



BY CHAD C. KARLS

Commentary—At Press Time

And the Winner Is....

With the election taking place tomorrow, I find myself in the unusual position of having to make a prediction about the future, for which I will be able to be judged on the accuracy of such prediction, within a day of making it—and certainly by the time you read this, rather than after a decade of monitoring claim payments. To alleviate this pressure, I considered expressing my prediction in the form of a reasonable range that would have encompassed two candidates, instead of simply providing my central estimate. I also wondered whether attaching a particular confidence level to my prediction would benefit the readers of this column and defray some of the anxiety that comes with the possibility of being wrong. In the end, I decided that since I am able to carry out complex actuarial projections of medical professional liability insurance (MPLI) costs to the third and sometimes fourth decimal, why couldn't I also apply that level of precision to tomorrow's contest?

However, before going on record with my prediction, I thought it might be instructive to identify the areas in the healthcare arena in which both of the presidential candidates agree, because no matter which one wins, surely we can expect these issues to be addressed, as I'm confident neither candidate would make a promise they couldn't deliver on.

In reviewing the candidates' websites, speeches, and interviews, it seems certain that the momentum within the patient safety movement will continue no matter who sits in the Oval Office

next January. While the suggested tactics may be different, each candidate has expressed the need to improve the quality of care being delivered. Along with the laudable goal of greater patient safety and better medical outcomes, healthcare professionals and MPLI insurance companies can expect continued emphasis on additional reporting requirements. As has been written about previously in this publication concerning the NAIC's MPLI data collection efforts, what appears to be a simple data collection form is not necessarily always the case. As a result, it is likely that the MPLI companies will face increased regulatory compliance costs.


Second, both candidate camps seem to agree on the need to rein in healthcare costs. This goal echoes recent efforts towards the "value-based purchasing" reforms enacted by the Centers for Medicare and Medicaid Services (CMS), an idea that is also being embraced by other, private payers. Considering each of the candi-

dates' positions on the need to employ a multi-faceted approach to controlling healthcare costs, we can expect these types of efforts to continue. The residual impact that these initiatives will have on future MPLI claim costs is certainly worth the industry's attention. Will the standard of care become a function of whether the healthcare provider received reimbursement from Medicare or other health insurers? That's an important question to assess and monitor as these value-based purchasing initiatives gain traction.

One tool referred to by both candidates to try to effect the type of change needed to improve the quality of care, all the while controlling healthcare costs, is a greater reliance on technology. The technology available within the U.S. healthcare system is as varied as it is impressive. Within the MPLI realm it seems this might manifest itself in the form of greater usage of electronic medical records and wider adoption of informed consent technologies among other options. Much has been written about the potential benefits of electronic medical records, and several Physician Insurers Association of America

(PIAA) member companies have been encouraging their policyholders to use them by offering premium credits to those that embrace this technology. In addition to encouraging the use of technology within the provider's infrastructure, the MPLI industry can also play a role in enhancing the process of educating patients through a more technologically advanced informed consent process.

Thus, irrespective of which candidate finds that his return mailing address is 1600 Pennsylvania Avenue next year, it seems certain that there will be many opportunities and issues facing the MPLI industry in 2009 and beyond.

And so now, without further ado (I realize it seems a bit anticlimactic to you, since the election is over as you read this) it is my prediction that Ms. Sharon Martin will win the election for the Washington County, WI, Register of Deeds. As a matter of full disclosure, Ms. Martin did not approve this message, is a nonpartisan candidate, and is running unopposed. 

Chad C. Karls, FCAS, MAAA, is a Principal and Consulting Actuary at Milliman, Milwaukee.

PIAA Spring Leadership Camp

May 13, 2009

Hilton Waikoloa Village

Waikoloa (Kona Coast), Hawaii

PIAA Spring Leadership Camp provides the essential information that board and committee members need for planning their company's future. Topics to be covered include:

- Principles of finance
- ABCs of ratemaking
- Basic reinsurance
- Best practices in claims, risk management, and underwriting
- Leading for success
- And more!



Don't miss this chance to increase your insurance knowledge base and improve the effectiveness of your leadership skills!

Visit www.piaa.us or call the Meetings Department at 301.947.9000 for more information.

