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VirtuSense
Transforming Healthcare with AI

# THINKING OUTSIDE THE BOX

## Insurance and Risk Management Considerations for Human Service Providers


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# About Johnson Kendall & Johnson

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- Founded in 1956, **privately held**, nationally focused
- 120 Employees, placing an annual premium volume over $250M
- **A History of Firsts!**
  - JKJ insured the first CCRC in Pennsylvania in 1968 – still a client today
  - The Johnson Companies launch the first 401(k) plan for its own employees in 1981, which is still in use today for the employees of JKJ.
- While brokers of similar size "transact," JKJ partners with specific high-risk industries who require a need for an intensive level of service
  - Health & Human Services, Construction, Technology, Manufacturing & Distribution, Real Estate
- JKJ Human Services Industry Team: 250+ providers across 20+ states
  - Both NFP and FP
  - National Council of Senior Living Brokers: representing over 4,000 LTC communities nationwide

# About VirtuSense

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VIRTUSENSE™

**VirtuSense** is an AI company that exists to predict and prevent adverse events for older adults. We currently serve 12+ health systems and 200+ senior living/post-acute organizations.

**Our Technology Offerings**

- **VSTBalance:** System precisely and automatically identifies older adult movement deficits and tracks progress in reducing their fall risk.
- **VSTAlert:** AI device that accurately predicts bed exits before they occur and automatically notifies staff to prevent the fall.
- **VSTOne:** Vital monitoring patch that can be integrated with VSTAlert or used as a stand-alone solution.

**Our Demonstrated Outcomes**

- **Reducing Falls:** Consistently reducing falls 60-89%
- **Improving/Tracking Outcomes:** Due to our demonstrated outcomes success, CMS has directly funded our technology to be implemented in rural SNF sites in five states including Ohio!

# AGENDA

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- Insurance Market – Pre & Post COVID-19
- VirtuSense - Addressing Fall Risks
- Cyber & Technology – Risk Considerations & Management

# BEFORE COVID-19?

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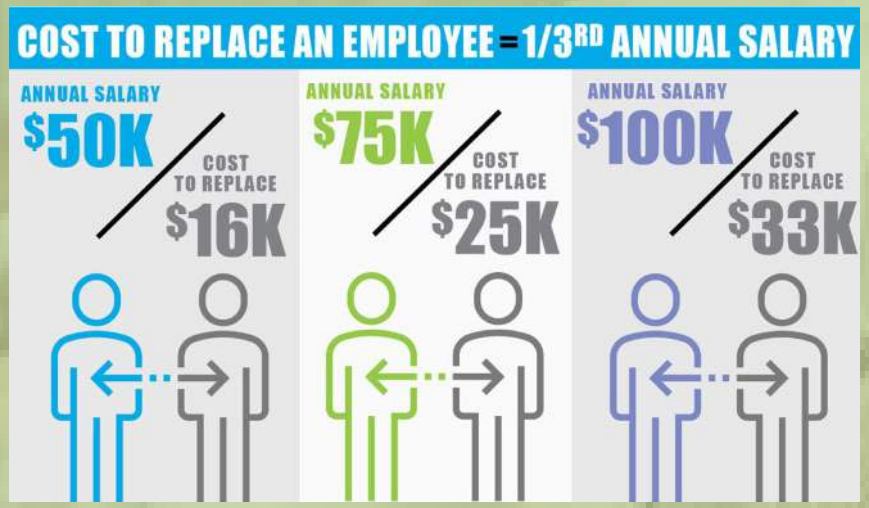


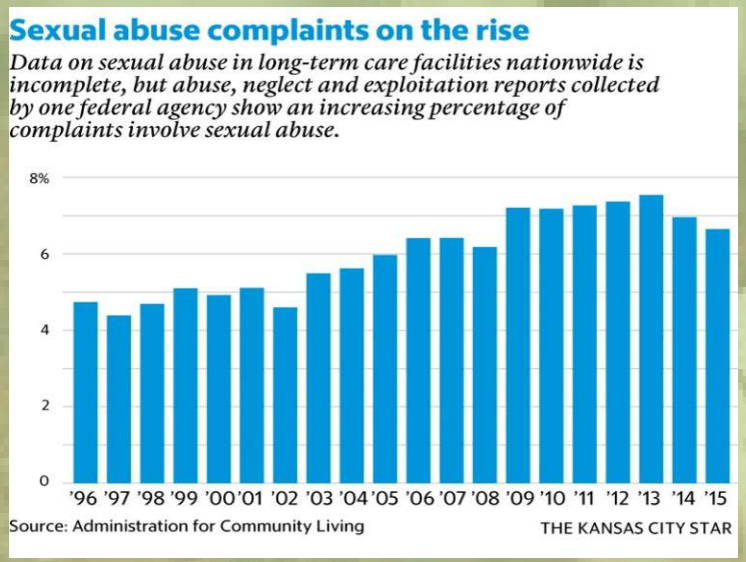

# What Keeps Carriers Up?

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- **Resident falls** make up a significant portion of claims, accounting for 42.7 percent of the claims surveyed, with an average payout of $186,589. Assisted living facilities, however, reported $196,571 in closed claims.

