Crime—Gun Costs

CRIME —
GUN COSTS

Annual Cost of Treating Gunshot Wounds Is Put at $2.3 Billion

By PHILIP J. HILTS

Gunshot wounds cost the nation $2.3 billion a year in medical treatment, and almost half that sum is paid for with taxpayers' dollars, a study by a group of economists has found.

The study, being reported today in The Journal of the American Medical Association, used data collected in 1994 to calculate the expense of treating the 134,445 gunshot wounds reported during that year. The total did not take into account other costs, like those of mental health treatment for victims or lost days of work.

Because the study was so large, said the paper's chief author, Dr. Philip J. Cook of Duke University, it gives the clearest picture to date of both the financial impact of firearms violence and of who is paying the bills.

"Because almost half of the cost is paid for by the government," Dr. Cook said, "it is clear that even though many people feel that gun violence is essentially someone else's problem, it is really everybody's problem."

Dr. Jens O. Ludwig of Georgetown University, a co-author of the report, said it suggested that programs to curb firearm violence might be worth the expense, by reducing costs in the long run.

In their study, the researchers drew information from 10 large databanks, including hospital stay and discharge figures, outcomes of emergency room treatment, and reports on the cause and outcome of the most expensive of gunshot damage: spinal injuries.

Taxpayers pick up nearly half the cost of gun violence, a study finds.

The average cost of a gunshot wound that brings the victim to a hospital is $14,600 for emergency care and $35,400 for lifetime medical care resulting from the shooting, the study found. The researchers established an annual total cost of $2.3 billion by adding all the emergency care expense for 1994 to a figure, arrived at by formula, reflecting that year's share of lifetime medical costs.

Of the $2.3 billion in total annual medical costs, $1.1 billion, or 48 percent, was paid by taxpayers through Medicaid, Medicare, workers' compensation and other government programs, the researchers said. About 33 percent was paid by the wounded themselves or other people, and about 18 percent was paid by private medical insurance.

Wounds that resulted from assaults with firearms, as opposed to accidents or suicide attempts, accounted for three-quarters of the total cost, the study found. In addition, the data showed that while only about 2 percent of gunshots resulted in spinal cord injuries, such cases accounted for half the total cost of gunshot wounds.

Because the study is the largest and most complete of its kind, it is likely to figure in policy debates on gun violence in America.

In a telephone interview, Paul Blackman, research coordinator of the Institute for Legislative Action at the National Rifle Association, said that although the cost identified in the study might seem large, "put in perspective it is only one-quarter of 1 percent of the nation's $950 billion medical costs, and in that way seems less burdensome."

Mr. Blackman also said that others had estimated the portion of the nation's gunshot medical bill paid by taxpayers to be much higher. So the new, more detailed figures, he said, might lower concern about how much of the burden the public is carrying.

Dr. Cook, meanwhile, said he and his colleagues were now working on an estimate of society's total costs, beyond just medical expenses, attributable to gun violence.

The New York Times
WEDNESDAY, AUGUST 4, 1999

Index Predicts Growth Will Last Into 2000

Expansion Could Be Longest in History

By The Associated Press

The United States economy is poised to keep growing at least through the first half of 2000, leaving it on track for achieving the longest expansion ever, according to an important gauge of future activity.

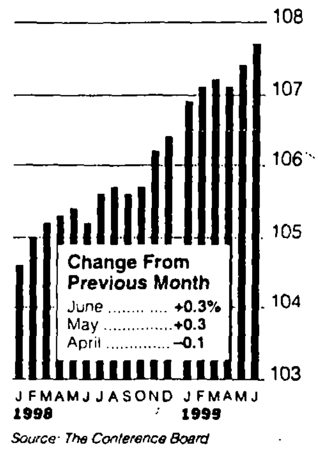
The Conference Board said yesterday that its Index of Leading Economic Indicators, which is intended to help spot turning points in the economy, rose three-tenths of a percent in June, to 107.7. That matched the May increase and means that the indicator has posted gains in eight of the last nine months. The last decline, in April, was one-tenth of a percent.

