

White Paper

Disaster Planning for your Medical Practice

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Preface

Disasters that interrupt a practice's ability to provide care for patients can happen at any time and in any place, not just Texas, Florida or Puerto Rico.

Understand the Risks to Your Practice

The risk of disaster in your practice is broad. It includes both natural and man-made disasters.

Natural disasters include hurricanes, tornadoes, flooding, and other major weather events that often but not always are predictable in advance of their occurrence. Unpredictable natural disasters include fire, earthquakes, bioterrorism and contagious diseases. They may occur suddenly, spread over a wide geographical area and require a more complicated response than that needed for disasters for which we have warning.

Given the heavy dependence on technology of most medical practices, the potential for man-made disasters is also great. Problems with telecommunications, computer operating systems and applications, heating and air conditioning systems, and equipment malfunctions also qualify as disasters that can both interrupt your business and have a devastating impact on your practice.

It's likely that both large and small disasters will impact you at some point during your medical career. In this white paper, we address potential risks to your practice and provide practical recommendations for disaster planning that can help you restore your business to normal operations as quickly as possible.

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The Best Medicine is Being Prepared

You can take many advance precautions to protect your practice and minimize the impact of business interruption. Here are seven recommendations to help you be better prepared for disasters. The appendices provide supporting details.

1. Understand Your Fit into the Larger Context

Most medical practices focus on the day-to-day care of patients and on those organizations with which they collaborate most frequently (e.g. medical colleagues, hospitals, laboratories, vendors and suppliers). Although unanticipated failures in computer or telecommunications systems may be restricted to the practice itself, many other disasters extend well beyond the practice's four walls. Disaster planning therefore necessitates looking outside your immediate environment and developing a good understanding of preparations that are made in your community, in your state and at the national level.

Given the larger context into which all medical practices fit, we recommend communicating in advance with at least the following private and public healthcare providers, agencies and organizations:

- Healthcare providers: local hospitals; regional hospitals or academic medical centers; ambulatory surgery centers; nursing homes; rehabilitation facilities; medical colleagues in your specialty; other healthcare providers
- Public Health Department (local, county, state)
- Public Safety Department (local, county, state)
- Fire Department (local)
- State Medical Board
- State Medical Society
- Federal Emergency Management Agency (FEMA)
- Department of Homeland Security (NIMS Program –National Incident Management System (NIMS))



No man is an island...
and neither is your
practice!

2. Know the Law

There are local, state and federal laws and regulations that govern disaster and emergency planning. All three levels of government make a concerted effort to learn from each experience and to make ongoing changes and improvements to address different types of threats in more efficient ways. Here's an example from North Carolina. In recent years, the state has broadened its definition of an emergency to be "an occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or man-made accidental, military, paramilitary, terrorism, weather-related, public health, explosion-related, riot-related cause, or technological failure or accident, including, but not limited to, a cyber incident, an explosion, a transportation accident, a radiological accident, or a chemical or other hazardous material incident."

Appendix A includes a set of Questions and Answers about disasters in North Carolina, including high-level information about the declaration of a state of emergency, types of disasters, work requirements during a disaster and/or state of emergency, use of private property by government agencies, special malpractice protections and other relevant topics.

If your practice is located outside of North Carolina, use the FEMA website (<https://www.fema.gov/emergency-management-agencies>) to locate the state's emergency management agency, and to learn about the laws that pertain to disasters in your state.

There are unique laws that pertain to medical staff as well as medical facilities. Know what those are beforehand, and regularly review the statutes for changes.

3. Document Important Information

One of the most frustrating aspects of business interruption is the inability to recreate the systems and processes that existed prior to the occurrence of the disaster. You can avoid the risk of lost information by documenting important information about your practice and by storing duplicate copies online, in hard copy and/or in a safe place that is outside of your premises. With respect to patient information, remember to comply with the HIPAA Privacy and Security requirements. For example, printed material containing PHI could present an exposure if taken home by a staff member who subsequently became a flood victim and lost control of the material.

