APPLIED MEDICO-LEGAL SOLUTIONS
RISK RETENTION GROUP, INC.

The Insured Colleague™

Volume 2, Issue 1 Newsletter April-May 2005

Best Practices Insurance Services Takes AMS to Next Level of Service

Richard Welch, President & CEO

As AMS RRG is now well into the New Year, it is important to reflect on the successes of 2004 while addressing our goals for 2005. Our focus will continue on underwriting and the Insured Colleagues Program™ initiatives. Dr. Shapiro, Chief Underwriting/Medical Officer, will be discussing the Medical Advisory Panel meetings in his section of the newsletter. As for the financial strength of AMS RRG, I am pleased to inform you that we wrote over $8 million in premium in 2004. We continue to have positive claims experience and increase our reserves which, in turn, provides greater financial security for the RRG. Our goal for 2005 is to write between $12 and $15 million in premium, predominately in the states in which we are currently doing business.

In terms of the medical liability insurance market, the general consensus is that rates are stabilizing, and in some areas where there has been positive tort reform, decreasing. That said, it is important to understand that there are several alternative risk vehicles entering the market at premium rates that seem too good to be true. And they are. These entities are promising lower rates and trying to take advantage of the market to gain quick market share. It is critical to remember the last few years and not be fooled by these promises. The Medical Liability Monitor published some "red flags" to look for in start up risk vehicles. We have placed them on the AMS RRG web site in the FAQ's section with our answers to these questions. If you have colleagues contemplating joining an alternative risk product, please direct them to the web site, www.amsrrg.com.

As of January 1st, 2005, Best Practices Insurance Services, LLC has assumed the responsibilities of underwriting and policy fulfillment issues for AMS RRG with the goal of greater coordination of underwriting and enhanced customer services. These services are being provided out of our new offices in Pennington, New Jersey. Please see page 5 for more information on our Management team. You can also visit our website at www.bpmp.com.

Board Members (L-R) Gary Shultz, Richard Welch, Steven Shapiro, Brian Udell at our annual meeting in Phoenix (Board member Dr. Clay Heighten not pictured)

Lastly, AMS RRG held its Board Meeting in Arizona in March. It was a very successful meeting and I would like to thank all those who participated either through attending the meeting or sending in your proxies.

We look forward to another excellent year and please continue to monitor the AMS RRG website at www.amsrrg.com for current updates. If you have colleagues that you believe would be positive additions to AMS RRG please contact Dan Delfini, our Vice President of Distribution and Business Development at **1-800-461-1221 extension 402.**

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Tort Reform Produces Results in Texas

Clay Heighten, M.D.

President, MedicalEdge Healthcare Group, P.A.

Board Member AMS RRG

Eighteen months since voters approved HB4 the early returns are extraordinary. Access to healthcare has improved, premiums have stabilized and in some cases decreased, the number of claims and lawsuits has decreased and competition in the healthcare liability market is increasing. Consider this:

-Texas Medical Liability Trust, the states largest insurer has cut premiums 17% producing $35.5 million in savings.

-Hospital liability costs have been cut 17% putting well over $100 million dollars back into community hospitals.

-Claims and lawsuits are way down-see chart below.

Healthcare providers and insurers have their eyes on Texas watching to see what Texas lawmakers do this session. The improving liability climate in Texas makes this state a more attractive place to practice medicine as well as write medical liaability coverage. Other states are looking to Texas as they wonder whether their doctors will move to Texas.

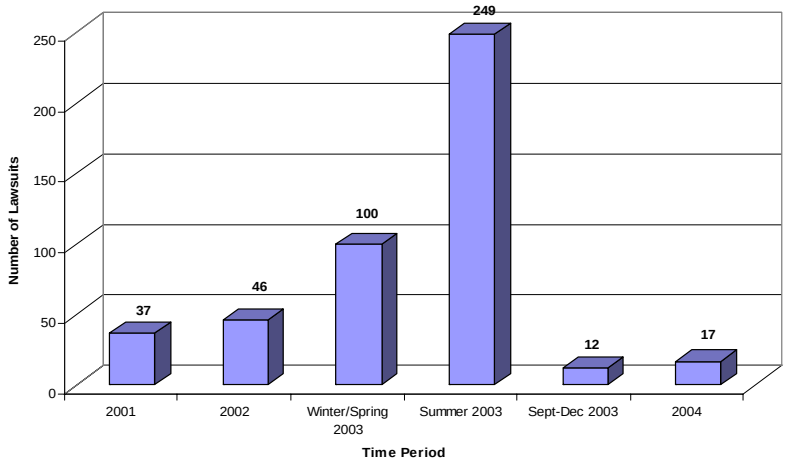
One way to eliminate fear of lawsuits as a reason to choose one state over another is to enact national reforms. The reforms proposed by the Bush Administration are very similar to those passed by Texas and in place for 20 years in California. One caveat...expect a rush to the courthouse by herds of frenzied plaintiff lawyers with fell faces hoping to file every case on their desk. It was bloody in Texas and the cost to carriers will not be known for years.

