

## N.J. Starts U.S. Funded Health Insurance for Patients with Pre-existing Conditions

By Lisa Fleisher/Statehouse Bureau  
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TRENTON - In one of the first, tangible consequences of the national health care overhaul passed earlier this year, New Jersey today opened up a federally funded health insurance plan for people with major or ongoing medical conditions. The plan - called NJ Protect - will use \$141 million in federal money to cover an estimated 21,000 residents for three years through a program run by Horizon Blue Cross Blue Shield of New Jersey, said Ed Rogan, a spokesman for the state Department of Banking and Insurance. It's open to New Jersey residents with specifically defined pre-existing conditions who have not had health insurance for six months.

Only U.S. citizens, nationals or legal residents are eligible. The coverage will cost between \$212 and \$768 a month, depending on the person's age and plan selected. Under the health care bill signed in March, states were required either to set up their own plans or accept a federal plan for people deemed high-risk.

The federal government will spend \$5 billion overall to provide coverage. By creating its own plan - something many other Republican governors have refused to do - Gov. Chris Christie is not endorsing health care reform nor ruling out the possibility of joining a lawsuit against the federal move, spokesman Michael Drewniak said. "That option would always be open to us," he said. "Here's what we have to accept: that it's the law of the land, and we have choices.

"The state could either run its own program or "surrender all control of the program and that segment of our insurance market to the federal government," Drewniak said. "And why would we want to do that?"

Unlike dozens of other states, New Jersey already bans health insurance companies from refusing to provide coverage for pre-existing conditions such as cancer, high cholesterol HIV-AIDS or hypertension.

Sen. Joseph Vitale (D-Middlesex), who is involved in state health care issues, said this program will likely most help middle-class residents rather than low-income people who cannot afford the premiums and out-of-pocket expenses involved in the plan. "It's more than a great start," he said. "It's not for everyone, but it will help thousands of individuals, hopefully, afford the cost who are currently uninsured." The state signed the contract Friday with the U.S. Department of Health and Human Services to create the high-risk pool, Rogan said. Because people must be uninsured for six months, they cannot simply jump from the state-offered health care plan to the new plan, which is designed to be less expensive, he said.

New Jersey's two Democratic U.S. Senators hailed the opening of the plan, saying it will allow people with expensive medical conditions to afford health insurance.



### TESTIMONIALS: CALL (877) PLIG-123 to leave your own testimonial message

*Let us know what it is we do for you that other people would want to hear and we'll share it (if you want us to).*

*"Shayne led a team on which I worked and his leadership of the team made all of our lives much easier."*

- Jonathan Cargan, MD, President,  
Phoenix Ascendant Consulting,  
LLC

*"(You) provided great customer service with respect to handling our worker's comp and health insurances."*

- Dr. L. Bispo

*"I've worked with various ... companies throughout the years and Professional Liability Insurance Group, by far, is the best because of the personalized service that we get."*

- Barbara Stinchcomb, Corporate  
Administrator

# Medical Professional Liability Update

## Economic Challenges Facing U.S. Hospitals

U.S. hospitals have experienced rapid and significant financial strain in recent months. The sharp reduction in investment earnings (and loss of invested assets), the rising cost of capital as a result of the nation's financial crisis, lack of patient demand for services, declining reimbursements from Medicare, Medicaid and private insurers, and increasing delinquency or default in payments by uninsured or underinsured patients, have all resulted in almost half of the nation's hospitals reporting negative margins in the third quarter of 2008. In many hospital settings, capital spending has



come to a halt. More than half of all U.S. hospitals have cut staffing expenses and more than one-fourth have eliminated or reduced services. In November of 2008, Moody's, citing many of these issues, revised its outlook on the not for profit hospital sector to negative from stable.

Hospital patient volume has plummeted as financially-strapped patients postpone or forego elective procedures. The increasing number of uninsured hospital patients seeking care has also had a negative impact on hospital finances. Finally, uninsured or under-insured patients are forced to make difficult priority decisions when it comes to their own health – predictably, people who lose their jobs and their insurance tend to put off or delay needed care. Consequently, hospitals are presented with a higher acuity patient population with a diminished ability to pay. So, the required response and attendant resource expense is greater and the prospects for reimbursement are less, at the same time that these organizations are already struggling with investment losses and weakened balance sheets.

