

THE UNIVERSITY of TEXAS SYSTEM

Nine Universities. Six Health Institutions. Unlimited Possibilities.

2014 ANNUAL REPORT



PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN

SEPTEMBER 1, 2013 – AUGUST 31, 2014

5,273	Faculty Covered (<i>FTEs</i>)
1,126	Fellows Covered (<i>FTEs</i>)
2,250	Residents Covered (<i>FTEs</i>)
3,734	Medical Students Covered
178	Medical Student Externships
11	New Lawsuits (<i>excluding TDCJ and non-Plan lawsuits</i>)
98	New Claims (<i>excluding TDCJ and non-Plan claims</i>)
157	Pending Claims and Lawsuits at August 31, 2014 (<i>excluding TDCJ and non-Plan claims & lawsuits</i>)
0	Number of Trials
86%	Cases Closed with No Plan Payment
\$1,447,128	Administrative Costs
\$638,297	Defense Costs
\$983,464 ¹	Settlement (Indemnity) Costs
\$378,872	Texas Medical Board Defense Costs
\$2,010	Plan Average Premium Occurrence (\$500,000/\$1,500,000)
\$16,298	TMLT Average Premium Mature Claims-Made Rate (\$500,000/\$1,000,000)
\$19,736	Preferred Professional Average Premium Mature Claims-Made Rate (\$500,000/\$1,500,000)
\$9,022,039	Premiums Collected
\$65,665,927	Market Value of Professional Liability Fund

¹ This amount and the amount indicated for Claim Liability Expenses in the Income Statement 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 UT Health Science Center-Houston Plan rates by risk class in Harris County with two commercial carriers, Texas Medical Liability Trust (TMLT) and Preferred Professional. Although variations in risk class structures among carriers prevent a precise comparison, the chart is demonstrative of rate differences.

Risk Class		TMLT*	Preferred Professional**	U.T. Faculty Rates***
I	General Practice No Surgery	\$10,242	\$10,110	\$564
II	General Practice Minor Surgery	\$11,283	\$15,166	\$888
III	Emergency Medicine/Minor Surgery	\$14,076	\$23,253	\$1,416
IV	General Surgery	\$27,530	\$39,400	\$2,640
IV	Anesthesiology	\$12,512	\$15,321	\$2,640
V	Gynecology Minor Surgery	\$22,142	\$15,166	\$3,912

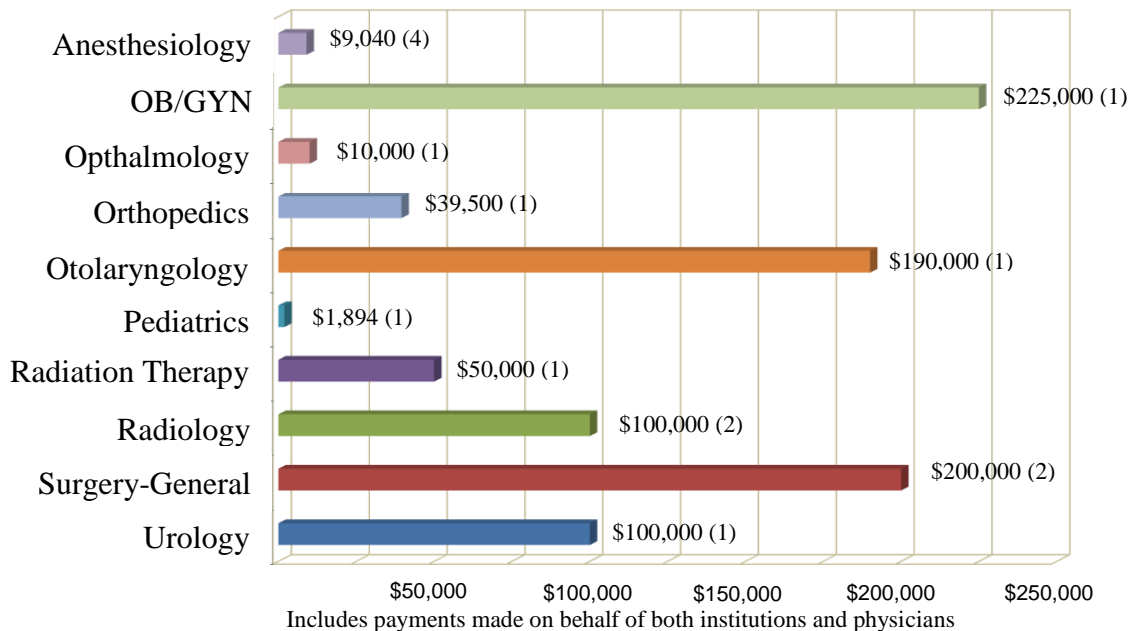
* Mature Claims-Made Rate (\$500,000 / \$1,000,000 Limits) Effective January 1, 2014

** Mature Claims-Made Rate (\$500,000 / \$1,500,000 Limits) Effective November 1, 2013 (New Business) & February 1, 2014 (Renewal Business)

