MAINE BUREAU OF INSURANCE

Analysis of the Effectiveness of the Medical Professional Liability Prescreening Panel

April 1997

Firm: AMI Risk Consultants, Inc.
11410 N. Kendall Drive, Suite 208
Miami, Florida 33176
(305) 273-1589

Contact: Aguedo (Bob) M. Ingco, FCAS, MAAA, CPCU, ARM

Date: June 13, 1997

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

II. ACTUARIAL REPORT

III. APPENDIX

IV. ACTUARIAL EXHIBITS

I. Executive Summary

Maine Bureau of Insurance

Analysis of the Effectiveness of the Medical Professional Liability Prescreening Panel

April 1997

Purpose

The Maine Bureau of Insurance (the Bureau) has engaged the services of AMI Risk Consultants, Inc. (AMI) to perform a review of the effectiveness of medical professional liability prescreening panels in the state of Maine. In particular AMI is to determine whether the prescreening panel process :

- Promotes quicker recovery for those injured;
- Promotes early dismissal of claims without merit;
- Reduces recovery or impairs access to recovery for claims with merit;
- Has an impact on the cost of health care or medical liability insurance.

Conclusions

Based on our analysis, we have reached the following conclusions with regards to the effectiveness of the medical professional liability prescreening panels in the state of Maine. These panels:

- Promote quicker recovery for those who receive awards (see Page 12 for details);
- Promote earlier dismissal of claims that conclude with no award (see Page 12 for details);
- Do not reduce the overall average size of awards. (see Page 21 for details);
- Reduce the proportion of claimants receiving awards. (see Page 22 for details).

Additionally we conclude that in recent years:

- There has been an improving (downward) trend in the length of time needed to settle claims that conclude with no award. (See Page 16 for details).
- The trend in settlement period for claims with awards has been relatively flat. (See Page 15 for details).

We are not able to conclude what net impact prescreening panels have had on the cost of health care or medical liability insurance. (see Page 23 for details).

We are also unable to distinguish between meritorious and non-meritorious claims, and hence unable to draw specific conclusions about these groups.

Confidence Levels	All statistical tests were performed at a 95% confidence level. Consequently, for results shown as statistically significant, there is still a 5 % chance that the conclusion is erroneous. Furthermore there is an underlying assumption that the variables tested, namely number of days to settlement, award amount and ALAE amount, follow the normal distribution. This assumption has not been thoroughly tested, and if significantly violated could distort results.
Scope Limitation	The scope of this report has been primarily limited to the four questions posed in the Purpose Section on Page 1. A few specific items were added at the Bureau's request. Additional information, however, is available in the data sets provided by the Bureau that might help evaluate panel performance. Analysis of the remaining data, though, is beyond the scope of this project.
Distribution and Use	This report is intended for the internal use of the Bureau and the committee charged with evaluating the effectiveness of prescreening panels. We suggest that the user of this report use a complete copy, as parts considered out of context might be misleading. Please request our written consent prior to distributing this report to other third parties.

Reliances and Limitations

In performing the analysis we relied without audit or verification on the Maine Health Security Act data base and the Court data base furnished to us by the Maine Insurance Bureau. As discussed in the Approach section of this report, certain claim records were ultimately excluded from the study. Beyond these exclusions, we used the data as provided without modification.

In attempting to answer questions about "claims with merit" we made the simplifying assumption that any claim that resulted in an award had "merit". Similarly, we assumed that claims that closed without award were not meritorious. It was unclear how else to discriminate between meritorious and non-meritorious claims using the available data.

While performing the review, we had several conversations with Mr. Dick Johnson, Ms. Danielle Eber, and Ms. Pam Quint of the Bureau. We also met with members of the Bureau and the Pre-Litigation Screening Panel Advisory Committee on April 4th in Gardiner, Maine to discuss their comments on our preliminary draft report. The second draft of this report was discussed with the Advisory Committee via conference call on June 5th.

In this study we have estimated the impact of prescreening panels on medical professional liability claims, and drawn conclusions about the significance of that impact. However, other factors may have influenced the behavior of the variables studied. For example, the tendency to settle claims informally, totally outside the panel/court system, may have shifted over time. Therefore, while we believe our assumptions and methods are reasonable, we cannot guarantee that the conclusions drawn are correct.

II. Actuarial Report

Background

Prescreening panels became mandatory in Maine on January 1, 1987. Subsequent to that date, medical professional liability claims, have been reviewed by panels consisting of legal and medical representatives.

An option does exist to bypass the panel review. Both parties, however, must agree to waive the panel hearing and to resolve the suit in court.

Furthermore, some claims are never pursued in court, and consequently don't face prescreening. Such cases are settled informally between the claimant and/or claimant's attorney, and the insurance company representing the physician or hospital.

Through the panel process every attempt is made to resolve the claim. Findings of the panel are not binding, and the claim may still be pursued through the courts if agreement is not reached. Panel decisions, if unanimous, are admissible in court.

Actuarial Approach

General Methods Employed

The Maine Health Security Act (MEHSA) data base was used to investigate whether recovery time, dismissal time or recovery amounts have changed significantly since the implementation of prescreening panels. This data base contains claims that were made both before and after the panel process was put into place, and thus allows for a comparison between pre-panel and post-panel claim activity.

Choice of "Beginning" and "Ending" dates

A number of dates are available on the MEHSA tables that could potentially be used to calculate the recovery or dismissal period on each claim. We considered the following table entries as candidates for the "beginning date" of each claim:

- Date of Occurrence
- Date of Claim
- Date Filed.

