

Medispa Management for the Medical Field

Medispas are a unique business for nurses as well as doctors. The medispa industry merges the medical industry with the beauty/spa world to provide increasingly popular services. Over the next few years, we should see an explosion in these businesses.

For many people in our society, time is precious. Most of us have too little of it. Time demands include work, family, relationships and keeping up with what's going on in the world. We have very little time for ourselves, so when we do make personal time, it is important to get as many services done as possible. Hence the growth of medispas, which offer beauty and cosmetic medical procedures.

When setting up a medispa, doctors and nurses should think of it as a beauty business as opposed to a pure medical facility. Among other things, the medispa business owner will need to set up a billing policy, design consent and after care forms, advertise and purchase insurance. This article will discuss the insurance issues.

In a medical setting, doctors and nurses purchase a "blanket" medical malpractice policy that will cover most services the facility or medical professional offers. Exclusions are often limited, so doctors and nurses have the freedom to offer discretionary services within the medical setting. In this world, depending on the type of specialty the doctor and/or nurse practice, there is the potential for large liability awards so malpractice insurance can be expensive for doctors and medical facilities.

Nursing policies assume the nurse will be working for a doctor or medical office or hospital, so these policies "piggy back" on the doctor or facility policy. This is the reason why nursing policies are inexpensive in a medical setting.

Malpractice coverage for Medispa Services & Professionals

When owning, or operating in a medical spa, nurses as well as physicians will need a business type of policy with malpractice coverage for the specific services being offered. Once the insurance industry recognized this need, policies were set up to offer coverage for the various arrangements medispas set up.

Malpractice coverage in a medical spa may be more limited than in a medical facility, and thus less expensive for doctors. Often these policies are set up to cover cosmetic services such as Botox, laser services, dermal fillers, sclerotherapy, medical and esthetic peels and other beauty industry services such as microdermabrasion, massage and facial work. If non-cosmetic procedures such as work on psoriasis and eczema are offered, review the insurance being offered to determine if those procedures are going to be

covered. Medispa policies can be less expensive since they are limited to only beauty enhancement services vs. corrective skin condition work. Medispa policies also might not cover work with prescriptions other than for the dermal filler work. These policies will be more expensive however for nurses since it is presumed the nurse has more control over the business than when working for a doctor or medical facility.

Who is covered by a liability policy?

There are many instances where a medispa contracts with a doctor or nurse to come in and provide Botox, laser work, dermal fillers and other medical services. In the case of the physician, they are told “the doctor has their own policy to cover this.”

In the event of a lawsuit, the doctor will get sued as well as the medispa. These are very strong odds the doctor’s medical malpractice policy will not protect the medispa. If the medispa does not purchase coverage for these exposures, they will be uninsured for a claim. Medical malpractice lawyers start at about \$300/hour everywhere in America so the medispa will have to find and contract with their own attorney, to say nothing of paying any judgment against the spa. This is a big hole that many medispas are not aware of.

If the doctor can get it, require they list the medispa as additional insured under their medical malpractice policy to provide the protection the medispa needs. Without this, which is very hard to come by, the medispas’ options are to purchase a policy for the doctor or go uninsured.

Nurses generally cannot extend their low cost nursing medical malpractice policy to this type of service and thus have to purchase a separate policy. When doing this, the medispa should require the nurse list them as additional insured under their malpractice and general liability policy.

Other insurance a Medispa owner will need

Malpractice insurance is only part of what a spa owner needs. It is also important to have general liability for slip and fall and other business exposures such as property damage liability. Most medical facilities have general insurance but a medical malpractice policy such as a nurse or doctor purchase often will not have it. Thus in a medispa, the owner will have to purchase general liability insurance which can often be added to the medical malpractice policy.

If the medispa is going to sell products for home uses such as facial creams, it is a good idea to purchase products liability. If the product causes injury away from the premises, there could be a lawsuit against the medispa. This is an exposure the medical professional will not carry on their malpractice policy as a normal rule.

Another crucial coverage is personal and advertising injury. A successful spa will need to advertise to build the business. This coverage is relatively inexpensive.

Furniture, fixtures, equipment such as lasers, computers, products for sale and tenant improvements should all be covered against perils such as fire, theft and other risks. Business property coverage should be purchased on a replacement cost basis so that the business will be made whole in the event of a major peril such as a fire. These policies often are tied to a specific location. If the laser or other equipment is being taken off the premises, a floater policy will be needed for this exposure. Don't assume there is full coverage for off premises usage.

This article can provide a starting point as to some of the types of coverage a medspa professional and/or owner will need. There are other types of insurance available depending on the specific needs of the business or individual performing the service. Consult an insurance professional who has experience with the medical spa world or provides policies for other medical professionals or spas to be clear what the coverage options are. This is an exciting industry to be involved with so be sure to get the proper protection to keep the business solid for many years.

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Susan Preston is President of her own insurance agency, Professional Program Insurance Brokerage and Face and Body Professionals, both located in Novato, CA. She has provided insurance and supplies to the permanent cosmetic and beauty industries for over sixteen years. She has worked with states and other governing bodies to develop industry regulations and served as an advisor to the National Environmental Health Association. In 2004 she started insuring lasers/IPLs for hair removal after studying the industry for 6 months and working with doctors and laser experts to get underwriting guidelines. In 2005 medspa services including Botox, dermal fillers and medical peels were added to the program. In 1990 Ms. Preston co-founded the Society of Permanent Cosmetic Professionals, a non-profit association setting standards for the permanent makeup industry. Her articles on beauty and medical issues have been published by national publications including *Les Nouvelles Esthetique* magazine, *Skin, Inc.* the *Advanced Dermatologic News*, and the *Woman's Guide*.

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