

SANDY'S SIDELIGHT

Winter/Spring 2010

MedSpa Insurance Newsletter

Stay Enlightened ♦ Stay Heathy ♦ Stay Beautiful



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"Medical Spas are among the thriving businesses during this economy, attracting many people who would have otherwise turned to pricey cosmetic procedures at the plastic...surgery center..."

<http://cosmeticsurgerytoday.wordpress.com>
Posted June 23, 2009



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WHAT YOU NEED TO KNOW!

THE GOOD NEWS

"Take Latisse...the topical solution is so effective at lengthening and thickening lashes that Pyott believes annual worldwide sales eventually could reach \$500 million or more."¹

"Botox injections are up 8 percent, fillers are up 6 percent and laser treatment of leg veins are up 6 percent."²

"...27 percent of the survey participants were considering less expensive options...such as injectables and fillers instead of major surgeries..."³

"Overall nonsurgical procedures grew 5% over the past year to 10.4 million. Botox injections grew 8% to 5 million, soft-tissue fillers grew 6% to 1.1 million and chemical peels grew 2% to 1.0 million..."⁴

"10.4 million minimally-invasive cosmetic procedures; up five percent versus 2007"⁵

THE NOT SO GOOD NEWS

"The nurse and mother of three who was in a coma for two weeks after a liposuction procedure at a ...spa has died..."⁶ "The case has sparked a criminal investigation by homicide detectives ...and a probe by the Florida Department of Health."⁷

"Close to 60 percent of doctors surveyed by the American Society for Dermatologic Surgery have seen an increase in complications since 2005 from cosmetic work done by nonspecialist M.D.s as well as aestheticians and the like at medi-spas."⁸

"The medical board has accused him [the Medical Director of five Virginia laser hair removal centers] of failing to know the protocols used there, whether the staff is adequately trained, what brand of lasers are used or the lasers' settings."⁹

"...noted that they had seen burns caused by improper use of lasers, scarring caused by chemical peels, hyperpigmentation caused by laser hair removal, and many instances of skin cancer being overlooked."¹⁰

"Of those, 201 were serious, healthcare professional-confirmed cases with events possibly due to remote spread of the toxin [Botox], including 42 after facial wrinkle treatments."¹¹

¹Orange Coast, *Why Is This Man Smiling?* - October 2009

²<http://www.2.tbo.com>, *Botox treatments as easy as going to the mall*, The Tampa Tribune, Posted 9/18/09

³<http://www.medicalspaconsultant.com>, Posted January 2009

⁴<http://www.plasticsurgerypractice.com>, Special Economic Recovery Issue, Posted June 2009

⁵<http://www.plasticsurgery.org>, Posted March 25, 2009

⁶<http://www.sunsentinel.com>, Posted October 13, 2009

⁷*Sun Sentinel*, Complications blamed for coma after lipo at unlicensed clinic, October 1, 2009

⁸Glamour magazine - May 2009

⁹<http://fredericksburg.com>, Laser center doctor must appear before board, Posted August 10, 2009

¹⁰Trial magazine, *The hidden dangers of medical spas*, May 2009

¹¹Los Angeles Times, "Botox Safety as issue in trial", January 27, 2010



STAYING ILLUMINATED INSURANCE COVERAGES – FAQ'S

WHAT IS TAIL COVERAGE?

Tail coverage is an extended reporting period, typically 1 to 3 years, during which you can report to your previous carrier, claims brought against you alleging wrongful acts committed between the retroactive date on the policy and the expiration of the most recent policy.

When a Medical Director &/or Treating Physician resigns, they are generally kept on the medspa's Malpractice Policy on inactive status, retaining coverage for them during the period of time they worked at the spa, provided the policy is in force at the time the claim is reported, thus eliminating the need for tail coverage; however, in the event you sell or close your spa, 1, 2 & 3 year extended reporting period options are offered. The percentages vary by carrier, but are generally between 100-150% for 12 months, 125-175% for 24 months & 150-225% for 36 months. The percentage is based on the policy's final year's annual premium. The premium will also include the pertinent States' taxes & fees. Since tail coverage premiums are fully earned, they are due in full to the carrier within 30 days of the policy's expiration/cancellation date & they are not financeable.

Many medspa owners are under the impression that because these procedures are non-invasive & temporary, late reported claims are a rare phenomenon – think again:

"The FDA gathered a panel of experts recently to discuss possible safety concerns regarding the use of dermal fillers. Although the injections have been approved to fill in severe wrinkles around the nasolabial fold...the FDA is concerned that their extensive use in other situations may present new

safety issues...as the majority of pre-market approval studies are conducted on fair skinned subjects, the FDA is concerned increasing use of the cosmetic injections by African American and Latin American skin types may lead to hitherto undocumented side effects such as pigmentation effects. Current documented side effects of these products are relatively rare. However, they can be permanent and do not always occur immediately after treatment. During the last six years, 823 injuries associated with these injections have been brought to the FDA's attention. Of these, 638 patients required treatment with 94 undergoing surgical intervention."¹

WHAT IS THE DIFFERENCE BETWEEN DEFENSE OUTSIDE THE LIMITS VS. DEFENSE INSIDE THE LIMITS?

