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Medical Security Memories



(l-r) Dr. John Olmsted, Dr. Wayne Holland, Gregory Grannan, Dr. Charlie Blair, Dr. Tom Bennett, Dr. Jack Sowter, Dr. Jim Walter, and Dr. Stuart Fountain

Medical Security is proud to celebrate its 20th anniversary as a subsidiary of Medical Mutual Insurance Company. We are equally proud of our 20 year partnership with the North Carolina Dental Society (NCDS). Since our company was founded in 1988, Medical Security has been the only professional liability insurance carrier endorsed by North Carolina's leading association of dentists for 20 consecutive years.

Medical Security's formation was the direct result of proactive measures taken by the NCDS at a time when the malpractice environment was in a state of turbulence. The instability of the insurance industry combined with increasing premiums, poor service, and the skyrocketing cost of health care plans made it difficult for dentists to practice in our state. In response to the tumultuous climate in the eighties, a task force was formed with members selected by the NCDS. The task force included Drs. Wayne Holland, John Olmsted, Jim Walter, Bob Rucho, Morris Griffin, and Jack Sowter. The team's mission was to investigate the malpractice insurance industry's challenges and make recommendations, based on their findings, to the NCDS Board of Trustees. The task force began their arduous and expensive insurance education, which led to the eventual formation of NC Services for Dentistry, Inc. (NCSD, Inc.), a vehicle that would deliver insurance products to NCDS members.



Insurance Committee members met in Dr. Olmsted's dining room in June 1986 to form the NCSD, Inc.

Several years later, Gregory Grannan was hired as General Manager of NCSD, Inc. Grannan, a former employee of Blue Cross and Blue Shield of North Carolina, utilized his many insurance industry contacts to approach the North Carolina Medical Society and Medical Mutual Insurance Company for guidance regarding the process involved in forming a malpractice insurance company.

Medical Security Partners with North Carolina Dental Society

A proud affiliation for 20 years and counting!!

We are pleased to announce that the North Carolina Dental Society (NCDS) has renewed its exclusive endorsement of Medical Security for the 20th consecutive year. Since our company was founded in 1988, Medical Security has been the only professional liability insurance carrier endorsed by North Carolina's leading association of dentists.

This endorsement follows extensive research and market review by the NCDS, which affirmed that Medical Security is clearly the best and most reliable choice for protecting their members' practices. Our rock-solid financial stability, stellar legal defense team, and exceptional risk management programs all contributed to the renewal of the endorsement that now spans two full decades.

**SAVE UP TO 10%
on your professional liability premium**

- Effective January 2008, NCDS members will receive a 5% discount on their professional liability premium. Look for your discount at your next renewal.
- All dentists will qualify for an additional 5% off their premium for a two year period by taking a Medical Security Risk Management Course.

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Kim Clevenger, Renee Pfefferle, Dr. Alec Parker, Becky Combs, and Dale Jenkins celebrate 20 years of partnership with NCDS

Consequently, Medical Mutual offered to form a subsidiary that would provide professional liability insurance coverage exclusively to dentists in North Carolina.

Today, Medical Security insures more dentists in the state than any other insurance company. Its leadership is comprised of five practicing North Carolina dentists who govern underwriting standards, review claims, assess financial performance, and offer risk management concepts. Their efforts greatly improved the insurance programs available to dentists in our state. We are deeply grateful to Medical Security's Board Members, the North Carolina Dental Society, and the many dentists who support them for their dedication and wisdom during the past two decades. We are proud of our history and look forward to serving you for another 20 years.

