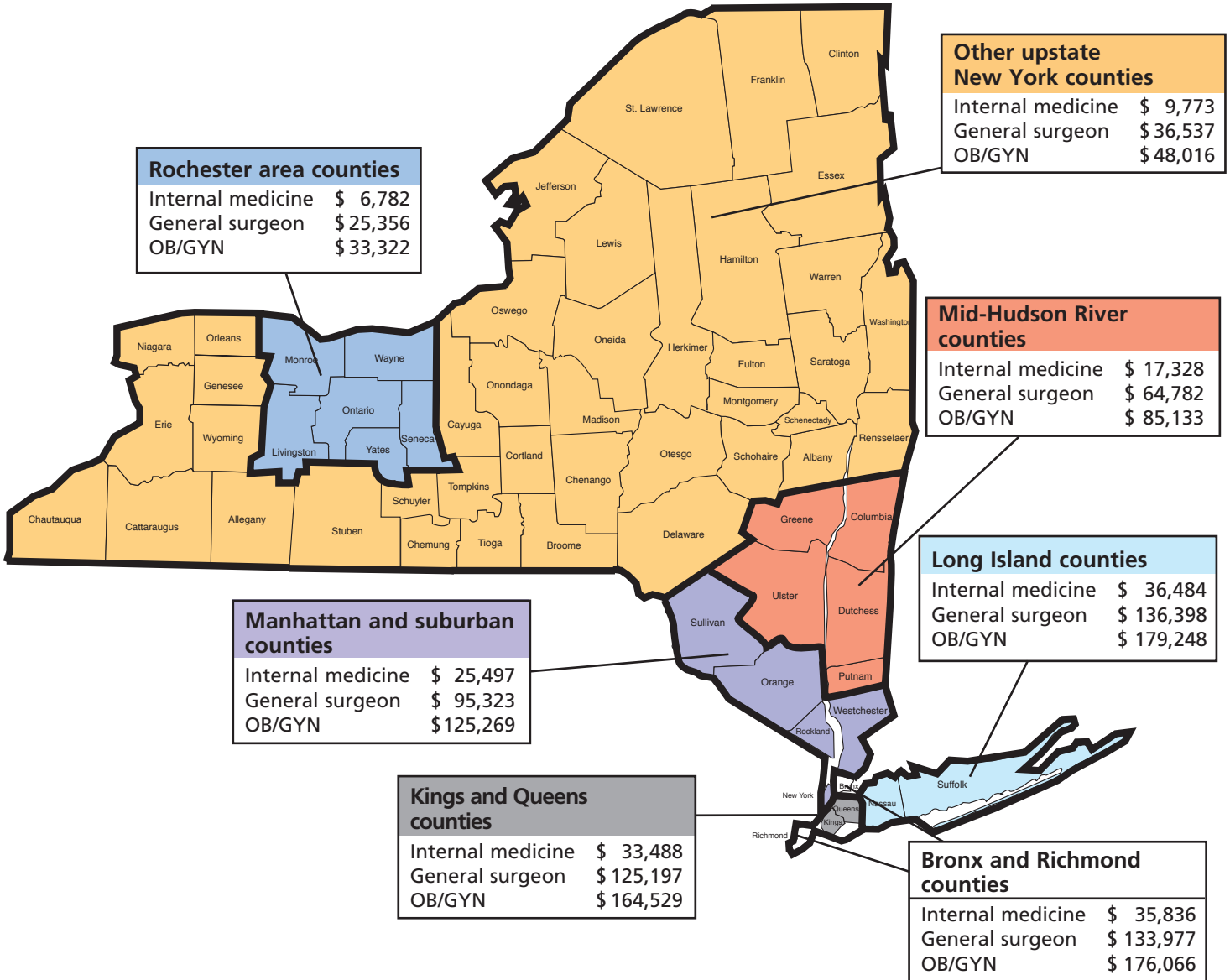


New York state medical malpractice coverage premiums

2015-2016 standard medical malpractice premium rates



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.



About this Report

Standard medical malpractice premium rates paid by physicians in New York state vary significantly by medical specialty and geography. The state is divided into seven malpractice rating territories.

Physicians face varying risks of liability based on their specialty, experience factors and the experience of other physicians in the regions they practice. The New York State Department of Financial Services reviews and approves the standard medical malpractice rates.

