

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 2368

PRINTER'S NO. 4392

AMOUNT

No Fiscal Impact

Savings of \$125,000

FUND

General

Mcare

DATE INTRODUCED

March 24, 2010

PRIME SPONSOR

Representative Harhai

HISTORY OF BILL

Referred to INSURANCE, March 24, 2010

Reported as committed, April 21, 2010

First consideration, April 21, 2010

Laid on the table, April 21, 2010

Removed from table, April 26, 2010

Re-committed to APPROPRIATIONS, April 26, 2010

Re-reported as committed, June 14, 2010

Second consideration, June 14, 2010

Third consideration and final passage, June 15, 2010 (199-0)

In the Senate

Referred to BANKING AND INSURANCE, June 16, 2010

Reported as committed, Sept. 27, 2010

First consideration, Sept. 27, 2010

Re-referred to APPROPRIATIONS, Sept. 27, 2010

Re-reported as amended, Sept. 28, 2010

Second consideration, Sept. 28, 2010

DESCRIPTION AND PURPOSE OF BILL

HB 2368 amends the Insurance Department Act of 1921 to add the National Association of Insurance Commissioner's Risk-Based Capital (RBC) trend test analysis as a tool to monitor the fiscal health and solvency of the accident and health insurance industry. In addition, the act is amended to add Article XIII relating to Medical Professional Liability Insurance and Chapter 7 of the act of March 20, 2002 (Act 13) know as the Medical Care Availability and Reduction of Error (Mcare) Act, is repealed.

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The bill would maintain current professional liability insurance coverage limits through calendar year 2017. The current basic insurance coverage limits are as follows: (i) \$500,000 per occurrence or claim and \$1,500,000 per annual aggregate for a participating health care provider that is not a hospital; (ii) \$1,000,000 per occurrence or claim and \$3,000,000 per annual aggregate for a nonparticipating health care provider; and (iii) \$500,000 per occurrence or claim and \$2,500,000 per annual aggregate for a hospital. These coverage levels will increase, per the time periods and coverage levels identified in the legislation, unless the commissioner finds that additional basic insurance coverage capacity is not available for policies issued or renewed in calendar year 2018 and thereafter.

The Mcare Fund shall be funded by an assessment on each participating health care provider. Payment factors for the calendar years 2003 through 2010 period and for the calendar year period of 2011 and each year thereafter are identified.

The bill also directs that after the April 1, 2017 filing of loss data by each insurer providing medical professional liability insurance in the Commonwealth and before July 2, 2017, the Insurance Commissioner shall complete and present a study regarding the availability of additional basic insurance coverage capacity.

The section relating to Assessments is effective immediately. The remainder of the act is effective in 60 days.

FISCAL IMPACT:

It is anticipated that there will be a decrease in Mcare Fund administrative costs of approximately \$125,000 since the Insurance Department would no longer need to do the market study until as required before July 2, 2017 when administrative costs would resume. No additional costs to the Mcare Fund are anticipated from holding the primary level at \$500,000. The addition of the RBC trend test analysis will not result in additional Commonwealth General fund expenditures.