The longest economic expansion in the nation's history lasted for 106 months, from February 1961 until December 1969. The current expansion, which began in March 1991, would match the record if it continues through January 2000 and pass it if it lasts until February.

"The expansion is firmly on track," said Michael Boldin, director of business cycle research at the Conference Board. But because of concerns that the Federal Reserve may raise interest rates again to fight inflation "some volatility can be expected in the second half of 1999," he said.

Leading Indicators

Index of 10 indicators designed to "lead," or predict overall economic activity; 1992 = 100.



The New York Times

Seven of the 10 indicators that make up the leading index rose in June. The most significant increases came in manufacturers' new orders of consumer goods and materials, in money supply, and in the difference between long-term and short-term interest rates.

In a sign, however, that the labor market may not be heating up enough to push up wages, a crucial component of the inflation picture — the average number of hours worked a week by production workers — was unchanged.

The Conference Board's index of current economic activity rose four-tenths of a percent, to 124.6 in June. But its lagging index decreased four-tenths of a percent, to 108. The indexes are calculated from a base of 100, set in 1992.

"Taken together, the three composite indexes and their components show a very health economy," the Conference Board report said.

Gary Thayer, chief economist at A. G. Edwards & Sons Inc. in St. Louis, noted that other recent reports show that economic growth is slowing. Last week, the Commerce Department reported that economic growth has slowed to an annual rate of 2.3 percent in the second quarter from 4.3 percent in the first three months of the year.

Yesterday's figures came as investors were trying to predict whether the Fed would raise short-term interest rates for a second time this year.

Unlikely Targets in Caymans Bank Inquiry

By RONALD SMOTHERS

NEWARK, Aug. 3 — In movies and in novels, offshore tax havens like the Cayman Islands are depicted as the refuge of drug dealers, mobsters and others with millions they need to hide. But Federal investigators and others involved in the prosecution of a former Cayman Islands banker said that some of the depositors were "the rank and file of the upper middle class," people like doctors and lawyers with six-figure annual incomes.

The details about the depositors emerged after the former banker, John Mathewson, drew a lenient sentence on Monday for his role in a money laundering case. As soon as he was arrested, Mr. Mathewson gave investigators the records of his Cayman Islands bank, and lawyers in the case today provided more details on some of the bank's nearly 2,000 American depositors.

Although Federal lawyers are far from exhausting the prosecutorial possibilities in the case, which they described as one of the biggest in the history of tax-haven prosecution, the Government has already collected $50 million in back taxes and penalties from some of the depositors.

The lawyer for Mr. Mathewson, Oscar Gonzalez, described the depositors as "doctors, lawyers, business people" looking for places to hide their money and evade taxes.

According to investigators, these people heard about Mr. Mathewson's services through word-of-mouth or through advertisements at the airport on the British colony's main island, Grand Cayman. They usually went to his Guardian Bank and Trust Company offices with a letter of reference and enough cash to pay the hefty fees to set up and maintain the non-interest-bearing accounts.

"It cost you $8,000 just to shake Mathewson's hand," a prosecutor said. Mr. Mathewson charged a $3,000 annual fee and $5,000 to set up the dummy corporations that masked the true ownership of the accounts.

One typical case, according to investigators and court papers, is that of Frederick Gipp, a Long Island golf pro who deposited $150,000 in money orders under the name of a Caymans-registered "shelf" corporation provided by Mr. Mathewson. Mr. Gipp pleaded guilty to failing to report the existence of the account on his tax returns. Mr. Mathewson's cooperation helped snare him.

Then there was Dr. Bartholomew D'Ascoli, New Jersey orthopedic surgeon who deposited $394,000 in a Guardian account. When Mr. Mathewson provided information on these transactions, the doctor pleaded guilty in 1998 to evading $118,000 in taxes.

One 1994 case that resulted in guilty pleas was resolved before Mr. Mathewson's cooperation began, but he later helped fill out the details. Seymour Gleeman, a former midlevel I.B.M. executive, his son and a paralegal pleaded guilty to tax evasion and to using insider information to buy stock options through their Guardian account.

