As we look forward to the new year, we are currently closing our books on fiscal year 2004, our 27th full year in business. Our independent auditors have just begun the process of determining exactly what kind of year we had financially, but I can tell you that our preliminary numbers are promising, especially compared to the most recent years.

We ended the year with 150 new insureds for a net increase in membership of three members. This is more reflective of the moratorium on new business than what we experienced in 2003, when membership increased by more than 90 physicians.

As I mentioned above, it will be several weeks before we have our final, audited financial results. At this point, it appears that our underwriting loss, although an area of some concern, will be less that it has been in several years. Investment income is expected to be slightly higher than last year, which should produce a modest net income and a 10 percent to 15 percent increase in surplus for 2004.

As you may recall, your Board of Directors had anticipated this sort of improvement following the passage of meaningful tort reform and the election of more moderate Supreme Court Justices in 2004, and they voted to forego the rate increase that had been indicated for 2005 using our underwriting data as of June 30, 2004.

It is our hope, and, quite frankly, our firm belief that double-digit rate increases will not be necessary again in the foreseeable future, and that, maybe, just maybe, we can actually reduce rates.

On behalf of the Board of Directors, management and staff at MACM, I would like to wish you and yours a Happy and Prosperous New Year!

R. Faser Triplett, M.D.
President

MACM, UMC Mutually Benefit from Cooperative Relationship

Since its beginnings, Medical Assurance Company of Mississippi has recognized the benefits of working with the University of Mississippi Medical Center. Today, almost 30 years later, this relationship has developed into a mutually-beneficial partnership for both entities.

Over the years, MACM has worked closely with the Medical Center through risk management system audits; on-site presentations to students, residents and faculty; business development seminars for preparation and transition into private practice as well as availability for risk management consultation.

Recently, however, MACM’s presence at the Medical Center has taken a greater role at the request of James E. Keeton, M.D., Associate Vice Chancellor for Clinical Affairs. Dr. Keeton was interested in improving the risk management aspect of medical practice and wanted to build on what was currently being done at UMC. He also wanted to develop a closer working relationship with MACM and the company’s risk management efforts. So, he called his friend and colleague Mike Maples, M.D., MACM’s Associate Medical Director, to discuss risk management possibilities.

As part of a department reorganization, Dr. Keeton, along with Dr. David Powe, Associate Vice Chancellor for Institutional Affairs and a NASA retiree, created the Environmental Health and Safety Department. Within this area fall the comprehensive risk management efforts of the institution.

In the past, the Medical Center focused more on the defensibility of a claim. Now, more attention is being given to what can be learned from incidents and how systems can be changed to prevent claims.

R. Faser Triplett, M.D. President
Future physicians learning valuable lessons from James E. Keeton, M.D.

MACM insured James E. Keeton, M.D., believes that all patients should be treated equally, regardless of their socioeconomic status. His role as the Associate Vice Chancellor for Clinical Affairs at the University of Mississippi Medical Center allows him to share that belief with tomorrow’s physicians.

After 20 years in private practice as a pediatric urologist in Jackson, Dr. Keeton returned full-time to the Medical Center, where he went to medical school, completed residency training and served as a clinical professor of pediatrics. Eventually, he became the Director of Surgical Services for the Children’s Hospital prior to his current role as an Associate Vice Chancellor.

As Mississippi’s health science campus, the Medical Center is the primary place in the state that educates physicians, dentists and other professionals for careers in health care. As Associate Vice Chancellor for Clinical Affairs, Dr. Keeton serves as a liaison between the hospital administration, the 17 clinical department chairs and UMC Vice Chancellor Daniel W. Jones, M.D.

One priority issue for Dr. Keeton these days is maintaining the academic and financial integrity of the hospital while balancing the Medical Center’s overall mission. State law mandates that at least 50 percent of UMC’s patients be indigent, including Medicaid. The University Hospital is the only Level 1 trauma center in Mississippi and currently, the hospital is receiving an disproportionate amount of trauma, according to Dr. Keeton.

“The large number of trauma patients gets us out of balance to meet our academic responsibilities,” Dr. Keeton said. “Too many of one type of patient affects our ability to do comprehensive teaching. How can we train physicians in one specialty, when the hospital stays filled with patients of another specialty? There must be a balance.”

Supporting the threefold mission of the Medical Center is one of his top priorities— to train health care professionals, to maintain the highest level of patient care and to perform research which expands the basic body of knowledge.

To fulfill this mission, the Medical Center faculty needs enough beds representing a variety of specialties to train tomorrow’s physicians.

“We desperately need help with the Level II, III and IV trauma centers to balance our trauma patient load,” he continued. “At the Medical Center, we want all Level 1 and pediatric trauma, but we need for other hospitals around the state to help with the lower levels of trauma patients.”

Another area of responsibility for Dr. Keeton is improving communications with referring physicians around Mississippi. Toward this effort, UMC will soon...

Dr. Keeton, continued on page 4

The majority of physicians who graduate and complete their residency at UMC stay in Mississippi, according to Dr. Keeton. Working with MACM to educate physicians in their residency years about risk management and office systems will lead to better medical care for all citizens in Mississippi.

“We recognize that we have a great opportunity to work with the residents now rather than later,” Dr. Maples said. “If we did not work with UMC, we would have to start our risk management efforts with our insureds much later in their career, and we do not want to miss opportunities to be a part of their on-going education.”

The risk management staff at MACM are firm believers that the habits developed during a residency are habits that will continue throughout a medical career.

