



THE UNIVERSITY *of* TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

2016 ANNUAL REPORT

PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN

SEPTEMBER 1, 2015 – AUGUST 31, 2016

5,889	Faculty Covered (<i>FTEs</i>)
1,183	Fellows Covered (<i>FTEs</i>)
2,396	Residents Covered (<i>FTEs</i>)
4,185	Medical Students Covered
270	Medical Student Externships
16	New Lawsuits (<i>excluding TDCJ and non-Plan lawsuits</i>)
153	New Claims (<i>excluding TDCJ and non-Plan claims</i>)
232	Pending Claims and Lawsuits at August 31, 2016 (<i>excluding TDCJ and non-Plan claims & lawsuits</i>)
0	Number of Trials
77%	Cases Closed with No Plan Payment
\$1,504,491	Administrative Costs
\$844,042	Defense Costs
\$2,987,147 ¹	Settlement (Indemnity) Costs
\$638,822	Texas Medical Board Defense Costs
\$2,010	Plan Average Premium Occurrence (\$500,000/\$1,500,000)
\$16,298	TMLT Average Premium Mature Claims-Made Rate (\$500,000/\$1,000,000)
\$19,736	Preferred Professional Average Premium Mature Claims-Made Rate (\$500,000/\$1,500,000)
\$9,792,818	Premiums Collected
\$35,056,647	Market Value of Professional Liability Fund

¹ This amount and the amount indicated for Claim Liability Expenses in the Income Statement on page 8 differ slightly due to timing of payments.

PREMIUM COMPARISONS

Plan premium rates are significantly lower than Texas commercial insurance carriers. The chart below compares UT Health Science Center-Houston Plan rates by risk class in Harris County with two commercial carriers: Texas Medical Liability Trust (TMLT) and Preferred Professional. Although variations in risk class structures among carriers prevent a precise comparison, the chart is demonstrative of rate differences.

Risk Class		TMLT*	Preferred Professional**	U.T. Faculty Rates***
I	General Practice No Surgery	\$10,242	\$10,110	\$564
II	General Practice Minor Surgery	\$11,283	\$15,166	\$888
III	Emergency Medicine/Minor Surgery	\$14,076	\$23,253	\$1,416
IV	General Surgery	\$27,530	\$39,400	\$2,640
IV	Anesthesiology	\$12,512	\$15,321	\$2,640
V	Gynecology Minor Surgery	\$22,142	\$15,166	\$3,912

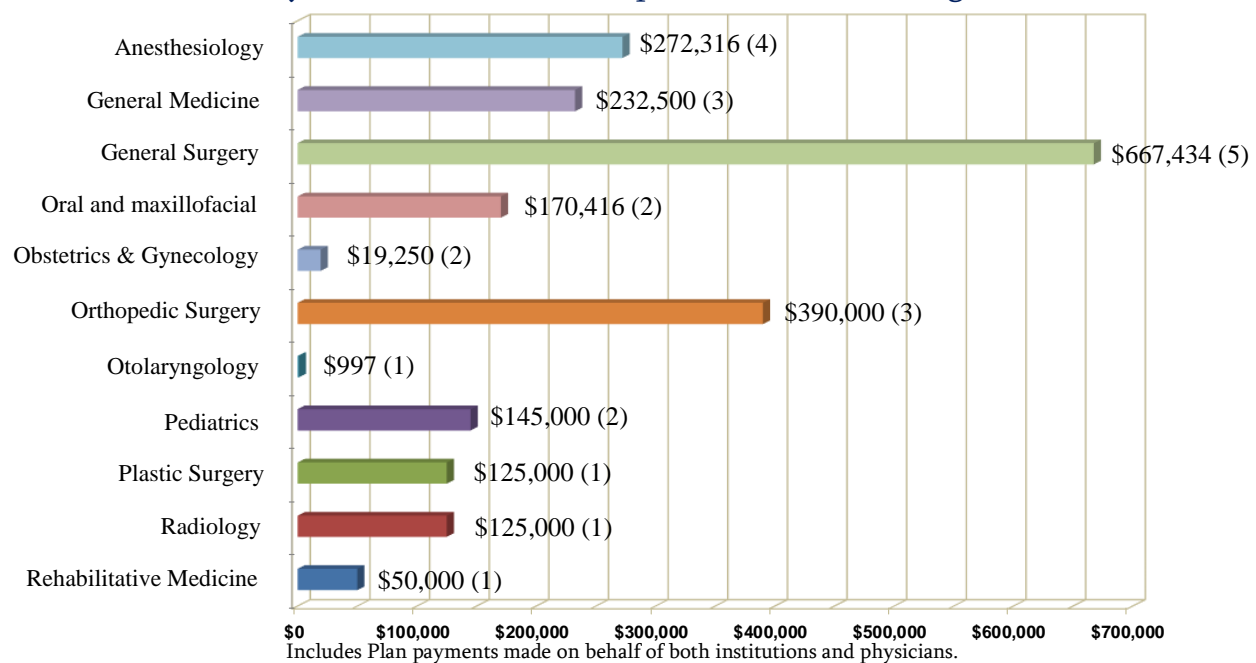
* Mature Claims-Made Rate (\$500,000 / \$1,000,000 Limits) Effective January 1, 2016

