

# 2005 Annual Report

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## Medical Liability Benefit Plan

September 1, 2004 - August 31, 2005

The University of Texas System Professional Medical Liability Benefit Plan ("Plan") insures over 10,000 physicians and medical students, making it one of the largest insurers for professional liability in the state of Texas. Since its inception in 1977, the Plan has defended over 5,164 cases with 80% of these closed with no Plan payment.

In FY 2005, the Plan began to see the dramatic effect of the tort reform measures adopted by the 78th Legislature. New claims and lawsuits opened during FY 2005 declined by more than 35% from the previous year. The reduction in claims and lawsuits was evident at almost every institution.

Cases filed prior to September 1, 2003, the effective date of tort reform, continued to dominate the Plan caseload in FY 2005 thereby affecting pay outs. Of the matters closed in FY 2005, 47 were settled by the Plan at a cost of almost \$11 million which is comparable to the FY 2004 settlement of 48 matters at a cost of just over \$12 million. Three lawsuits were tried to favorable jury verdicts.

Significant coverage changes were adopted which are effective for FY 2006, some in response to tort reform. The Board of Regents extended Plan coverage to health institutions that could be held liable for an individual

Plan participant's act or omission; this coverage was in response to tort reform provisions that require dismissal of cases against individuals and the naming of the governmental unit as defendant. The Board of Regents also extended coverage to U. T. medical students who wanted to participate in externships outside of Texas who were losing opportunities due to the lack of adequate levels of professional liability coverage. Extension of coverage to Plan participants for licensing and disciplinary matters before the Texas Medical Board occurred in FY 2004 and resulted in 42 matters being referred for FY 2005. Of those matters, 10 were licensing matters and 32 were disciplinary matters.

In light of tort reform, Plan efforts are shifting from defending lawsuits to pro-active risk management focusing on improving the quality of care being delivered by U. T. physicians. It has long been a prerequisite for coverage that all U. T. physicians earn 15 hours of risk management credit every three years. In FY 2005, an up-to-date risk management course was developed via contract with a company specializing in education relating to legal medicine. The course will soon replace a ten year old course, will be available online with regular updates, and will be tailored to the needs of each U. T. institution.

3,689	Faculty Insured
781	Fellows Insured
1,678	Residents Insured
4,048	Medical Students Insured
27	New Lawsuits
107	New Claims
3	Number of Trials (all successful)
78%	Cases Closed with No Plan Payment
\$1,223,734	Administrative Costs
\$7,333,604	Defense Costs
\$10,995,675	Settlement (Indemnity) Costs
\$5,741	Plan Average Premium Occurrence (\$500,000/\$1,500,000)
\$24,040	TMLT Average Premium Mature Claims-Made Rate (\$500,000/\$1,000,000)
\$24,706	CNA Average Premium Mature Claims-Made Rate (\$100,000/\$300,000)
\$18,649,291	Premiums Collected
\$141,995,937	Market Value of Professional Liability Fund

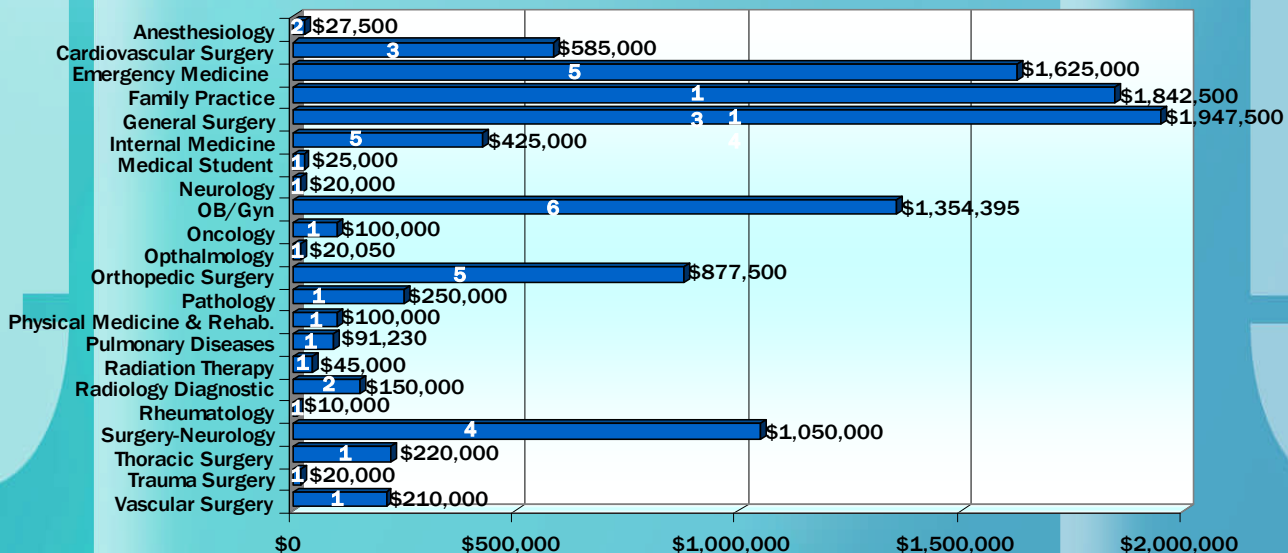
In FY 2005, the Plan was reviewed by Tillinghast-Towers Perrin for actuarial soundness.

