



VIEWS&VISIONS

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Insuring Physicians, Ensuring Success

R. Austin Wallace, MD
Chairman of the Board, President & Chief Executive Officer
West Virginia Mutual Insurance Company

Dr. Wallace has been an integral contributor to the West Virginia Mutual Insurance Company since its formation in 2004, serving on the Board of Directors, as both Vice-Chairman and Chairman of the Claims Committee and, since 2009, Chairman of the Board. In January 2012, Dr. Wallace also became President and CEO.

He attended college at the University of Virginia in Charlottesville and graduated from the West Virginia University School of Medicine in 1977, completing his otolaryngology residency at West Virginia University Hospital after a UVA-affiliated general surgery internship at Roanoke Memorial Hospital (now Carilion Clinic).

Prior to retiring from active medical practice in 2013, Dr. Wallace specialized in otolaryngology/head and neck surgery in private practice for over 30 years in Charleston, West Virginia, where he was recognized as one of "America's Top Physicians" by the Consumers' Research Council.

He is past president of the West Virginia State Medical Association, Physician's Alliance of West Virginia and the West Virginia Academy of Otolaryngology. Dr. Wallace currently serves on the boards of PIAA (formerly Physician Insurers Association of America), the West Virginia State Chamber of Commerce, where he is a member of the Executive Committee, and WV CALA (Citizens Against Lawsuit Abuse). He is also a member of the Executive Committee of the West Virginia Business and Industry Council (BIC).

The West Virginia Mutual Insurance Company (The Mutual) turned 13 years old on July 1, 2017, and it has been my great privilege and pleasure to serve as its President and CEO since 2012, in addition to being the Chairman of the Board since 2009. The Mutual is both nationally and internationally recognized as one of the most successful medical liability insurance companies formed in the past 20 years. As the more senior ("seasoned") physicians in the Mountain State know all too well, the situation here was very bleak at the time of our inception.

In the late 1990s and early 2000s, West Virginia physicians were experiencing a medical liability insurance "hard market" caused by the frequency of malpractice suits and severity of both judgments and settlements dramatically increasing. In turn, this trend resulted in escalating premiums for health care providers in our state.

Eventually, and shortly after acquiring MMI Companies, which had been the major provider



of commercial medical liability insurance for state physicians at the time, the St. Paul Insurance Company completely exited the medical professional liability insurance market in 2002. This action left approximately 1,450 West Virginia physicians without any viable commercial alternative, myself included. Many of us were contemplating leaving West Virginia to practice in states with better medical liability legal climates, and trauma centers were on the verge of closing because of inadequate physician staffing. Despite these well-known facts, some state trial lawyers, even now, maintain that there was never a crisis at all.

As a result of these very troubling times, some very positive events occurred. Our state





legislature, in concert with then Governor Bob Wise, established the BRIM (Board of Risk and Insurance Management) II program to act as a stopgap for those left without a commercial medical professional liability insurance option. The initiative passed a number of very significant civil justice reforms in two stages, first in 2001 and then in 2003, and has proven to be very successful in restoring fairness and balance to the medical liability arena.

The BRIM II legislation also included a provision to allow the formation of a physicians mutual insurance company, with the state providing a surplus loan to get the company started. This public-private partnership, coupled with excellent tort reforms, proved to be just the right formula for success for our new company, The Mutual. With effective management and superb financial results, The Mutual was able to pay the state loan back 25 years early and, more importantly, reduce physician premiums 30 to 50 percent depending on specialty. In addition, The Mutual has cumulatively given back almost \$15 million in cash dividends over the past few years while maintaining an A.M. Best rating of A- (excellent). By any measure, the West Virginia Mutual Insurance Company is and has been a huge success for our state.

The Patient Protection and Affordable Health Care Act (or ACA), passed in 2010 and implemented in stages over subsequent years, has caused considerable uncertainty for physicians and hospitals in the health care arena nationwide. Burnout is at an all-time high of greater than 50 percent among physicians in the U.S., due in no small part to the forced adoption of electronic health records before the technology was ready, user-friendly or efficient. Unfortunately, this continues to be the case. A recent study reported in the *Annals of Family Medicine* found that primary care physicians, on average, amazingly and distressingly spend nearly six hours on data entry and other tasks with their EHR (Electronic Health Record) system in an 11.4-hour workday.

Furthermore, physicians are faced with an increasingly intrusive government bureaucracy which has become economically punitive if arbitrary benchmarks are not achieved. One clear result of both the ACA's implementation and market dynamics, in general, has been the very definite trend toward hospital employment of physicians. To adapt to this trend, The Mutual now possesses the capability to provide hospital liability insurance for virtually any size hospital in the Mountain State, in addition to medical

liability insurance for the employed physicians of those hospitals. There are a number of state hospitals already enjoying the benefits of this program.

In view of the rapidly changing health care landscape in our state and our country, it should be very comforting to our policyholders that The Mutual is designed to be a constant for them. Our company's mission is to be there for our area's health care providers "...on a sound and enduring basis..." even in the face of the inevitable next "hard market," which in the past has caused other medical liability companies to cut and run or to go out of business altogether. We at the West Virginia Mutual Insurance Company are "Physicians Insuring Physicians." ▼