

THE UNIVERSITY of TEXAS SYSTEM

Nine Universities. Six Health Institutions. Unlimited Possibilities.

2013 ANNUAL REPORT



PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN

SEPTEMBER 1, 2012 – AUGUST 31, 2013

5,040	Faculty Covered
1,027	Fellows Covered
3,112	Residents Covered
4,652	Medical Students Covered
210	Medical Student Externships
6	New Lawsuits
65	New Claims
155	Pending Claims and Lawsuits at August 31, 2013
0	Number of Trials (successful)
73%	Cases Closed with No Plan Payment
\$1,275,575	Administrative Costs
\$651,001	Defense Costs
\$3,413,339.43 ¹	Settlement (Indemnity) Costs
\$268,564	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)
\$8,666,859	Premiums Collected
\$60,274,392	Market Value of Professional Liability Fund

¹ This amount and the amount indicated for Claim Liability Expenses in the Financial Statements 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 Plan rates by risk class in Harris County with two commercial carriers: Texas Medical Liability Trust (TMLT) and Advocate, MD. Although variations in risk class structures, among carriers, 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

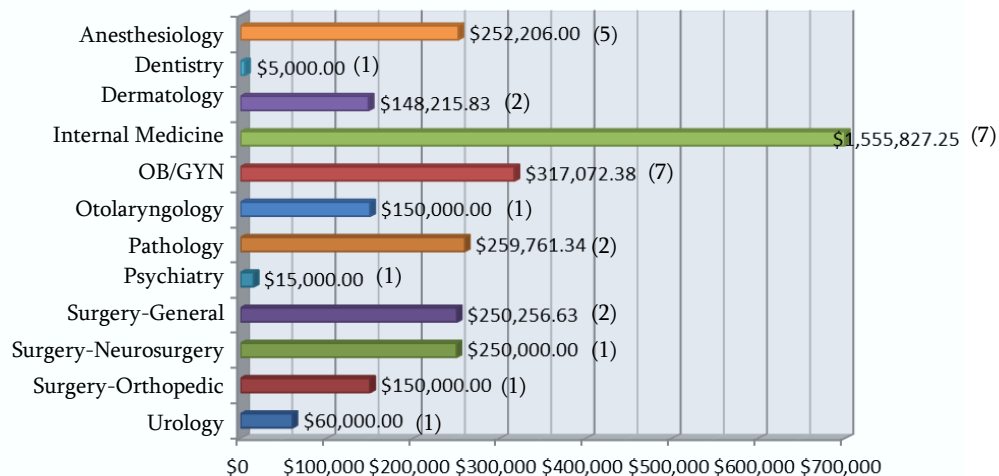
* Mature Claims-Made Rate (\$500,000 / \$1,000,000 Limits) Effective January 1, 2013

** Occurrence (\$500,000 / \$1,000,000 Limits) Effective November 1, 2012 (New Business) & February 1, 2013 (Renewal Business)