From the standard rates, discounts, credits, dividends and underwriting factors are applied to determine the actual premium to be paid by a physician.¹

Standard rates typically reflect what are called “occurrence policies” and provide liability coverage for services rendered during a policy period, regardless of when the claim is reported. The typical limits of liability are \$1.3 million for damages sustained by a single patient and \$3.9 million for an entire policy year.²

This report shows the various rating regions of the state and compares three common physician specialties (internal medicine, general surgery and obstetrics and gynecology). It also indicates states with higher and lower malpractice insurance rates than New York’s highest and lowest rates. The data presented in this report for New York physicians is based on current standard premium rates of the Medical Liability Mutual Insurance Company, which insures most physicians in the state.

Key findings:

By comparing standard medical malpractice rates listed by the Medical Liability Mutual Insurance Company to a comprehensive national survey of malpractice rates, we found that:

- Physicians practicing medicine in New York state’s upstate regions pay among the lowest rates in the country while physicians practicing in the downstate regions pay among the highest in the country.
- Medical malpractice premiums for physicians in different regions of the state can vary as much as five times the amount paid between regions and the difference can exceed \$145,000 for some specialties.
- Florida and Illinois are the only states to have malpractice premium rates higher than New York state’s highest rates for internal medicine. Florida is the only state to have rates higher than New York’s highest rate for general surgery. And, the national survey showed no other state to have higher rates for obstetrics and gynecology than rates applying to Long Island physicians.

A review of the literature shows a wide variation in the estimated costs related to defensive medicine and medical malpractice coverage. Studies show that the impact is in a broad range from 2 percent³ to 11 percent⁴ of total health care spending.

Tracking medical liability premiums

The *Medical Liability Monitor* conducts an annual survey of the nation's major medical liability insurers. Three specialties – internal medicine, general surgery and obstetrics and gynecology – are included to portray the wide range of rates illustrated in this report.⁵ While every attempt is made to reach the major medical liability insurance writers in each state, a fraction do not participate. The survey still includes an estimated 65 percent to 75 percent of the entire market.⁶

Also displayed for comparison are the 2015-2016 rates in New York, obtained from the state's dominant insurer, Medical Liability Mutual Insurance Company. In general, the 2015-2016 Medical Liability Mutual Insurance Company data illustrate that some regions of New York have among the highest malpractice premium rates, and other regions have among the lowest in the country. Generally, physicians in down-state regions pay close to the highest rates reported by the states, while those in upstate New York pay premiums similar to what physicians pay in states with the lowest rates.

Comparisons across states must be interpreted cautiously because of the way policies are sold and how credits, discounts and experience factors are calculated. For example, many of the policies used in the survey relate to different liability limits per injury and total coverage amount for the policy year. Standard Medical Liability Mutual Insurance Company rates typically reflect what are called "occurrence policies" that provide liability coverage for services rendered during a policy period, regardless of when a claim is reported. The typical limits of liability on Medical Liability Mutual Insurance Company policies sold in New York are \$1.3 million for damages sustained by a single patient and \$3.9 million for an entire policy year.

The remainder of this fact sheet summarizes the *Monitor's* results for 2015, highlighting states that have higher and lower premium rates than New York's highest and lowest rates, respectively. This represents a conservative approach to evaluating and comparing New York's Medical Liability Mutual Insurance Company rates with those reported nationally for the same specialties surveyed by the *Monitor*: internal medicine, general surgery and obstetrics and gynecology.

It should be noted that seven states have established "patient compensation funds" through which physicians can purchase additional coverage above the base level. The patient compensation fund states are Indiana, Kansas, Louisiana, Nebraska, New Mexico, Pennsylvania and South Carolina. With respect to patient compensation fund states, the *Monitor* has published total rates that a physician would pay to reach the typical level of \$1 million (single patient)/\$3 million (entire policy year). This fact sheet uses those total rates.

Strong Doctor-Patient Relationship Prevents Lawsuits

A new survey shows that a physician's relationship with a patient matters most in preventing a lawsuit when something goes wrong.

The Medical Liability Mutual Insurance Company surveyed 14,500 of its insured physicians – split evenly between claims-free physicians and those who had been sued – to determine what factors physicians believed help them to prevent medical malpractice claims and lawsuits.

When physicians were asked what they believe helped prevent a lawsuit following an adverse outcome, the top three responses among both groups of physicians were:

- Care and treatment were appropriate following the adverse outcome (75%).
- A good relationship had been established prior to the adverse outcome (70%).
- A relationship was maintained with the patient/family after an adverse outcome (60%).

Physicians who had never been sued identified three factors they believed contributed to their favorable claims experience: 87% said they were considered caring and trusted by their patients; 82% said they spent sufficient time with patients; and 74% said they did not practice beyond their capabilities.

Among physicians who had been sued, many blamed a flawed legal system, advertising by medical malpractice attorneys and a litigious society.

