

# FAST FACTS

THE HARTFORD: Your solution for  
Medical Offices.



## Size of Opportunity

U.S. Medical Offices	900,000 + offices*
Combined premium for workers' compensation, business liability, property and auto	Approximately \$1.5 billion*

## Appetite

We define "small" as businesses with payrolls up to \$6 million and sales revenues up to \$15 million. Our appetite includes individual practitioners, group practices and independent outpatient facilities.

The Hartford is a market leader with medical offices, with more than 85,000 customers and over 30 years of experience.

One of the first national insurance carriers to create coverages tailored for this industry, The Hartford makes it easy to grow your outpatient healthcare book of business.

SIC	Type of Business
8011	Offices of Doctors of Medicine (includes Ambulatory Surgery Centers, Laser Eye Surgery Centers)
8021	Offices and Clinics of Dentists
8031	Offices and Clinics of Doctors of Osteopathy
8041	Offices and Clinics of Chiropractors
8042	Offices and Clinics of Optometrists
8043	Offices and Clinics of Podiatrists

\* MarketStance Commercial Lines Database, 2009

8049	Offices and Clinics of Health Practitioners, NEC (includes Audiologists, Dieticians, Occupational and Physical Therapists)
8071	Radiology Laboratories
8072	Dental Laboratories
8092	Kidney Dialysis Centers
7299	Medical Spas

## Industry Outlook

Because demand for medical services is driven by population growth and demographics, large numbers of doctors' offices are concentrated in the South and West, where it is not unusual to find competing practices in close proximity to each other.

Other than patient care, day-to-day operations are clerical in nature and revolve around appointment scheduling, records management and insurance processing. Third parties, i.e., health care insurers, Medicare and Medicaid, account for over 80% of payments to doctors. Operational costs including labor, supplies and the cost of medical malpractice insurance have outpaced any increase in third party reimbursement rates. Medical offices have not escaped the tough economy unscathed, and are looking for ways to manage their expenses, cash flow and time.

## Why Medical Practitioners Choose The Hartford

### Spectrum® Business Owners Policy

- **Administrative functions are highly computerized.** Special software, specific to the health care industry is used to track patient scheduling, order tests, flag possible drug interactions, suggest diagnoses, retrieve and update medical records, bill insurance carriers and patients and reconcile payments. Software must be updated on a regular basis due to rapid advances in technology.

Spectrum includes computer equipment as covered business personal property and protects our insured's investment in computer technology by reimbursing them for physical loss or damage to computer hardware. Coverage is extended with a \$10,000 limit to loss of or damage to data or computer software - including electronic patient records.

The optional Computers and Media coverage form provides built-in coverage for virus damage to com-

puter equipment, software and data. Limits are available up to \$2 million. Additional limits are provided within the blanket limit included in our Super Stretch and Premium Stretch endorsements for Healthcare Professionals.

**Laptop computers are playing a big role in helping doctors stay on top of medical advances.** Doctors are embracing e-technology at a faster rate than the general public in order to access information more quickly and to stay organized. These devices are susceptible to loss as doctors shuttle between their offices and local hospitals.

Coverage for laptop computers is provided under the Stretch endorsements; there is a \$5,000 limit on the Stretch form and a \$10,000 limit on the Super Stretch and the Premium Stretch for Medical, Dental and Healthcare Service Providers forms.

- **Payments from health insurance carriers may not be received for several weeks after a patient's visit; health insurance carriers often dispute or deny reimbursement requests.** In a recent American Medical Association survey, one-third of doctors claimed that reimbursement was not forthcoming within the 45 day legal limit. Accounts Receivable exposure is significant for this industry.

Spectrum has a \$25,000 limit for Accounts Receivable coverage built into the form for both on and off premises exposures. This limit may be increased up to \$2 million. Additional limits are provided within the blanket limit included in our Stretch endorsements. Accounts Receivable coverage responds to losses caused by the inability to collect outstanding balances as a result of lost or damaged records. This coverage is important for practices carrying large account receivables balances while waiting for health insurance carrier payments.

- **Healthcare is a highly competitive sector and doctors are increasingly looking to retain revenue derived from specialized equipment rather than referring patients elsewhere.** Many practices house their own Medical Diagnostic Equipment including MRIs, PET scans, CT scans and CAT scans. This equipment is subject to severe damage from power surges as well as mechanical failure. Typically the replacement cost value ranges from \$750,000 to \$3,000,000 per item.

Equipment Breakdown coverage, included in the Spectrum Specialty Property Coverage Form, provides valuable protection for a medical practice's equipment exposure. Coverage includes electrical

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arcing or artificial electrical current as well as mechanical breakdown for computer equipment, phone systems and medical equipment such as MRIs, CT scans, etc.

- **Bio-waste disposal creates exposure to loss.**

Bio-waste disposal is strictly regulated. When laws governing the proper disposal of medical waste are accidentally violated, doctors are exposed to loss.

**State medical boards regulate the practice of medicine.** State boards may respond to complaints about doctors and hold hearings when warranted.

The optional Reimbursement of Legal Expenses for Disposal of Medical Waste and Reimbursement of Legal Expenses for Court or Review Boards coverages\*\*\* are available for chiropractors, doctors, physiotherapists and laser eye surgery centers. These optional coverages reimburse legal expenses if:

- ◇ The insured is involved in certain types of legal proceedings in which a violation of a law or regulation governing the disposal of medical waste is alleged. We will reimburse the insured for legal expenses up to \$50,000.
- ◇ Disciplinary action is brought against the insured before any court or state review board. Spectrum automatically includes a \$5,000 limit and there is an option to purchase additional limits up to \$75,000.

