

# Malpractice rates soaring, no one's sure why

By Robben W. Fleming  
special writer

THERE is no dissent from the proposition that genuine malpractice cases do occur, and that when they do the victim ought to be compensated.

There is agreement that the number of malpractice claims, the insurance premiums for health care personnel, and the claims for damages have escalated rapidly in recent years.

But there is widespread disagreement and much finger-pointing as to why. There is a great deal of evidence that in fact none of us knows for sure the answer to that question and that we will not know until much more information is available and analyzed.

There is a very great deal of disagreement among the parties concerning the performance of the malpractice insurers.

In particular, it has been suggested that the abrupt premium increases over the last year could have been avoided by more realistic pricing in the past, that the financial condition of the insurers is sound, and that the insurers do not make the appropriate effort to help providers avoid and manage risks. These matters require further examination.

Regardless of why, the rapid escalation in claims, premiums, and damages has taken place,

there is agreement that it is important to stabilize insurance premiums.

There is agreement that insofar as the present system of licensing and monitoring health care personnel may be contributing to incidents of malpractice, it is essential to improve that system.

It is commonly acknowledged that there is more malpractice in our health care system than is represented by the number of malpractice claims which are filed. Discussion of how to provide access for those claims is inhibited by a feeling that the costs of any system which would accommodate all such claims would be enormous.

**MALPRACTICE CLAIMS.** malpractice insurance premiums, damages paid out in awards, and other costs have all escalated very substantially in recent years.

These developments are reminiscent of the mid-70s, when the state of Michigan was first obliged to address this problem. At that time, the state's actions stabilized the situation for a relatively short period. After that, the escalation of claims, premiums and costs began again.

Here is a sampling of the issues which warrant further investigation:

- Between 1975 and 1983, the number of doctors

practicing in the state of Michigan has increased from 14,750 to 19,850. There are now 216 doctors per 100,000 population whereas in 1975 there were only 163 doctors per 100,000, an increase of about a third. If the fact that there are now more malpractice claims a function of the fact that there are more doctors?

• As the number of doctors increases and utilization of hospitals declines, are doctors and hospitals now handling more specialized cases (which) they might earlier have referred to a more specialized practitioner or more sophisticated hospital? Does this have effects relevant to malpractice?

• Is it possible that the reason there are now more malpractice claims is because patients have become more aware that some recovery may be in order? Or is it possible, as some scholars have argued, that we are becoming a far more "litigious society"?

• Insurance company reserves from which malpractice claims are paid are accumulated both through 1) the payment of premiums and 2) investments. In a period of high interest rates, damage

payments may exceed premiums without necessarily imperiling the solvency of the company.

When interest rates decline, premiums may have to rise. Since interest rates have tended to be high in recent years, but are now coming down, is the current rise in insurance premiums partly or wholly attributable to this fact?

• The number of lawyers has also increased greatly in recent years. Are lawyers encouraging malpractice claims to enhance their own economic position? Or are lawyers simply encouraging citizens to pursue legitimate claims?

WE MUST address certain more fundamental issues:

• There is a widespread feeling that the present system for certifying the competency of health-care professionals in Michigan is inadequate.

• Our present system of processing claims is not serving many who might have legitimate malpractice claims.

• The average length of time which elapses between the filing of a malpractice claim and the ultimate payment of an award is approximately four years. Should a victim of malpractice have to wait that long for damages?

Robben W. Fleming, former president of the University of Michigan, is a specialist-finder and analyst in the controversy over medical malpractice.

## UF Drive a record

United Foundation reported a record-breaking total — \$58,000,597 — during this year's Torch Drive. The total amounts to 103.7 percent of this year's \$54 million goal.

It was the highest amount raised in the UF's 37-year history and almost \$5.2 million more than was raised in 1984.

The funds will support health and community service programs for 131 charitable organizations in Wayne, Oakland and Macomb counties.

"This year's Torch Drive has been a great challenge, and I would like to express my gratitude to everyone who has worked so hard to make this such a momentous success," general chairman R.S. Miller told an audience of more than 1,000 campaign volunteers at the Fairlane Manor.

"I wish I could personally thank every volunteer and contributor for their generosity," Miller said. He is executive vice-president, finance and administration, Chrysler Corp.

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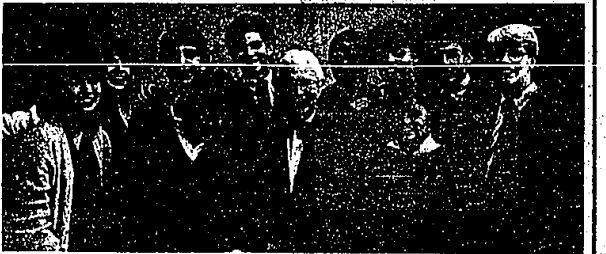
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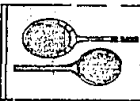
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