



COOPERATIVE OF
AMERICAN PHYSICIANS

PHYSICIAN

Managing a Safe and Successful Practice

Today[®]



The Cooperative of American Physicians, Inc. (CAP) is a leading provider of medical malpractice coverage, risk management, and practice management services for California physicians. Meet Sarah E. Scher, Chief Executive Officer of CAP. Physician Today spoke with her recently to find out more about why an organization like CAP can be such a huge benefit to the state's physicians, especially now during these uncertain times.

Physician Today: Your organization is a cooperative that provides medical professional liability coverage and other services to physicians and medical practices. Why is a cooperative better for protecting and supporting physicians than an insurance company?

Sarah: The Cooperative of American Physicians was established in 1975. Our customers are members. We are uniquely positioned to be a partner in their business. In 1977, CAP formed the Mutual Protection Trust (MPT) to provide medical malpractice protection to healthcare providers. MPT today protects some 12,000 California physicians.

We do not operate with a profit motive. Our intent is to protect and bolster the success of our members' medical practices. We do not answer to investors, instead we answer to our physician members because we are physician owned and governed. Our CAP Board of Directors and MPT Board of Trustees are composed entirely of practicing physicians who recognize the unique challenges faced by healthcare providers. They hold the executive team accountable for identifying and creating solutions that permit our members to focus on patient care.

Physician Today: That sounds like a unique approach for providing coverage to physicians, but how have you been able to deliver substantial cost savings year after year?

Sarah: Unlike a traditional insurance company, MPT assesses its members for the overall amount that

is anticipated necessary to pay medical malpractice claims and administrative expenses over the next 12 months. This has typically made MPT and CAP more affordable, consistent, and stable than most insurance carriers. MPT's sustained A.M. Best A+ Superior rating is proof of this.

This year, MPT utilized its unique structure and capacity to refund assessments to members in response to the COVID-19 pandemic. We recognized our members' need and offered not only a timely refund, but also payment deferrals, assistance with how to apply for a CARES Act loan, and risk management, practice management, and telemedicine support throughout the crisis.

Physician Today: How has COVID-19 affected your business? What are you doing to ensure your members' success during COVID-19?

Sarah: As a physician-based organization, we have a closer and more collaborative relationship with our members than a commercial insurance company might. Because of this, we were able to quickly learn, in real time, the kinds of challenges our members were facing. Some we expected, but others seemed counterintuitive. For example, we initially thought many of the practices would be overrun with sick patients. But once social distancing was broadly enacted, we learned that our members were facing massive reductions in revenue due to cancelled and delayed appointments and procedures.

That's why we quickly launched our COVID-19 Resource Center to help physicians keep up to date on the legislative and regulatory responses from state and federal officials. We are helping them manage the unique risks and patient safety challenges to stay ahead of the curve on treatment—especially relating to telemedicine and proper coding/billing—and to maximize the small business support and financing of the CARES Act.

We continue to assist members individually when they contact us for guidance. But given the scale of this crisis, we've been proactive, reaching out to our members through regular information updates and webinars to answer questions about all sorts of

business issues, including closing and re-opening their offices. The CAP Risk Management, Practice Management, and Human Resources hotlines have been very busy.

And as I mentioned before, we quickly issued an assessment refund to members in April that we hope helps them however they've been affected by the crisis.

Physician Today: What is CAP doing to help the physician community at large during the crisis?

Sarah: First, we have opened up our COVID-19 Resource Center and webinars to all physicians, medical staff, and practice managers who wish to tune in, free of charge. And the response has been tremendous. We've had hundreds of non-CAP physicians join our webinars and visit the Resource Center, because they know of our reputation for providing valuable, actionable guidance to our members.

The most common concern we are hearing from physicians is the loss in revenue caused by the shutdown and the resulting need to reduce overhead expenses. This is where CAP's time-tested business model of delivering coverage, at cost, has proven itself so valuable. We have already helped many physicians lower their costs for malpractice coverage by switching to CAP during the crisis. And they are saving thousands more through our enhanced services like the CAP Purchasing Alliance, a free group purchasing organization formed to help CAP members save on virtually everything they purchase for their practices.

Physician Today: How has COVID-19 affected CAP's staff members and business operations?

Sarah: In addition to attracting California's best physicians, CAP is also known for cultivating an exceptional team of staff members who continually strive for excellence in their work, much like our members do in their own practices. In less than one week, the company was able to migrate from a mostly office-based organization to a 100% work-at-home environment. CAP staff are fully engaged, productive, and accessible to our members by

phone, email, and online. Having a dedicated team of seasoned professionals is one of CAP's greatest assets. It allows us to be very nimble to accommodate the rapidly evolving situation. As the progression of the COVID-19 crisis dictates, CAP will carefully plan and execute its return to an office-based environment while still maintaining a productive remote working component.

Physician Today: How is it that CAP continues to thrive here in California, while some larger, multi-state competitors face serious challenges, including downgrades of their financial ratings?

