

Citation

Domino KB: Yearly Survey of Premiums: Professional Liability Insurance for Anesthesiologists. *ASA Newsletter*, 69(6): 6-7, 2005.

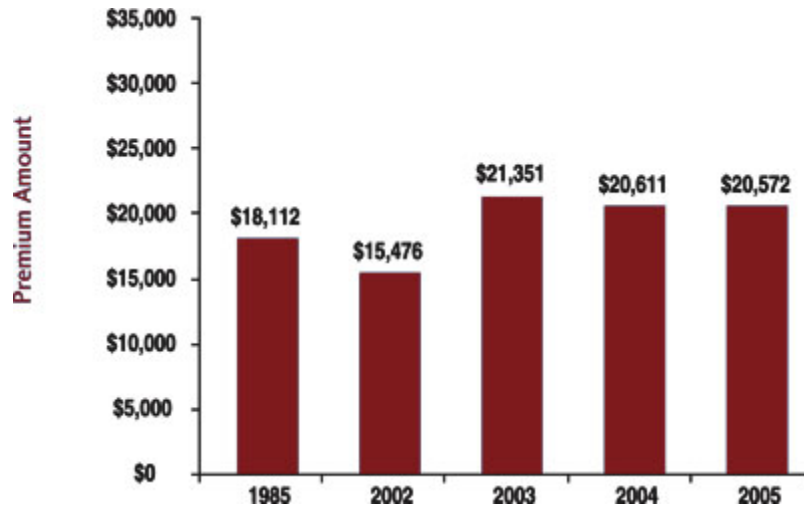
Full Text

During the past year, news reports continue to describe a crisis in availability and cost of professional liability insurance, and medical malpractice reform has become an important political issue. Between 2002 and 2004, liability insurance premiums for anesthesiologists increased by 33 percent, while the number of insurance carriers decreased.¹ Volatile jury awards, increased defense costs, changes in the insurance marketplace, declining investment income and withdrawal of insurance companies all contributed to the escalating premiums over this time.² Although obstetricians, neurosurgeons and orthopedic surgeons were most dramatically affected, in some areas of the United States, anesthesiologists also experienced marked increases in cost of liability insurance.

In order to assess market trends in liability insurance for anesthesiologists, the ASA Committee on Professional Liability again conducted a telephone/written survey of 30 medical liability insurance carriers this spring. Twenty-nine liability insurance companies responded to our requests for information. We gathered data concerning premium amounts for a mature \$1 million/\$3 million policy limit in the various states and regions in which they provide coverage; limitations in coverage for pain or office-based anesthesia; whether they were renewing old policies, starting new policies or pulling out of any regions; and information concerning whether or not they also provide coverage for nurse anesthetists or anesthesiology assistants (AAs).

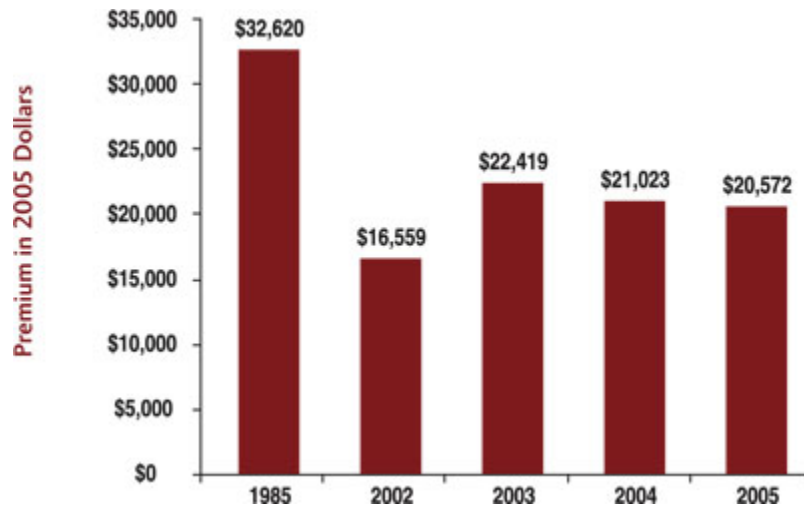
On the average, liability insurance premiums were fairly stable in 2005 compared to 2004. The average premium in 2005 was \$20,572 (range of \$4,286 to \$56,490), compared to \$20,611 in 2004 (range of \$3,958 to \$62,400) [Figure 1]. The premiums were highly variable, with higher premiums for anesthesiologists with a prior history of a lawsuit, performance of higher-risk procedures and for those practicing in urban localities with high liability risk. Premiums in some states increased compared to 2004, while in other states, premiums decreased. There seemed to be no relationship between changes in premiums between 2004 and 2005 and whether or not the state had medical malpractice patient compensation funds.

Figure 1: Trends in Premiums



As was the case in 2004, 2005 premiums were 14 percent higher than the average 1985 premium (\$18,112) obtained from a telephone survey of one liability insurance carrier, which is no longer in the liability insurance business [Figure 1].³ When adjusted to 2005 prices to control for the effects of inflation, however, the average 2005 premium (\$20,572) was 37 percent lower than in 1985 (\$32,620) [Figure 2]. Improvements in patient safety in anesthesiology have been credited for these savings.

Figure 2: Inflation-Adjusted Premiums



The loss of availability of insurance continues to be a source of concern for anesthesiologists, although the marketplace appears more stable than last year. Only one company pulled out of a state entirely this year, in contrast to 2004, when we found 31 states affected by loss of insurance carriers. In 2005, however, several insurers maintain moratoria against writing new policies for anesthesiologists. Several insurers subject office-based practice to careful underwriting review, proximity to a hospital, necessity for emergency equipment for cardiopulmonary

resuscitation and other stringent requirements. Most insurers do not require special certification for coverage of pain management, although some require pain management training or certification. One company reduces liability insurance premiums for anesthesiologists who undergo simulation training.

It is hard to make a valid comparison of premiums for policies for nurse anesthetists and AAs compared to anesthesiologists. Only two companies covered AAs under shared limits of the anesthesiologist. The policies for nurse anesthetists and anesthesiologists are extremely different: policies may have different limits, some policies for nurse anesthetists share the anesthesiologist's limits with or without extra premiums, some add extra limits with extra premiums, and some nurse anesthetists are insured by the hospital along with other nurses. A few companies offer separate policies for nurse anesthetists if employed by an anesthesiology group, and a few offer policies for completely independent practice. In general, premiums for nurse anesthetists affiliated with a physician anesthesiology group were 20 percent to 50 percent of the premium for the anesthesiologists. We found an average premium of \$4,728 for nurse anesthetists employed by a physician anesthesiology group compared to \$19,192 for anesthesiologists in that group. Due to the complexities in liability insurance, however, we suggest caution in interpreting this data.

In summary 2005 has been a more stable year for liability insurance for anesthesiologists, although volatility in the market remains in some areas of the United States.

References

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