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Physicians Insurance Acquires EMPAC and SCRUBS, Two Risk Retention Group Management Companies

On August 6, 2012, Physicians Insurance A Mutual Company announced the successful acquisition of the EMPAC and SCRUBS risk retention group management companies. Through this acquisition Physicians Insurance can now offer alternative risk financing options to physicians, clinics, hospitals, their respective single/multistate associations, and other health care facilities.

This was a strategic decision, as it leverages the leadership role of Physicians Insurance and enables the company to respond to changes in the health care environment. Some of these changes are forcing medical professionals and facilities to rethink their risk financing options, and now they have another tool in their toolbox.

"SCRUBS and EMPAC are physician-driven companies, just like Physicians Insurance. This means that our focus continues to be on improving the delivery of safe and effective medicine," said Brian Wicks, Physicians Insurance's Chairman of the Board.

Though there are several operational and integration issues to manage in the short term, there is no interruption of service to Physicians Insurance policyholders, or to members of the EMPAC and SCRUBS risk retention groups. All the companies diligently worked to ensure a seamless continuity of business, and have developed an integration plan designed to preserve the relationships and expand the value each company offers.

"There are many new practice models in health care today. Many of those practice models will continue to be best served by the traditional insurance protection provided by Physicians Insurance, but some will want to explore alternatives such as risk retention groups," said Mary-Lou Misrahy, President and Chief Executive Officer of Physicians Insurance. "By providing different risk financing options, we are able to collaboratively work with groups in new and exciting capacities to lower their risk exposure."

Physicians Insurance Board Chair Brian Wicks, MD, commented, "SCRUBS and EMPAC are physician-driven companies, just like Physicians Insurance. This means that our focus continues to be on improving the delivery of safe and effective medicine. That's the most important bottom line."

This acquisition is linked to the company's mission to lead the industry with programs that have a positive impact on the practice of medicine and patient health and safety. Our continuing focus is to improve the delivery of safe and effective medicine, and provide insurance options that are based on sound financial practices.

Our company's mission statement:

To provide insurance coverage to physicians and other health care providers at the lowest possible cost consistent with sound financial and insurance practices.

To anticipate and respond to changing needs and trends in a manner that is beneficial to our members.

To improve the quality of medical care and patient safety.

To protect the personal and professional interests of our members consistent with sound financial and insurance practices.

Rural Health Care in the Pacific Northwest: The Challenges and New Approaches

The air is clean, the space is wide, and as the roadside signs say, the milk and eggs are farm fresh. Ahh, rural America.

What the signs don't say is that while the pastoral view from a passing car may evoke hard work and healthy living, what are unseen are the health care challenges that can accompany a rural postmark. Doctors practicing in these communities typically encounter a higher concentration of complex health issues, fewer resources, and a lower-income population that may need to economize on care by choosing lower-cost options, delaying care, or just plain going without it. Whether rural care is defined by the buoyancy in patients, or a rugged individualism often found in rural populations, it is a type of care that calls upon the full range of a doctor's diagnostic and negotiation skills.

Broader Care

Allen Millard, a primary care physician in rural family practice since 1989, says he is called to serve a much broader spectrum of health care needs than if he practiced medicine in the city. "It's kinda funny. My wife and I went through the same residency program. She is an urban doctor in Olympia and doesn't see patients in a hospital ICU. She doesn't take care of ventilator patients. She doesn't care for patients who have suffered heart attacks. I do all of those in the rural setting."

In an urban setting, specialty care is often found in various clinics or facilities around town. But it's not always possible for rural patients to drive 30 or more miles to a specialist. And if they don't have a car, there are relatively few public transit options that make that type of route. So, while long distances mean some of the specialty care his patients require is difficult to obtain, Millard finds that the specialty care prescribed may be something he needs to do. Otherwise, the patient just won't get it.

But the city has the advantage in an emergency, notes Millard. "If you have an acute heart attack in a Seattle neighborhood and need a cardiac catheter, the chances of you getting to one within that critical first 30 minutes is way higher than if you live in Humptulips."

Because some of Millard's rural patients may want to economize and not be a bother to their busy physician, they are prone to save up their ailments for a single 15-minute appointment. "It's more difficult to diagnose when care is postponed and you've got several issues all at once," he says. "And sometimes the next patient gets up and leaves because you took too much time with the first patient."