- **Pressure ulcers** and related maladies made up 18.6 percent of allegations. Skilled nursing operations saw a far greater frequency than assisted living facilities (a 15:1 ratio), assisted living facilities had a higher average value of closed claims ($236,562 to $231,732).

- **Elopement** saw the highest average total ($325,561), and 54.3 percent of elopement claims came from assisted living facilities.

- **Errors** in administering medication, failure to follow physician order, improper care, failure to monitor, unsafe environment, resident abuse, and violation of resident rights were also prominent sources of claims.

# What Keeps Carriers Up?

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- **Varying Services/Exposures** have caused insurance carriers to enhance their underwriting scrutiny. Eg: nonprofit organizations that offer foster care and adoption services are extremely different than those that offer employment opportunities and day program support services for individuals with disabilities.

- **Sexual Abuse/Molestation Allegations** and related claims on the rise throughout the industry, causing disruption in the insurance market and requiring providers to scramble to "layer" their towers of liability with different insurers.

- **Unfunded Liability** caused by 17 states and D.C., in 2019, extending or eliminating the amount of time victims of child sexual abuse were given to sue or seek criminal charges against their abusers and their employers. prominent sources of claims.

# Risk Mitigation Strategies

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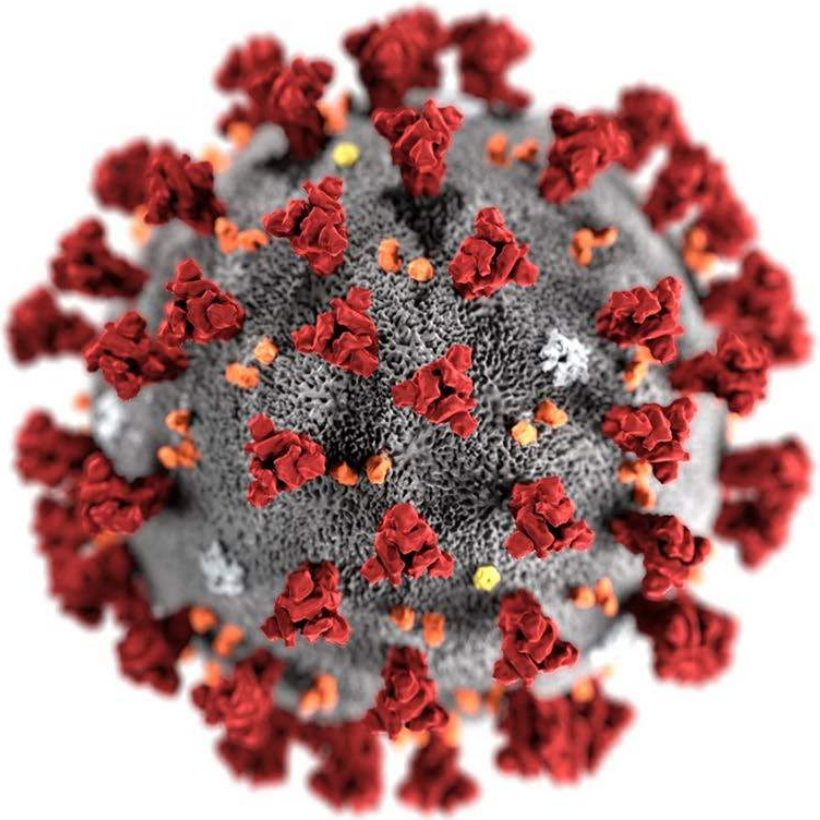
- **Delineate Service Model**
  - *Manage resident/family expectations!*
- **Prioritize Fall-Related Risks**
  - Highest % aging services claim dollars = fall-related claims/litigation
  - Provide affirmative use of safety initiatives addressing falls
- **Foster Resident/Family Trust**
  - Offer forum for resident/family to ask questions, discuss concerns
- **Address Staff Turnover (no matter how bad)**
  - Focus on hiring practices, "Best Place to Work" initiative, Integrity Testing
- **Train Leaders (but don't burn them out)**
- **Empower Staff**
  - Foster the attachment between corporate and front-line



# Plaintiffs' Bar Already Crafting the Story

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# Build Your Defense NOW

- **Hold on to Critical Information** – Record Retention, and Maintenance

- **Review Policy Docs to confirm Notice Requirements**
  - Get information to broker (carrier?) sooner than later
  - Confirm timeline requirements for each line of coverage

- **Record Keeping**
  - Who is collecting, and from whom?
  - Engage defense counsel
  - Create checklist

