



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

2017 ANNUAL REPORT

PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN

SEPTEMBER 1, 2016 – AUGUST 31, 2017

6157	Faculty Covered (<i>FTEs</i>)
1257	Fellows Covered (<i>FTEs</i>)
2398	Residents Covered (<i>FTEs</i>)
3969	Medical Students Covered
311	Medical Student Externships
15	New Lawsuits (<i>excluding TDCJ and non-Plan lawsuits</i>)
148	New Claims (<i>excluding TDCJ and non-Plan claims</i>)
273	Pending Claims and Lawsuits at August 31, 2017 (<i>excluding TDCJ and non-Plan claims & lawsuits</i>)
0	Number of Trials
75%	Cases Closed with No Plan Payment
\$1,486,080	Administrative Costs
\$1,158,641	Defense Costs
\$2,488,405 ¹	Settlement (Indemnity) Costs
\$952,135	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)
\$10,175,053	Premiums Collected
\$32,736,762	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

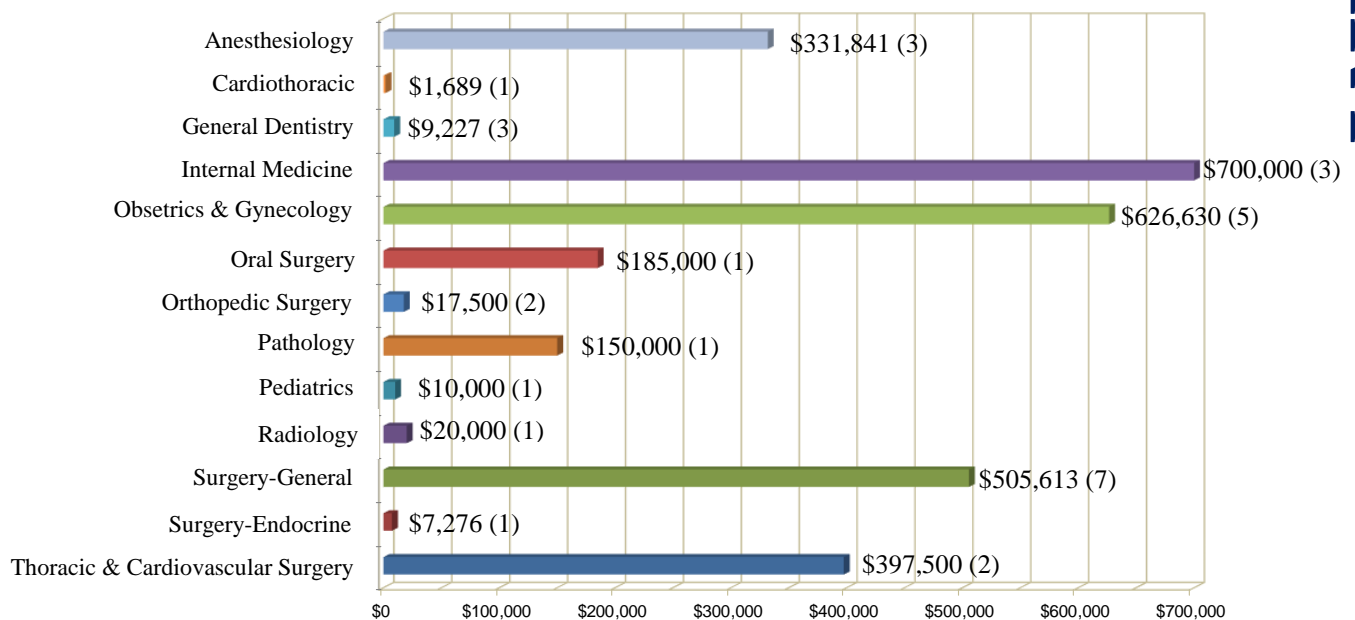
* Mature Claims-Made Rate (\$500,000 / \$1,000,000 Limits) Effective January 1, 2017

** Mature Claims-Made Rate (\$500,000 / \$1,500,000 Limits) Effective November 1, 2016 (New Business) & February 1, 2017 (Renewal Business)

