

“Never Events” Responsible for One of Six Medical Malpractice Liability Claims



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Hospital-acquired infections, hospital-acquired injuries, objects left in surgery and pressure ulcers account for one out of every six claims, according to the 2008 Hospital Professional Liability and Physician Liability Benchmark Analysis, released recently by Aon Cor-

severity; pressure ulcer claim severity is significantly higher than average.

“The increased awareness surrounding these non-reimbursable conditions may cause a rise in the frequency of related hospital professional liability claims, not to mention other hospital-acquired conditions not currently addressed by CMS regulations,” said Greg Larcher, director and actuary of Aon Global Risk Consulting and author of the analysis. “This study marks the first time these conditions have been benchmarked,

poration in conjunction with the American Society for Healthcare Risk Management.

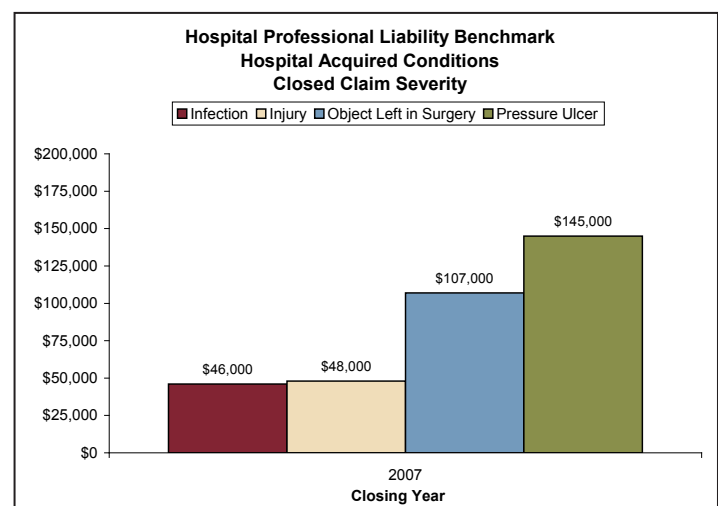
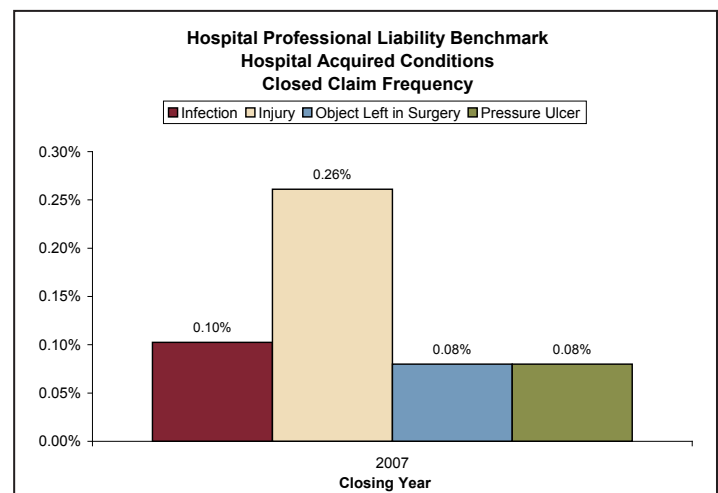
As of October 1, the Centers for Medicare and Medicaid Services (CMS) ceased reimbursing for ten specific hospital-acquired conditions – often referred to as ‘never events,’ several of which are included in the four categories mentioned above.

The top graph to the right shows the closed claim frequency associated with hospital-acquired infection, hospital-acquired injury, object left in surgery, and pressure ulcer for 2007.

As indicated on the left part of the graph, in 2007, the frequency of hospital-acquired injury was almost three times the frequency of hospital-acquired infection, object left in surgery or pressure ulcer.

The bottom graph shows the average closed claim severity associated with hospital-acquired infection, hospital-acquired injury, object left in surgery, and pressure ulcer for 2007.

As indicated, the average closed claim severity for all causes of loss is \$107,900 in 2007. Hospital-acquired infection and injury have significantly lower claim



and provides a baseline moving forward for this essential piece of the liability picture.”

Roberta Carroll, senior vice president of Aon Healthcare, said, “As health care facilities identify areas in need of attention and implement strategies and solutions to improve their current practices, patient safety will improve and the institutions’ risk profiles will reflect that successful progress.”

In total, the hospital professional liability benchmark database contains 77,705 non-zero claims representing \$9.3 billion of incurred losses. The database contains historical claims information for ten accident years (1998 to 2007).

Besides the findings on the hospital-acquired conditions, the benchmarking study also made the following findings:

- The overall frequency of claims is not increasing for the fourth straight year for both hospital professional liability and physician liability. However, the not-for-profit segment of the database indicates a modest increase in frequency.
- The frequency and loss cost differential historically experienced by for-profit systems has narrowed and disappeared as for-profit results continue to

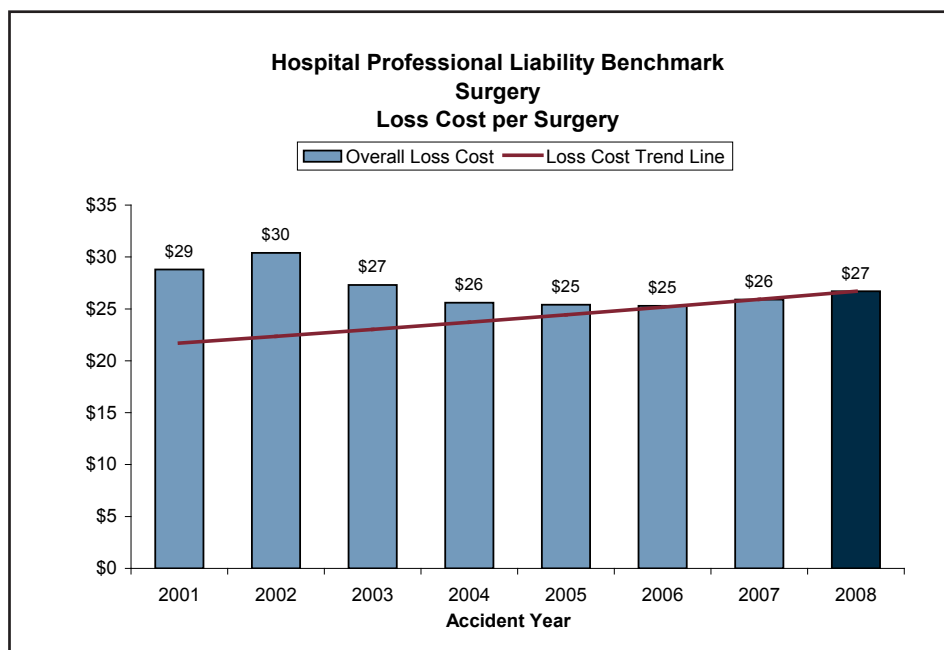
improve.

- The average size of claims is increasing at a rate of 3.0% annually. The increase in severity is attributed to an increase in both the cost to defend claims and the amount paid to injured patients.

The benchmarking study also included an analysis of claims arising out of specific medical services: obstetrics, emergency department and surgery. Both obstetrics and emergency services reflect stable trends. While surgery loss costs improved between 2002 and 2005, they have slightly risen since 2005, as shown by the graph below.

The benchmark study is produced under a co-marketing agreement between Aon and The American Society for Healthcare Risk Management (ASHRM). Participation in this edition of the benchmark study was open to all ASHRM members. To purchase a copy of the study, contact ASHRM. For more information about the study, contact Aon at Karen_Cullinane@aon.com.

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