Unique Challenges of Rural Health Care

The greater scope of care he must provide means Millard's exposure is also greater. "Very few family practice doctors in Seattle have ventilator patients in the hospital. I do. That type of patient is more likely to suffer bad outcomes."

Worse yet, in a bad economy, rural patients often refuse care entirely, or can't afford it. Limited income patients might opt to not keep a regular doctor visit in order to save the $20 copay. Millard estimates that five percent of his patients modify their health care for economic reasons. Another 25 percent want a less expensive alternative, which means he spends more time negotiating care and looking for

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New PNUW President Sees First Class Graduate at Yakima

On May 12, Pacific Northwest University of Health Sciences, the Northwest's newest accredited medical school, graduated its inaugural class of physicians from their College of Osteopathic Medicine. The members of the Class of 2012 began their journey when they arrived at PNWU in 2008, and have now graduated as doctors of osteopathic medicine. All 69 graduates have begun their residency trainings throughout the country, a final step before practice in their chosen medical specialties.

An eloquent commencement address was delivered by graduate Robert Lichfield, who stated, "I count my place in the inaugural class of this university as one of the sentinel distinctions and privileges of my life. Embrace this time and this school, and let it do for you what it has done for me."

Also on hand to witness the historical ceremony was incoming president, Keith Watson, DO. Following a lengthy nationwide search, PNWU's board of trustees named Dr. Watson the new president, who began his official duties on July 1.

Prior to beginning his role at PNWU, Dr. Watson was the senior associate dean for academic affairs at the Ohio University Heritage College of Osteopathic Medicine and the chief academic officer for the Centers for Osteopathic Research and Education—an entity overseeing 90 Graduate Medical Education programs in 26 training institutions. Most recently, he was awarded the American Osteopathic Foundation's "Educator of the Year Award" for 2008 and fellowship in the American Osteopathic Directors and Medical Educators Collegium.

"I am deeply honored being selected for this leadership role," he says. "PNWU is in a unique position to start training physicians to work as teams as they learn; which is an emerging trend on the national scene. Our mission and vision are focused on values and goals that support emerging medical practice and education models. I look forward to being part of this journey."

The university's journey started as a conversation around a table in 2004 to address critical health care shortages in the five-state region of Washington, Oregon, Idaho, Montana, and Alaska, soon became Pacific Northwest University of Health Sciences, through the efforts of founders, physicians and community members. Today, the accredited university is a four-year postgraduate institution, and its college of osteopathic medicine is one of only 29 schools of osteopathic medicine in the nation. Three-hundred medical students train in Butler-Haney Hall, under the careful instruction of highly qualified faculty.

PNWU plans to substantially increase the number of new practicing physicians each year, and prepare a new generation of doctors to serve the many at-risk people in the area's underserved communities. Since opening its doors, PNWU has experienced tremendous growth. The Cadwell Student Center has been constructed, a major addition to Butler-Haney Hall is underway, and three additional classes of medical students have started their education. In addition to the Yakima campus, PNWU has established 18 core rotation sites in communities around the Pacific Northwest. Hospitals and clinics around the region have welcomed PNWU students, training them in the clinical settings where they will eventually practice.

This article is reprinted with permission from the Pacific Northwest University of Health Sciences.

New webinar for hospital administrators and directors of risk management and quality improvement

Risk Analysis of PHI Related to Stage II Meaningful Use, our new webinar created for hospital administrators and risk management directors, is now available at www.phyins.com. Led by Chris Apgar—a nationally recognized information security, privacy, HIE & HIPAA/HITECH expert—our course explores HIPAA Privacy and Security Rule requirements, conducting a risk analysis, and mitigation planning. Physicians Insurance designates completion of this self-study activity for 1 AMA PRA Category 1 credit. Go to http://tinyurl.com/cue4zyv to get started.

Editor's note:

In our spring issue, we listed the wrong location for one of our member clinics. Evergreen Women's Health Center is in Kirkland, Washington.

