



A Coalition of 13 Medical Societies Representing
200,000 Specialty Physicians in the United States

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Specialty Physicians Testify Before House Small Business Committee

CONGRESS ASSESSES IMPACT OF MEDICAL LIABILITY CRISIS FROM SMALL BUSINESS PERSPECTIVE

Washington, DC - The Alliance of Specialty Medicine testified today about the crippling toll that unwarranted lawsuits and skyrocketing jury awards are having on the insurance premiums paid by small physician practices throughout the nation.

The group testified before the House Committee on Small Business on the impact of the nation's litigation system on medical practices. The House of Representatives has passed comprehensive medical liability reform legislation twice in the past two years, and the President has repeatedly called for reforms, but similar legislation has been obstructed in the Senate.

"The healthcare infrastructure of this country is in critical need of an overhaul, with costs of medical liability insurance far outpacing all other health costs," said Thomas F. Gleason, MD, an Illinois-based orthopaedic surgeon, who testified on behalf of the Alliance. "My fellow doctors and I should be focusing our attention on attending to patients, rather than practicing defensive medicine in an increasingly litigious environment. Ironically, we're also being forced to focus more and more of our attention on the business of the practice, rather than the practice of medicine. It's become a dangerous game of 'gotcha' health care, where doctors are afraid to perform high-risk procedures because of increasing liability premiums and the constant threat of lawsuits with out-of-control jury awards. At the same time, patients who need very technical medical help – a surgery, for example, that might be very complex and therefore high-risk – cannot find a single doctor in their areas who is willing to provide it. Everyone loses under the current system."

The Alliance reports that because of the medical liability crisis, one in seven obstetricians has stopped delivering babies, leaving thousands of pregnant women searching for a doctor to deliver their infants; 55 percent of orthopaedic surgeons avoid certain high-risk procedures; 75 percent of neurosurgeons no longer operate on children; and 41 percent of urologists refer complex cases.

American Academy of Dermatology Association • American Association of Neurological Surgeons • American Association of Orthopaedic Surgeons
• American College of Cardiology • American College of Emergency Physicians • American College of Obstetricians and Gynecologists
American Gastroenterological Association • American Society for Therapeutic Radiology and Oncology
American Society of Cataract & Refractive Surgery • American Urological Association • Congress of Neurological Surgeons
National Association of Spine Specialists • The Society of Thoracic Surgeons

“Emergency room and high-risk patients are at risk of losing access to necessary specialty care in today’s litigious environment,” Dr. Gleason testified. “Because of the high cost of malpractice insurance and the omnipresent risk of being sued for an outrageous sum, medical specialists across the board are either shutting down their practice, moving to another states or not performing any procedures that they deem to be high-risk. That’s a tragedy because in many cases these are the patients who need our care the most.”

Current base premiums for an orthopaedic surgeon in Cook County (Illinois) are now \$212,000 a year for \$4 million in coverage, which includes spine coverage. These premium costs have risen so much that many practices require any physician who is named in three lawsuits in three years to pay a hefty surcharge, regardless of the legitimacy of the claims.

Dr. Gleason cited the example of his own small business, the Illinois Bone and Joint Institute, Ltd., a partnership of about 70 orthopaedic surgeons. Since July of 2002, the practice’s medical liability premiums have increased 250 percent to \$5.6 million a year – an additional \$4 million in premium costs.

According to the Cook County Jury Verdict Reporter, the number of claims reported by ISMIE Mutual, for example, increased 46 percent between 2000 and 2003. In Cook County, the average jury verdict went up 314 percent, from \$1.07 million in 1998, to \$4.45 million in 2003. The average jury award for non-economic damages increased 247 percent.

Although 80 percent of the claims filed against ISMIE policyholders result in no payment to the plaintiff, in the past five years, the company has paid \$150 million in legal defense costs for these non-meritorious cases.

“As a business man, the fact that this country has gone crazy with litigation is breaking my practice, but as a physician it breaks my heart,” said Dr. Gleason. “The number of lawsuits my colleagues and I see is astounding, and even though most of them do not result in any awards to the plaintiff, they cost doctors a fortune in insurance and legal costs and raise the cost of health care for everyone. Worse, they drive good doctors out of practice.”

During the testimony, the Alliance urged Congress to pass legislation that incorporates a \$250,000 cap on non-economic, pain and suffering damages. The few states that have caps have significantly more doctors available to treat patients because professional liability premiums have been stable. This allows physicians to continue to provide a full array of health care services.

The Alliance of Specialty Medicine is a non-partisan group based in Washington, DC, representing over 200,000 physicians in 12 medical specialties and dedicated to the development of sound federal health care policy that fosters patient access to the highest quality specialty care. Additional information can be found at www.specialtydocs.org

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