Site Seeing

As it becomes more difficult to post web links to articles of significance (for © purposes), we will endeavor to use this venue to note some interesting sites that the reader might want to visit to enrich your medico-legal IQ. One recent pearl is physicianleadership.com, a site that is authored by Dr. Francine R. Gaillour, a leadership consultant with an M.D. Her articles and tips seem to be well-written, researched and actually helpful to our skills (or lack thereof) in professional communication. A good read, too, for the physician-entrepreneur.

And don't forget www.ncqa.org, the website of the National Committee for Quality Assurance. There are valuable links to other quality sites, reports, and healthcare information for physicians and patients.

Average Number of Medical Liability Lawsuits Per Month (Harris County)



Other counties report similar results

Member Statistics as of 3/05:	
Insured Physicians	422
Corporate	12
Male	330
Female	92
Claims Made Status	
1st year	40%
2nd year	14%
3rd year	12%
4th year	9%
Mature	25%
Policy Limits	
$200,000/$600,000	30%
$250,000/$750,000	22%
$500,000/$1,500,000	1%
$1,000,000/3,000,000	47%

Recently in Print:

Ronald A. Hallstern, M.D.

An Innovative Emergency Medicine Practice Management Solution, *Emergency Medicine News,* April 2005

A Unique Group Practice Managment Model, *Dallas County Medical Society Journal,* Spring 2005

Awards:

Frank C. Smeeks, M.D.

AMA Foundation 2005 Excellence in Medicine Leadership Award presented at the National Advocacy Conference

For more information please visit our website at www.amsrrg.com

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The Insured Colleagues Program™

Steven M. Shapiro, M.D.

Chief Underwriting /

The Insured Colleagues Program™ is now officially underway. I would like to thank and congratulate all of our Emergency Medicine Physicians who attended our first Emergency Medicine Medical Advisory Panel (MAP) meeting in Fort Lauderdale in February of this year. The Medical Advisory Panels, lead by our Specialty Medical Directors (SMDs), provide instrumental support in the ongoing success of AMS RRG .

Through the Insured Colleagues Program™ AMS RRG has had the opportunity to provide the insured physicians with a successful long-term solution to our nationwide medical malpractice insurance quagmire. There are three components of the Insured Colleagues Program™ that have allowed AMS RRG to exceed expectations:

- Physician selection
- Liability reduction
- Claims management

In this newsletter, I will review the first of these, the evaluation and selection of physicians who are to be insured by our Company. The latter two will be addressed in subsequent newsletters.

As you are aware, the application process for AMS RRG is more detailed than those typically seen by other insurers. It is the responsibility of the Insured Colleagues Program™ to refine this process to make it not only more informative, but also to make it more efficient. Our Emergency Medicine MAP spearheaded by Dr. Smeeks, was very successful in accomplishing this task. Our application for Emergency Medicine is now being refined to better evaluate not only the physicians applying, but also to better understand their working environment as this clearly contributes to medico-legal risk.

Do you prescribe any of these meds / treat any of these conditions? This is a list of 2004, 2005 advisories which have been sited by the manufacturer and/or FDA:

Xigris [drotrecogin alfa (activated)]

Avonex (interferon beta-1a)

Elidel (pimecrolimus)

Protopic (tacrolimus)

Paxil CR (paroxetine hydrochloride)

Avandamet (rosiglitazone maleate + metformin hydrochloride)

Gabitril (tiagabine)

Adderall XR (amphetamine)

ZyPREXA (olanzapine)

Cordarone (amiodarone HCl)

Bextra (valdecoxib) Tablets

Remicade (infliximab)

Naproxen

Strattera (atomoxetine)

