

For Immediate Release
Monday, February 10, 2003

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PATIENT ADVOCATES DEMAND NO CAPS ON VICTIMS COMPENSATION

GROUPS URGE DOCTORS TO OPEN THEIR EYES TO INSURANCE COMPANY PRACTICES

TRENTON – Consumer groups at today’s Joint Senate Health and Commerce Hearing pushed for greater oversight of the insurance industry, who they blame as the source of rising malpractice rates. Doctors have taken to the streets in the past week to call for a capitation on medical malpractice victims non-economic awards. The groups are calling on doctors to look at the source of rising costs, the insurance industry, rather than demand a limitation of patients’ legal rights.

Public Citizen’s report “Medical Misdiagnosis in New Jersey” explains the rise in malpractice premiums is a result of the cyclical economics of the insurance industry and investment losses caused by the country’s economic slowdown. The report shows an analysis done by Robert Hunter, Consumer Federation of America, that found amounts charged for premiums do not track losses paid, but instead rise and fall in concert with the state of the economy.

“The insurance industry’s poor business judgements are haunting doctors during these hard economic times. Yet doctors are unwilling to take off their blinders and fully examine the real root of the problem which is the insurance industry,” said Bridget Devane, New Jersey Citizen Action, Organizer.

Senators Vitale and Matheussen, Senate Health Committee co-chairs and the sponsor of S. 2471, have reached a compromise that would not cap patient awards, but would cap the amount that insurance companies would have to pay out to patients. To cover award claims above \$300,000, the compromise plan calls for a reinsurance fund supported by fees on physicians, lawyers and HMOs.

“Physicians are opposed to the Senate Health Committee’s compromise proposal and are still clamoring for caps on awards to patients. They are entrenched in their crusade to limit patients’ rights, but are blind to the fact that it won’t solve the crisis,” said Dena Mottola, Acting Director of NJ Public Interest Research Group.

Consumer groups suggests a comprehensive lists of proposals to address reducing medical errors, discipline of doctors who are repeat offenders and oversight of insurance companies:

Reduce Medical Errors

Ensure that staffing levels are improved in NJ hospitals and nursing homes.

Limit doctor workweeks to avoid fatigue, including limits on residents hours in hospitals.

Guarantee consumers have access to information of staffing levels in health care facilities.

Implement patient safety measures proposed by the Institute of Medicine.

Give consumers more data about the malpractice history of doctors.

Discipline Repeat Offenders

Prompt notification to health care licensing boards when a practitioner is suspected of injuring a patient or other wrongdoing.

Require State Board of Medical Examiners to suspend license of physicians whose license has been revoked by another state, agency or authority.

Increase State oversight (e.g. more discipline for repeat offenders) and add patients and patient advocates to the NJ State Board of Medical Examiners.

Insurance Reform

Open insurance companies' financial books and stop reckless investment practices.

End insurance companies' federal and state exemptions from anti-trust laws, so insurers must compete.

Create a national not-for-profit insurance company that insures every doctor in the nation and, because of the size of the risk pool, should have premiums that cost no more than \$9,000/ year on average.

Insist that any reform legislation includes a mandatory rate rollback, a rate freeze and an automatic 20% discount to good doctors.(California's insurance reform Proposition 103 forced malpractice insurers to refund \$135 million to policyholders without limiting victims' rights.)

Push for insurance rate reform, like Proposition 103, which dramatically reduced rates in California after its passage in 1988. In 1988 California voters enacted the nation's toughest insurance reform law, known as Proposition 103. Immediately after enactment, medical malpractice insurance premiums in California fell dramatically and have remained stable ever since. After passage of the law, the state's insurers refunded more than \$1 billion to insurance consumers including more than \$135 million from medical malpractice insurers. Under California's law insurance companies must justify any proposed insurance increases and doctors or other citizens can challenge any proposed rate change