



PRA Services CORPORATION

PROFESSIONAL LIABILITY Third Party Administrator Services

Medical Malpractice Third Party Administration Survey Executive Summary

How do hospital and health care system administrators view the market for Third Party Administration (TPA) services specializing in medical malpractice claims management?

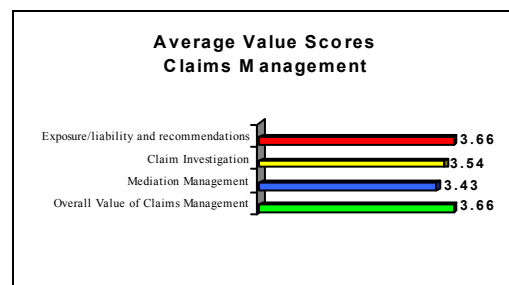
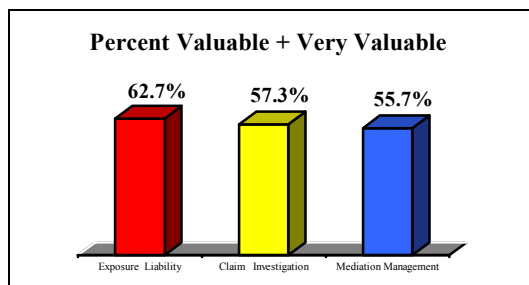
According to a survey commissioned by PRA Services Corporation, those in charge of health care medical liability insurance programs, welcome a variety of services from specialized third party administrators.

The national, web-based survey was sent to health care administrators, representing CEOs, CFOs, Directors of Risk Management, and other mid-level to senior executives, with 359 responding. The maximum overall margin of error is 5.3%.

The survey indicated a growing interest and need for specialized TPA services in the health care arena. On a scale ranging from 1 = no value to 5 = very valuable, the overall average value of third party administrative services was 3.25, with 46.7% indicating the service would be valuable/very valuable. The results listed below covered the categories of claims management, risk management, consulting services, and litigation management.

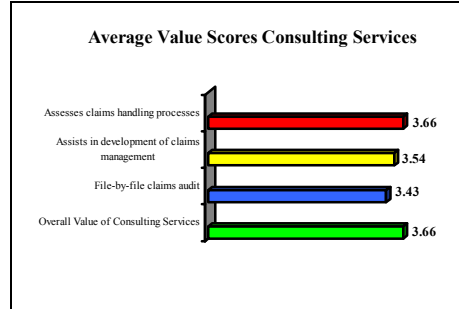
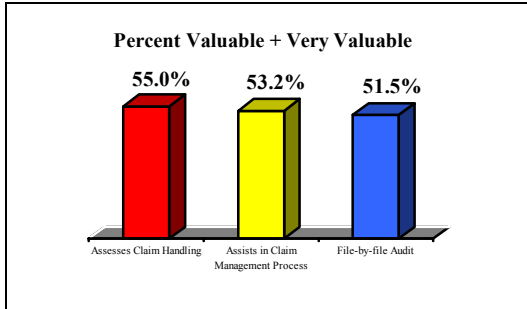
Claims Management

Claims management was rated as valuable/very valuable by 65.1%. Three specific components of claims management was considered to be of some value to hospital decision makers and had valuable/very valuable scores exceeding 50%: (1) Evaluates exposure/liability and makes recommendations (3.67), (2) Investigates all claims - - interviews, document review, etc. (3.54), and (3) Manages mediation/arbitration (3.43).



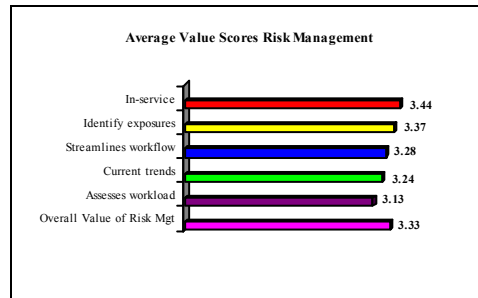
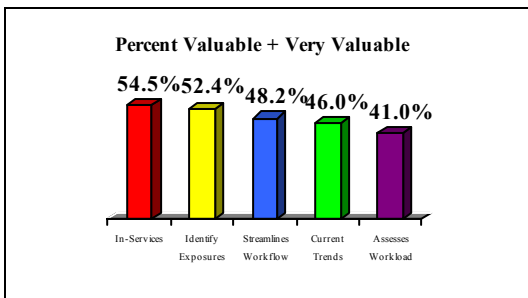
Consulting Services

Hospital decision makers were also asked to rank three areas of consulting services and each had valuable/very valuable scores exceeding 50%: (1) Assesses your current claim handling processes and methods (3.66), (2) Assists in the development of claims management processes for your organization (3.54), and (3) Performs file-by-file claims audit (3.43).



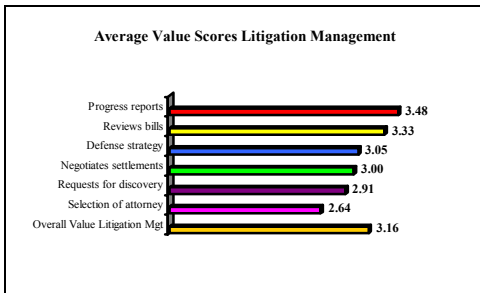
Risk Management Services

Two Risk Management Services were identified for the survey and had valuable/very valuable scores exceeding 50%: (1) Conducts in-services and continuing education (3.44) and (2) Reviews medical records to identify exposures (3.37).