Make sure that all vendor contracts include language on vendor responsibilities in case of disaster and that you understand the meaning of the language. Given the complexity and different technologies used in managing a medical practice, meet with relevant vendors to determine how you can extract or backup the information that you have deemed necessary as part of your disaster planning procedures. Ask how these vendors will ensure that you will have access to specific types of critical information in the event of various types of disasters.

Appendix B contains more information on employees, suppliers and vendors, important contacts, patient information, critical business functions (e.g. claims, payroll), recovery location, communication, office supplies, medical supplies, equipment and machinery, computer equipment and software and voice/data communications.

4. Focus on Human Resources

An important part of disaster planning is staffing, both administrative and clinical. Decide in advance who will be in charge and what responsibilities will be delegated to various staff members. Create a plan for job-sharing, so that if some workforce members are unable to report to work, other can perform their duties.

One of the most challenging aspects of people planning is the uncertainty about who will report to work. The first concern of your entire workforce will be their immediate families. Only when they are confident that their families' safety and other needs are met will they direct their attention to their work responsibilities. You can help your workforce address their personal needs by providing services such as emergency transportation, on-site daycare services and guidance in developing home-based disaster plans.

Remember that your workforce may have personal and family crises to deal with before they can turn attention to your practice.

5. Check Your Insurance Coverage

Check your insurance coverage and make sure you have the policies that you need before disaster strikes. Here are our recommendations as well as suggestions from physicians who have previously filed disaster-related claims and learned some lessons the hard way.

What Coverage Do You Need?

Every practice doesn't need the same type and level of disaster insurance protection. If you're not sure what coverage to purchase, use the checklist in **Appendix C** that is based on a Federal Emergency Management Agency (FEMA) listing of disaster. Determine the likelihood of occurrence in your geographical area and identify preventive steps you can take.

Regardless of the type and amount of insurance that you purchase, most policies address the two primary obligations of the insurance company: (1) its duty to indemnify or protect you; and (2) its duty to defend against suits against you. Most insurance policies contain standard language that describes conditions that must be fulfilled before the carrier is obligated to pay for damages.

Insurance should offer protection for physical damage as well as any resultant lawsuits.

From Whom Should You Purchase Insurance Coverage?

You can purchase insurance coverage directly from an insurance company or through a captive or independent insurance agency. Start by searching the Internet for choices in insurance carriers, policies and premiums. Then reach out to either an employee of the insurance company or to an insurance agent. There are two types of agents. An exclusive/captive agent works exclusively for one company, while an independent agent represents several companies and looks for the best policies and rates. Whatever your choice, make sure you are working with a reputable company and/or agent.

What Type of Insurance Coverage Should You Purchase?

Work with the insurance company and agent of your choice to select the types of insurance that are most appropriate for you. Start with basics and consider add-ons. Here's a helpful chart.

Insurance Coverage Relating to Disaster Protection	
Type	Options
Property	<ul style="list-style-type: none">▪ Peril coverage▪ Comprehensive all-risk coverage

Insurance Coverage Relating to Disaster Protection	
Type	Options
Optional Property Endorsements	<ul style="list-style-type: none"> ▪ Business interruption ▪ Electronic data processing ▪ Earthquake and flood ▪ Personal items ▪ Records ▪ Extra expenses ▪ Leasehold interest ▪ Automobile
Terrorism	
Comprehensive General Liability	

Property insurance protects against losses resulting from damage or destruction to your physical assets. You can select either named peril (e.g. fire) or comprehensive all-risk coverage. With named peril, the events are named, and you are protected against damage or destruction to the building and to its contents. Comprehensive all-risk insurance provides greater coverage at a higher premium. For example, comprehensive all-risk coverage protects you from damage and losses to the building and contents that are due to any event that is not specifically excluded from the policy. Read the fine print regarding property coverage. As many have learned the hard way, it applies to the structure and contents of your practice. Coverage for business interruption, electronic data processing, flooding, records and extra expenses requires that you purchase additional endorsements.

