

# **Professional Liability Insurance Premiums for Anesthesiologists:**

## **Stability Despite the Economic Crisis**

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Although a day doesn't go by without mention of the widespread economic crisis and recession, there has been little news about costs of medical liability insurance. "No news is good news!"

The ASA Committee on Professional Liability once again conducted its yearly survey of medical liability insurance companies to assess trends in medical malpractice insurance for anesthesiologists. Thirty-four medical liability insurers from throughout the United States participated in the 2009 survey. Information concerning policy limits, costs of premiums, and comparative costs for general anesthesiologists versus anesthesiologists specializing in chronic pain management was obtained.

### **Policy Limits and Premiums for Anesthesiologists**

Most insureds (67%) had a standard policy limit of \$1million per occurrence/\$3million 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.<sup>1</sup> Twenty-six percent had higher policy limits (e.g., \$2million/\$4million to \$5million/\$10million), with most higher premiums in Massachusetts, New York, Maryland, 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). At least 13 states have enacted legislation allowing 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.<sup>2</sup> 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 (\$0.25million/\$0.75 million).

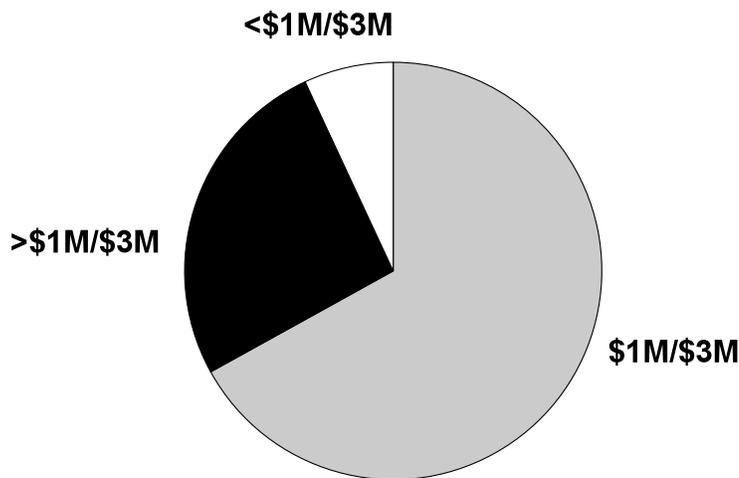


Fig. 1: Most common limits of liability insurance for anesthesiologists

Average 2009 premiums for mature \$1million/\$3million policy limits for anesthesiologists stayed about the same as 2008 premiums in most states. The average premium in 2009 was \$21,267 (range of \$4,890 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 Arizona, Connecticut, the District of Columbia, Florida, Illinois, Michigan, Missouri, Nevada, Ohio, Pennsylvania, Rhode Island, and West Virginia. The District of Columbia, Florida, and Illinois topped the list, with average premiums of \$32,000 and above (range of \$19,000 to \$54,000). The lowest average premiums were Midwest states with many rural regions (Minnesota [\$6601], Nebraska [\$8572], South Dakota [\$6342], and Wisconsin [\$8550]).

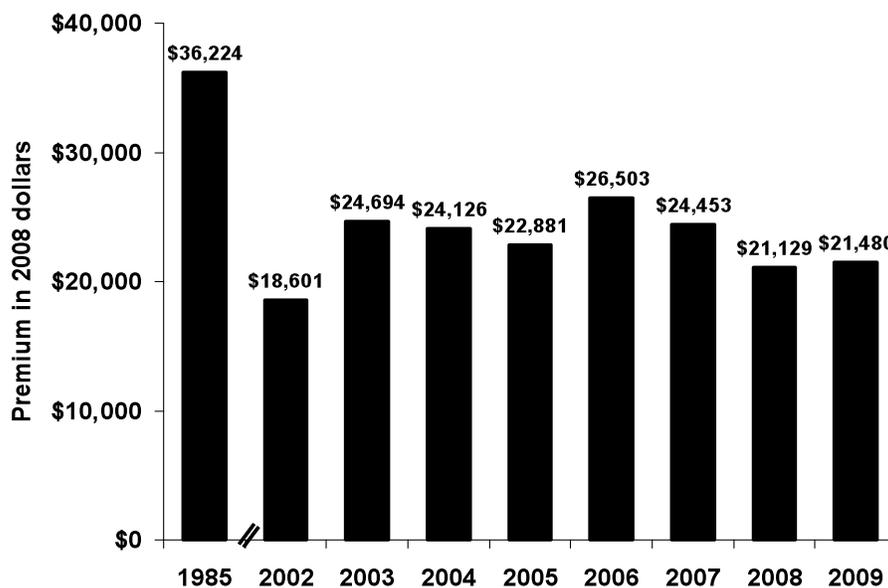


Fig. 2: Average premiums for mature \$1M/\$3M policy limits for anesthesiologists.

Values are inflation-adjusted for 2008 dollars.

Comparing 2009 average premiums with those obtained in past Committee of 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 include consolidation in the insurance industry, declining investment income, increased defense costs, and volatile jury awards. Given the current economic crisis (and declining investment income), 2010 will likely see an increase in liability insurance premiums.

#### **Premiums for anesthesiologists performing chronic pain management**

A trend in 2009 is that premiums for anesthesiologists who specialize in chronic pain management are higher than for anesthesiologists who do not perform pain management. In 2009, 59% of premiums were higher in the same state and region for pain management physicians than for anesthesiologists (Figure 3), compared to 42% last year.<sup>3</sup> Another new trend is that many liability insurance companies are now requiring pain physicians to have had fellowship training in Pain Management and passed their boards in Pain Management (or in a few companies, “demonstrated” knowledge in the field).

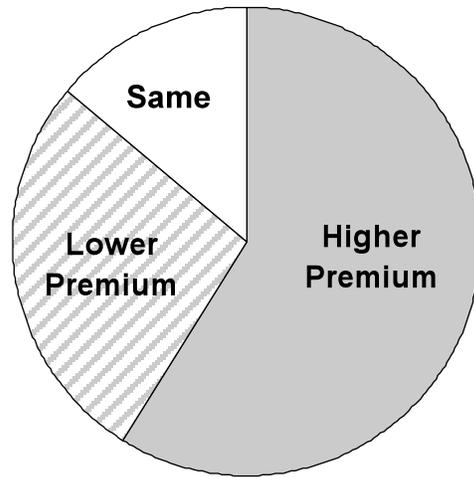


Fig. 3: Comparison of state average premiums (\$1M/\$3M) for chronic pain medicine specialists compared to general anesthesiologists

The average premium for anesthesiologists performing chronic pain management is \$23,636, approximately \$2000 higher than for anesthesiology. However, in some states premiums for pain management physicians are considerably (\$5,000-\$10,000) higher than for anesthesiologists (e.g., , Connecticut, District of Columbia, Delaware, Florida, Indiana, Louisiana, Maryland, Michigan, Montana, , Oklahoma, 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% 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 severe injuries associated with cervical epidural blocks or injections, particularly spinal cord injuries.<sup>4</sup>

In summary, despite the economic crisis, 2009 has been a stable year on the liability scene for most anesthesiologists across the United States. The exceptions remain pain management specialists, especially those who perform invasive procedures and practice in high liability states. More liability insurance companies are now requiring demonstration of adequate training and expertise in Pain Management, in addition to higher premiums.

## References

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