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

INDEMNITY PAYMENTS BY SPECIALTY

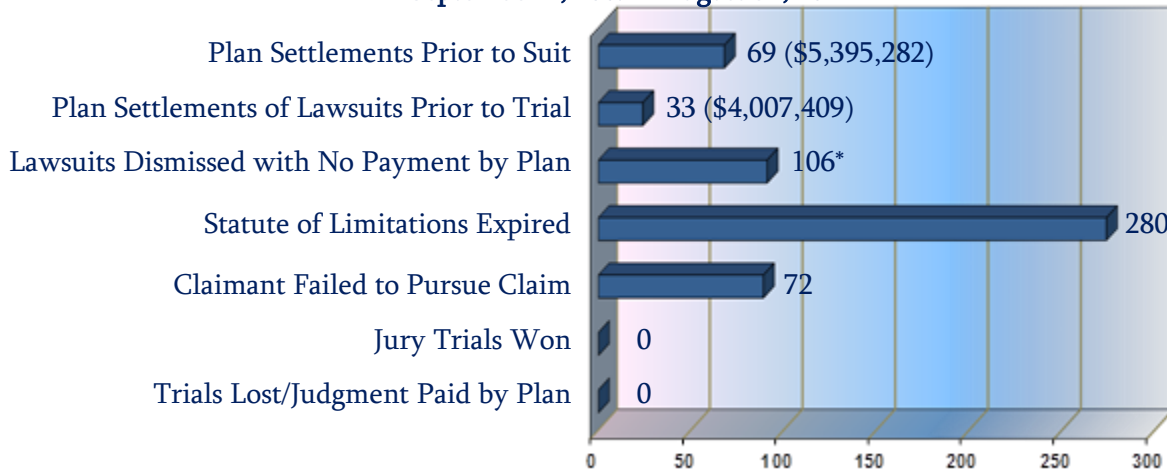
All U.T. System Institutions – September 1, 2013 – August 31, 2014



CLOSED CASES

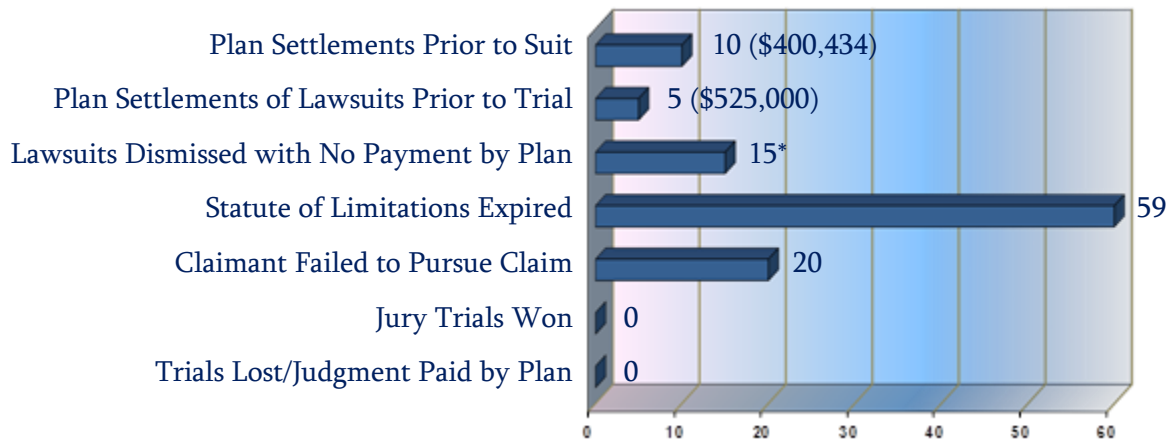
During the last five years, 560 claims and lawsuits filed against U.T. System physicians and institutions were closed, with total Plan liability payments of \$9,402,651. Eighty-two percent were closed, with no payment by the Plan.

**All U.T. System Institutions
Closed Claims & Lawsuits
September 1, 2009 – August 31, 2014**



In Fiscal Year 2014, 86 percent of the cases closed required no payment by the Plan, a 13 percent increase from last year.

**All U.T. System Institutions
Closed Claims & Lawsuits
September 1, 2013 – August 31, 2014**



*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

	2014	2013	2012	2011
Faculty	74	69	63	59
Fellows	0	1	1	1
Residents	83	67	47	32
Open Claims & Lawsuits	4	3	2	3
New Claims	5	3	0	1
New Lawsuits	0	0	0	0
Settlements Paid	\$0.00	\$0.00	\$0.00	\$0.00
New TMB Matters-Faculty	0	0	1	1
New TMB Matters-Residents	1	0	0	0

The University of Texas Health Science Center at Houston

	2014	2013	2012	2011
Faculty	1318	1193	1068	971
Fellows	207	195	183	171
Residents*	416	415	399	377
Open Claims & Lawsuits	44	46	63	47
New Claims	21	11	31	17
New Lawsuits	4	1	5	5
Settlements Paid	\$267,400	\$2,222,434	\$150,791	\$674,786
New TMB Matters-Faculty	25	20	10	21
New TMB Matters-Residents	1	0	2	0