# From the Underwriter's Desk

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- **State of the Market:**
  - Submissions up 25-35% across the market, overwhelming underwriters
  - Verdicts increasing across the country in LTC setting
  - Locale of claim becoming more important than mitigating factors specific to each location
  - Mandate to add more exclusions, restrict coverage, increase deductibles
  - Request for 8-10 years' loss experience, instead of customary 5-7 years'

- **Insurance Market Factors:**
  - Claims frequency more than doubled in aging services industry
    - Plaintiff Attorney Specialization
  - Claims outcomes no longer dissimilar between NFP and FP sectors
    - Minimal differentiation between facility types during UW
  - Publicly Available Information
    - Nursing Home Compare
    - 5 Star Quality Rating System

Medicare.gov | Nursing Home Compare
The Official U.S. Government Site for Medicare

# Insurance Renewal Tips – In Summary

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- Know and OWN your loss data so that you are aware of where claims are arising and how you're mitigating future risk. Sell that strategy to the carriers at your next renewal.

- "Pressure test" your coverage, off-cycle, to confirm the coverage your program is providing is indeed protecting your operations. Make note of discrepancies and ensure necessary coverage is granted or "risk managed."

- Foster your relationship with the carriers covering your insurance program. Build a rapport and create a collaborative strategy that involves both you (insured) and the carriers (insurer) to address and mitigate exposures. #lossratio

- Have ALL documentation ready to tell your story to the insurance market well before your policy expiration. Now is NOT the time to handle your renewal at the 11th hour. Start TODAY!

# Looking ahead–POST COVID-19

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**OUTLOOK**

- Carriers' "appetite" changing as they exit the market, or migrate to a wholesale channel
- Involuntary Self-Insurance?
  - Retentions/Deductibles increase
  - Exclusions/Conditions more prevalent
- Pursue arbitration instead of traditional litigation, keeping claims away from juries, expediting settlements, lowering defense costs

**Summary:**

1. Market will continue to harden
2. Carriers will continue to be more selective in risk selection or otherwise exiting the LTC setting
3. Want to stay ahead? "Info is KING"
4. BE CREATIVE!! #thinkoutsidethebox

# VirtuSense Addresses Fall Claims

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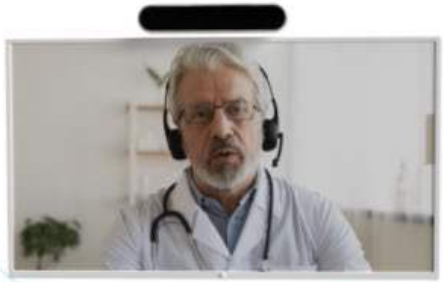
VSTBalance

VSTAlert



VSTOne

# VirtuSense Addresses Fall Claims

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## What's behind the increase in falls?

**43%** of seniors feel lonely regularly

increased risk of mortality **45%**

Loneliness is as damaging to health **as smoking 15 cigarettes** per day

- Isolation has severe implications for the health of older adults
- Critical to find ways to de-isolate
- Unfortunately this will not always be possible/sufficient



Stats credited to: The "Loneliness Epidemic"

# VirtuSense Addresses Fall Claims

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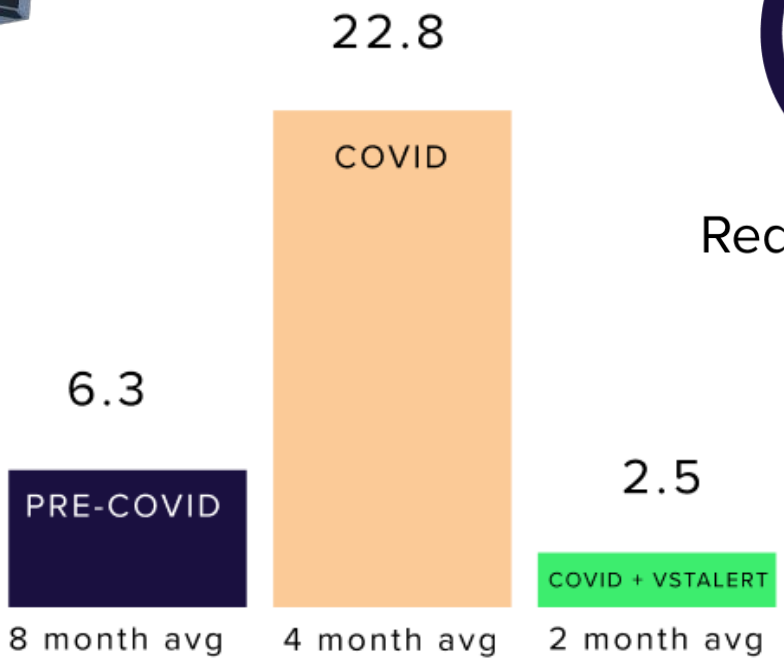
## Falls may be getting worse, but technology can help!