*** Occurrence (\$500,000 / \$1,500,000 Limits) Effective September 1, 2013

INDEMNITY PAYMENTS BY SPECIALTY

All U.T. System Institutions – September 1, 2012 – August 31, 2013

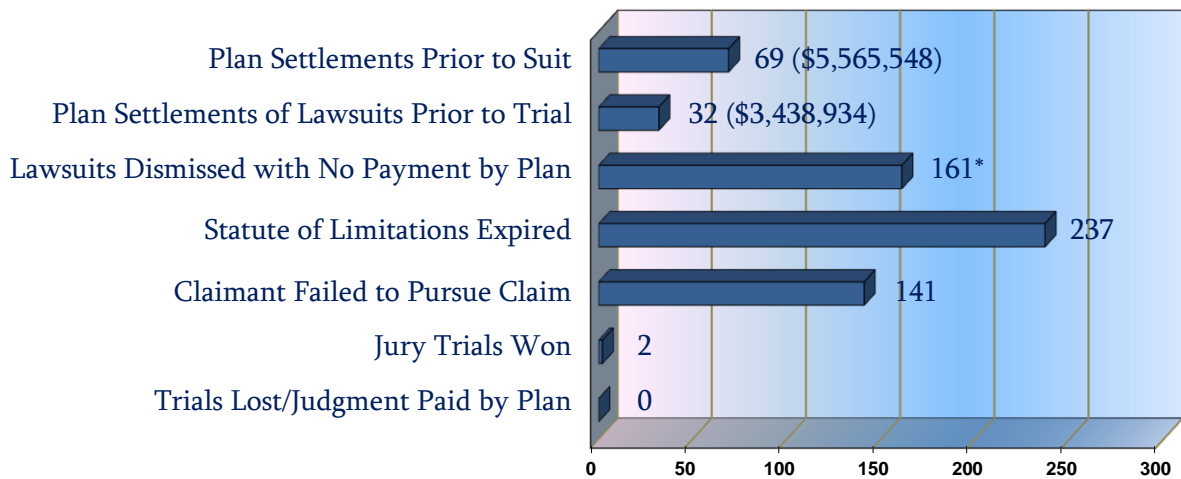


Includes payments made on behalf of both institutions and physicians.
Numbers within parentheses represent the number of payments per specialty.

CLOSED CASES

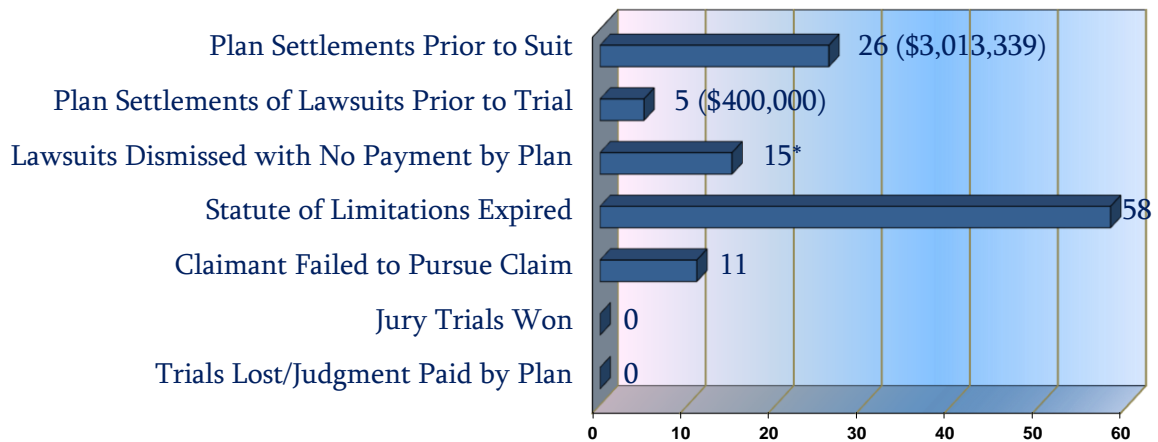
During the last five years, 642 claims and lawsuits filed against U.T. System physicians and institutions were closed, with a total Plan contribution of \$9,003,742. Eighty-four percent were closed, with no payment by the Plan.

All U.T. System Institutions Closed Claims & Lawsuits September 1, 2008 – August 31, 2013



In FY 2013, 73 percent of the cases closed required no payment by the Plan, a 17 percent decrease from last year.

All U.T. System Institutions Closed Claims & Lawsuits September 1, 2012 – August 31, 2013



*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

	2013	2012	2011	2010
Faculty	69	63	59	61
Fellows	1	1	1	1
Residents	67	47	32	27
Open Claims & Lawsuits	3	2	3	2
New Claims	3	0	1	2
New Lawsuits	0	0	0	0
Settlements Paid	\$0.00	\$0.00	\$0.00	\$0.00
New TMB Matters-Faculty	0	1	1	0
New TMB Matters-Residents	0	0	0	0

The University of Texas Health Science Center at Houston

	2013	2012	2011	2010
Faculty	1193	1068	971	921
Fellows	195	183	171	166
Residents*	415	399	377	381
Open Claims & Lawsuits	46	63	47	38
New Claims	11	31	17	21
New Lawsuits	1	5	5	6
Settlements Paid	\$2,222,434.25	\$150,791	\$674,786	\$393,025
New TMB Matters-Faculty	20	10	21	19
New TMB Matters-Residents	0	2	0	1

*Does not include U.T. residents on rotation at Memorial Hermann Hospital (in 2013, a total of 435)

The University of Texas Health Science Center at San Antonio

	2013	2012	2011	2010
Faculty*	870	844	869	848
Fellows*	85	73	74	85
Residents*	475	480	475	452
Open Claims & Lawsuits	17	21	30	32
New Claims	7	7	11	15
New Lawsuits	1	2	2	7
Settlements Paid	\$20,000	\$885,000	\$75,000	\$0.00
New TMB Matters-Faculty	9	7	10	9
New TMB Matters-Residents	0	0	1	1