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Tribute and Thanks to James Campbell, MD

By Mary-Lou Misrahy, President and Chief Executive Officer

The first and most important part of winemaking is selecting the right grapes. This is the foundation to ensuring a great product and something that outgoing Board Chair Dr. James Campbell knows well. Owner of the family winery Anelare, located in Benton City, Washington, Dr. Campbell understands the importance of vision, planning, and patience in order to make his award-winning wines.

He's applied those same principles during his term as Chairman of the Board for Physicians Insurance, and the company has been strengthened because of it.

Dr. Campbell, a Physicians Insurance member since 1988 and a Board member since 2002, completed his service as the company's eighth Chairman of the Board in May. A strong leader for the company during a period of growth and change, Dr. Campbell was instrumental in developing the Board's ability to think strategically and to identify the changes in health care that will impact the company and its members. Recognizing the growing need to remain valuable to physicians involved in larger health care systems, he gave support and the time needed to educate the Board and secure approval for the company's recent acquisition of the EMPAC and SCRUBS risk retention group management companies.

On the Physicians Insurance Board, he has served on the Executive Committee, the Nominating Committee, and the Claims Committee, where he became known for his passion for thoroughly investigating and evaluating claims, choosing processes fair for all parties, and always doing the right thing. He also served on the board of Western Professional Insurance Company, a Physicians Insurance subsidiary.

A believer in developing people, Jim is always happy to introduce, orient, and educate new Board members and pay tribute to departing ones. He's passionate about the company's core values, has a keen perspective and ability to explain significant and complex medical/legal issues, and regularly observes how Physicians Insurance's leadership distinguishes it from other providers of professional liability insurance. In other words, he is a big fan of physicians, and Physicians Insurance.

The son of a physician, Jim grew up in Pasco, Washington. After attending St. Martin's College as an undergraduate, he completed his medical degree at Universidad de Guadalajara–St. Louis University School of Medicine, specializing in internal medicine. He continues to practice medicine in Eastern Washington, where he also focuses on being a devoted father and grandfather and improving his golf swing.

As Jim serves the remainder of his term as a Board member, I continue to value his ideas and ability to think critically about the best ways Physicians Insurance can position itself for ongoing growth and success. Thank you, Jim, for your service, leadership, and commitment to this company, its policyholders, and its employees.

Brian Wicks, MD, Elected Chairman of the Board

Perspective is important when you're cruising down the road on a 2004 BMW R1200C motorcycle. Things come at you much faster and you have to be more nimble than when you're driving a car. But according to Physicians Insurance's new Board Chair, Brian Wicks, MD, the ability to change your perspective is key to success in medicine and business.

"You have to train your brain to see things differently," says Wicks. "Doing so helps you see the viewpoints of others more clearly, see how outsiders view an organization, and understand all the influences that impact a patient or a business."

Exclusively insured with Physicians Insurance for his 22 years of delivering care to patients, Wicks is also president of The Doctors Clinic, in Silverdale, Washington. He went to Dartmouth College for his undergraduate studies and completed medical school and his residency training at State University of New York in Syracuse, NY, ending with a fellowship in hand surgery at Tufts University in Boston.

Wicks points out that the Physicians Insurance governance and leadership model is a great advantage. Having a physician-led board of directors ensures that the focus remains on the medicine, the policyholder, and risk management. But he sees parallels from his experience leading the Doctors Clinic, and knows that "having strong administrative and business leadership is crucial to success as well." Says Wicks, "I've really come to respect the perspectives of each."

Mary-Lou Misrahy, president and CEO of Physicians Insurance, notes that Dr. Wicks brings not just strong leadership to his role, but a keen sense of how to manage the evolution of the delivery system. "Alternative financing strategies are going to be important as the delivery model changes. Dr. Wicks and our entire Board are the right people to help us communicate the pros and cons to physicians and hospitals, and also be a resource to them as they take their businesses to the next stage."

When asked about the future of health care and the role of Physicians Insurance, Wicks is invariably optimistic. "We have all the right elements in place to respond thoughtfully and foster good relationships between physicians, hospitals, and patients." Those elements include a strong bottom line that benefits physicians when they need defense, and a five-year history of returning a $5 million annual dividend* to policyholders.

Although the BMW motorcycle was a second-best option for Wicks, who admits with a grin he's not allowed to go flying, he still likes the speed and thrill of the ride. Perhaps, then, it's his ability to see things from a different perspective that tells him Physicians Insurance is well positioned for what lies ahead.