Happy Anniversary to Medical Security Insurance Company and Our Partners at the North Carolina Dental Society

Medical Security Board of Directors

Morris H. Griffin, D.D.S.
Durham, North Carolina

C. Wayne Holland, D.D.S.
Wilson, North Carolina

John S. Olmsted, D.D.S., M.S.
Greensboro, North Carolina

John B. Sowter, D.D.S., M.S.
Raleigh, North Carolina

Thomas Morgan, D.D.S.
Jacksonville, North Carolina

When Recession Fears Surface, Check Your Plan

BY KATHLEEN BURKETT CRP®, SENIOR VICE PRESIDENT, TRIANGLE SECURITIES

When worldwide market worries surface, it's easy to get scared. It's particularly easy given the constant media coverage of recent market events such as the U.S. mortgage debacle and the lingering disarray in the banking and investment industries. If you're worried, then it's time to check that your financial strategy matches your risk tolerance and long-term financial goals. There is no guarantee that you'll never lose money, but if a plan truly matches you, the noise shouldn't make a difference.

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Sudden action is usually a mistake. In the late 1980s, Harvard psychologist Paul Andreassen made news with a research project, which found that people who listened to market news actually made lower returns. Why? Because those who sold – or bought – during a market swing probably found out a day later that the market was really running on hype, not fundamentals.

So the next time world markets spike or slide, ask yourself:

What's my plan? Remind yourself of the strategies that have been defined for achieving your long-term goals, such as retirement or funding a college education. Avoid risky investing by sticking to your plan.

What's my risk tolerance? Remember when you discussed a number of questions about how you handle risk and what your expectations were about investment returns with your financial advisor? Sometimes you might have had to do this more than once if your risk tolerance was low but your investment expectations were high – low-risk investors can't expect the highest returns. That's part of the educational process when working with Triangle Securities and helps us to define your diversified investment strategy.

Am I prepared to stay invested – no matter what? In 2004, SEI Investments studied 12 bear markets since World War II. Investors who either stayed in the market through its bottom, or were fortunate to enter at the bottom, saw the S&P 500 gain an average of 32.5 percent (not counting dividends) during the first year of recovery. Investors who missed even just the first week of recovery saw their gains that first year slide to 24.3 percent. Those who waited three months before getting back in gained only 14.8 percent.

Diversification is a portfolio strategy designed to reduce the risk in a portfolio by combining a variety of investment, such as stocks, bonds, and cash, which are unlikely to all move in the same direction. Volatility is limited by the fact that not all asset classes move up or down in value at the same time or at the same rate. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions. If you're worried, just call your financial advisor or Triangle Securities and we can calm your nerves and confirm if you're on the right track.

A Senior Vice President at Triangle Securities, Kathleen Burkett is responsible for the firm's personal financial planning services. Kathleen is a CERTIFIED FINANCIAL PLANNER™ PRACTITIONER with over 20 years of experience helping families grow and protect their wealth. Triangle Securities does not provide tax or legal advice. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns.

Triangle Securities, LLC, Registered Investment Advisor, Member FINRA/SIPC.

ERISA Bond Changes

There has been an important modification to the minimum ERISA Fidelity Bond requirement that may impact your practice. New regulations increase the maximum required limit of coverage you will need to carry for your practice's retirement plan.

The Employee Retirement Income Security Act (ERISA) outlines the requirements for the bonding of certain fiduciaries in a retirement plan. In short, it mandates that every "fiduciary" and "every person who handles plan funds" be bonded. This bond covers the retirement plan from loss of fund assets by fraud or dishonesty. For example, if an employee in the administrative office who routinely issues plan checks steals funds from the plan, the bond will reimburse the plan for the loss. Retirement plans are required to have a fidelity bond equal to at least 10% of the funds managed, with a maximum required limit of coverage. Previously, that limit was \$500,000.

However, that fidelity bond maximum is being increased to \$1,000,000 for plans holding employer securities. This is a direct result of the ERISA bonding provision in the Pension Protection Act of 2006. The increased requirement will be effective for plan years beginning after December 31, 2007. Any violation may be subject to civil action with possible penalties applying.

If, as of January 1, 2008, your retirement plans have assets over \$5,000,000 you will need to increase your coverage limits.

For questions about ERISA Bonds or other commercial insurance issues, please contact Teri Breci at 800.662.7917, ext. 7587.

