



AMERICAN OSTEOPATHIC ASSOCIATION

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June 8, 2011

The Honorable Bill Haslam
Governor of Tennessee
1st Floor, State Capitol
Nashville, TN 37243

Dear Governor Haslam:

The American Osteopathic Association (AOA) and the Tennessee Osteopathic Medical Association (TOMA) are writing to express our appreciation for your strong support of HB 2008/SB 1522, the Tennessee Civil Justice Act of 2011. This bill provides reforms to state laws relating to civil actions. The reforms include a \$750,000 limit on jury awards for non-economic damages in medical malpractice cases and a limit on punitive damages of two times the compensatory damages or \$500,000, whichever is greater.

The AOA proudly represents its professional family of more than 78,000 osteopathic physicians (DOs); promotes public health; encourages scientific research; serves as the primary certifying body for DOs; is the accrediting agency for osteopathic medical colleges; and has federal authority to accredit hospitals and other health care facilities. TOMA is a divisional society of the AOA and represents the interests of osteopathic physicians in the state of Tennessee.

We believe that reforming the medical tort liability system is one of the most pressing issues facing our nation. We are committed to working with states to address this important issue, which continues to undermine our nation's health care delivery system and adversely affect patients. The currently liability system limits patient access to care and encourages physicians to practice defensive medicine, which contributes to increased health care costs as patients are forced to undergo additional tests and procedures.

Unobtainable and unaffordable medical liability insurance forces physicians to relocate their practices to states with more favorable medical liability laws or simply retire. Hospitals are forced to eliminate high-risk departments. Trauma centers are forced to close. Teaching hospitals eliminate residency programs. All of these actions, caused by the medical liability crisis, result in the same outcome: a reduction or loss of access to health care for patients. Medical students, along with interns and residents, increasingly avoid certain specialties due to the higher liability risks they pose. In addition, physicians are gravitating toward states that have reasonable professional liability laws and, subsequently, affordable medical liability insurance rates. In fact, studies have shown that caps on noneconomic damages increase the number of physicians per capita by 2.2 percent relative to states without caps.¹

¹ William E. Encinosa and Fred J. Hellinger, *Have State Caps On Malpractice Awards Increased The Supply Of Physicians?*,

Tennessee's office-based physicians not only ensure the health and well-being of their communities, they also strengthen state's economy by creating jobs, purchasing goods and services, supporting wages and benefits, and generating state and local tax revenue. Tennesseans benefit directly when the state creates a positive practice environment for physicians. A recent report by The Lewin Group found that office-based physicians support more than 75,000 jobs in Tennessee and contribute \$17.5 billion in economic output or sales revenue, representing 7.2% of the total GDP in the state. Office-based physicians generate more than \$10 billion in wages and benefits in Tennessee and generate more than \$540 million in state and local tax revenue.²

Experts agree that the current tort system has lead to an increase in health care costs. The proven reforms contained in HB 2008/SB 1522 would help attract and keep physicians in the state, thereby ensuring that the people of Tennessee have better access to health care and a stronger state economy.

We applaud Tennessee lawmakers for taking up the issue of medical liability reform. We look forward to your approval of HB 2008/SB 1522. Should you require any additional information, please feel free to contact Andrea Garcia, JD, AOA Director of State Government Affairs, at agarcia@osteopathic.org or (800) 621-1773 ext. 8185.

Sincerely,



Karen J. Nichols, DO
President, AOA



Gabe Polk, DO
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² *The State-Level Economic Impact of Office-Based Physicians Report*, The Lewin Group, January 2011.