Depo-Provera (medroxyprogesterone acetate injectable suspension)

Reminyl (galantamine hydrobromide)

Amaryl (glimepiride)

Public Health Advisory: Suicidality in Children and Adolescents Being Treated with Antidepressant Medications

Risperdal (risperidone)

Effexor (venlafaxine HCl)

Effexor XR (venlafaxine HCl)

To help improve the efficiency of our application process, we have relied upon "viral marketing". It has been the direct contacts of our insured plus those brokers around the country who have come to understand the unique nature of this physician-run company who have allowed AMS RRG to grow to its present size. We have not tried to blanket the marketplace, receive as many applications as possible, and then just select those few who may be appropriate for this company. As a member of the Insured Colleagues Program™, it is important for all of our physicians to realize that this is your Company. As more low risk physicians join AMS RRG , continuous positive claims experience will further increase reserves and rates will continue to stabilize and decrease over time. This creates a long-term solution for you and your colleagues throughout your careers. As you discuss the medico-legal issues in your community, let those physicians, who you believe to be excellent, high quality doctors know about **your** company. Invite them to inquire about AMS RRG as their potential long-term solution.

Lastly, as our volume of physicians has grown, our Medical Advisory Panels have grown as well. As noted above, Emergency Medicine was our first. Cardiology is our next planned specialty to form and early this summer we will be arranging for our first MAP meeting in cardiology in Cleveland where we have a large concentration of cardiologists.

I would like to thank all of our doctors for their ongoing success over the last two years and look forward to our continued success in the future.

The Insured Colleague™

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Watch What You Say!!

Frank C. Smeeks, MS, MD

Specialty Medical Director

Recently, one emergency department group was faced with a phone call from an irate patient's parent who stated that her husband insisted that they "sue" because of a medical error causing their son to have unnecessary surgery. Leaving aside the specifics of a supracondylar fracture, I wish to discuss the consultant-parent interaction.

The child was 5 years old with an apparently nondisplaced supracondylar fracture that was appropriately splinted by the emergency department physician in a posterior splint with follow up the next morning. During the course of the night, the fracture had apparently become displaced. The next morning the orthopedic surgeon made the comment to the parent that the splint was not correctly applied and this was why the child now required surgery. When confronted later during the investigation of a claim, the orthopedic surgeon stated that the fracture might have displaced regardless of the splinting and he had made the comment "thinking that a tech must have applied the splint." Given that any splint applied still has the possibility of displacement based on the actions of the patient, the claim of malpractice would likely have been defensible but at a significant cost to the risk retention group and then ultimately to the practice as a result of increased rates. This is why I must emphasize to **"Watch what you say!"** You have no idea what may have happened during the interim. The child may have told the mother that his arm itched, since it was only a splint the parent may have been trying to be helpful and removed the splint to provide comfort measures, or just reached under the ace wrap to "rub" the area. The better approach is to speak directly to the referring physician and discuss the splinting technique or the desire to be called in at 2 a.m. because a 5 year old patient would likely never be immobilized **regardless** of the splint construction! Further discussion with the patient's parent revealed that their major concern was the medical bills which they incurred as a result of the "unnecessary surgery mentioned by the orthopedist".

The group was able to offer to her in exchange for a full release of liability that the group would pay her coinsurance and deductible. The net cost to the group was $2,651. This certainly was less expensive in the long run for the risk retention group and for the emergency department physician in terms of defense costs (attorney fees, expert witness fees, depositions, etc...) not to mention the possibility of a verdict in favor of the plaintiff! The elimination of a loss free discount for this physician justifies the group offering a compromise to the patient's parent. I do want to caution you prior to taking this approach that you should seek the advice of an attorney to be certain the paperwork is done appropriately and discuss whether you are creating the perception in your community and among patients that your group is "an easy mark".

Patient Communication		
Anxiety?	Anger?	Lawsuit?
The Good	The Bad	The Ugly
Listen to the angry patient until they have calmed down. Then request additional information and expanation.	Avoid the angry or dissatisfied patient. Listening and talking will not diffuse the situation.	Tell the patient they should find another doctor because the complaint is unwarranted and you should not have to deal with this.
While I wish I could guarantee that your treatment/operation will proceed without any problems, they can sometimes occur and cannot always be predicted. Let's review them and see if you have further questions.	Here is a list of complications that can occur during your treatment/operation. Please read and sign. You may ask me questinos if there is something that you do not understand.	You'll do fine, I've done this a thousand times before. Nursing order: "Please get consent for procedure"
Pay attention and establish a good rapport with patient and as appropriate with their family. Be accessible. Be patient with questions.	Your nurse deals with most issues and concerns.	Your patient and as appropriate their family never see you, primarily using your PA or ARNP
Never lose your temper.	Occassionally lose your temper - causing just a few lawsuits.	It's OK to lose your temper on a regular basis because getting sued is not that bad.