Date Filed was eliminated because this field was blank on 3,471 of 3,956 records. We chose Date of Claim over Date of Occurrence since the length of time it takes for a claim to be reported is probably irrelevant to this study. We are only interested in how quickly a claim is disposed of after the injured person begins to seek restitution. Given the date fields available, Date of Claim appeared to be the closest approximation to this starting point.

Furthermore, Date of Claim was blank on only 73 records, so there was no massive data loss involved in relying on this date.

It was also necessary to select an "ending date" for each claim. We considered the following dates as possible options:

- Final Date (or Reopen Final Date, if any)
- Date of Disposition (or Reopen Date of Disposition, if any)
- Date of Award (or Reopen Award Date, if any).

We noted that 1,202 claims had no Final Date, but only 982 had no Date of Disposition. Furthermore, of the claims with no Date of Disposition, 37 did have a Date of Award.

Actuarial Approach (continued)

In an effort to use as much of the data as possible and still obtain a reasonably consistent measurement of when each claim was completed, we used the latest date of the four following dates:

- Date of Disposition
- Date of Award
- Reopen Date of Disposition
- Reopen Award Date.

Additional Procedures

Claims were grouped into size of award categories that were chosen somewhat arbitrarily. We were guessing, at least initially, that the impact of the panel process might vary by size of claim.

Eliminated from the study was any claim with an Award Date or Disposition Date predating or equal to the Date of Claim. There were 134 claims dropped because of this defect.

Finally, each claim was classified as "Before Panel" (or pre-panel) if its Date of Claim was before 1/1/87, and as "After Panel" (or post-panel) otherwise.

One additional elimination from the study were pre-panel claims closed after 3/28/89. This was necessary to force pre-panel claims, as a group, to have the same average age as post-panel claims. This truncation resulted in the elimination of 81 claims from the pre-panel group.

At the Bureau's request, we have included an exhibit of overall results with and without this truncation. (Please see Exhibit X.) The Appendix contains a brief example showing why such an adjustment to the data was needed, and a discussion of the impact.

In the end our study was based on 2,756 claim records from the MEHSA table (572 from before panels began, and 2,184 from the period after panels were mandated.) Of the 1,200 records eliminated, the predominant reason was because the claim appeared to still be pending, i.e. there was no Date of Disposition or Date of Award. Because we were studying claim disposal periods and settlement amounts, pending claims could not be incorporated.

Although we relied primarily on data from the MEHSA table, a summary of data from the Case Table is included in this report as Exhibit XI.

Actuarial Approach (continued)

Do Prescreening Panels promote quicker recovery for those injured ?

To answer this question data selection was further limited to only those claims that resulted in awards. We compared the average number of days to settlement on "Before Panel" claims to the same average for "After Panel" claims.

Because any difference between the two averages could be due to random variation, it is appropriate to test whether the observed difference is statistically significant. To perform the test, we estimated the t statistic and the corresponding Ttest. The procedure for this is described in the attached Appendix.

Actuarial Approach (continued)

Do Prescreening Panels Promote Early Dismissal of Claims without Merit ?

The approach to evaluating if dismissal periods have changed was identical to that applied above in evaluating whether recovery times have shortened. The data selection, however, was limited to claims that settled with no award. Note, as mentioned earlier, we assumed that claims that closed without award were non-meritorious.

Because any observed difference could be due to random variation, it is again appropriate to test whether the difference between the two averages is statistically significant. To perform the test, we estimated the t statistic and the corresponding Ttest. The procedures for this is described in the attached Appendix.

Actuarial Approach (continued)

Do Prescreening Panels Reduce Recovery or Impair Access to Recovery for Claims with Merit ?

To determine if prescreening panels have affected award amounts, we calculated the appropriate t statistic and Ttest. This test was performed on three size of award categories and for all size categories combined.

The approach to checking whether prescreening panels have impaired access to recovery for claims with merit involved calculating a z statistic as described below. This is the relevant test to use when evaluating the difference between two proportions.

$$Z = (p_B - p_A) / \{SQRT[p_B \times p_A \times (1/n_B + 1/n_A)]\} \text{ where}$$

P_B = proportion of total Before Panel claims with awards,

P_A = proportion of total After Panel claims with awards,

n_B = number of Before Panel claims,

n_A = number of After Panel claims.

As before, z of sufficient size compared to tabular z indicates that there is a significant difference between the proportion of claims with awards before and after panels began.

Actuarial Approach (continued)

Have Prescreening Panels had an Impact on the Cost of Health Care or Medical Liability Insurance ?

We do not believe that the data presented allow for conclusive answers to this question. However, some observations can certainly be made about the impact of panels on the underlying costs of Medical Liability Insurance, and hence indirectly on the cost of Health Care.

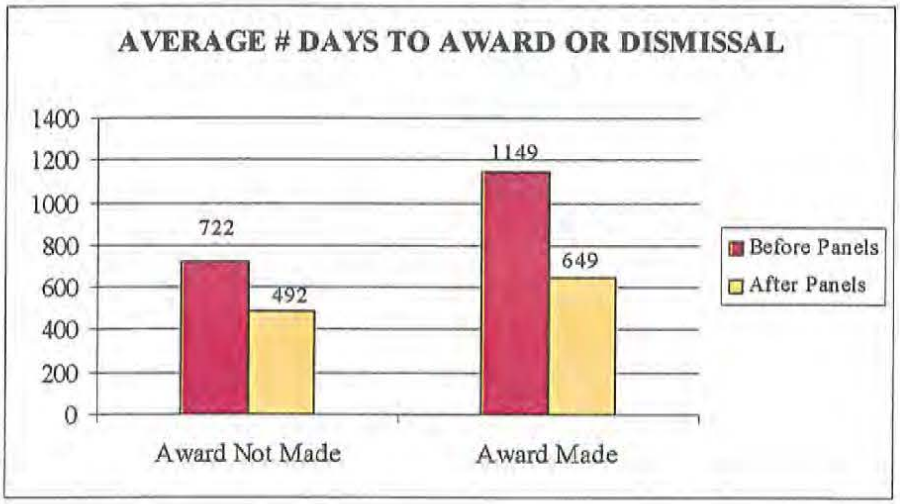
Whether insurance company pricing has responded to any change in underlying claim costs cannot be determined from claim data alone.

