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NEW STUDY FINDS DEFENSIVE MEDICINE COSTS \$45 BILLION NATIONALLY

SACRAMENTO, CA -- *Lisa Maas, executive director of Californians Allied for Patient Protection (CAPP), issued the following statement in response to a recent study published in the 2010 issue of Health Affairs which found that costs related to medical liability account for more than \$55 billion a year or 2.4% of the total costs to the U.S. healthcare system. According to the study, approximately 80%, or \$45 billion of these costs are the result of defensive medicine, procedures performed to avoid unnecessary litigation.*

CAPP is a coalition of physicians, hospitals, community clinics, local governments, dentists, nurses and other groups supporting California's Medical Injury Compensation Reform Act (MICRA) law which allows reasonable reforms on medical liability lawsuits to protect access to healthcare. MICRA provides injured patients unlimited compensation for economic damages (lost wages, medical costs), unlimited punitive damages, but limits non-economic damages (pain and suffering) to \$250,000.

"Common sense dictates that if healthcare practitioners are looking over their shoulders and constantly worried about getting sued, they will take action to cover themselves. These actions have societal costs and this recent study found that the costs impact us by more than \$45 billion per year.

"Meritless lawsuits do not result in better care, just more dollars spent on defensive medicine, unnecessary tests and litigation costs that drive up the cost of healthcare for everyone.

"The study demonstrates that if national medical liability tort reform were implemented to limit meritless lawsuits, it could produce a national healthcare savings of tens of billions of dollars. That is a significant savings. It would free up these funds to care for the uninsured, make insurance affordable, or provide new dollars for more research.

"If President Obama and those working to implement national healthcare reform are serious about 'bending the cost curve down,' then national medical liability tort reform, similar to California's MICRA, would achieve significant savings nationally. The purpose behind the recent federal reform legislation was to reduce the cost of healthcare and make it more affordable for all Americans. Real medical liability reform complements this goal and will generate tangible savings quickly without negatively impacting care. We hope this study will spur Congress to adopt these evidence-based reforms in its next session."