



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

July 28, 2005
(House)

STATEMENT OF ADMINISTRATION POLICY
H.R. 5 – Help Efficient, Accessible, Low-cost, Timely Healthcare Act of 2005
(Rep. Gingrey (R) GA and Smith (R) TX)

The Administration strongly supports House passage of H.R. 5, legislation to reform the Nation's badly broken medical liability system. The bill would improve access to quality care, reduce health care costs, and ensure a more timely, predictable, and fair liability system.

The President strongly believes patients who are hurt due to the negligence of a doctor should be able to collect full damages for current and future medical care, therapy, rehabilitation, lost wages, and other economic losses. In cases of egregious misconduct, doctors may be responsible for reasonable punitive damages. Victims of malpractice should also be able to collect non-economic damages, such as for pain and suffering, but within a reasonable limit.

Consistent standards for liability reform 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. 5 includes many of the President's reforms which are needed to create a medical liability system that will compensate patients fairly, hold the appropriate individuals accountable without driving responsible caregivers out of medicine, and reduce health care costs.

Urgent Congressional action is needed because the medical liability crisis has forced some doctors to close their practices and made it more difficult for patients to access affordable, quality health care in certain parts of the country where the liability crisis is particularly acute. In many States that have not enacted meaningful reforms like those contained in H.R. 5, health care providers are facing enormous increases in their medical liability insurance premiums or are unable to obtain coverage at all. Physicians have been forced to quit their practice and leave patients with no access to trauma care, childbirth care, and other critical and even basic medical services. Hospitals have been forced to curtail some of their care. Patients and employers have seen health care costs rise sharply as rising insurance rates and costly procedures adopted as part of a defensive practice of medicine have added to the financial burden of health care. The liability crisis has also imposed costs on the Federal Government and the American taxpayer, adding an estimated \$28 billion dollars a year for defensive medicine and other expenses and impeding efforts to improve access to affordable care.

The Administration looks forward to working with Congress to enact legislation that meets the President's goal of reasonable medical liability reforms. Combined with patient safety legislation, this will result in safer and more affordable health care for all.

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