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Georgia Medical Malpractice Reform Could Create Thousands of Jobs New study reveals job growth due to healthcare premium savings

(ATLANTA, GA) - A new jobs impact report released today revealed that a proposal to reform Georgia's medical malpractice system would save businesses \$25 billion in the first ten years – savings that could create 36,688 jobs.

The study, conducted with BioScience Valuation by economics professor Joanna Shepherd-Bailey, Ph.D., of the Emory University School of Law, examined the effect of Georgia Senate Bill 141, which would end medical malpractice litigation in the state and create a patients compensation system (PCS) instead. Her study found that a PCS would create enough healthcare cost savings to fund the creation of between 22,013 to 45,493 middle income jobs with benefits, with 36,688 most likely.

“Business owners are gravely concerned about healthcare reform, and they recognize the present malpractice regime as a significant driver of spiraling healthcare costs,” said Alfredo Ortiz, president of Job Creators Network. “This study puts a finer point on exactly what we expected: reforming medical malpractice can create thousands of good paying jobs in Georgia.”

The BioScience valuation is based in part upon national survey research by The Gallup Organization which revealed that physicians believe they spend more than one of every four dollars meant for patient care (26 percent) on unnecessary tests to guard against frivolous lawsuits. Just cutting this defensive medicine expense in half will shave \$25 billion from health care insurance premiums in Georgia.

Prof. Shepherd-Bailey relies upon peer-reviewed research proving a 20 percent increase in health premiums kills 2.4 percent of jobs. The report also notes decreases in health insurance costs cause employers to demand more labor. Using savings estimates for private insurers, the study determined how many additional workers Georgia employers could afford to hire if they used the savings to offset employment costs.

The proposed Georgia PCS would copy the success of the worker's compensation system, which ends costly workplace injury lawsuits in favor of leaving decisions up to a neutral panel of injury compensation experts. Payments to injured patients would be funded by insurance premiums, paid by providers. All injured patients would be compensated – not just those able to attract trial lawyers on contingency.

“A patient compensation system would end the practice of defensive medicine, breathe new life into Georgia healthcare and help create jobs,” Ortiz said. The BioScience Valuation study was released during the Job Creators Network CEO Summit held today in Atlanta, Georgia. Download the report summary at <http://jcnf.org/BioScience1-8.pdf>.

ABOUT JOANNA SHEPHARD-BAILEY

Joanna Shepherd-Bailey received a Ph.D. in Economics from Emory University, with concentrations in Econometrics/Statistics and Law & Economics. She is currently a tenured professor at Emory University School of Law, and was previously a professor of Economics at Emory University, Clemson University, and Georgia State University. In addition, she has worked on the Economic Research Team at the Atlanta Federal Reserve Bank.

ABOUT JOB CREATORS NETWORK

Job Creators Network (JCN) is the voice of real job creators that has been missing from the debate on jobs and our economic crisis. JCN members talk about paychecks, not politics, helping the public and policymakers understand how to create jobs. For more information please visit www.JobCreatorsNetwork.com.

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