

The Lincoln Institute and other fairy tales

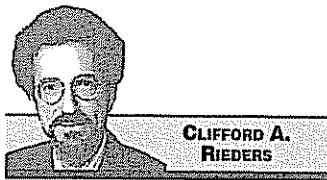
Recently, some respected organizations have relied upon the Lincoln Institute to support the conclusion that doctors are leaving the state. The Lincoln Institute was started by a disgruntled seeker of public office in 1993. The idea was to create focus groups of particular individuals and call it a Public Opinion Court. In other words, people with selected opinions would be polled as to what their opinions are, and then that information would be circulated as objective! Recently, the Lincoln Institute undertook to poll doctors in the state, rather than to look at the real statistics.

What has not been reported in much of the press is a letter written by our Republican Insurance Commissioner Diane Kolken to a bipartisan group of state senators, giving the number of doctors in the state in every year since 1976. Those figures, through the end of '03, demonstrate that in every year except for 1979, the number of doctors in the Commonwealth of Pennsylvania has increased in absolute numbers, even while the population has not risen as fast. In plain terms, that means that the number of doctors per person in Pennsylvania has increased!

Doctors still need relief from the mismanagement of the insurance industry in Pennsylvania, but that does not mean that citizens must lose their rights. Many people confuse the rapid rise in health insurance costs with the current debate over increase in medical malpractice insurance premiums. None other than the International Risk Management Institute (IRMI) was quoted in the Insurance Journal, stating that the insurance industry's own business practices are responsible for its financial losses from medical malpractice coverage. According to IRMI, "A decade long strategy to increase market shares resulted in 'consistently under priced' insurance policies which led, in turn, to rising financial losses."

What of health insurance generally? Pharmaceutical costs, sophisticated new technology, and an increased emphasis on specialized treatment rather than basic health care has driven health insurance costs through the roof. The large number of uninsured people in this country has also placed a great burden on those who are insured because the uninsured rely on emergency room services, get sick more often and therefore utilize specialized services on a more frequent basis.

Part of a good health care system is having legal measures to rein in irresponsible or incompe-



tent medical behavior. The legal system by every measure costs about one percent of what we spend yearly on health care costs. That is an astounding figure when we realize that preventable medical deaths amount to almost 100,000 per year and another 100,000 per year for preventable pharmaceutical and infection problems.

The National Center for State Courts has found that overall personal injury filings stabilized from 1985 to 2000, and declined in the most recent period from 1991 to 2000. Per capita, the rate of litigation in this country is the same as other industrialized nations, according to Professor Marc Galanter.

In the field of medical malpractice, one study concluded that of every eight potential valid claims, only one claim actually was filed.

The insurance industry will no doubt deny its poor track record of management to argue for legislation repealing Pennsylvania's ban on caps for personal injury damages. However, as the Chicago Business Journal has said, there is a "virtual absence of empirical evidence that tort reform [would] indeed lower liability insurance rates or expand the insurance's availability." That sentiment has been echoed by everyone who has legitimately studied the issue.

Call your friendly local stock broker and ask him or her what stocks they recommend, and almost uniformly you will be told "drug and insurance stocks." The amount of money being made by those businesses at the expense of seniors, the uninsured and the underinsured is obscene. If any business or industry needs to be capped, it is the excess profits of those businesses. There is a good reason why in every other country in the world pharmaceuticals cost less and why the industry is fighting tooth and nail to prevent medicines being imported from Canada. There is a good reason why the insurance industry is seeing record profits. In Pennsylvania, every method has been tried to reduce insurance premiums except insurance reform and competition, the two factors that work.

The new social security amendments, according

to what several doctors have publicly and privately stated, will be the biggest boom that the pharmaceutical industry has ever seen. I asked one doctor what the new Act would do for him, because of its advertised positive affect on low reimbursements to doctors. He stated: "It will make the drug companies rich at everyone else's expense." I was impressed by his candor.

According to PriceWaterhouseCoopers in their study "The Factors Fueling Rising Health Care Costs," drugs, medical devices and medical advances accounted for 22 percent of the increase in costs, representing \$17 billion in premiums. Hospitals account for almost 1/3 of the premium that pays for benefit cost. On average U.S. health care costs increase as the population ages. Upon entering the 55 to 64 age group, the spending of the average male raises about 50 percent. Increased demand for new technology is adding 2 percent to health care costs or about 15 percent of the overall trend, representing \$10 billion of the increased health care premiums.

According to Jim Mortimer, president of the Midwest Business Group on Health, "poor quality in health care costs the typical employer an estimated \$1,700 to \$2,000 for each covered employee each year." The Juran Institute, an industrial management consulting firm, estimated the costs drawing on information from hospitals, health policy experts and published research. The study urges companies and health plans to press for quality improvements by hospitals and doctors.

The Federal Center for Medicare and Medicaid Services projects national spending on health care will soar to \$2.82 trillion in 2011, almost double the amount spent in 2001 of \$1.42 trillion. If current trends continue, "the cost of poor-quality care will likely exceed \$1 trillion by 2011," according to the study.

Ford Motor Co. estimated that the company saved more than \$5,000 on care for each of 500 employees, retirees and family members that used hospitals that met certain standards. The same is true for Verizon Communications, IBM, Xerox and Empire Blue Cross.

The answer is to reform the insurance industry, untouched by three years of recent legislation, and to make sure Pennsylvania's Patient Safety Authority does its job, but not by taking the rights away of those legitimately injured by bad care.

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