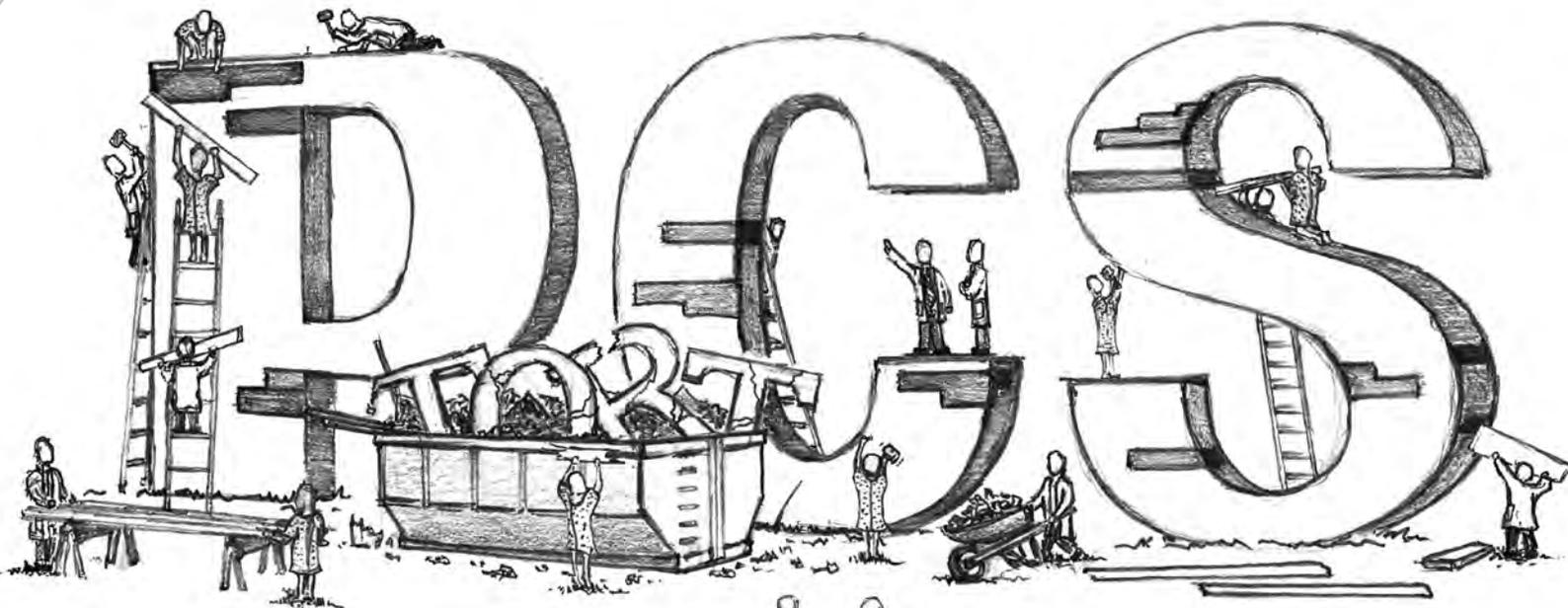


THE PATIENTS' COMPENSATION SYSTEM



A Medical Liability System



That Works For Patients
And Our Economy

EXECUTIVE OVERVIEW: PATIENTS' COMPENSATION SYSTEM

■ The medical malpractice tort system in the United States is based on three main goals:

- *Deterrence of Unsafe Practices*
- *Compensation for Injured Persons, and*
- *Corrective Justice*

The tort system is not accomplishing these goals. ■

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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 eliminating 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.

Patients are losing in the current litigation system.

The current medical liability system isn't working for patients. It is adversarial, expensive and inefficient. The system drives a wedge between patients and physicians and forces the practice of defensive medicine. Furthermore, many legitimate medical injuries are not compensated. That leaves many patients – especially the poor, minorities and elderly – without the compensation they desperately deserve.



THE PROBLEM

Our dysfunctional medical liability system isn't working for patients or our economy.

Why Isn't The Current System Working For Patients?

