

Keeping Medical Spas Covered Across Their Gamut of Services



Every day, new cosmetic services or new procedures are being introduced, some to great fanfare. TV shows talk about exciting, novel products, enticing consumers to buy.

The problem? Sometimes research isn't there to back up their claims.

Keeping up with the number of aesthetic services provided by medical spas – everything from microdermabrasion to tummy tucks – is daunting enough without new, untested products and services being added to the menu. As medical spas struggle to keep up with customer demand and stay ahead of competition they could be missing one key element to their overall success: insurance.

Too often the insurance carrier is the last to know that a medical spa has added new services. Unfortunately, sometimes that knowledge comes as the spa is filing a claim and the carrier has to tell the owner that the service isn't covered.

Yet even if your services are covered, there could be legislative action pending or passed at the state or local level that could impact your business significantly. For example, recent changes to state guidelines in some states, such as California, have stated that medical spas performing medical procedures must be owned by a physician rather than an individual. For those people who own and operate medical spas, they are left with a hard choice: try locating a physician partner or sell the business.

In some states insurance requirements may require enrollment in local programs. In Philadelphia, for example, physicians may need to be part of the city's Mcare Act. Other states have regulations that have their own requirements that medical spas must meet in order to comply with the local laws.

INVOLVING THE BROKER AND CARRIER

Because laws differ and insurance does not cover all services automatically, let your broker know about any new services or changes to your services. A specialized broker such as NFP can work with you to understand the new offerings, locate data and research – if available – and work with the insurance carrier to devise coverage options that can mitigate the losses.

We recommend the following:

1. Make sure you are working with a knowledgeable insurance agent or broker who understands all aspects of your company, from office operation to professional liability.
 - Your agent or broker should understand medical malpractice policies and be able to advise you on how they differ in payout from standard policies.
2. Have your broker work with you to identify key risks.
 - Your broker can introduce you to resources that can help you improve your risk exposure, making your business more appealing to insurance carriers.



3. Communicate any changes in your business operations to your insurance agent or broker.
 - A specialized broker can help you interpret how those services will impact your insurance coverage and what other products you may need to consider to ensure full protection of your assets.
4. Be prepared to switch carriers.
 - Not all insurance carriers are comfortable with new services. Before adding a new service, check with your broker to see how the insurance market will respond.
 - Knowing in advance can help you make decisions on offering the service.
 - Preplanning also gives your broker time to help you locate a carrier should your existing carrier turn down the business.

The great thing about the medical spa industry is that the insurance market is, for the most part, receptive to new services and offerings. In nearly all cases, medical spa owners and operators can locate coverage at the level they need.

Stay in contact with your agent or broker so that when the time comes to add new services — they'll be starting with plenty of knowledge and advance information on your current operations. Doing so will smooth the insurance-buying process and keep your operations protected.

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