



Healthcare

INBRIEF®

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Medical Director Liability: A Look at Director Duties and Risks

Medical directors play a key administrative role in many different types of healthcare operations, including allied healthcare facilities, medical spas, specialized clinics and private practices. The physicians and nurse practitioners who serve in this position are responsible for overseeing healthcare delivery, maintaining regulatory compliance and ensuring the provision of safe, high-quality care. Specific duties may include the following, among others:

- **Defining, implementing, and monitoring clinical standards,** protocols and practices, in order to enhance safety and ensure regulatory compliance.
- **Recruiting qualified medical staff** and evaluating their competence.
- **Supervising clinical personnel** and providing appropriate guidance and support.
- **Analyzing patient/client outcomes,** conducting chart reviews and managing the peer review process.
- **Assisting with strategic planning,** budget management and technological integration.
- **Serving as liaison** between medical staff and organizational leadership.
- **Fostering a healthy organizational culture** based on trust and professionalism.

Medical directors need to be carefully selected and clearly informed of their role and responsibilities. At the outset, organizations and individuals considering this role should recognize that the title and scope of the medical director role can vary by care setting and regulatory framework. Federal and state laws may define or limit who can serve in this capacity and what functions a director may perform, depending upon the type of facility and applicable oversight authorities.

Failure to properly execute prescribed duties can expose both organizations and medical directors themselves to legal claims, including malpractice, negligent supervision and overlooking regulatory violations, among other assertions. To reduce risk, organizations should regularly assess director-related liabilities, clearly define duties and expectations in written contracts, and obtain insurance coverage that reflects the scope of director responsibilities. Note that some medical director policies cover only administrative exposures and exclude direct patient/client care.

This edition of *inBrief*® outlines key duties and liability exposures for medical directors; identifies systemic factors that increase vulnerability to claims or regulatory sanctions; and offers practical recommendations to help directors meet legal obligations, foster a culture of safety and compliance, and protect themselves against potential liability.

Medical directors need to be **carefully selected** and **clearly informed** of their role and **responsibilities**.

Key Responsibilities

It is vital that both healthcare organizations and medical directors understand exactly what the role entails, and that directors stay current on legal and regulatory requirements. The medical director's agreement should clearly describe the following expectations, among others:

- **Clinical decision making.** Medical directors work to ensure that all care provided consistently adheres to established protocols and guidelines. This involves conducting regular audits and reviews of both routine and specialized treatment.
- **Policy and protocol development.** Medical directors develop, update and enforce clinical policies and procedures, thereby aligning organizational practices with current industry standards and regulations. By remaining abreast of advances in their field and collaborating closely with clinical teams during policy development, they help ensure that providers and staff provide consistently effective, up-to-date patient/client care.
- **Credentialing and privileging.** Medical directors are instrumental in overseeing and reviewing the organization's credentialing and privileging process. Their role spans policy development, committee leadership, ongoing monitoring and regulatory compliance, all of which have a major influence on patient/client safety and risk reduction.
- **Medical staff assessment.** Medical directors drive the performance evaluation process, which includes supervising performance reviews, directing documentation audits and monitoring safety data to identify necessary changes.
- **Quality improvement.** Medical directors help guide initiatives designed to improve patient/client outcomes, minimize errors, and enhance operational efficiency and productivity.
- **Clinical expertise.** Medical directors may be hired based upon recognized expertise and their commitment to advancing medical knowledge and improving clinical operations. Any expectations regarding research, innovation or other areas should be delineated in contracts and job descriptions.
- **Organizational leadership.** Medical directors are responsible for carrying out a wide range of day-to-day governance and supervisory duties, which should be explicitly described in job descriptions. In addition, directors should clearly understand how they fit into the overall reporting structure, as identified in organizational charts.
- **Oversight of new services.** Whenever new services or practices are considered, it is the director's duty to evaluate prospective changes, establish safety protocols, create new clinical policies, and explain to staff the nature and purpose of any expanded clinical duties.

- **Attendance and engagement with duties.** Medical directors are expected to be reliably present at the facility, as recurrent absences can affect patient/client safety, impair staff morale, and delay response to disasters or other emergency situations. Written agreements should specify whether the medical director position is full- or part-time, set clear expectations regarding on-site hours and emergency response times, and make note of communication and reporting requirements.

