

High malpractice premiums send specialists reeling

By Neil Versel

Skyrocketing medical professional liability insurance premiums in some areas of the country threaten to run some specialists across state lines, into less-risky areas of medicine or even completely out of business.

Physicians all over the country were hit with double-digit rate increases in 2001, likely a response to rising legal costs and larger malpractice damages awards and settlements, insurance industry experts say.

And The St. Paul Cos., the nation's second-largest medical professional liability insurer, decided late last year to exit the medical malpractice insurance business for financial reasons. The St. Paul plans a two-year phaseout of coverage as current contracts expire.

"Claims costs continue to be a problem, and the severity of losses has really spiked in the last two years," says Frank O'Neill, a spokesperson for Birmingham, Ala.-based ProAssurance, the No. 4 malpractice insurer.

"What used to be a bell-ringer (verdict) is now routine."

The result, says AMA Secretary-Treasurer Donald Palmisano, M.D., is that "physicians throughout the country are closing or limiting their practices, some have stopped delivering babies, and some are even going without liability insurance."

O'Neill says loss rates and legal fees are driving the surge. "Insurance companies are not in business to lose money," he says. "Higher premiums are a nationwide phenomenon."

It is a sentiment echoed by others in the industry, though most agree that some states have been hit harder than others.

"It's very different state by state," says Patricia Costante, president and CEO of the MIIX Group, a malpractice insurance company based in Lawrenceville, N.J. She names Pennsylvania, Arkansas, Connecticut, Mississippi, Illinois, North Carolina, Nevada, Ohio and Texas as trouble spots.

The Pennsylvania Medical Society says 31% of the state's "high-risk" specialists—primarily neurosurgeons, plastic surgeons, cardiologists and OB/GYNs—were dropped by their malpractice insurance carriers last year, according to a poll of 1,098 specialists conducted Dec. 10-17.

In Mississippi, "a lot of docs can't get insurance," according to Charmain Thompson, director

of government relations for the Mississippi State Medical Association.

Thompson says at least one insurer, Doctors Insurance Reciprocal, a unit of Glen Allen, Va.-based The Reciprocal Group, raised premiums by 75% across the board this year, regardless of an individual physician's risk or history. Insurance regulators also had approved a 65% rate hike by The St. Paul before it pulled out of medical liability.

"We've got some emergency room physicians that went to Lloyds of London because they couldn't find coverage anywhere else," Thompson says. "And they have to pay month-to-month. If the doctors can't get coverage, patients can't get care."

The 20-physician practice will pay \$1 million this year for liability insurance, according to state association President Hugh Gamble II, M.D. A thoracic surgeon in the Mississippi Delta town of Greenville, Gamble says his workload has increased because general surgeons in his part of the state will no longer perform certain procedures to avoid higher insurance premiums.

"They actually save more money by not buying a higher level of insurance than they would make by doing the surgery," Gamble says. He says 50% of the OB/GYNs in the rural, underserved Delta region have decided in the past six months that they no longer will deliver babies because liability coverage is too high.

Mississippi physicians rallied at the state capital last month for tort reform. Gamble says the efforts got a cool reception from lawmakers, in part because trial attorneys have touted statistics showing judges rule in favor of physicians in 70% of malpractice suits that go to trial. What the lawyers don't say, Gamble adds, is that it costs \$30,000 or more to defend a malpractice suit, not counting the damage to an accused physician's reputation.

But in Pennsylvania, physician lobbying efforts are moving ahead. State officials last month asked private malpractice insurers to delay collecting a surcharge on physicians for the state's insurance safety net.

Insurance Commissioner Diane Koken requested that the insurers not collect the state's Medical Professional Liability Catastrophic Fund surcharge until April 30 because physicians have been struggling to keep up with malpractice premium increases of upward of 30% this year, according to state officials. ●



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