

Remarks Following a Discussion on Medical Liability Reform in
Collinsville, Illinois

January 5, 2005

The President. Thank you all. Please be seated. Thanks for coming out to say hello. It's great to be in southern Illinois. I appreciate the chance to come to Madison County. I'm honored to be the first sitting President to visit the city of Collinsville. I'm sorry Laura is not with me.

Audience members. Aw-w-w! [*Laughter*]

The President. That is generally the reaction. [*Laughter*] I was hoping she and I could go look at the Catsup Bottle. [*Laughter*]

Thanks for waiting on me. I had a visit with some of the—some folks from the area here, a neurosurgeon, a cardiologist, the administrator of a hospital, ob-gyn, a patient, all about the health care crisis that exists here in this part of the world. And that's what I'm here to talk about. I'm here to talk about how we need to fix a broken medical liability system.

I want to thank all the good folks who provide health care for the folks in this part of the world, the nurses, the docs, the administrators. Thank you all for coming. Thanks for your compassion. Thanks for your care. Thanks for taking an active interest in an important issue that faces not only this part of the world but the country. But really what I'm here to do is to make—say as clearly as I can, the United States Congress needs to pass real medical liability reform this year.

And there's no doubt in my mind we have a strong ally in this issue in the great Speaker of the House of Representatives from the great State of Illinois, Denny Hastert.

And I want to thank Congressman John Shimkus for his leadership not only on this issue but on other issues. It's good to be with his wife, Karen, again, sons, David, Joshua, and Daniel. Nice to see you boys. And you brought Mom and Dad. Your

mom is probably telling you what to do, just like mine is. [*Laughter*] You're probably listening about half the time, just like I am. [*Laughter*] Welcome.

I'm also proud to be traveling today with a great Congressman from Peoria, Illinois, Ray LaHood. Thank you, sir. Appreciate you coming.

The State Treasurer of Illinois has joined us, Judy Baar Topinka. Appreciate you. Tom Cross is here. He's the minority leader in the house. I'll tell you what he's doing in the house of representatives for the State of Illinois: He is leading the medical liability reform effort. And I want to thank you, Tom, for taking a strong role. Appreciate you coming.

I know the mayor is here. Mr. Mayor—yes, he's here, Stan Schaeffer. I appreciate you coming, Mr. Mayor. Appreciate you being here. I usually like to give mayors unsolicited advice: Fill the potholes. [*Laughter*] You've probably got some advice for me: Pass the highway bill. [*Laughter*]

I want to thank those of you who are working on this medical liability issue here in the State of Illinois. I appreciate your efforts. Look, it's about time the medical profession gets involved. It's about time you let people know what's on your mind. It's time to make sure that the issue comes to the forefront not only at the Federal level but at the local level as well.

I want to thank Connie Bergmann. I met Connie. She came out to the airport—airbase, and—kind of airbase-airport combo, I guess it is. She is a volunteer for the American Red Cross. The reason I bring her up is, every stop I make in America I like to herald a citizen who's taken time out of his or her life to volunteer to make the country a better place. See, the great strength of America is not our military

might, and it's certainly not the size of our wallets. The great strength of America lies in the hearts and souls of our fellow citizens, people who are willing to love a neighbor just like they'd like to be loved themselves, people who are willing to take time to volunteer to make America a better place. And Connie Bergmann is such a person. And I want to thank you for serving the Red Cross.

And speaking about the Red Cross, the International Red Cross is doing heroic work in a part of the world that has suffered incredible, incredible death and destruction. The American people express our sympathy to the victims of the tsunami disasters.

Yesterday I spoke to Secretary of State Colin Powell and Governor Jeb Bush of Florida, who I sent on a delegation—with a delegation to assess the relief operations. And they reported in that the devastation is beyond comprehension. They also reported in that they will come back with an assessment about how we can more effectively help. But they also reported that our military is doing heroic work in helping to save life. They're flying rescue missions 24 hours a day. They're making a huge difference in the people's lives over there by delivering supplies directly to those in need. Our Government has not only stepped up with the use of military assets, but we have pledged \$350 million in disaster assistance to help the people over there who are suffering.

