

Wisconsin Hospital Association, Inc.

News Statement



For Immediate Release

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Veto of AB 766

Statement by Wisconsin Hospital Association President Steve Brenton

MADISON (December 2, 2005) ----- On July 14, the Wisconsin Supreme Court struck down Wisconsin's cap on non-economic damages. WHA commends the legislators and members of the public who immediately recognized the magnitude of this devastating decision and got to the business of fixing the mess it created. To that end, AB 766 was the product of a thoughtful, deliberative and rational process that was far from arbitrary. Needless to say, we are disappointed with this veto.

There are two realities that remain unaddressed: (1) Wisconsin is still without a cap on damages for pain and suffering; and (2) it is undeniable that the loss of the cap is already having a negative impact on Wisconsin's health care system.

Just over four months since the Supreme Court struck down the cap by a slim 4-3 vote, hospitals are reporting greater difficulty recruiting physicians, damage awards and lawsuits are on the rise, and liability insurance premiums for doctors and hospitals are increasing by massive amounts (see attached release issued December 1).

A veto does not address these very real problems, and in fact intensifies the urgency with which the Legislature, and Governor Doyle, must try again to find a solution. Doing nothing or enacting an ineffective cap are one in the same, and further delay will have a devastating impact on Wisconsin's health care system.

The majority of the public and Legislature know that this must be addressed, and the Wisconsin Hospital Association is prepared to redouble its efforts to work with Governor Doyle, the Legislature and all other interested parties to see a cap reinstated in Wisconsin.

END

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NEWS



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Actuarial Committee Recommends 25% Fee Hike to Injured Patients Fund

MADISON (December 1, 2005) ----- In July of this year, the Wisconsin Supreme Court struck down the cap on excessive awards associated with medical malpractice. Now, just five months after losing the cap on non-economic damages, Wisconsin hospitals and physicians are learning about what will likely be the first wave of substantial liability insurance rate hikes.

This week, the Injured Patients and Families Compensation Fund (IPFCF) Actuarial Committee recommended a 25 percent increase in the annual fees that hospitals and physicians are required to pay into the Fund.

George Quinn, WHA senior vice president, is a member of the IPFCF Actuarial Committee. "The reason for the unprecedented hike is solely attributed to the fact that the \$447,000 cap on excessive pain and suffering awards is now gone," he explained.

According to Quinn, the Committee examined information provided by independent actuaries that showed Wisconsin providers are now at a higher risk of excessive damage awards due to the loss of Wisconsin's cap on non-economic damages. Information also presented by the actuary suggests that additional and larger fee hikes may be needed in the future.

After hospitals and physicians have exhausted their private insurance funds following a successful medical malpractice suit, the plaintiff is compensated from IPFCF monies. The IPFCF is funded through mandatory premiums assessed on hospitals and doctors.

"We don't need to speculate about the future impact of losing the cap—the future is right here and right now," said WHA Senior Vice President Eric Borgerding. "We're following the same downward spiral witnessed in Illinois, Oregon, Texas, Washington and other states that lost caps. First, liability insurance rates for health care providers soar, then doctors start leaving the state. This is followed by hospitals having trouble providing essential services like trauma, obstetrics and neurosurgery. We're already seeing doctors reconsider their plans to locate their practice to Wisconsin."

"The bottom line is this—we need to restore a cap on non-economic damages in Wisconsin, and soon," said Borgerding.

Wisconsin patients continue to have unlimited recovery of damages associated with lost wages, medical care and other out-of-pocket expenses following a successful medical malpractice suit. Wisconsin's previous cap applied only to non-economic damages, most commonly awarded for pain, suffering or other intangible losses.

The recommended fee hike will be considered early next year by IPFCF. If approved, the increase will take effect July 1, 2006.

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