Let’s look at electronic data processing. With few exceptions, most medical practices are heavily dependent on electronic data processing. Depending on the configuration of your applications, critical information resides either on a server that is located within your practice, on a server from which you “rent” space (i.e. Application Service Provider or ASP), or more likely, in the “cloud” on the server maintained by your software vendor. Depending on your situation, you should purchase insurance coverage related to both natural perils and to mechanical breakdowns. You can also purchase coverage for storage media. If you have a problem and have purchased business interruption and/or extra

Consider whether you need a more expensive all-risk policy or one that covers only specific types of perils. Make sure you read the fine print as well as any modifications to the policy that the insurer makes after the policy takes effect.

expense endorsements, the policies will cover costs such as equipment rental.

How Can You File a Claim to Get the Best Results?

If you file a business insurance claim, do it carefully in order to maximize your chances for reimbursement and the amount that you receive. Contact your insurance company and/or insurance agent. Report all burglaries to the police. Read your policy. Take steps to protect your property against additional damage. If you need to make immediate temporary repairs, keep all damaged parts. If you are considering corrective action, obtain at least two bids.

You can simplify the filing of any insurance claim by taking two easy steps ahead of time. List all insurance policies that you have and keep an extra copy of each policy on line and/or in a safe place. Take pictures of your facility and equipment so you can show them to your insurer.

Learn from Others' Mistakes

We can learn even more from many physicians who have experienced business interruption as a result of major hurricanes and other disasters.

- When a disaster is predicted, prepare detailed lists of patients whom you may need to contact during the time when the office is closed (e.g. patients with upcoming appointments and patients with chronic and complicated conditions).
- When a civil authority such as the national, state or local government requires the closure of business, make sure you understand the impact of that action on your insurance coverage. Your insurance covers the closure **only** if it applies to the specific cause that prompted the government to order an evacuation. For example, if the primary cause of an evacuation is a flood and you don't have flood insurance, you can't file a claim.
- Understand what is called the rule of "efficient proximate causation." When two or more perils combine in sequence to cause a loss and a covered peril is the predominant or **efficient cause** of the loss, the loss is a covered loss.
- Check the geographical scope of your property insurance to make sure that the coverage applies to your property, to a contiguous property and to property located within the coverage territory. For example, if damage to a building that is located next to yours

You should take steps to protect your property against additional damage. Be sure to document everything with pictures and get multiple bids for any temporary repair work.

prevents you from caring from patients, make sure that your coverage applies to the situation.

- If you rely on a particular supplier, it is to your advantage to have your coverage apply to damage to that supplier as well as to your own location.
- Pay attention to required waiting periods. For example, if you have extra expense coverage, make sure it is available immediately after a civil order to evacuate is given. A waiting period will only cause a delay.
- Ask your insurance agent to explain the difference between cash value and replacement value. Many insurance policies only cover the cash or depreciated value of your property. If you are going to replace the property, you may want to insure for the cost of replacement.

6. Backup Important Information

Regardless of how you have set up your medical practice and the degree to which you rely on information technology, make sure you develop and regularly maintain backup efforts that are directed toward your operating system, your application software and your data.

Information that Your Practice Should Backup	
Component	Example
Operating system	User accounts, passwords, specific configuration files for network, printers, and connectivity to external trading partners
Application software	Practice management system software, general financial information, payroll, online training courses Electronic health records including details of visits, phone calls, lab results, consultations, prescription and non-prescription medications
Patient data	Demographic and financial information Clinical information from EHR
Website	Create an alternate way to tap into your website

As you develop and implement your backup systems, ask yourself several important questions:

- **How much clinical patient data can you afford to lose in a disaster?** If you can't afford to lose anything at all, make sure you have a robust backup system. If you can operate without 100% of your information, do a little less. Your answer to this question will guide you in developing a backup system.
- **Will you need to restore 100% of your patient scheduling and financial data?** This information changes frequently, so you should be doing your regular backups for frequently that for some of your other functions.
- **How long you can afford to be out of commission before resuming patient care?** For example, if you have a computer virus or theft that affects only your data and not your facility and staff, patients will continue to show up for their scheduled appointments. Your recovery time objective (RTO) is short. If a major disaster affects your practice, your recovery time objective is longer.
- **What types of data do you need to backup? As you determine your plans for backing up your operating system and data, categorize the different types of data that you need to backup.** For example, some data is static (your operating system, computer applications, and patient financial and clinical software). Other data like patient clinical files and accounts receivable changes regularly. For static data, keep backup both on-and off-site. For more transitory data, the challenge is more difficult. You need daily or more frequent backups.

7. Test Your Disaster Plan

Once you have developed appropriate disaster precautions, test them out. Start by meeting with all staff members, sharing the plan and soliciting feedback. It's easier to make changes when the wind and water aren't outside your door. Schedule regular test disaster drills for your practice and make adjustments as needed. If you need to put the plan into effect during an actual disaster, be sure to evaluate the effectiveness of what you've done so you can take corrective action before the next event.

**Disasters happen.
With advance preparation you can lessen the impact.
Good luck!**

Appendix A: Laws and Regulations Governing Disaster Planning for NC Medical Practices

Note: These Q&A's are provided as an educational overview. Definitions and regulations continue to change as all levels of government learn how to deal more effectively with emergencies and disasters. Be sure that your disaster planning includes a review of the most recent statutes.

Question	Answer
1. What state laws govern emergencies and disasters?	Look for information in Chapter 166A and Article 36A of Chapter 14 of the North Carolina General Statutes (NCGS).
2. Is the statute that deals with natural disaster broad enough to cover emergencies that would arise out of a pandemic flu?	Yes.
3. How does North Carolina define an emergency?	NCGS Chapter 166A defines it as an occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or man-made accidental, military, paramilitary, terrorism, weather-related, public health, explosion-related, riot-related cause, or technological failure or accident, including, but not limited to, a cyber incident, an explosion, a transportation accident, a radiological accident, or a chemical or other hazardous material incident.
4. How does North Carolina define a state of emergency?	A state of emergency is as defined in NCGS 166A (see above) – or a state of emergency found and declared by any chief executive official or acting chief executive official of any county or municipality acting under the authority of any other applicable statute or provision of the common law to preserve the public peace in a state of emergency, or by any executive official or military commanding officer of the United States or the State of North Carolina who becomes primarily responsible under applicable law for the preservation of the public peace within any part of North Carolina.
5. Who in North Carolina can declare a state of disaster?	The Governor can make a proclamation or the General Assembly (legislature) can pass a resolution.
6. What types of disasters can be declared?	Type I disaster – provided three criteria are met. This is not a federal disaster. Type II and Type III disasters – can be declared only when the U.S. President declares a major federal disaster that triggers assistance from FEMA and SBA.

Question	Answer
7. What do we need to know about a Type I disaster?	<p>Type I disasters last for 60 days after issuance unless renewed by the Governor or the General Assembly. Such renewals may be made in increments of 30 days each, not to exceed a total of 120 days from the date of first issuance</p> <p>See NCGS 166A for details about the types of state funding that may be made available for this type of disaster.</p>
8. What do we need to know about Type II and III disasters?	<p>Type II disasters last for 12 months after issuance unless renewed by the Governor or the General Assembly. Such renewals may be made in increments of three months each but shall not exceed a total of 24 months. See NCGS 166A for details about the types of state funding that may be made available for this type of disaster.</p> <p>Type III disasters last for 24 months after issuance unless renewed by the General Assembly. See NCGS 166A for details about the types of state funding that may be made available for this type of disaster.</p>
9. During a disaster or emergency in North Carolina, who in the state has the power to protect the public?	<p>The Governor has broad authority. He/she can delegate certain duties to the Secretary of the Department of Crime Control & Public Safety.</p>
10. During a crisis, can the Governor require public workers to work?	<p>Yes.</p>
11. During a disaster or emergency, what authority does the Governor have over local governmental authorities?	<p>If the Governor finds that local control of the disaster or emergency is insufficient to adequately protect lives and property, he can exercise his powers (NCGS Article 36A of Chapter 14).</p>
12. What are some of the ways in which the Governor can act during a disaster or emergency?	<p>He/she can procure by purchase, condemnation, seizure, or other means to construct, lease, transport, store, maintain, renovate, or distribute materials and facilities for emergency management.</p>
13. If our practice offers to allow the state to use our property, can we expect compensation?	<p>No.</p>
14. If our property is used during an emergency to shelter and protect people other than our own patients, can we be held civilly liable for the death of injury of any person or the loss or damage to property where these losses and injuries resulted from the use of the property for the above purposes	<p>There is a waiver of private civil liability.</p>

