

# CPCU All-Industry Day

## *The Case for MICRA*

Richard E. Anderson, M.D.  
Chairman and CEO  
The Doctors Company

San Francisco  
March 10, 2005

- California's Litigation Fairness (U.S. Chamber 2003): 44<sup>th</sup> among the 50 states.
  - Bottom 5 in:
    - Jury predictability
    - Punitive damages
    - Class action lawsuits

# Goals and Benefits

- **Sustainable** insurance system providing full indemnification of actual loss.
- **More** money for injured patients.
- **Faster** settlements.
- Preserves **access** to medical care without impeding access to courts for truly injured patients.
- Society does not incur **double** costs.
- **Assures** money is available at the time it is needed.

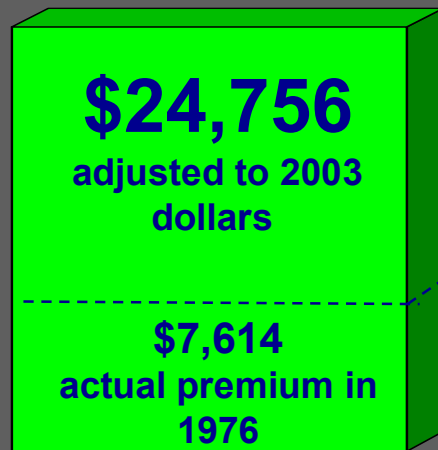
# MICRA

- 1. Mandates a \$250,000 cap on noneconomic damages ONLY.
- 2. Allows introduction into evidence of collateral sources of payment.
- 3. Allows periodic payments of future damages.
- 4. Provides for a sliding scale limit on attorneys' contingency fees.

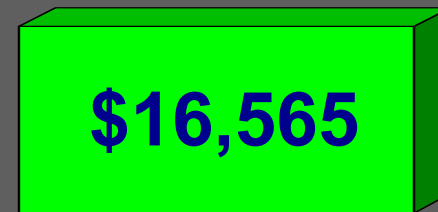
# MICRA Helps Reduce California Medical Liability Premium Rates by 33%