There's huge generosity here in America as well. As you know, I tapped a couple of ex-Presidents—[laughter]—number 41 and number 42, to help out. I asked them to help, and they are. My dad and President Clinton have graciously given of their time to help make sure that people know there is a need and to make sure the donations are properly channeled into programs that work. If you want to help, get on the Internet for the USA—www.usafreedomcorps.gov. There's a place to help. And on that web page, you'll find

different agencies which are doing the good work.

What I don't want is, I don't want people to be sending money to places that aren't really doing the job. We don't need to support organizations that aren't effectively delivering compassion and help. And so on this web page, you'll find a way to help, if you so desire to do so. What they tell me is, the most important contribution a person can give is cash, and let the agencies on the ground be able to use that cash to best meet the needs of those who have suffered.

I want to thank all the Americans who thus far have been participating in this urgent cause. You're showing the true strength of America through your good heart.

I don't know if you know this: This is my first trip after the New Year. And it's good to come here to Illinois. I'm rested and ready to continue to serve to be your—to continue to be your President and to serve the people of this country. And we've got a big agenda item—a big agenda and a series of items that we'll be dealing with.

First of all, we're going to win the war on terror. We've still got to—we will be steadfast. We will be resolved. We'll be wise. We won't give in to these people. We have a duty in your Government to protect the American people. So the second big task at hand is to make sure we do everything we can to protect our homeland. And I will assure you I will continue to work to spread freedom and democracy and, therefore, peace in parts of the world that are desperate for freedom, democracy, and peace.

We're going to work with the Congress to be wise about how we spend your money. We're going to keep your taxes low so this economy continues to grow. We're going to continue to work with our farmers and ranchers to make sure they can sell the products overseas, in markets where people need food and beef and pork. We're going to work to pass a national energy

plan. We're going to work to cut our deficit in half over the next 5 years.

And I look forward to working with members of both political parties to do something about our health care system. First, it is important for Americans to understand we have the best health care system in the world. And we need to keep it that way. We've got the best hospitals, both urban and rural. We've got the world's most talented and compassionate doctors and nurses. And we've got the world's—and we lead the world in innovative research. We're on the cutting edge of change. We're saving lives through our research. Americans should be proud of our medical system, and we all must be grateful for those who work hard to provide compassion and care.

Our health care system faces serious challenges. We all know that. The cost of health care is rising rapidly, and that burdens our families. It hurts our small businesses. It makes it harder for the job creators to expand the job base. Too many Americans are left struggling to find affordable health care. And so I think we need to take practical steps to make sure this health care system of ours is more affordable and available, and we've got to take those steps this year.

To improve health care in America, we need to expand the use of health savings accounts. It's a product that lets you save tax-free for routine medical care while keeping affordable coverage against major illness. Small businesses must be allowed to join together, to pool risk so they can buy insurance for their employees at the same discounts that big businesses are able to do.

To address the cost of medical care, we need to apply 21st century information technology to the health care field. We need to have our medical records put on the IT. We need to make sure that we speed up the delivery and arrival of cheaper generic drugs to help control costs. We want to make sure our Medicare system

still allows seniors to have choice in the system.

There's a lot we can do. We've got to make sure we expand community health centers around our country to provide care for the poor and the indigent. And we've got to make sure low-income children are enrolled in government health care programs so they receive the care they need. These are practical steps to help people be able to find health care at affordable prices and, at the same time, make sure the health care system is not run by the Federal Government but by patients and doctors.

To make sure our health care system works the way we want it to work, we've got to address the root causes of rising medical costs. Part of addressing those costs can be achieved by introducing information technology. Part of addressing those costs can be achieved by introducing generic drugs faster, just like I mentioned.

