Employment, Legislative Trends Top Hospital Risk Issues

(PRNewswire) According to the 13th annual Aon/ASHRM Hospital and Physician Professional Liability Benchmark report, released today by Aon Risk Solutions, hospital risk managers are grappling with greater physician integration and changes in state legislation that influence professional liability costs.

New types of state legislation are emerging as the Affordable Care Act is implemented. Two states recently enacted laws that address professional liability, or medical malpractice, and are focused on delivering quick and fair compensation to patients suffering a medical injury. Massachusetts enacted a law that adopts a mandatory 180-day cooling off period, where providers are given the opportunity to disclose the event, offer an apology and negotiate compensation. New Hampshire lawmakers passed an act establishing an early offer alternative in medical injury claims. The program provides patients the option to settle medical liability claims within 90 days of injury.

Hospitals are employing more physicians and using their own self-insurance facilities to provide medical malpractice insurance coverage. Hospitals point to cost savings, streamlined claim defense and uniformity of risk management practices as important benefits of such a strategy. The self-insurance of employed physicians also involves unique challenges, such as consideration of physician tail and prior acts coverage. According to survey respondents, the majority of health care systems provide tail coverage for physicians leaving the organization, but most (67 percent) do not respond to claims related to prior acts occurring before the physician's employment.

Noteworthy Statistics from the report also include:

- Projected loss rate for hospital professional liability is $3,030 per occupied bed equivalent for events occurring in 2013. The frequency of claims is projected to be 1.93 percent per OBE and the severity of claims is expected to be $157,000 per claim.
- Projected loss rate for physician professional liability is $7,510 per class 1 physician for events occurring in 2013. The frequency ofclaims is projected to be 3.81 percent per class 1 physician and severity of claims is expected to be $197,000 per claim.
- Projected loss rate for obstetrics is $193 per birth; surgery is $124 per in-patient surgery; emergency department is $7.04 per visit.
- Healthcare-acquired conditions such as infections, injuries, medication errors, objects left in surgery and pressure ulcers account for 29 percent of total hospital professional liability costs.

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