

**MALPRACTICE PAYMENTS ARE NOT THE CAUSE OF PREMIUM INCREASES;
NO PHYSICIAN EXODUS; NO INCREASE IN DEFENSIVE MEDICINE**

Recent analysis from the National Bureau of Economic Research (NBER)¹ found that most frequently repeated claims of the doctors' and insurers' lobbyists regarding the so-called "medical malpractice crisis" have no basis in fact.

MYTH *Doctors' skyrocketing insurance premiums are caused by exploding medical malpractice payments.*

NBER FOUND **Malpractice payments are not the cause of premium increases.**
"[P]ast and present malpractice payments do not seem to be the driving force behind increases in premiums. Premium growth may be affected by many factors beyond increases in payments, such as industry competition and the insurance underwriting cycle."

MYTH *Malpractice costs are forcing doctors out of the profession*

NBER FOUND **No reduction in doctor numbers due to malpractice costs**
"The size of the physician workforce in each state does not seem to respond to increases in premiums... These findings are consistent with those of a GAO study which was unable to substantiate claims by provider organizations that rising premiums were dramatically reducing the supply of physicians."

MYTH *Fear of soaring medical malpractice liability costs causes more defensive medicine.*

NBER FOUND "There is little evidence of net increases in the use of treatments we studied in response to state-level increases in malpractice costs."

NBER concluded: **"The fact that we see very little evidence of widespread physician exodus or dramatic increases in the use of defensive medicine in response to increases in state malpractice premiums places the more dire predictions of malpractice alarmists in doubt. The arguments that state tort reforms will avert local physician shortages or lead to greater efficiencies in care are not supported by our findings.**

To read the complete study, visit www.nber.org/papers/w10709

¹ *The Effect of Malpractice Liability on the Delivery of Health Care*, Katherine Baicker & Amitabh Chandra, National Bureau of Economic Research, August 2004. Founded in 1920 the NBER is a private, nonprofit, nonpartisan research organization dedicated to promoting a greater understanding of how the economy works. It is the nation's leading nonprofit economic research organization.