Sound Bytes

Brian Udell, M.D.

Chief Information Officer

It's probably a good idea for the members to ask how our Risk Retention Group is managing to keep current in technology without breaking the bank account which takes so long to accrue. Best Practices Insurance Services has attended to this inherent problem by hiring skilled managers who have experienced the frustration of building from scratch and buying off the shelf (plus necessary modifications).

There are four basic areas which the company requires in order to meet the needs of an insurance company, and to fulfill the mission of AMS RRG which is to attract and keep the best doctors in the US.

First, there is database development, population, and maintenance. An early

step which we have taken in data management has been development of our VPN (Virtual Private Network or file management system in cyberspace). This is important because it means that all of our documents have already been input (albeit in .pdf form) into the system for quick and efficient retrieval. Because of this technology, AMS RRG has been able to keep the number of personnel and paper involved in file management to an appropriate minimum.

IT at Best Practices provides 4 major functions for AMS: Database, Records, Web & Communications

Underwriting, records and financial data and reporting are integral functions which need attention. Such work has traditionally been done by multiple personnel and with spreadsheets. Insurance companies have not cloned an efficient system. This is where med-mal and traditional insurance branch because of the smaller group size, expenses, relationships, and scrutiny which physicians must endure in order to obtain coverage. This is presently our most time-consuming and important task. It is so time-consuming because it not only requires the user (our staff) for evaluation, but also for development. It is important because it is entwined with our growth but can consume inordinate resources with historically questionable benefits.

Web development and maintenance have now become mainstays included in IT departments' range of responsibilities. This provides our relationship to marketing, sales, advertising, and customer support. We have been fortunate to work with Bender Consulting which has provided cost-efficient and useful sites for our members and visitors. We are in the process of adding a "Broker's Page" for access to important documents and issuances. Also, the Best Practices Medical Partners web page is being redefined as we add the Best Practices Insurance Services family.

Finally, it's all about communication - isn't it? When the membership feels that its voice is being heard, that there is a chance for reform from within, that AMS RRG has a better way to evaluate and manage medico-legal risk, then the company is doing not only an adequate service, but exceeding expectations and getting noticed!

Thanks for your participation in our efforts. Please feel free to call or write (budell@bpmp.com) for more information.

Who's Who @ Best Practices Insurance Partners?

Florida Offices

Richard B. Welch

President & CEO, Best Practices Insurance Services, LLC

Principal, Applied Medico-legal Solutions Risk Retention Group, Inc.

Steven M. Shapiro, MD

Chief Underwriting/ Medical Officer, Best Practices Insurance Services, LLC

Principal, Applied Medico-legal Solutions Risk Retention Group, Inc.

Brian D. Udell, MD

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Steve Ricke

Account Executive

Best Practices Insurance Services, LLC

New Jersey Offices

Dawne Adams

Vice President Product Development & Underwriting Services,

Best Practices Insurance Services, LLC

Daniel Delfini

Vice President , Distribution & Business Development,

Best Practices Insurance Services, LLC

Susan Wilde Hughes

Vice President, Insurance Operations,

Best Practices Insurance Services, LLC

Ramy Reddy

Vice President Management Information Systems,

Best Practices Insurance Services, LLC

Christopher Edge

Account Executive

Best Practices Insurance Services, LLC

Look for our posting with more detail and current status on the web.

This newsletter is brought to you by...

Best Practices Insurance Services LLC, in association with Best Practice Medical Partners LLC, who assist in providing services to Applied Medico-legal Solution Risk Retention Group. This quarterly newsletter is presented to disseminate information, stimulate communication among the members, and provide the membership with another venue to address their medico-legal challenges.

All members are strongly encouraged to write and submit articles and topics for future issues. You may direct communication through info@amsrrg.com and tic@amsrrg.com

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Your Feedback is Welcome!

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