** Mature Claims-Made Rate (\$500,000 / \$1,500,000 Limits) Effective November 1, 2015 (New Business) & February 1, 2016 (Renewal Business)

*** Occurrence (\$500,000 / \$1,500,000 Limits) Effective September 1, 2015

INDEMNITY PAYMENTS BY SPECIALTY

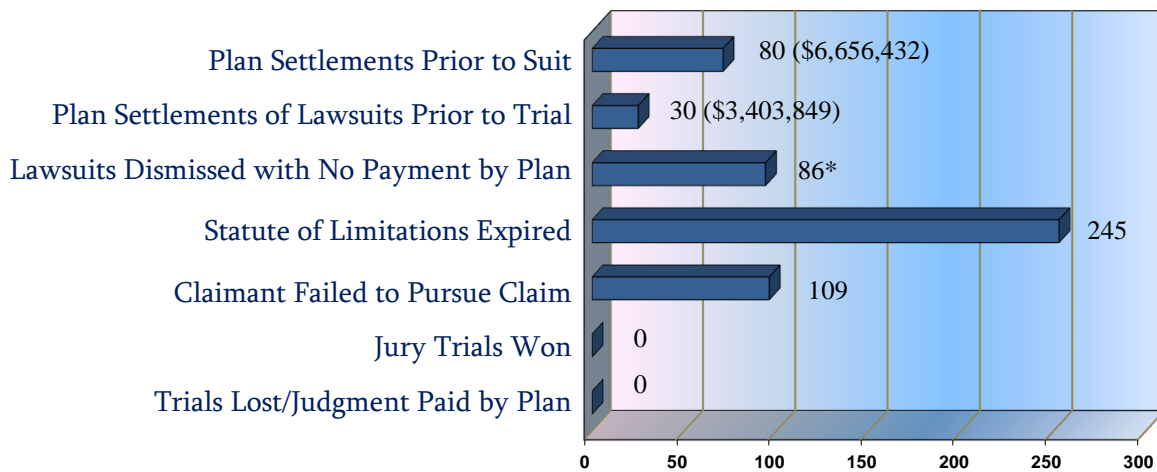
All U.T. System Institutions – September 1, 2015 – August 31, 2016



