

Ep #135: The Importance of Personal Malpractice Insurance for Nurse Practitioners



Full Episode Transcript

With Your Hosts

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Welcome to the *Real Deal Nurse Practitioner Club*, the podcast for nurses who are ready to pass their boards and thrive in their careers as real deal nurse practitioners. I'm Anna and I'm the Director of Nursing Content at Blueprint Test Prep. Whether you're deep in exam prep or stepping into practice, I've got you.

It is time to become the confident, knowledgeable NP that you're meant to be. Let's dive in.

Hello, hello everyone and welcome back to the Real Deal Nurse Practitioner Club podcast. At SMNP Reviews and at Blueprint, we hear a lot of learners ask about malpractice insurance. And it can kind of be a scary topic, right? You never want to be involved in a malpractice suit, but you do need to be covered in case that happens. So today I'm going to take a deep dive into malpractice insurance and answer some of those frequently asked questions we get. I'll even go over a little bit of that legal terminology that you might not be as familiar with. So let's get started.

Before we get into the ins and outs of malpractice insurance, let's talk about the most common reasons for malpractice suits against nurse practitioners. The top five reasons are misdiagnosis, medication errors, delayed diagnosis, not obtaining informed consent, and failure to monitor a patient. So let's go through each one of these a little bit.

Misdiagnosis is pretty easy to understand. That happens when you don't correctly identify the patient's condition, which can lead to incorrect treatment and a delay in the appropriate management. And delayed diagnosis is similar in that a correct diagnosis is delayed maybe because of a misdiagnosis or from a failure on the part of the provider to catch common presenting symptoms or alarm findings.

Medication errors can include prescribing the wrong medication, prescribing an incorrect dose, or not considering drug interactions that leads to an adverse outcome.

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Then we have failure to obtain informed consent, and that means not adequately explaining treatment options and potential risks to the patient before the procedure. And that is why it is so, so important to take your time when explaining procedures to patients and making sure they understand what you're saying.

And then lastly, failure to monitor, not closely monitoring a patient's condition, and that could lead to potentially missing important changes, right? So in primary care, for example, that could include not monitoring drug levels like warfarin or not monitoring A1C levels per the guidelines in a patient who has diabetes.

But is there any good news here? And the answer is yes. Overall nurse practitioners actually incur fewer malpractice claims than physicians in the same specialty and the rates of malpractice are even lower in NP-led clinics. So with that, do you really need malpractice insurance? And the answer is absolutely.

While you may feel like the risk of malpractice is low, you cannot guarantee that you'll never be involved in a malpractice suit. Just like other insurance policies, you are covering yourself for the what-ifs. The average cost of a malpractice suit against an NP from 2022 data was just over \$330,000. You do not want to be responsible for that entire cost.

Another question we get asked a lot is, do I need to have my own malpractice policy if I'm covered under my employer's policy? Many policies offered by employers are claims made policies and that can actually leave you unprotected for claims that may occur after employment ends. And so I'll talk about what these like claims made policies are coming up. And also employer offered policies may not include protection for lost wages and additional attorney fees. So even if your employer provides malpractice coverage, you should definitely consider carrying your own personal policy to cover any gaps and make sure you have additional personal advocates in your corner.

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So let's talk about the two main types of malpractice insurance policies. And you may remember these from studying from boards a little bit. We have our claims-based and then we have occurrence-based. So those claims-based or claims-made policies only cover incidents that are claimed during the period that the policy is active. So if you change policies, either on your own or because of a change in employer, then you'll be left without coverage for claims filed after the policy ended.

And this is really important to know because most states have a statute of limitations of two to three years to file a malpractice claim from the date of injury or incident. And then occurrence-based policies, those cover incidents that occur during the policy period. So that means even if the policy ended, even if you left the job and you're at a different policy, if a claim is made based on an incident that occurred while the policy was active, you would still be covered.

So let me work through an example here just to make it super, super clear. Let's say you had a policy with an employer that was active from 2020 to 2023. It's now 2025, and you find out that a malpractice claim from an incident in 2021 has been filed. Which kind of policy will cover you? With that occurrence-based policy, you would be covered since the claim is based on an incident during the policy period.

If you had that claims-made or claims-based policy, you will not be covered because that policy is no longer active. So how much coverage do you need? The simple answer is get as much coverage as you can afford. Most experts would recommend around \$1,000,000/6,000,000 policies. So that means that coverage of \$1,000,000 per occurrence was a limit of \$6,000,000 aggregate or essentially the total amount the insurance company will cover during a policy period. And I know that sounds like a ton of money, but legal fees quickly add up. And if there is a payout to occur, those can reach up into the hundreds of thousands of dollars. Remember I mentioned that average claim cost of \$330,000.

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And what about NP specialties or different specialties, right? Do they need different kinds of malpractice insurance? When applying for malpractice insurance, you will be asked questions about your specialty and your clinical practice. Some NP specialties or clinical practice types, like mental health and women's health or obstetrics, carry a higher risk of malpractice. So because of that, your insurance company may adjust your policy and the premium you have to pay to provide better coverage for potential claims. Also, be sure to consult with your state board of nursing to inquire about any other specifics for malpractice insurance based on your specialty and clinical practice.

And when reviewing your policy, make sure you look over what costs are included. Malpractice insurance should include attorney's fees, court costs, additional legal fees, like arbitration and settlement costs, and then damages like punitive, compensatory, and medical.

And what's not covered by medical malpractice? It is important to know that intentional acts of causing harm to a patient or other criminal acts and misconduct are not covered under malpractice insurance policies.

All right, we can't talk about the importance of malpractice insurance without mentioning this thing called tail coverage. So this is an additional feature on a claims-made policy that protects you if a claim is filed for events that happened while the policy was active, even if the policy has since expired or has been canceled. So you can purchase this protection for a certain period of time that will extend the policy, and that can be really crucial when changing jobs, retiring, or leaving a practice where professional liability insurance is needed.

If your employer provides malpractice coverage using the claims made policy, definitely ask about tail coverage. And how long should you get tail coverage for? Really, I would just review your state's particular statute of limitations on filing malpractice claims to help you make that decision personally.

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Okay, I know this was not the most fun episode, but purchasing NP malpractice insurance is a big decision to make, and it's a necessary one. And I know it's not fun to think about the possibility of having a malpractice claim made against you. But in healthcare, it's a very real possibility.

Having malpractice insurance, especially your own policy, ensures that you will have the coverage and the help that you need when and if you need it the most. So thanks for tuning in, I hope this was helpful and I hope you enjoyed this episode.

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As an extra bonus friends, if you're looking for support no matter what phase of your nurse practitioner journey that you're currently in, I have communities available for both students and new nurse practitioners. In these communities, we work to uplift one another and grow this profession together every single day. Links to join will be included for you in the show notes.

Thanks for listening to another episode of the *Real Deal Nurse Practitioner Club*. If you want more information about the different types of support that we offer to students and new nurse practitioners, you can visit npreviews.com. We'll see you next week.