## A Negative Relationship Between Hospital Finances & Patient Safety

While the definitive study has yet to be published, there have been numerous reports published that suggest a direct correlation between hospital financial performance and patient safety. In 2005, the Stanford University School of Medicine released a report which studied hospitals in 18 states covered by the Agency for Healthcare Research and Quality ("AHRQ") and Healthcare Cost and Utilization Project ("HCUP") data, including 1100 hospitals and 15 million discharges, and concluded that hospitals that experience a decline in key financial performance metrics also experience significant declines in performance on several key patient safety indicators. Other published studies conclude that, as hospital margins decline, adverse patient safety events increase within a hospital for both nursing and surgical events. A set of 24 likely preventable patient safety events occurred with 12% higher frequency when the hospital was in the lowest, compared with highest, profit margin quartile. Significantly, the effect of a hospital's financial performance on safety outcomes was more likely to be manifest in the year following decreased profit margin due to the time it takes for cost-cutting changes in staffing and quality control to affect patient safety. In light of the direct correlation between hospital finances and patient safety adverse outcomes, hospitals must safeguard against the possibility that patient safety will become a casualty of the recession.



Reprinted with permission from the Professional Liability Underwriting Society; January 2010 - Issue XXIII, Volume 1; So Attention Must Be Paid—What impact will the recession have on the risk profile of U.S. Hospitals?; By: Matthew Dolan, President of IronHealth, Ironshore's Healthcare Liability Division

## Liability 101

This past quarter I've discussed Employment Practices Liability Insurance, or EPLI, with a few physician practices. It's an area that seems to get more negative press these days than anything else affecting a private practice. Here's an example of what could occur in an EPLI claim: *An employee was promoted four times during her nine year employment with a three-physician office but filed suit for breach of contract, racial discrimination, fraud and emotional distress when she was not promoted to office manager after the office merged with another practice. After four years of litigation, the practice settled the case for \$75,000 and defense costs in excess of \$272,000.* This is not a situation anyone wants to be faced with as a small employer. But, the fact is that a small employer is more likely to have an Employment Practices claim than a General Liability or Property claim. Allegations of sexual misconduct affect one in ten physician offices, and 65% of employers who have fired an employee have been hit with a lawsuit. The average cost to defend an Employment Practices claim is \$150,000 and the median award is \$250,000. It's not what we want to hear as business owners, but knowledge of how to protect your business assets is key to survival – sometimes literally in the world of a small business owner. If you do not currently have EPLI coverage and would like a free quote, please give us a call. It's a simple form to complete and could save your business from a potential future issue. - *Shayne*

## Spotlight On Our People

### **Maria Romer, Administrative Assistant**

Since joining the company in May 2006, Maria has been a vital member of the team at PLIG. Besides having proudly raised two children she has a wealth of experience in management that has included responsibility for staffing, hiring, and payroll. She also has extensive experience in the Financial/Banking industry with roles including mortgage processing, investigating escrow issues, and overseeing money ordering from the Federal Reserve. It's no wonder she's proficient at balancing multiple projects and maintaining the daily operations of the business, including our client database management system. She has also taken on responsibility for creating and maintaining our electronic filing system in order to go paperless – helping us in our continued pursuit to 'Go Green'. Maria's customer service is the best in the industry as she has consistently been called a 'favorite' among our clients.

## Client of the Quarter

Our agency is nothing without your loyalty and faith in us. Even if your name doesn't appear below in a newsletter, please accept our heartfelt "thank you" for your support.

When you mention our agency to your associates and peers, and they give us a call, (Don't worry. We ask them how they heard about us.), **we will donate \$25 to the charity of your choice** or to Big Brothers Big Sisters of Salem and Cumberland Counties as part of our "Physician Philanthropy" program.

The "Client of the Quarter" Winner for Spring 2010 is:

**Dr. Wasique Narvel**

**He has won a Morgan Silver Dollar and had \$200 donated to the charity of his choice!**

Thank you for your continued trust in us!

Remember, your referrals do **not** have to become our clients for us to donate the \$25.

