

FPIC

Insurance Solutions For Healthcare Providers

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Information in this newsletter does not establish a standard of care, nor is it a substitute for legal advice. The information and suggestions contained here are generalized and may not apply to all practice situations. First Professionals recommends you obtain legal advice from a qualified attorney for a more specific application to your practice. This information should be used as a reference guide only.

First Professionals Insurance Company is Florida's Physicians Insurance CompanySM and the endorsed carrier for professional liability insurance by 22 county medical societies, 15 specialty societies, and two statewide associations in Florida.

NEWS & VIEWS

HEALTHCARE REFORM AND BABY BOOMERS - MORE PRESSURE FOR PHYSICIANS?

By Robert E. White, Jr., President
First Professionals Insurance Company

With the passage of universal healthcare legislation, which will provide health insurance coverage to a significant part of the 47 million Americans who lack insurance, the need for more doctors will escalate. A shortage of physicians already exists and the anticipated addition of new patients will dramatically increase demands on providers.

The American Academy of Family Physicians predicts a shortfall of roughly 40,000 primary care physicians over the next decade as medical students are increasingly drawn to the higher pay and better hours of specialties such as surgery, cardiology, and radiology. In addition, the rate of physicians retiring is expected to rise dramatically in the next decade.



Impact of Healthcare Reform

Healthcare reform will only increase the physician shortage crisis, and it will create additional difficulties in the search for solutions to improve patient access to care. Some experts predict that by 2020, the United States could experience a shortage of between from 200,000 and 700,000 physicians depending upon the level of utilization.

The anticipated availability of health insurance for the majority of Americans as a result of the healthcare reform does

not necessarily promise equal access. Without an adequate infrastructure in place, many former insureds will be forced back into costly emergency rooms for routine care. The changes to America's healthcare delivery system could affect physicians' ability to provide patient care. A shift in how it would be carried out while delivering the expected level of quality care must be proactively managed.

The U.S. has never faced the level of physician shortage that currently exists and which is further threatened by the

new reform legislation. Without a solution for this dilemma, the healthcare system cannot function properly and may be impacted indefinitely.

In an effort to reduce the impact and in recognition of the growing need for patient access to physicians, legislators included in the new law bonus payments for primary care physicians

as well as forgiveness of tuition loans as incentives to medical students to pursue primary care careers.

Although medical schools are projected to graduate 4,000 more physicians each year by 2020, this is fewer than half of the needed increase. During the overwhelming 25-year U.S. population increase between 1980 and 2007, there was zero growth in medical school enrollment for conventional medicine treatment.

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Aging of America

Baby boomers are quickly outpacing all other age categories of Americans. At the same time, more and more doctors are approaching retirement age. The number of Americans age 65 and older will almost double between 2000 and 2030 (20 percent of the population) – an increase of 104%. With the rise of an aging population, the medical ailments of senior citizens also escalate, including millions with diabetes and obesity, sharply increasing doctor visits for those over 65. Regardless of the most common medical health risks inherent with aging, the next generation of retirees will be the healthiest, longest lived, best educated, and most affluent in history.

Aging Physicians

The physician workforce is aging at a faster pace than can be replaced by medical students entering the healthcare profession. Medical school graduates that may potentially bridge the gap are electing to reduce the number of hours they practice. More than 250,000 active physicians are over the age of 55 and thousands more are expected to retire in the next decade.

Population Growth

Along with the rise in baby boomers, there has also been growth in the general U.S. population. Experts estimate that such sustained population growth will require a minimum of 200,000 additional physicians by 2020. However, with the retirement of current physicians and a shortage of new physician replacements, it is likely that the United States will be 100,000 short of that goal.

Physician Shortage

- Geriatrics

Although the aging population is already a significant factor for the healthcare industry, perhaps one of the greatest concerns is the deficit of geriatricians that already exists. The number of geriatricians is roughly half of what is currently needed.

- Family Practice

The number of U.S. medical school students entering primary care has dropped more than 50% since 1997, already causing an increased demand for the specialty. Obviously, the demand for these physicians will become critical as the number of baby boomers continues to escalate.

- Nurses

Although allied healthcare workers are expected to play a greater role as physicians leave the workforce, a significant decline in the number of licensed nurses will also affect medical treatment for Americans. In Florida alone, more than 40% of Florida's nurses are approaching retirement age within the next 10 years and there are not enough younger nurses to replace them. The state's nursing shortage has the potential to cripple Florida's healthcare system.

