14 states see medical liability insurance rates jump more than 10%

APR 1, 2021

Tanya Albert Henry
Contributing News Writer

The nation appears to be at the beginning of an upward trend in increases in medical liability insurance premiums.

It’s a trend not seen in over 20 years, according to an AMA Policy Research Perspectives published in March, “New Data Show the Highest Prevalence of Medical Liability Premium Increases in 15 Years.”

“Increases in medical liability premiums compound the economic stress on medical practices as the COVID-19 pandemic resulted in significant reductions to patient volume and revenue, and higher expenses for scarce medical supplies,” said AMA President Susan R. Bailey, MD. “Practice revenue has not fully recovered as the pandemic has stretched on and a protracted upward trend in medical liability premiums will threaten the viability of many practices that already face a difficult road to recovery.”

Fourteen states reported premium increases of 10% or more between 2019 and 2020. Here are those states, along with the shares of comparisons that were that large:

- Kentucky: 29.6%
- South Carolina: 27.8%
- Maryland: 18.8%
- Nebraska: 16.7%
- Oregon: 16.7%
- Montana: 16.7%
- Georgia: 14.8%
- Missouri: 14.8%
- New Hampshire: 13.3%

- Illinois: 11.9%
- Michigan: 11.6%
- Texas: 9.2%
- North Carolina: 6.7%
- Virginia: 1.3%

While this is one snapshot of how rates are increasing, it doesn't give the full picture of what is going on with premiums. The AMA research also breaks down the size of the largest premium increase in each state. For example, in Virginia, where only 1.3% of reported premiums rose by 10% or more, the largest increase was 27.6%. That was much higher than the largest South Carolina increase of 10.8%.

It's also interesting to note, the Policy Research Perspectives said, that although 16.7% of comparisons in Nebraska were increases of 10% or more, all of its premiums rose by at least some degree. Similarly, all the premiums reported in Kansas, Louisiana and New Mexico went up, but they didn't make the list above because all of the increases were smaller than 10%.

Learn about the AMA's commitment to keeping medical liability insurance rates stable through its work with state and specialty medical associations and other stakeholders to pursue traditional and innovative medical liability reforms at the state level. Reforms are essential to ensuring that patients do not lose access to physicians and a full range of health care services.

Heading into a hard market

The proportion of premiums that went up in 2018 almost doubled in 2019, increasing to 26.5% from 13.7%. In 2020, 31.1% of premiums rose from the previous year—the highest in any year since 2005.

"Insurers have started raising premiums in response to deteriorating underwriting results, lower loss reserve margins and lower returns on investment," according to actuaries cited in the AMA Policy Research Perspectives, also noting that those actuaries "indicate that increases in premiums are needed to ameliorate those structural problems. Thus, they expect that, barring unforeseen circumstances, insurers will sustain or even push for higher premiums in the next 12 months."

Although some 2020 premiums may have been set after the pandemic started, it was still too early for the pandemic to have had an effect on them—it takes considerable time for medical liability premiums to respond to changes in underlying factors. The pandemic's long-term effect on medical liability insurance rates is also unknown. "Next year's *MLM* data will cause a great deal of anticipation and ought to be closely monitored," the AMA Policy Research Perspectives said.

A closer look at the data

The AMA analysis used new data published in the Annual Rate Survey Issue of the *Medical Liability Monitor (MLM)*, considered the most comprehensive source of data on medical liability insurance premiums from a national perspective. The *MLM* annually surveys major U.S. liability insurers and reports manual premiums for obstetrics and gynecology, general surgery and internal medicine in each state where those insurers provide coverage. In some states, insurers price policies differently by geographic location within the state and report premiums for each of those sub-state areas.

The data directly compare how many premiums rose, fell or stayed the same from one year to the next. The *MLM* does not use the data to determine average or median premiums. Instead, the data are a useful indicator of whether premiums in the aggregate have been changing, in which direction and by how much, the Policy research Perspectives explains.

The data do not reflect all insurers or all specialties and are for manual premiums, which could be different than the final premiums physicians pay.