

Domino, KB: Another Malpractice Insurance Crisis Brewing for Anesthesiologists? *ASA Newsletter* 66(6): 5, 2002.

Full Text

Recent media is full of reports speaking of marked increases in medical malpractice insurance premiums and the impending crisis in availability of malpractice insurance.¹⁻³ Although obstetricians and surgeons have been most affected, malpractice insurance premiums for anesthesiologists are predicted to increase in the future. As superbly discussed by Edward Mills on page 13 of this NEWSLETTER, medical malpractice insurance premiums are increasing. Factors cited include large jury awards, increased defense costs, competition within the insurance industry (causing artificially low rates in the previous five years) and stock market losses due to economic slowing. As a result of the growing disparity between the escalating costs and diminishing revenues, several malpractice insurance companies no longer offer or have reduced the availability of malpractice insurance. The withdrawal of the St. Paul companies, the nation's second largest malpractice insurer, and the liquidation of PHICO in Pennsylvania have especially impacted anesthesiologists.

In order to assess the current impact of changes in malpractice insurance premiums on anesthesiologists, the ASA Committee on Professional Liability polled ASA component societies. Responses were obtained from 37 out of 50 states, revealing a possible malpractice crisis for anesthesiologists in 15 states (40 percent of respondents) [Table 1]. Premium increases for the current year were observed in 70 percent of states responding to the survey, with an average increase of 38 percent (range of 5 percent to 100 percent). Escalating malpractice insurance rates have been noted in Alaska, Florida, Illinois, Missouri, Nebraska, New Jersey, Ohio, Oregon, Pennsylvania and West Virginia and are spreading to adjacent states. In contrast, premiums have been unchanged in states with tort reform such as California.

Table 1: Anesthesia Malpractice Insurance Survey (n=37 out of 50)

	n	% of responses
Malpractice crisis		
for surgeons	17	46%
for obstetricians	19	51%
for anesthesiologists	15	40%
Concerns		
High rates	10	27%
Loss of providers	16	43%
Lack of availability of insurance	8	22%
Loss of potential income	13	35%

When we compared the current rates, through a telephone survey of malpractice insurers, to rates from St. Paul described in a 1985 NEWSLETTER,⁴ the average rate is essentially the same in 2002 as it was in 1985 (\$18,000). When adjusted for inflation, the current premium value is markedly lower than in 1985, the peak of the preceding insurance crisis! Malpractice insurance premiums in the 1990s were lower due to the reduced risk classification for anesthesiologists and market forces. ASA patient safety initiatives and the Closed Claims Project are credited for the lower risk for anesthesiologists. However, premiums in several states, including Maryland, Nevada, Texas and West Virginia, are significantly higher in 2002 than in 1985. These findings suggest that the current volatility is likely to spread as the social, economic and marketplace factors driving up costs continue. History repeats itself!

References

1. Treaster JB. Malpractice rates are rising sharply: Health costs follow. The New York Times. September 10, 2001:A1.
2. Campbell CA. Jersey physicians run for coverage. The Star-Ledger (Newark, NJ). February 18, 2002: 1.
3. Treaster JB. New York doctors facing big jump in insurance rates. The New York Times. March 22, 2002:A25.
4. Cheney FW. Professional liability survey results reveal insurance statistics. ASA Newsl. 1985; 49 (5): 1.

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