

Professional Liability Insurance Premiums Remain Stable in 2010

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We hear lots of news concerning health care insurance reform, but little news about costs of medical liability insurance. “No news is good news,” and liability premiums for anesthesiologists have remained stable in 2010.

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-two medical liability insurers from throughout the United States participated in the 2010 survey. Information was obtained concerning policy limits, costs of premiums, trends in liability insurance, and comparative costs for general anesthesiologists versus anesthesiologists specializing in chronic pain management.

Policy Limits and Premiums for Anesthesiologists

Most insureds (72 percent) had a standard policy limit of \$1 million per occurrence/\$3 million per annual. Most liability insurance companies surveyed had a wide range of premiums, and many physicians purchased higher or lower premiums 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 Twenty-five 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 Massachusetts, New York, Maryland, Mississippi and Washington State. Lower limits were often purchased in Florida, where many surgeons have “gone bare,” and in states with supplemental excess coverage liability insurance (e.g., Pennsylvania) or patient compensation funds (e.g., Kansas). Some states have enacted legislation allowing

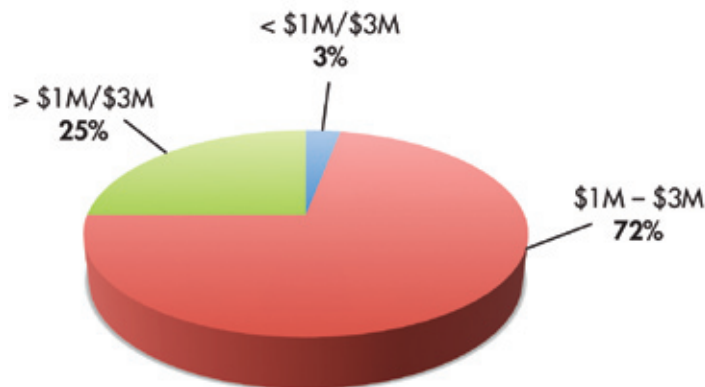


Figure 1

the establishment of a patient compensation fund or excess coverage fund to provide coverage for settlements/judgments above a certain amount, although many are currently inactive and others have been challenged legally or revoked.² Due to the high cost of liability insurance and the tendency for awards up to insurance policy limits, many anesthesiologists in south Florida chose the minimum coverage (\$0.25 million/\$0.75 million). Anesthesiologists in other states, such as Texas, have also trended toward lower policy limits in recent years.

Average 2010 premiums for mature \$1 million/\$3 million policy limits for anesthesiologists stayed about the same as 2009 premiums in most states. The average premium in 2010 was \$20,803 (range of \$3,245 to \$54,166). As in the past, there were marked differences in premiums based upon location of practice, state and physician claims history. States with average yearly premiums \$25,000 or above were Connecticut, the District of Columbia, Florida, Illinois, Michigan, Missouri, Montana, Nevada, Rhode Island, West Virginia and Wyoming. The District of Columbia, Florida and Illinois topped the list, with average premiums of \$33,000 and above (range of \$15,000 to \$54,000). The lowest average yearly premiums were Midwest states with many rural regions – Iowa (\$9,763), Minnesota (\$6,834), Nebraska (\$7,721), South Dakota (\$6,594) and Wisconsin (\$7,840).

Comparing 2010 average premiums with those obtained in past Committee on Professional Liability surveys [Figure 2], it is obvious that the period of volatility of insurance premiums between 2003 and 2006 has faded away and that premiums for anesthesiologists are now fairly stable. Factors contributing to escalation of insurance costs during these years included consolidation in the insurance industry, declining investment



