



Malpractice Redux



Claims, Costs, Premiums, and Policy

Randall R. Bovbjerg, J.D.
(Bó - berg)
The Urban Institute †

Frech, Hyman, and Kilgore
with Bovbjerg & Klick
American Enterprise Institute,
Wohlstetter Conference Center, Twelfth Floor, June 29, 2007

† **standard disclaimer applies**



Randy's Rules of Commentary



- ❑ Start with something nice
- ❑ Summarize the main message
- ❑ Look erudite
- ❑ Say something catty
- ❑ End with something nice

(add cartoons to taste, as time permits)



Key Issues Addressed



- ❑ What role do law and other factors play in insurance “crises,” i.e., eras of unavailable or rapidly rising liability coverage?
- ❑ Does tort reform reduce claims payouts and liability premiums?
- ❑ Attendant data needs
 - claims (frequency & severity)
 - premiums
 - law, regulation, other factors
- ❑ Variable quality of information disseminated



The Information Iceberg

Papers all in upper parts of information iceberg:

Analysis

Generalizable descriptive research

Limited descriptive research

Medical-legal writing, opinions, & commentary

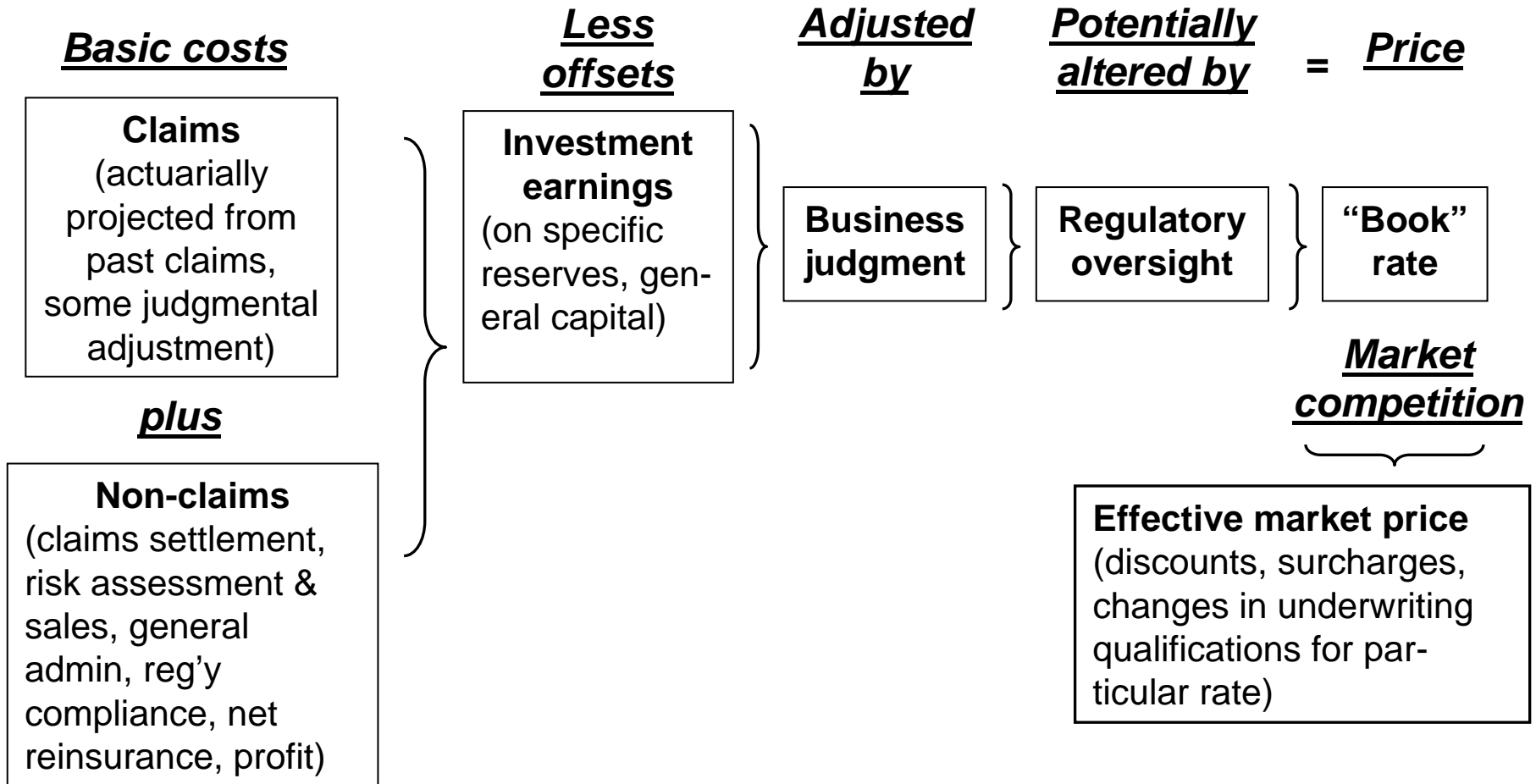
News reports, anecdotal evidence

Source: Zuckerman et al. (1986), Table 1, at p.86 (Spring 1986).



