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FACT SHEET: Medical Malpractice

The Causes of the Medical Malpractice Crisis

- Several factors have combined to cause the medical malpractice crisis:
 - Sharply increased severity of malpractice claims filed against physicians.
 - Sharply decreased investment returns for insurance companies.
 - Previous premium rates set too low to cover future claims.
 - Sharply higher medical malpractice jury awards
 - Impact of the “long tail” of medical liability claims, which involve time lags of up to 10 years between the setting of insurance rates, collecting premiums and payment of claims.

The Impact of the Medical Malpractice Crisis

On Consumers:

- Access to quality and safe healthcare delivery is in jeopardy.
- Specialized care is not available in some parts of Illinois. In Will County, for example, six out of 35 local obstetricians have left their practices in the Joliet area, and two others are considering it (“Mother’s difficult hunt for care underscores insurance crisis,” *(Joliet) Herald News*, April 18, 2004).
- Brain surgery is not available in the entire state south of Springfield, as well as in Will and Kankakee counties, where rising malpractice premiums and the fear of lawsuits have forced neurosurgeons to stop performing high-risk operations (source: Illinois State Neurosurgical Society).

On Physicians:

- Anecdotal reports indicate Illinois is losing physicians at an alarming rate (“Doctors flee insurance costs,” *Chicago Tribune*, March 12, 2004)
- While statistics in Illinois are not available, Pennsylvania has lost more than 5 percent of its physicians since 2000, according to the Pennsylvania Medical Society
 - 870 physicians have relocated to other states from Pennsylvania;
 - 163 physicians retired earlier than planned;
 - 213 physicians were laid off, forced to close their practices, gave up practicing medicine, or died and were not replaced in their practice; and,
 - 379 physicians significantly altered their practices or curtailed high-risk services.

On Insurers:

- The 2003 *Medical Liability Monitor* survey of 40 insurance companies found:
 - Fourteen insurance companies have withdrawn or severely restricted new writings in some states.
 - Nearly three-fourths (73.5 percent) said they are tightening their underwriting.
 - Half (48.6 percent) said they are canceling coverage on more physicians than they did last year.
 - And one in five insurance companies (20 percent) said they are restricting coverage in one form or another, such as lowering limits of liability.
 - In addition, since the year 2000 there have been 32 financial downgrades of medical malpractice insurance companies.
 - In Illinois, physicians have been experiencing premium increases of as much as 80 percent and higher.
- Physicians frequently are forced to pay more for less insurance with companies that have lower financial ratings.
- Or, they're forced to make difficult business choices about their profession that have nothing to do with the more noble ideals that motivated them to become physicians in the first place.
- A study released in June 2003 by the General Accounting Office concluded that the rising cost of claims is a central reason for increased malpractice premiums.

The Consequences of Not Solving the Crisis

- Illinois consumers will see fewer choices in the health care marketplace.
- Patient safety will not be improved and, in fact, could be harmed.
- Illinois – like Pennsylvania -- will lose experienced physicians who would otherwise pass along their knowledge and insight to the next generation of doctors.
- Illinois will be a less attractive place for physicians to practice medicine, a development that would diminish the overall economic health of the state.
- Illinois will have to revisit this problem again and again, with no real benefit to the citizens of Illinois.
- Without a non-punitive system in place to encourage disclosure and compassion, we will never solve this problem. Providers need to be able to disclose adverse outcomes and to tell patients they are sorry, without fear of their statements being used against them in litigation.
- Illinois will pass on an impaired, deeply flawed health care system to the generations to come.

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About Cunningham Group

Cunningham Group is an independent insurance agency and risk management organization headquartered in Oak Park, Ill., with offices in Michigan, Ohio, Texas and Florida. Cunningham Group specializes in the delivery of innovative business insurance and risk management solutions to physician practices. Founded in 1947, Cunningham Group offers products and services, both proprietary and in partnership with specialists, to assist the medical community in maintaining stability in the malpractice marketplace. Cunningham Group's success is reflected in its enviable 97 percent client retention rate.