

Professional Liability Insurance Premiums Remain Stable in 2011

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Despite a tumultuous year on the economic front, with the U.S. debt crisis, downgrade of U.S. credit and weakening of the global economy, 2011 is striking for its stability in professional liability insurance premiums for anesthesiologists.

The ASA Committee on Professional Liability conducted its yearly survey of medical liability insurance companies to assess trends in medical malpractice insurance for anesthesiologists. Thirty-four U.S. medical liability insurance companies participated in the 2011 survey. Information was obtained concerning policy limits, costs of premiums, comparative costs for general anesthesiologists versus anesthesiologists specializing in chronic pain management, and other trends in liability insurance coverage.

Policy Limits and Premiums for Anesthesiologists

Most anesthesiologists (77 percent) had a standard policy limit of \$1 million per occurrence/\$3 million per annual. However, the liability insurance companies surveyed offered a wide range of policy limits, and some anesthesiologists purchased higher or lower policy limits than the most common policy (Figure 1). The choice of policy limits is dependent upon employer, hospital or state requirements; location of practice; cost; and personal considerations and asset protection.¹ Sixteen percent had higher policy limits (e.g., \$2 million/\$4 million to \$5 million/\$10 million), with higher policy limits more often chosen by anesthesiologists in Alabama, Georgia, Massachusetts, Maryland and Washington state. Lower limits were purchased in states with high costs of liability insurance or those with supplemental excess coverage liability insurance or patient compensation funds (e.g., Pennsylvania).

Average 2011 premiums for mature \$1 million/\$3 million policy limits for anesthesiologists remained about the same as 2010 premiums in most states. The average premium in

Most Common Limits of Liability Insurance for Anesthesiologists



Figure 1

2011 was \$20,923 (range of \$3,245 to \$54,166). As in the past, there are marked differences in premiums based upon location of practice, state and physician claims history. States with average yearly premiums \$30,000 or above were the District of Columbia, Florida and Illinois. The lowest average yearly premiums were Midwest states with many rural regions (Iowa [\$9,855], Minnesota [\$6,601], Nebraska [\$8,082], South Dakota [\$6,342] and Wisconsin [\$8,047]).

Comparing 2011 average premiums with those obtained in previous Committee of Professional Liability surveys (Figure 2), premiums for anesthesiologists have been fairly stable for the past several years. Factors contributing to escalation of insurance costs between 2003 and 2006 included consolidation in the insurance industry, declining investment income, increased defense costs and volatile jury awards. The recent stability of premiums may be associated with a decrease in the number of lawsuits, tort reforms and patient safety improvements.² However, it is unclear how future premiums will be impacted by the current economic and credit woes and a possible double-dip recession.

Premiums for Anesthesiologists Performing Chronic Pain Management

Beginning a few years ago, premiums for anesthesiologists who specialized in chronic pain management were higher than for anesthesiologists who did not perform chronic pain management. Similar to last year, 67 percent of premiums for pain management anesthesiologists were higher in the same state and region than for premiums of other anesthesiologists (Figure 3). Many liability insurance companies are now



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Average Premiums for Mature \$1M/\$3M Policy Limits for Anesthesiologists

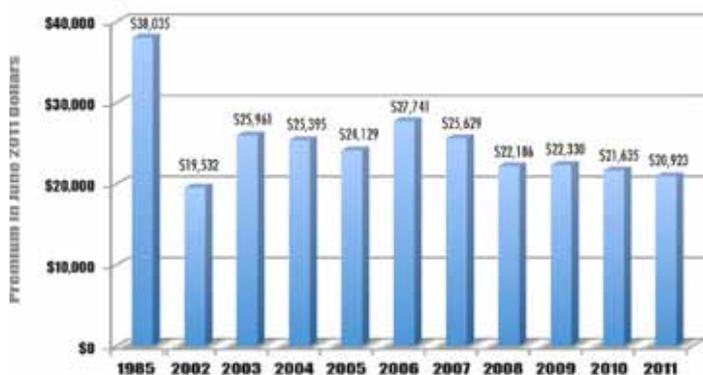


Figure 2

requiring pain physicians to have had fellowship training in pain management and passed their boards in pain management. Other companies offer reduced premium rates for board certification in pain management.

The average premium in 2011 for anesthesiologists performing chronic pain management was \$22,818, approximately \$1,900 higher than for anesthesiology. However, in some states premiums for pain management anesthesiologists were considerably higher (\$5,000-\$10,000). Premiums for pain management specialists who perform invasive surgical procedures, such as implantation and removal of pumps and stimulators, are especially more costly (e.g., 120-180 percent higher). The increased premiums reflect the high liability risk for chronic pain management physicians. A recent closed claims review of chronic pain management claims showed an increase in quadriplegia and other cervical spine injuries after cervical epidural blocks or injections.³

State Average Premiums for Chronic Pain Medicine Specialists Compared to Anesthesiologists



Figure 3

Additional Trends in Liability Insurance for Anesthesiologists

Liability insurance for a professional corporation: We have noticed a trend in the settlement of malpractice claims for payments by anesthesia corporations in addition to payments on behalf of an individual anesthesiologist. These payments often involved costly severe patient injuries with substandard anesthesia care. Corporation policies covered either locum tenens employees or permanent anesthesia group members. The settlement value of the claim was higher than the individual anesthesiologist's policy limits, and the anesthesia corporation contributed additional amounts.

Most liability insurance companies (31 out of 34 companies) offered separate policies for an entity (i.e., a professional corporation). Policy limits for the corporation were usually \$1 million/\$3 million. There were generally a number of eligibility requirements for purchase of an entity policy, such as individual physician coverage with the company, individual policy limits of \$1 million/\$3 million, and requirement for the entity to meet underwriting standards of the company. Costs varied with number of group members and non-physician employees.

Credits for simulation/patient safety/risk management training: Malpractice insurance companies were also polled concerning insurance premium credits for simulation training and other patient safety and risk management educational activities. Of the 30 companies that provided information concerning credits for educational activity, one company offered premium credits for simulation training by one of its sponsored programs, and five companies offered credits on a case-by-case basis for simulation training. More than half of the companies offered premium discounts for attendance at company-sponsored patient safety or risk management courses. Several states have requirements for risk management training for medical licensure, so companies in these states did not offer credits for a mandatory risk management course. Some insurance companies provided credits for anesthesiologists who had not had a paid claim for more than a certain amount (e.g., \$50,000).

In summary, 2011 has been another stable year on the liability scene for most U.S. anesthesiologists. The exceptions remain pain management specialists performing invasive procedures and practicing in high-liability states.

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