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Contact: Alicia Mitchell - (202) 626-2339 - amitchell@aha.org
Amy Lee - (202) 626-2963 - alee@aha.org

MEDICAL LIABILITY CRISIS AFFECTS COMMUNITIES' ACCESS TO CARE

New survey details medical liability crisis in "crisis state" hospitals

Washington (Monday, April 28, 2003) -

Lawsuit abuse has caused medical liability premiums to rise, disrupting many of the nation's hospitals ability to provide obstetrics, neurosurgery, trauma, and other services for the communities that depend on them, according to a new survey conducted by the American Hospital Association (AHA).

The survey of more than 1,000 hospitals titled *Professional Liability Insurance: A Growing Crisis* compared results of "crisis states"* to states that have enacted reform in an effort to demonstrate how reforms affect access to care and premium rates. The survey (see [PowerPoint presentation](#)) found that the services most affected in crisis states are obstetrics and emergency care. More than 50 percent of hospitals in crisis states now have difficulty recruiting physicians; and 2 out of 5 say today's medical liability crisis has resulted in less physician coverage for their emergency departments.

"In some communities, hospitals have been forced to curtail or discontinue services, whether that means shutting down the emergency room for a few hours or permanently closing obstetrics departments," said AHA Executive Vice President Rick Pollack. "This can leave patients and families hours away from the care they need. We need to fix the system and ensure common-sense reform happens -- for our communities and our patients."

In comparing crisis states with reform states, the survey found that enacting reform -- legal reforms that bring a common sense and balanced approach to ending lawsuit abuse -- had a positive impact on medical liability premium expense growth. Over the past two years, crisis states have seen liability premiums increase more than twice as fast as premiums in reform states such as California and Wisconsin.

Medical liability expenses have doubled for nearly half of the hospitals in crisis states costing as much as \$11,435 per staffed bed in crisis states compared with \$4,228 per staffed bed in reform states.

"This crisis comes at a time when hospitals face a difficult mix of resource pressures -- from increased workforce wages to increased spending on pharmaceuticals. Resources and time currently spent on increased premiums and legal costs take precious resources away from hospitals' mission of caring for patients," continued Pollack. "These resources could be better spent on improving the quality of care and addressing the needs of today's and tomorrow's patients."

In crisis states, a majority of hospitals decided to face increased deductibles while other hospitals opted for a variety of additional options ranging from reducing their level of coverage to becoming self-insured. Still others have been forced to allow physicians to practice without coverage -- or go bare -- in states that permit this practice.

** Note: Crisis states as identified by the American Medical Association as of March 2003 are: Pennsylvania, West Virginia, Nevada, Mississippi, Washington, Oregon, Texas, Arkansas, Missouri, Georgia, Florida, Illinois, North Carolina, Kentucky, Ohio, New York, Connecticut and New Jersey.*

About the AHA

The AHA is a not-for-profit association of health care provider organizations and individuals that are committed to the health improvement of their communities. The AHA is the national advocate for its members, which includes almost 5,000 hospitals, health care systems, networks, other providers of care and 37,000 individual members. Founded in 1898, the AHA provides education for health care leaders and is a source of information on health care issues and trends. For more information, please visit the AHA Web site at <http://www.aha.org>.

Headquarters: One North Franklin, Chicago, Illinois 60606-3421 Phone: (312) 422-3000
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