*** Occurrence (\$500,000 / \$1,500,000 Limits) Effective September 1, 2016

INDEMNITY PAYMENTS BY SPECIALTY

All U.T. System Institutions – September 1, 2016 – August 31, 2017

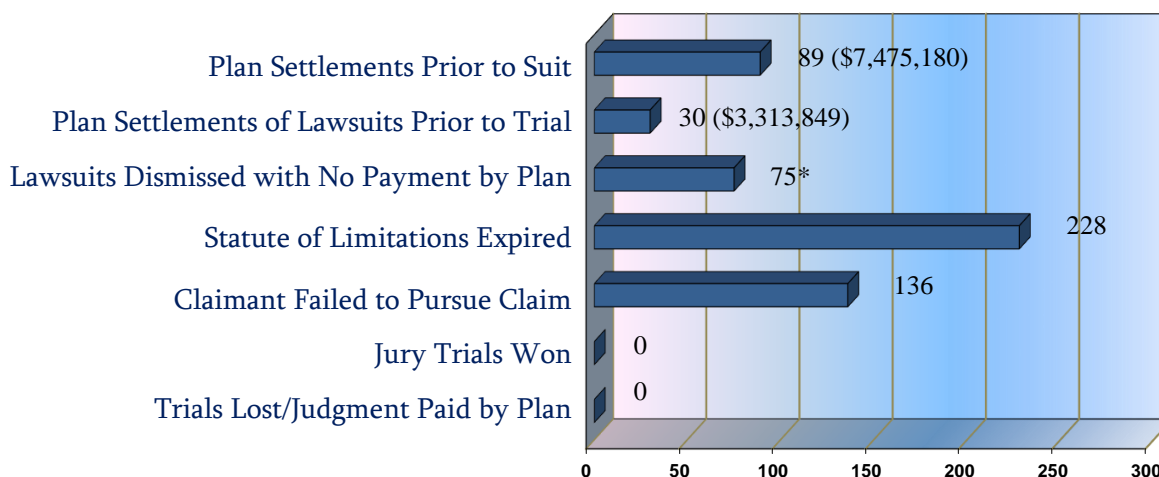


Includes Plan payments made on behalf of both institutions and physicians.

CLOSED CASES

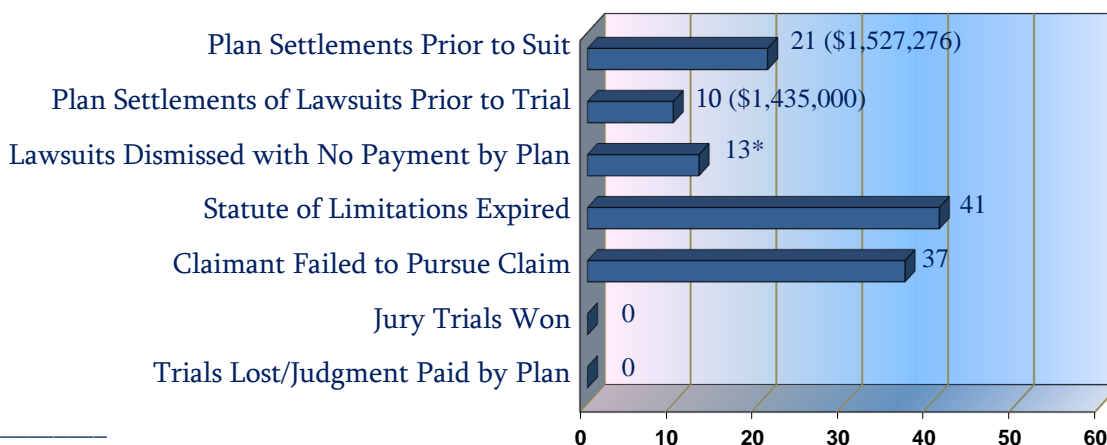
During the last five years, 558 claims and lawsuits filed against U.T. System physicians and institutions were closed, with total Plan liability payments of \$10,789,029. Seventy-nine percent were closed with no payment by the Plan.

All U.T. System Institutions Closed Claims & Lawsuits September 1, 2012 – August 31, 2017



In Fiscal Year 2017, 75 percent of the cases closed required no payment by the Plan, a two percent decrease from last year.

All U.T. System Institutions Closed Claims & Lawsuits September 1, 2016 – August 31, 2017



*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

	2017	2016	2015	2014
Faculty	88	81	83	74
Fellows	0	0	0	0
Residents	75	73	77	83
Open Claims & Lawsuits	5	6	5	4
New Claims	2	6	2	5
New Lawsuits	0	0	0	0
Settlements Paid	\$4,965	\$200,000	\$0.00	\$0.00
New TMB Matters-Faculty	1	1	2	0
New TMB Matters-Residents	0	0	0	1

The University of Texas Health Science Center at Houston

	2017	2016	2015	2014
Faculty	1605	1501	1443	1318
Fellows	247	222	209	207
Residents*	441	455	453	416
Open Claims & Lawsuits	76	70	51	44
New Claims	37	40	30	21
New Lawsuits	5	4	7	4
Settlements Paid	\$807,004	\$576,434	\$430,363	\$267,400
New TMB Matters-Faculty	37	34	27	25
New TMB Matters-Residents	0	1	2	1

*Does not include U.T. residents on rotation at Memorial Hermann Hospital (in 2017 a total of 540)

The University of Texas Health Science Center at San Antonio

	2017	2016	2015	2014
Faculty*	968	941	904	857
Fellows*	126	117	120	177
Residents*	528	517	574	485
Open Claims & Lawsuits	25	23	13	17
New Claims	16	17	9	10
New Lawsuits	3	5	2	2
Settlements Paid	\$717,500	\$0.00	\$83,850	\$285,000
New TMB Matters-Faculty	17	24	23	36
New TMB Matters-Residents	0	8	11	2

*Does not include U.T. physicians on rotation at V.A. Hospital (in 2017 a total of 165 residents and 47 fellows)

