

# THE UNIVERSITY of TEXAS SYSTEM

*Nine Universities. Six Health Institutions. Unlimited Possibilities.*

## 2012 ANNUAL REPORT



## PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN

SEPTEMBER 1, 2011 – AUGUST 31, 2012

4,826	Faculty Covered
1,016	Fellows Covered
2,165	Residents Covered
5,482	Medical Students Covered
194	Medical Student Externships
12	New Lawsuits
77	New Claims
176	Pending Claims and Lawsuits at August 31, 2012
0	Number of Trials (successful)
90%	Cases Closed with No Plan Payment
\$1,204,445	Administrative Costs
\$620,453	Defense Costs
\$2,233,528 <sup>1</sup>	Settlement (Indemnity) Costs
\$219,117	Texas Medical Board Defense Costs
\$1,872	Plan Average Premium Occurrence (\$500,000/\$1,500,000)
\$17,126	TMLT Average Premium Mature Claims-Made Rate (\$500,000/\$1,000,000)
\$18,398	Advocate, MD Average Premium Mature Claims-Made Rate (\$500,000/\$1,000,000)
\$8,224,318	Premiums Collected
\$70,926,854	Market Value of Professional Liability Fund

<sup>1</sup> This amount and the amount indicated for Claim Liability Expenses in the Financial Statements on page 9 differ slightly due to timing of payments.

## PREMIUM COMPARISONS

Plan premium rates are significantly lower than Texas commercial insurance carriers. The chart below compares Plan rates by risk class in Harris County with two commercial carriers: Texas Medical Liability Trust (TMLT) and Advocate, MD. Although risk class structures vary among carriers to prevent a precise comparison, the chart is demonstrative of rate differences.

Risk Class		TMLT*	Advocate, MD**	U.T. Faculty Rates***
I	General Practice No Surgery	\$10,548	\$10,670	\$528
II	General Practice Minor Surgery	\$11,513	\$13,641	\$828
III	Emergency Medicine/Minor Surgery	\$15,251	\$23,755	\$1,320
IV	General Surgery	\$29,256	\$33,617	\$2,460
IV	Anesthesiology	\$12,978	\$15,065	\$2,460
V	Gynecology Minor Surgery	\$23,210	\$13,641	\$3,636

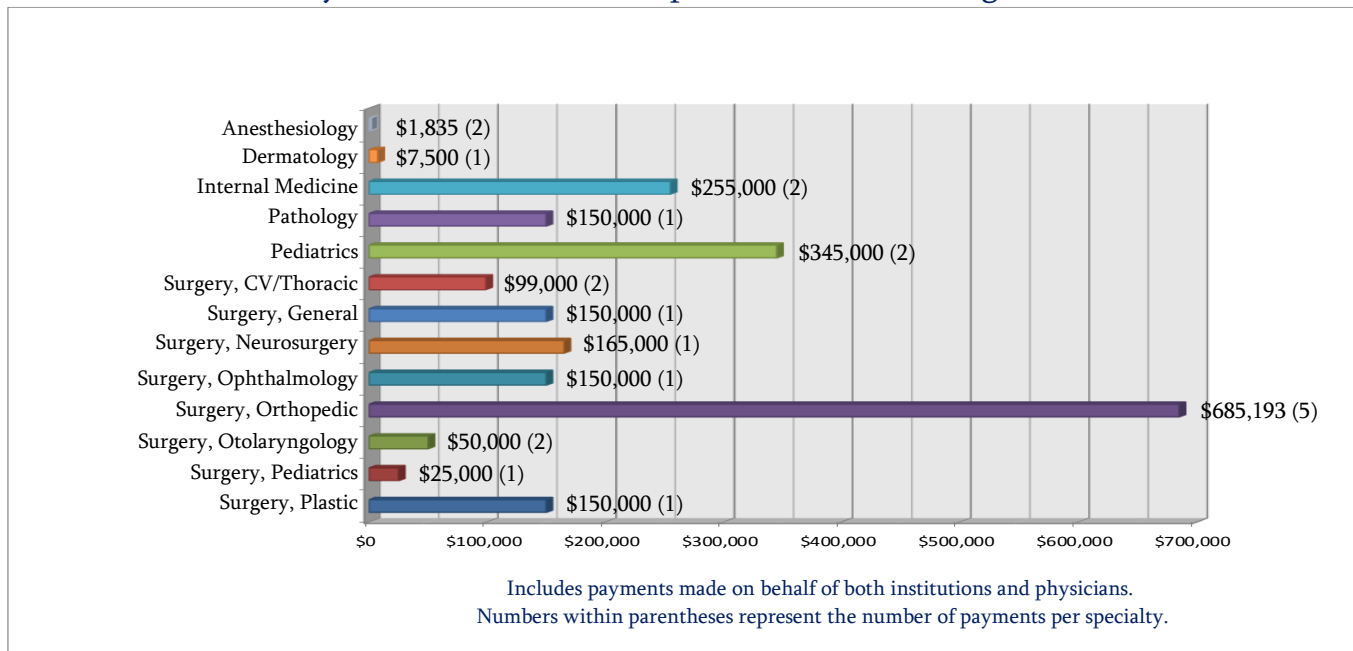
\* Mature Claims-Made Rate (\$500,000 / \$1,000,000 Limits) Effective January 1, 2012

