

Citation

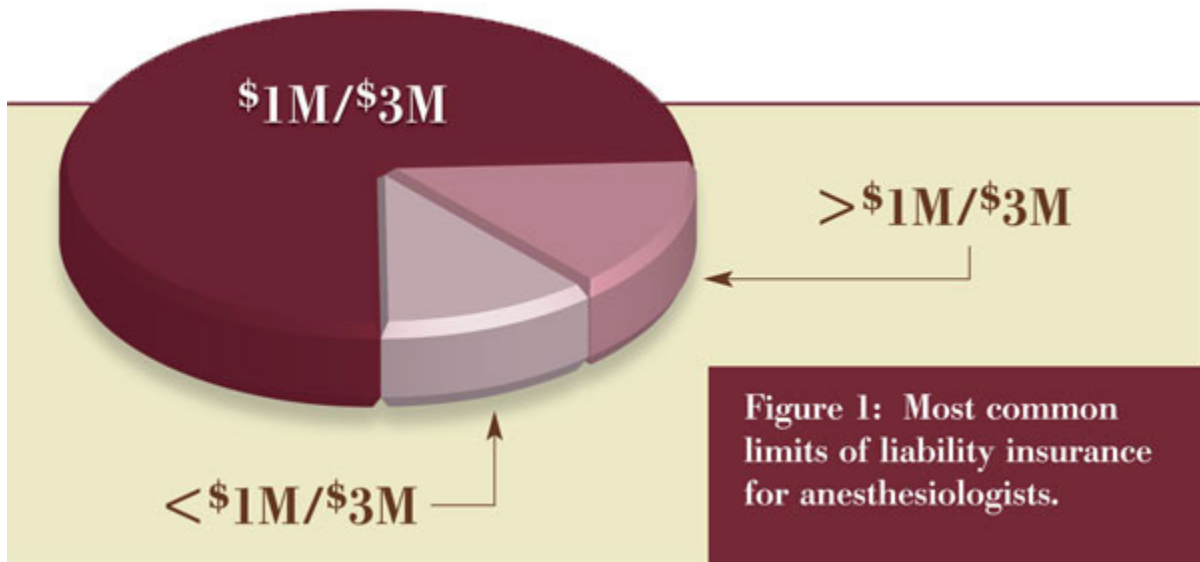
Domino KB: Professional Liability Insurance for Anesthesiologists: Yearly Survey of Premiums. *ASA Newsletter* 71(8), 2007.

Full Text

The ASA Committee on Professional Liability has again conducted a survey of medical liability insurance companies to assess trends in liability insurance for anesthesiologists. Thirty-five medical liability insurers throughout the United States participated in the 2007 survey. We collected data concerning distributions of policy limits and premium amounts for a mature \$1 million/\$3 million policy in the various states in which these carriers provide coverage. In addition we surveyed trends in premiums, moratoriums and comparative costs for specialists in chronic pain management.

Limits of Standard Policies

Most (74 percent) of the companies had a standard policy limit of \$1 million/\$3 million [Figure 1]. Lower and higher limits were less frequent [Figure 1]. Other policy limits included \$30K/\$30K, \$200K/\$600K, \$250K/\$750K, \$500K/\$1.5 million, \$1.3 million/\$3.9 million, \$1 million/\$4 million, \$1 million/\$5 million and \$5 million/\$10 million. Some companies had most insureds at the "most common" policy limit, but many companies had a wide variety of policy limits with many insureds purchasing higher or lower limits than the "most common" policy. The article by Gene N. Peterson, M.D., Ph.D., on page 14 of this NEWSLETTER addresses a few of the factors that go into the choice of policy limits.



