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Joan Claybrook, President

NEWS RELEASE

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Contact: Jackson Williams (202) 454-5135
Dennis Jaffe (202) 454-5136

New 2002 Government Data Dispute Malpractice Lawsuit “Crisis” in Rhode Island

Malpractice Payouts Declined as Insurance Premiums Spiked; 4.5 Percent of Rhode Island Doctors Are Responsible for 49.9 Percent of Malpractice Payouts

WASHINGTON, D.C. – New government data show that both the number and amount of payments to medical malpractice victims declined in Rhode Island in 2002, casting further doubt on the assertion that lawsuits are responsible for doctors’ insurance premium increases.

According to a Public Citizen analysis of new federal National Practitioner Data Bank (NPDB) records for last year, the total damages paid to Rhode Island medical malpractice victims declined by 47 percent, from \$22.8 million in 2001 to \$12.1 million in 2002. When adjusted for medical services inflation the decline was even more dramatic – 49.4 percent. (See Figure 1 in the attachment.) The cost of medical care typically represents the greatest cost in a medical malpractice payout.

The mean payment per malpractice victim decreased by 34.6 percent in 2002, from \$393,194 in 2001 to \$257,277 in 2002. When accounting for medical services inflation the decline was actually 37.6 percent.

The number of awards over \$1 million in Rhode Island dropped 66.7 percent, from 3 in 2001 to 1 in 2002, while the number of medical malpractice payouts decreased by 19 percent, from 58 to 47 during that same period. The data bank, a U.S. government agency, collects reports of every judgment or settlement paid to malpractice victims throughout the country by insurance companies on behalf of doctors.

The U.S. Senate is expected to vote Wednesday on legislation that would significantly limit patients’ ability to hold medical providers accountable for negligence. The bill, S. 11, would arbitrarily cap the amount of non-economic damages available to malpractice victims at \$250,000 – penalizing those most seriously harmed by doctors and other health care providers.

The bill's proponents claim that malpractice insurance rates are rising because of malpractice awards to patients, but all available data show that the legal system has no impact on insurance rates. Rather, insurance rates are tied to investment returns from the bond and stock markets and to the competitive economics of the insurance cycle.

"It's clear from these numbers that the insurance premium increases over the past year are not tied to lawsuits," said Joan Claybrook, president of Public Citizen. "The only thing that correlates with the premium increases is the decline in malpractice insurers' investment income."

"Given increasing health care costs, the decline in damages awarded means that malpractice payments are becoming an even more miniscule portion of the nation's overall health care costs," Claybrook said. In 2000, the total amount of premiums paid for malpractice insurance constituted 0.56 percent of all health care expenditures.

According to Public Citizen's analysis of 2002 NPDB data, a small number of Rhode Island doctors are responsible for almost half of all malpractice payments, yet disciplinary actions (license suspension or revocation, or a limit on clinical privileges) for these doctors have been few and far between. The data showed that:

- Just 4.5 percent of doctors in Rhode Island made two or more malpractice payouts and were responsible for 49.9 percent of all payouts between 1990 and 2002. Just 1.5 percent of all doctors have made three or more malpractice payouts, amounting to 23.5 percent of all malpractice payouts in the state. (See Figure 2 in the attachment.)
- Only 23.1 percent (12 of 52) of Rhode Island doctors who made three or more malpractice payouts have been disciplined. (See Figure 3 in the attachment.)

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Public Citizen is a national, nonprofit consumer advocacy organization based in Washington, D.C. For more information, please visit www.citizen.org.

Figure 1
Medical Malpractice Payouts in Rhode Island, 2001 to 2002

	Number of Payouts	Total Amount of Payouts	Total Payouts Adjusted for Medical CPI (in 2001 dollars)	Mean Payout	Mean Payout Adjusted for Medical CPI (in 2001 dollars)	Payouts of \$1 Million or More
2001	58	\$22,805,250	\$22,805,250	\$393,194	\$393,194	3
2002	47	\$12,092,000	\$11,537,067	\$257,277	\$245,470	1
Change, 2001-2002	-19.0%	-47.0%	-49.4%	-34.6%	-37.6%	-66.7%

Sources: National Practitioner Data Bank, Sept. 1, 1990 – Dec. 31, 2002. Bureau of Labor Statistics – Medical Services CPI.

Figure 2
Number of Medical Malpractice Payouts to Patients and Amounts Paid by Rhode Island Doctors, 1990-2002

Number of Payout Reports	Number of Doctors that Made Payouts	Percent/Total Doctors (3,481)	Total Number of Payouts	Total Amount of Payouts	Percent of Total Number of Payouts
All	526	15.1%	735	\$193,563,650	100.0%
1	368	10.6%	368	\$85,907,350	50.1%
2 or More	158	4.5%	367	\$107,656,300	49.9%
3 or More	52	1.5%	173	\$50,119,300	23.5%
4 or More	21	0.6%	94	\$29,418,250	12.8%
5 or More	10	0.3%	54	\$15,473,500	7.3%

*Based on Rhode Island's population of doctors as calculated by the American Medical Association for 1997, the closest year for which such data are available to the mid-point of the time period studied.

Source: National Practitioner Data Bank, Sept. 1, 1990 – Dec. 31, 2002.

Figure 3
Number of Rhode Island Doctors with Two or More Medical Malpractice Payouts Who Have Been Disciplined (Reportable Licensure Actions), 1990-2002

Number of Payment Reports	Number of Doctors that Made Payouts	Number of Doctors with One or More Reportable Licensure Actions	Percent of Doctors with One or More Reportable Licensure Actions
2 or More	158	23	14.6%
3 or More	52	12	23.1%
4 or More	21	6	28.6%
5 or More	10	3	30.0%
10 or More	1	1	100.0%

Source: National Practitioner Data Bank, Sept. 1, 1990 – Dec. 31, 2002.

