

# Healthcare Industry Loss Mitigation Checklist

**As a result of the COVID-19 outbreak, the healthcare industry is facing extraordinary challenges while dealing with an influx of patients.** Incremental expenses risk becoming exponential costs as they are associated with expanded operations and the extended hours of doctors, nurses, administration and other staff. Cancelled and deferred revenue drivers such as elective surgeries are also factors contributing to potential financial losses. Companies are looking for answers regarding insurance coverage for business interruption, extra expense, communicable diseases, and other possible impacts.

While the uncertainties organizations face around coverage persist, healthcare organizations should still be prepared to quantify, document, and properly present financial claims.

Imperium has assembled this checklist to help clients evaluate potential claims for business interruption and loss-related expenses. Efforts clients make early on to contemporaneously track, document, and quantify losses are among the best practices to maximize potential future recoveries.

## 1. Business Interruption, Loss of Income, Potential Claims

- » Activate communication protocols for employees to keep them informed
- » Adhere to government closure/ return notices
- » Identify and review all relevant insurance policies
  - If impacted, provide Notice of claim within the prescribed time period
- » Communicate with broker, consultant, carrier, and adjuster to establish a claims process, including the immediate next steps
- » Implement claim cost tracking and accounting protocols
- » Set up dedicated loss and recovery cost accounts to track all costs related to the preparation of the event.
  - Ensure appropriate operations and accounting personnel have instructions regarding approval and documentation protocols regarding event-related expenses
- » Track and document customer inquiries, cancelled orders, potential delayed events that drive revenue generation or create added cost, and other lost sales or loss event costs
- » Track any outsourcing of production or other operations to outside vendors or alternate locations (supply chain disruption)
- » Retain all production planning documentation and forecasting information as of the date of loss
- » Implement document gathering protocols for applicable coverage categories (e.g., business interruption, extra expense, expediting expense, etc.)

- » Be prepared to provide the following information to document the claim:
  - Pre- and post-event case statistics, by diagnostic related group
  - Pre- and post-event inpatient daily/ monthly volumes by diagnostic related group
  - Pre- and post-event outpatient daily/ monthly volumes by diagnostic related group
  - Pre- and post-event daily/ monthly revenue for physician services
  - Monthly profit and loss statements
  - Monthly inventory records
  - Monthly payroll registers
  - Invoices and other documentation in support of event related expenses

## 2. Consideration for Extra Expense

- » Labor and Travel Expenses
  - Detailed description of work performed by individual including name, location/department, date worked, hourly rate, start and end time of hours worked including overtime (e.g., timesheets)
  - Travel expenses for transfer of employees (e.g., mileage, receipts, incidentals)
  - Receipts/ expense reports for meal and snack expenses
  - Receipts/ expense reports for hotel / lodging expenses
  - Receipts for expenses related to delivery services, mailing, etc.
  - Communication expenses (e.g., phone)
  - Training expenses for any additional staff
  - Vendor invoices for temporary labor
  - Receipts for additional incidentals:
    - Cleaning and office supplies (e.g., rubber gloves, masks, cleaning wipes, filters, etc.)
  - Purchase order and invoices for purchase of or rental of equipment
- » Transportation Expenses
  - Documentation in support of items transferred to other locations (e.g., warehouse, alternate manufacturer, etc.)
  - Documentation in support of expedited freight for goods receipt
  - Documentation in support of Incremental transportation charges
- » Operating Expenses
  - Document incremental expenses related to inefficient operations
  - Additional Security Guards by department (e.g., NICU) and other locations
  - Invoices in support of meal expenses for employees, detail by facility and department
  - Documentation in support of advertising and promotional expenses related to regain revenue and rebuild market share
  - Invoices in support of incremental costs associated with mailings/ notices sent to customers to advise of status of operations
  - Consulting or attorney fee invoices
  - Documentation such as invoices in support of any other COVID-19 related operating expenses (e.g., testing kits, temporary housing and testing facilities, etc.)

- » Inventory
  - Document inventory disposed (e.g., photographs and video)
  - Assemble documentation in support of the cost and quantities of replaced inventory
  - Assemble documentation in support of the cost and quantities of inventory prior to disposal
- » Miscellaneous
  - Board-up expenses (e.g., timesheets)
  - Rental equipment (e.g., invoices)

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