Results of Analysis

Do Prescreening Panels Promote Quicker Recovery for those Injured? Do Prescreening Panels Promote Early Dismissal of Claims Without Merit ?

The first two questions to be answered deal with whether or not there has been a significant change in the length of time it takes to settle claims. The table below summarizes our findings.

Award Made ?	*Average # Days to Award or Dismissal*		*Change in Days*	*Statistically Significant ?*
	Before Panels	*After Panels*		
No	722	492	-230	Yes
Yes	1,149	649	-500	Yes



The average dismissal time for claims that concluded without award has decreased by 230 days since prescreening panels were instituted. This is a statistically significant result, which means it is highly unlikely that a change of this magnitude is the result of chance fluctuation.

Even more dramatic is the change in the average number of days needed to settle claims that result in awards. This average has declined 500 days.

Therefore, based on the data available to us, we conclude that the prescreening panel process has significantly shortened the claim settlement period. Awards are made sooner, and dismissals occur earlier.

However, we cannot discern from the data whether the awards made are directed to meritorious claims, or if dismissals are limited to claims without merit.

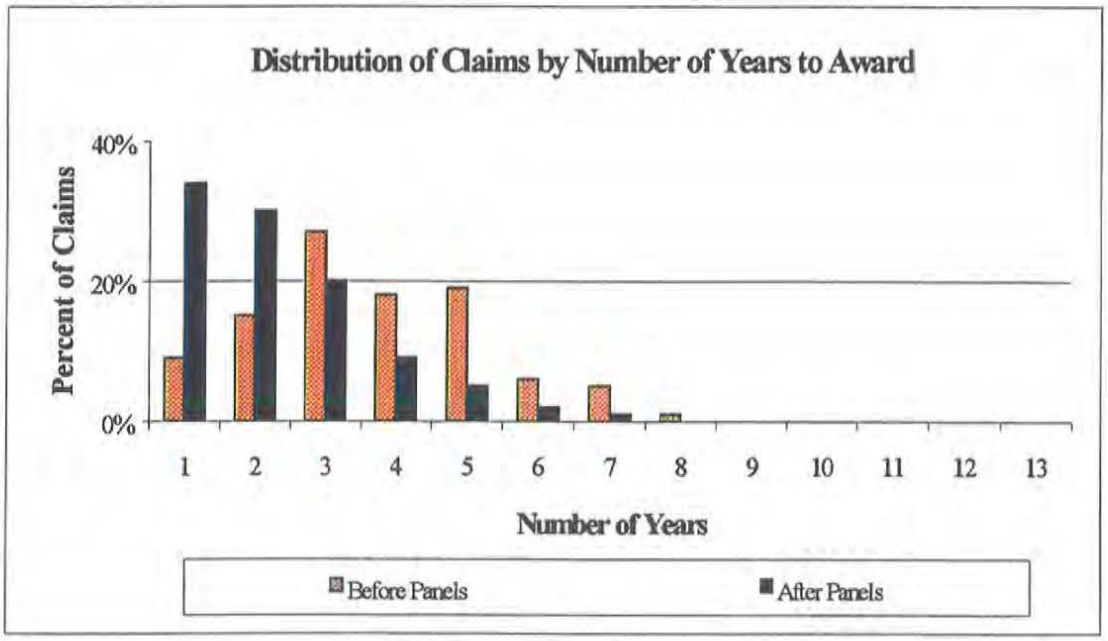
Results of Analysis (continued)

Distribution of Claims by Number of Years Until Award

The chart and graph below detail how claims were distributed by number of years until award. In the Before Panel period, awards were most frequent during years 3, 4 and 5 after Date of Claim. Among After Panel claims, most awards were made within 3 years of claim report.

Distribution of Claims by Number of Years Until Award

Number of Days To Award	Number of Claims		Percent of Total	
	Before Panels	After Panels	Before Panels	After Panels
0 – 365 (1 yr)	11	112	9%	34%
366 - 730 (2 yrs)	18	98	15%	30%
731 - 1095 (3 yrs)	33	65	27%	20%
1096 - 1460 (4 yrs)	21	30	18%	9%
1461 - 1825 (5 yrs)	23	15	19%	5%
1826 - 2190 (6 yrs)	7	5	6%	2%
2191 - 2555 (7 yrs)	6	2	5%	1%
2556 - 2920 (8 yrs)	1	0	1%	0%
2921 - 3285 (9 yrs)	0	0	0%	0%
3286 - 3650 (10 yrs)	0	0	0%	0%
3651 - 4015 (11 yrs)	0	0	0%	0%
4016 - 4380 (12 yrs)	0	0	0%	0%
4381 - 4745 (13 yrs)	0	0	0%	0%