## The Doctors' Company 1976-2004



Average Premium 1976\*



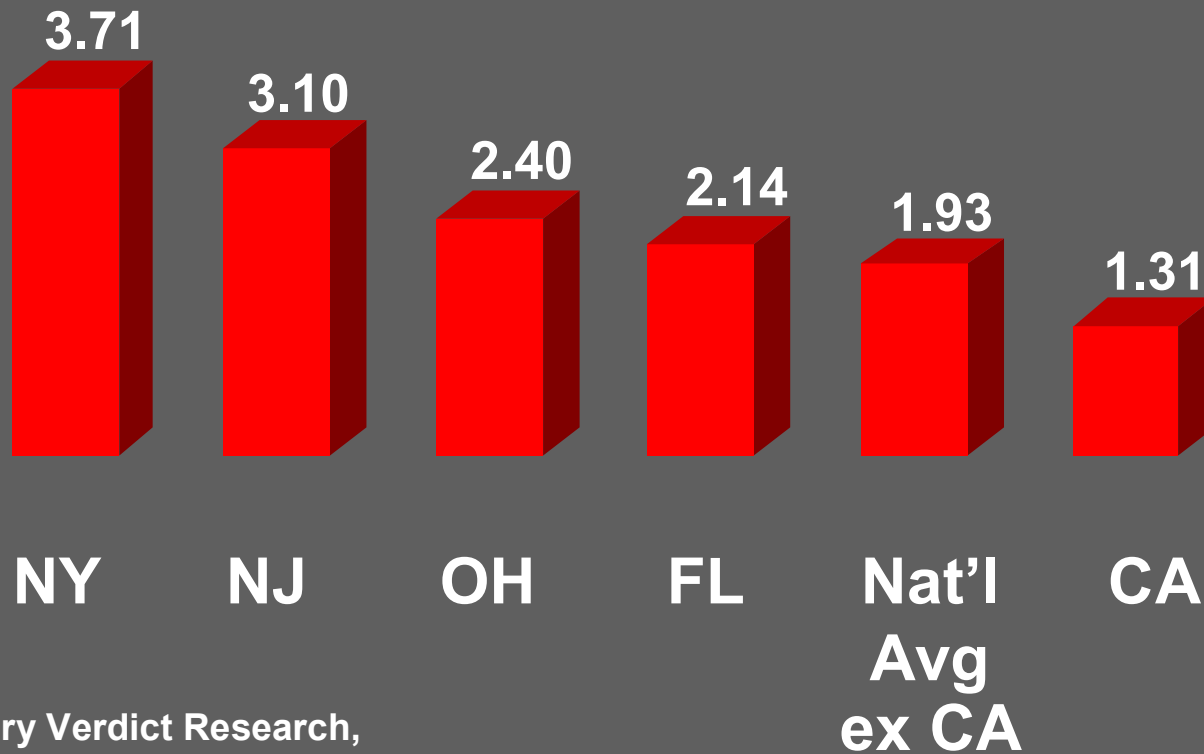
Average Premium 2004

\* \$7,614 average premium adjusted to 2003 dollars based on the Average Consumer Price Index for a \$1 Million/ \$3 Million Claims-Made Policy Premium