Source: MLMIC's Claims Free Discount Survey Results. MLMIC Dateline. Volume 14, Number 3, Fall 2015, page 6. Web. <https://www.mlmic.com/wp-content/uploads/2014/04/Dateline-Fall-2015.pdf>

Medical liability system cost estimates

Although the costs of the medical liability system have been the subject of professional and academic inquiry for more than 40 years, rigorously researched estimates of the system's costs related to medical malpractice are scarce.

Research shows that the impact of medical malpractice coverage and defensive medicine is in a broad range from 2 percent⁷ to 11 percent⁸ of total health care spending.

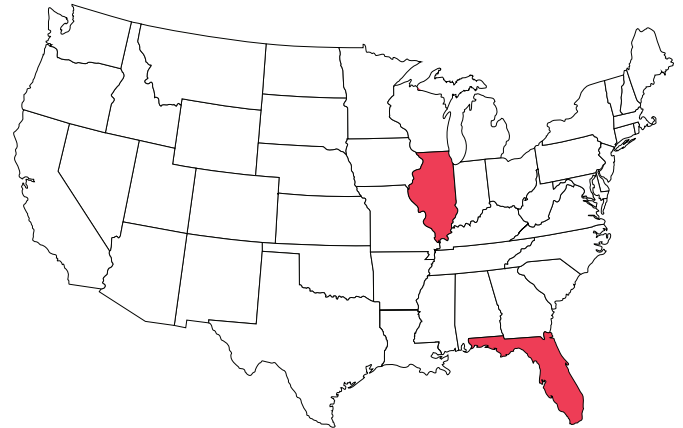
One study put the price tag for the cost of the medical liability system at \$55.6 billion dollars in 2008 dollars, or 2.4 percent of total health care spending at the time.⁹

More than \$8 of every \$10 — \$45.6 billion — spent on medical malpractice liability costs was attributed to defensive medicine by providers who order unnecessary tests and procedures to protect themselves from malpractice claims.

National medical malpractice rates, 2015-2016: Internal Medicine

States with higher rates than New York's highest rate - 2015

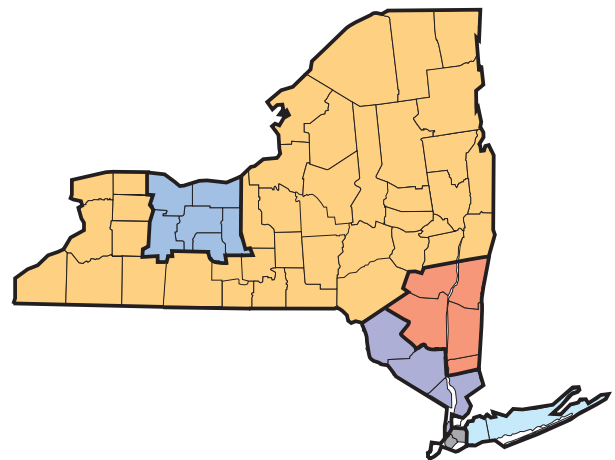
Florida (Miami and Dade counties)	\$47,707
Illinois (Madison County)	\$41,328



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

New York State medical malpractice rates: 2015-2016

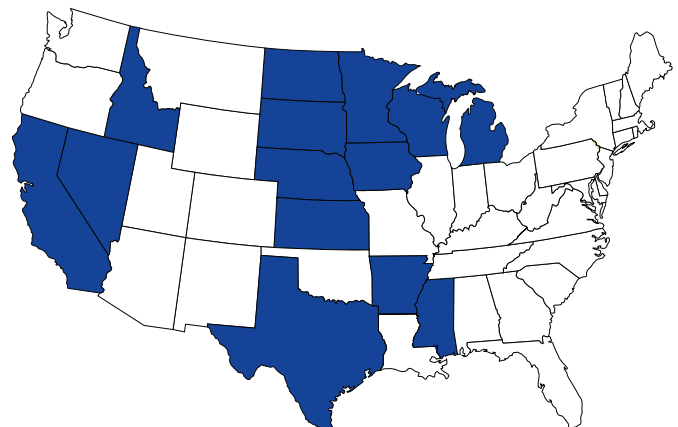
Long Island	\$36,484
Bronx and Richmond	\$35,836
Kings and Queens	\$33,488
Manhattan and suburban counties	\$25,497
Mid-Hudson	\$17,328
Other upstate New York counties	\$9,773
Rochester area	\$6,782