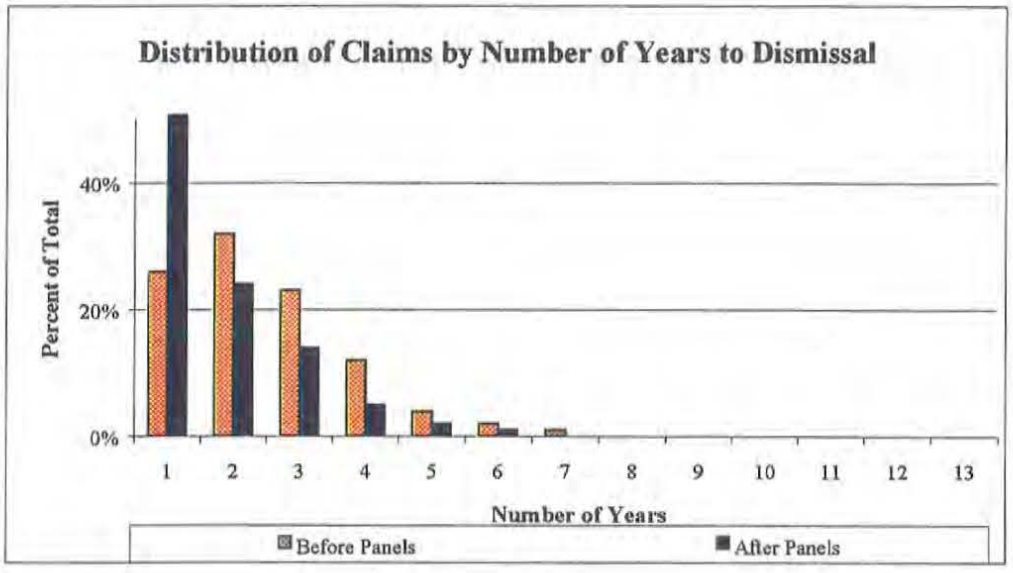
Results of Analysis (continued)

Distribution of Claims by Number of Years to Dismissal

The following chart and graph show how claims that settled without award were distributed by the number of years between report and dismissal or abandonment. Since panels were instituted, a much higher percentage of claims have been dismissed within one year of report. However, it still took three years until most (92 %) After Panel claims were completed.

Distribution of Claims by Number of Years To Dismissal

Number of Days To Dismissal	Number of Claims		Percent of Total	
	Before Panels	After Panels	Before Panels	After Panels
0 - 365 (1 yr)	119	997	26%	54%
366 - 730 (2 yrs)	146	448	32%	24%
731 - 1095 (3 yrs)	103	259	23%	14%
1096 - 1460 (4 yrs)	53	89	12%	5%
1461 - 1825 (5 yrs)	18	35	4%	2%
1826 - 2190 (6 yrs)	8	16	2%	1%
2191 - 2555 (7 yrs)	3	7	1%	0%
2556 - 2920 (8 yrs)	2	1	0%	0%
2921 - 3285 (9 yrs)	0	2	0%	0%
3286 - 3650 (10 yrs)	0	0	0%	0%
3651 - 4015 (11 yrs)	0	0	0%	0%
4016 - 4380 (12 yrs)	0	0	0%	0%
4381 - 4745 (13 yrs)	0	0	0%	0%



Results of Analysis (continued)

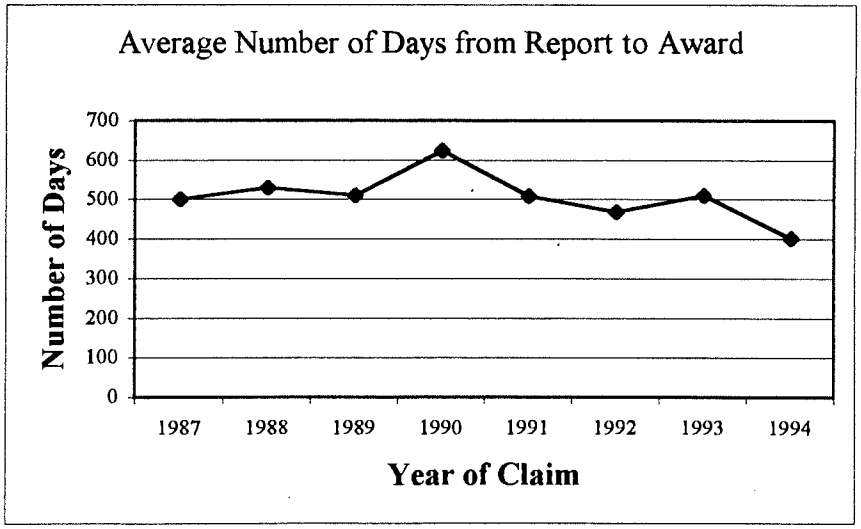
Trend in Settlement Time for Claims with Awards

The chart and graph below display how the average settlement period has behaved over time for claims that settle with awards. Please note that this is all post-panel data, and each report year has been evaluated at the end of three years so that the averages will be comparable.

Except for the1990 and 1994 claim years, settlement time has hovered close to 500 days. Although the most recent report year settled at a 400 day average, one point is not usually considered a trend. We need to wait to the end of 1997 to see if the 1995 report year stays down near 400 days or pops back up closer to 500. At this point the conclusion is that the trend in settlement time for claims with awards has been flat during the panel era.

