

LAWSUIT ABUSE & THE COST TO THE HEALTH CARE CONSUMER

Panelists

- **Nancy Udell**, Director of Policy and General, Counsel Common Good
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Overview

Physicians and consumers across the country are feeling the effects of increased lawsuit abuse. Physicians believe it has diminished their ability to provide quality medical care, and it will only get worse unless malpractice liability limits are imposed or the system changed entirely. Excessive litigation in health care accounts for seven percent of the overall increase in health care costs. Patients are experiencing rapidly rising health care premiums and the number of uninsured has grown to over 41 million.

Key Issues

Why does medical malpractice have such an impact on affordability?

Numerous reports and studies have been conducted on the effect of malpractice liability and medical litigation on the rising costs of health care. The amount of money spent per person proportionally in America on litigation far exceeds that of any other country. The increased frequency and severity of judgments and settlements in favor of plaintiffs has resulted in increased malpractice premiums for physicians and hospitals. Because of this rise in insurance premiums, two costly problems have evolved:

- Physicians are practicing more defensive medicine to build a record in case of malpractice litigation.
 - Unnecessary tests are being ordered to assure all bases have been covered.
 - More procedures are being recommended to confirm diagnosis.
 - More drugs are being prescribed than may be medically necessary.
 - More patients are being referred to specialists more often.
- There is an increasing crisis of access:
 - Some doctors are declining to perform certain high-risk procedures.
 - Physicians in certain specialties such as OB/GYN, neurosurgery, emergency medicine and anesthesiology are leaving practice altogether or changing to practice to different specialties.
 - In states with the highest premiums, access to health care and physicians has drastically declined.

In addition, **Clean Claims Laws** require insurance carriers to pay all bills within a certain period of time (regardless if the carriers feel charges are invalid) or face heavy financial penalties. Debates arise between insurance companies and health care providers.