Title: Medicaid Expansion and Medical Liability Costs

Abstract: This paper examines the impacts of the Affordable Care Act’s (ACA) Medicaid expansion and state tort reforms on the medical liability system. Medicaid expansion has increased the demand for medical services, but in doing so it may also have increased physicians’ liability in medical practice. By studying malpractice costs to insurers, medical practitioners, and hospitals in the U.S. for the period 2010–2018, we find insurers operating in states with Medicaid expansion experienced significantly higher medical liability costs than those in non-expansion states. While insurers in expansion states did increase premiums, the increase was not enough to fully offset rising costs. In addition, we find that tort reforms did not mitigate ACA-induced malpractice liability costs. Our analysis shows it is because Medicaid expansion increased malpractice costs mainly by increasing claim frequency while tort reforms generally focus on reducing claim severity. We also find little evidence that hospitals paid higher malpractice insurance premiums to commercial insurers or self-insurance program, or incurred higher out-of-pocket medical liability losses after Medicaid expansion.