

Catch the Wave of Specialized Income Protection

Get ready, 'cause here it comes. Healthcare reform will impact your practice from top to bottom. You can count on regulatory and reimbursement changes, new compliance requirements, insurance and delivery system changes, and more. Although healthcare reform has generated much uncertainty, one thing has not changed: The need for physicians to protect their income.



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Healthcare reform is on the horizon. As you prepare your organization for success in this new environment, keep in mind that your physicians still need to protect their income with specialized insurance coverage. This article dispels some of the myths associated with Group Long Term Disability (LTD) coverage.

MYTH #1: Group LTD coverage is too expensive and too complicated to buy.

REALITY: Group LTD coverage is typically a fraction of the cost of comparable individual disability (IDI) coverage. Plus, because most group plans can qualify for “guaranteed issue,” which means no medical questions or examinations are required, it is easy to buy and your physicians cannot be declined.

MYTH #2: All Group LTD plans look at earnings the same way.

REALITY: Most plans require physicians to suffer an income loss (typically 20%) before they can qualify for disability benefits. Some plans may include all the income a physician receives, including bonuses, K-1 earnings, receivables, and salary continuation. When it comes to determining income loss, you want a carrier who understands the importance of income flow within your practice.

MYTH #3: If physicians lose the ability to perform the procedures of their specific jobs, their Group LTD plans will pay the full benefit.

REALITY: Many Group LTD plans define “material duties” as those typically performed in your occupation in the “national economy” and not the specific procedures actually performed. If physicians are performing procedures not typical of their specialty or sub-specialty, or if they are specializing in a particular area of medicine not recognized by the American Board of Medical Specialties (such as knee surgery, eye surgery, back/spine surgery, etc.), then they may be unprotected if a disability leaves them unable to perform these procedures. Your Group LTD policy should define material duties as the specific procedures physicians perform in their practices.

MYTH #4: All Group LTD plans pay about the same benefit for partial disability.

REALITY: For the first 12 months of a partial disability, most Group LTD plans pay about the same benefit. After 12 months, however, Group LTD plans differ greatly. Some plans use a 50% offset formula that may result in low payments for highly compensated physicians. Be sure you understand how your Group LTD policy pays for partial disability.

INSURANCE PHYSICIANS EXPECT

MYTH #5: If physicians become disabled and can no longer work, their Group LTD plans will pay the full benefit.

REALITY: Group LTD plans may not define “occupation” as a physician’s specialty or sub-specialty. Instead, they often define it as “Medical Doctor,” which means if a physician can work as any type of M.D., then he or she may not be considered disabled. If your physicians are specialists, it is critical that your policy defines their occupation as specialty or sub-specialty. Otherwise, your physicians may not qualify for a disability benefit.

MYTH #6: Physicians can’t supplement individual disability insurance with Group LTD coverage.

REALITY: Group LTD coverage can be layered on top of any individual disability plan with no offset or coordination of benefits. A properly designed Group LTD policy is an excellent way to supplement a physician’s individual coverage, maximizing monthly disability income protection.

MAXIMIZE INCOME PROTECTION WITH GROUP LTD COVERAGE



	Dr. Lee	Dr. Tate
MONTHLY INCOME	\$25,000	\$25,000
INDIVIDUAL COVERAGE	\$10,000	\$10,000
GROUP LTD COVERAGE	zero	\$10,000
TOTAL MONTHLY DISABILITY PROTECTION	\$10,000	\$20,000
PERCENTAGE OF PRE-DISABILITY INCOME	40%	80%

Your Group LTD plan should provide retirement funding, cover ongoing business overhead expenses of your practice, and provide income replacement even after you return to work.

MYTH #7: All Group LTD plans will treat physicians about the same at claim time.

REALITY: This is far from correct. Some Group LTD policies will force physicians to accept retraining, work part-time, perform some of their duties, or work to their “maximum capacity.” Some Group LTD carriers may terminate benefits if a physician moves outside the United States. Disabilities related to mental/nervous, substance abuse, or “self-reported” conditions may be limited to 24 months in a physician’s entire lifetime.

Ultimately, a physician’s experience at claim time is dictated by the subjectivity of the Group LTD policy and the expertise of the carrier’s claims personnel. As practice administrator, know how your policy works and what level of expertise is being provided by your insurance carrier.

MYTH #8: All Group LTD plans are basically the same.

REALITY: Physician practices that have Group LTD coverage look to their programs to provide more than a monthly benefit check: Your Group LTD plan should provide retirement funding, cover ongoing business overhead expenses of your practice, and provide income replacement even after physicians return to work to build back their practices.

Enjoy the ride

MGIS insurance products deliver the protection physicians expect — giving them the freedom to focus on medicine, not insurance. This freedom, along with the peace of mind that comes from knowing your physicians and group members are backed by solid coverage, will help you prepare with confidence for the changes that healthcare reform will bring to your practice. ■

About MGIS

At MGIS, our business is protecting physician income. We’ve shown our expertise over the years by pioneering specialized insurance solutions for physicians. We design and administer specialized group disability programs for physicians and their employees, offering one of the strongest and most competitive contracts available.

We recognize the importance of working closely with our physician clients to fine-tune specific needs and expectations. Since MGIS was founded in 1969, we have served more than 8,000 physician groups, 800,000 group members, and 135,000 physicians. We work exclusively with highly qualified brokers who help their physician clients choose the best insurance solutions.

MGIS has introduced other products specific to physicians, including medical-professional liability programs. All MGIS products offer the best features and benefits demanded by the best doctors, delivered with the best service. It’s our business, and it’s all we do.

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