Trends Since Panels Became Mandatory

Year of Claim	Number of Years From Report to Award	Average Number of Days From Report to Award	Average Award (in $000's)	Average ALAE (in $000's)
1987	3 or less	499	$35	$7
1988	3 or less	528	$71	$5
1989	3 or less	509	$100	$8
1990	3 or less	623	$107	$19
1991	3 or less	507	$225	$10
1992	3 or less	467	$132	$9
1993	3 or less	509	$230	$14
1994	3 or less	400	$124	$15



Results of Analysis (continued)

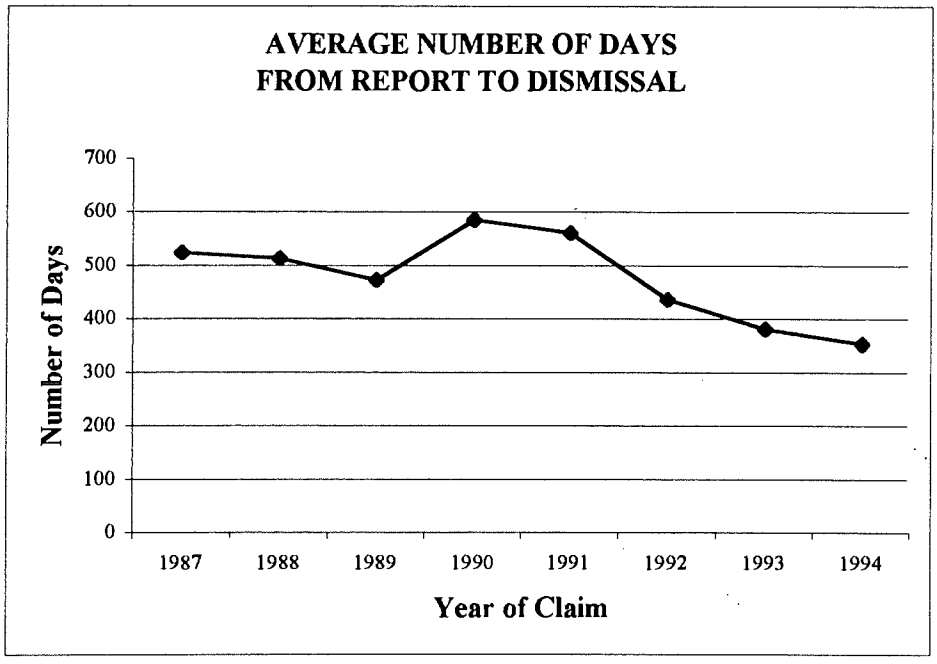
Trend in Settlement Time for Claims without Awards

The following chart and table show how dismissal time has varied over the years. Again, this is After Panel data only, and each report year has been evaluated after three years.

Among dismissals there does appear to be an improving trend in settlement time. The number of days to dismissal started at a 500 day level, but during the last three years has dropped progressively so that it is now below 400 days.

Trends Since Panels Became Mandatory

Year of Claim	Number of Years From Report to Dismissal	Average Number of Days From Report to Dismissal	Average ALAE (in $000's)
1987	3 or less	522	$94
1988	3 or less	511	$2
1989	3 or less	471	$2
1990	3 or less	583	$2
1991	3 or less	559	$3
1992	3 or less	435	$2
1993	3 or less	380	$4
1994	3 or less	352	$3



Results of Analysis (continued)

Distribution of Claims by Number of Years to Panel Decree

At the Bureau's request we attempted to examine the time period between claim report and panel decree. This involved matching records on the Court data base with records on the Health Security Act data base. Unfortunately, we were able to find only 91 claims for which both the date of panel decree and original report date of the claim could be identified.

A summary of those claims is presented on the following page. The time between report and decree is on average slightly over two years. This is longer than the average settlement periods indicated by the Health Security Act data (1.3 years on no award cases, 1.8 years for claims with awards).

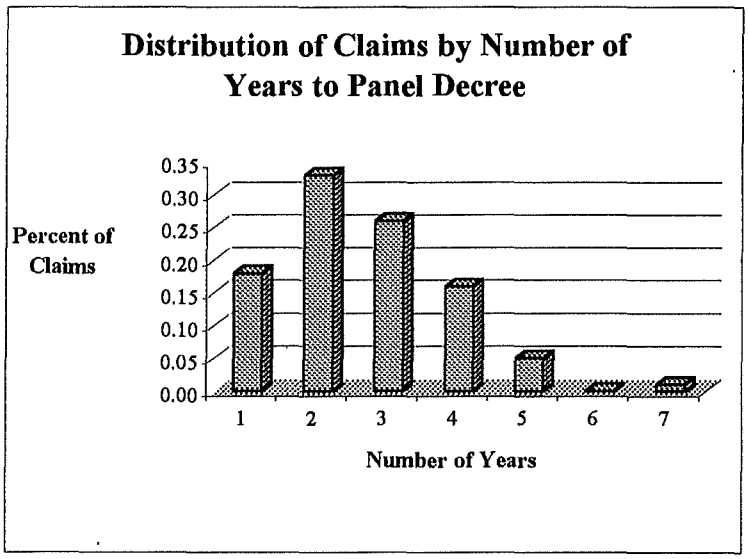
The discrepancy could be due to the small number of claims for which the panel decree date can be identified. On the other hand, panels could actually be taking a long time to form and complete, and the Health Security Act data results could be diluted by claims settling informally without the use of panels or the courts.

No trend exhibit was prepared based on time to panel decree because of the limited number of claims. Some trend points would have only been based on only one or two claims.

Results of Analysis (continued)

Distribution of Claims by Number of Years Between Date of Claim and Date of Panel Decree

Number of Days to Decree	*Number of Claims*	*% of Total*
0 – 365 (1 yr)	16	18.0%
366 – 730 (2 yrs)	30	33.0%
731 – 1095 (3 yrs)	24	26.0%
1096 – 1460 (4 yrs)	15	16.0%
1461 – 1825 (5 yrs)	5	5.0%
1826 – 2190 (6 yrs)	0	0.0%
2191 – 2555 (7 yrs)	1	1.0%
All	91	100.0%



