

Approval for Purchase of Liability Insurance – East Carolina University

The Brody School of Medicine (BSOM or School) at East Carolina University is a community-based medical school in eastern North Carolina that provides accredited education programs for medical students, residents and fellows, doctoral students in the basic medical sciences, master's students in public health, and practicing physicians. ECU Physicians (ECUP) is the division of BSOM that provides medical and other healthcare services in facilities owned or leased by BSOM and inpatient facilities owned and operated by other entities. In addition to providing healthcare to over 150,000 unique individuals each year through approximately 500,000 outpatient visits and nearly 125,000 inpatient days, ECU Physicians provides the essential education settings for the School's learners.

N.C. Gen. Stat. § 116-219, et seq. authorizes the Board of Governors of the University of North Carolina (UNC) to purchase contracts of insurance or to create self-insurance trusts, or a combination of the two insurance models, to provide individual healthcare providers with coverage against claims of personal tort liability based on conduct within the course and scope of healthcare functions undertaken by such individuals as employees, agents, or officers of ECU as a constituent institution of UNC. N.C. Gen. Stat. § 116-11(13) provides that the Board may delegate any part of its authority over the affairs of any institution to the board of trustees or, through the President, to the chancellor of the institution in any case where such delegation appears necessary or prudent to enable the institution to function in a proper and expeditious manner. The ECU Board of Trustees requests the Board of Governors approve the purchase of professional liability coverage for health care providers serving the Brody School of Medicine. In turn, the Board of Trustees delegates responsibility to the Chancellor, and through him/her,

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to the Dean, BSOM. The ECU Board of Trustees further seeks delegation by the Board of Governors, pursuant to N.C. Gen. Stat. § 116- 11(13), to make future purchases of professional liability insurance for the purposes stated herein.

The BOG established a self-insurance program for UNC-CH in 1978. ECU has been providing liability coverage through the purchase of insurance coverage for health care providers serving the Brody School of Medicine since 1976.

As part of its broader BSOM Risk Management Program, ECU's Professional Liability Insurance Program (Insurance Program) acquires insurance coverage for physicians and other health care providers functioning in the course and scope of their service to the Brody School of Medicine. ECU obtains liability insurance for approximately 475 primary healthcare providers, including MD's, physician's assistants, and nurse practitioners, and over 500 mid-level care providers who have direct contact with patients, including allied health providers, nurses, and social workers. BSOM has approximately 460 students, about 300 of which are in the Doctor of Medicine (MD) degree program, 60 in basic science doctoral programs, and 100 in master's programs. It would be a practical impossibility for ECU to operate its clinical practice without a professional liability insurance program because of the financial risk arising from operation of any healthcare practice with the scope and volume of ECU's medical faculty practice plan.

The ECU Board of Trustees has recently approved a detailed Insurance Program Plan document that describes the administration of the Insurance Program, including the acquisition of liability insurance, and adds specific provisions for regular assessment of various aspects of the Insurance Program. Important aspects of the plan include:

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- Proposals for coverage will be obtained annually.
- No less than every five years, in the absence of extraordinary circumstances, RFP's for professional liability insurance coverage and brokerage services will be solicited.
- An outside entity will review an analysis of the coverage no less than every three years.
- No less than every five years, the brokerage firm will conduct a formal feasibility study of the BSOM Insurance Program and make recommendations as to whether BSOM is poised to retain more financial risk by funding a self-insured retention program or other alternative risk management structure.
- BSOM will annually evaluate the Program and report to external stakeholders.

It is recommended that the Board of Governors approve the purchase of professional liability coverage for health care providers serving the Brody School of Medicine and subsequent delegation given that the ECU Board of Trustees arrange for insurance coverage as contemplated in its plan.