Reduction in Falls

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# VirtuSense Addresses Fall Claims

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## What you need to know about implementing available solutions

- How accurate is the technology and impact it will have on staff?
- How is data captured/stored? Will liability/exposure increase or decrease with the technology in question?
- Is it proven?

https://abcnews.go.com/Health/hospital-alarms-create-noise-misery-patients/story?id=67439264

# Cyber Risk Management

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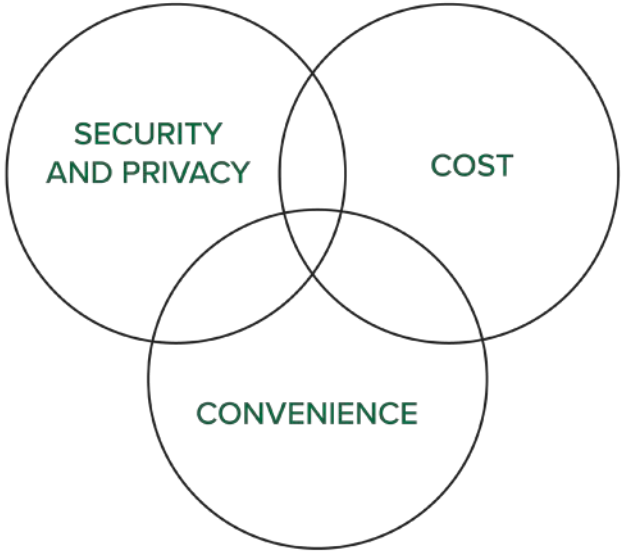
**Cyber Risk Management is a balance between…**




# GOALS:

1. **Reach a state of Cyber Resilience in which you can properly identify, respond, and recover from a Cyber Incident.**

2. **Be cognizant of the REASONABLENESS STANDARD**
   - **What would I reasonably expect of a similar company?**

# A.I. & Cyber Considerations

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- **Biggest Threats (Applicable both Pre & Post COVID)**
  - Ransomware Attack
  - Privacy Breach
    - Social Engineering of information or money

***Cyber Insurance was designed to respond to these situations!***

- **State of the Market:**
  - 2020 insurance rates for Cyber are beginning to rise
    - Consider buying higher limits, while it is still affordable!
  - Continued increase in the Frequency & Severity of Claims – expect increases in 2021
    - Increase in Regulation – Biometric Data, CCPA
  - Insurance Carriers starting to mandate more security requirements
    - Multi-Factor Authentication
    - Segregated Backups

# Cyber Considerations

**Questions – Self Assessment:**

- In a world of increased remote working, are you permitting personal devices to connect to your network?
- With so many pressing issues to manage, have you stopped or slowed employee training?

- Are your corporate/back office employees working remotely? If so, are they connecting securely to your network (proper Remote Access Protocols or VPN)? **Do you have multi-factor authentication deployed?**
- Do you have an incident response plan in place for a Cyber Incident?
  - BC/DR Planning
- If your system goes down or you become victim to ransomware, do you have offsite backups available to engage?
  - Would you pay the ransom?
- Have you deployed Telemedicine or video conferencing?
- Is cyber security & data privacy part of your employee training & onboarding?

# Cyber Risk Management

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**In a Post COVID world, we need to wash our hands AND**
***watch our clicks!***

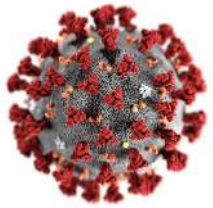
- **Employee Training**
  - Heightened awareness of clickbait related to all the newsworthy events of 2020 – think before you click!
  - Communicate clearly with employees and set expectations for how they can expect to communicate with your IT team
- **Financial Transaction Verification & Approval Process**
- **Password Requirements / MFA (where possible)**
  - Not the time to stop requiring periodic password changes!
- **Secure Remote Connectivity (VPN/ limit RDP)**
- **Cyber Incident Response Plan**
  - Developed & Tested – and printed!
- **Data Backup & Recovery** – segregated or offsite if possible, and tested!
- **Updates & Patching –** vulnerabilities are waiting to be exploited

**Your Cyber Insurance policy may offer support in these areas – complimentary!**

# Looking Ahead…

- **Summary:**

  Prior Exposures (fall risks, abuse, 5 star)
  \+ COVID-19 exposures
  Current Landscape



  - Market already hardening BEFORE COVID-19, now only worsened by pandemic and market confusion. FOSTER THOSE RELATIONSHIPS WITH YOUR CARRIERS.

  - "Involuntary Self Insurance" – limits, deductibles, coverages
    - Do NOT simply accept carrier representations RE: coverage

  - "Info is KING" – improve your "story" that's being told to the market

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# Q&A

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