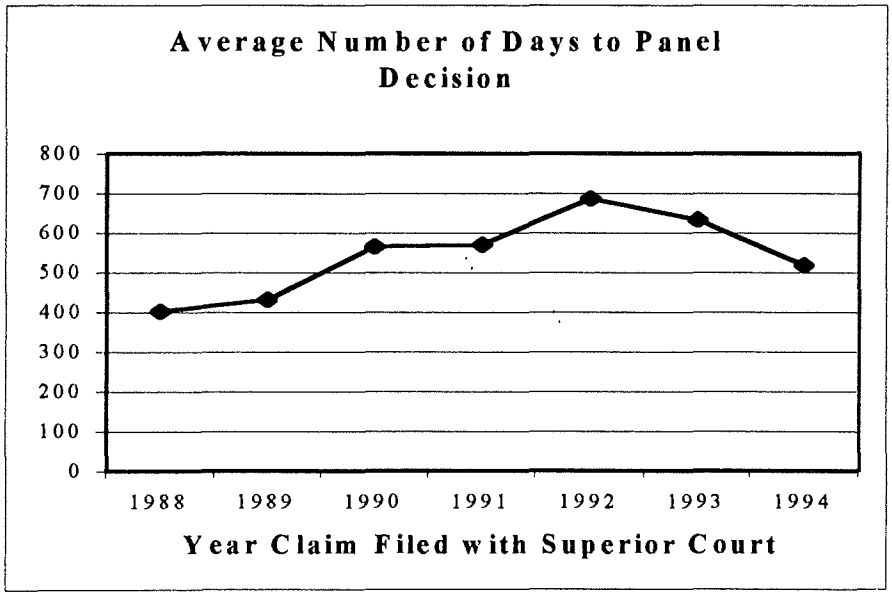
Results of Analysis (continued)

The Case Table (Court Data Base)

As seen from the previous section, we were generally unsuccessful in matching cases from the Court Data Base to the Health Security Act Data Base. However, in looking at the Court data alone, we examined the length of time between the date a case was first filed with the Superior Court, and the date of panel decision. There were 167 cases for which panel decisions had been rendered. The average time between notice and decision was 620 days or 1.7 years. The following table and graph show how this measurement has varied over time. Also, see Exhibit XI for a summary of the data on the Case Table.

Number of Days between Claim Filed Date and Panel Decision Date

Year Claim was Filed	Age at Panel Decision	Avg # Days to Decision
1988	3 years or less	401
1989	3 years or less	431
1990	3 years or less	565
1991	3 years or less	570
1992	3 years or less	685
1993	3 years or less	633
1994	3 years or less	517



Results of Analysis (continued)

Panel Waived vs. Panel Not Waived Claims

At the request of the Bureau we attempted to examine differences between claims for which the panel was waived and all other claims. We were able to identify only 2 closed claims coded as "panel waived" for which other information of interest could be found on the Health Security Act data base.

For informational purposes, that data is included as Exhibit IX. However, we have not drawn any conclusions from it.

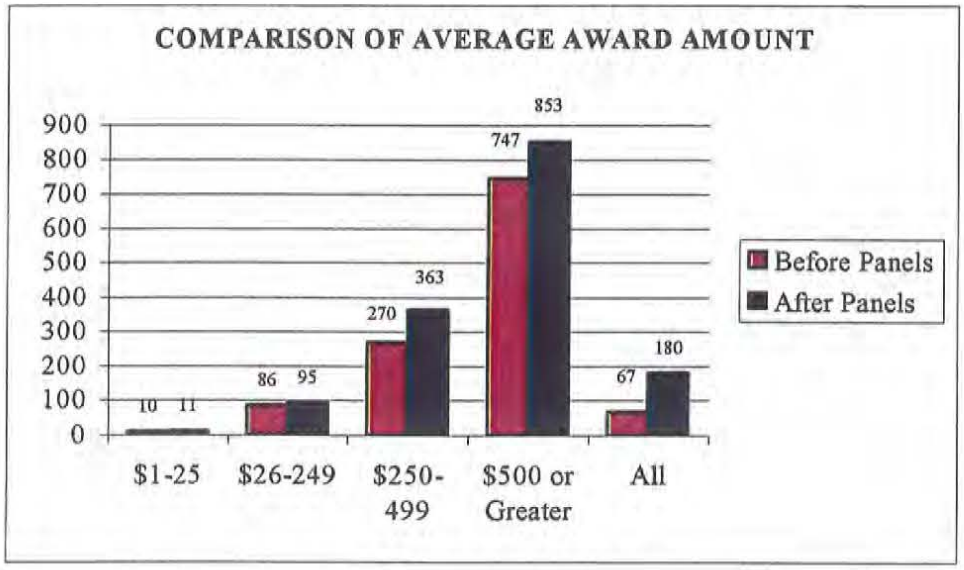
Results of Analysis (continued)

Do Prescreening Panels Reduce Recovery for Claims With Merit ?

The following table summarizes the observed change in award amounts since prescreening panels were instituted:

Average Award Amounts in $000's

Award Size $000'a	*Before Panel*	*After Panel*	*Change in $000's*	*Statistically Significant ?*
$1 – 25	$ 10	$ 11	$ 1	No
$26 - 249	$ 86	$ 95	+ $ 9	No
$250 – 499	$ 270	$ 363	+ $ 93	Yes
$500 or Greater	$ 747	$ 853	+ $ 106	No
All	$ 67	$ 180	+ $ 113	Yes



Overall the average award amount has increased by $113,000 since prescreening panels began. Although some portion of the increase is attributable to inflation, the magnitude of the increase is such that even after inflation is factored out, the average size award has still increased significantly.

Results of Analysis (continued)

Do Prescreening Panels Impair Access to Recovery for Claims with Merit ?