\*\* Occurrence (\$500,000 / \$1,000,000 Limits) Effective November 1, 2011 (New Business) & February 1, 2012 (Renewal Business)

\*\*\* Occurrence (\$500,000 / \$1,500,000 Limits) Effective September 1, 2012

## INDEMNITY PAYMENTS BY SPECIALTY

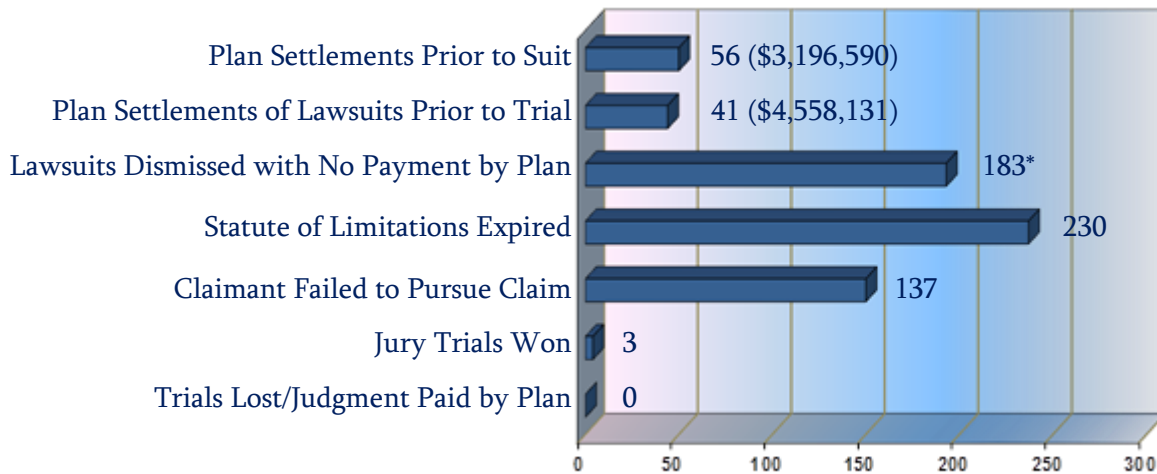
All U.T. System Institutions – September 1, 2011 – August 31, 2012



