

**B-Engrossed**  
**Senate Bill 608**

Ordered by the Senate June 10  
Including Senate Amendments dated April 29 and June 10

Sponsored by COMMITTEE ON JUDICIARY

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes program to provide payments to insurers to subsidize the cost of medical professional liability insurance premiums paid by certain health practitioners located in underserved rural communities. Establishes criteria for participation in program and subsidy amounts. Establishes Rural Medical Liability Subsidy Fund. Requires biennial report to Legislative Assembly on performance of program.

*[Appropriates moneys from General Fund to Oregon Health Authority to develop, implement and administer program.]*

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to subsidy program for medical professional liability insurance premiums paid by rural  
3 health practitioners; appropriating money; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1) As used in this section:**

6 (a) "Medical assistance" has the meaning given that term in ORS 414.025.

7 (b) "Medicare" means medical coverage provided under Title XVIII of the Social Security  
8 Act.

9 (c)(A) "Practitioner" means a physician licensed under ORS chapter 677 or a nurse  
10 practitioner certified under ORS 678.375 who has a rural practice that meets criteria estab-  
11 lished by the Office of Rural Health that applied as of January 1, 2004, for the purposes of  
12 ORS 315.613.

13 (B) "Practitioner" does not include a physician or nurse practitioner who is located in  
14 an urbanized area of Jackson County, as defined by the United States Census Bureau ac-  
15 cording to the most recent federal decennial census taken pursuant to the authority of the  
16 United States Department of Commerce under 13 U.S.C. 141(a), unless the practitioner is:

17 (i) A physician who specializes in obstetrics or who specializes in family or general  
18 practice and provides obstetrical services; or

19 (ii) A nurse practitioner who is certified for obstetric care.

20 (2) The Oregon Health Authority shall establish a program to provide payments to med-  
21 ical professional liability insurance insurers to subsidize the cost of premiums charged by the  
22 insurers to practitioners described in subsection (3) of this section.

23 (3) A practitioner is eligible for a subsidy under this section if the practitioner:

24 (a) Holds an active, unrestricted license or certification;

25 (b) Is covered by a medical professional liability insurance policy issued by an authorized

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 insurer with minimum limits of coverage of \$1 million per occurrence and \$1 million annual  
2 aggregate; and

3 (c) Except for a nurse practitioner participating in the program who is employed by a  
4 licensed physician, is willing to serve patients with Medicare coverage and patients receiving  
5 medical assistance in at least the same proportion to the practitioner's total number of pa-  
6 tients as the Medicare and medical assistance populations represent of the total number of  
7 individuals determined by the Office of Rural Health to be in need of care in the areas served  
8 by the practice.

9 (4) A practitioner whose medical professional liability insurance coverage is provided  
10 through a health care facility, as defined in ORS 442.400, and who otherwise meets the re-  
11 quirements of subsection (3) of this section is eligible for a subsidy if the office determines  
12 that the practitioner:

13 (a) Is not an employee of the health care facility;

14 (b) Is covered by a medical professional liability insurance policy that names the practi-  
15 tioner and separately calculates the premium for the practitioner; and

16 (c) Fully reimburses the health care facility for the premium calculated for the practi-  
17 tioner.

18 (5) The Oregon Health Authority shall contract with the Office of Rural Health to es-  
19 tablish by rule criteria and procedures for an annual attestation by participating practition-  
20 ers of compliance with the requirements of subsection (3)(c) of this section.

21 **SECTION 2.** (1)(a) The amount of the subsidy paid by the Oregon Health Authority under  
22 section 1 of this 2011 Act shall be a percentage of the actual premium charged for medical  
23 professional liability insurance with limits of coverage of \$1 million per occurrence and up  
24 to \$3 million annual aggregate. However, the premium subsidy for a practitioner referred  
25 to in paragraph (b)(C) or (D) of this subsection shall be the lesser of the percentage of the  
26 premium due or paid for the current calendar year and the premium paid in the previous  
27 calendar year. When determining the lesser amount under this paragraph, any step increases  
28 in the premium owing to the claims-made nature of the policy may not be considered.

29 (b) The subsidy paid by the Oregon Health Authority under section 1 of this 2011 Act shall  
30 be:

31 (A) Eighty percent for physicians specializing in obstetrics and nurse practitioners cer-  
32 tified for obstetric care;

33 (B) Sixty percent for physicians specializing in family or general practice who provide  
34 obstetrical services;

35 (C) Forty percent for physicians and nurse practitioners engaging in one or more of the  
36 following practices:

37 (i) Family practice without obstetrical services;

38 (ii) General practice without obstetrical services;

39 (iii) Internal medicine;

40 (iv) Geriatrics;

41 (v) Pulmonary medicine;

42 (vi) Pediatrics;

43 (vii) General surgery; and

44 (viii) Anesthesiology; and

45 (D) Fifteen percent for physicians and nurse practitioners other than those included in

1 subparagraphs (A) to (C) of this paragraph.

2 (2) If the funds available for the subsidy program are insufficient to provide the maxi-  
3 mum premium subsidy for all practitioners who qualify for the program, the authority shall  
4 reduce or eliminate subsidies for practitioners described in subsection (1)(b)(D) of this sec-  
5 tion. If, after eliminating subsidies for practitioners described in subsection (1)(b)(D) of this  
6 section, the funds are insufficient to provide the maximum premium subsidies for the re-  
7 maining practitioners, the authority shall also reduce or eliminate the subsidies for practi-  
8 tioners described in subsection (1)(b)(C) of this section.

9 (3) An insurer shall reduce the premium charged to a practitioner by the amount of any  
10 premium subsidy paid or to be paid under this section and section 1 of this 2011 Act.

11 **SECTION 3.** (1) The Rural Medical Liability Subsidy Fund is established in the State  
12 Treasury separate and distinct from the General Fund. The Rural Medical Liability Subsidy  
13 Fund is established for the purpose of providing payments under the subsidy program es-  
14 tablished under section 1 of this 2011 Act. Interest earned by the Rural Medical Liability  
15 Subsidy Fund shall be credited to the fund. All moneys in the fund are continuously appro-  
16 priated to the Oregon Health Authority.

17 (2) All moneys received by the Oregon Health Authority for the purposes of the subsidy  
18 program established in section 1 of this 2011 Act shall be deposited to the Rural Medical Li-  
19 ability Subsidy Fund.

20 (3) All payments authorized to be made by the authority under the subsidy program es-  
21 tablished under section 1 of this 2011 Act shall be made from the Rural Medical Liability  
22 Subsidy Fund.

23 **SECTION 4.** (1) Sections 1 and 2 of this 2011 Act become operative on January 1, 2012.

24 (2) The Oregon Health Authority and the Office of Rural Health may take any actions  
25 on or after the effective date of this 2011 Act that are necessary to carry out the provisions  
26 of sections 1 and 2 of this 2011 Act on January 1, 2012.

27 **SECTION 5.** The Oregon Health Authority may pay a premium subsidy under section 1  
28 of this 2011 Act for medical liability insurance policies issued, in force or renewed on or after  
29 January 1, 2012.

30 **SECTION 6.** On or before January 31 of each odd-numbered year, the Director of the  
31 Oregon Health Authority shall report in the manner provided by ORS 192.245 to the Legisla-  
32 tive Assembly on the performance of the program established under section 1 of this 2011  
33 Act.

34 **SECTION 7.** This 2011 Act being necessary for the immediate preservation of the public  
35 peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect  
36 on its passage.

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