Some of the cost increases in our health care system are necessary and worthwhile. After all, research into new treatments requires major investments. World-class medical technology is expensive. In other words, to stay on the leading edge of medicine, it costs money. And I suspect somebody whose life has been saved by the latest technology is going to say that cost increase was necessary. But some costs are not necessary. And that's what the American people must understand and Members of the United States Senate and the United States House must understand.

Many of the costs that we're talking about don't start in an examining room or an operating room; they start in a courtroom. What's happening all across this country is that lawyers are filing baseless suits against hospitals and doctors. That's just a plain fact. And they're doing it for a simple reason: They know the medical liability system is tilted in their favor. Jury awards in medical liability cases have skyrocketed in recent years. That means every claim filed by a personal-injury lawyer

brings the chance of a huge payoff or a profitable settlement out of court. That's what that means. Doctors and hospitals realize this. They know it's expensive to fight a lawsuit, even if it doesn't have any merit. And because the system is so unpredictable, there is a constant risk of being hit by a massive jury award. So doctors end up paying tens of thousands or even hundreds of thousands of dollars to settle claims out of court, even when they know they have done nothing wrong.

That's what's happening in the system today. It's a system that's just not fair. It's costly for the doctors. It's costly for small businesses. It's costly for hospitals. It is really costly for patients.

When those providing insurance have to pay the bills for enormous jury verdicts or out-of-court settlements, they have to raise premiums on physicians they cover. Specialists in high-risk practices like ob-gyn or neurosurgery are particularly vulnerable to lawsuits, so their premiums rise the fastest. You're about to hear a couple of stories of folks in this area who can testify to that fact.

Because junk lawsuits are so unpredictable, they drive up insurance costs for all doctors, even for those who have never been sued, even for those who have never had a claim against them. When insurance premiums rise, doctors have no choice but to pass some of the costs on to their patients. That means you're paying for junk lawsuits every time you go to see your doctor. That's the effect of all the lawsuits. It affects your wallet. If you're a patient, it means you're paying a higher cost to go see your doctor.

If part of the national strategy has got to be to make sure health care is available and affordable, health care becomes less affordable because of junk lawsuits. And that's what the people of southern Illinois and the people of America must understand, that every time you read about big jury verdicts or out-of-court settlements or

lawsuits being filed here or there, you're paying for it.

For some physicians, even raising costs for patients isn't enough to afford the premium increases caused by these lawsuits. And so physicians are faced with a terrible choice: give up medicine entirely, or to move to another place where they can afford to practice medicine. And that problem affects all doctors, from family practitioners in rural towns to surgeons in big-city hospitals.

In 2003, almost half of all American hospitals lost physicians or reduced services because of medical liability concerns. Think about that: One-half of all American hospitals lost physicians. Over the past 2 years, the liability crisis has forced out about 160 physicians in Madison and St. Clair counties alone. When doctors move or close their practices, guess who suffers: the patients, the people who live in these good towns in this part of the world. Pregnant women have to travel longer distances for checkups. Accident victims lose critical minutes in transit to faraway emergency rooms. New residents, people you're trying to get to come and live in your communities, have a hard time finding doctors willing to accept extra patients. And that causes the quality of life in your community to deteriorate. It's a problem that we must address.

America's health care professionals should be focused on fighting illnesses, not on fighting lawsuits. Junk lawsuits change the way docs do their job. Instead of trying to heal the patients, doctors try not to get sued. Makes sense, doesn't it? If you're worried about getting sued, you're going to do everything you can to make sure you don't get sued. That's why doctors practice what's called defensive medicine. That means they're writing prescriptions or ordering tests that really aren't necessary, just to reduce the potential of a future lawsuit.

They have specialists who stop taking emergency room calls. Doctors turn away patients with complicated, life-threatening

conditions because they carry the highest risk for a lawsuit. Defensive medicine drives a wedge between the doctors and the patients, and defensive medicine is incredibly costly for our society. Altogether, defensive medicine drains some 60 to 100 billion dollars from the economy. Defensive medicine raises medical bills for patients and increases insurance costs for employers, and it takes money away that small businesses could use to invest and expand.