## CLOSED CASES

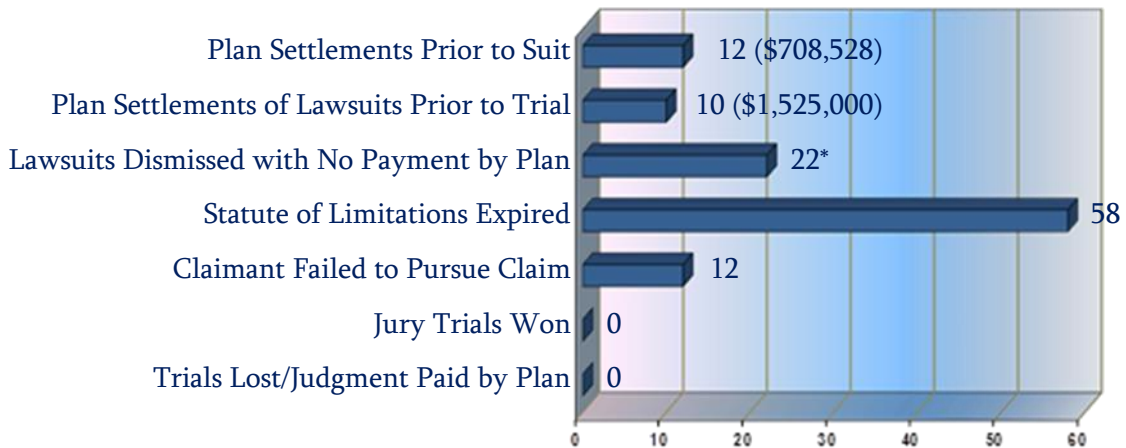
During the last five years, 650 claims and lawsuits filed against U.T. System physicians and institutions were closed with a total Plan contribution of \$7,754,721. Eighty-five percent were closed with no payment by the Plan.

### All U.T. System Institutions Closed Claims & Lawsuits September 1, 2007 – August 31, 2012



In FY 2012, 90 percent of the cases closed required no payment by the Plan, a nine percent increase from last year.

### All U.T. System Institutions Closed Claims & Lawsuits September 1, 2011 – August 31, 2012



\*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**

	2012	2011	2010	2009
Faculty	63	59	61	62
Fellows	1	1	1	0
Residents	47	32	27	25
Open Claims & Lawsuits	2	3	2	3
New Claims	0	1	2	2
New Lawsuits	0	0	0	0
Settlements Paid	\$0.00	\$0.00	\$0.00	\$0.00
New TMB Matters-Faculty	1	1	0	0
New TMB Matters-Residents	0	0	0	0

**The University of Texas Health Science Center at Houston**

	2012	2011	2010	2009
Faculty	1068	971	921	868
Fellows	183	171	166	162
Residents*	399	377	381	373
Open Claims & Lawsuits	63	47	38	33
New Claims	31	17	21	20
New Lawsuits	5	5	6	7
Settlements Paid	\$150,791	\$674,786	\$393,025	\$546,000
New TMB Matters-Faculty	10	21	19	10
New TMB Matters-Residents	2	0	1	3

\*Does not include U.T. residents on rotation at Memorial Hermann Hospital (in 2012, a total of 428)

**The University of Texas Health Science Center at San Antonio**

	2012	2011	2010	2009
Faculty*	844	869	848	809
Fellows*	73	74	85	80
Residents*	480	475	452	481
Open Claims & Lawsuits	21	30	32	29
New Claims	7	11	15	10
New Lawsuits	2	2	7	0
Settlements Paid	\$885,000	\$75,000	\$0.00	\$0.00
New TMB Matters-Faculty	7	10	9	7
New TMB Matters-Residents	0	1	1	0

\*Does not include U.T. physicians on rotation at V.A. Hospital (in 2012, a total of 164 U.T. residents and 40 fellows)

**The University of Texas M.D. Anderson Cancer Center**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Faculty	872	810	787	785
Fellows	332	347	346	365
Residents	27	3	2	1
Open Claims & Lawsuits	16	14	17	17
New Claims	9	8	12	14
New Lawsuits	0	0	2	0
Settlements Paid	\$21,500	\$352,000	\$350,000	\$310,604
New TMB Matters-Faculty	3	10	9	8
New TMB Matters-Residents	1	0	0	0

