



THE HIGH COST OF PHYSICIAN TURNOVER

How The Hartford's Group Long-term Disability policy can help attract and retain physician employees



MEDICAL GROUPS ARE EXPERIENCING A TREND: PHYSICIAN TURNOVER

It is only anticipated to increase over the coming years as the economy recovers and the effects of Healthcare Reform are fully revealed. According to the 9th Annual Physician Retention Survey from the American Medical Group Association (AMGA) and Cejka Search, physician turnover continues at the highest rate since 2005, and for the second year in a row at 6.8%.¹

- The turnover rate increases to 9.4% for advanced-practice clinicians, which includes physician assistants and nurse practitioners; this is up from 11.6% in 2012.¹
- Retirement is accelerating and has jumped to 18%, the highest percentage reported, representing a 50% increase. The turnover rate will differ by specialty and size of practice.¹



THE COST OF PHYSICIAN TURNOVER

Turnover costs the medical practice when you include lost revenue, recruiting cost, a signing bonus, moving costs and any start up costs for the new physician. Getting a handle on physician turnover can significantly help the bottom line of all medical groups.

USING GROUP DISABILITY TO ATTRACT PHYSICIANS

The insurance industry believes physicians have an intimate knowledge of the need for disability coverage since they treat individuals with often severely debilitating conditions. In addition, physicians have significant income they need to protect should they personally become disabled. The bi-annual AMA Report on Financial Preparedness supports these assumptions and revealed:²

- Most physicians of all ages are somewhat to very concerned about having enough disability coverage.
- 75% have disability coverage through their employer.

There is no question that having a group disability policy for medical groups can help attract physician employees to a practice as shown. Given the costs associated with physician turnover and that it is expected to increase, medical groups will continue to look for ways to both attract and retain quality employees.

While not all medical practices offer group LTD coverage, the practices that do will be seen in a more favorable light when compared with those that do not – helping to attract more physicians during recruitment. The key will be in offering a group LTD plan that provides attractive benefits that physicians want, without unnecessary restrictions.

FEATURES FROM THE HARTFORD THAT ATTRACT

SPECIALTY PROTECTION, BASED ON THEIR PRACTICE

Most physicians are looking, at the minimum, for specialty coverage. Specialty protection, however, varies greatly between carriers. The more restrictions that are placed on eligibility for coverage, the less attractive the benefit becomes.

- The Hartford's specialty coverage does not require physicians to be board certified, or to have a minimum of time or earnings in their specialty in order to have this protection.
- The Hartford's coverage helps protect physician-claimants based on how they practice their specialty, not based on the practice of the specialty as performed in the general labor market.

With this coverage, medical practices can rest assured that, should one of their physicians become unable to practice as they have in the past due to a medical condition, they will be protected under the terms of the policy.

60% of physicians know of another physician who has become disabled.²

NO BENEFIT REDUCTION FOR GROUP AND INDIVIDUAL DISABILITY PLANS

Physicians may have concerns about receiving a reduction in group disability benefits if they already have individual disability coverage. However, having both a group and individual disability plan in place will improve the overall replacement ratio for physicians should they ever become disabled.

- The Hartford's group disability product does not reduce benefits by individual disability coverage, helping to mitigate physician-employees' concerns.

NO EARNINGS LOSS REQUIREMENT DURING ELIMINATION PERIOD - LONGER PERIOD OF 100% REPLACEMENT INCOME

In addition, any disbursements made to the disabled claimant during the Elimination Period have no effect on the claim, as The Hartford does not require an earnings loss during the Elimination Period. This allows the group to pay the disabled claimant any receivables.

Also, for the first 12 months of disability, other payments to the claimant such as salary continuation, sick leave, short-term disability and paid time off do not reduce benefits unless the total from all sources exceeds 100% of the claimant's pre-disability earnings. This means the group can stretch out these payments to provide a longer period of 100% income replacement.

FEATURES FROM THE HARTFORD THAT RETAIN

CONVERSION PRIVILEGE

A conversion privilege is often thought of as benefiting only the former employee. But, if a medical practice agrees to pay for the conversion policy for one year, the conversion privilege becomes a retention tool; it encourages physician-employees to remain with the group for a pre-determined period of time.

PROGRESSIVE ILLNESS

Progressive Illness is a provision that "freezes" employees' earnings level for claims purposes at the higher of the amount they earned at the time of reporting of their Progressive Illness or the time they become disabled. This means that for employees with a slowly debilitating medical condition, such as MS, ALS, Arthritis, Macular Degeneration, etc., they have a financial incentive to stay at work as long as possible. This benefits both the practice and the physicians who are able to work.

