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## **Ending the Confusion: Economic, Non-Economic and Punitive Damages**

*A great deal of debate has surrounded a medical liability reform provision that places reasonable limits on non-economic damages. Numerous misrepresentations have been made caused by the confusion over the difference between punitive, non-economic and economic damages. The following will help clarify the distinctions between the different types of damages surrounding medical liability claims.*

### **Definitions**

***Economic damages*** refers to compensation for objectively verifiable monetary losses such as past and future medical expenses, loss of past and future earnings, loss of use of property, costs of repair or replacement, the economic value of domestic services, loss of employment or business opportunities.

***Non-economic damages*** refers to compensation for subjective, non-monetary losses such as pain, suffering, inconvenience, emotional distress, loss of society and companionship, loss of consortium, and loss of enjoyment of life.

***Punitive damages*** refers to damages awarded for the purpose of punishment -- to deter intentional or reckless behavior or actions motivated by malice. Punitive damages are *neither economic nor non-economic damages*, as they are not awarded to compensate any loss, and are rarely awarded in medical liability cases

### **HCLA's Principles for Reform**

#### ***Injured Patients Receive Full and Unlimited Compensation for All Economic Losses***

If a patient is injured by substandard care and suffers economic losses, the patient is entitled to recover those losses completely. In cases where a patient has been severely disabled as the result of a health care injury, a "typical" award for lost wages, health care expenses, rehabilitation costs or other economic losses alone can have a present value of several million dollars.

#### ***Non-Economic Damages Reform Ensures Fair Compensation***

Medical lawsuit abuse is driving health care costs up and threatening patient access to quality care. Reasonable limits on non-economic damages help stabilize the insurance market, and ensure fair compensation for deserving patients. Reforms like those enacted in states such as California and Texas have a proven track record of success at reigning in health care costs, and preserving patient access to care. These states should be a model for reform at the federal level.