Defense Outside the Limits - Sets a separate amount which will cover the costs of defending a claim without using the Limit of Liability. Once this separate amount is exhausted generally the Limit of Liability is reduced to pay for any additional defense costs. By contrast, Defense Inside the Limits (also sometimes referred to as a 'burning, diminishing or eroding' policy, a 'self-consuming' policy or a 'self-liquidating' policy), every dollar spent on defense is one less dollar available to settle the case or pay a judgment [for example, if a policy provides coverage of \$1 million, that sum would be reduced by every dollar spent on defense costs; if \$1 million is spent on defense, then nothing will be left of the policy limits; the policy would be completely liquidated]. Bear in mind - legal fees can add up very quickly during the course of a claim & there is always the possibility of multiple claims in one policy term.

¹<http://www.spavelous.com>, FDA Investigates Consumer Knowledge of Dermal Fillers' Safety, Posted December 30, 2008

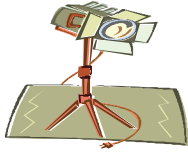
THE IMPORTANCE OF ONE RESPONSIBLE SOURCE FOR YOUR INSURANCE NEEDS

An insured client of mine recently asked me to review all of his insurance coverages & after having done so, I discovered he had 2 separate policies for his Commercial Property & General Liability coverages. If there is 1 majority (51% or more) owner of separate entities & the entities have like-kind business operations, they can usually be combined under 1 separate policy. In the end, I was able to save my insured over \$1,000 a year.

"If you have different insurance providers, ask yourself 'what's the real benefit to your business? Are these relationships truly strategic?'...Consolidate to one competent, professional broker with the options and service you now need, and you'll improve productivity – perhaps substantially."²

Having 1 broker lessens the chances of gaps, overlooked exposures & duplicate coverages; in short, it lowers your risk as a business owner – you only have to remember to call 1 person!

²RiskSmart Tips, A regular update on risks and insurance trends.



PROCEDURES IN THE SPOTLIGHT

DYSPORT "...was launched in the spring of 2009 and has begun to see increased demand as market awareness grows".

NON-INVASIVE BODY CONTOURING "will continue to grow in popularity..."

FAT TRANSFER INJECTIONS "...will become sought after by women who were previously uncomfortable with implants."

LASER ASSISTED LIPOLYSIS "will continue to be one of the most in-demand medical aesthetic procedures due to its minimal downtime and great results."

FACIAL REJUVENATION "...will come of age as medical practitioners perfect their skill combining... fractional resurfacing, ablative resurfacing, chemical peels, photofacials, skin tightening, injectables, facial fillers, etc."¹

LASER TATTOO REMOVAL "...more popular as Baby Boomers & Gen Xers are moving into their 40's & 50's."²

¹First 5 Quotations from <http://www.prweb.com>

²<http://hubpages.com>

Light is Knowledge! Knowledge is Truth! Truth is Light!

MORE MEDSPA MARKETING TIPS

Spend more time extensively interviewing staff, prior to hiring. "I would also do aptitude tests to measure potential development of sales skills and willingness to work in a structured environment...I've learned that the best aestheticians for a medi-spa are technically proficient, people-savvy, sales oriented and willing to work in a structured environment." These economic times are ideal for finding those few overly qualified employees which you wouldn't normally find.

Find your niche. "Try to pick a distinguishing characteristic to stand out from the competition...a men's only spa, an ethnic specialty practice, or a floral essential oil spa..." Find & fulfill a need which will set your spa apart from the crowd.

As they say in real estate: Location, location, location. "A good location is essential."

Sell products with procedures. "Create a 'retail zone' near your reception desk with testers and informative materials...Your entire staff should be fully trained to educate patients about how to use the right products for their needs, as well as how to close the sale...Offer employee commissions or bonus programs."



Network. "Take the time to build mutually beneficial relationships with complementary businesses in your area, such as dental practices, health clubs or day spas. Create an initiative program with a partnering organization that includes a discounted rate or incentive program for employees who refer their clients to you and vice versa." Cross market with these businesses.

Hold in-house events. "I have started doing patient education 'Soirees' again about once a month, which has always resulted in increased bookings."³ Combine these parties with things like jewelry sales, make-up sales, toy sales, etc., to appeal to a wider audience. Have drawings for free procedures & give the attendees opportunities to book appointments at the time of the party. Focus on holidays, such as Valentine's Day, Easter, Mother's Day, Halloween and Christmas.

Get involved with the community. "Contribute to local charities and events...networking gives you an opportunity to connect with many different people in a short period of time."⁴ Stay in the public eye.

³First 6 quotes from MEDical SPAS-The Healthy-Aging Business Review. 8th Anniversary Edition

⁴<http://www.spavelous.com>, "Marketing Pointers for Medical Spas", Posted November 24, 2008



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THE IMPORTANCE OF THE RIGHT INSURANCE AGENT

Does your insurance agent:

- Take the time to assist you with completion of the application/renewal process?
- Process requests promptly?
- Ensure that she is easily accessible & is available on weekends & before & after normal business hours?
- Follow through for return premiums due you?
- Intervene when there are problems?
- Remind you of tardy payments?
- Go the extra mile to negotiate with all viable markets, for the most competitively priced quotations for your spa, not only the first year, but upon every renewal?
- Understand when you use words like laser assisted lipolysis, HCG, tenuate dospan & phosphatidylcholine deoxycholate?

If not, perhaps it's time for a second opinion – stat!

If you have questions or information which you'd like to share with fellow medspa professionals, please email me at: sandye@professional-ins.com.

Until my next newsletter remember to...

Stay Enlightened ♦ Stay Healthy ♦ Stay Beautiful!

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Sandy's SideLight

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