Risk Management Seminars: Perfect Patient Processing

Join Renee Pfefferle and Kim Clevenger, Medical Security's dental team, as they take you on a journey to the land of *Perfect Patient Processing*. Renee, Director of Dental Operations, developed a series of dental seminars and staff workshops to perfect patient processing and protect your practice. The Perfect Practice Process program addresses the unique management needs of new and established dental practices to facilitate integrated quality care, profitability, and maximum **risk prevention**. This program can be offered via the following venues:

- Local Dental Society Seminars
- Organized Dental Groups-Onsite Seminars
- Two Onsite Dental Staff Workshops covering:
 - Communication and Documentation: At Each Point of the Patient Process
 - Treatment Explanations with Informed Consents and Payment Options

All dentists will save an additional 5% off their premium for a period of two years by taking Medical Security's Risk Management course, or hosting a workshop for a minimum of three or more local practices. (*Workshops are provided at no charge for our insured clients. Non-insured clients are welcome for a fee.*)

Contact Renee Pfefferle at Medical Security for more information at 919.878.7518 or e-mail renee.pfefferle@mmicnc.com.

Risk Pearls: Patient Refunds and Expenses

BY RENEE PFEFFERLE, DIRECTOR OF DENTAL OPERATIONS, MEDICAL SECURITY AND AMY YOUNG, SENIOR RISK MANAGER

Case:

A dental patient came into the office for a scheduled 3rd molar extraction, #32. While administering local anesthesia, the patient complained of pain. The dentist explained that some pain is normal during an injection and continued with the procedure without complication.

The patient returned for a one week post operative exam and suture removal. She reported that the pain still continued and had some additional facial pain. She expressed, at this visit, her discontent with the doctor and quality of dental care. The patient requested a referral to a specialist regarding her facial pain. She demanded a full refund for the extraction fee and expenses for treatment by the subsequent dentist/specialist.

Question:

Should the dentist offer a refund for the extraction and pay for expenses incurred from the subsequent dentist/specialist?

Recommendations:

The decision to issue a refund for care given is a business decision that varies from dentist to dentist, and from practice to practice. While some dentists worry that giving a refund can be construed as an admission of guilt, others view giving a refund as a customer satisfaction tool in a consumer-driven market. If you feel the patient should be refunded some or all of the treatment fees, be sure to document the refund in the patient's chart. When issuing a refund, be sure to include a brief cover letter that identifies the procedure for which the refund is offered, state the refund amount, and request and obtain a signed "**Release of All Claims Form**" from the patient. (Please call Medical Security to obtain an approved Release).

- It is best to have the patient return to the office and communicate about any refund in person. It is important not to further aggravate the situation by ignoring the patient's demands without showing empathy. Do not hesitate to say, "I am sorry that you are experiencing this problem," and/or "I am sorry that this has happened." Such apologies are not admissions of guilt according to NC General Statutes. An apology cannot be held against you, but it can show that you care. Explain to the patient that you must have their signature on the Release of All Claims Form (on your letterhead per office policy), prior to issuing the refund. It is best to have all signatures witnessed when possible. If the refund is issued for a child younger than 18, the Release must be signed by a parent or legal guardian.

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- You are under no obligation to cover costs for a second opinion, however, you may elect to do so. Again, it would be a business decision for your practice. If the patient's request for a refund develops into a formal demand for money damages exceeding the value of services rendered, we recommend that you contact your Medical Security Claims Representative.
- If it is your opinion that the patient's dissatisfaction with the practice and the dentist has irreparably impaired the dentist-patient relationship, begin termination procedures immediately. Medical Security has sample letters to use for termination actions. Call us to obtain one.

Are You Protected if an Employee Sues Your Practice?

BY JIM KAY, VICE PRESIDENT OF SALES AND MARKETING

The number of employees alleging discrimination, wrongful termination, sexual harassment and retaliation has increased by 20% over the past seven years. Willingness to sue an employer has become commonplace, and dental practices are no exception. Settlements and judgments in such lawsuits have increased by nearly 200% over the last few years.

