We assess the lifesaving effect of hospital proximity using data on fatality rates of road-traffic accidents. Most of the literature on this topic is based on changes in distance to the nearest hospital triggered by hospital closures and use OLS estimates. Differently, our identification comes from the exogenous variation in the proximity to cities that are allowed to have a hospital based on their population size. Based on Italian municipalities’ data from 2000 to 2012, our instrumental variable results show that an increase by a standard deviation of distance to the nearest hospital (6 km) increases fatality rate by 16.61% on the sample average. This means having an extra death every 100 accidents. We show that the OLS estimates provide a downward biased measure of the real effect of hospital proximity because they are not able to fully solve spatial sorting problems.