

# Doctors face insurance crisis

Some GPs may be forced to raise fees or get out of the business.

By **MARY-ANNE TOY**  
HEALTH EDITOR

Some Victorian doctors could be driven out of private practice or forced to raise patient fees, with the state's biggest medical indemnity fund demanding they pay a one-off levy to raise millions of dollars.

The Medical Defence Association of Victoria, which insures about 80 per cent of the state's 11,000 doctors, said the levy from doctors was needed to cover unfunded liabilities totalling more than \$22 million.

A huge increase in litigation and payouts over the past decade has forced the indemnity funds, which traditionally have never been fully funded, to reconsider and move to a fully funded basis.

The decision follows last week's report in *The Age* about Victoria's other indemnity fund, Medical Indemnity Protection Society, raising \$12 million to cover its unfunded liabilities from 2000 of its 3000 members.

The levy is the equivalent of another year's subscription, which ranges from \$7500 for some general practitioners to \$27,000 for an obstetrician. The levy applies to virtually every doctor with a private practice. Doctors who work solely in public hospitals are exempt, as any negli-

gence claims against them are paid for by the State Government.

It is expected that other indemnity funds in other states will also levy members to avoid doctors trying to "jump" from fund to fund to avoid the levy.

The Victorian president of the Australian Medical Association, Dr Michael Sedgley, said yesterday the levy could force some doctors out of private practice — particularly obstetricians, who pay one of the highest premiums — or they would have to consider increasing fees.

The Victorian AMA has had dozens of calls from doctors about the levy.

"Doctors have been hit by huge and steep increases in premiums over the past few years and now this doubles their commitments for this

year and there's no guarantee that it won't happen again," Dr Sedgley said.

"A lot of doctors will have to think about whether to continue in private practice."

The federal AMA council has set up a taskforce to deal with what it calls the indemnity crisis. It fears the levy will lead to fewer obstetricians in private practice, which would reduce choice and increase out-of-pocket payments by patients.

The AMA is seeking a meeting with the federal Health Minister, Dr Michael Wooldridge, to discuss reform options, including a cap on payouts, statutory compensation funds and increased Medicare rebates.

Medical negligence claims have

increased four-fold in the past 10 years, and the average cost of claims has doubled.

The indemnity funds have been considering levying members for some time but have been forced to move now because of concerns about increasing unfunded liabilities, the possibility that the State Government will make it mandatory for all medical practitioners to have indemnity insurance and the fear that insurance companies will move in on their territory and offer cheaper indemnity cover.

Although most doctors are members of an indemnity fund or covered by the State Government because they work at public hospitals, there is no compulsion for them to have cover.

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## Letters

To: the editor@the.age.com.au

From: irene.lawson@...melbourne

Subject:

An unpublished response to an article from

The Age

Dear Editor,

Your piece "Doctor's face insurance crisis" incorrectly claims there has been a huge increase in litigation and payouts in the past decade.

Of the 15,444 civil lodgements active in Victoria during 1997-8, only 500 or 0.32%, involved medical negligence.

The Victorian figure is calculated as follows: there were 50,321,000 Medicare services in Victoria during the 1997-98 financial year according to the Health Insurance Commission's Annual Report. A survey of our current Court lists reveal that Victoria has 500 medical negligence cases where proceedings have been commenced. Even if each of these cases arose in the same year, in Victoria 1 in 100,000 visits to the doctor end up in court. The turnover of medical negligence cases in

Victoria averages out at 3 years, so the true figure is more like 1 in 300,000 Medicare transactions are litigated.

There is clearly not a crisis or an explosion. The statistics in fact show there is a recession in access to justice. In February 1999, the Productivity Commission released the Report on Government Services 1999 which found that between 1994-5 and 1997-8, civil lodgments generally decreased in the most common medical negligence court forums as follows:

- NSW Supreme Court by 36%,
- VIC Supreme Court by 21% and
- QLD Supreme Court by 27%.

Regarding the size of payouts, no Australian data is available as the medical defence organisations will not release it. However, in September 1998, the *Medical Malpractice Law & Strategy Bulletin* reported at p.1 that the average American indemnity payout since 1985 has been USD \$154,910 with fewer than 32% of all claims filed attracting any payout at all.

The origin of medical insurer's needs to increase premiums is the fact that premiums during the 70's and 80's were insufficient to cover liabilities (see Tito Report p.255). At least the current levy finally addresses this issue.

As professionals, we all must accept that we have a duty to take care of those relying on our services, and provide adequate insurance to compensate them in the event of any mishap.

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