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*For immediate release*

## Medical malpractice claim costs remain stable, according to annual Aon/ASHRM report

**CHICAGO (Nov. 5, 2013)** – The cost of medical malpractice is growing at the slowest rate in the fourteen year history of the Aon/ASHRM Hospital and Physician Professional Liability Benchmark report.. The 2013 report was released today by [Aon Risk Solutions](#), the global risk management business of [Aon](#) plc (NYSE: AON), in conjunction with [American Society of Healthcare Risk Management](#).

“We project zero growth in the number of malpractice claims” said Erik Johnson, health care practice leader for Aon's Actuarial and Analytics Practice and author of the analysis. “Health care professional liability claims are subject to a complicated set of geographic, societal, and technological influences. These forces are largely in-check, resulting in a low inflationary environment for medical malpractice”

### Alternative Ways to Express Professional Liability Costs

New in this year's report is the use of hospital admissions and revenue as a basis for benchmarking medical malpractice cost levels. The report estimates that in 2014 medical malpractice claims will represent \$0.60 per every \$100 of hospital revenue or an average of \$135 per hospital admission. Using simple, accessible statistics such as revenue and admissions translates benchmark statistics into tangible terms with direct meaning for health care financial managers.

### Physician Employment Trends

Health care organizations are achieving efficiencies and savings by employing physicians and using their self-insurance facilities to cover medical malpractice. The cost savings are achieved by promoting patient safety, uniformity of risk management and jointly defending claims, when they happen. However, Johnson warns “some costs that would have traditionally been covered by the physician are now shifted to the hospital.”

Ron Calhoun, managing director of Aon Risk Solutions Health Care practice added, “Risk management involvement and investment in patient safety have translated into improved medical malpractice results. Hospitals are focused on containment of traditional risks such as medical malpractice while they take on new opportunities introduced by the Accountable Care Act and the transition from fee-for-service models and into outcome-based models”.

### Noteworthy Statistics from the 2013 Aon/ASHRM Hospital Professional Liability Benchmark

- Projected loss rate for hospital professional liability is \$2,940 per occupied bed equivalent (OBE) for events occurring in 2014. The frequency of claims is projected to be 1.67 percent per OBE and the severity of claims is expected to be \$176,000 per claim.
- Projected loss rate for physician professional liability is \$6,030 per class 1 physician for events occurring in 2014. The frequency of claims is projected to be 2.97 percent per class 1 physician and severity of claims is expected to be \$203,000 per claim.
- Projected loss rate for hospital general liability is \$119 per occupied bed equivalent; The average general liability claim is expected to be \$36,000 for claims occurring in 2014.
- Projected loss rate for obstetrics claims occurring in 2014 is \$171 per birth; emergency department is \$6.16 per visit.
- The hospital professional liability benchmark database includes claims from all US states and provides specific benchmarks for 28 states. Florida (\$7,440) and Pennsylvania (\$4,720) have the highest projected loss rates for 2014; Indiana, (\$800) and Minnesota (\$810) have the lowest projected loss rates for 2014.
- Using their excess claims database, [The Beazley Group](#) provides analytics detailing the increasing severity of the largest claims by venue and highlighting the disproportionate impact of obstetric claims on large claim trends.
- Data from Aon's self-assessment tool, the Risk Maturity Index, indicates that hospitals are advanced in their approach to risk but have room to further integrate risk management throughout their organizations.

**To purchase a copy of the 2013 Hospital Professional Liability and Physician Liability Benchmark Analysis, visit the ASHRM online store: <http://www.ashrm.org/store>.**

Risk managers interested in calculating their facility's loss cost visit <http://www.aon.com/hplreport>. The Loss Cost Calculator generates 2014 prospective loss costs based on exposures inputted into the calculator.

### **About the HPL Report**

The database includes 118 U.S. health care systems, representing 28 percent of the total U.S. hospital industry. Data collected includes 103,379 non-zero claims, representing more than \$16.6 billion of incurred losses. The database contains historical claim information for 10 accident years (2003 to 2012). All ASHRM members were invited to participate in the study, which is designed as a hands-on tool to provide health care risk managers with a better understanding of their cost of risk compared to an industry benchmark. Through measurement, analysis and comparison of the claim and exposure data, risk managers develop proactive strategies to reduce risk related costs and ultimately improve outcomes.

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### **About Aon**

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### **About ASHRM**

The American Society for Healthcare Risk Management (ASHRM), is a personal membership group of the American Hospital Association (AHA). We support healthcare risk managers by serving as their voice, building awareness about the profession, delivering the information they need and fueling their career development. Today, nearly 6,000 members and 40 affiliated local chapters represent ASHRM's variety of healthcare-related entities with clinical, legal and financial interests.

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