Limits Access to Justice and Compensation

The current system limits fairness to injured patients because lawyers can only financially justify the largest cases.

Surveys have shown that lawyers will not take medical malpractice cases unless the potential award exceeds \$500,000¹. This reality drives them to only accept cases where there is a major medical injury. Patients with minor injuries have no practical legal recourse.

Even when a lawyer agrees to take a case, patients receive only 17.5% (after paying their legal fees) of malpractice costs paid by physicians².

Malpractice Cost



■ 17.5% Patient Compensation

□ 17.5% Patient Attorney & Litigation Costs

What is Defensive Medicine?

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

- Merriam-Webster

¹ "Uncovering the Silent Victim of the American Liability System," Vanderbilt Law Review, February 1, 2013

² Towers Watson Study, 2011

Why Isn't The Current System Working For Patients? (Continued)

Complicated & Slow Process

Filing a medical malpractice case is a complicated process involving lawyers, expert witnesses, court services and intricate paperwork. For the few who are able to navigate the system, it can take up to five years to receive the compensation they desperately need.

Decreases Patient Safety

Patients are not being protected from preventable medical injuries. The adversarial nature of our current system “blames and shames” physicians who admit their mistakes, hindering them from sharing best practices with colleagues.

The current medical liability environment also stifles medical innovation, as the fear of being sued deters healthcare providers from utilizing new life-saving medical techniques and procedures.

Forces Patients to Undergo Excessive Testing

The vast majority of physicians admit they continuously order tests they believe are not in the best interest of patients; they order them to protect themselves from the high number of medical malpractice suits filed each year.

Why Isn't The Current System Working For Our Economy?

Increased Healthcare Costs for U.S. Citizens

Patients are paying up to \$2,000 each year in premiums on unnecessary medical procedures ranging from X-rays, biopsies, CT scans, MRIs and other tests that doctors order to avoid being sued.

High Premiums for Employers

Businesses are currently paying higher healthcare premiums to cover the inefficiencies in the current medical liability system, including up to \$650 billion resulting from defensive medicine. The result: jobs are not being created, as employers must assess the cost of healthcare for each additional worker in their overall operating budgets.

Inflating State and Federal Taxes

The Federal Government is paying \$125 billion in Medicare costs that are directly attributable to the practice of defensive medicine. An additional \$96 billion is being paid by state governments for Medicaid costs.

WHY DO PHYSICIANS PRACTICE DEFENSIVE MEDICINE?

In today's system, physicians risk personal financial exposure with every decision they make. They also abhor the litigation process. These two factors force physicians to eliminate every potential threat of being sued, resulting in the practice of defensive medicine.



In a 2010 Jackson Healthcare Physician Survey one doctor noted:

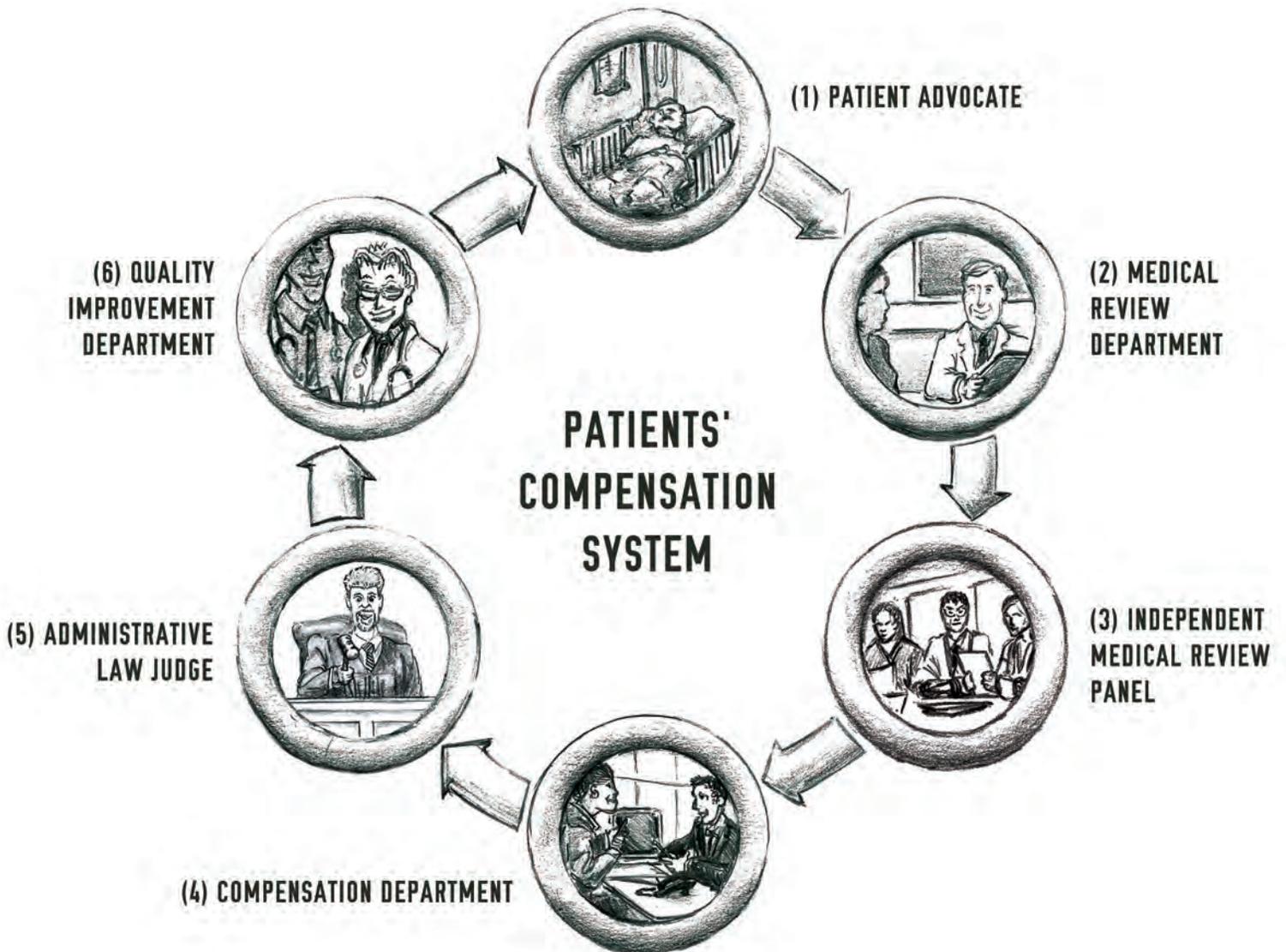
“ I have to view every patient as a potential plaintiff.”

THE SOLUTION

Patients for Fair Compensation will replace our broken medical liability system with a no-blame, administrative compensation system. The system guarantees real access to justice and fair compensation for all negligently injured patients. With no cost to taxpayers, this system focuses on increasing patient safety and lowering healthcare costs by removing the practice of defensive medicine.

How The Patients' Compensation System Works

There are several steps in the Patients' Compensation System to ensure the best outcomes for patients and physicians and our entire economy.





(1) Patient Advocate - Navigates The System

The Patients' Compensation System starts with Patient Advocates. If a patient has a problem, they file a claim with the system and are immediately assigned a Patient Advocate to guide them and ensure all their questions and concerns are being addressed throughout the process. The result is a reassuring and less burdensome process for patients.



(2) Medical Review Department - Researches The Claim

After a patient files a claim, it is brought to the Medical Review Department to undergo a discovery process. The department gathers and organizes the facts surrounding the claim.



(3) Independent Medical Review Panel - Examines Claims On Their Merits

After the Medical Review Department researches the claim, it proceeds to an independent, multidiscipline medical review panel. The medical review panel examines the evidence and determines whether the claim was an avoidable medical injury. Each medical review panel consists of doctors, nurses, hospital administrators and other certified medical professionals without knowledge of the patient or case – ensuring both impartiality and the highest standards of judgment in each case.



(4) Compensation Department - Recommends Appropriate Compensation

The Compensation Department establishes a methodology for a fee schedule based on economic and non-economic damages. If a patient injury is eligible for compensation, the department awards the amount of damages based upon the approved fee schedule.