# MICRA Reduces Verdict Cost and Frequency

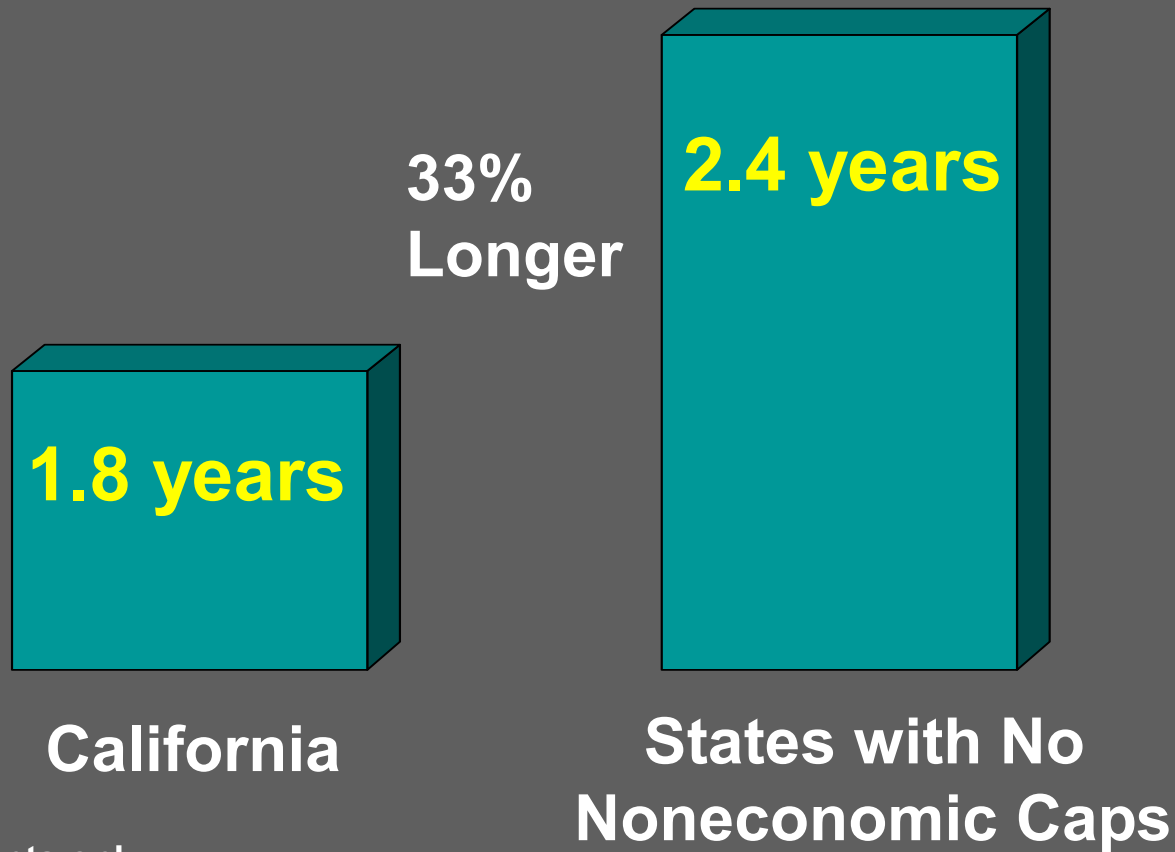


\$1 Million+ Verdicts Per 1,000 Doctors



Sources: Jury Verdict Research,  
AMA

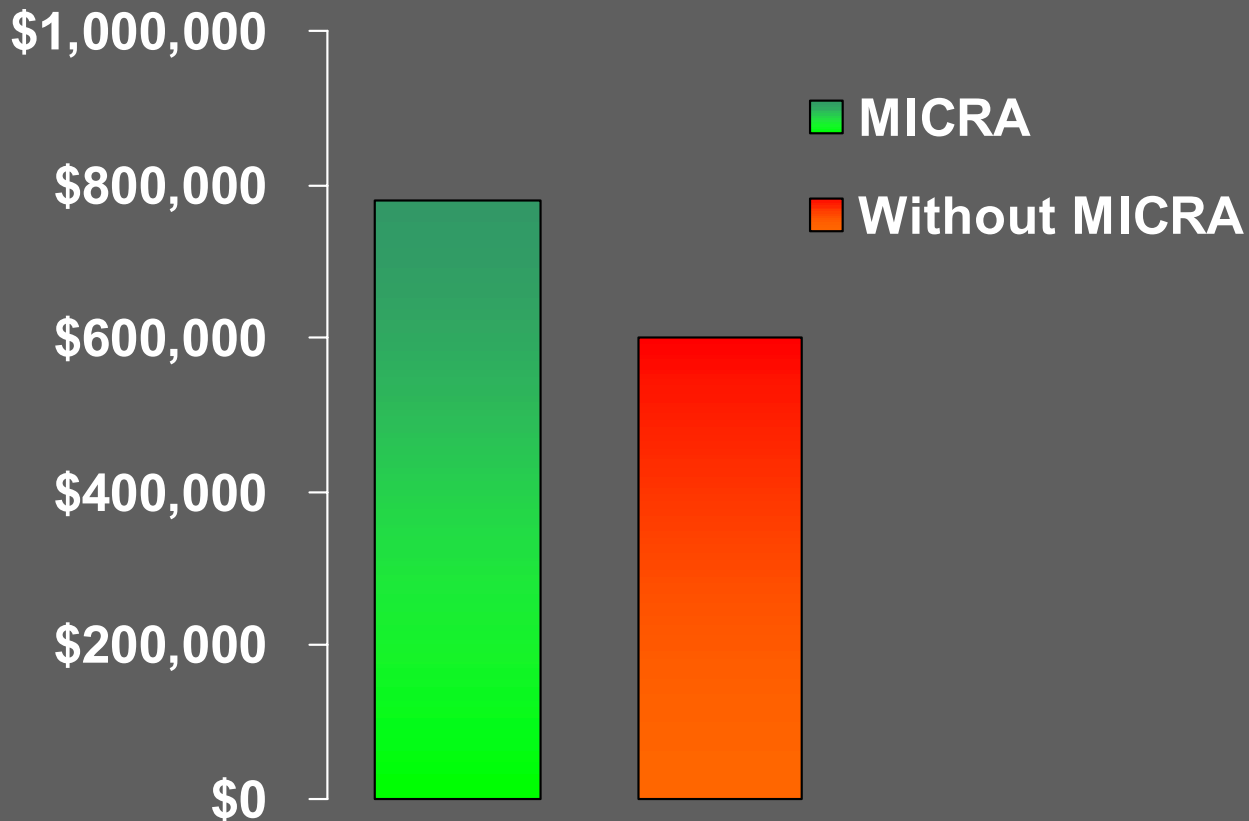
# MICRA Reduces Average Time to Settlement



