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Joan Claybrook, President

NEWS RELEASE

For Immediate Release:
July 8, 2003

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

New 2002 Government Data Disputes Malpractice Lawsuit “Crisis”

Vermont Malpractice Payouts Declined as Insurance Premiums Spiked; High Quality of Health Care Makes the Difference

WASHINGTON, D.C. – New government data show that both the number and amount of payments to medical malpractice victims declined in Vermont 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 Vermont medical malpractice victims declined by 51 percent, from \$3.9 million in 2001 to \$1.9 million in 2002. When adjusted for medical services inflation the decline was even more dramatic – 53.4 percent. The cost of medical care typically represents the greatest cost in a medical malpractice payout.

The mean payment per malpractice victim decreased by 32.8 percent in 2002, from \$179,375 in 2001 to \$120,515 in 2002. Adjusted for medical services inflation the decline was 35.9 percent.

NPDB, a U.S. government agency, collects reports of every judgment or settlement paid to malpractice victims throughout the country by or on behalf of doctors.

The number of medical malpractice payouts in Vermont decreased by 27.3 percent, from 22 in 2001 to 16 in 2002. A study published earlier this year in the *Journal of the American Medical Association* ranked Vermont second among the 50 states in health care quality. But while Vermont doctors’ liability declined in 2002, their malpractice premiums increased by 7 to 15 percent, according to *Medical Liability Monitor*.

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 premiums paid for malpractice insurance constituted 0.56 percent of all health care expenditures.

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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.

Medical Malpractice Payouts in Vermont, 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 | 22 | \$3,946,250 | \$3,946,250 | \$179,375 | \$179,375 | 0 |
| 2002 | 16 | \$1,928,250 | \$1,839,757 | \$120,515 | \$114,984 | 0 |
| Change, 2001-2002 | -27.3% | -51.1% | -53.4% | -32.8% | -35.9% | -- |

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