



**The Challenge of
Adequately Insuring
Highly Compensated
Physicians**

**Income Protection -
Filling “The Gap” for Physicians**

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By: Brad Nantz

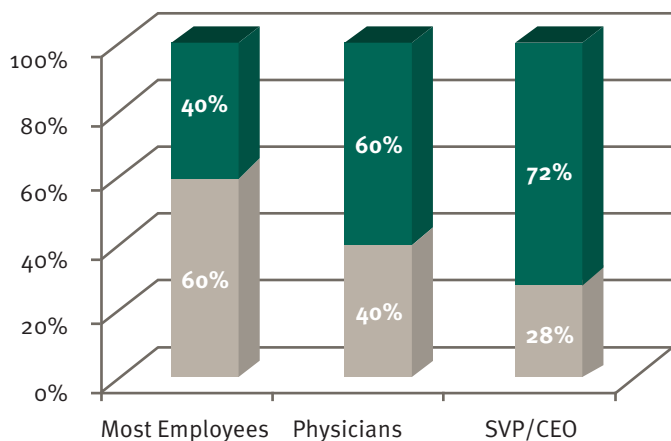


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CHALLENGE:

Physicians tend to recognize the need for disability insurance more than other professionals given their daily interaction in the lives of their patients. Unfortunately, most traditional group long term disability (LTD) plans do not insure a physician’s total income and can leave them under insured should a disability occur.



KEY:

- Uninsured Income
- Group LTD Coverage

SOLUTION:

Innovative Approach Increases Benefits Offering, with No Affect on Bottom Line...

A relatively new approach to disability coverage has emerged and is gaining traction across professional groups in the United States. More specifically, supplemental individual disability is a physician paid program sponsored by the employer that creates several advantages to both the employer and physician.

Advantages to the Employer:

- **No cost to the employer** – These plans are 100% physician paid, and the employer only needs to make payroll deductions available.
- **No impact to existing group LTD Plan** – Offering supplemental individual disability does not impact the pricing or experience of existing group LTD plans.
- **Helps your physicians** – Provides benefits on a guaranteed issue basis at reduced pricing that your physicians could not obtain on their own.
- **Enrollment is supported** – A combination of direct mail/online communication and enrollment is provided by the carriers.

Advantages to the Physician:

- **Less expensive** – Individual disability carriers have noticed favorable claim experience when working on employer sponsored supplemental plans resulting in lower prices. According to a recent Milliman study*, these reductions range from 15% to 35% below a traditional individual disability insurance plan.
- **Guarantee to issue** – Individual disability carriers favorable claim experience has given way to greater flexibility in the underwriting process. Plans now offer a short form physician questionnaire in lieu of full medical and financial underwriting. This reduces the burden on the physician while increasing both approval rates and processing time.
- **No contract limitations or restrictions** – If you respond favorably to the short form medical questionnaire, you are offered the benefits outlined in the initial offer, rather than additional exclusions or limitations based on existing medical conditions.
- **Increase future benefit options** – As a physician's income increases over time, physicians are provided the option to increase their benefit each year without any medical questions.
- **No offsets** – Unlike the traditional group LTD plan, supplemental disability benefits are paid in full with no reduction from other sources like Social Security Disability, state disability or various types of pension plans.
- **Specialty definition of disability** – Physicians specialty and sub specialty of practice are taken into consideration in the definition of disability.
- **It's portable** – The Physician owns the policy and may keep it if he/she leaves the firm. The carrier will create a direct bill relationship so the employer has no administrative duties.

SUMMARY:

The industry has seen favorable results allowing easier enrollment, guarantee to issue, and cost reductions that simply are not available to your physicians without your support. Other than supporting payroll deduction and initial roll out communications, there are no costs to the employer, only a tremendous value to physicians.

The Partners Group is here to help you attract and retain your physicians today and in the years to come. Give us a call to learn more about supplemental individual disability coverage.

*Milliman Annual Individual Disability Survey, 2011



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