Sofia Amaral-Garcia, Ph.D., Research Associate, Department of Firms and Markets at DIW Berlin

SEVEN QUESTIONS FOR SOFIA AMARAL-GARCIA

»Implementing experience-rated liability premiums for individual physicians is not a good idea«

1. The past few decades have seen a significant increase in the C-section rates of many developed countries. How much have the rates increased in Italy and Germany, the subjects of your report? We focus primarily on Italy, but we also discuss Germany to some extent—and according to OECD statistics for the year 1990, C-section rates amounted to 15 percent in Germany and approximately 20 percent in Italy. The most recent data—for 2013—show that this rate has significantly increased in both countries. Germany's current C-section rate is approximately 30 percent, while Italy's is 36 percent. Both figures clearly represent significant increases.

2. Has the risk profile of mothers changed over the same period of time? Mothers' risk profiles have not changed in a way that could justify this increase—current evidence shows no significant differences thus far. This seems to imply that C-sections are being performed for reasons other than medical necessity.

3. What kinds of reasons? We know a lot about the situation in the U.S., which is where the most studies have been conducted. Fear of litigation is the most prominent reason: that is, doctors may be afraid of being taken to court due to some sort of medical accident that resulted in harm to the patient. Many believe that performing a C-section shields physicians from being liable in court. Another factor is financial incentives: in the U.S., doctors tend to earn more money when they perform a C-section. Some even claim that the decision to perform a C-section is related to time and efficiency, as doctors have a limited number of working hours and a C-section can be scheduled more easily.

4. Your report analyzes childbirth cases in the Italian region of Piedmont. Why are you interested in this special region? There is an ongoing discussion on the best way to design measures that incentivize hospitals and doctors to provide the right type of care as well as a discussion on the optimal configuration for medical liability insurance. It turns out that it is not a good idea to have experience rated liability premiums for individual doctors. For example: when it comes to car insurance, the more accidents we cause, the more we have to pay. This kind of strategy is not working with individual doctors. Some doctors are primarily treating very serious cases—and the more high-risk a patient is, the more a bad outcome is likely. Another possibility is the implementation of insurance liability that is experience rated at the hospital level as opposed to the individual level. Piedmont was one of the first places to implement this in the entire region—and even though this policy was introduced at the hospital level, individual physicians have nonetheless responded to it.

5. What is the effect of this policy on malpractice pressure and C-sections? This reform has increased malpractice pressure, because hospitals are now more accountable if something goes wrong. According to the data, the region's pre-reform C-section rate was extremely high, and has since been reduced—which seems to indicate that unnecessary C-sections were being performed.

6. What impact does the reduction of C-sections have on the healthcare outcomes for mothers and newborns? In the outcomes we looked at, we found no impact. The policy reduced the level of C-sections, but the health outcomes for mothers and newborns remained unchanged.

7. How is the situation in Piedmont comparable to the situation in German hospitals? In Germany, the majority of babies are born in hospitals. Like Italian hospitals, German hospitals also insure their own medical personnel. If the results for Italy are externally valid, then this type of policy may also help reduce Germany's C-sections to a more appropriate level—and in doing so reduce healthcare costs, as C-sections are more expensive than natural deliveries.

Interview by Erich Wittenberg

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