Insurance Pricing 101

Rate Setting, Static Model

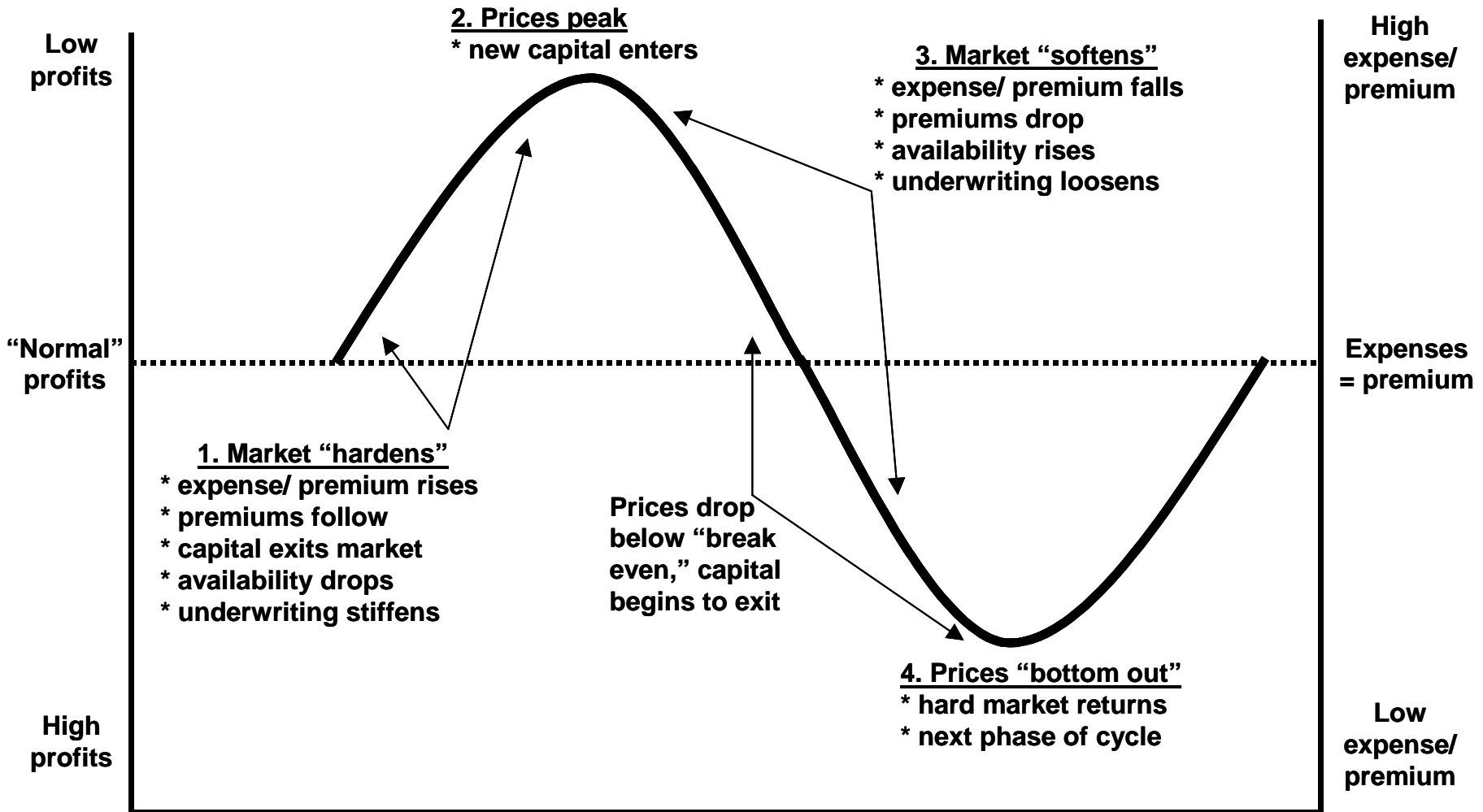


Source; Bovbjerg 2005



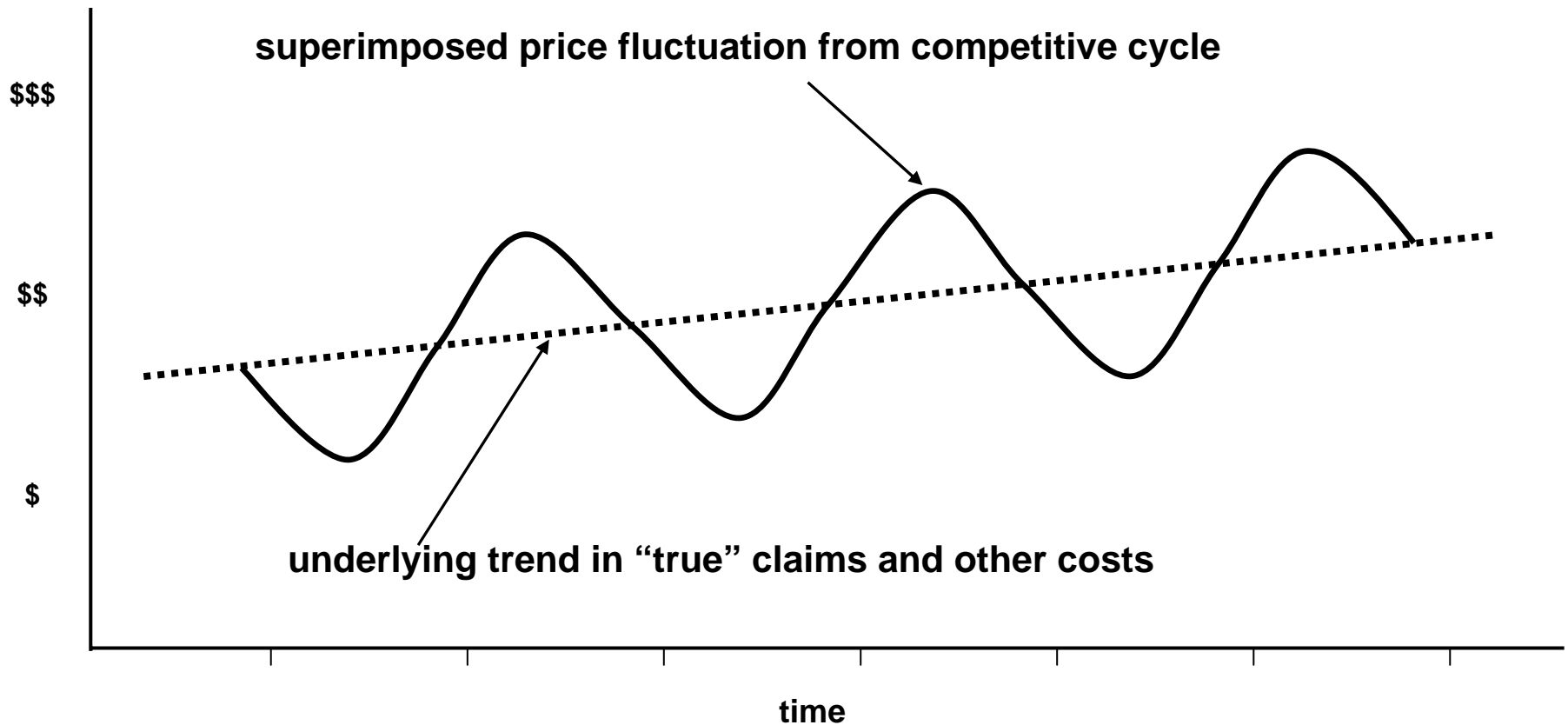
Insurance Pricing 101

Rates and Cycle, Dynamic Model





Insurance “Crises,” Combined Model





New Systems



“We would like to request a change in venue to an entirely different legal system.”



Top 5 Types of Alternative Reform



1. More even-handed liability reform
2. More data and performance benchmarks for legal and insurance systems
3. More attention to medical discipline
4. Increased support for patient safety research and development
5. Experimentation with alternate, nonjudicial systems



Final Thoughts



- ❑ Good to have continuing efforts to understand malpractice costs and premiums
- ❑ Good to maintain make progress toward even-handed reforms during lull in “crisis”



Summer Reading List



- ❑ Randall R. Bovbjerg and Robert A. Berenson, “Surmounting Myths and Mindsets in Medical Malpractice,” Washington, DC: The Urban Institute, Issue Brief, October 27, 2005
<http://www.urban.org/url.cfm?ID=411227>
- ❑ Michelle M. Mello, Medical malpractice: Impact of the crisis and effect of state tort reforms, Robert Wood Johnson Foundation, Research Synthesis Report No. 10, May 2006
http://www.rwjf.org/publications/synthesis/reports_and_briefs/pdf/no10_researchreport.pdf



End



□ Time for questions