Sarah: Our commitment to California is unprecedented. Our membership continues to grow throughout the state, even as some insurance carriers shift their focus outside of California. We support county medical societies in Southern, Central, and Northern California. Our political advocacy in Sacramento and Washington, D.C. represents physicians all over California, from heavily populated coastal cities to smaller communities in the Central Valley and Northern California. We are vigilant in our constant defense of the Medical Injury Compensation Reform Act of 1975 (MICRA). CAP and Schmid & Voiles, our in-house law firm, have a strong presence across the state and have evidenced excellent results in the courtroom with a 93% success rate. The CAP and MPT California-centric business model has proven to be incredibly durable and dependable over the past 45 years. We will continue to leverage CAP's superior position in the marketplace in order to best serve California physicians . . . at the office, at the clinic and hospital, in Sacramento, on Capitol Hill, and especially in the courtroom.

Physician Today: All malpractice companies would like their physicians to operate safe practices in order to reduce claims. CAP seems to have achieved the right balance of providing Risk Management Services and education that actually take root. What is the formula? How do you reach your members with Risk Management?

Sarah: Our emphasis on helping physicians reduce medical risk and increase patient safety is paramount. CAP has built a full suite of risk

management services to support the entire medical practice. Most of these services are free to CAP members and are administered by our team of experts in healthcare and law—providing a high level of personal attention and individual solutions.

Services include free onsite risk assessments, various CME programs including our comprehensive *Take Aim At Risk* course, staff risk management training programs, webinars, and popular publications like *Physician Today* magazine and the *Patient Safety Advocate*.

Members can call CAP's 24/7 risk management hotline any time to speak with a risk manager about issues such as a possible patient incident/adverse event, EHR documentation, HIPAA compliance, telemedicine protocol, patient consent, and many other topics. Our innovative CAP Cares program helps physicians follow key steps and manage a thoughtful resolution process following an adverse patient event. The CAP Cares program provides non-judgmental, confidential, and objective support, with guidance at every stage of the process—without affecting coverage rates—to help physicians avoid an actual claim by a patient.

Physician Today: How about Practice Management Support? I've heard that CAP has been expanding the types of services it provides to members.

Sarah: CAP's practice management portfolio helps members achieve successful business operations. From human resources issues—CAP HR executives provide free customized consultation to hundreds of members' medical practices every year, to billing and coding support, to regulatory and legislative education and compliance. CAP has experts, educational resources, publications, and tools that provide guidance to optimize practice success.

The *CAP Marketplace* connects physicians to essential practice services. Our *CAP Advantage* program features more than 20 carefully vetted vendors who offer free or discounted practice-related programs, including group purchasing, payroll, credit card processing, real estate services, and practice marketing and development.

One of our newly introduced programs is called *My Practice*, a free practice management and business

services program that offers members access to experienced professionals who provide advice and customized solutions to a wide variety of practice and business-related issues.

Physician Today: What other lines of coverage does CAP offer to its members?

Sarah: In 2007, CAP founded the CAP Physicians Insurance Agency to offer members the full range of competitively priced personal and business insurance products. In addition to discounted policies and programs customized for physicians, the CAP Agency supplies CAP members with benefits in these areas at no additional cost: life and disability insurance, employment practices liability, reimbursement for legal costs stemming from various administrative actions and employment-related lawsuits, and cyber liability protection.

Physician Today: Once we've made it to the other side of COVID-19, what can physicians and medical groups expect from the medical malpractice coverage market?

Sarah: Before this crisis began, we were already seeing a new hard market take shape:

- Rapidly increasing claim costs driven by escalating defense expenses.
- Higher demands for damages from the plaintiffs' bar.
- Another attack by plaintiff's attorneys on the MICRA cap on non-economic damages.

While MPT has been able to maintain its A+ (Superior) Financial Strength rating from AM Best and keep costs relatively stable, many carriers have been forced to raise prices in the face of deteriorating results and adjustments to their financial ratings. The economic, political, and social impact of COVID-19 will likely compound these challenges. We have already witnessed the dissolution of many Risk Retention Groups and

recently learned of the planned demutualization and acquisition of NORCAL.

CAP is a thriving Cooperative whose primary focus is supporting our members in the delivery of safe and effective patient care. It is during a crisis such as COVID-19 where our members are called upon to go above and beyond the call of duty. CAP recognizes the challenges created by situations such as these and has underscored our partnership with our members through an assessment refund, timely resources, practice solutions, as well as prompt resolution of medical malpractice claims. We expect to continue our sterling reputation of supporting our members in the post-COVID-19 environment, and we look forward to framing solutions for a better tomorrow with our physician members.

Physician Today: We appreciate your time, Sarah. We know how busy you must be with all the recent changes happening here in California, and in the entire world.

Sarah: Thank you. It's important for California physicians to know that CAP is here working hard to help during these unprecedented times in the medical field. CAP personnel are always available to answer questions and to offer information and education. We have numerous resources to support our medical community during the COVID-19 crisis. We even have a new resource center on our website: <http://www.capphysicians.com/articles/cap-covid-19-resource-center>.

We invite any California physician to get a customized quote for affordable medical malpractice coverage at <http://www.capphysicians.com/instant-quote>.