Is Defensive Medicine a Myth?

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The issue of medical liability reform has been getting a lot of attention so far this year. A bill proposing caps on non-economic damages was one of the first pieces of legislation introduced in the new Congress. President Obama even mentioned tort reform in his State of the Union speech as a way to bring down health care costs. But now, a consumer advocacy group opposed to capping malpractice damages is saying that tort reform won’t help reduce health spending because estimates of the cost of defensive medicine are inflated.

In a new report called “Defensive Medicine: The Doctored Crisis,” researchers with Public Citizen make the case that physicians order unnecessary diagnostic tests not because they fear lawsuits, but because there are financial incentives to conduct more testing. They cited a 2008 study from the Government Accountability Office that showed that imaging tests generate a growing amount of revenue for certain physicians. For example, the report found that in 2006 cardiologists obtained 36% of their total Medicare revenue from in-office imaging, up from 23% in 2000.

Public Citizen also criticized claims that defensive medicine comes at a significant cost for the health care system. For example, one of the higher estimates sometimes cited by supporters of tort reform is that defensive medicine accounts for as much as 26% of health care spending. Public Citizen says the real number is likely less than 2%. The problem is that many of the higher estimates are based on unscientific physician
surveys that suffer from response bias and a failure to distinguish between useful and wasteful practices, according to the Public Citizen report.

So is Public Citizen right? Is defensive medicine overblown? And if defensive medicine isn’t responsible for driving up the cost of health care, should Congress still be working to address medical liability reform this year? Share your thoughts.
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