\*Indemnity payments only

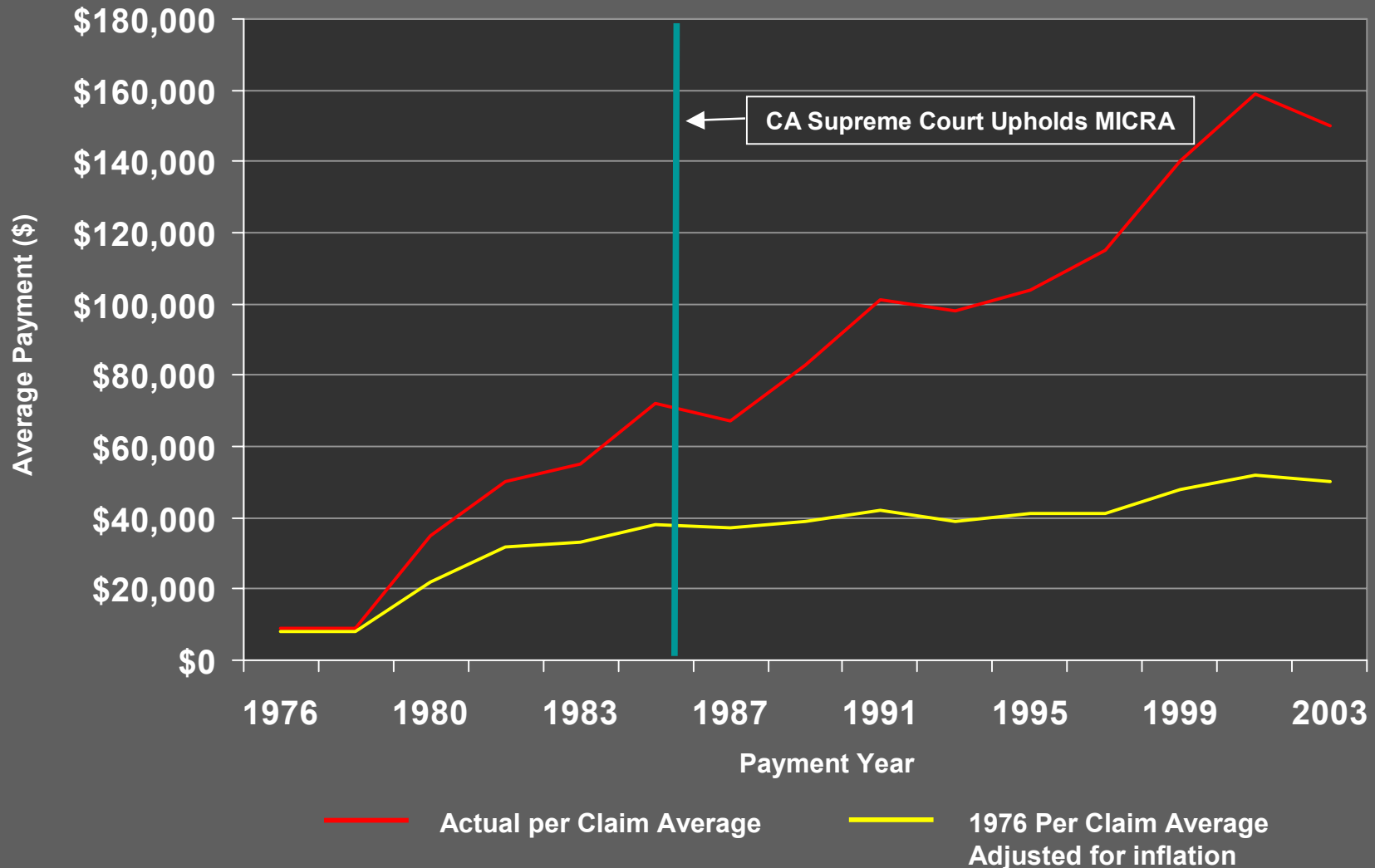
The Doctors' Company, 1997-2001

# Injured Patients Benefit Directly



Proceeds of a \$1 million judgment

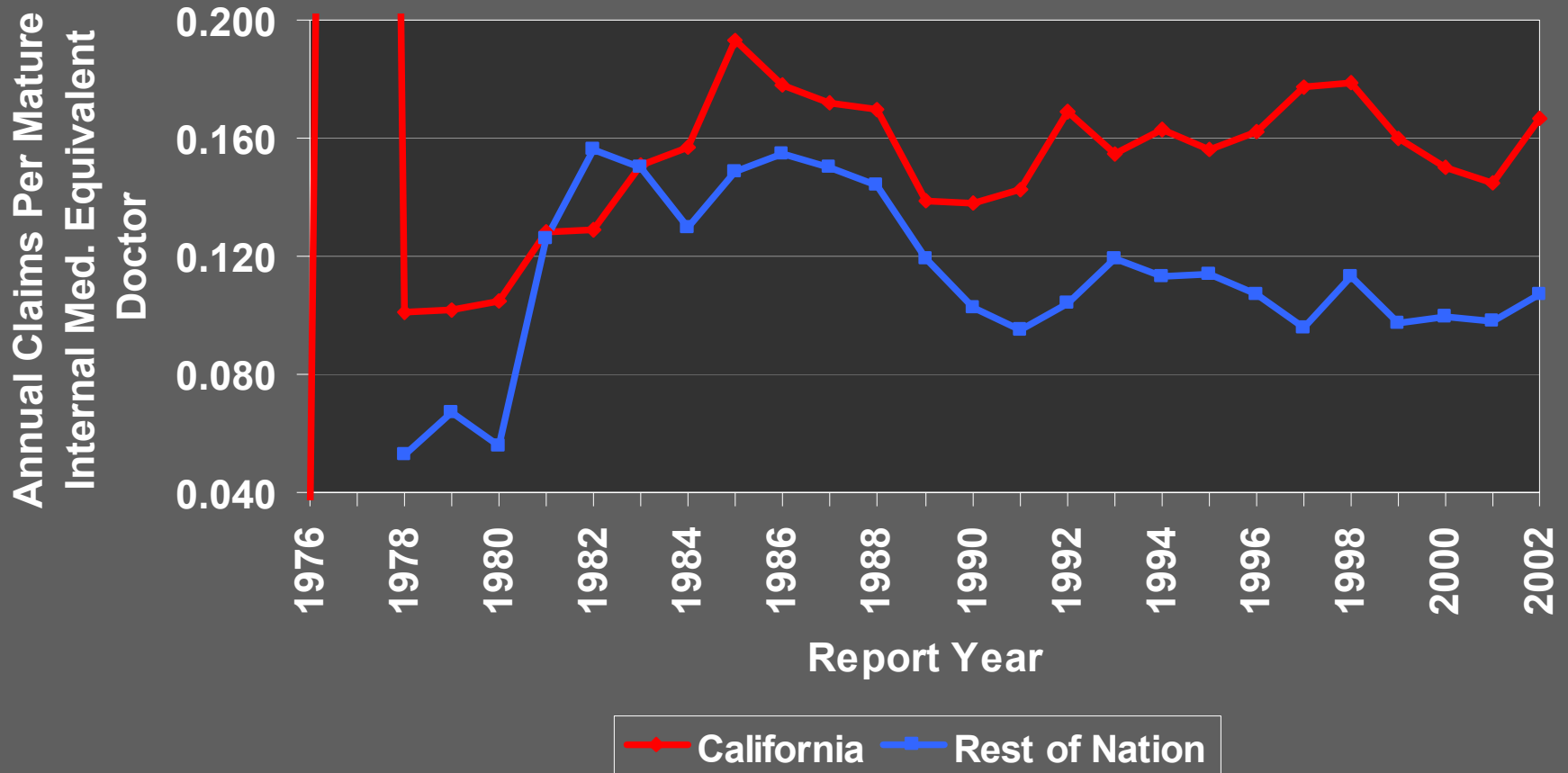
# Increasing Cost of Malpractice Claims Despite MICRA



# MICRA Does Not Limit Access to Courts



## TDC PHYSICIAN CLAIM FREQUENCY



# Stanford Study: The Cost of Defensive Medicine



- States with effective tort reform lower health care costs 5-9%.
- Savings nationally would be \$50 billion.
- HHS estimates savings as high as **\$110** billion.



# Summary

- *We know that MICRA is effective in reducing the cost of medical malpractice insurance, while still providing unlimited compensation for actual damages and unfettered access to the courts.*