

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	7 - 0 - 0
Yeas:	Berger, Edwards C., Esquivel, Holvey, Rosenbaum, Smith P., Schaufler
Nays:	0
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/23, 5/30

WHAT THE MEASURE DOES: Extends the Rural Medical Professional Liability Reinsurance Program administered by the State Accident Insurance Fund Corporation (SAIF) through 2011. Allows nurse practitioners to qualify for the program. Requires physicians and nurse practitioners who are not employed by a licensed physician be willing to serve a representative percentage of Medicaid and Medicare patients in order to receive the subsidy. Establishes a reduction of premiums for different types of specialized practices and for physicians who are either in family practice or general practice who provide obstetric services and nurse practitioners who provide obstetric services in a rural area south of Medford. Establishes mechanisms for the program to lower or eliminate the amount provided for premium reductions if available program funds do not cover the maximum allowed reimbursement and limits maximum reimbursement levels to a percentage of actual premium or premium paid by the 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 and the Office of Rural Health 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 million 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. Establishes certain sections of the measure to become operative on January 1, 2008. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Background on HB 3630 (2003), which established the Rural Medical Professional Liability Reinsurance Program
- Efforts of workgroup which developed the measure
- Difficulty in recruiting physicians to practice in rural Oregon
- How the program is a very important tool in retaining rural practitioners
- Statistics related to physicians treating Medicaid/Medicare patients and providing charity care

EFFECT OF COMMITTEE AMENDMENT: Clarifies the intent of the measure. Establishes sections of the measure pertaining to program and premium reduction qualifications, process for proposed modifications, criteria for practitioners whose malpractice insurance is provided through a health care facility to qualify for reimbursement under the program, and the definition of a rural practice to become operative on January 1, 2008.

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 increases on the availability of medical care in rural Oregon. The program is managed by the State Accident Insurance Fund Corporation (SAIF), which is reimbursed for the costs of the program through a credit against the 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-B, the program could continue to operate within the original budget through the next biennium.