

I.Q. -- Interesting Quotes

Editorial Staff

The Cost to Consumers of Excessive Medical Claims

Last year's report by the RAND Institute for Civil Justice¹ presented some startling numbers on the estimated costs of "excess" medical claims for automobile injury claims. Just for the year 1993, the report states:

- 19%-31% of medical costs for "hard injury claims" are in excess
- 59% of costs for "soft injury claims" are in excess
- overall 35%-42% of all medical costs are in excess

By their 1993 estimates, this resulted in \$4 billion in excess consumption of health care resources. This, in turn, cost insurers an additional \$9-13 billion in 1993. Consumers, of course, ultimately bear these additional costs:

"Put another way, the costs generated by excess medical claiming add \$100-130 to every auto insurance policy."

Reference

1. The Costs of Excess Medical Claims for Automobile Personal Injuries. The Institute for Civil Justice, March 1995.

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