



## **The New Face of Long Term Disability Insurance**

Many factors that affect the practice manager's job are outside of his or her control. And, the list grows daily.

We've seen over the past few months a "softening" of the LTD insurance market. This has created the appearance of a cost saving opportunity for many practices. But, if we follow the savings and ignore other important factors we may find ourselves down a path that is not sustainable, not attractive and disruptive to our practice. In short, we have surrendered to the whims of the marketplace our ability to control this important insurance vehicle.

LTD is a prime example where the lure of enhanced profitability has increased the number of insurers selling this particular coverage. But, to what end? We may be putting the most important insurance vehicle for our physicians and employees, one that is paid at a time when they are most vulnerable, in jeopardy. Not a matter to trivialize when you consider the benefit payments that may be at risk.

The LTD insurance market has changed. Do more carriers mean more competition, and better rates? Yes. Added flexibility? Yes. But has it created greater stability in the market? Not necessarily. Look to the rating agencies. How is the rating agency predicting the performance in the future? And remember the ratings are for the carrier, not necessarily the impact adverse claims experience may have on physician groups and the carrier's reaction for just that segment. A prime example is the history of disability coverage to physicians and physician groups in the mid to late 1990s (not too long ago).

Price is important, but it is not the only important variable in this now volatile environment. Critically examine the historical experience of the carrier in the LTD insurance segment. Are they a long-term participant? Have they been a dedicated provider of this type of insurance? What has the past to say about

the carrier in limiting benefits, redefining coverage, or restricting definitions of benefits?

The bottom line is, do they understand the LTD market and the importance LTD is to our physicians and employees?

Appreciate the correlation between cost and benefits. Look for value—sustained value.

We are protecting physician and employee income when they become most needy. After the dust clears can we say that we have gained control over this aspect of our responsibilities now and in the future?

Robert Goldstein,  
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