*Does not include U.T. physicians on rotation at V.A. Hospital (in 2013, a total of 170 U.T. residents and 36 fellows)

The University of Texas M.D. Anderson Cancer Center

	2013	2012	2011	2010
Faculty	910	872	810	787
Fellows	323	332	347	346
Residents	22	27	3	2
Open Claims & Lawsuits	14	16	14	17
New Claims	11	9	8	12
New Lawsuits	0	0	0	2
Settlements Paid	\$532,617.97	\$21,500	\$352,000	\$350,000
New TMB Matters-Faculty	1	3	10	9
New TMB Matters-Residents	0	1	0	0

The University of Texas Southwestern Medical Center

	2013	2012	2011	2010
Faculty*	1,443	1,401	1,379	1,345
Fellows	369	371	391	386
Residents*	735	689	678	694
Open Claims & Lawsuits	49	44	50	39
New Claims	21	21	25	22
New Lawsuits	4	3	2	4
Settlements Paid	\$543,287.21	\$750,193	\$230,000	\$172,624
New TMB Matters-Faculty	18	20	10	14
New TMB Matters-Residents	3	1	1	1

*Does not include U.T. physicians on rotation at Parkland Hospital (in 2013, a total of 3 U.T. faculty physicians and 207 U.T. residents)

The University of Texas Medical Branch at Galveston

	2013	2012	2011	2010
Faculty	520	543	529	533
Fellows	54	56	58	71
Residents	523	523	491	463
Open Claims & Lawsuits	25	39	32	36
New Claims	10	9	16	11
New Lawsuits	0	2	2	5
Settlements Paid	\$95,000	\$426,044	\$532,915	\$50,000
New TMB Matters-Faculty	12	7	2	9
New TMB Matters-Residents	2	0	2	1

The University of Texas at Austin

	2013	2012	2011	2010
Faculty	27	28	25	25
Fellows	0	0	3	3
Residents	0	0	0	0
Open Claims & Lawsuits	2	1	2	2
New Claims	2	0	0	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**

	8/31/2013	8/31/2012
Assets		
Operating Cash	\$ 4,261,576	\$ 6,113,385
Investments	55,843,075	64,579,779
Accounts Receivable	169,740	233,690
Total Assets	<u>\$ 60,274,392</u>	<u>\$ 70,926,854</u>
Liabilities		
Accounts Payable	50,000	114,739
IBNR	17,801,004	18,639,671
Total Liabilities	<u>17,851,004</u>	<u>18,754,410</u>
Net Assets	<u>42,423,388</u>	<u>52,172,444</u>
Total Liabilities and Net Assets	<u>\$ 60,274,392</u>	<u>\$ 70,926,854</u>

Income Statement

	8/31/2013	8/31/2012
Revenue		
Premium Income	\$ 8,666,859	\$ 8,224,318
Investment Income	2,136,199	2,290,027
Total Revenue	<u>10,803,058</u>	<u>10,514,345</u>
Less Premium Refund	(15,000,000)	(15,000,000)
Net Revenue	<u>(4,196,942)</u>	<u>(4,485,655)</u>
Expenses		
Legal Expenses	651,001	620,453
Claim Liability Expenses	3,396,660	2,129,024
Medical Board Expenses	268,564	219,117
Administrative Expenses	1,275,575	1,204,445
Other Expenses	39,560	59,957
Total Expenses	<u>5,631,361</u>	<u>4,232,996</u>
Change in IBNR	(838,667)	2,184,710
Net Expenses	<u>4,792,694</u>	<u>6,417,706</u>
Excess Revenue Over Expenses	<u>(8,989,636)</u>	<u>(10,903,361)</u>
Other Changes in Net Assets		
Investments Market Value Increase (Decrease)	1,240,579	(101,951)
Transfer to special funds	(2,000,000)	-
Total Other Changes	<u>(759,421)</u>	<u>(101,951)</u>
Change in Net Assets	<u>(9,749,057)</u>	<u>(11,005,312)</u>
Beginning Net Assets	52,172,444	63,177,756
Ending Net Assets	<u>\$ 42,423,388</u>	<u>\$ 52,172,444</u>

FINANCIAL STATEMENTS