



HOUSE COMMITTEE ON APPROPRIATIONS

2009-10 Legislative Session

FISCAL NOTE

SENATE BILL: 1280

PRINTER'S NO: 2231

PRIME SPONSOR: Rafferty

FISCAL IMPACT SUMMARY	FY 2010/11	FY 2011/12
Expenditure Increase/(Decrease):		
Medical Care Availability and Reduction of Error Fund	\$0	\$0

OVERVIEW:

Senate Bill 1280 amends Medical Care Availability and Reduction of Error (MCARE) Act of 2002. The legislation sets the following coverage limits for calendar years 2003, 2004, 2005, and every year thereafter:

- \$500,000 per occurrence or claim and \$1,500,000 per annual aggregate for a participating health care provider that is not a hospital.
- \$1,000,000 per occurrence or claim and \$3,000,000 per annual aggregate for a nonparticipating health care provider.
- \$500,000 per occurrence or claim and \$2,500,000 per annual aggregate for a hospital.

The bill sets the following coverage limits for calendar years after 2018, unless the Insurance Commissioner finds that additional basic insurance coverage capacity is not available:

- \$750,000 per occurrence or claim and \$2,250,000 per annual aggregate for a participating health care provider that is not a hospital.
- \$1,000,000 per occurrence or claim and \$3,000,000 per annual aggregate for a nonparticipating health care provider.
- \$750,000 per occurrence or claim and \$3,750,000 per annual aggregate for a hospital.

The bill sets the following coverage limits for those policies issued or renewed three years after the increase in coverage limits after 2018, unless the Insurance Commissioner finds that additional basic insurance coverage capacity is not available:

- \$1,000,000 per occurrence or claim and \$3,000,000 per annual aggregate for a participating health care provider that is not a hospital.
- \$1,000,000 per occurrence or claim and \$3,000,000 per annual aggregate for a nonparticipating health care provider.
- \$1,000,000 per occurrence or claim and \$4,500,000 per annual aggregate for a hospital.

Senate Bill 1280 further provides for health care provider assessments paid to the Medical Care Availability and Reduction of Error (MCARE) Fund. The bill maintains the current assessment formula through calendar year 2010. Beginning in calendar year 2011, assessments shall be based on the prevailing primary premium for each participating health care provider and shall, in the aggregate, produce an amount equal to the sum of the following amounts:

- i. The reported claims which became final during the preceding claims period.
- ii. The expenses of the fund incurred during the preceding claims period.
- iii. The outstanding principal and interest on moneys transferred into the fund in accordance with Section 713(c), relating to the Catastrophic Loss Benefits Continuation Fund (AutoCAT).
- iv. Ten percent of the sum of subparagraphs (i), (ii) and (iii).

The legislation specifies that the assessment formula outlined for calendar years 2011 and thereafter is not intended to validate or refute any position advanced by any party in proceedings challenging any assessment prior to that section's the effective date. The outcome of those proceedings shall be based upon the statutory language in effect on the day before the effective date of that section.

In order to maintain consistency in aforementioned amended sections, Senate Bill 1280 also changes references to the year "2005" in relation to increasing basic coverage limits to reflect revisions making the year "2018." These changes are made in regards to Section 712(e)(3), relating to a discount on surcharges and assessments, and Section 745, relating to an actuarial study to the General Assembly.

The section relating to MCARE assessments shall take effect immediately. The remainder of the act shall take effect in 60 days.

ANALYSIS:

Senate Bill 1280 will not adversely impact the Medical Care Availability and Reduction of Error (MCARE) Fund. Assessments will be adjusted, per statute, to provide available revenues needed for claims.

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House Appropriations Committee, (D)

DATE: October 4, 2010

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*