This table summarizes the percentage of total claims resulting in either dismissals or in awards of various sizes:

Percentage of Total Claim Counts

Award Size $000's	Before Panels	After Panels
0	79.0%	85.0%
1 – 25	11.2 %	5.6 %
26 – 249	8.7%	5.9 %
250 – 499	0.5 %	1.9 %
500 or +	0.5 %	1.6%

In the Before Panel data, 21 % of claims resulted in awards of some size. Among the After Panel claims, however, only 15 % received awards. This difference is statistically significant, and hence probably not due to random fluctuation.

The decline in award occurred among claims in the lower award categories, $1 -$25,000 and $25,001 - $249,999. Although significantly fewer claims are now receiving awards, whether those eliminated constitute "claims with merit" is not discernable from the data.

Furthermore, we cannot determine from the data whether panels discourage claimants with meritorious claims from filing claims altogether.

Results of Analysis (continued)

Have Prescreening Panels had an Impact on the Cost of Health Care or Medical Liability Insurance?

An increase in the cost of medical liability insurance should translate into an increase in the cost for health care insurance. To determine the effect of prescreening panels on the cost of medical liability insurance, it is necessary that we determine the net overall impact of the change in average claim size and the change in claim reporting frequency.

Prescreening panels appear to have increased the overall average claim size on top of expected inflationary growth over time. Allocated loss adjustment expenses, on the other hand, have stayed level, suggesting that the panel process is holding this cost down to the point of offsetting normal inflationary increases. The combined impact is an increase in cost. (Please see Exhibit VII.)

With the data available we cannot judge what effect, if any, panels may have had on claim reporting frequency. To evaluate this component, information on the number of exposures underlying the Before and After Panel claims would be needed. This would be in the form of number of physicians or number of hospital beds insured during each year.

Consequently, although prescreening panels appear to have increased the overall average claim size, we cannot determine their overall impact on the cost of medical malpractice insurance, because we cannot judge what effect, if any, they have had on claim reporting frequency. Furthermore, since we cannot determine the impact of prescreening panels on the cost of medical malpractice insurance, we cannot therefore also determine their impact on the cost of health care.

Attached Exhibits

The following exhibits (I – VII) display Before Panel and After Panel averages for:

- Number of days to settlement;
- Award amount;
- ALAE amount.

A t-test probability is also shown for each variable. When the t-test entry is less than .05, the difference between the Before Panel and After Panel average is statistically significant, i.e. probably not due to chance. Hence the panel process had an impact.

Exhibit I shows data for claims closed with no award.

Exhibit II shows data for claims closed with awards between $1 and $24,999.

Exhibit III shows data for claims closed with awards between $25,000 and $249,999.

Exhibit IV shows data for claims closed with awards between $250,000 and $499,999.

Exhibit V shows data for claims closed with awards of $500,000 or greater.

Exhibit VI shows data for closed claims with awards of all sizes combined.

Exhibit VII shows data for all closed claims. It includes claims with and without awards.

Listed below are additional exhibits that are also included:

Exhibit VIII displays claim count, Before and After Panels, by size of award.

Exhibit IX contains the limited Panel Waived and Panel Not Waived information that was available by combining the Court and Health Security Act data bases.

Exhibit X compares overall results with and without truncation of the pre-panel claims.

Exhibit XI provides a summary of data from the Case Table, also known as the Court Data Base.

III. Appendix

Appendix

Procedures to estimate the Ttest and the t statistics

Observations made regarding changes in the number of days to settlement, award amount and ALAE amount Before Panel and After Panel could be due only to random variation and consequently not "statistically significant". To test the significance of an observation, we calculated a t statistic and compared it to the tabular t. The t statistic (T) is calculated as follows:

$$T = (D_B - D_A) / S \qquad \text{where}$$

D_B = the variable (in the number of days to settlement, award amount and ALAE amount) on Before Panel claims that is being observed,

D_A = the variable on After Panel claims that is being observed,

S = a pooled estimate of standard deviation for the variable being observed.

We then compared this calculated value to a tabular value of the Student's t distribution function. The difference between the calculated t and the tabular t is the Ttest. A small Ttest indicates that there is only a small chance that the difference between the two averages is due to random variation. The difference is then said to be "statistically significant".

In our analysis, we used a cutoff percentage of .05. A Ttest less than or equal to .05 is statistically significant. When greater than .05, it is not statistically significant.

Appendix (Continued)

Example to illustrate why data truncation was necessary

To explain why the pre-panel claims were truncated, i.e. why claims settling after 3/28/89 were eliminated, consider this simplified example.

Suppose there were only two **pre-panel** claims, and similarly two **post-panel** claims, as shown below:

Year of Claim (**Pre-panel**)	Year Settled	Award Amount	# Years to Settle
1984	1985	$10,000	1
1984	1989	$1,000,000	5
Average		$505,000	3

Year of Claim (**Post-panel**)	Year Settled	Award Amount	# Years to Settle
1995	*1996*	*$10,000*	*1*
1995	***(2000) ****	***($1,000,000)****	***(5)***
Average		$505,000	3

*Note: The last claim will be settled in the future. In 1997 we will see this claim in the data base, but as an open claim. We won't know when it will eventually settle, or for how much.

If we **were** omniscient, and knew in 1997 that these were the claims, and if there were no inflation, we **should** conclude that panels have absolutely no effect on settlement time or on award amounts.

However we aren't omniscient. What we actually see when looking at these two data sets during 1997 are two closed claims for pre-panel and only one for post-panel. The averages we see are:

Pre-panel average settlement time: 3 years
Post-panel average settlement time: 1 year

Pre-panel average award: $505,000
Post-panel average award: $ 10,000.

From this comparison improper conclusions will be drawn, namely that panels have dramatically improved both measurements.

The two data sets can be made comparable by truncating the second claim in the pre-panel group. We would do this by taking the average age of the post-panel claims (1997-1995 = 2 years), and imposing that average on the pre-panel claims. Therefore, pre-panel claims closed after (1984 + 2 = 1986) are eliminated.

