

Healthcare Organization Directors & Officers are 10 times more likely to be sued than most other business classes.

Exposures Unique to the Healthcare Industry:

1. Anti-Trust claims brought by competitors and government agencies
2. Regulatory claims arising from government investigations
3. Third Party EPL claims brought by patients as well as customers, providers, vendors, suppliers, etc.

Healthcare organizations are more susceptible to claims brought under HIPAA, EMTALA, or IRC.

Typical Lawsuits can stem from:

1. Waste of corporate assets
2. Discrimination and harassment
3. Improper credentialing
4. Breach of fiduciary duty
5. Wrongful termination

Did you know?

1. Half of all claims against the directors & officers of Healthcare Organizations are brought by employees.
2. The average cost to defend a D&O claim averages nearly \$800,000.

A taxpayer-based community group filed an injunction to prevent a merger between a small, community-based health district and a large, regional religious-affiliated health system, alleging it would violate the Constitution by providing support to a religious group. The merger did not occur but the large health system spent more than \$100,000 in defense costs.

A potential patient at a walk-in clinic was not allowed admittance based on his HIV status. He sued the facility, alleging discrimination. The case is still in litigation, but defense costs have already exceeded \$75,000.

A cardiologist sued her hospital, its board, and certain individual physicians when her staff privileges were revoked after a peer review process. Allegations included improper peer review proceedings, unfair competition, and defamation. Defense costs totaled over \$2,000,000.

Two orthopedic surgeons must restore \$287,000 to their practice's pension plan following a suit by the DOL alleging that the surgeons, who were also the plan's trustees, failed to diversify the plan assets, leading to significant losses.

A whistleblower physician complained to the state that several other doctors in his practice were incompetent. His medical group suspended the physician for quality of care issues, and he in turn sued his employer. The settlement was \$200,000 after \$50,000 in defense.

An African-American VP of a hospital served as interim CEO, and received high performance marks during this time in that position. A younger, white outside candidate was selected for the permanent position and the interim CEO sued. The case settled for more than \$700,000.



ALEXANDER MORFORD & WOO

Anne Lund (206) 816-6726 (For-Profit)

Lisa Rodriguez (206) 816-6725 (Non-Profit)

Elizabeth Johnson (206) 816-6763 (Non-Profit)