



## MEDICAL LIABILITY REFORM: THE ANSWER TO SOARING INSURANCE PREMIUMS

### **Do Limits On Non-Economic Damages Work? Ask California**

*In the early 1970s, California faced a medical liability crisis. In response, Governor Jerry Brown and Assemblyman (now Congressman) Henry Waxman led the fight to pass the Medical Injury Compensation Reform Act (MICRA). Among other reforms, the bill placed a \$250,000 limit on non-economic damages.*

*The result? Today, California has a stable, competitive liability system, doctors enjoy some of the lowest medical liability premiums in the nation – and MICRA is a national model for medical liability reform.*

- Since MICRA's enactment, medical liability premiums have increased by 420% nationwide compared to just 168% in California. *(Californians Allied for Patient Protection, NAIC Profitability Studies)*
- As the following chart demonstrates, MICRA's caps on non-economic damages – along with other reforms – have successfully reined in medical liability premiums for California doctors. *(U.S. Department of Health and Human Services, July 24, 2002, Medical Liability Monitor, October 2001)*

<u>State</u>	<u>OB/GYN</u>	<u>Surgeon</u>	<u>Internist</u>
Florida	\$143K-203K	\$63K-159K	\$27K-51K
Michigan	\$87K-124K	\$67K-94K	\$18K-40K
Illinois	\$89K-110K	\$50K-70K	\$16K-28K
Ohio	\$58K-95K	\$33K-60K	\$11K-16K
Nevada	\$60K-95K	\$32K-57K	\$9K-16K
New York	\$34K-115K	\$19K-63K	\$6K-22K
West Virginia	\$63K-85K	\$44K-56K	\$8K-16K
<b>California</b>	<b>\$23K-72K</b>	<b>\$14K-42K</b>	<b>\$4K-15K</b>

- California's medical liability disputes are settled 26% faster – saving doctors and patients years in the courtroom. *(Californians Allied for Patient Protection, National Practitioner Data Bank)*
- MICRA lowers health care costs in California by an estimated 6% – saving California patients \$6 billion every year on health care. *(NORCAL Mutual Insurance Company, January 9, 2003)*

### **What About States With No Reform?**

- Ten states have established meaningful standards for non-economic damages in medical liability lawsuits. As the following table shows, medical liability premiums are rising far faster in states that have not passed reform and instituted limits on non-economic damages. *(U.S. Department of Health and Human Services, July 24, 2002, Medical Liability Monitor, 2001)*

<b><u>State</u></b>	<b><u>2000-2001 Premium Increase</u></b>
Nevada	35%
Pennsylvania	77%
Oregon	56%
Ohio	60%
West Virginia	30%
New Jersey	24%
Washington	55%
<b>10 states w/limits</b>	<b>12%</b>

### **Who Pays The Bill When States Don't Reform?**

- Take an OB/GYN practicing in Florida paying \$200,000 per year in medical liability insurance. If she delivers 50 babies per year, the cost to each mother is about \$4,000 *just to cover the expense of liability insurance.* *(U.S. Department of Health and Human Services, July 24, 2002)*
- Consumers in high-risk medical liability states also pay more for defensive medicine – unnecessary procedures designed to reduce the risk of a lawsuit. In tort-friendly states such as Pennsylvania, New York, New Jersey, West Virginia and Florida, defensive medicine costs each person anywhere from \$320-\$536 per year in extra health care spending. In California, it's typically less than half that amount or just \$182. *(Tillinghast Tort Cost Trends 2000 Report, NORCAL Mutual Insurance, February 4, 2003)*

***Caps On Non-Economic Damages Keep Liability Premiums Stable And Competitive – Generating Health Care Savings For Patients***