Question	Answer
15. What authority does the North Carolina State Health Director have during a disaster or emergency?	The authority of the State Health Director is related to quarantine and isolation.
16. If there is an imminent threat of contagious animal disease, what powers does the State Veterinarian have?	The State Veterinarian can implement emergency measures and procedures including quarantine and warranted inspections.
17. During a disaster or emergency, is there protection from potential malpractice liability?	<p>NCGS 166A classifies those working in emergency management as working in government functions and therefore protected from liability for the death or injury to persons or property damage resulting from their activity.</p> <p>The exception to this important protection is willful misconduct, gross negligence, or bad faith.</p>
18. How does the protection from malpractice liability apply to health professionals during a disaster or emergency?	Providers have immunity protection if they are operating as emergency management workers at the request of the State or other level of government. If they are providing care to patients on their own initiative but are not considered emergency management workers, they do not receive special protection.
19. Does the North Carolina Medical Board have special powers during a disaster or emergency?	Yes. The North Carolina Medical Board can issue a limited physician assistant volunteer limited license allowing PAs to perform medical acts, tasks, and functions, without compensation, provided certain conditions are met.

Question	Answer
<p>20. If a physician or other healthcare provider volunteers to provide care in the community, is there immunity from malpractice liability?</p>	<p>Yes. North Carolina grants immunity to volunteer healthcare professionals as follows:</p> <p>(1) a volunteer medical or healthcare provider who provides care at a facility of a local health department or nonprofit community health center, to (2) a volunteer medical or healthcare provider who provides care at his/her place of employment to people referred by a local health department or nonprofit community health center.</p> <p>There is also immunity for a volunteer medical or healthcare provider who serves as medical director of an EMS agency.</p> <p>A retired physician who holds a “Limited Volunteer License” is immune.</p> <p>Any volunteer medical or healthcare provider licensed or certified in NC who provides services within the scope of his/her license or certification at a free clinic is immune.</p>
<p>21. Can the Governor waive health professional licensure laws during a pandemic or disaster?</p>	<p>Yes. The Governor can waive professional licensure laws for authorized emergency workers.</p>

Appendix B: Important Information to Have Available for Emergencies and Disasters

Type of Information	Suggested Items	Comments
Employee Contact Information	Name, position, responsibilities, job description, home address and contact information, emergency contact information, certifications	In an emergency situation, everyone may not be able to come to work. Collect information knowing that you will ask employees to pinch hit for each other.
Important Suppliers and Vendors	Company name, contact information, name of primary and alternate contact people, information on recovery	For each supplier and vendor, list an alternate or backup.
Important Contacts	Accountant, bank, billing/invoice service, benefits administration, building manager, building owner, building security, creditor, electric company, emergency management agency, fire department, gas/heat company, hazardous materials, hospital, insurance agents/broker, insurance company, local newspaper, local radio station, local TV station, managed care companies, Medicaid and Medicare, mental health/social services agency, payroll processing, police department, public health department, public works department, small business administration, telephone company	You need a lot of information here; assign this task to one or more staff members and make sure to keep the information current.
Patient Information	Full list of patients and contact information, list of patients with chronic problems, life-threatening diseases and special medication needs, list of patients with upcoming appointments	Patients may have limited access to your office.
Critical Business Functions	Payroll, claims submission, payment posting, ordering diagnostic tests, test results reporting	Prioritize the functions that you must get up and running.
Recovery Location	Location, directions, employees who should go to recovery location	Determine whether or not you can use someone's home, an alternative office location (e.g. practice in another community), or some other option.