“We work with UMC to incorporate risk management principles into daily clinic activities so that years later these same habits are still present,” Bienvenu said.

Also, from a general business perspective, it makes good sense for MACM to work with the Medical Center:

“It is important to MACM that Mississippi physicians provide good care and practice good risk management. If that happens, MACM’s financial status remains stable and its long-term viability is assured.”

― James E. Keeton, M.D. (Continued from page 1)
Case Study

Diagnosis: Cancer (?)

This case was taken from actual closed claims of Medical Assurance Company of Mississippi and is provided for the purpose of education.

A 50-year-old woman with a breast lump underwent a lumpectomy and axillary node dissection following the diagnosis of mucinous breast cancer. The tissue diagnosis was made from a needle biopsy frozen section and confirmed on permanent sections. The axillary lymph nodes were negative for carcinoma. Adjunctive radiation therapy was begun after her wounds healed.

Additional studies were ordered on the primary lesion and the slides were sent to the Air Force Institute of Pathology for review. DNA analysis and ERICA, along with slide review, resulted in a change in diagnosis to fibroadenoma (benign). The MACM insured pathologist and the surgeon met with the patient and her husband to inform them of the change in diagnosis. The patient and her husband were told that the radiation was not beneficial and it was stopped immediately.

A lawsuit was filed alleging inappropriate diagnosis resulting in unnecessary radiation. The plaintiff alleged that the radiation therapy increased the risks of lymphedema and angiosarcoma.

MACM hired an independent expert to review the slides and he confirmed the diagnosis of fibroadenoma. A review of the case at MACM disclosed that the plaintiff did not have lymphedema or angiosarcoma and was unlikely to develop either one. However, due to the misdiagnosis and unnecessary treatment, lost wages and medical expenses, it was recommended the case be settled. The MACM insured pathologist agreed.

A settlement mediation was scheduled and the case was ultimately concluded.

Mandatory Orientation Program for New Physicians

NEW physicians whose policy inception was on or after August 1, 2004 are required to attend. Failure to attend one of the programs scheduled in 2005 will result in a 5% premium surcharge or $1000, whichever is greater. Continued failure to attend through the next policy period will result in a 10% surcharge or $1000, whichever is greater. If the requirement is not met within the third policy period, the physician will be considered for non-renewal.

Evening Programs:
Registration + refreshments & hors d’oeuvres from 5:30-6:00 pm; Program 6-8 pm

Luncheon Program:
Registration + lunch from 11:30 am-Noon; Program Noon-2 pm

Clinic Managers are invited to accompany their physicians. Please be sure to register.

To Receive Credit for Attendance, Physicians Must Be Present For Entire Two Hour Program

IF YOU DO NOT RECEIVE A WRITTEN CONFIRMATION, WITHIN TWO WEEKS, OF YOUR REGISTRATION, PLEASE RESUBMIT.

Name: ____________________________________________
Physician/Clinic Address: ____________________________________________
Phone: __________________ Fax: __________________ Email: __________________
I wish to register for Program #: ______ Place: __________ Date: __________

Fax To: Risk Management Department (601) 605-8849

MACM Staff Update

Alan Jones has been promoted to IT Manager after five years with the Company. In this new position, he will be responsible for the management of the information technology department, including creating new strategies for data management, improving information technology processes, and project management.

Jerry Sensing has been promoted to Senior Claims Representative after six years with the Company. He shares claim handling responsibilities in Hinds and Rankin County and is responsible for claims management in Southwest Mississippi.

Cheryl Rhoads has been promoted to Business Systems Analyst and is now working with the information technology department serving as a liaison between the programmers and the various company departments. Since coming to MACM in June 1985, Cheryl has worked in Claims and will continue working with insureds in this capacity in addition to her new responsibilities.

Margie Angulo is now Senior Claims Secretary after seven years with MACM. She manages the accounts payable for the Claims Department.
open a toll-free number for referring physicians to call with questions. This phone will be answered by UMC faculty members rather than residents or interns. “We encourage our colleagues around the state to take advantage of the expertise at UMC,” Dr. Keeton said. “The Med Center belongs to everyone in Mississippi and we are all in this together.”

A busy man, Dr. Keeton is also working on other institutional goals—a paperless Medical Center through electronic medical records (EMR) and continued collaboration between physicians and nursing professionals.

“This goal will have a direct impact on the quality of care for our patients,” Dr. Keeton said. “Through the data that can be created from EMR, we will be able to justify financial need for the Medical Center as well as continue to improve in the care provided. Nurses and other health care providers will play an integral part in that.”

Feeling very strongly that the Medical Center belongs to all Mississippians and must continue to develop and grow and expand, Dr. Keeton stresses the responsibility to give quality health care service and to treat everyone equally—no matter their socioeconomic status.

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**Fast Facts about UMC:**

- In 2005, the University of Mississippi Medical Center will celebrate 50 years of service to the state and the 50th anniversary of the four-year medical school.
- For the first time, the 2004 freshman class had a majority of women.
- UMC is the third largest employer in Mississippi. There are 7,800 people employed by UMC.
- At any given time Monday through Friday, there are more than 17,000 people on the campus at the Medical Center and the VA.
- There are four hospitals at UMC—adult medical/surgery, critical care, children’s and women’s. The adjacent VA Medical Center is the Medical Center’s principal teaching affiliate.
- UMC admits 29,000 patients a year and sees over 500,000 outpatients per year.