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Why Doctors Practice Where They Do: Quality of Life, Not Caps On Damages

The medical profession claims that doctors will leave states with high malpractice premiums, to settle in states where damages are capped. If this were true there would be more doctors in the states that already have enacted caps on damages. In reality, the existence of damage caps has no statistically significant relationship to the number of doctors in a state. Public Citizen conducted a multiple regression analysis of the number of doctors in each state. We found that 82 percent of the variation in doctors' state of residence is explained by two factors: a state's *income* and *population density*.

Liability laws have no effect on doctors' decision where to practice. The accompanying table compares the ten states with the highest per capita number of doctors in 2001 to the ten states with the lowest per capita number of doctors.¹

- While three of the states with the lowest number of doctors had enacted caps on punitive damages, only one of the states with the highest number of doctors has capped punitive damages. Similarly, while four of the states with the lowest per capita number of doctors had enacted caps on non-economic damages, only three of the states with the highest number of doctors per capita had enacted them.
- According to the U.S. Chamber of Commerce, Iowa, Utah, and South Dakota rank 5th, 8th and 9th for "reasonable litigation environment,"² yet those states rank in the bottom ten in number of doctors. Only one state in the Chamber's legal climate top ten, Connecticut, also ranks in the top ten for doctors.

Doctors choose to reside in states with a higher quality of life, not because of state liability laws. Like anyone else, doctors want to live in places where they can earn high incomes, enjoy cultural and leisure activities, and send their children to good schools. Doctors migrate to states on lists of "Best Places to Live":

- Forty of the top 100 cities with "strong arts, cultural programs, and higher education" were in the ten states with the highest per capita number of doctors, while there were none in the ten states with the lowest per capita number of doctors.³
- Thirty-three of the top 100 cities rated for plentiful leisure activities were in the ten states with the highest per capita number of doctors, while there were none in the ten states with the lowest per capita number of doctors.⁴
- Forty-eight of the top 100 cities rated for having good schools were in the ten states with the highest per capita number of doctors, while there were only seven in the ten states with the lowest per capita number of doctors.⁵

¹ "Health Care State Rankings 2001: Health Care in the 50 United States."

² Harris Interactive, States Liability Systems Ranking Study, January 2002.

³ *Best Places to Live*, CNN/Money (Nov. 24, 2002) <<http://money.cnn.com/best/bplive/>>.

⁴ *Id.*

⁵ *Sperling's Best Places to Live*, (Mar. 30, 2001) <<http://www.bestplaces.net/>>.

- The average median income for the ten states with the lowest per capita number of doctors for 2000 is \$54,552, versus \$70,360 for the ten states with the highest per capita number of doctors.⁶ Not surprisingly, doctors want to live in more prosperous states—even though damage awards are higher in high-income states. The District of Columbia has the highest average damage award and the most doctors. Idaho, with the fewest doctors, has the third lowest median damage award.⁷
- Seven of the top ten states for doctors also rank in the top ten states in percentage of households earning \$200,000 or more.⁸ Doctors want to live in areas with lots of affluent people—such areas are more likely to have the leafy suburbs, premium housing, clubs, and other amenities that doctors want.
- Six of the top ten states for doctors also rank in the top ten states in percentage of professional in the population.⁹ Six of the bottom ten states for doctors are in the ten states with the fewest professionals. Doctors want to live in areas where they may socialize with other educated people.
- Finally, the average population density of the states with the lowest per capita amount of doctors is 29 persons per square mile, versus 1,444 in the states with the highest per capita number of doctors.¹⁰ Doctors’ decisions on where to practice are largely in line with other Americans’ decisions on where to live and work.

STATES WITH FEWEST DOCTORS							STATES WITH MOST DOCTORS							
	Rank	Punitive Damage Cap?	Non- Economic Damage Cap?	Income Rank	A R E D			Rank	Punitive Damage Cap?	Non- Economic Damage Cap?	Income Rank	A R E D		
ID	51		YES	32			DC	1			43	X		X
MS	50			50			MA	2		YES	12	X	X	X
OK	49	YES		42			NY	3			28	X	X	X
AK	48	YES	YES	1		X	MD	4		YES	2	X	X	X
IA	47			30		X	CT	5			7	X	X	X
WY	46			39		X	RI	6			18			X
NV	45	YES		20			VT	7			22			X
SD	44		YES	45			NJ	8	YES		3	X	X	X
AR	43			51			PA	9			24	X	X	X
UT	42		YES	9			HI	10		YES	17			

There is no relationship between the level of increase in liability insurance premiums and the likelihood of discontinuing obstetric practice. A recent study examined whether New York obstetricians facing higher premiums for obstetric liability insurance were more likely to discontinue practicing than physicians experiencing lower increases in premiums. The study found that the decrease in doctors practicing obstetrics was associated with the length of time since receiving a medical license in New York. This relationship “very likely represents the phenomenon of physicians retiring from practice or curtailing obstetrics as they age.”¹¹

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⁶ U.S. Census Bureau.

⁷ National Practitioner Data Bank, 2001 Annual Report.

⁸ U.S. Census Bureau

⁹ *Id.*

¹⁰ *Id.*

¹¹ Grumbach, et al, Charges for Obstetric Liability Insurance and Discontinuation of Obstetric Practice in New York, The Journal of Family Practice, Vo l. 44, No. 1 (Jan. 1997) at 61.