CLOSED CASES

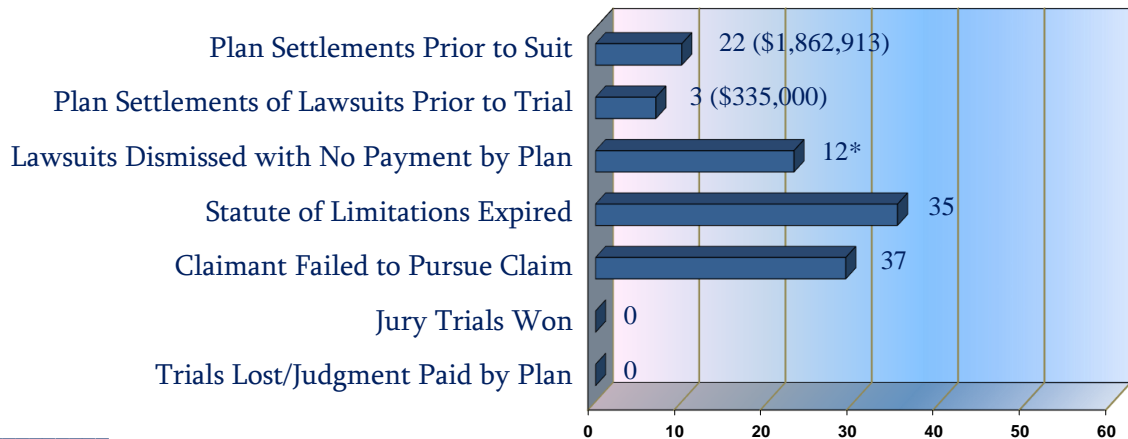
During the last five years, 550 claims and lawsuits filed against U.T. System physicians and institutions were closed, with total Plan liability payments of \$10,060,281. Eighty percent were closed with no payment by the Plan.

All U.T. System Institutions Closed Claims & Lawsuits September 1, 2011 – August 31, 2016



In Fiscal Year 2016, 77 percent of the cases closed required no payment by the Plan, a seven percent decrease from last year.

All U.T. System Institutions Closed Claims & Lawsuits September 1, 2015 – August 31, 2016



*Includes Summary Judgments, Non-Suits, Dismissals, and Settlements by Co-defendants at no cost to the Plan.

The University of Texas Health Science Center at Tyler

	2016	2015	2014	2013
Faculty	81	83	74	69
Fellows	0	0	0	1
Residents	73	77	83	67
Open Claims & Lawsuits	6	5	4	3
New Claims	6	2	5	3
New Lawsuits	0	0	0	0
Settlements Paid	\$200,000	\$0.00	\$0.00	\$0.00
New TMB Matters-Faculty	1	2	0	0
New TMB Matters-Residents	0	0	1	0

The University of Texas Health Science Center at Houston

	2016	2015	2014	2013
Faculty	1501	1443	1318	1193
Fellows	222	209	207	195
Residents*	455	453	416	415
Open Claims & Lawsuits	70	51	44	46
New Claims	40	30	21	11
New Lawsuits	4	7	4	1
Settlements Paid	\$576,434	\$430,363	\$267,400	\$2,222,434
New TMB Matters-Faculty	34	27	25	20
New TMB Matters-Residents	1	2	1	0

*Does not include U.T. residents on rotation at Memorial Hermann Hospital (in 2016 a total of 475)

The University of Texas Health Science Center at San Antonio

	2016	2015	2014	2013
Faculty*	941	904	857	870
Fellows*	117	120	177	85
Residents*	517	574	485	475
Open Claims & Lawsuits	23	13	17	17
New Claims	17	9	10	7
New Lawsuits	5	2	2	1
Settlements Paid	\$0.00	\$83,850	\$285,000	\$20,000
New TMB Matters-Faculty	24	23	36	9
New TMB Matters-Residents	8	11	2	0

*Does not include U.T. physicians on rotation at V.A. Hospital (in 2016 a total of 0 faculty, 164 residents and 40 fellows)

The University of Texas M.D. Anderson Cancer Center

	2016	2015	2014	2013
Faculty	1020	999	949	910
Fellows	368	366	339	323
Residents	3	8	11	22
Open Claims & Lawsuits	31	29	17	14
New Claims	16	19	13	11
New Lawsuits	0	3	2	0
Settlements Paid	\$5,000	\$125,000	\$139,500	\$532,618
New TMB Matters-Faculty	9	12	5	1
New TMB Matters-Residents	0	0	0	0