Now the two groups are again comparable. We have only the first claim from each data set coming into our closed claim study. From this comparison, we will draw the proper conclusion, i.e. no panel effect.

This is essentially what was done with the Health Security Act pre-panel claims. There were just more than four claims to be considered. Therefore, we calculated the average age of the post-panel claims (open and closed combined), and then found the date at which pre-panel claims, as a group, had that same average age. Pre-panel claims which closed after that date were eliminated from the study.

Note from Exhibit X that our conclusions about the effect of panels on claim settlement speed would have been the same with or without truncation. Without truncation, however, we would have concluded erroneously that their was no significant difference between award amounts in the Before Panel and After Panel claims.

Appendix (Continued)

Summary of Panel Decisions from the Respondents Table

There are 1,541 records on the Respondent Table. Here is a tally of the panel decisions in that table in terms of number of respondents:

Unanimous for plaintiff as to both causation and negligence	27
Unanimous for defendant as to both causation and negligence	141
Unan. for plaintiff as to neg./ Unan. for defendant as to causation	17
Unan. for defendant as to neg./ Unan. for plaintiff as to causation	8
Split vote on negligence/ Unanimous on causation	19
Split vote on causation / Unanimous on negligence	14
Split vote on both negligence and causation	29
Dismissed – no panel vote	802
Open claims – no panel vote	453
Bad data/incomplete data	31

Time Lag Between Date of Occurrence and Date of Claim

Per the MEHSA Table the average number of days between the Date of Occurrence and Date of Claim is as follows:

Pre-panel claims:	475
Post-panel claims:	497

IV. Actuarial Exhibits

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Award Category: Closed With No Award

	Before Panel Average	*After Panel Average*	*Ttest*
# of days	722	492	0.000
Awards Amount	$0	$0	N/A
ALAE	$8,204	$17,261	0.315

* We define a Ttest <= 0.05 to be statistically significant (i.e. not due to chance), and a Ttest > 0.05 not to be significant.

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Award Category: $1 to $25,000

	Before Panel Average	*After Panel Average*	*Ttest*
Number of days to settlement	1,118	439	0.000
Award Amount	$10,199	$10,596	0.374
ALAE **	$79,461	$3,460	0.069

* We define a Ttest <= 0.05 to be statistically significant (i.e. not due to chance), and a Ttest > 0.05 not to be significant.

** Before Panel Average ALAE distorted upward by one claim

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Award Category: $25,001 to $249,999

	Before Panel Average	*After Panel Average*	*Ttest*
Number of days to settlement	1,173	708	0.000
Award Amount	$85,729	$94,990	0.146
ALAE	$12,075	$14,901	0.210

* We define a Ttest <= 0.05 to be statistically significant (i.e. not due to chance), and a Ttest > 0.05 not to be significant.

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Award Category: $250,000 to $499,999

	Before Panel Average	*After Panel Average*	*Ttest*
# of days	1,122	836	0.130
Awards Amount	$270,333	$363,266	0.008
ALAE	$12,231	$34,189	0.267

* We define a Ttest <= 0.05 to be statistically significant (i.e. not due to chance), and a Ttest > 0.05 not to be significant.

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Award Category: $500,000 or Greater

	Before Panel Average	*After Panel Average*	*Ttest*
# of days	1,455	941	0.051
Awards Amount	$747,307	$852,506	0.397
ALAE	$18,067	$36,643	0.273

* We define a Ttest <= 0.05 to be statistically significant (i.e. not due to chance), and a Ttest > 0.05 not to be significant.

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Award Category: All Awards

	Before Panel Average	*After Panel Average*	*Ttest*
Number of days to settlement	1,149	649	0.000
Award Amount	$66,601	$180,019	0.000
ALAE	$48,168	$15,408	0.078

* We define a Ttest <= 0.05 to be statistically significant (i.e. not due to chance), and a Ttest > 0.05 not to be significant.

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Award Category: All Award Sizes + Closed With No Award

	Before Panel Average	*After Panel Average*	*Ttest*
Number of days to settlement	812	515	0.000
Award Amount	$13,972	$27,036	0.020
ALAE	$16,588	$16,983	0.490

* We define a Ttest <= 0.05 to be statistically significant (i.e. not due to chance), and a Ttest > 0.05 not to be significant.

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Comparison of Number of Claims Before Panels vs After Panels

Award Size ($000's)	Before Panel	After Panel
$0	452	1,856
$1 - 25	64	123
$26 - 249	50	128
$250 - 499	3	41
$500 or Greater	3	36
Total	**572**	**2,184**
Total with Award	**120**	**328**

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Panel Waived vs Panel Not Waived Claims

($amts in thousands)

	Panel Waived	Panel Not Waived
Number of Claims	2	195
Number of Awards	1	44
Number of dismissals	1	151
Avg # days to award	0	793
Avg # days to dismissal	998	664
Average Award	$30	$188
Average ALAE w/awards	$11	$29
Average ALAE w/dismissals	$5	$12

Maine Bureau of Insurance

Review of the Effectiveness of the Medical Professional Liability Prescreening Panel

Award Category: All Award Sizes + Closed With No Award

Results With and Without Data Truncation

	Before Panel Average No Data Truncation	*Before Panel Average* With Data Truncation	*After Panel Average*	*Ttest* No Data Truncation	*Ttest* With Data Truncation
Number of days to settlement	948	812	515	0.000	0.000
Award Amount	$20,203	$13,972.00	$27,036	0.131	0.020
ALAE	$16,877	$16,588.00	$16,983	0.497	0.490
Number of Claims	653	572	2184		