**The University of Texas Southwestern Medical Center**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Faculty*	1,401	1,379	1,345	1,236
Fellows	371	391	386	353
Residents*	689	678	694	650
Open Claims & Lawsuits	44	50	39	52
New Claims	21	25	22	26
New Lawsuits	3	2	4	6
Settlements Paid	\$750,193	\$230,000	\$172,624	\$29,000
New TMB Matters-Faculty	20	10	14	10
New TMB Matters-Residents	1	1	1	1

\*Does not include U.T. residents on rotation at Parkland Hospital (in 2012, a total of 302 U.T. residents)

**The University of Texas Medical Branch at Galveston**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Faculty	543	529	533	640
Fellows	56	58	71	66
Residents	523	491	463	443
Open Claims & Lawsuits	39	32	36	42
New Claims	9	16	11	13
New Lawsuits	2	2	5	3
Settlements Paid	\$426,044	\$532,915	\$50,000	\$15,750
New TMB Matters-Faculty	7	2	9	8
New TMB Matters-Residents	0	2	1	1

The University of Texas at Austin

	2012	2011	2010	2009
Faculty	28	25	25	24
Fellows	0	3	3	3
Residents	0	0	0	0
Open Claims & Lawsuits	1	2	2	1
New Claims	0	0	1	1
New Lawsuits	0	0	0	0
Settlements Paid	\$0.00	\$0.00	\$0.00	\$0.00
New TMB Matters-Faculty	0	0	0	0
New TMB Matters-Residents	0	0	0	0

**Professional Medical Liability Plan  
Balance Sheet**

	8/31/2012	8/31/2011
<b>Assets</b>		
Operating Cash	\$ 6,113,385	\$ 1,797,203
Investments	64,579,779	77,438,976
Accounts Receivable	233,690	400,138
Total Assets	<u>\$ 70,926,854</u>	<u>\$ 79,636,317</u>
<b>Liabilities</b>		
Accounts Payable	114,739	3,600
IBNR	18,639,671	16,454,961
Total Liabilities	<u>18,754,410</u>	<u>16,458,561</u>
<b>Net Assets</b>	<u>52,172,444</u>	<u>63,177,756</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 70,926,854</u>	<u>\$ 79,636,317</u>

**Income Statement**

	8/31/2012	8/31/2011
<b>Revenue</b>		
Premium Income	\$ 8,224,318	\$ 8,189,717
Investment Income	2,290,027	2,677,208
Total Revenue	<u>10,514,345</u>	<u>10,866,925</u>
Less Premium Refund	(15,000,000)	(24,000,000)
Net Revenue	<u>(4,485,655)</u>	<u>(13,133,075)</u>
<b>Expenses</b>		
Legal Expenses	620,453	1,079,565
Claim Liability Expenses	2,129,024	2,053,034
Medical Board Expenses	219,117	135,772
Administrative Expenses	1,204,445	1,194,547
Other Expenses	59,957	16,216
Total Expenses	<u>4,232,996</u>	<u>4,479,134</u>
Change in IBNR	2,184,710	(2,954,093)
Net Expenses	<u>6,417,706</u>	<u>1,525,041</u>
<b>Excess Revenue Over Expenses</b>	<u>(10,903,361)</u>	<u>(14,658,117)</u>
<b>Other Changes in Net Assets</b>		
Investments Market Value Increase (Decrease)	(101,951)	7,076,306
Transfer to special funds	-	(4,000,000)
Total Other Changes	<u>(101,951)</u>	<u>3,076,306</u>
<b>Change in Net Assets</b>	<u>(11,005,312)</u>	<u>(11,581,810)</u>
<b>Beginning Net Assets</b>	63,177,756	74,759,566
<b>Ending Net Assets</b>	<u>\$ 52,172,444</u>	<u>\$ 63,177,756</u>

**FINANCIAL STATEMENTS**