(5) Administrative Law Judge - Ensures Fairness In The Process

If the patient or provider disputes the medical ruling or discovery process, they have the opportunity to appeal to an administrative law judge. The judge ensures that the law is applied fairly and the process is followed accurately.



(6) Quality Improvement Department - Focuses On Patient Safety - Physician Accountability

All claims submitted to the Patients' Compensation System are referred on a completely confidential basis to a Quality Improvement Department. This department is charged with improving patient safety on the back-end by tracking data on all claims in a confidential database that protects the privacy of provider and patient.

The department also helps identify root causes and drives “lessons learned,” best practices and treatment patterns that help the medical community reduce preventable medical injuries.

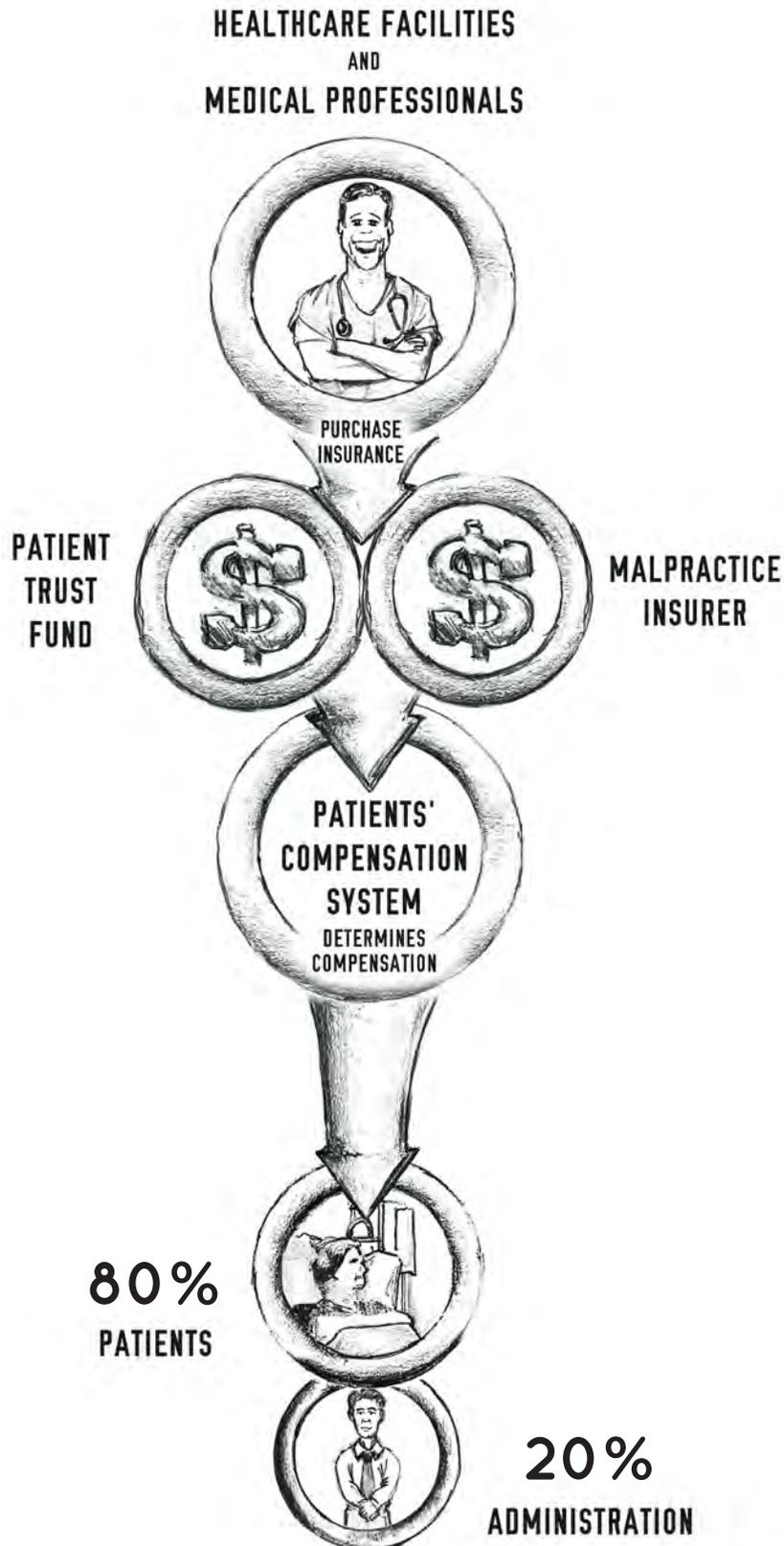
HOW THE PATIENTS' COMPENSATION SYSTEM IS FUNDED

