.

Claims management is handled by the CHI Enterprise Risk Management Group. When a physician claim is reported to the claim operations, the physician can expect to be contacted by a claim's professional to discuss the incident, who will advise the physician of the next steps. These steps may include retention of an attorney to represent their professional liability interests. CHI is responsible for the investigation and defense of all claims, which includes retaining the right to settle. However, the claims handling process will be collaborative and the physician will be kept advised of all significant developments. Should disagreements arise; the physician will be able to review the claim with members of MGLC.

CONTACTS

For any questions regarding Physician Insurance Coverage, Moonlighting Coverage, Underwriting and Rating, Application and Certificates:

Amanda Knopp
Employed Physician Insurance Program Administrator
Enterprise Risk Management Group
Erlanger, KY
859-594-3140
amandaknopp@catholichealth.net

Team email for all questions, requests, application and certificate requests:
employedphysicianapps@catholichealth.net

Team email for Claim history/Coverage verification requests:
firstinitiatives@catholichealth.net

For Claims:

Jamie Chuparkoff
Claims Manager, Physician Liability
Enterprise Risk Management Group
Erlanger, KY
859-594-3025
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For Safety, Risk Management Resources:

Your local Physician Practice Manager or assigned CHI
Director, Risk Management Operations

Inside CHI

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