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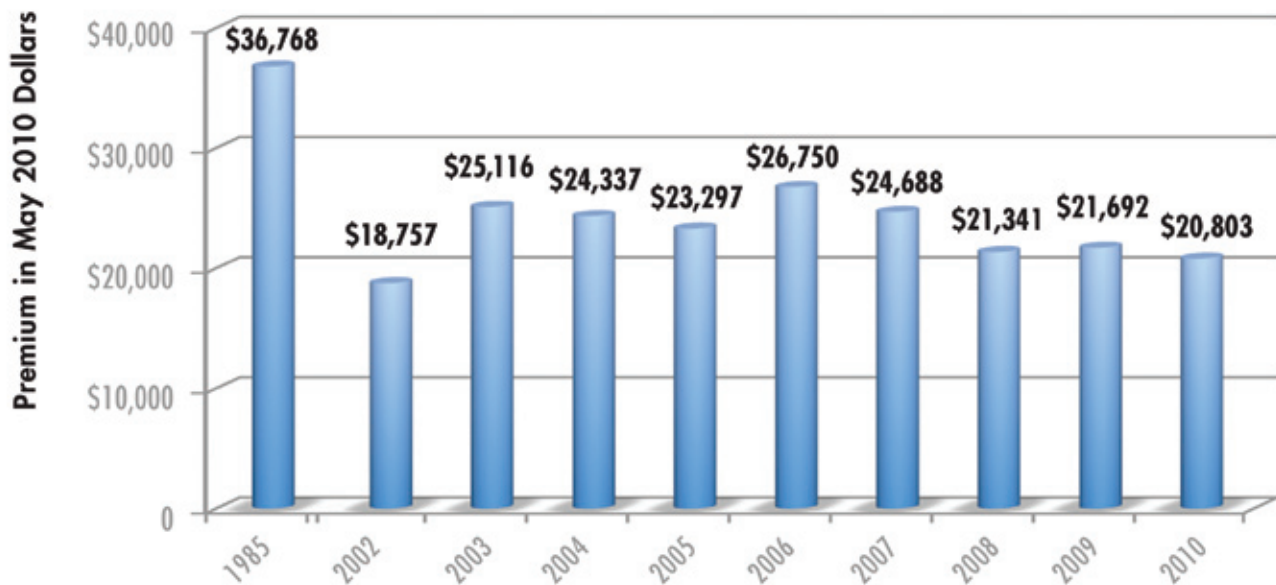


Figure 2

income, increased defense costs and volatile jury awards. A decrease in the number of lawsuits, tort reforms and patient safety improvements have been cited as the primary reasons for the stability of premiums.³ However, medical liability insurers have warned of possible increases in premiums in the next several years.³

Premiums for Anesthesiologists Performing Chronic Pain Management

A trend in 2010 is that premiums for anesthesiologists who specialize in chronic pain management are higher than for anesthesiologists who do not perform pain management. In 2010, 67 percent of premiums for pain management physicians were higher in the same state and region than for premiums of anesthesiologists [Figure 3], compared to 59 percent last year⁴ and 42 percent in 2008.⁵ Many liability insurance companies are now requiring pain physicians to have had

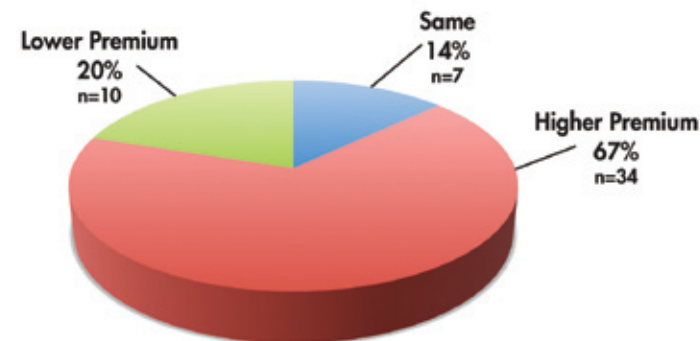


Figure 3

fellowship training in pain management and passed their boards in pain management. Some companies have reduced premium rates for board certification in pain management.

The average premium for anesthesiologists performing chronic pain management is \$21,978, approximately \$1,200 higher than for anesthesiology. However, in some states premiums for pain management physicians are considerably higher (\$5,000-\$10,000) than for anesthesiologists (e.g., Connecticut, District of Columbia, Delaware, Florida, Indiana, Maryland, New Mexico, Pennsylvania, Rhode Island, Utah and West Virginia). Premiums for pain management specialists who perform invasive surgical procedures, such as implantation and removal of pumps and stimulators, may be especially higher than for anesthesiologists (e.g., 120-180 percent higher). The increased premiums reflect the high liability risk for chronic pain management physicians. A recent review of closed claims associated with chronic pain management showed an increase in quadriplegia and other cervical spine injuries after cervical epidural blocks or injections.⁶

In summary, 2010 has been another stable year on the liability scene for most U.S. anesthesiologists. The exceptions remain pain management specialists, especially those performing invasive procedures and practicing in high-liability states. In 2010, many liability insurance companies are now requiring fellowship training and board certification in pain management for insurance coverage. Others provide a financial incentive for board Certification.

References available upon request from communications@asahq.org.