



First, the (current) system helps very few of the patients that it is intended to help.

Secondly, the system hemorrhages money in the process of doing this.

Third, the system has some very painful side effects on medicine.

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EXECUTIVE OVERVIEW: PATIENTS' COMPENSATION SYSTEM

A Medical Liability System That Works For Patients and Our Economy

Patients for Fair Compensation is seeking to replace our broken medical liability system with a no-blame, administrative compensation system. The Patients' Compensation System will lower healthcare costs by reducing the practice of defensive medicine, saving up to \$650 billion per year nationally in unnecessary costs. By assuring access to real justice for injured patients and increasing patient safety, the system is one that works for patients and our economy.

Defensive Medicine *noun*

The practice of ordering medical tests, procedures, or consultations of doubtful clinical value in order to protect the prescribing physician from malpractice suits.

Cost of Defensive Medicine?

- > Up to \$10 billion per year in Alabama¹
- > \$2.0—\$2.4 billion in taxpayer savings over 10 years (Medicaid)
- > \$490 - \$600 million in taxpayer savings over 10 years (state employees)

Physicians Practice Defensive Medicine for Two Reasons

- > Abhor adversarial litigation process
- > Liability and personal financial exposure

Problem for Patients

- > Limits access to justice and doesn't provide enough compensation
 - Less than 20% of injured patients receive compensation in current system
 - Compensated patients receive only 17.5% of malpractice costs
- > Decreases patient safety
 - Physicians are not sharing best practices
 - New life-saving medical techniques are not being used
 - Patients are undergoing excessive testing

What about Tort Reform ("Caps")?

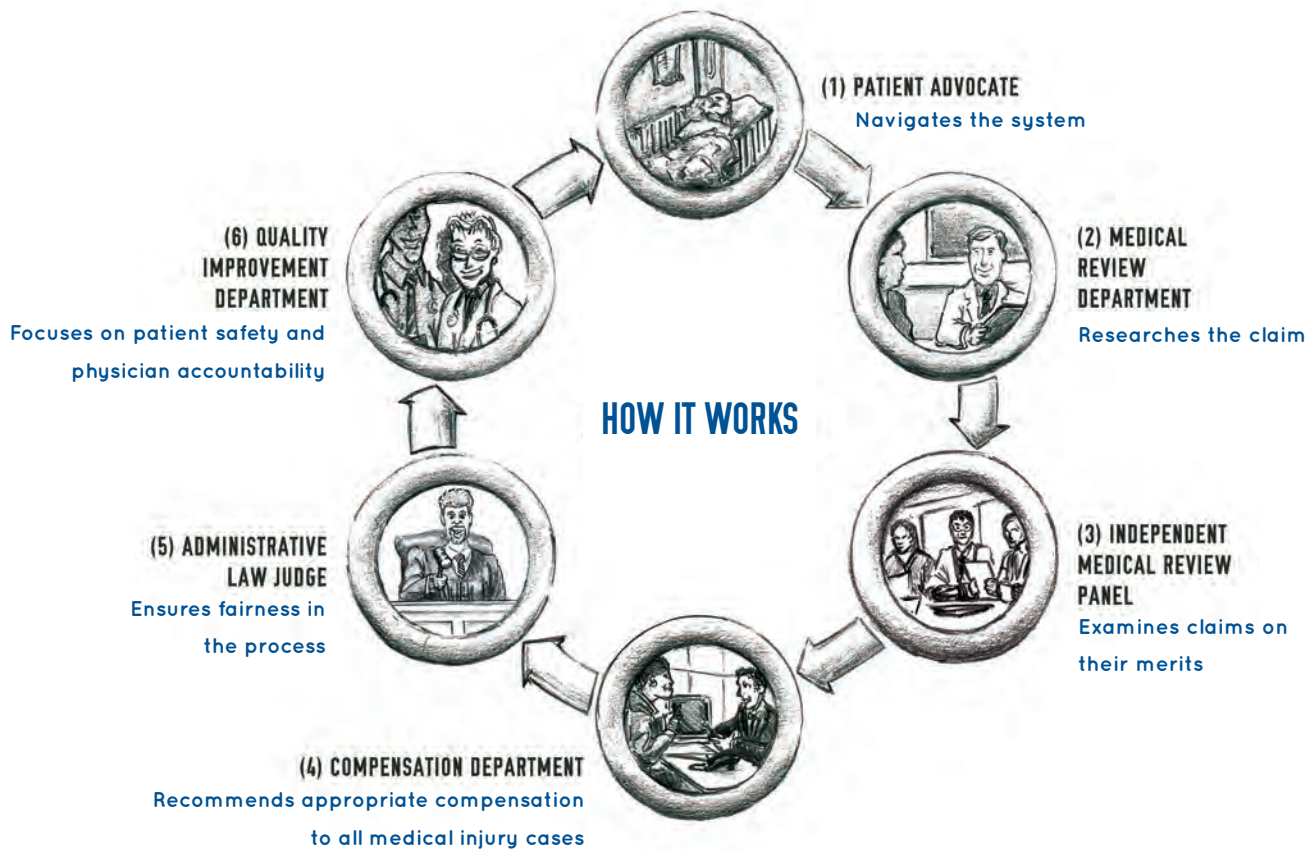
Tort Reform does NOT address reasons why physicians practice defensive medicine.

Source of Funding

Entire system is funded by insurance premiums from all healthcare providers with no cost to taxpayers.

¹ Survey of physicians by GALLUP - 2010

PATIENTS' COMPENSATION SYSTEM



Patient Benefits

- › Access to justice for all patients – all patient complaints are heard
- › More compensation paid to more patients
- › Faster guaranteed payments (years faster)
- › Eliminates unnecessary tests and defensive medicine
- › Increases patient safety

Economic Impact & Benefits

- › Public Sector Benefits:
 - Savings to State of Alabama is \$2.7 Billion (Medicaid & state employees) in first ten years
- › Private Sector Benefits:
 - Employers and private health insurance payers would realize savings between \$20 billion and \$24 billion in first ten years
 - Employers would achieve savings of 10% - 21% of the cost of providing health insurance per employee per year