Congress of the United States
House of Representatives
Washington, DC 20515

September 25, 2002

H.R. 4600
– Another Republican Gift to Insurance Companies –
– Still No Relief for Docs –

Dear Colleague:

Tomorrow the House is scheduled to consider H.R. 4600, the "HEALTH" Act. The bill has been promoted as the solution to the rise in medical malpractice premiums facing doctors. It is not.

1. H.R. 4600 Won't Lower Doctors' Premiums. *No provision in H.R. 4600 will ensure doctors' premiums are lowered as a result of restricting an injured patient's ability to hold wrongdoers accountable.* The bill restricts the amount of money that malpractice insurance companies would have to pay out, but does not require any savings to be passed along to doctors. As Debra Ballen, executive vice president of the American Insurance Association stated, *"insurers never promised tort reform would achieve specific premium savings."* The bill is a windfall for insurance companies at the expense of injured patients and doctors.

2. There is No Relation Between Damage Caps, Doctors' Premiums, and Access to Doctors. Data tells us that state caps or damages are not linked to lower premiums. For example, based on data from the Medical Liability Monitor for all fifty states, the average liability premium in 2001 for doctors practicing internal medicine was slightly less (2.2%) for doctors in states without caps than in states with caps. Seven states *with* caps have premiums that are 25% above the national average; six states *without* caps have premiums that are 25% above the national average. Ten states *with* caps have premiums 25% below the national average, but eleven states *without* caps fall into this category as well.

Caps on damages have little to do with the number of doctors in a state either. American Medical Association data shows that there are 233 physicians per 100,000 residents in states that do not have medical malpractice caps and 223 physicians per 100,000 residents in states that do have caps. In the particularly high-cost specialty of obstetrics and gynecology, states without caps have 29 ob/gyns per 100,000 women, and states with caps have 27 ob/gyns per 100,000 women.

3. Lawsuits Aren't the Problem; Insurance Company Investment and Business Practices Are. Insurers make money from investment income. During times of high interest rates, companies compete fiercely for marketshare by underpricing, their product and insuring poor risks. In fact, because of severe underpricing, recent increases seem dramatic, but in reality they are not. The average medical malpractice premium per doctor was $7,701 in 1991; in 2000 it was $7,843 -- an increase of only 1.9%, less than inflation. When interest rates drop or the stock market falls, the industry must increase premiums and reduce coverage as it is today. St. Paul Insurance Company withdrew from the markets citing liability risks; but the company lost tens of millions of dollars when Enron collapsed.

H.R. 4600 doesn't address the real problem providers are facing, but the draconian provisions will certainly leave injured consumers worse off. The true problem is insurance company business practices, not runaway juries. Doctors should get lower premiums, but we do not need to unfairly restrict injured patients from holding bad actors accountable. Vote NO on this misguided and misleading legislation.

Sincerely,

John D. Dingell

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