*Future dividends are not guaranteed.

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- Language and Cross-Cultural Communication
- Images of Liability: Risk Management in Radiology
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- The Medical Quality Assurance Commission Pain Rules

To begin, go to http://www.phyins.com/cme/online-courses.php.

Congratulations!

Congratulations to Kadlec Medical Center in Richland, Washington for being Consumer Reports' top-ranked hospital in Washington for safety.

We're proud to work with Kadlec Medical Center.

To read about other top-ranked hospitals in Washington, see http://blog.thenewstribune.com/street/2012/07/06/how-safe-is-your-hospital/.

AHRQ Demonstration Update

Physicians Insurance partnered with the University of Washington and the Foundation for Healthcare Quality to create the HealthPact Forum, a group of diverse health care stakeholders from across the state of Washington hoping to transform communication in health care. The HealthPact Forum is one activity in a three-year demonstration project designed to improve communication to prevent and respond to unanticipated outcomes. The forum is funded by the federal Agency for Healthcare Research and Quality (AHRQ).

HealthPact Forum Update: Standing in the Gap

> "We must learn to hold the tension between the reality of the moment and the possibility that something better might emerge."
>
> —Parker Palmer

Parker Palmer, an author who writes about community, leadership and social change, describes what it means to stand in the "tragic gap," between the difficult realities of life and the knowledge of what is possible.

At the second HealthPact Forum meeting in May, leaders from the health care, legal, regulatory, and insurance industries gathered to acknowledge the gaps and discuss accountability in responding to patients when an unanticipated outcome or medical error occurs. This was the second meeting of the HealthPact Forum—a statewide consortium of stakeholders that aims to foster better communication and transparency in health care. Physicians Insurance is a founding member.

HealthPact Forum attendees on May 14 (left to right): Becky Fahey, RN; Anne Bryant; Wendy Lehner, RN; Dennis Olson; and Ronald Hofeldt, MD

Health care is at a crossroads, its members agreed. We must move from a medical culture that blames and shames clinicians toward a fairer, more open *just culture* that emphasizes transparency, safety, and professional accountability. When errors occur, patients and families deserve to have their questions answered rapidly and openly, and clinicians deserve support as well.

We have more options than to simply "deny and defend"

Patients who have experienced medical errors consistently report that they would feel relief if only their clinician had responded with transparency and compassion. An apology goes a long way when a mistake has been made in care.

"Medicine is inherently dangerous and people working in it cannot control all the risks. There was a time when doctors talked freely to the patient, but we've traded it for an adversarial process. How well has 'deny and defend' served a purpose? It works well for the industries invested in the adversarial process, but it doesn't work well for the patients," said Richard Boothman, JD, chief risk officer for the University of Michigan.

A decade ago, the University of Michigan Health System (UMHS), a self-insured entity, pioneered a disclosure-and-offer program through which its hospitals, clinics, and employed clinicians rapidly investigate and communicate with patients and families when an adverse outcome occurs. The process includes making system improvements to UMHS's care delivery.

"The sky has not fallen on us," Boothman said. During this period, UMHS cut its claim volume and payments nearly in half and accelerated the time to resolution, benefiting both patients and clinicians.

Washington's DRP under way

Here in Washington, HealthPact has launched its own Disclosure and Resolution Program (DRP), as part of the 3-year AHRQ demonstration project entitled Communication to Prevent and Respond to Medical Injuries: WA State Collaborative (2010-2013), which is being studied by researchers at the University of Washington (UW) and Harvard University. The program involves six health care institutions and Physicians Insurance, and will evaluate, in part, whether the positive outcomes at UMHS can be achieved with multiple providers and insurers.

When a study event occurs, the participating facility will promptly launch an investigation and initiate support for the patient and disclosure coaching for the health care team. Together, the insurers for the facility and providers will assess and review the event and develop a joint approach to resolve the patient's concerns. The approach includes:

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- a full explanation of what happened
- an apology, if appropriate
- offer of compensation or other remedies, or an explanation of why no offer is being made
- information on any safety improvements.

Dr. Thomas Gallagher, associate professor in the UW School of Medicine, is leading the DRP. In the past year, planners have secured the partners and designed the DRP's key elements and metrics. The DRP was formally launched this summer.