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

States with lower rates than New York's lowest rate - 2015

Nevada	\$6,619
Kansas	\$6,499
Michigan (Allegan, Barry, Grand Traverse, Kalamazoo, Kent, Newaygo and Ottawa counties)	\$6,308
Arkansas	\$5,820
Iowa	\$5,177
Idaho	\$5,000
North Dakota	\$4,748
Texas (See Endnotes for counties)	\$4,599
California (Alameda, Contra Costa, Fresno, Inyo, Kings, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Stanislaus and Tulare counties)	\$4,168
South Dakota	\$3,697
Mississippi	\$3,688
Wisconsin	\$3,623
Minnesota	\$3,375
Nebraska	\$2,810



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

National medical malpractice rates, 2015-2016: General Surgery

States with higher rates than New York's highest rate - 2015

Florida (Miami and Dade counties)

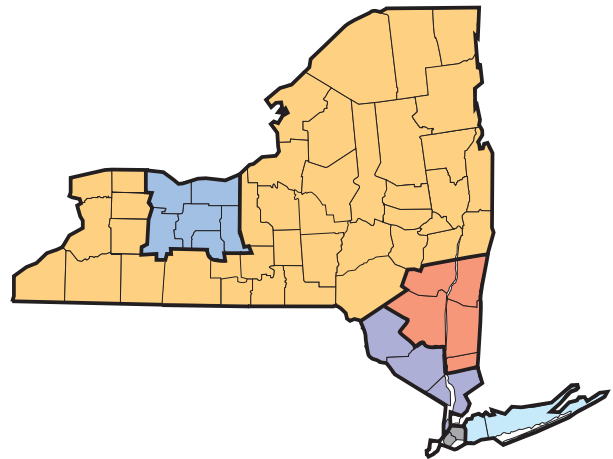
\$190,829



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

New York State medical malpractice rates: 2015-2016

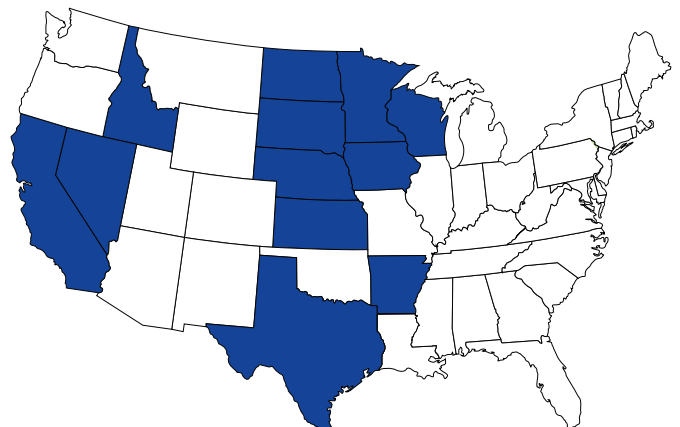
Long Island	\$ 136,398
Bronx and Richmond	\$ 133,977
Kings and Queens	\$ 125,197
Manhattan and suburban counties	\$ 95,323
Mid-Hudson	\$ 64,782
Other upstate New York counties	\$ 36,537
Rochester area	\$ 25,356



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

States with lower rates than New York's lowest rate - 2015

Nevada	\$ 23,602
Arkansas	\$ 21,441
Kansas	\$ 20,777
Idaho	\$ 17,996
California (Alameda, Contra Costa, Fresno, Inyo, Kings, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Stanislaus and Tulare counties)	\$ 16,982
Iowa	\$ 15,989
North Dakota	\$ 15,390
Texas (See Endnotes for counties)	\$ 13,337
South Dakota	\$ 12,569
Minnesota	\$ 11,306
Wisconsin	\$ 10,868
Nebraska	\$ 9,552



