

HHS “Report” Cooks the Books for Insurance Companies

The insurance industry wants Congress to bail it out for its bad business decisions by limiting the amount companies must pay victims of medical malpractice. A “report” by the U.S. Health and Human Services agency purports to be evidence of the need for this “help.” But look more closely at the data:

HHS Handpicks 10 States

Instead of including all states in its so-called “report” of premium increases in states without caps, HHS cherry-picks only the ten states with the highest increases. They choose to examine only Arkansas, Connecticut, Georgia, Nevada, New Jersey, Oregon, Pennsylvania, Washington, Ohio and West Virginia.

In fact, the report erroneously includes West Virginia, which actually does cap noneconomic damages and its premiums increased 30%, according to the report.

Twenty other states that don’t restrict the amount juries award to patients injured by medical malpractice – a number of which had a zero increase in premiums – conveniently were not examined. This creates an obvious bias in the numbers. (This is a bit of creative accounting much like polling only citizens over the age of 60 to determine a country’s average age).

HHS Conveniently Forgets States With 0% Increase

HHS neglects to mention that according to the *Medical Liability Monitor*, which they cite, nine states (Arizona, Maine, Minnesota, Mississippi, New York, North Carolina, Oklahoma, Vermont and Wyoming) had no increase in premiums and those states do not cap damages.

If these “zero” increases had been added into the HHS numbers, the average “increase” in premiums would be much lower. (In other words, using the example above, a real study would include the ages of all citizens under 60 in order to determine the average age of the country.)

HHS Leaves Out Data That Doesn’t Fit

In a number of cases, the HHS report does even more book-cooking by including the numbers that are best for its pro-insurance industry argument and leaves out those that don’t tell a good story. For instance, it claims that Arkansas saw an 18% increase in premiums, but that was just for one company that represents only 15.7% of the market share. This is important because it paints an inaccurate picture of the rest of the market in that state. In fact, *Medical Liability Monitor* data show that the other companies in Arkansas had a 0% increase in premiums. Averaging in the other two companies would show just a 5.9%

increase in premiums.

Likewise, the HHS reports a 60% increase in Ohio. However, that statistic also does not represent the entire state. That reported “increase” was just for the ninth largest insurer in the state (The Medical Mutual of Maryland Company), which represents just 2.2% of the market. Some insurers in the state didn’t raise rates at all.