Dental practices have found that merely complying with employment laws or dedicating resources to employee training does not insulate them from potential lawsuits. Any employer, no matter how effective its employment practices and procedures, is still vulnerable to employment-related liabilities. Consider the following sample employment practice claim and how a similar situation might affect your business:

A minority woman was hired as a record clerk for a dental office. She was promoted four times during her 12 years of employment at the practice. The practice that employed the woman merged with another local dental office. When the woman was not selected for the practice manager position, she alleged that she was passed over in favor of a less qualified and less experienced person. She filed suit for breach of contract, racial discrimination, fraud and emotional distress. The case was settled after four years of litigation. The practice paid the woman \$75,000 and the defense costs exceeded \$272,000.

The risks and costs associated with employment-related lawsuits are real, but you can protect your practice in the event of an employment practices claim. **Employment Practices Liability Insurance** guards against the financial costs of lawsuits brought by employees, former employees or potential employees. It covers discrimination (such as age, gender, race, and disability), wrongful termination of employment, sexual harassment and other employment-related allegations, including negligent evaluations, failure to hire or promote, wrongful discipline and deprivation of career opportunities.

Employment Practices Liability Insurance is available for dental practices through MMIC Agency, Inc. If you would like more information, please call Teri Breci at 800.662.7917, ext. 7587.

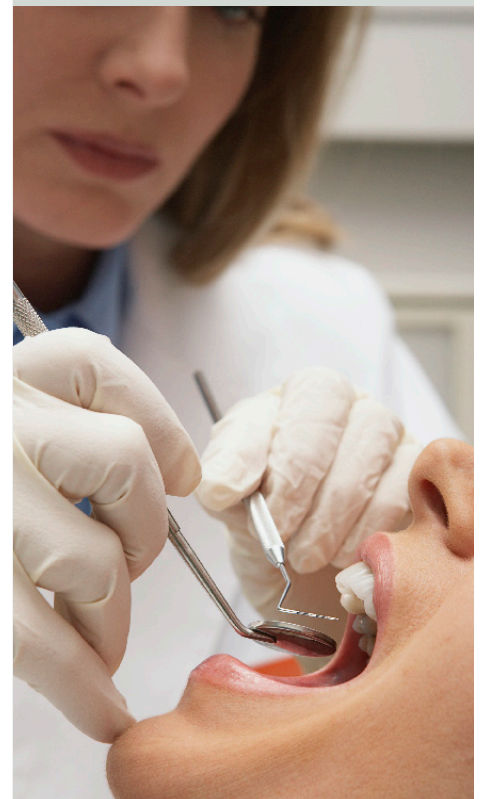
American Express Gift Card Giveaway

Thank you to each and every dental office for participating in our American Express gift card giveaway! We received a tremendous response to our survey and selected a winner after all the forms were reviewed thoroughly.

The question was: *When did the AHA / ADA revise and approve the current regimen for antibiotic prophylaxis prior to dental procedures in relation to (IE) Infectious Endocarditis?*

Answer: *April 2007*

Dr. Randall Gregory, of Winston-Salem, was the winner of the \$500 gift card.



“Does the Shoe Fit?” Which Coverage is Best for You?

BY RENEE PFEFFERLE, DIRECTOR OF DENTAL OPERATIONS, MEDICAL SECURITY
AND SHARON MUSSELMAN, ARM, DIRECTOR OF UNDERWRITING

As highly trained professionals, dentists make difficult and important decisions daily. Compared to treatment decisions, the purchase of professional liability insurance may seem fairly simple, and even trivial, but it is one of the most important business decisions made in a dental practice.