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

National medical malpractice rates, 2015-2016: Obstetrics and Gynecology

States with higher rates than New York's highest rate - 2015

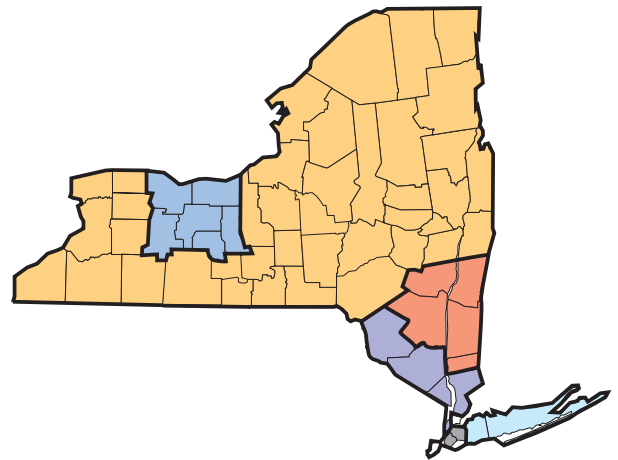
None



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

New York State medical malpractice rates: 2015-2016

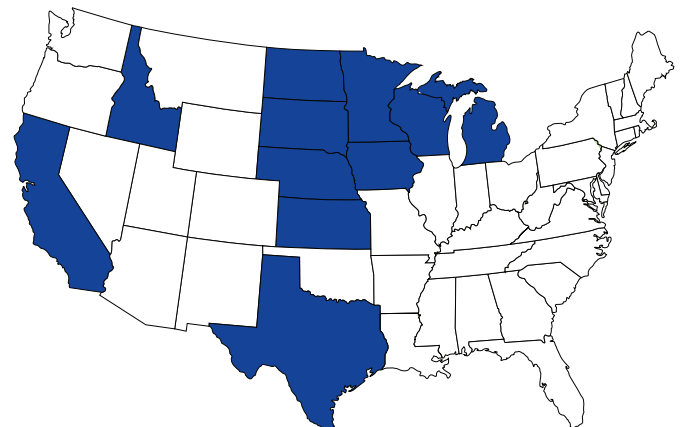
■ Long Island	\$ 179,248
□ Bronx and Richmond	\$ 176,066
■ Kings and Queens	\$ 164,529
■ Manhattan and suburban counties	\$ 125,269
■ Mid-Hudson	\$ 85,133
■ Other upstate New York counties	\$ 48,016
■ Rochester area	\$ 33,322



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

States with lower rates than New York's lowest rate - 2015

Kansas	\$ 31,379
Michigan	\$ 25,710
Idaho	\$ 24,992
Iowa	\$ 24,547
Texas (See Endnotes for counties)	\$ 21,385
South Dakota	\$ 21,073
North Dakota	\$ 20,222
Nebraska	\$ 16,857
Wisconsin	\$ 16,605
Minnesota	\$ 16,449
California (Alameda, Contra Costa, Fresno, Inyo, Kings, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Stanislaus and Tulare counties)	\$ 16,240



Source: Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015.

Endnotes

- ¹ Medical Liability Monitor. "Annual Rate Survey Issue." Vol 40, No. 10. October 2015, page 2.
- ² Medical Liability Mutual Insurance Company. "A Closer Look at Coverage Forms." page 2. Web 2 Feb. 2016.
<https://www.mlmic.com/wp-content/uploads/2014/04/claims-made-vs-occurrence.pdf>
- ³ Congressional Budget Office. "Limiting Tort Liability for Medical Malpractice." Economic and Budget Issue Brief. Jan 8, 2004, page 1. Web. 9 Feb. 2015.
<http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/49xx/doc4968/01-08-medicalmalpractice.pdf>
- ⁴ PriceWaterhouseCoopers. "The Factors Fueling Rising Healthcare Costs 2006." America's Health Insurance Plans. January 2006, page 7. Web. 9 Feb. 2015.
http://www.liberatehealthcare.com/trends_costs/The%20Factors%20Fueling%20Rising%20Healthcare%20Costs.pdf
- ⁵ Medical Liability Monitor. Page 2.
- ⁶ Medical Liability Monitor. Page 2.
- ⁷ Congressional Budget Office. Page 1.
- ⁸ PriceWaterhouseCoopers. Page 7.
- ⁹ Mello, MM, et. Al. "National Costs of the Medical Liability System." Health Affairs, Vol. 29, No. 9, Sept. 2010, page 1.
http://health.burgess.house.gov/UploadedFiles/Malpractice-Health_Affairs.pdf

Texas Counties from page 4-6 for Internal Medicine, General Surgery and Obstetrics/Gynecology
Andrews, Archer, Armstrong, Bailey, Baylor, Borden, Briscoe, Carson, Castro, Childress, Clay, Cochran, Collingsworth, Cottle, Crosby, Dallam, Dawson, Deaf Smith, Dickens, Donley, Fisher, Floyd, Foard, Gaines, Garza, Gray, Hale, Hall, Hansford, Hardeman, Hartley, Haskell, Hemphill, Hockley, Howard, Hutchinson, Jones, Kent, King, Knox, Lamb, Lipscomb, Lubbock, Lynn, Martin, Mitchell, Moore, Motley, Nolan, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Scurry, Shackelford, Sherman, Stonewall, Swisher, Taylor, Terry, Throckmorton, Wheeler, Wichita, Wilbarger and Yoakum counties