

some differences with the California law, but basically it is a cap on noneconomic damages. In Texas, we had a significant problem as far as medical liability was concerned. We had medical liability insurers that were leaving the State. They were simply not going to write any more policies. They closed up shop and left town because they couldn't see a future in providing medical liability coverage in Texas. We went from 17 insurers down to two at the end of 2002, the year I first ran for Congress. The rates were increasing year over year. Running my own practice in 2002, my rates were increasing by 30 to 50 percent a year.

In 2003, the State legislature passed medical liability reform, again based on the California law of 1975. The California law in 1975 was also a cap on noneconomic damages. They had a single cap of \$250,000 on all noneconomic damages.

In Texas, the cap was trifurcated. There was a \$250,000 cap on noneconomic damages as it pertains to a physician, a \$250,000 cap on noneconomic damages as it pertains to the hospital and a \$250,000 cap on noneconomic damages as it pertains to a nursing home or a second hospital; so an aggregate cap of \$750,000 on noneconomic damages.

How has the Texas plan fared? Remember, we had gone from 17 insurers down to two because of the medical liability crisis in the State. Now we are back up to 14 or 15 carriers. And most importantly, those carriers have returned to the State without a premium increase.

In 2006, 3 years after the passage of the medical liability reform, an insurance company called Medical Protective, I had a policy with them for years and years, Medical Protective company cut their rates 10 percent, which was the fourth reduction since April of 2005.

Texas Medical Liability Trust, my last insurer of record when I left practice in Texas, has had an aggregate cut of 22 percent since the law was passed.

Advocate MD, another insurance company, has filed a 19.9 percent rate decrease. Another company called Doctor's Company has announced a 13 percent rate cut. These are real numbers, and they affect real people in real practice situations in Texas. It is a significant reversal.

The year when I first came to Congress, we lost one-half of the neurosurgeons in the metroplex because of the medical liability expense problem. The doctor looked at the renewal bill and said, I cannot work enough to pay for this and pay for my practice and support my family, so I will go elsewhere. The net effect is it put the whole trauma system in north Texas at risk because one neurosurgeon was going to have to do the work of two, and you cannot physically work 24 hours a day, 7 days a week, delivering that type of care. So the whole trauma system was put at risk before this law went into effect in Texas.

A young perinatologist whom I met during my first year in office, had gone on and gotten specialized training to care for those high-risk pregnancies, well, you can imagine what his medical liability premiums were. Mine were high as an obstetrician. His were even higher as a perinatologist who specialized only in high-risk cases. And, in fact, at a lecture in Texas, he came to me and said, you know, I am going to have to leave the practice of medicine altogether because I simply cannot get insurance.

Well, how are we furthering the cause of patient care if we take a young person who is very dedicated to taking care of the highest-risk pregnancies in the metroplex and we say, sorry, you can't practice because we can't get you insurance anywhere. Happily, in Texas, that situation reversed, and that doctor, I know, is in practice.

The problem with the neurosurgeon, because of the straightening out of the insurance in Texas, has been reversed. Our trauma system is protected, as is the young man who is practicing high-risk obstetrics and saving babies even as we speak.

One of the unintended beneficiaries of the legislation was the benefit for community, small, mid-sized community not-for-profit hospitals who were self insured as far as medical liability was concerned. They had to put so much money in escrow to cover potential bad outcomes that that money was just tied up, and it was not available to them. Now they have been able to back some of that money out of escrow because of putting stability into the system with the cap on noneconomic damages, and now they are able to use that money for capital expansion, nurses' salaries, exactly what you want your small community not-for-profit hospitals to be engaged in. They can, once again, participate in those activities because of the benefits from the medical liability plan that was passed in Texas.

So, Mr. Speaker, I took the language of the Texas medical liability plan, worked with legislative counsel and made it so it would conform with all of our constructs here in the House of Representatives. And although I didn't introduce that legislation, I offered it to the ranking member on our Budget Committee last spring when we offered our Republican budget here on the floor of the House.

Mr. RYAN, the ranking member, had that scored by the Congressional Budget Office, and the Texas plan as applied by the House of Representatives legislative counsel and applied to the entire 50 States would yield a savings of \$3.8 billion scored over a 5-year time span. That is not a mammoth amount of money when we talk about the types of dollars we talk about in our Federal budget, some \$2.999 trillion, but \$3.8 billion over 5 years is not insignificant. And it is basically money that we left on the table because we did not include the language of that medical liability

reform in the budget that was passed this year.

Now, when I say the problem, although the problem in Texas is measurably better than it was when I took office here, consider a 1996 study done at Stanford University that revealed within the Medicare system alone the cost of defensive medicine, that is medicine that you practice so that you tone the chart and you look good if something goes wrong and the case is brought to trial; if you have practiced satisfactory defensive medicine, you will be able to defend yourself in the case of a medical liability suit. A couple of doctors and economists at Stanford got together and said, what does this cost Medicare? What does it cost for doctors to practice this type of defensive medicine? And it cost about \$28 billion a year back in 1996. I would submit that the number is probably higher today if they were to revise and redo that study.

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So that is a significant amount of money, and the Medicare system is the one that pays for that. Remember, Medicare runs about \$300 billion a year. That's almost 10 percent of its budget that is being spent on defensive medicine because of the broken medical liability system we have here in this country. We can scarcely afford to continue on that trajectory that we're on with the medical liability system in this country.

Another consideration, Mr. Speaker, I talked a little bit about young people who are perhaps considering a career in medicine or nursing, and the current medical liability system is a deterrent for going into the practice of health care because they look at the burden that's placed on young doctors and nurses for the payment for medical liability insurance, and we keep people out of the system and it's something we have to consider because, again, remember, we're talking about physician workforce issues and how we keep the doctors of today in practice, but how do we encourage that young person who's in middle school or high school today who's thinking about a career in one of the health professions, and we want them to be able to pursue that dream.

But currently, they get to the end of college and they look at the expense for getting medical training, they look at the money they will have to put up front to purchase their medical liability policy when they get out, and they say maybe it's not worth it.

And the problem, Mr. Speaker, with that is these are our children's doctors and our children's children's doctors who perhaps are not going to go into the healing professions because of problems within the medical liability system. I could talk about that a great deal longer, but let me get to three specific pieces of legislation that really get to the core of dealing with the physician workforce issues and I think the