Defensive medicine: Spiraling costs

The editorial pages of this and other medical publications have pointed out with varying degrees of intensity that the practice of defensive medicine has been a major contributing factor to the rising costs of medical care.

A recent study¹ reported in *The Journal of the American Medical Association* estimates that medical professional liability costs in 1984 accounted for 15 percent of total expenditures on physicians' services, with much of the cost paid to defensive practice changes prompted by malpractice risks.

The study, conducted by Roger A. Reynolds, Ph.D., John A. Rizzo, Ph.D., and Martin L. Gonzalez, M.S., of the AMA's Department of Medical Practice Economics, Center for Health Policy Research, reports that the risk for the average physician of incurring a malpractice claim has nearly tripled since 1980, with indications that increases in the severity of losses have accelerated as well. The researchers say that the problem is of growing public and professional concern, but "to date there has been little quantitative evidence on the overall economic impact of the problem."

In the *JAMA* editorial² concerning the Reynolds' report, it is stated that average malpractice insurance premiums rose by an estimated \$1,300 to \$8,400 annually from 1983 to 1984. Concurrently, perceived increases in malpractice risks caused physicians to increase defensive medical procedures, at an additional average cost of \$4,600 per physician per year.

The increase in defensive medicine costs was more than 3.5 times the parallel increase in malpractice insurance premiums. That is, for each \$100 spent on malpractice risk—gauged by insurance premiums—\$3.50 are expended for defensive medicine. "Hence, the average physician who paid \$8,400 in malpractice premiums for 1984 was responsible for a total annual health care expenditure of \$30,000 for defensive medicine."

Whether the practice of defensive medicine will have a major impact on the cost of professional liability insurance or a reduction in claims is problematic. Until the public is made to realize the true nature of the medical professional liability crisis—its bottom-line effect—defensive medicine will con-

tinue to be practiced to greater and greater degrees. Logical, rational controls of the situation will somehow be achieved. At the present time, unfortunately, it's a runaway problem.

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1. Reynolds, R.A., Rizzo, J.A., and Gonzales, M.L.: The cost of medical professional liability. *JAMA* 257:2776-81, 22/29 May 87
 2. Harris, J.E.: Defensive medicine. It costs, but does it work? (editorial). *JAMA* 257:2801-2, 22/29 May 87

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