- Projected sector growth

With the decrease in physician specialties, expanded roles and the use of ancillary personnel will be necessary. To relieve pressure from doctors, substantial increases are projected for physician extenders, including physician assistants, medical assistants, and licensed nurses. However, these healthcare professionals don't have the level of diagnostic skill of physicians. In the event of a medical error, patients may incorrectly assume the lack of an available physician is a reason for the error.

“Special liability factors impact this era of healthcare reform and the aging population.”

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An Increase in Claims?

As physicians become understaffed and overworked, the risk of medical errors rises. The stress and fatigue experienced by doctors may increase the likelihood of clinical accidents. Because of the patient load and the need to evaluate as many patients as possible, physicians may rush an examination and fail to make proper diagnoses.

“National healthcare reform further diminishes the core of care: the physician-patient relationship,” said Cliff Rapp, Vice President of Risk Management at First Professionals. “A significant reduction in the quality of care is arguably a motivating factor for a claim.”

Looking ahead 10 years when there are fewer doctors treating a greater number of patients – aging patients who generally have more medical problems – we could see an increased number of medical incidents. That does not mean that malpractice will be the root cause; rather that the projected imbalance of practitioners to patients, who because of their age will require more medical encounters, will adversely impact patient safety.

As Congress implements the requirements of the new law, it is essential that all efforts are taken to preserve the physician-patient relationship. Special liability factors impact this era of healthcare reform and the aging population. The partnership between First Professionals and its policyholders includes proactive risk management services to help reduce potential claims. The challenge will be to maintain the high standard of patient safety in a way that does not impact the standard of care for patients.

“Regardless of the impact of the passage of healthcare reform legislation, we will continue our dedicated efforts to protect our policyholders,” said Bob White, President of First Professionals. “We will maintain our commitment to our insureds and focus on remedies to further reduce the victimization of physicians during an already challenging malpractice climate.”

First Professionals is aware that the implications of the healthcare reform and aging population issues will place even more pressure on physicians. Regardless of the threat to physicians of these unique challenges, our goal is to help physicians reduce the potential to incur additional liability expense. We will remain cognizant of these new emerging trends and exposures and continue to monitor them accordingly. ▶

FPIC INSURANCE GROUP, INC. NAMED BY FORBES AS ONE OF THE 100 MOST TRUSTWORTHY COMPANIES



FPIC Insurance Group, Inc. (FPIC), of which First Professionals is the principal subsidiary, was recently named by Forbes as one of the 100 Most Trustworthy Companies in 2010. FPIC was ranked 7th among small cap companies on the list with a score of 98 out of a perfect score of 100.

To create the list, Forbes turned to Audit Integrity, an independent financial analytics company, to provide them with a list of companies who have consistently demonstrated transparent and conservative accounting practices and solid corporate governance and management. Audit Integrity looks beyond the raw data on companies' income statements and balance sheets to assess the true quality of corporate accounting and management practices.

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"These are the good guys," says Jack Zwingli, the chief executive of Audit Integrity. "They've consistently shown accuracy and transparency in their financial reporting."

This list considered more than 8,000 companies traded on U.S. exchanges. Audit Integrity assigns an accounting and governance risk score based on proprietary modeling designed to identify practices that historically have had a high correlation with increasing shareholder risk.

"We are very pleased to see that all of the time and effort our team has put into making FPIC an open and transparent entity to all of the constituencies we serve has been recognized," said Bob White, President of First Professionals Insurance Company. "The fact that the recognition comes from a respected and prestigious source makes it even more satisfying." ▶

A.M. BEST AFFIRMS FINANCIAL STRENGTH RATING FOR FPIC INSURANCE GROUP, INC.



FPIC Insurance Group, Inc. (FPIC) and its four pooled members, which are led by First Professionals Insurance Company, is pleased to announce that A.M. Best has reaffirmed the company's financial strength rating of A- (Excellent).

The ratings of FPIC reflect its excellent risk-adjusted capitalization, specialty expertise and management's extensive understanding of the medical professional liability insurance market and regulatory and judicial environment. These strengths, coupled with favorable loss cost trends, have enabled FPIC to produce favorable operating results on an annual basis since 2002. ▶

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