This liability system of ours is, what I'm telling you, is out of control. And you have people in this area and the doctors in this area understand what I'm talking about. A recent study ranked Madison County the number one place in the country for trial lawyers to sue. And that's a ranking I'm sure you'd like to get rid of. And those of you traveling in from St. Clair County aren't doing much better. *[Laughter]* St. Clair is ranked the second county in America where you're likely to get sued. In other words, if you see a team of trial lawyers spending a lot of time in the Collinsville area, you can be pretty sure they're not looking for horseradish. *[Laughter]*

Let me share some of the stories of the folks I met with today. I think this will help clarify what I'm trying to say to you. Dr. Chris Heffner is with us. He's a neurosurgeon from Belleville Memorial and St. Elizabeth Hospitals. Raise your hand, Doc. He is one of only two neurosurgeons still practicing south of Springfield, Illinois. You've got two people in the area. In just 2 years, his annual premiums have more than doubled from \$131,000 a year to \$265,000 a year. And at the same time, his amount of insurance coverage has been cut in half.

A few years ago, Chris decided that closing his head trauma part of his practice was the only way he could afford to stay in this area. He told me he loves living here in this part of the world. He likes to raise his family here. He and his wife made a tough decision to stay here, in spite of the fact that his premiums doubled and

he got half the coverage. And so the only way he could stay here and to provide a level of care that he wants everybody to have was to cut out part of his practice. He still treats dozens of patients with spinal cord injuries, but now brain trauma victims in southern Illinois have to be airlifted across the river to St. Louis. He said, "It's very distressing. I spent years of training to do brain surgery. It's a big part of my life. I made a commitment to stay here, but I had to make adjustments to keep the ax from falling." The system needs to be fixed.

Dr. Greg Gabliani is with us. He's from Alton, and he is a cardiologist. He was raised in Quincy, and he moved to Madison County in 2001, even though his colleagues warned him about the medical liability crisis here. In 3 years, his premiums have risen from \$12,500 to \$60,000 a year—3 quick years. Last year he had to stop performing certain procedures to bring his costs under control. He said, "You either have to change the nature of your practice, or you have to leave." He didn't want to leave, so he's having to cut back on his services. We've got a problem, folks.

I met with Bob Moore. He's the CEO of Red Bud Regional Hospital. That's big Bob. He's a father of six, I want you to know. *[Laughter]* His hospital has a long tradition of delivering babies, but this past November, he made the difficult decision to close his ob unit. The malpractice—see, he had the—they employ the doctors in his hospital. They become the employer. They're going to cover the insurance for them, and it doubled from \$150,000 to \$270,000—more than doubled. They're paying \$270,000 a year now. That's a lot for a little hospital in a small town. Maybe for a big hospital, it's not a lot, or for those of us who are used to dealing with the Federal budget, it's not a lot. *[Laughter]* It's a lot for a small town hospital.

Red Bud used to handle 120 deliveries a year. But now a lot of the women have to drive an hour to get to an ob unit. He

said, "You wouldn't get an ob-gyn to come here. It's affecting rural medicine." "It" happens to be the medical liability crisis, is affecting rural medicine. Lawsuits are affecting rural medicine. It's a societal issue that has to be dealt with. I couldn't put it any better, Bob. It is a societal issue that we must deal with. It is a quality of life issue. We don't want our little towns being—not having any health care. We want people who live in rural America, like Crawford, Texas—[laughter]—to be able to get—to have a quality of life—[applause].

Leslie Scariano is with us. She is an ob-gyn from Alton. She spent her entire career as a doctor in southern Illinois, and she has never been sued. She is a good doc. She shut down her practice on December the 31st of this year because her premiums have skyrocketed out of control. That means she couldn't afford to stay in practice. She had a choice to make: quit practicing medicine, or go broke. She said, "I don't want to quit practicing medicine and I'm not going broke, so I'm going to move to Colorado." You lost a good soul from this part of the world because the system is out of control. Leslie's premiums will be about 80 percent lower in Colorado than here in Illinois.

