

SANDY'S SIDELIGHT

MedSpa Insurance Newsletter

Stay Enlightened ♦ Stay Heathy ♦ Stay Beautiful



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"If Botox were lethal, half of Beverly Hills would be dead & the other half would be suicidal",

Dr. Ava T. Shamban, a cosmetic dermatologist in Santa Monica.



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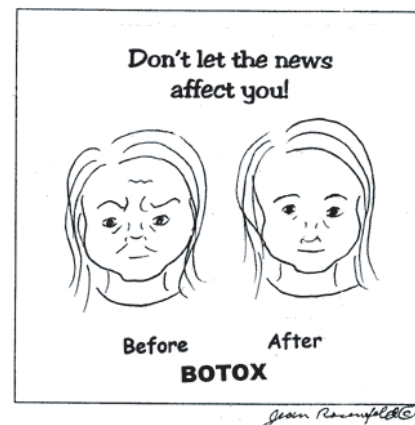
WHAT YOU NEED TO KNOW!

The Good News

"The industry is booming as the number of medspas has tripled in the last 4 years...the medspa industry is poised to grow for years to come..."¹. "Between 2003 & 2004, there was 144% increase in the total of cosmetic procedures. Surgical procedures increased by 17% & **non surgical procedures increased by 51%**...Sales of Botox were \$650 million in 2004..."². "Minimally invasive procedures jumped 13% in 2005 to 8.5 million procedures according to the American Society of Plastic Surgeons"³.

The Not So Good News

Claims happen. "No need to fear botox-based lawsuits, doctors joke, because by the time the patient gets to an attorney, the side effects have worn off..."⁴. The truth is that even though the procedure might only have temporary results, there could very possibly be claims involving everything from lost wages (which could be substantial for a high profile attorney, realtor, model, actress, newscaster, politician or anyone in the public eye, whose business sales are partially based on their physicality) to pain & suffering & even loss of comfort, companionship & intimacy.



Back To The Good News

The good news is that the insurance marketplace has not observed frequency nor severity in medspa Medical Malpractice claims, which has helped to reduce the once \$15,000- \$30,000 annual premiums to the now far more reasonable \$7,500 minimum premium for a new start-up medspa (not including applicable taxes & fees) depending upon the spa's model, types of services provided, staffing, claims history, number of locations, procedures & revenues, etc., all of which can increase this annual premium.

"You can get insurance for less than \$10,000 a year because these procedures are so safe and so effective. There are virtually millions being performed without any problems..."⁵

Continued on Page 3

¹Tamara E. Holmes, *Nails Magazine* article Med-spa Franchises: A New Frontier for Salon Owners

²Alex Kuczynski, *Beauty Junkies* (Doubleday, 2006), p. 35

³*The Orange County Register*, 5/18/06Market Place p. 1

⁴Tamar Nordenberg, *Botox: Another Shot at Looking Young*

⁵www.nailsmag.com

SPOTLIGHT

More Doctors Turning to the Business of Beauty⁶

With each newsletter, I will include a "Spotlight" section, in order to share with you excerpts from some of my medspa research. In this issue, I have shared highlights of a recent New York Times article.

"Five years ago, cosmetic medicine was primarily the domain of plastic surgeons, facial surgeons and dermatologists...But now obstetricians, family practitioners and emergency room physicians are gravitating to the beauty business, lured by lucrative cosmetic treatments that require same-day payments because they are not covered by insurance and by a medical practice without bothersome midnight emergency calls."



"Dentists are doing Botox, and urologists are doing hair transplants and vein removal, said Ellen Gendler, a dermatologist in Manhattan who is a clinical associate professor at New York University School of Medicine. Everyone wants to be a plasticologist".



"For their part, some doctors from other fields contend that the latest cosmetic procedures, like facial injections and vein removal, are far less complicated and risky than Caesarean sections or appendectomies and that the fundamentals can be learned in continuing-education classes. We are all doctors with the same primary training whose education continues after medical school by learning new techniques..."