The entire cost of the system—which will remain the same—will be paid by healthcare providers with no cost to taxpayers.

It takes the existing dollars paid by healthcare facilities and medical professionals to insurers and simply distributes the current funds in a more efficient manner, with 80 percent of those funds going directly to patient compensation and 20 percent to administrative costs.

Although more patients receive more compensation, overall costs are saved as the adversarial costs of litigation are eliminated and patient awards become more predictable.

Source of Funding



THE BENEFITS

A Total Patient Solution That Addresses Cost, Quality And Rights

We are all paying the price for defensive medicine and the current medical liability system isn't working for patients or the economy. The Patients' Compensation System better aligns the interest of patients, doctors and taxpayers by providing fair compensation to all injured patients and eliminating the high costs of defensive medicine and litigation.

Patient Benefits

The Patients' Compensation System first and foremost will benefit patients by:

- **Providing access to justice.** Ensuring real access to justice for all patients, the system strengthens patients' rights by assuring all patient complaints are heard through a streamlined administrative system that will yield compensation in a more efficient, fair manner.
- **Delivering *more* compensation to *more* patients.** All claims will be reviewed. It is estimated that almost twice the number of patients will receive compensation compared to the current system³.
- **Distributing compensation faster.** Compensation will be delivered to patients within 180 days, as opposed to the current system that can take up to five years.
- **Increasing patient safety.** Healthcare quality will be increased by fostering an environment where physicians and other medical professionals can admit and learn from their mistakes. They can share best practices with their colleagues to reduce preventable injuries.
- **Encouraging medical innovations.** Physicians will be empowered to utilize new life-saving medical techniques and procedures without fear of litigation.
- **Avoiding unnecessary tests.** By eliminating the fear of being sued, the wedge between patients and physicians is removed, allowing physicians to choose the best healthcare for their patients resulting in fewer unnecessary tests and procedures.



³ Bioscience Valuation Report on "The Economics of Defensive medicine and No Fault Patient Compensation Systems," July 12, 2012

Economic Benefits

- > **Lowering healthcare costs.** By reducing costs caused by defensive medicine, citizens will no longer pay up to \$2,000 each year on unnecessary tests. The savings could be as much as \$650 billion a year in national healthcare costs.
- > **Lowering employer costs and creating jobs.** The cost of premiums will decrease by removing the inefficiencies from the current medical liability system and the embedded cost of defensive medicine. This will allow employers to invest in their businesses, creating more jobs.
- > **Decreasing state and federal taxes.** Federal government will save \$125 billion in Medicare costs directly attributable to the practice of defensive medicine. An additional \$96 billion will be saved by state governments in Medicaid costs.



More Efficient Use Of Existing Funds (Patient Awards)

Current System



Patient Compensation System



JOIN US

Patients for Fair Compensation is a nonprofit organization proposing a Patients' Compensation System to replace our broken medical liability system, with one that works for patients and our economy.

The system will:

- > **Lower healthcare costs;**
- > Provide patients with **access to justice;**
- > Deliver **more compensation to injured patients** through a quicker, less complicated process;
- > **Increase patient safety** and the quality of U.S. healthcare; and
- > **Encourage medical innovations** and allow physicians to learn from mistakes

The entire cost of the system will be paid by healthcare providers through an administrative fee, with no cost to taxpayers.

To learn more about our solution and join our mission, visit us online at www.PatientsforFairCompensation.org, or call **1 877 248 1689**.