- **Doctors often store supplies of perishable medicines.** Whether doctors store pharmaceutical samples that the practice would have to pay to replace, or medicine purchased by the practice to treat or inoculate patients, i.e., flu vaccine or allergy shots, most doctor's offices have supplies of perishable medicines on hand.

Our optional Super Stretch and Premium Stretch endorsements tailored for medical, dental and healthcare service providers bundle Spoilage-Perishable Medicines and Medical Supplies coverage in a blanket limit along with five other important coverages.

- **The primary focus of the majority of healthcare providers is taking care of their patients.** Business issues, including purchasing insurance coverage and doing paperwork, are secondary and take time away from caring for their patients. They want quick and hassle-free service with minimal paperwork to save time.

Business Income and Extra Expense help reimburse medical practices for actual loss of earnings for up to 12 months after a covered loss and extra expense coverage needed to continue business operations during the period of restoration resulting from a covered property loss.

Healthcare professionals asked us to develop options for the adjustment of these claims that required less paperwork to save them time. We responded and are pleased to offer not one but three alternatives which are included in both the Super Stretch and the Premium Stretch endorsements for Healthcare Professionals:

- ◇ Daily Average Limit: For the first 10 business days of the period of restoration we will make payment based on the insured's daily average business income.
- ◇ \$500 Daily Limit: For the first 10 business days of the period of restoration we will pay a daily limit of \$500.
- ◇ Business Income For Interruption of Practice Daily Limit: A predetermined daily limit (\$500 - \$5,000) up to 25 business days if a policy also includes the Business Income For Interruption of Practice endorsement.

## Workers' Compensation

- **Estimates indicate that each year, one in ten healthcare workers is accidentally stuck by a contaminated sharp – mostly needle sticks.\*\*** Sharps injuries may result in life threatening HIV, Hepatitis B or Hepatitis C.

Hepatitis B and C are spreading rapidly through the U.S. population. Together they have infected more than 5 million Americans – that's 1 in 60 carrying a contagious, possibly fatal disease.

The Hartford Workers' Compensation policy includes payment for the initial cost of testing the injured healthcare worker and provides reimbursement for initial blood testing of the source patient, benefiting the healthcare worker in a number of ways:

- ◇ May identify medical issues faster so an appropriate treatment plan can be determined
- ◇ May reduce or eliminate additional blood tests and precautionary drug treatment
- ◇ May reduce anxiety

*continued*

\*\*Source: Center for Disease Control; Henry and Campbell 1995; EPINet 1999  
\*\*\*Not available in all states

- **Cash flow can be problematic for the medical profession.** Payment from health insurers may not be made for several weeks and at times may be disputed.

The Hartford offers a convenient way to manage cash flow with XactPAY®, our patent pending payroll billing solution for The Hartford's workers' compensation policyholders. Benefits to small business owners include:

- ◊ No large down payment
  - ◊ Pay-as-you-go premium charges based on actual payroll
  - ◊ Mitigation of audit surprises at the end of the policy period
- **Like many small business owners, doctors regard employees as an extension of their family.** Doctors want to make sure employees injured on the job are well cared for but they also want workers' compensation premiums to be competitive.

As one of the largest and most experienced workers' compensation carriers in the country, we offer:

- ◊ Access to a nationwide network of over 400,000 healthcare providers skilled in handling workplace injuries and helping injured employees get back to work. These network resources, combined with contracted network discounts, help The Hartford get the most out of every healthcare dollar.
- ◊ Assistance in getting injured workers back on the job as soon as medically appropriate through our Team•Work® return-to-work program and nurse case managers for complex cases.
- ◊ Help in managing claim expenses by reviewing medical bills and prescription treatments for accuracy.

## Commercial Auto

Our Broad Form endorsement is automatically added to most policies at no cost to the insured. Medical practices find many of its provisions beneficial.

- **Many times employees use their own automobiles to run business related errands during their lunch break or after work.** A significant non-owned auto exposure exists.

Employees as Insureds - If an employee has an accident while driving their own car on company business, personal liability coverage is provided to the employee in excess of the employee's own personal auto insurance.

- **Practices may lease or purchase expensive vehicles for the physicians.** Vehicles depreciate quickly and in the event of a total loss the outstanding value of the lease may exceed the actual cash value of the vehicle.

Lease Gap Coverage - In the event of a total loss to a covered leased auto for which the lessor has been added as an additional insured, we will pay the outstanding balance of the lease if it exceeds actual cash value.

Loan Gap Coverage - In the event of a total loss to a covered auto for which the insureds outstanding loan balance is greater than the actual cash value of the vehicle, we will pay the difference between the outstanding loan balance and the actual cash value.

- **Like other professionals, many doctors may want their next car to be a hybrid.** Many professionals are drawn to the clean energy and high mileage aspects of hybrid cars.

If a non-hybrid auto is a total loss, and if replaced by a hybrid auto, we will pay an additional 10% of actual cash value up to a maximum of \$2,500.

## With The Hartford Behind You, Achieve What's Ahead of You.

Don't forget to visit our small commercial site at: [sb.thehartford.com](http://sb.thehartford.com)

This document contains only a general description of coverages that may be provided and does not include all of the features, exclusions and conditions of the policies it describes. Certain coverages, features and credits vary by state and may not be available to all insureds. You should consult the actual policy language and speak with the appropriate Hartford representative if you have questions. In the event of a loss, the terms of the policy issued will determine the coverage provided. Coverages are underwritten by Hartford Fire Insurance Company and its property and casualty affiliates, Hartford Plaza, Hartford CT 06155, CA lic.# 5152.