

STATEMENT BY MATT RUSSELL
TO THE IOWA GENERAL ASSEMBLY'S MEDICAL MALPRACTICE INTERIM STUDY
COMMITTEE OCTOBER 5, 2005

My name is Matt Russell. I am a health care organizer for the Iowa Citizen Action Network, Iowa's largest consumer and environmental watchdog organization. Quality, affordable health care for everyone in Iowa is one of our top priorities.

America is facing a medical malpractice crisis, but not in the way it is commonly construed by the medical industry. According to the National Institute of Medicine up to 98,000 Americans are killed every year as a result of medical mistakes in hospitals alone. This is roughly equivalent to the number of fatalities that would ensue if a jumbo jet crashed in this country every single day of the year. If that were happening airline safety would be the nation's number one concern, and Congress and every state legislature would be working overtime to make the skies safer for air travelers. Why then are we not pulling out all stops to make our health care system safer for patients? We encourage this committee to make patient safety a prime focus of your deliberations.

Reducing the incidence of deadly medical errors in our health care system would obviously save lives, but it is also a surefire way to reduce medical malpractice premiums for our doctors and hospitals. The other surefire way to reduce premiums is to beef up insurance regulation in our state, like they did in California.

In the 1970's liability insurance premiums in California were among the highest in the nation. In 1976, a \$250,000 cap on quality of life damages in medical malpractice cases was instituted, but this did nothing to contain the surge in premium growth medical malpractice premiums in California actually tripled from 1976-1988.

In 1988, the voters of California approved Proposition 103, a ballot initiative that forced property-casualty insurance companies, including medical malpractice carriers, to open their books and justify their rates. As a result, California insurers can only charge rates that are fair and reasonable, and medical malpractice premiums are now lower than the national average. We encourage you to take a good, hard look at the California regulations and other insurance reform measures to reign in rates and ensure that medical malpractice insurance premiums are fair and reasonable.

The driving force behind the cyclical run-ups in malpractice premiums that occur like clockwork every 10-15 years is the insurance business cycle itself, which sends premiums soaring whenever interest rates start to nosedive. When interest rates are high, as they were in the 1990's, carriers charge bargain basement premiums so they can rake in as much cash as possible to invest in the bond markets; when interest rates crash, as they have this decade, carriers jack their rates to make up for lost investment profits. Medical care providers and other insurance consumers need protection from the booms and busts of the unforgiving insurance business cycle.

ICAN opposes changes to tort law that would limit the liability of negligent medical care providers, or make it more difficult for injured patients to press their claims. Limiting patients' legal rights won't lead to lower premiums (it didn't in California), but it will hurt families who

have been devastated the most by medical malpractice. The only surefire way to lower premiums is to reduce the incidence of deadly medical errors in the first place and provide a backstop of effective insurance oversight that will make malpractice premiums fair and affordable no matter how high or low interest rates go.