Closing the gap

For HealthPact Forum presenter Cat Ernevad, RN, MSN, patient safety officer at Group Health Cooperative, health care needs to embrace a just culture. She explained: "Health care organizations must recognize that as long as humans are involved in patient care, errors will occur. By focusing on transparency and improving the system—as opposed to routing out the bad apple—we encourage reporting of adverse events and overcome two fears in the health professional: fear of blame and punishment and the perception that nothing will happen anyway if they report it. This requires a shared accountability between the provider and the organization."

In this second meeting, members of the HealthPact Forum recognize they are in the gap, yet they have a vision for better communication when an event occurs. Despite their differing perspectives, this diverse group of stakeholders is keeping its eye on the patient. In doing so, HealthPact continues to model a new and transparent way forward, one step at a time.

Why Physicians Insurance Supports HealthPact

By Kym Shepherd, Director of Complex Litigation

As a 19-year employee of Physicians Insurance, I have been involved in shaping HealthPact's Disclosure and Resolution Program. Physicians Insurance enthusiastically embraces the efforts of HealthPact because it represents our longstanding commitment to the delivery of safe health care. It is that pledge by the organization and by our individual physician members that has made my tenure a proud association.

Doctors are drawn to medicine because they want to heal, not harm. When an adverse outcome occurs, everyone is impacted—the patient, the clinician, the health care team, and the organization. As individuals and as representatives of our respective professional interests, I suggest we view this as an opportunity and obligation to look for common ground and to consider the most humane way to respond when errors occur. PI has practiced this philosophy, but never with the benefit of collaborating with so many HealthPact members.

Briefly, I'll share the experience of one of our insured providers, an anesthesiologist. He was present in the hospital at the end of a long day—not on call or backup call—but attending to a few administrative matters before heading home. He received a call from his partner in an OR, who said a patient might be in trouble; could he check her out? The anesthesiologist said, "Of course," and ran upstairs to see the patient. He had never met this patient and had no information about her. The postop patient had bled into her neck and was rapidly losing her airway. The doctor quickly assumed responsibility for her care, and with the help of several other emergency responders, established an airway, thereby saving her life. Still, the patient sustained a significant brain injury. The anesthesiologist was sued, and after a lengthy and costly period of litigation, defended at trial.

During that process the doctor questioned whether he should have moved faster than humanly possible, should have known what he could not have known, or done what he was not trained to do. He never stopped regretting the injury to his patient. The trial took a significant toll on the parties, especially the patient's family. A verdict was returned for the doctor. There was no celebration. The doctor and his colleagues continued to worry about the patient, as did one of the defense attorneys, Liz Leedom, and Physicians Insurance. After the verdict, we retained a case manager to assist the patient with her long-term care. It was a small but meaningful gesture. I have wondered if something could have been done to save the patient from medical harm and to save the parties from the harm of litigation. Perhaps a process like the DRP could have been helpful.

I will leave you with a quote borrowed from Atul Gawande: "The important question isn't how to keep bad physicians from harming a patient; it is how to keep good physicians from harming patients. Medical malpractice suits are a remarkably ineffective remedy."

We all know Dr. Gawande's statement to be true. There is nothing about a lawsuit that will keep the next patient and the next health care provider safe from harm.

Medical Error Is a Fact—How We Respond Is a Choice

Patricia I. McCotter, RN, JD, CPHRM, CPC, Director of Facility Risk Management and Provider Support

Ron Hofeldt, MD, DIrector of Physician Affairs

Mistakes happen. In fact, as many as seven out of 100 hospital admissions involve a serious medical error, according to Don Berwick, MD, of the Institute for Healthcare Improvement. Because humans are prone to making mistakes—regardless of their training—it's not a matter of asking if errors will occur, but when. Thinking about your own care setting, how would you and your facility support a coworker if an adverse event occurred today?

In one study, nearly 90 percent of the physicians surveyed said their organization failed to support them adequately during the course of an adverse event.

Some settings and specialties carry higher risk: intensive care units, operating rooms, code teams, emergency medicine, pediatrics, obstetrics, oncology, and palliative care. But adverse events are not limited to these environments.