Decisions concerning not only the dollar limits of coverage you require, but also matching the coverage to your actual practice environment, can be difficult to make. Your coverage should be based on the type of practice you have, or the type of practice you are contemplating:

The Solo Owned—Professionally Incorporated Practice:

- **Shared Limits of Liability:** If you have incorporated as a **solo-owned** professional association, this entity can be added as an *“additional interest”* on your individual policy, with shared limits of liability. That way if the entity itself or any of its staff are named in a lawsuit, all are provided a defense and indemnity (coverage to pay the patient’s damages). This coverage is without additional charge.
- **Separate Limits of Liability:** If you **add owners** to your professional association, then coverage for the entity must be purchased for a minimal fee -- which will then provide separate limits of liability to the entity. The new owners of the professional association must also be insured with Medical Security in order for entity coverage to be provided.

The Associate or Employee of the Practice:

If you are a dentist seeking professional liability coverage for **employment or an associateship**, you may have the option of an **individual policy**. An advantage to an individual policy is that it may be transportable and used for successive practice locations, upon notice and approval of your insurance company. Such a transfer would prevent the need to purchase the reporting endorsement (or tail coverage) simultaneous with employment changes. **Please note: the employing practice and the employment contract may dictate terms of coverage and require you to be added to the group policy.**

The Group Practice or Partnerships:

If you are **joining an existing dental group, or adding a dentist to your practice, a group practice policy may be an option**. If you are an employee dentist, you might want to consider being added to the policy currently covering the members of this practice. And if you are the practice owner(s), you may consider adding the new dentist to your existing policy. One advantage of being insured with the same carrier is joint defense in the event of a claim being filed against multiple members of the same practice. Multiple defense carriers in a single claim can provide the patient’s attorney with the opportunity to “divide and conquer,” by creating conflicts among the various defendants, defense carriers and defense attorneys. By having one carrier defending everyone, there is a unified defense and less likelihood for conflict.

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Employee Dentists:

If you are to be **insured under your employer's group policy**, your coverage extends to acts or omissions at that location only, and the policy is not transportable. Therefore, we recommend that during pre-employment negotiations, you agree who is to be responsible for payment of the extended reporting endorsement (tail coverage) if you leave the practice. This will avoid any confusion or disagreement surrounding this issue when your employment terminates. The cost of tail coverage is often a multiple of your annual premium charge, so it is not an insignificant expense, particularly when unanticipated.

Employer Dentists:

If you are **employing a dentist** to work in your practice, but leaving the responsibility to the employed dentist to secure his or her own coverage, we recommend that you obtain evidence of that coverage (Certificate of Insurance) before allowing the dentist to treat patients. In addition, you need to **verify with Medical Security** that you have coverage as his or her employer for any *"vicarious liability"* you may be subject to, as a result of his or her negligence. **This coverage is automatically provided for you on behalf of any employed dentists insured jointly with you on your policy when insured with Medical Security, however, it must be added by "endorsement" (extra coverage) when the employed dentists are insured on their own policies.**

"Tail Coverage" (Extended Reporting Endorsement) will provide continuing coverage for those incidents that occurred during the policy period, but are reported thereafter:

- Again, we recommend you **establish, in pre-employment negotiations, who will be responsible for purchasing tail coverage upon termination** of employment. It is advisable to ensure that employment contracts include language outlining the coverage requirements of each party, both during the employment and after such employment ends.

"Prior Acts": (The time period that the insured was exposed prior to the **current** policy)

- Another option for assuring coverage for a dentist once that dentist leaves your employment is to ask the subsequent carrier to assume the retroactive date on the coverage under your group policy. For example, if the dentist employee applies for successive coverage with another company, that company may be able to provide coverage going back to the original inception date of the employment with your practice. In this case, any claim reported after the dentist has left would fall under the successive carriers policy, not that of your group.

As you can see, professional liability coverage can be confusing and the decisions are often perplexing. Medical Security is knowledgeable regarding the various ways in which coverage can be secured, and the risks and benefits of each. We will assist you as you select the coverage that best fits your needs. Call now for a consultation concerning your current coverage structure. Do not struggle through these decisions alone; please contact Renee Pfefferle, Director of Dental Operations, at 800.662.7917, if you have questions.