INFECTIOUS AND CONTAGIOUS DISEASE

Infectious and Contagious Disease benefit is an optional provision that provides benefits to employees who lose income as a result of the disclosure of an Infectious and Contagious Disease. Since they are not impaired, they are not eligible for a disability benefit. Disclosure will protect the practice and the benefit protects the employee.

Should a physician become disabled, our Workplace Modification Benefit, RTW Incentive, and Greater of Benefit calculation all work together, encouraging return to work as quickly as possible while providing a financial incentive - both initially and over the long term.

WORKPLACE MODIFICATION BENEFIT

If claimants are able to return to work fully with a modification to their workplace, our Workplace Modification benefit can help by reimbursing the group for any costs incurred that were pre-approved by The Hartford.

RETURN TO WORK INCENTIVE

For claimants who are not able to return to work fully after a period of disability, our Return to Work Incentive allows the payment of the LTD benefit without reduction, as long as the total from all sources does not exceed 100% of the claimants' pre-disability earnings.

CALCULATION - "GREATER OF"

After the Return-to-Work Incentive period, the "Greater of" benefit calculation with 5% indexing provides a continued financial incentive to work, with "built-in" inflation protection. In fact, at The Hartford, more than 30% of our claimants are returning to work while receiving a disability benefit.³

MINIMAL CONTRACT LIMITATIONS

In addition to the provisions The Hartford includes that supports the practice as well as attracting and retaining Physician employees, some provisions we do not include are equally as important.

NO RETURN TO WORK REQUIREMENT

No requirement to return to work to receive benefits, although we do offer financial encouragement to the employee to return to work.

NO PRUDENT PERSON

No prudent person in Pre-Ex that can deny a claim for a pre-existing condition even if the claimant did not seek treatment.

NO SELF-REPORTED CONDITIONS LIMITATIONS

No self-reported conditions limitations that would terminate a claim after 2 years for conditions that are not independently verifiable, such as headaches, hearing loss, fibromyalgia, etc. If the claimant is impaired and has the required income loss, benefits can be provided.

NO MUSCULOSKELETAL LIMITATIONS

No musculoskeletal limitations that would also terminate a claim after 2 years for a cervical problem, hip problem, etc. Since this diagnostic category represents approximately 30% of a carrier's liability for LTD claims, this is a significant restriction to claimant coverage.⁴

NO REASONABLE ACCOMMODATION LANGUAGE

No Reasonable Accommodation language which allows a carrier to determine that any employer, not necessarily the group could make an accommodation, and therefore deny a claim.

NO MANDATORY REHABILITATION

No mandatory rehabilitation provision; this can actually eliminate specialty protection by allowing the carrier to "rehab" the claimant and terminate the claim.

NO RESIDENCY RESTRICTIONS

Living outside of the US or Canada will not terminate a claim. This can impact the recruiting and retention of employees who are working for the group on VISA's or other types of work relationships. The Hartford does not restrict where the claimant can live to provide benefits.

NO MAXIMUM CAPACITY

The Hartford does not include "maximum capacity" language that could reduce or terminate a claimant's benefits based on earnings that do not exist.

EXPERIENCE EXCEPTIONAL: THE HARTFORD DIFFERENCE

Group Long-term Disability insurance from The Hartford is more than just a disability policy with specialty language; it includes multiple protection provisions that help the practice attract employees and – through features that encourage and support return to work – help retain them as well.

Getting a valuable employee back to work and fully productive is at the core of our **Ability Philosophy**, which is grounded in the belief that people are defined by what they can do, not what they can't. With the right support and resources, every person can navigate past obstacles in their daily lives to achieve personal and business goals. This philosophy is central to how we conduct business and is at the heart of all we do; we are proud to provide the benefits under the terms of all of our contracts to meet both the needs of disabled claimants and employers.

WANT MORE INFORMATION? JUST ASK US.

As a leader in the industry, The Hartford's experience and benefits solutions help meet the needs of medical groups and their employees. We have been continuously committed to the medical group market with specialized group life and disability products since 1992. Contact us today, and let's get started. It's how smart benefit decisions begin.

Visit THEHARTFORD.COM/MEDICALGROUPBENEFITS

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¹ 9th annual Physician Retention Survey from the American Medical Group Association (AMGA) and Cejka Search; cited in "Physician Turnover Remains High as More Physicians Retire" article, 8/21/14

² AMA Insurance; 2013 AMA Report on U.S. Physicians' Financial Preparedness

³ Internal Hartford data; Claims; 2014

⁴ Council for Disability Awareness; www.disabilitycanhappen.org



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