Plan premium rates continue to be significantly lower than Texas commercial insurance carriers. The chart below compares Plan rates by risk class in Harris County with Texas Medical Liability Trust (TMLT) and CNA, two commercial carriers.

Risk Class		TMLT*	CNA**	U. T. Faculty***
I	General Practice No Surgery	\$15,096	\$10,742	\$1,624
II	General Practice Minor Surgery	\$15,596	\$21,483	\$2,541
III	Emergency Medicine / Minor Surgery	\$22,187	\$28,466	\$4,059
IV	General Surgery	\$39,077	\$40,281	\$7,550
IV	Anesthesiology	\$19,398	\$28,466	\$7,550
V	Gynecology Minor Surgery	\$32,886	\$18,798	\$11,120

\* Mature Claims-Made Rate (\$500,000 / \$1,000,000 Limits) Effective January 1, 2005  
 \*\* Mature Claims-Made Rate (\$100,000 / \$300,000 Limits) Effective February 1, 2004  
 \*\*\* Occurrence (\$500,000 / \$1,500,000 Limits) Effective September 1, 2004

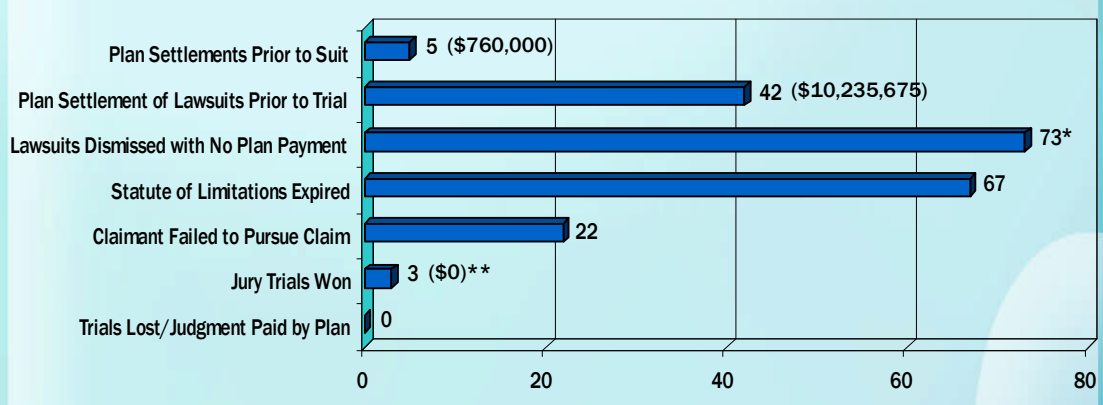
**All U. T. System Institutions  
 Indemnity Payments per Physician Specialty\***



\*This chart shows the distribution of payments by physician specialty with 71 physician specialties reflected. This number exceeds the 47 overall cases paid because more than one physician specialty may be involved in each case.

### All U. T. Institutions Closed Claims & Lawsuits Fiscal Year 2005

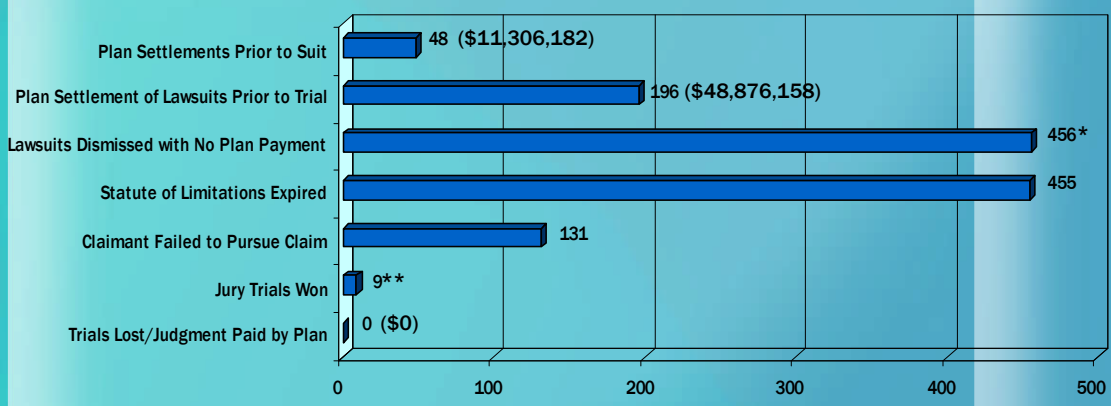
Total Closed Claims and Lawsuits = 212  
 Total Plan Payments = \$10,995,675  
 78% of All Claims and Lawsuits Closed with No Plan Payment