When an event occurs, the clinicians who are involved typically respond three ways. For some, a first instinct is to drop out of the profession. Others survive the event and cope, but may be haunted with sadness and thoughts about the event or even resort to addictive behaviors to cope. Others choose to thrive. They do so by practicing self-care, by maintaining a good work/life balance, and by gaining wisdom from the experience. They realize they needn't define their practice or career by the single event. Some clinicians recover by advocating for patient-safety initiatives.

Organizations and peers can help

Coworkers and organizational leaders can support colleagues by knowing how to respond when an error occurs. Department or unit leaders can reach out, demonstrating a caring attitude and conveying faith in the provider's clinical skills. They can also offer the employee flexible scheduling as needed. Additionally, leaders can brief the employee on any investigation that may occur, and they should be visible and transparent to all staff on the unit. Peers can be supportive by actively listening to what their coworker wants to express. Swapping "war stories" provides an outlet for stress.

Another best practice is to deploy multidisciplinary rapid-response teams, especially in high-risk areas, to reach out to clinicians as part of a formal provider support program. These employees are specially trained to monitor colleagues for second-victim signs and provide support. Organizations can also develop external referral networks, which might include employee assistance programs, social workers, chaplains, and clinical psychologists.

AVERT Training and Support

As a free service, Physicians Insurance offers Adverse Event Response Team (AVERT) Program training to policyholders. The 2½-hour program teaches health care providers ways to address the needs of patients, families, caregivers, and facilities following an adverse event. The goal is to ease the traumatic effects of a poor medical outcome on the patient and health care team, and the curriculum can be tailored for your organization.

To inquire about AVERT training, please contact Patricia McCotter, RN, JD, the company's director of facility risk management and provider support, at patmc@phyins.com or (206) 343-7300.

Second-Victim Phenomenon

After a serious event, one health professional in five will require counseling or other form of support. A provider who lived through an event referred to the experience as "an emotional tsunami." Another described it as "the darkest hour of my life." In 2000, this concept became defined in the literature as *second-victim phenomenon*. As health care professionals and organizations, we have a responsibility to protect and heal our healers.

Cyber Liability Insurance and Why You Need It Now

Janet Jay
Agency Sales and Service Representative

News stories abound of sensitive information that was lost, stolen, or otherwise compromised. Subsequent stories follow of the dreadful effects these incidents have had on the responsible organizations as well as the affected individuals. As mobile and compact as our data has become, it's easy to understand why we are seeing frequent and large data breaches. It's convenient to store thousands of records on a keychain thumb drive, but if this data falls into the wrong hands, there's no telling what a thief might do with it.

Our Claims Experience

At Physicians Insurance, we've seen it. With the relatively new data compromise endorsement provided on most of our professional liability policies, our insureds have begun reporting claims. The number-one cause of loss in our experience—and this matches the national trends—is simple negligence. Examples include missing CDs or other portable devices, and stolen laptops that have been left unattended.

Another area of top concern, according to a recent Ponemon study*, is a system glitch, such as a computer virus or an error caused by software or an operator, which inadvertently leaks data or allows for easy access to the data. The third most common way that breaches can occur, according to the study, are through malicious or criminal attacks.

Increasing Regulation

Many states have enacted laws to protect individuals from identity theft and to hold organizations accountable for privacy violations. Federal regulations hold health care entities to additional rules, namely HIPAA. The latest enforcement rule, known as the HITECH Act, extends certain provisions of HIPAA (Health Insurance Portability and Accountability Act of 1996) to third parties, such as EMR (electronic medical records) vendors and mandates patient notification in the event of a data breach. It also calls for increased criminal and monetary penalties and a recently implemented HIPAA audit pilot program. Health and Human Services posts case examples on its Web site, http://www.hhs.gov/ocr/privacy/hipaa/enforcement/examples/index.html, involving incidences of data breaches, and in some cases, the resulting penalties and resolutions between HHS and the responsible organizations.

The Need for Cyber Liability Insurance

If you don't have the data compromise endorsement on your professional liability policy with Physicians Insurance, you should consider it as a bare minimum protection. For about $150 annual premium, it gives your practice $50,000 coverage for the cost of responding to many types of accidental data compromises. Coverage includes: 1) the cost of legal and forensic services to determine the extent of a data breach (up to $5,000 of services); 2) the cost of notifying affected individuals; and 3) the cost of services, such as credit monitoring and identity restoration, to support the affected individuals in the event of a data breach.