*Does not include U.T. residents on rotation at Memorial Hermann Hospital (in 2014 a total of 446)

The University of Texas Health Science Center at San Antonio

	2014	2013	2012	2011
Faculty*	857	870	844	869
Fellows*	177	85	73	74
Residents*	485	475	480	475
Open Claims & Lawsuits	17	17	21	30
New Claims	10	7	7	11
New Lawsuits	2	1	2	2
Settlements Paid	\$285,000	\$20,000	\$885,000	\$75,000
New TMB Matters-Faculty	36	9	7	10
New TMB Matters-Residents	2	0	0	1

*Does not include U.T. physicians on rotation at V.A. Hospital (in 2014 a total of 34 faculty, 170 residents and 0 fellows)

The University of Texas M.D. Anderson Cancer Center

	2014	2013	2012	2011
Faculty	949	910	872	810
Fellows	339	323	332	347
Residents	11	22	27	3
Open Claims & Lawsuits	17	14	16	14
New Claims	13	11	9	8
New Lawsuits	2	0	0	0
Settlements Paid	\$139,500	\$532,618	\$21,500	\$352,000
New TMB Matters-Faculty	5	1	3	10
New TMB Matters-Residents	0	0	1	0

The University of Texas Southwestern Medical Center

	2014	2013	2012	2011
Faculty*	1524	1443	1401	1379
Fellows	371	369	371	391
Residents*	738	735	689	678
Open Claims & Lawsuits	53	49	44	50
New Claims	36	21	21	25
New Lawsuits	2	4	3	2
Settlements Paid	\$32,418	\$543,287	\$750,193	\$230,000
New TMB Matters-Faculty	26	18	20	10
New TMB Matters-Residents	0	3	1	1

*Does not include U.T. physicians on rotation at Parkland Hospital (in 2014 a total of 3 faculty and 270 residents)

The University of Texas Medical Branch at Galveston

	2014	2013	2012	2011
Faculty	513	520	543	529
Fellows	32	54	56	58
Residents	517	523	523	491
Open Claims & Lawsuits	20	25	39	32
New Claims	13	10	9	16
New Lawsuits	1	0	2	2
Settlements Paid	\$201,116	\$95,000	\$426,044	\$532,915
New TMB Matters-Faculty	10	12	7	2
New TMB Matters-Residents	1	2	0	2

The University of Texas at Austin

	2014	2013	2012	2011
Faculty	28	27	28	25
Fellows	0	0	0	3
Residents	0	0	0	0
Open Claims & Lawsuits	1	2	1	2
New Claims	0	2	0	0
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

NOTE: All institutions' enrollment numbers are on a FTE basis.

Professional Medical Liability Plan

Balance Sheet

	8/31/2014	8/31/2013
Assets		
Operating Cash	\$ 3,835,049	\$ 4,261,576
Investments	\$ 61,830,878	\$ 55,843,075
Accounts Receivable	\$ -	\$ 169,741
Total Assets	\$ 65,665,927	\$ 60,274,392
Liabilities		
Accounts Payable	\$ 11,568	\$ 50,000
IBNR	\$ 15,784,597	\$ 17,801,004
Total Liabilities	\$ 15,796,165	\$ 17,851,004
Net Assets	\$ 49,869,761	\$ 42,423,388
Total Liabilities and Net Assets	\$ 65,665,927	\$ 60,274,392

Income Statement

	8/31/2014	8/31/2013
Revenue		
Premium Income	\$ 9,022,039	\$ 8,666,859
Interest Income	\$ 1,837,186	\$ 2,136,199
Total Revenue	\$ 10,859,225	\$ 10,803,058
Less Premium Refund	\$ (6,000,000)	\$ (15,000,000)
Net Revenue	\$ 4,859,225	\$ (4,196,942)
Expenses		
Legal Expenses	\$ 638,297	\$ 651,001
Claim Liability Expenses	\$ 983,464	\$ 3,396,660
Medical Board Expenses	\$ 378,872	\$ 268,564
Administrative Expenses	\$ 1,447,128	\$ 1,275,575
Other Expenses	\$ 38,503	\$ 39,560
Total Expenses	\$ 3,486,265	\$ 5,631,361
Change in IBNR	\$ (2,016,407)	\$ (838,667)
Net Expenses	\$ 1,469,858	\$ 4,792,694
Excess Revenue Over Expenses	\$ 3,389,367	\$ (8,989,636)
Other Changes in Net Assets		
Investments Market Value Increase (Decrease)	\$ 4,057,006	\$ 1,240,579
Other Transfers/Adjustments		
Transfer to special funds ¹	\$ -	\$ (2,000,000)
Total Other Changes	\$ 4,057,006	\$ (759,421)
Change in Net Assets	\$ 7,446,373	\$ (9,749,057)
Beginning Net Assets	\$ 42,423,388	\$ 52,172,444
Ending Net Assets	\$ 49,869,761	\$ 42,423,388

¹ A \$1.5 million transfer for patient safety initiatives was approved by the Board of Regents August 2014 and was distributed in September 2014.

INCOME STATEMENT