Seminars and Events

MAY 15th - 18th, 2008

152nd NCDS Annual Session

Seminar: "Who's on First..."

When a DDS and an MD Go to Bat for the Patient?"

Guest Speakers: Valerie Murrah, DMD, MPH and Lisa Banker, MD

Location: Embassy Suites at Kingston Plantation, Myrtle Beach, SC

JUNE 6th & JULY 11th, 2008

Seminar: The Epidemiology of Infection Control in Dentistry: Principles and Particulars of Protection (SPICE)

Location: The Friday Center, Chapel Hill, NC

JUNE 13th - 14th, 2008

NC State Board Dental Exam

Location: UNC Chapel Hill School of Dentistry

JUNE 25, 2008

UNC Resident Orientation

Location: UNC Chapel Hill School of Dentistry

SEPTEMBER 24, 2008

Vendor Day

Location: The Friday Center, Chapel Hill, NC

NOVEMBER 13th-15th, 2008

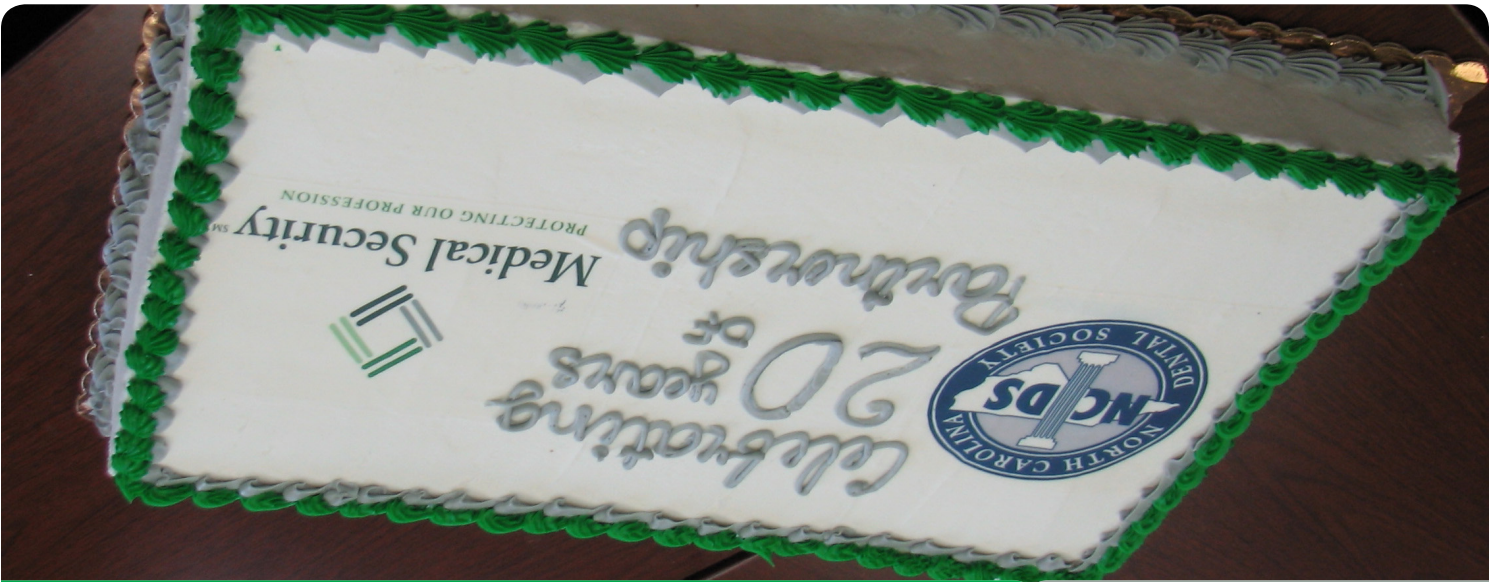
The Holiday Dental Conference

Location: Concord Convention Center, Concord, NC



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