Basic Liability Exposures

While particular exposures associated with the medical director position vary based upon facility type, patient/client population and jurisdiction, all healthcare organizations are vulnerable to certain broad categories of risk. By focusing on the following areas, among others, medical directors and healthcare organizations can help enhance safety, reinforce clinical oversight and accountability, and may help minimize loss exposure:



- **Clinical lapses.** Medical directors are responsible for ensuring high quality care within their facilities, including supervising clinical staff and monitoring the implementation of policies and protocols. Because of this oversight role, they may be held liable for care-related lapses.

Common Allegations in Medical Director Claims

- **Negligent supervision:** Medical directors can be held liable for staff negligence, even if they are not directly involved in patient/client care. In addition, improper delegation of duties may jeopardize their medical or nurse practitioner license. For this reason, agreements with medical directors should clearly define oversight and delegation responsibilities when directors are acting in a supervisory capacity.
- **Failure to enforce standards:** Inadequate adherence to and enforcement of healthcare regulations may result in fines or other sanctions.
- **Negligent care:** Medical directors who serve in a dual capacity as both provider and administrator may encounter risks that go beyond the scope of standard malpractice insurance policies, such as liability for clinical process errors that lead to patient/client harm.
- **Insufficient peer review or quality assurance:** Failure to implement and oversee effective credentialing, peer review and quality improvement processes may make directors liable for substandard clinical results.



Regulatory noncompliance. To enhance compliance, written agreements should require medical directors to remain current on all relevant federal regulations. These include, at a minimum, HIPAA patient/client privacy and data security requirements, OSHA guidelines for workplace safety, and federal regulations regarding billing and reimbursement. Directors are also responsible for ensuring that organizational protocols and clinical practices reflect state-specific regulations in such areas as provider licensing, safety reporting, facility accreditation and staffing levels. Contracts with directors should specify the job expectations associated with each of these obligations.



Administrative lapses. Owing to their managerial responsibilities, medical directors may be liable for mistakes or oversights that lead to supervisory or governance failures, including the following types of potential claims:

- **Vicarious liability** for any negligence attributed to staff under the director's supervision.
- **Breach of fiduciary duty** for failing to act in the best interests of the organization or those served.
- **Corporate liability** for poor governance practices or unmet duties, leading to breaches of contract or legal duty.

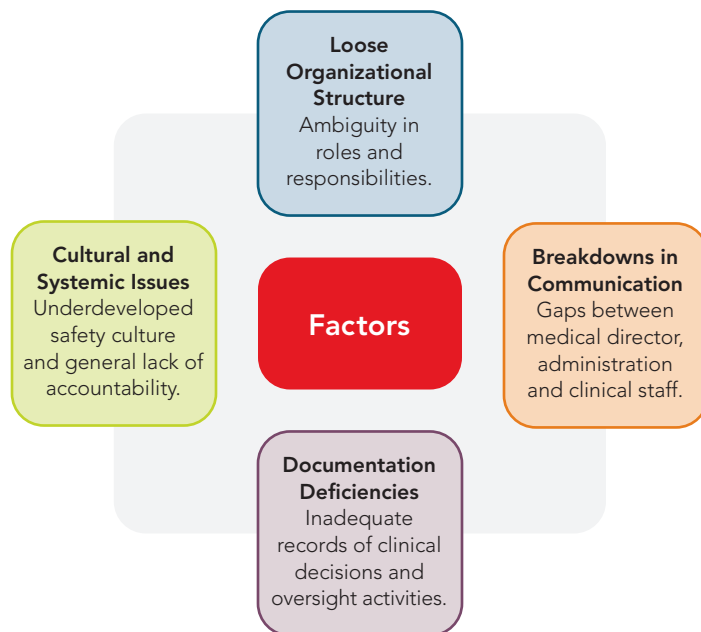


Emerging technologies and practice modalities.

As healthcare evolves, new technologies and shifts in delivery arrangements create new risks. Organizations should regularly review and, if necessary, revise agreements with medical directors to address emerging challenges – some of which are noted below – and associated managerial responsibilities:

- **Telemedicine oversight** involves establishing protocols for technology use, patient/client privacy and data security; assessing the quality of remote care rendered; and delineating duties related to the selection of telehealth systems, provider credentialing, staff training and other critical concerns.
- **Cross-jurisdictional medical practice**, a corollary of telemedicine, requires directors to be cognizant of licensing regulations not only in their own state, but also in other jurisdictions where remote patients/clients are situated. Directors can streamline cross-jurisdictional practice and reduce risk by creating clear and legally compliant telemedical protocols, building relationships with partner organizations and staying informed about existing legal frameworks, especially medical licensing reciprocity arrangements and nursing compacts.
- **Artificial intelligence (AI) integration** involves spearheading AI initiatives, aligning tools to existing clinical workflows and overseeing the safe integration of new technologies.