I met with Kim Vogel, who is right with us—yes, there she is. She was one of Leslie's patients. She's expecting her second child early next month—like, soon. [Laughter] When she found out she was pregnant last year, Kim started seeing the ob-gyn that delivered her daughter, Katie. That ob-gyn moved to Tennessee. Then she started seeing Leslie. Leslie is moving to Colorado. Kim is now on her third ob-gyn, and she's worried about it. She said, "I understand the doctors' position. I don't blame them. But as a patient, I see them leave and I think, what am I going to do now, and where does that leave me? I feel like I've lost control over how my pregnancy will go."

Unfortunately, this is not just a story confined to this part of the world. This is a

story of pregnant moms all over America who are wondering whether or not they're going to be able to find good quality health care for their child and themselves. I've come to this part of the world because I want to assure you that, one, I understand the problem and I intend to work with Congress to do something about it.

You know, when I was the Governor of Texas, I felt that we could solve medical liability issues at the State level. And there was two things wrong with that strategy. One is that a State would pass good medical liability reform, and all the trial lawyers would do is go to the State that has lousy medical liability law. So you're not solving the problem, you're just shifting the problem. You're making the quality of life issue go from one area—the deterioration of quality of life issue go from one area to the next. That didn't seem to make any sense.

But the other thing I discovered is that because of medical liability problems and lawsuits and increasing premiums and the defensive practice of medicine, your Federal budget spends \$28 billion a year, extra money. See, we have to pay for Medicaid and Medicare and veterans' benefits. The rising cost of health care, the number of lawsuits, the defensive practice of medicine is driving up the cost to our taxpayers. Medical liability reform is a national issue, and it requires a national solution.

So I went to Congress with some proposals that I think are fair, proposals that will build confidence in the judicial system. Nobody likes to come to a part of the world that says the judicial system is out of control, and people lose confidence in it. We've got to have confidence in the fairness of our system. We want people who are harmed to be able to get—have their day in court and get fair treatment in the courts of law. But we want—we don't want a system that's so tilted the other way that it runs good doctors out of business and makes it hard for hospitals to deliver care.

I believe a victim of a legitimate medical error should be allowed to collect full economic damages, 100 percent of the cost of their medical care and recovery plus economic losses for the rest of their life. Seems to be fair, if you get hurt. And when appropriate, injured people should be allowed to collect reasonable noneconomic damages. And in the case of truly egregious wrongdoing, patients should be entitled to punitive damages. But there needs to be some reason when it comes to noneconomic damages in the system, and that's why I proposed a hard cap of \$250,000 on noneconomic damages.

Interestingly enough, the State of California has a cap on noneconomic damages that was enacted in 1975. Patients in that State see their claims settled a third faster than in States without those limits. In other words, patients are treated more fairly where there's a cap. And since 1975, insurance premiums for California doctors have become much more affordable premiums than anywhere else in the country—than in most States. Caps on noneconomic damages work. It's a good idea, and the Congress ought to adopt them.

We have another problem with our legal system, and that is trial lawyers sometimes sue all the doctors involved in the patient's case even if most of the doctors have nothing to do with the patient's injuries. It's simply unfair to punish doctors who have done nothing wrong. And so to make sure doctors and hospitals are treated fairly, Congress needs to pass joint and several liability reform.

I think the people are beginning to understand the importance of this issue. I know you do. I know the people of this part of the world understand it, because you see firsthand what happens when the system gets out of control: 160 docs leave 2 counties. People understand that no patient has ever been healed by a frivolous lawsuit; no small business has ever grown because of a frivolous lawsuit; the cause

of justice is never served by frivolous lawsuit.

