



Market Waypoint | *MSOs & Physician's Unique Insurance Profiles*

Physicians are typically confronted with two major problems related to their practice management. The first is intense demand on their time, attention, and expertise. The second is the need to continually address and review the complexities of their MSO relationship.

Physicians affiliated with MSOs are generally allocated six-digit portions of annual MSO overhead expense and administrative costs. These costs are constantly in flux, yet as MSO shareholders, or by contract with the MSO, they must insure that they can cover this overhead for a period of time that cannot be strictly defined, or is defined opaquely by MSO retirement policies or other governing documents.

Combined with the fact that most MSOs offer only basic disability and life insurance policies, these factors can lead physicians to have very complex personal and business risk profiles. It is not uncommon to see physicians with 10-12 different insurance policies. This naturally creates a situation where physicians can be taken advantage of by insurance companies, or agents working on a commissioned basis, who have little incentive to unravel the complete picture of the physician's personal and MSO mandated needs.

A better approach is arm's length insurance consultation and specialized MSO related advisory. By using an objective third-party to annually review the physician's personal risks, as well as the MSO's risks, more efficient outcomes can be had that avoid double coverage, holes in coverage, unexpected policy interactions and unexpected elimination period results. It also offers the physician an advocate who will push back on insurance providers to get pricing and payment terms that make the most sense for the physician, rather than the insurance companies and agents.

Once a physician's insurance portfolio has been clearly organized and optimized, they can then begin to run "what if" scenarios to gain confidence that the portfolio will perform as desired and interact with their estate plan the way they expect.

While insurance planning is only one aspect of a physician's relationship with their MSO, it touches on many of the other concerns that require consideration like MSO benefits optimization, tax optimization and transition planning.

The first step towards a clean and well organized financial relationship with your MSO is to quantify your risks. Then, by managing those risks in the most cost effective and tax efficient manner possible, you can refocus on the rewards that come through affiliation with your MSO and the stability your back office provides. Less time spent worrying about policy documents buried in your desk drawer results in more time to focus on your patients— the key factor that drives long-term growth and success in your practice.