

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed
Vote: 5 - 0 - 0
Yeas: George G., Kruse, Monnes Anderson, Verger, Morrisette
Nays: 0
Exc.: 0
Prepared By: Ilana Weinbaum, Administrator
Meeting Dates: 1/18, 4/11, 4/30

WHAT THE MEASURE DOES: Extends the reinsurance program for medical professional liability insurance policies administered by the State Accident Insurance Fund Corporation (SAIF) through 2011. Redefines rural practices for purposes of the program. Allows nurse practitioners to qualify for the program. Requires physicians who receive the subsidy to serve a representative percentage of Medicaid and Medicare patients. Sets premium reduction levels for different categories of providers. Allows physicians providing obstetric services south of Medford in qualified practices to receive subsidy. Determines how funds will be distributed if available program funds do not cover maximum allowed reimbursement. Limits maximum reimbursement levels to percentage of actual premium or premium paid by practitioner in 2007, not counting any step increase due to claims. Requires SAIF to submit changes or proposed modifications to the reinsurance program to the Director of the Department of Consumer and Business Services by September 30, 2007, and for the director to respond in time to allow a modified operational plan to be developed by January 1, 2008. Reduces the average annual total coverage provided through the program from an average of \$10 to an average of \$5 million per year. Allows practitioners, who get malpractice insurance through a health care facility, to qualify for reimbursement in specified circumstances. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- History of Rural Medical Professional Liability Reinsurance Program
- Number and specialty of physicians receiving reimbursement from program
- Large percentage of practice expenses that go towards malpractice insurance
- Reasons for focusing program benefits on physicians that provide obstetric and primary care services
- Inability of family physicians who deliver babies in Ashland to continue practicing without subsidy
- Original budget will cover cost of program for next biennium
- Amendments were developed by a workgroup

EFFECT OF COMMITTEE AMENDMENT: Redefines rural practices for purpose of the reinsurance program. Allows nurse practitioners to qualify for the program. Requires physicians who receive the subsidy to serve Medicare and Medicaid patients. Sets reimbursement level for nurse practitioners certified in obstetric care at 80 percent. Allows physicians providing obstetric services south of Medford in qualified practices to be reimbursed up to 60 percent. Sets reimbursement level for physicians and nurse practitioners engaging in specified primary care fields at 40 percent. Sets reimbursement level for specialties at 35 percent in 2008, 25 percent in 2009, and 15 percent in 2010 and 2011. Determines how funds will be distributed if available program funds do not cover maximum allowed reimbursement. Limits maximum reimbursement levels to percentage of actual premium or premium paid by practitioner in 2007, not counting any step increase due to claims. Allows physicians and nurse practitioners, whose coverage is provided through a health care facility, to qualify for reimbursement in specified circumstances.

BACKGROUND: The Rural Medical Professional Liability Reinsurance Program was created by the Legislature in 2003 (HB 3630) to provide state-funded subsidies of physician malpractice premiums for rural physicians. The legislation was the result of concerns about the significant increase in professional liability insurance premiums and the effects of rate increase on the availability of medical care in rural Oregon. The program is managed by the State

Accident Insurance Corporation, which is reimbursed for the costs of the program through a credit against workers compensation premium assessment; it pays the Department of Consumer and Business Services. Currently, all licensed rural physicians qualify for the program, although the level of premium reduction varies by the type of practice. Higher subsidies are provided to obstetricians and family practitioners whose practices include obstetrics. 1,168 physicians have been reimbursed for portions of their medical professional liability insurance premiums since the program began. Over half of these recipients have been in primary care fields. The total program cost was originally set at \$40 million and it is estimated that \$21-\$22 million has been expended for the program since its inception. It has been estimated that with changes to the program made in SB 183 A, the program could continue to operate within the original budget through the next biennium.