This coverage is just the tip of the iceberg. You can purchase a more comprehensive cyber liability policy through Physicians Insurance Agency. Cyber liability policies can include additional features besides those offered by the data compromise endorsement, such as third-party liability coverage for claims alleging financial loss due to a network security or privacy breach. Other coverage includes network asset protection to recover and replace damaged, erased, or corrupted data; cyber extortion coverage in the event that a ransom demand threatens the identities entrusted to you; and fines and penalties associated with HIPAA and the HITECH Act (to the extent insurable by law).

If you would like more information or if you are interested in purchasing coverage, contact your account executive or me at (206) 343-7300 or 1-800-962-1399.

* Larry Ponemon, "Five Countries: Cost of Data Breach," April 19, 2010, < http://www.ponemon.org/local/upload/fckjail/generalcontent/18/file/2010%20Global%20CODB.pdf>, accessed on August 29, 2012.

Rural Health *Continued from page 2*

savings. "When a trip to a discount store nets the same medication at a third of the cost, patients want to know that."

Millard says it also means keeping close records to minimize liability. "You have to carefully chart your patient visits. If a patient refuses to get a colon cancer screening, you need to document the reason why: 'The patient refused a colon cancer screening due to cost. Risk factors were discussed.'"

Meticulous tracking is required, too, because of the higher number of physicians' assistants and nurse practitioners used in rural practice. More oversight may be needed in reviewing their charts and notes, talking with them about their findings, and explaining how best to meet the care needs of a rural population.

Giving Patients Options for Care

Berdi Safford, MD, has spent 33 years seeing patients in Ferndale, Washington. Also the medical director of quality for the Family Care Network, she says that the difference between her rural constituents and those in the city of Bellingham, just seven miles away, is pronounced. Unlike many of her urban counterparts, she cannot limit the number of low-income patients that she serves.

Like Millard, she faces the conundrum of what health care her patients can afford versus the health care she thinks is best. She has become proficient in the art of negotiation and with finding less costly, yet workable, solutions.

"Thirty-five years ago, I trained in a very rural family medical practice in Maine where people always paid for their own health care," she says. "I learned cost-effective habits I might not have learned in a place with less cost constraints."

Demographics and socioeconomic factors play a significant role. Close to 50 percent of her patient population is on Medicare, welfare, or disability. Seniors are generationally prone to tough it out. "The perception is of a far greater distance than the reality," she says. "Gas prices being what they are, though, my patients don't want to get onto the freeway and go to the big city. They want their care from their local doctor."

A higher concentration of complex health issues, fewer resources, and a low-income population have not dampened Safford's optimism. She doesn't fear adverse outcomes. "I'm trying to make the right health care decisions where there are a lot of gray areas. I remember one immigrant with very little money who complained of headaches. I wanted to get a scan, but he refused for lack of money. We negotiated. I was not so worried about being sued as I was worried that something bad for him would only get worse. Thankfully, the headaches got better. It's a kind of dance we do."

Innovations in Rural Care

According to the Bureau of Health Professions, "about 20% of the US population—more than 50 million people—live in rural areas, but only 9% of the nation's physicians practice in rural communities." This shortage of primary and specialty care physicians in rural settings is not new, but local programs today are addressing the issue head-on.

Safford and her colleagues have entered into a promising mental health pilot program with the county mental health clinic in Bellingham. Twice a month, a trained mental health counselor and a nurse practitioner trained in mental health medications see patients at Safford's practice.

"It's a resounding success," she says. "Their schedules are full and there's hope they will expand their hours. Patients we had difficulty getting to counseling in Bellingham are more willing to seek that help in our office."

Ferndale Family Medical Center is also excited to be a participant in the University of Washington School of Medicine's new TRUST program, which partners medical students with a rural community throughout their four-year medical training. The Targeted Rural and Underserved Track (TRUST) aims to train specially qualified and specially selected University of Washington medical students to be physicians who will work in underserved areas, including both rural and small-city community health centers. In essence, the program seeks to provide a continuous connection between underserved communities, medical education, and health professionals in our region. The hope is that by building relationships, the students will cement ties to the local community and, perhaps, return to establish their practice there.

