

American Medical Association

Physicians dedicated to the health of America



America's Medical Liability Crisis: We All Pay for the Broken System

20 states in a medical liability crisis. A crisis is when patients lose access to care as a result of the broken medical liability system. In these states, lawsuit costs, settlements and jury awards cause physicians' insurance premiums to skyrocket. As a result, patients lose access to care when physicians are forced to restrict their practice, such as not delivering babies or performing high-risk surgeries. (AMA analysis)

1 in 7 obstetricians no longer deliver babies. Rising liability insurance costs combined with the increased fear of being sued is driving America's Ob-gyns to stop delivering babies. (American College of Obstetricians and Gynecologists, Medical Liability Survey, July 19, 2004)

125,000 lawsuits currently in system. On any given day, this is a conservative estimate for the number of lawsuits currently active against physicians—a number almost twice as large as the number of medical students. (AMA analysis, Journal of the American Medical Association Medical Education edition)

Nearly \$90,000 per case spent to defend non-meritorious cases at trial. Of all cases filed, nearly 75 percent are closed with no payment. Of the cases that go to trial physicians are found not negligent 86 percent of the time, but defense costs average nearly \$90,000. (Physician Insurers Association of America, 2004)

30%-50% of high-risk specialists sued each year. Fifty percent of neurosurgeons are sued every year, and more than 30 percent of trauma surgeons, orthopedic surgeons, and other high-risk specialists are sued every year. (The Doctors Company, Archives of Internal Medicine, June 14, 2004)

72 percent of Americans support reforms. Americans strongly support a law that guarantees full payment for lost wages and medical expenses but limits non-economic damages—also called "pain and suffering"—that are entirely subjective. (Gallup 2003, Health Coalition on Liability & Access, April 7, 2004)

\$83.9-\$151.1 billion per year could be saved on defensive medicine. This is an estimate of the savings that would result from enacting reasonable medical liability reforms. (Calculation based on Kessler & McClellan, Quarterly Journal of Economics, 1996; 2003 CMS data on national health expenditures)

79% of physicians practice defensive medicine. Fear of being sued causes 79 percent of physicians to order more tests because of concerns about potential medical liability lawsuits. ("Fear of Litigation Study; The Impact on Medicine," April 11, 2002, Common Good)

Patients shortchanged by legal system: Only 22 cents for economic loss. After attorney fees and administrative costs, patients receive only 22 cents on the dollar to compensate for actual economic loss. (Tillinghast-Towers Perrin, U.S. Tort Costs: 2003 Update)

Patients receive more with contingency-fee reforms: \$778,333. Under California's MICRA law, a patient would receive \$778,333 for a \$1 million jury award. In states without contingency fee reforms, a personal injury lawyer typically takes \$400,000 or more. The AMA supports proven reforms because it maximizes the amount received by the patient. (AMA analysis)

29+ years of success shows California's MICRA law works. California's comprehensive medical liability reforms protect the state's patients and physicians. Between 1975 and 2002 premiums in the United States have grown by 750 percent. In California, premiums have increased only 245 percent. (National Association of Insurance Commissioners, 2003)

48% of students base future on liability concerns. Almost half of America's medical students in their third or fourth year of medical school indicate that the liability crisis was a factor in their choice of specialty, threatening patients' future access to high-risk medical services such as surgical and obstetrical care. (AMA Division of Market Research and Analysis, Nov. 2003)

For the most comprehensive data, please refer to Medical Liability Reform—Now!, which can be downloaded from the AMA Web site: www.ama-assn.org/go/mlrnow