

8 REASONS WHY A 'STABILITY FUND' WON'T PREVENT A LAWSUIT AND LIABILITY CRISIS

1 IT WON'T HELP MISSOURI'S LIABILITY CLIMATE.

The Missouri Healthcare Stabilization Fund Feasibility Board held hearings and took testimony from across the state from 2007-2010. It found that a stabilization fund would not be an effective way to improve the state's medical liability climate.

4 PUTS TAXPAYERS ON THE HOOK FOR LAWSUIT PAYOUTS.

Once the state assumes the role of insurance provider, taxpayers are exposed to liability in case the fund is not able to meet its obligations.

3 PITS GOVERNMENT AGAINST PRIVATE INSURERS.

Establishment of a stabilization fund puts the government in the insurance marketplace, which will reduce competition by forcing out other carriers.

5 WON'T REDUCE CLAIMS OR PREMIUMS.

Indirect tort reforms – such as stabilization funds – have been found to have no statistically significant effect on claims or premiums.

6 STABILIZATION FUNDS ARE NOT STABLE

Stabilization funds in other states have been routinely "raided" for other state purposes. Taking money from the fund risks deficits and fiscal instability.

7 DISCOURAGES PRIVATE INSURANCE COVERAGE IN MISSOURI.

There is little to no motivation for private insurers to defend large claims when they know the stabilization fund will pay all damages above a certain threshold.

2 IT HASN'T HELPED OTHER STATES.

Very few states have stabilization funds. Well over half are experiencing problems. Pennsylvania's fund was phased out in 2009. Florida's fund failed in 1983. Ohio decided not to implement a fund. In Iowa, a state with no non-economic damage caps, they concluded that establishment of a fund was just as likely to worsen that state's liability environment.

8 DISTORTS RISK AND KEEPS INSURANCE COSTS HIGH.

Mandatory participation in the fund requires low-risk providers to cover the liability of high-risk providers. In addition, OVERALL costs to providers (individual premiums plus fund assessments) are higher in states with stabilization funds than in states with direct tort reforms.

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