"...specialists and pharmaceutical companies who make cosmetic medical products agree that more and more doctors from other fields are joining in, with some incorporating beauty treatments into their practices, and others opening medical spas."

"**MedSurge Advances**, a Dallas company that trains doctors in beauty procedures and sells them devices like lasers, said that in the last four years, it has helped more than 300 doctors, including emergency room physicians, internists and gynecologists, to go into cosmetic medicine. The American Academy of Family Physicians, a national group that represents 94,000 family practitioners and medical students, has started offering courses for its members on how to use Botox, facial fillers, lasers and chemical peels."

"Admitting you've had the latest wrinkle filler is no longer a mark of shame; on the contrary, it is a status symbol in the mind of the 21st century consumer who believes that self-maintenance & an abiding respect for personal aesthetics are deeply moral obligations, to be conducted with militaristic precision"

Alex Kuczynski,
Beauty Junkies
(Doubleday, 2006),
p. 199



BOTOX
because facial expressions are
so-o-o yesterday!

⁶Natasha Singer, *The New York Times*, November 30, 2006

WHAT YOU NEED TO KNOW! Continued from Page 1

Inadequate or incorrect insurance could be devastating to your business, resulting in astronomical attorneys' fees, claim payments & countless hours of worry.

As a medspa owner, it is important to be aware of the specific risks to which you are exposed & the unique coverages which must be in place to provide adequate protection. These include:

General Liability for protection in the event the insured causes bodily injury or property damage to others & becomes legally obligated to pay damages. This coverage is required in most leases. The standard Limits are \$1,000,000 Per Occurrence/\$2,000,000 Aggregate, but your insurance agent should review your lease to determine if your Landlord requires higher Limits.

Commercial Property for coverage to your Business Contents, including expensive laser equipment & transit coverage for transport of equipment to trade shows & while the equipment is off premises

Workers' Compensation for your staff

Employment Practices Liability for claims against wrongful termination, discrimination & sexual harassment

Medical Malpractice for claims arising out of professional activities or services provided to clients



Questions medspa owners should always ask their insurance agent:

- ♦ Is my entity covered?
- ♦ Am I & the other owners covered?
- ♦ Is my Medical Director covered?
- ♦ Do I have the option of including a Treating Physician for coverage?
- ♦ Is my staff covered (including clerical, professional, W2 employees & 1099 Independent Contractors)?
- ♦ Does my policy exclude any procedures or skin types?
- ♦ Does my policy have a stipulation as to what designation(s) must perform injections?

Customers are becoming more safety savvy; in fact, Jay Calvert, MD featured on the Tyra Banks Show includes verifying Malpractice insurance coverage as a must for potential medspa clients⁷.

⁷The Tyra Banks Show: Avoid a Beauty Treatment Disaster, Aired 2-7-07

Following are some medspa Medical Malpractice claim headlines I found on the internet:



\$100 Million Lawsuit Filed in Laser Hair Removal Burn Case¹¹

- Lip Augmentation Gone Frankenstein⁸*
- Fake Botox Doc Plea Bargains for Two Year Sentence*
- Florida Woman Files Lawsuit Over Laser Hair Removal Procedure*
- New Charges in North Carolina Lidocaine Death Case⁹*
- Florida Toxin Case Couple Suing Insurers*
- Preliminary Hearing Resumes in Fake Botox Case*
- Albuquerque Doctor Indicted for Injecting Fake Botox*
- Sentences Decided in Fake Botox Scandal*
- Deadly Beauty Treatments¹⁰*

⁸www.medicalspamd.com

⁹www.medspapress.com

¹⁰Melba Newsome, Prevention Magazine

¹¹www.hairfacts.com



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LIGHTSIDE



Look for my interview with Christy Farrell, a prominent CA aesthetic nurse in my next issue. In closing, I encourage you to call or email me with any medspa insurance questions or concerns. Please also let me know what you would like featured in upcoming newsletters. Until my next newsletter, remember to

Stay Enlightened ♦ Stay Healthy ♦ Stay Beautiful!

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