### **Last Quarter's Referrals:**

**Dr. Wasique Narvel referred:** Dr. Sehgal, Dr. Manske, Dr. H. Patel, Dr. Parmar, Dr. Venugopal, Dr. R. Malik, Dr. P. Malik, and Dr. R. Tomar

**Dr. Asha Gupta referred:** Dr. Donepudi

**Dr. Jagirdar referred:** Dr. Pastui

**Dr. Lacavera referred:** Dr. Martin

## Tell Others About Us & Win a Prize

Who will be our next Client of the Quarter? It could be you. Referrals are the lifeblood of any business, and there's no better source than you, our clients. Just mention PLIG of South Jersey to an associate or peer and have them give us a call at 856-692-7702. Don't forget to tell them to use your name so that we can donate \$25 to the charity of your choice and enter you in our contest for Client of the Quarter. Thank you in advance.

## Where to Look for Impartial Consumer Information

When it comes to consumer advice and safety, your Circle of Safety is just the tip of the iceberg. As you know, if you've ever tried researching a subject online or at your library, there's so much information out there, it's tough to know where to start. That's why we try to give you the key information you need for a safer lifestyle.



If you have a particular interest where you need to know more, our advice is to use official Government sites for impartial information. A good starting point is the Consumer Product Safety Commission (cpsc.gov) and the Consumer Guides and Protection Service at usa.gov. For fraud issues, go to the Federal Trade Commission (ftc.gov). Most states have a Consumer Services Department (New Jersey's is www.njconsumeraffairs.gov/ocp), while local governments have an Environmental Health Services (or similar) division. You can find these in the phone book or online.

## The Professional Liability Insurance Group's "Physician Philanthropy" Program

We value our role in giving back through donations to organizations that help others. You can also help support the community every time you refer someone to our agency. For each referral we receive, we'll donate \$25 to the charity\* of your choice\*\*. Just make sure they mention your name when they call. We've also recently partnered with Big Brothers Big Sisters of Cumberland and Salem Counties to help support their efforts this year. You can help further by donating a gift card of any value, tickets to an event/show or a similar gift. Just send it to us and we will present it to Big Brothers Big Sisters of Cumberland and Salem Counties all of the donations on behalf of "PLIG and our clients" at the end of the year.

\* Charity must be a registered 501(c)(3).

\*\* Just let us know your charity, or we can add the donation to the BBBS donation in November.

### **Big Brothers Big Sisters**

*Big Brothers Big Sisters of America is the oldest, largest and most effective youth mentoring organization in the United States. We have been the leader in one-to-one youth service for more than a century, developing positive relationships that have a direct and lasting impact on the lives of young people. The local chapter, Big Brothers Big Sisters of Cumberland and Salem Counties mentors children, ages 5 through 18, in Cumberland and Salem Counties - <http://www.bbbs.org/CumberlandSalemNJ> In 2009, Big Brothers Big Sisters of Cumberland and Salem Counties provided 482 children with a one-to-one, professionally supported, long-term mentor.*

We would like to thank you in advance for joining us in our efforts to help others in need – especially during a time when our own individual economies may seem bleak.

## Not-So-Trivial Pursuit

Last Quarter's Trivia Contest winner is Mr. John Saccenti. His answer to the question "Where did Kingsford Charcoal come from?" was the first correct response we received.

Charcoal was originally developed from wood scraps of the Ford Motor Company's factory. After the 'Ford Charcoal' company's manufacturing site was brokered by Henry Ford's relative, E.G. Kingsford, the company was renamed in his honor: The Kingsford Company.

Mr. Saccenti won a **MORGAN SILVER DOLLAR** for responding first (and correctly).

Test your knowledge! Just one correct (or nearly correct) answer and you could be this quarter's winner. The entry that comes closest to the correct answer to the following question will be the winner. If more than one person has the exact answer, the winner will be the person whose entry reached our office first. Write down your name and answer, and then **fax (856) 691-0059** or **mail (630 South Brewster Rd., Suite B3, Vineland NJ 08361)** or **email (trivia@PLIGofSJ.com)**. Good luck!

**PRECIOUS STONES AND QUARTZ WERE THE NATURAL FORERUNNERS OF WHICH 13TH CENTURY INVENTION?**



**Big Brothers Big Sisters**  
of Cumberland & Salem Counties

*"I never stood so straight as when I stooped to help a child."*