Litigation Management Services

Survey takers were asked to rank two Litigation Management services, which revealed valuable or very valuable scores exceeding 50%: (1) Ensures timely and accurate progress reports (3.48) and (2) Reviews bills and manages expenses (3.33).



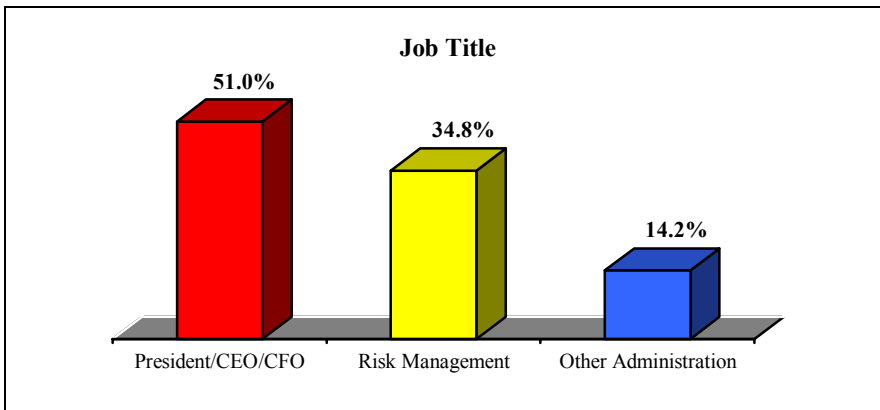
Respondents' Demographics

Respondents listed the state where their primary operations are located. Every state except Alaska and Montana was represented with the greatest number of respondents citing Texas (7.0%), Wisconsin (6.0%), and Pennsylvania, New York, or Indiana (4.6% each).

The analysis grouped respondents by the level of liability crisis in their state of operation according to the American Medical Association rating. States in crisis and those showing problem signs were grouped together, while states with effective reforms halting crisis and states currently okay were grouped together. A majority of the hospital decision makers are from states in crisis or showing problems (72.5%).

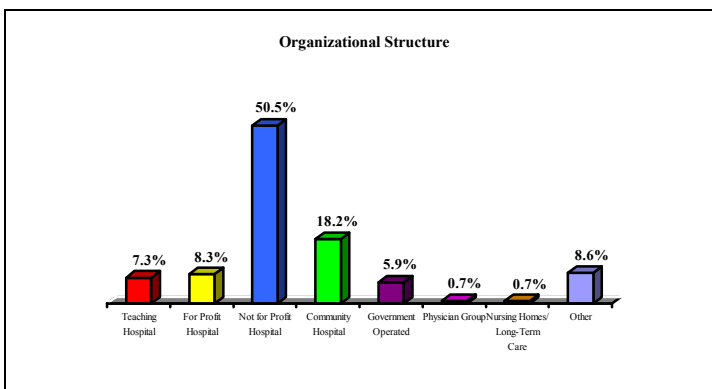
Job Title

A majority of respondents are in upper management positions like President/CEO/CFO (51.0%), followed by risk managers.



Organizational Structure

A majority of the respondents come from Not-for-Profit Hospitals (50.5%), followed by Community Hospitals (18.2%). Roughly 50% of respondents represented health care organizations with more than 150 beds. They were significantly more familiar with TPA services than their peers at smaller hospitals and health care systems.



Conclusion

The survey confirms that organizations desiring to take control of their liability programs and reduce their costs see the value of a sound claims management program administered by a TPA that specializes in the health care market. Administrators particularly value a medical malpractice specialist's ability to analyze potential risks and current procedures. Claims, risk, and litigation management are also highly ranked services. The larger the health care organization and the more senior the decision maker, the more likely it is that the respondent is familiar with TPAs and views medical malpractice specialist TPAs as effective sources of risk management and cost controls.

About The Survey Author, Applied Ph.D Research, LLC

PRA Services retained Dr. James "Jimmy" Peltier, an internationally known author and expert in marketing, advertising, and communications research and a principal of Applied Ph.D. Research, LLC (McFarland, WI), to conduct the survey. Dr. Peltier is a professor of Marketing at the University of Wisconsin – Whitewater and has written more than 60 journal articles with numerous presentations at international research conferences.

About PRA Services Corporation

PRA Services Corporation (PRASC) is an exclusive provider of medical malpractice third party administration services. Established by ProAssurance, the country's fourth largest medical malpractice insurance writer, PRA Services offers an unprecedented degree of savings, control, efficiency, and convenience. Its systems, reports, and expertise stem from the best practices of ProAssurance and its recent acquisition, PIC WISCONSIN – two medical malpractice insurers known for financial stability, and outstanding risk management and claims defense. PRA Services tailors its services to each client's needs, offering as much or as little consultation as desired. Unlike more generic providers, PRASC's systems and options are highly relevant to the challenges faced by hospitals, physicians, clinics, captives, risk retention groups, and other health care entities seeking to lower the cost of their insurance.

To learn more, visit us at www.praservicescorp.com or contact Charles Francis at CFrancis@praservicescorp.com or (800) 279.8331, ext. 5819