Although Guardian is now out of business, visitors to the Caymans have plenty of other banks to choose from. Grand Cayman Island, only 27 miles long and a mile wide, has 590 banks and 490 insurance companies registered there. A no-tax policy and strong confidentiality laws have helped the Caymans become the world's fifth-largest banking center.

Banking's importance to the Caymans is reflected in the population: 15,000 of the colony's 37,000 residents are expatriates who make up much of the legal, accounting and financial infrastructure. And banking, along with the tourist industry, has given the Caymans a per-capita annual income of $30,000, said Neville Grant, managing director of the Cayman Monetary Authority.

Starting in the mid-1970's, the Caymans came to figure prominently as a tax haven and money laundering center for drug dealers, insider traders and others engaged in illegal activity who relied on the government's dogged determination to protect confidentiality.

In 1988, the government entered into treaties with the United States in which it agreed to shed that confidentiality if there was convincing evidence that a bank client was engaged in criminal activities like drug dealing. But the Caymans declined to cooperate when a "fiscal or tax issue" like tax evasion was involved.

The New York Times

WEDNESDAY, AUGUST 4, 1999

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CAUSE - GUN COST

THE COST OF GUN VIOLENCE

Gun violence not only causes over 32,000 tragic deaths and even more injuries each year – it also produces significant financial costs. Treating victims of gun violence is a costly expense to our nation's cities, health care systems, taxpayers and privately insured citizens. In addition, economic costs such as lost productivity, and quality of life contribute a significant burden. In the end, gun violence costs us all, both as taxpayers and as fellow human beings.

The cost to treat the victims of gun violence is distinctly disproportionate to the cost it takes to treat victims of other injuries. Firearm-related injuries make up 0.5% of all injuries, yet they represent 9% of total cost of injury over a lifetime. Almost 85-98% of all health-care expenses due to gunshot injuries and fatalities are charged to taxpayers. [1]

Estimates of the total cost of gun violence vary.

- Researchers Wendy Max and Dorothy P. Rice of the University of California School of Nursing estimate that the 1990 costs of direct medical spending and lost productivity in the United States totaled $20.4 billion.[2]
- In a study appearing in the Textbook of Penetrating Trauma, researchers concluded that the total 1992 cost of firearm violence was $112 billion when taking into consideration direct medical costs, lost productivity, and lost quality of life. This study also reported that each of the estimated 4.91 billion bullets sold in 1992 represented $23 in costs due to firearm violence, including $0.60 in medical and emergency services, $7.20 in lost productivity, and $15.10 in pain, suffering, and lost quality of life.[3]

The financial costs of gun violence place a heavy burden on trauma care centers.

- Between 1986 and 1991, 92 of the 549 trauma care centers in the United States closed, primarily because of the cost of uncompensated care for injuries such as gun violence.[4]
- The cost of treating gunshot wounds can reach over $100 million a year at an average county hospital. Because many gunshot victims are uninsured, an estimated 85-96% of medical charges due to gunshots are paid by taxpayers through public health care and public debt.[5]
- A 1999 study revealed that for every firearm victim treated at a local trauma care center, an average of $8,664 was lost to uncompensated care.[6]

All Americans bear the responsibility for covering the heath-care costs of uninsured victims of gun violence. Hospital fees are structured so that insured patients cover the losses due to uninsured patients. This means that private health insurance plans compensate most of the medical costs caused by guns, even though they pay for only one-fourth of the actual injuries. The costs of treating uninsured gunshot victims that are not picked up through public health care are passed on to those privately insured through higher premiums. Moreover, hospitals must charge more for particular procedures in order to compensate for the uninsured. Therefore non-gun owners who are taxpayers and privately insured are paying for the problems created by widespread gun violence.[7]

The expense of treating victims of firearm violence places an enormous economic burden on society. The American public pays increased taxes and insurance premiums to pay for the ever-increasing cost of gun violence. Gun violence prevention initiatives can help to save lives and reduce these costs.

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