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NEWS RELEASE

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New 2002 Government Data Disputes Malpractice Lawsuit “Crisis” in South Carolina

Malpractice Payouts Declined as Insurance Premiums Spiked; 3.9 Percent of South Carolina Doctors Are Responsible for 61 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 South Carolina 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 South Carolina medical malpractice victims declined by 15.7 percent, from \$46.2 million in 2001 to \$38.9 million in 2002. When adjusted for medical services inflation the decline was even more dramatic – 19.6 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 4.9 percent in 2002, from \$262,572 in 2001 to \$249,654 in 2002. When accounting for medical services inflation the decline was actually 9.3 percent.

The number of medical malpractice payouts in South Carolina decreased by 11.4 percent, from 176 in 2001 to 156 in 2002. 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 South Carolina doctors are responsible for well over 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 3.9 percent of doctors in South Carolina made two or more malpractice payouts and were responsible for 61 percent of all payouts between 1990 and 2002. Just 1.1 percent of all doctors have made three or more malpractice payouts, amounting to 26.3 percent of all malpractice payouts in the state. (See Figure 2 in the attachment.)
- Only 14.9 percent (14 of 94) of South Carolina doctors who made three or more malpractice payouts have been disciplined. Only 20.5 percent (9 of 44) of those doctors who made four 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 South Carolina, 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)
2001	176	\$46,212,750	\$46,212,750	\$262,572	\$262,572
2002	156	\$38,946,000	\$37,158,668	\$249,654	\$238,197
Change, 2001-2002	-11.4%	-15.7%	-19.6%	-4.9%	-9.3%

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 South Carolina Doctors, 1990-2002

Number of Payout Reports	Number of Doctors that Made Payouts	Percent/Total Doctors (8,417)*	Total Number of Payouts	Total Amount of Payouts	Percent of Total Number of Payouts
All	828	9.8%	1,276	\$232,221,250	100.0%
1	498	5.9%	498	\$63,107,000	39.0%
2 or More	330	3.9%	778	\$169,114,250	61.0%
3 or More	94	1.1%	336	\$64,678,750	26.3%
4 or More	44	0.5%	206	\$37,014,750	16.1%
5 or More	19	0.2%	119	\$19,597,250	9.3%

*Based on South Carolina's population of doctors as calculated by the American Medical Association for 1997, the closest year for which such data is 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 South Carolina 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	330	26	7.9%
3 or More	94	14	14.9%
4 or More	44	9	20.5%
5 or More	19	5	26.3%
10 or More	1	1	100.0%

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