



ACCOUNTABLE CARE ORGANIZATIONS

The new federal health law includes a provision for the creation of Accountable Care Organizations (“ACO’s”). ACO’s are networks of physicians, hospitals and other healthcare providers that share responsibility for providing care to patients. The goals are to improve quality and reduce cost as our healthcare system in its current state will not be sustainable in the future.

ACO’s will have insurance needs similar to HMO’s, IPA’s and other managed care organizations.

These needs include:

- **Errors & Omissions insurance** – ACO’s will have a vicarious liability exposure and they run the risk of being dragged into malpractice claims. While not the direct provider of care, plaintiff’s attorneys will contend actions by the ACO resulted in negligence and, thus, argue they are liable for patient injuries. Examples of actions by the ACO which may lead to claims include:
 - Improper credentialing of network members,
 - Denial of care, and
 - Protocols / care management that does not meet the standard of care.
- **Directors & Officers Insurance**
- **Employment Practices Liability**
- **Provider Excess of Loss coverage** – The federal regulations surrounding ACO’s are not yet clear. There is much discussion about ACO’s receiving global capitation as a means to control cost and limit reimbursement. With a global capitation reimbursement methodology, the ACO will receive a fixed rate per member / per month. The ACO must protect itself from catastrophic claims. Just a few large claims (transplant, bypass with complications, cancer involving multitudes of treatment methods) could financially impair the ACO. For this reason, ACO’s may need Provider Excess of Loss insurance where the insurer pays after a defined threshold is reached (i.e. \$100,000 in patient expenses) to mitigate the financial impact of catastrophic healthcare claims.
- **Workers Compensation Insurance**
- **Fidelity Bonds** (Crime insurance)
- **General Liability insurance**

The Physicians Advocate is one of few brokers in the state of Florida with experience in working with the managed care industry and we have been doing so since the mid-1990’s. We clearly have the expertise to work with ACO’s. As a broker, we work with multiple insurers to ensure the best available terms for our clients and we have contracts with many insurers for all of the above coverages.