I know you're serious about this liability issue here. I talked about it everywhere I went on the campaign—nearly everywhere I went on the campaign trail, and I believe the voters made their position clear on election day about medical liability.

The House passed a good medical liability reform bill last year. I want to thank the two Members of Congress for working on it. The Senate failed to get the job done. Well, the new Congress is starting over, you know. We've got a new chance to get something done for the—on behalf of the American people. Both Houses will have a fresh opportunity to address this issue. I'm looking forward to working with the leadership of the House to get the bill moving. It's important for the United States Senators from this State and other States to recognize the significance of the problem and get a meaningful, real medical liability bill to my desk so I can sign it in the year 2005.

Junk lawsuits affect more than just the medical field. According to a recent study, frivolous litigation has helped drive the total cost of our tort system to more than \$230 billion a year. That's the equivalent of \$3,200 for every family of four. The lawsuit burden falls especially hard on small businesses. And yet small businesses are the engine of job—are the engines of job creation in our country. Seventy percent of all new jobs in America are created by small businesses. The tort costs in America are now far higher than in any other major industrialized nation. Think about that. We live in a competitive world. This is a global economy, and so our tort system has become a needless disadvantage for American manufacturers and entrepreneurs.

And so here are some actions Congress can take as well. To protect small businesses and workers, we need to change the way we handle class-action lawsuits. Interestingly enough, this is another problem you know well in Madison County. The

number of class actions filed here increased by over 5,000 percent between 1998 and 2003, even though the vast majority of defendants named in those suits are not actually from Madison County. Think about that. These massive interstate class actions clog your local courts. They hurt the honest workers and communities of the businesses targeted by the class-action lawyers. The proper place for large interstate class actions to be tried is not in a local court but rather in a Federal court, which are designed—[*applause*]. I look forward to working with both bodies and members of both parties to get good class-action reform out of the Congress this year.

I'll also work with Congress to reform asbestos litigation. Asbestos lawsuits in southern Illinois and elsewhere have led to the bankruptcy of dozens of companies and cost tens of thousands of jobs. Many asbestos claims are filed on behalf of people who are not sick. The volume of asbestos lawsuits is beyond the capacity of our courts to handle, and it is growing. More than 100,000 new asbestos claims were filed last year alone. Congress has begun considering options to improve the current system for handling asbestos lawsuits. They need to act and get the job done. I look forward to signing an asbestos reform in 2005.

I think we're sent to Washington to solve problems, not to pass them on to future Congresses. I believe we are called to do the hard work to make our communities and quality of life a better place. And it's hard work for some in Congress to stand up to the trial lawyers. I understand that. But all we're asking for is fairness. We want our doctors treated fairly. We want the hospitals treated fairly. And most of all, we want the patients and the American people treated fairly.

And I appreciate you all giving me a chance to come by and talk about the vital issue of legal reform. I intend to go back to Washington here shortly, and when I see Members of the Congress as I work this issue, I'm going to say, "I spoke to the good folks of southern Illinois. They understand the problem, and they expect you, Members of the United States Senate and the United States House of Representatives, to get the job done."

Thanks for coming by to say hello. I hope you and your families have a blessed and healthy 2005. May God bless you all.

NOTE: The President spoke at 1:13 p.m. at the Gateway Center. In his remarks, he referred to Tom Cross, minority leader, Illinois House of Representatives; and Mayor Stan Schaeffer of Collinsville, IL.

Remarks Following a Meeting With Congressional Leaders *January 6, 2005*

Class-Action Lawsuit Reform

I am very grateful that Members of the United States Senate and the House of Representatives, Members from both political parties, have come to discuss the need for the Congress and the administration to work together to get meaningful, real class-action lawsuit reform.

Class-action lawsuits have become a problem in the United States. The judicial

system is not fair. It is unbalanced. It is tilted. And Members around this table understand that, and Members around this table are willing to set aside their political party to do what is right for worker and businessowner alike.

We had a very good discussion. It's a discussion that says to me that it is very possible that a good piece of legislation can