



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 26, 2002
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4600 - Help Efficient, Accessible, Low Cost, Timely Health Care Act of 2002

(Rep. Greenwood (R) PA and 120 cosponsors)

The Administration strongly supports House passage of H.R. 4600, a bipartisan bill that contains reforms needed to address the Nation's badly broken medical liability system. The bill would improve access to quality care, while reducing health care costs, by ensuring a more timely, predictable and fair liability system.

H.R. 4600 offers individuals who have been harmed full and unlimited compensation for all economic damages - including medical costs, lost future wages, and the costs of replacing unpaid services such as child care. At the same time, the bill places reasonable limits on non-economic and punitive damages, similar to medical liability reforms in many states. These state laws have been proven effective in improving access to quality care while reducing health care costs.

Urgent Congressional action is needed because the medical liability crisis threatens the ability of patients to obtain and afford quality health care throughout the country. As a result of the crisis, in many states that have not enacted meaningful reforms like those contained in H.R. 4600, health care providers are facing enormous increases in their medical liability insurance premiums or are unable to obtain coverage at all. The impact on patients cannot be understated. In a growing number of communities, many physicians have been forced to quit their practice, leaving patients with no access to trauma care, childbirth care, other critical, and even basic, medical services. In Mississippi, most cities with populations under 20,000 no longer have doctors that deliver babies because of high jury awards in medical liability cases.

In states without meaningful reforms, Americans are paying billions more for their health insurance to cover the costs of excessive litigation and "defensive" medicine. Doctors often order extra and often expensive tests and treatments for the purpose of avoiding litigation. The liability crisis has also imposed costs - which could easily exceed \$25 billion this year - on the American taxpayer, adding to the costs of Medicare and Medicaid and frustrating initiatives to improve access to affordable care.

For these reasons, on July 25, 2002, the President called for Congress to create new Federal minimum standards for liability reform, based on measures that have been proven to be effective in states like California. If adopted, these proposals will prevent excessive awards that drive up health care costs, encourage frivolous lawsuits, and promote time-consuming legal proceedings.

The Administration is pleased that H.R. 4600 encompasses the President's proposals for creating a medical liability system that will compensate patients fairly, hold doctors accountable without driving them out of medicine, and reduce health care costs.

The Administration looks forward to working with the Congress to enact legislation that meets the President's goal of reasonable nationwide limits on non-economic damages.

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