Contributing Liability Factors



For guidance on reducing medical director-related claims, see “Essential Risk Mitigation Strategies,” on [page 4](#).

Medical directors carry significant responsibility for safeguarding patients/clients, supervising clinical staff and ensuring compliance with regulatory requirements. Their day-to-day duties can expose them to a range of clinical and administrative liabilities. By clearly defining job duties and expectations, and adopting proactive risk management measures, healthcare organizations can help directors enhance the quality of care, maintain regulatory compliance, and reduce potential risks for both the organization and directors.

Quick Links to CNA Resources

- *AlertBulletin*® 2023-Issue 4, “[Remote Patient Monitoring: Five Basic Risk-reduction Strategies.](#)”
- *inBrief*® 2025-Issue 2, “[Delegation: A Brief Guide to Safely Transferring Healthcare Tasks.](#)”
- *inBrief*® 2024-Issue 2, “[Medical Spas and Medical Aesthetics: Ten Strategies to Reduce Risk.](#)”
- *inBrief*® 2023-Issue 1, “[Cybersecurity: Protect Patients by Preventing Data Breaches.](#)”
- *Vantage Point*® 2024-Issue 2, “[Telemedicine Update: Coordinating Remote and In-person Care.](#)”
- *Vantage Point*® 2024-Issue 1, “[Medical Error Prevention: Reinvigorating Patient Safety Measures.](#)”

Essential Risk Mitigation Strategies

Establish and disseminate clinical protocols and procedures.

Medical directors are responsible for ensuring that effective policies and procedures are in place. By doing so, directors help streamline operations, minimize errors, enhance consistency and ensure adherence to industry standards in such key areas as patient/client assessment, treatment planning, informed consent, emergency response and medical recordkeeping.

Oversee credentialing and peer review.

Medical directors uphold high standards of care by implementing and updating rigorous credentialing processes, including initial and ongoing provider verification. Through regular clinical performance audits and peer review, directors promote accountability, identify growth opportunities and drive continuous improvement.

Remain current on regulatory compliance and risk management developments.

Medical directors are expected to remain updated on changing compliance standards, regulations and risk management practices. Ongoing education enables directors to better anticipate risks, respond swiftly to regulatory changes and unforeseen liabilities, and improve clinical oversight through safeguards.

Ensure adherence to documentation standards.

Medical directors are responsible for establishing comprehensive documentation procedures, supervising reviews of healthcare information records and using those findings to drive quality improvements. This approach ensures that medical decisions and clinical actions follow recognized guidelines and best practices.

Obtain insurance protection.

Organizations should conduct regular assessments of potential liabilities that medical directors may encounter, ensure written agreements explicitly define director responsibilities and expectations, and obtain comprehensive insurance coverage to safeguard against current and emerging risks.

Address emerging risks.

As part of their ongoing responsibility for clinical oversight and patient/client safety, medical directors should remain informed on regulatory, licensure and compliance changes, support polices for new care models and ensure practices meet standards of care. While directors do not deploy technology, they play a key role in risk identification, compliance, and the safe adoption of new technologies and related standards of care.

The above strategies serve as a reference for healthcare organizations and providers seeking to evaluate risk exposures associated with the role of medical directors. The content is not intended to represent a comprehensive listing of all actions needed to address the subject matter, but rather is a means of initiating internal discussion and self-examination. Your organization and risks may be different from those addressed herein, and you may wish to modify the activities and questions noted herein to suit your individual organizational practice and patient/client needs. The information contained herein is not intended to establish any standard of care, or address the circumstances of any specific healthcare organization. It is not intended to serve as legal advice appropriate for any particular factual situations, or to provide an acknowledgement that any given factual situation is covered under any CNA insurance policy. The material presented is not intended to constitute a binding contract. These statements do not constitute a risk management directive from CNA. No organization or individual should act upon this information without appropriate professional advice, including advice of legal counsel, given after a thorough examination of the individual situation, encompassing a review of relevant facts, laws and regulations. CNA assumes no responsibility for the consequences of the use or nonuse of this information.

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