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# The Economic Consequences of Medical Injuries Implications for a No-fault Insurance Plan

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## Abstract

**Background.** —There has been little research into the actual economic consequences of medical injuries. This inhibits informed discussion of alternatives to malpractice litigation. For example, the cost of no-fault medical accident insurance has been thought to be prohibitive.

**Method.** —As part of a comprehensive analysis of medical injury and litigation, we interviewed a random sample of 794 individuals who had suffered medical adverse events in New York hospitals in 1984 and used their responses to calculate the cost of injuries. We then estimated the costs of a simulated no-fault insurance program that would operate as a second payer to direct insurance sources and would compensate for all financial losses attributed to medical injury.

**Results.** —The estimated costs that would be paid by a simulated no-fault program were \$161 million for medical care, \$276 million for lost wages, and \$441 million in lost household production, or a total of \$878 million in 1989 dollars for the cohort of patients who were injured in 1984.

**Conclusion.** —Although our estimate does not include administrative costs, it nonetheless indicates that a no-fault program would not be notably costlier than the more than \$1 billion New York physicians now spend annually on malpractice insurance.(*JAMA*. 1992;267:2487-2492)

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