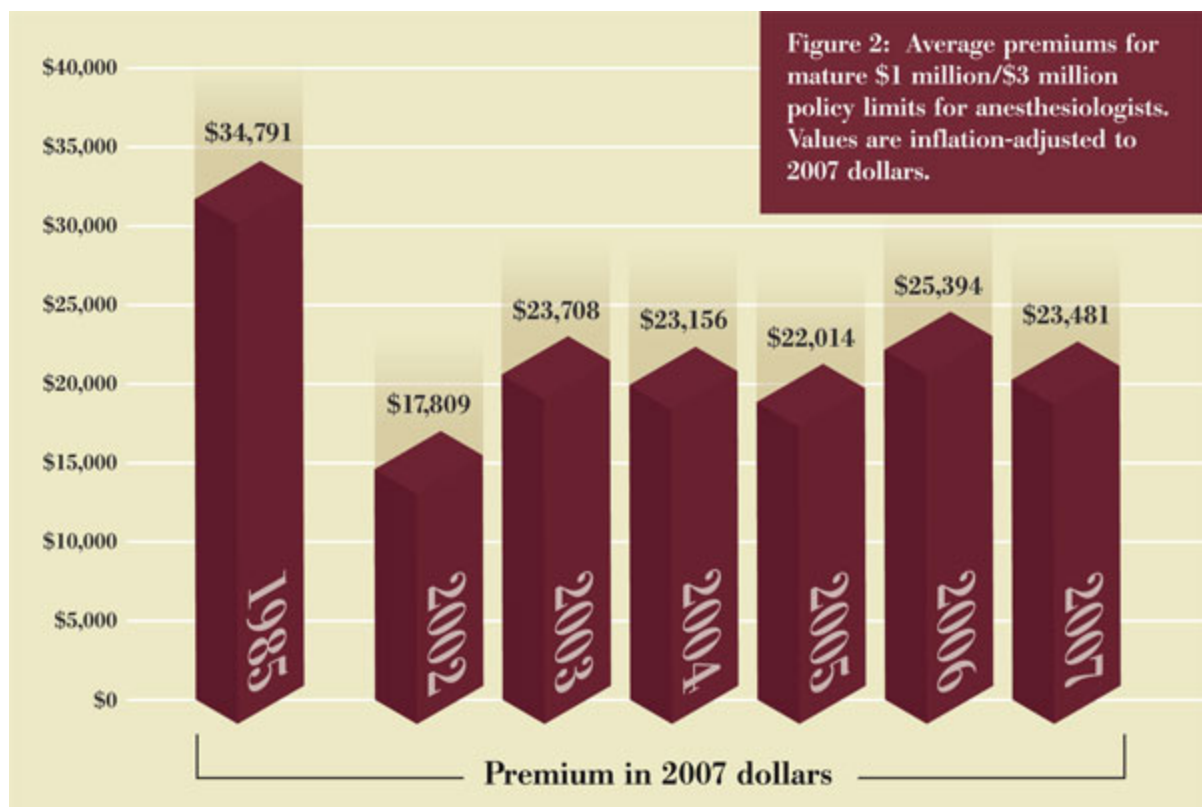
In some cases, the policy limit was influenced by state compensation funds. For example the insured would purchase a policy of \$500K/\$1.5 million and the state would match coverage from the state fund. Participating physicians pay a surcharge.

Twenty states have passed legislation approving these funds, and patient compensation funds have been implemented in 13 states.

Liability Insurance Premiums for Anesthesiologists

Average premiums for mature \$1 million/\$3 million policy limits were fairly stable in 2007. The average premium in 2007 was \$23,481 (range of \$4,500 to \$71,597), compared to an average premium in 2006 of \$24,769 (\$25,394 when inflation adjusted to 2007 dollars). In more than half of the states, premiums decreased in 2007 compared to 2006. States with average premiums of greater than \$30,000 included the District of Columbia, Florida, Illinois, Ohio and West Virginia, areas of high premiums in the past.

Comparison of inflation-adjusted premiums from 1985¹ still shows a marked reduction in average premiums [Figure 2]. Improvements in anesthesia patient safety have been credited for these savings. The figure also demonstrates the volatility of liability insurance premiums between 2002 and 2003, when average premiums for anesthesiologists increased 33 percent.² A variety of factors contributed to the escalation of insurance costs, including changes in the insurance industry marketplace, declining investment income, withdrawal of insurance companies, increased defense costs and volatile jury awards.



Only one of the 35 companies had a moratorium on new business in one of the states with high malpractice premiums. A couple of companies were expanding into other states or acquiring other malpractice insurers. No companies differentiated

between anesthesiologists who provide anesthesia for bariatric surgery and those who did not.

Liability Associated With Pain Management

The most important area of liability concern involves anesthesiologists specializing in chronic pain management. About a third of the companies surveyed had higher premiums for specialists in chronic pain management, particularly those who performed invasive procedures. These higher premiums may reflect the higher claims risk of chronic pain patients and invasive procedures. Analysis of closed malpractice claims in the ASA Closed Claims Project database associated with chronic pain management, reported in this newsletter on pages 7 and 10, suggests that chronic pain management forms an area of increased liability for anesthesiologists. Acute pain management also is emerging as a new area of liability for anesthesiologists (see page 7 of this NEWSLETTER).

In summary, 2007 will be remembered as a stable year for medical liability insurance for most anesthesiologists. Increased premiums for specialists in invasive pain management may reflect an increased liability risk.

References

1. Cheney FW. Professional liability committee maps strategies to confront crisis. ASA Newsl. 1985; 49(1):6.
2. Domino KB. Availability and cost of professional liability insurance. ASA Newsl. 2004; 68(6):5-6.