



Insurance Executive Testifies That Malpractice Premiums Are Not Linked to Cap on Size of Claims

On May 24, 2017 James Dorigan, the Regional Operating Officer of The Doctors' Company testified that in the first year since compensation for injuries from medical negligence has been severely limited, premiums have not gone down.

The data already shows the number of doctors in Oregon is growing but this is the first time the industry has confessed that premiums are not affected by caps on compensation to severely injured Oregonians.

He also testified that his company, which covers 40% of the independently operating physicians, has about 80 open injury cases at any one time, and that they pay a claim by an injured Oregonian about 20% of the time – or on 16 cases. The cases take about 2 ½ years to work their way through the system.

Testimony from May 24, 2017 Senate Judiciary Committee Hearing on legislation identical to HB 2014

The questions are edited for clarity. The responses are directly from the testimony provided by the insurance executive and can be found here:

http://oregon.granicus.com/MediaPlayer.php?clip_id=23743

Q. Can you discuss medical malpractice premiums in states without compensation caps?

1:44:30 “In States without caps, there are examples of states with very high rates. In Florida, where we are the largest insurer, the rates for OB-GYN are \$97,000 to \$190,000/year. In New York, which we also hear a lot about, another uncapped state, the rates are \$125,000 to \$214,000/year. This compares to Oregon where the rates are \$40,000/year.”

{NOTE: At the time of the testimony, Florida had been uncapped for three years, New York for many years, and Oregon from 1999-2016.}

Q. Has the lack of a cap in Oregon from 1999-2016 created volatility in medical malpractice premiums?

1:36 “The cost element of professional liability for the last 7-12 years has been the one element of health care costs that have been under control.”

1:46 “In the last seven years [2010-2017, medical malpractice insurance premium] rates have been flat.”

Q. The \$500,000 compensation cap has been in place for over a year. How have you changed premiums?

1:46:45 “We have not reduced rates as a result of Horton.... In the year since the Horton decision, the premiums have not gone down.

Q: How big of an issue is medical malpractice?

1:33 “Our company covers 40% of the independently practicing physicians in Oregon.”

NOTE: There was additional testimony that doctors employed by hospitals don't pay their own premiums.

1:35:50 “We have 89 [open cases] on the books at this time. 80% [of the cases] are without merit and closed without...payment.”

{Note: In prior testimony, it was reported that 10 of these cases are wrongful death cases that are unaffected by HB 2807. This means that about 16 of these cases will result in a payment to the injured person. That payment could be just for economic damages and contain no compensation for non-economic loss.} It was also stated that these cases stay open about 2.5 years.

1:46:45 “In the last seven years, [medical malpractice insurance premium] rates have been flat.”

Q: And in six of those years, there was no cap?

1:47 “That is correct.”