\*Includes Summary Judgments, Non-Suits, Dismissals and Settlements by Co-defendants at No Plan Cost  
 \*\*Includes 3 Jury Verdicts

### All U. T. Institutions Closed Claims & Lawsuits September 1, 2000 - August 31, 2005

Total Closed Claims and Lawsuits = 1,295  
 Total Plan Payments = \$60,182,340  
 81% of All Claims and Lawsuits Closed with No Plan Payment



\*Includes Summary Judgments, Non-Suits, Dismissals and Settlements by Co-defendants at No Plan Cost  
 \*\*Includes 8 Jury Verdicts and 1 Instructed Verdict

The University of Texas Health Center at Tyler

	2005	2004	2003	2002
Faculty	80	81	98	96
Fellows	0	0	2	1
Residents	24	27	31	23
Open Claims & Lawsuits	8	18	24	25
New Claims	0	5	9	8
New Lawsuits	0	5	3	3
Settlements Paid	\$690,000	\$0.00	\$572,800	\$80,000

The University of Texas Health Science Center at Houston

	2005	2004	2003	2002
Faculty	709	562	519	512
Fellows	138	137	117	107
Residents*	337	300	288	235
Open Claims & Lawsuits	61	80	85	81
New Claims	23	15	37	31
New Lawsuits	8	35	26	16
Settlements Paid	\$4,364,445	\$4,105,708	\$2,051,189	\$4,638,200

\*Does not include U. T. residents on Memorial Hermann Hospital rotation (in 2005 a total of 386 U. T. residents on rotation)

The University of Texas Health Science Center at San Antonio

	2005	2004	2003	2002
Faculty	675	661	608	599
Fellows	28	50	62	68
Residents*	450	411	476	465
Open Claims & Lawsuits	36	47	64	54
New Claims	14	12	27	30
New Lawsuits	3	17	11	8
Settlements Paid	\$1,687,500	\$952,500	\$2,270,000	\$2,127,000

\*Does not include U. T. residents on V. A. Hospital rotation (in 2005 a total of 152 U. T. residents and 9 fellows on rotation)

The University of Texas M. D. Anderson Cancer Center

	2005	2004	2003	2002
Faculty	673	638	588	561
Fellows	211	180	162	173
Residents	8	9	15	5
Open Claims & Lawsuits	21	21	29	20
New Claims	17	9	22	13
New Lawsuits	2	8	4	4
Settlements Paid	\$400,000	\$932,000	\$107,000	\$685,000

## The University of Texas Southwestern Medical Center at Dallas

	2005	2004	2003	2002
Faculty	960	927	887	851
Fellows	296	285	281	229
Residents*	397	341	319	309
Open Claims & Lawsuits	52	64	73	56
New Claims	26	17	30	22
New Lawsuits	10	28	21	14
Settlements Paid	\$1,375,000	\$3,199,593	\$1,500,467	\$1,741,345

\*Does not include U. T. residents on Parkland Hospital rotation (in 2005 a total of 532 U. T. residents on rotation)

## The University of Texas Medical Branch at Galveston

	2005	2004	2003	2002
Faculty	558	540	540	542
Fellows	108	93	75	79
Residents	462	471	471	475
Open Claims & Lawsuits	76	102	150	117
New Claims	24	39	61	59
New Lawsuits	4	19	24	15
Settlements Paid	\$2,478,730	\$2,843,000	\$2,270,000	\$6,441,999

The University of Texas at Austin

	2005	2004	2003	2002
Faculty	26	19	20	19
Fellows	0	0	0	0
Residents	0	0	0	0
Open Claims & Lawsuits	2	1	0	1
New Claims	1	1	1	0
New Lawsuits	0	0	0	0
Settlements Paid	\$0.00	\$0.00	\$74,324	\$0.00

The University of Texas Dental Branch at Houston

	2005	2004*	2003*	2002*
Faculty	136	n/a	n/a	n/a
Fellows	0	n/a	n/a	n/a
Residents	43	n/a	n/a	n/a
Open Claims & Lawsuits	3	n/a	n/a	n/a
New Claims	2	n/a	n/a	n/a
New Lawsuits	0	n/a	n/a	n/a
Settlements Paid	\$0.00	n/a	n/a	n/a

\*Prior to November 2004, faculty and residents at the Dental Branch were insured through a commercial carrier.