Type of Information	Suggested Items	Comments
Communication Information	All phone and fax lines including details about rerouting to recovery location	
Office Supplies	Item, item number, quantity, supplier/vendor, other information	
Medical Supplies	Item, item number, quantity	
Equipment and Machinery (except computers)	Item, model, serial number, vendor/supplier	Determine what you can move to an alternative practice site.
Computer Equipment and Software	Hardware, operating systems, software applications, interfaces, including type, model, serial number, license number, supplier	Make sure your IT support person or consultant documents the way in which your systems are configured.
Voice/Data Communications	Telephone, PBX with Automatic Call Distribution, cell phones, fax machines, two way radios and pagers, others. Features, models, serial numbers, vendors and alternate vendors	

Appendix C: Suggested Risk Assessment for Your Practice Using FEMA Listing of Disasters

Disaster	Likelihood of Occurrence	Preventive Steps You Can Take in Your Practice	Do You Need Insurance? (Yes/No)
Fire	Will be higher in dry areas.	<p>Meet with the Fire Department to get suggestions.</p> <p>Check with your insurance company for ideas.</p> <p>Hold regular fire drills and inspections.</p> <p>Install fire sprinkler systems.</p> <p>Install fire-resistant material and furnishings.</p> <p>Develop policies and procedures for dealing with flammable liquids and gasses.</p> <p>Regularly schedule preventive maintenance on all equipment.</p>	
Flood	Will be higher in coastal and low-lying areas.	<p>Construct flood-walls.</p> <p>Learn your community's plans for flooding.</p> <p>Purchase a NOAA Weather Radio with an alarm and battery backup.</p>	
Hurricane	Will be higher in parts of the country that are hurricane-prone.	Tape or board up your windows.	
Tornado	Will be higher in parts of the country that are tornado-prone.	Make a cellar area available.	
Other severe weather	Varies by geographical region.		
Earthquake	Most likely in California and other states with history of earthquakes.	<p>Secure light fixtures and other things that could come loose.</p> <p>Move heavy objects to low shelves.</p>	
Communications failure	High risk in all practices.	Keep a list of cell phones that you can use in an emergency.	

Disaster	Likelihood of Occurrence	Preventive Steps You Can Take in Your Practice	Do You Need Insurance? (Yes/No)
Radiological accident	High risk in practices that own/rent this type of equipment.	Consult with vendors.	
Civil disturbance			
Loss of key supplier or vendor	Particularly high risk if you outsource certain functions.	Maintain lists of alternatives for all suppliers and vendors.	
Explosion			
Utility outages	High risk in all practices.		
Computer system failure	High risk in all practices.	Regularly backup every application. Document your entire system operations.	
Telecommunications failure	High risk in all practices.		
Heating/cooling system failure	High risk in all practices.	Keep spare fans and heaters in case you need them.	
Terrorism	Probably higher risk in densely populated areas and major cities.		
Hazardous materials spillage		Be aware of federal laws.	
Transportation accident		Be aware of community policies for large-scale disasters.	
Employee error	High risk for all practices.	Train all employees carefully when they begin working for your practice and then on a periodic basis.	

About Us

Founded and led by Margie Satinsky, a healthcare professional with 35 years of management experience in community and academic healthcare settings around the country, Satinsky Consulting, LLC provides customized strategic and operational assistance to medical practices. Our track record of healthcare innovation and collaboration with physicians and other caregivers, combined with a strong network of expert consulting resources, ensures that our clients receive thorough problem diagnosis and sound advice.

For more information, visit www.satinskyconsulting.com.