RISK MANAGEMENT CALENDAR OF EVENTS

ADVERSE EVENT RESPONSE TEAM TRAINING

a 2.5-hour seminar for physicians and medical team members

This interactive training prepares you to address the special needs of patients, families, and peers following an adverse event. Learn how to prepare for and deliver a compassionate and empathetic apology, when applicable, and develop an ongoing care plan for the patient and family affected by an unexpected or poor outcome.

2012

Thu.	Sep. 13	Portland	5:30 pm – 8:45 pm	Tue.	Oct. 16	Yakima	5:30 pm – 8:45 pm
Tue.	Oct. 23	Everett	5:30 pm – 8:45 pm	Thu.	Nov. 15	Seattle	5:30 pm – 8:45 pm

COMMUNICATION IN ANESTHESIOLOGY

a two-hour seminar for anesthesiologists

How effectively you handle your pre-op conversation with patients can shape their surgical outcomes, length of hospital stays, and satisfaction measures linked to reimbursement. This dynamic workshop uses simulation techniques that allow you to assess and hone specific behaviors related to easing patient anxiety, building rapport, and conducting a solid informed consent.

2012

Tue.	Sep. 25	Olympia	5:45 pm – 8:15 pm	Thu.	Oct. 4	Tacoma	5:45 pm – 8:15 pm
Thu.	Nov. 8	Bellevue	5:45 pm – 8:15 pm				

THE ELECTRONIC AGE

a two-hour seminar for physicians of all specialties

From e-prescribing to e-discovery, electronics are becoming bigger parts of the health care landscape. Will electronics ultimately lead to improved quality of care or are they liability landmines waiting to be triggered? How can a health care provider take control of these new tools for the benefit of patients while minimizing the chance of liability?

2012

Thu.	Sep. 27	Bellevue	5:45 pm – 8:15 pm	Thu.	Oct. 25	Mt. Vernon	5:45 pm – 8:15 pm
Wed.	Nov. 7	Vancouver	5:45 pm – 8:15 pm	Thu.	Dec. 6	Silverdale	5:45 pm – 8:15 pm

SAFE AND SECURE

a two-hour seminar for medical office personnel

All levels of staff will benefit from this focused seminar that illustrates best practices in protecting patient privacy. Topics include HIPAA and HITECH, the Uniform Health Care Information Act, breaches of patient health information, and release of patient health information. Cases related to minors, audits, and fines will be discussed.

2012

Wed.	Sep. 19	Bellingham	11:30 am – 2:00 pm	Wed.	Oct. 17	Portland	11:30 am – 2:00 pm
Tue.	Nov. 13	Tacoma	11:30 am – 2:00 pm	Tue.	Dec. 4	Lynnwood	11:30 am – 2:00 pm

Enrollment is limited, so early registration is encouraged. For more information on risk management seminars, contact the Risk Management Department at 1-800-962-1399 or risk@phyins.com. If you are a member, you can register at www.phyins.com. If you don't see a seminar in your location, look for future seminar dates on updated brochures regularly sent to all members. You can also visit www.phyins.com for up-to-date seminar offerings and registration.

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Welcome, New Members!

We are pleased to welcome the newest member groups in Washington, Oregon, and Idaho to Physicians Insurance.

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Cascade Surgery Associates, Auburn, Washington

Childhood Health Associates, Salem, Oregon

Diagnostic Radiologists, Salem, Oregon

EPIC Imaging, Portland, Oregon

Fanno Creek Clinic, Portland, Oregon

Gastroenterology Consultants, Medford, Oregon

Oregon Anesthesiology Group, multiple locations in Oregon

Orthopedic Surgery & Sports Medicine, Coeur d'Alene, Idaho

Palouse Surgeons, with locations in Washington and Idaho

Shosone Medical Center, Kellogg, Idaho

Volunteer/Retired Providers Program, Washington

Washington Center for Pain Management, 2 Washington locations

Whitman Hospital and Medical Center, Colfax, Washington

Provider Excess Coverage:

Yakima Valley Farm Workers Clinic (for provider excess coverage), Yakima, Washington

TPA Services:

Kadlec Regional Medical Center (for TPA services), Richland, Washington