

Accepted Manuscript

Title: Damage Caps and Defensive Medicine, Revisited

Author: Myungho Paik, Bernard Black, David Hyman

PII: S0167-6296(16)30410-6

DOI: <http://dx.doi.org/doi: 10.1016/j.jhealeco.2016.11.001>

Reference: JHE 1977

To appear in: *Journal of Health Economics*

Received date: 24-12-2014

Revised date: 3-11-2016

Accepted date: 6-11-2016

Please cite this article as: Myungho Paik, Bernard Black, David Hyman, Damage Caps and Defensive Medicine, Revisited, *Journal of Health Economics* (2016), <http://dx.doi.org/doi: 10.1016/j.jhealeco.2016.11.001>.

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Damage Caps and Defensive Medicine, Revisited

Myungho Paik, Bernard Black, and David Hyman*

Abstract

Does tort reform reduce defensive medicine and thus healthcare spending? Several (though not all) prior studies, using a difference-in-differences (DiD) approach, find lower Medicare spending for hospital care after states adopt caps on non-economic or total damages (“damage caps”), during the “second” reform wave of the mid-1980s. We re-examine this issue in several ways. We study the nine states that adopted caps during the “third reform wave,” from 2002-2005. We find that damage caps have no significant impact on Medicare Part A spending, but predict roughly 4% *higher* Medicare Part B spending. We then revisit the 1980s caps, and find no evidence of a post-adoption drop (or rise) in spending for these caps.

The Online Appendix can be downloaded without charge from SSRN at <http://ssrn.com/abstract=2830255>

JEL Classifications: I11, I18, K23, K32

Keywords: medical malpractice, tort reform, defensive medicine, Medicare, healthcare spending

* Paik is Assistant Professor, Department of Policy Studies, Hanyang University. Tel. +82-2-2220-2803, email: mpaik@hanyang.ac.kr. Black is Nicholas J. Chabraja Professor at Northwestern University, Law School and Kellogg School of Management. Tel. 312-503-2784, email: bblack@northwestern.edu. Hyman is H. Ross & Helen Workman Chair in Law and Professor of Medicine, University of Illinois. Tel. 217-333-0061, email: dhyman@illinois.edu. We thank workshop participants at Hanyang University, Northwestern Law School, the 2013 Midwest Law and Economics Association Annual Meeting, 2013 Conference on Empirical Legal Studies, 2013 and 2014 Robert Wood Johnson Public Health Law Research conferences, 2014 American Society of Law, Medicine and Ethics Annual Health Law Professors Conference, 2014 AcademyHealth Annual Research Meeting, 2015 American Law and Economics Association annual meeting, 2015 Korean Association of Health Economics and Policy Fall Conference, and 2016 Korea’s Allied Economic Associations Annual Meeting, and Frank Sloan (discussant) for comments and suggestions. We thank Michael Frakes for sharing with us his data on managed care penetration rates (used in Frakes and Jena, 2015), and Stuart Hagen of the Congressional Budget Office for answering our questions about the 2006 CBO report on defensive medicine. This work was supported by the research fund of Hanyang University (HY-2015).

Download English Version:

<https://daneshyari.com/en/article/5100788>

Download Persian Version:

<https://daneshyari.com/article/5100788>

[Daneshyari.com](https://daneshyari.com)