



Conservative Group Says Capping Patients' Malpractice Damages Could Encourage Unsafe Medical Care

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The conservative [Cato Institute](#) is out with a new study arguing that putting limits on malpractice verdicts could be doubly bad for patients. It could result in both inadequate compensation for victims of malpractice, and could reduce the incentives of malpractice insurance carriers to hit malpracticing doctors with financial penalties to encourage better and safer care.

Here's a quote from the executive summary of the study done by Shirley Svorny, professor of economics at California State University, Northridge:

First, caps on awards may result in some patients not receiving adequate compensation for injuries they suffer as a result of physician negligence. Second, because caps limit physician liability, they can also mute incentives for physicians to reduce the risk of negligent injuries....

This paper reviews an existing body of work that shows that medical malpractice awards do track actual damages. Furthermore, this paper provides evidence that medical malpractice insurance carriers use various tools to reduce the risk of patient injury, including experience rating of physicians' malpractice premiums. High-risk physicians face higher malpractice insurance premiums than their less-risky peers.

In addition, carriers offer other incentives for physicians to reduce the risk of negligent care....

If the medical malpractice liability insurance industry does indeed protect consumers, then policies that reduce liability or shield physicians from oversight by carriers may harm consumers. In particular, caps on damages would reduce physicians' and carriers' incentives to keep track of and reduce practice risk.

The malpractice liability system is the sole means by which consumers can bring some measure of accountability to health care providers who cause harm to patients. So the new Cato study provides important support for the idea that tinkering with the system, which the medical industry claims would produce more affordable health care, could be exactly the wrong approach for patient safety.

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