IronHealth®
Government Billing E&O Insurance

Access Experience. Get Results.

IRONSHORE
your safe harbour®
A problem the healthcare industry can’t afford to ignore

Government audits of healthcare contracts and billing practices have increased significantly the last several years. Last year alone, federal prosecutors pursued 1,621 healthcare fraud criminal investigations involving 2,706 defendants negotiating $1.63 billion in judgments or settlements plus almost $3 billion in payments to Medicare and Medicaid. In addition, the Recovery Audit Contractor (RAC) program requires every state to hire at least one RAC by the end of 2010.

Recent government legislation and action suggests increased scrutiny of the healthcare industry in the coming years. The Affordable Health Care for America Act contains more than 32 sections related to healthcare fraud with an increase in funding for additional audits of $100 million through 2021. The government has invested $1.7 billion in the Health Care Fraud and Abuse Control (HCFAC) Program, which audits, investigates and prosecutes the industry, while the Health Care and Education Reconciliation Act of 2010 has added an additional $250 million for audits through 2016.

The healthcare industry is not adequately prepared or protected for this emerging risk:

- D&O policies have exclusionary or limiting language in their policies.
- Most healthcare organizations do their own billing and are not eligible to purchase a 3rd party liability policy.
- There are few products offered for this exposure, with most focused on small providers with low risk.
- Limits are often below those sought by the market.
- Healthcare providers are under financial pressure to save on overhead costs.
- The size, scope and speed of government enforcement is difficult to defend and insure against affordably.
- $10M settlements are not out of the ordinary.
IronHealth strives to provide progressive and innovative solutions for emerging risks facing healthcare providers. It’s difficult to predict billing errors and exposure with large government contracts. It’s too costly to purchase a policy blindly in the event that a government audit may occur. That’s why we’ve developed a Government Billing E&O policy option that provides brokers and their clients with a cost-effective alternative to a significant and potentially catastrophic risk.

**How it works**

This unique coverage allows you to exercise full coverage options for errors and omissions associated with government audit events after the occurrence of a covered event. Each insured is required to pay a flexible option fee in the event they want to reserve coverage as follows:

- Policy limits of $1M/$1M - $10K option fee
- Policy limits of $3M/$3M - $25K option fee
- Policy limits of $5M/$5M - $35K option fee

- The Government Billing E&O policy option may be exercised within 6 months of the date of the first claim for which the Insured would like coverage by paying a premium equal to 60% of the policy limit.

- If the insured determines the policy is no longer necessary they have the ability to commute the policy within 36 months from inception of the option contract and receive a return premium in the amount of the difference between the policy premium and 25% of the option premium, plus any paid losses under the policy.

- Notice of an event for which the insured potentially would like coverage must be provided to IronHealth within 60 days of the date the insured first learns of the event.
BENEFITS

• A cost-effective way to reserve the right to purchase a policy (and thus reduce expenses) if needed.

• Flexible coverage designed to protect the insured for the duration of in-depth government audits and investigations.

• Comprehensive policy coverage includes coverage for defense, as well as fines, penalties and settlements.

• Policy commutation allows for significant reimbursement of expenses within a 3 year time period.

• Government Billing E&O policy target insureds:
  • Large medical groups
  • Hospitals and health systems
  • Larger and multi-location outpatient facilities

• Government Billing E&O policy coverage includes:
  • Investigations, audits and administrative or regulatory proceedings initiated by or on behalf of the government with respect to medical billing issues, including Qui Tams.
  • Coverage for fines and penalties to the extent insurable.
  • Coverage for settlements including reimbursement of overpayments.
  • Defense expense includes coverage for shadow audits.

• Government Billing E&O policy coverage excludes:
  • Antitrust claims
  • Claims in which there are criminal findings