The University of Texas M.D. Anderson Cancer Center

	2017	2016	2015	2014
Faculty	1026	1020	999	949
Fellows	379	368	366	339
Residents	0	3	8	11
Open Claims & Lawsuits	32	31	29	17
New Claims	20	16	19	13
New Lawsuits	0	0	3	2
Settlements Paid	\$954,277	\$5,000	\$125,000	\$139,500
New TMB Matters-Faculty	14	9	12	5
New TMB Matters-Residents	0	0	0	0

The University of Texas Southwestern Medical Center

	2017	2016	2015	2014
Faculty*	1713	1636	1562	1524
Fellows	413	410	387	371
Residents*	685	707	732	738
Open Claims & Lawsuits	76	59	53	53
New Claims	50	50	33	36
New Lawsuits	2	4	3	2
Settlements Paid	\$268,530	\$896,674	\$650,853	\$32,418
New TMB Matters-Faculty	35	43	29	26
New TMB Matters-Residents	0	1	3	1

*Does not include U.T. physicians on rotation at Parkland Hospital (in 2017 a total of 0 faculty and 344 residents)

The University of Texas Medical Branch at Galveston

	2017	2016	2015	2014
Faculty	616	596	558	513
Fellows	89	64	44	32
Residents	517	527	557	517
Open Claims & Lawsuits	53	37	33	20
New Claims	21	21	19	13
New Lawsuits	5	2	4	1
Settlements Paid	\$210,000	\$519,805	\$0.00	\$201,116
New TMB Matters-Faculty	20	9	25	10
New TMB Matters-Residents	1	0	2	1

The University of Texas at Austin

	2017	2016	2015	2014
Faculty*	94	72	52	28
Fellows	2	2	2	0
Residents*	15	15	15	0
Open Claims & Lawsuits	3	3	1	1
New Claims	0	2	0	0
New Lawsuits	0	0	0	0
Settlements Paid	\$0.00	\$0.00	\$0.00	\$0.00
New TMB Matters-Faculty	0	1	0	0
New TMB Matters-Residents	0	0	0	0

*Includes student health center physicians

The University of Texas at Rio Grande Valley*

	2017	2016	2015	2014
Faculty	40	0	0	0
Fellows	0	0	0	0
Residents	137	0	0	0
Open Claims & Lawsuits	0	0	0	0
New Claims	1	0	0	0
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

*New medical school; no activity before 2017

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

Professional Medical Liability Plan

Statement of Net Position

	As of	8/31/2017	8/31/2016
Assets			
Operating Cash		\$ (26,956.98)	\$ (3,896,472.53)
Investments		53,149,592.90	57,301,341.88
Accounts Receivable		-	-
Total Assets		<u>\$ 53,122,635.92</u>	<u>\$ 53,404,869.35</u>
Liabilities			
Accounts Payable		\$ 9,309.57	\$ 348,192.07
IBNR		20,376,564.00	18,000,030.00
Total Liabilities		<u>\$ 20,385,873.57</u>	<u>\$ 18,348,222.07</u>
Net Position		<u>\$ 32,736,762.35</u>	<u>\$ 35,056,647.28</u>

Statement of Revenues, Expenses, and Changes in Net Position

	For the Year Ended	8/31/2017	8/31/2016
Revenue			
Premium Income		\$ 10,175,053.06	\$ 9,792,818.09
Interest Income		1,709,081.67	1,762,191.01
Total Revenue		<u>\$ 11,884,134.73</u>	<u>\$ 11,555,009.10</u>
Less Premium Refund		(6,000,000.00)	(6,000,000.00)
Net Revenue		<u>\$ 5,884,134.73</u>	<u>\$ 5,555,009.10</u>
Expenses			
Legal Expenses		\$ 1,158,640.73	\$ 844,042.03
Claim Liability Expenses		2,488,404.53	2,987,147.04
Medical Board Expenses		952,134.50	638,821.96
Administrative Expenses		1,486,080.00	1,504,491.00
Other Expenses		47,850.66	47,451.54
Total Expenses		<u>\$ 6,133,110.42</u>	<u>\$ 6,021,953.57</u>
Change in IBNR		2,376,534.00	1,885,877.00
Net Expenses		<u>\$ 8,509,644.42</u>	<u>\$ 7,907,830.57</u>
Excess Revenue Over Expenses		<u>\$ (2,625,509.69)</u>	<u>\$ (2,352,821.47)</u>
Other Changes in Net Assets			
Investments Market Value Increase (Decrease)		\$ 2,641,938.33	\$ 165,719.38
Other Transfers/Adjustments ¹		163,686.43	-
Transfer to special funds		(2,500,000.00)	(4,500,000.00)
Total Other Changes		<u>\$ 305,624.76</u>	<u>\$ (4,334,280.62)</u>
Change in Net Position		<u>\$ (2,319,884.93)</u>	<u>\$ (6,687,102.09)</u>
Beginning Net Position		35,056,647.28	41,743,749.37
Ending Net Position		<u>\$ 32,736,762.35</u>	<u>\$ 35,056,647.28</u>

¹ Lapse FY 2016 budget: OGC \$148,867.89 + ORM \$14,818.54

INCOME STATEMENT