

Massachusetts Stats

PHYSICIAN SUPPLY IN MASSACHUSETTS

1. Massachusetts has more physicians per capita than any other state in the United States (exception - the District of Columbia)
2. Massachusetts has twice as many physicians per capita than the national average
3. During the 1990's there were almost 25,000 doctors practicing in Massachusetts. The same is true now.

In the 1991 malpractice premiums dropped by an average of 25%. Through the 1990s rate did not rise significantly. (The claim data did not justify a claims increase. The recent increases suggest that the industry is simply trying to make ground for a declining stock market. Need for oversight of an industry that cannot price premiums accurately, they are too high or too low.)

In their 2000 annual report ProMutual reported:

1. having over 1.3 Billion Dollars in total assets
2. won over 95% of cases at trial
3. closed over 60% of claims without payment

FOR THE 10 YEARS BETWEEN 1/1/90 AND 12/31/99 PROMUTUAL PAID OUT A TOTAL OF 814 MILLION DOLLARS, AN AVERAGE OUT TO 81 MILLION DOLLARS PER YEAR.

At that rate, with assets of 1.3 billion dollars, ProMutual should have enough assets to make payouts for 16 years, even if it took in no premiums. This is so because the number of payouts per year has been stable at about 300. Even if the average payment were to rise significantly (to \$500,000) there would still be enough assets for 8 to 9 years (with no premium income). Conclusion - their assets (stock market) may have shrunk. Nothing to do with number of claims, average payouts, or runaway juries.

AVERAGE JURY AWARDS

Reports that the average malpractice jury award in malpractice cases in Massachusetts is over 1 million dollars are not accurate. In Massachusetts between 1990 and 1999 it was less than half of that. (Range: 236K in 1990 to 384K in 1999). (Massachusetts lags way behind other states in compensating victims of medical negligence) The average payment in the 1990s was less than 300K (294K) Points to no 'runaway' jury awards.

Recent rate increases cannot be explained on the basis of a greater number of suits, higher payouts, or more frequent jury awards.

The steep increase in premiums in the late 80's, was caused by decreasing investment income. (Richard Moore, JUA director) This was quickly followed by a steep drop in premiums in the early 90's when the stock market recovered. It had nothing to do with the validity of claims by injured patients.

In the early 1990's the Joint Underwriting Association converted itself from a legislative creation to a mutual insurance company because its reserves were so huge (approaching \$1 billion) that it actually had to refund premiums and lower rates because it had overcharged previously.

A conclusion of a Massachusetts Board of Registration in Medicine study, *Special Report on Medical Payments* concluded that ‘..there is actual substandard patient care or negligence.’ The proposed legislation would harm the relatively few patients (only about 300 per year) who were victims of medical negligence.

The vetting process,

1. attorney review and refuse to take a case unless it has merit (my turn down rate is over 90%)
2. having a case reviewed by an expert before filing suit
3. the malpractice tribunals, which screen out frivolous cases.
4. extremely low rate of verdict for patients, <10%
5. conservative jury awards

This means that undue recovery by a patient is extremely rare.

That was also the conclusion of the Harvard School of Public Health/New York Hospital Study.

1. there is a great deal of negligence that goes on in hospitals that kills or permanently harms patients
2. That most people who could bring malpractices cases don't do so
3. that only a small percentage of people who actually bring a valid case actually recover damages
4. that ‘frivolous’ cases are rare

The number of malpractice claims paid in the 1990's, and even through the present time has been remarkably stable at about 300.