The University of Texas Southwestern Medical Center

	2016	2015	2014	2013
Faculty*	1636	1562	1524	1443
Fellows	410	387	371	369
Residents*	707	732	738	735
Open Claims & Lawsuits	59	53	53	49
New Claims	50	33	36	21
New Lawsuits	4	3	2	4
Settlements Paid	\$896,674	\$650,853	\$32,418	\$543,287
New TMB Matters-Faculty	43	29	26	18
New TMB Matters-Residents	1	3	1	3

*Does not include U.T. physicians on rotation at Parkland Hospital (in 2016 a total of 0 faculty and 303 residents)

The University of Texas Medical Branch at Galveston

	2016	2015	2014	2013
Faculty	596	558	513	520
Fellows	64	44	32	54
Residents	527	557	517	523
Open Claims & Lawsuits	37	33	20	25
New Claims	21	19	13	10
New Lawsuits	2	4	1	0
Settlements Paid	\$519,805	\$0.00	\$201,116	\$95,000
New TMB Matters-Faculty	9	25	10	12
New TMB Matters-Residents	0	2	1	2

The University of Texas at Austin

	2016	2015	2014	2013
Faculty*	72	52	28	27
Fellows	2	2	0	0
Residents*	15	15	0	0
Open Claims & Lawsuits	3	1	1	1
New Claims	2	0	0	2
New Lawsuits	0	0	0	0
Settlements Paid	\$0.00	\$0.00	\$0.00	\$0.00
New TMB Matters-Faculty	1	0	0	0
New TMB Matters-Residents	0	0	0	0

*Includes student health center physicians

NOTE: All institutions' enrollment numbers are on a FTE basis.

Professional Medical Liability Plan

Statement of Net Position

	As of	8/31/2016	8/31/2015
Assets			
Operating Cash		\$ (3,896,472.53)	\$ (1,886,728.38)
Investments		57,301,341.88	59,816,413.08
Accounts Receivable		-	-
Total Assets		\$ 53,404,869.35	\$ 57,929,684.70
Liabilities			
Accounts Payable		\$ 348,192.07	\$ 71,782.33
IBNR		18,000,030.00	16,114,153.00
Total Liabilities		\$ 18,348,222.07	\$ 16,185,935.33
Net Position		\$ 35,056,647.28	\$ 41,743,749.37

Statement of Revenues, Expenses, and Changes in Net Position

	For the Year Ended	8/31/2016	8/31/2015
Revenue			
Premium Income		\$ 9,792,818.09	\$ 9,616,924.60
Interest Income		1,762,191.01	1,970,436.57
Total Revenue		\$ 11,555,009.10	\$ 11,587,361.17
Less Premium Refund		(6,000,000.00)	(6,000,000.00)
Net Revenue		\$ 5,555,009.10	\$ 5,587,361.17
Expenses			
Legal Expenses		\$ 844,042.03	\$ 683,069.79
Claim Liability Expenses		2,987,147.04	1,098,850.59
Medical Board Expenses		638,821.96	587,396.89
Administrative Expenses		1,504,491.00	1,120,784.10
Other Expenses		47,451.54	46,620.00
Total Expenses		\$ 6,021,953.57	\$ 3,536,721.37
Change in IBNR		1,885,877.00	329,556.00
Net Expenses		\$ 7,907,830.57	\$ 3,866,277.37
Excess Revenue Over Expenses		\$ (2,352,821.47)	\$ 1,721,083.80
Other Changes in Net Assets			
Investments Market Value Increase (Decrease)		\$ 165,719.38	\$ (3,847,095.58)
Other Transfers/Adjustments		-	-
Transfer to special funds		(4,500,000.00)	(6,000,000.00)
Total Other Changes		\$ (4,334,280.62)	\$ (9,847,095.58)
Change in Net Position		\$ (6,687,102.09)	\$ (8,126,011.78)
Beginning Net Position		\$ 41,743,749.37	\$ 49,869,761.15
Ending Net Position		\$ 35,056,647.28	\$ 41,743,749.37

INCOME STATEMENT