

State Corporation Commission Bureau of Insurance

Presentation by Eric Lowe to

**THE JOINT SUBCOMMITTEE
STUDYING RISK MANAGEMENT PLANS
FOR PHYSICIANS AND HOSPITALS
SJR 394/HJR 704 (2005)**

Monday, October 31, 2005, 1:00 p.m.
Senate Room A, General Assembly Building
Richmond, Virginia

Exhibit 1

Class	Weighted Average Rate for Virginia	Estimated Rates - <u>Based on Virginia</u> <u>Loss Experience</u> -	Estimated Rates - <u>Based on Virginia</u> <u>Loss Experience</u> -
		Low Estimate	High Estimate
Neurosurgery	\$72,219	\$35,440	\$105,956
Obstetrics and Gynecology	\$58,084	\$33,117	\$81,516
Orthopedics	\$42,185	\$26,164	\$77,209
Emergency Medicine	\$26,226	\$16,976	\$43,926
Anesthesiology	\$14,328	\$7,798	\$32,637

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Average Rate Analysis and Estimates of Virginia-Only Prior Approval Rates

Exhibit 2
Summary Statistics of Claims Closed WITH Indemnity Payments

Year	Number of Claims Closed with Indemnity Payment	Total Indemnity Payments	Average Indemnity Payment	Total Defense Costs Paid on Claims Closed WITH Indemnity Payment	Average Defense Costs Per Claim WITH Indemnity Payment
2002	342	\$ 74,186,487	\$ 216,920	\$ 14,077,666	\$ 41,163
2003	334	\$ 75,770,999	\$ 226,859	\$ 13,177,900	\$ 39,455
2004	327	\$ 71,051,777	\$ 217,284	\$ 13,185,450	\$ 40,322
3-year Total	1,003	\$ 221,009,263	\$ 220,348	\$ 40,441,016	\$ 40,320

Source:
Public Release Dataset V10-26-05.xls
Total Indemnity Payments taken from field PMT1

Exhibit 3
Summary Statistics of Claims Closed with NO Indemnity Payment

Year	Total Number of Closed Claims	Number of Claims Closed with No Indemnity Payment	Total Defense Costs Paid on Claims Closed with NO Indemnity Payment	Average Defense Costs Per Claim with No Indemnity Payment	Percentage of Claims Closed with No Indemnity Payment
2002	1,276	934	\$ 11,977,190	\$ 12,824	73%
2003	1,411	1,077	\$ 12,094,221	\$ 11,230	76%
2004	1,347	1,020	\$ 15,009,898	\$ 14,716	76%
3-year Total	4,034	3,031	\$ 39,081,308	\$ 12,894	75%

Source:
Public Release Dataset V10-26-05.xls

Exhibit 4
Average Payment by Specialty
Claims Closed With Indemnity Payment
2002-2004

Description	Average Per Claim with Paid Indemnity	Number of Claims Closed with Payment
Thoracic Surgeon	\$ 632,500	5
Dermatologist	\$ 608,333	3
Gastroenterologist	\$ 527,343	3
Infectious Disease Specialist	\$ 475,000	1
Neurological Surgeon	\$ 469,688	8
Cardiologist	\$ 466,429	7
Nuclear Medicine	\$ 400,000	1
Nurse Practitioner	\$ 400,000	1
General Surgeon	\$ 391,064	38
Emergency Room Physician	\$ 390,720	24
Gynecologist/Obstetrician	\$ 383,575	41
Cardiovascular Surgeon	\$ 374,261	11
Anesthesiologist	\$ 371,755	22
Pathologist	\$ 360,125	8
OB/GYN Surgeon	\$ 346,717	48
Chiropractor	\$ 344,714	7
Urologist	\$ 320,000	6
Orthopedist	\$ 318,100	5
Nephrologist	\$ 311,268	4
Pulmonary Disease Specialist	\$ 300,000	1
Pediatrician	\$ 298,294	10
Surgeon (not otherwise specified)	\$ 291,212	29
Family Practitioner (claim involves OB/GYN care)	\$ 274,328	5
Other (not specified above)	\$ 270,842	54
Internist	\$ 261,286	34
Family or General Practitioner	\$ 260,603	48
Urological Surgeon	\$ 251,667	6
Physical Medicine and Rehabilitation Specialist	\$ 246,774	3
Nurse Midwife	\$ 243,750	4
Medical Facility (not otherwise specified)	\$ 234,568	9
Orthopedic Surgeon	\$ 234,411	42
Plastic Surgeon	\$ 218,597	16
Group Practice	\$ 198,281	42
Psychiatrist	\$ 185,086	7
Radiologist	\$ 180,114	20
Podiatrist	\$ 173,625	8
Nursing Home	\$ 157,888	29
Neurologist	\$ 143,988	2
Pharmacist	\$ 136,195	3
Optometrist	\$ 134,855	2
Nurse	\$ 133,673	18
Physical Therapist	\$ 128,603	5
Psychologist	\$ 127,750	2
Ophthalmologist	\$ 120,253	26
Hospital	\$ 106,469	233
Otologist	\$ 100,000	1
Periodontist	\$ 85,000	1
Hematologist	\$ 60,000	2
Dentist	\$ 58,863	70
Nurse Anesthetist	\$ 53,290	3
Clinic	\$ 52,239	8
Resident, Intern, or Medical Student	\$ 30,000	2
Occupational Medicine	\$ 25,000	2
Neoplastic Disease Specialist	\$ 25,000	1
Psychiatric Institution	\$ 21,667	2
Oral Surgeon	\$ 14,645	5
Laryngologist	\$ 9,000	1
Orthodontist	\$ 4,000	1
Medical Technician/Laboratory	\$ 2,500	1

Exhibit 5
3-year Combined Ranges of Paid Indemnity

3-Year Range of Paid Indemnity	Number of Claims with Paid Indemnity	Percent of Claims with Paid Indemnity	Total Paid Indemnity	Percent of Total Paid Indemnity	Average Paid Indemnity
.01 to \$99,999	458	45.66%	\$ 13,507,188	6.11%	\$ 29,492
>\$100,000 to \$199,999	157	15.65%	\$ 21,926,882	9.92%	\$ 139,662
>\$200,000 to \$299,999	128	12.76%	\$ 30,963,004	14.01%	\$ 241,898
>\$300,000 to \$399,999	73	7.28%	\$ 24,638,267	11.15%	\$ 337,511
>\$400,000 to \$499,999	53	5.28%	\$ 23,033,792	10.42%	\$ 434,600
>\$500,000 to \$599,999	39	3.89%	\$ 20,432,075	9.24%	\$ 523,899
>\$600,000 to \$699,999	17	1.69%	\$ 10,633,399	4.81%	\$ 625,494
>\$700,000 to \$799,999	24	2.39%	\$ 17,761,488	8.04%	\$ 740,062
>\$800,000 to \$899,999	15	1.50%	\$ 12,600,502	5.70%	\$ 840,033
>\$900,000 to \$999,999	6	0.60%	\$ 5,572,447	2.52%	\$ 928,741
>\$1,000,000 to \$1,249,999	17	1.69%	\$ 17,792,673	8.05%	\$ 1,046,628
> \$1.25 Million to \$1,499,999	12	1.20%	\$ 15,847,544	7.17%	\$ 1,320,629
>\$1,500,000	4	0.40%	\$ 6,300,000	2.85%	\$ 1,575,000
	1003		\$ 221,009,263		\$ 220,348

Source:
Public Release Dataset V10-26-05.xls
Total Paid Indemnity taken from field PMT1