
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 679

Session of
1977

INTRODUCED BY HANKINS, CIANFRANI, HAGER, LYNCH, COPPERSMITH,
HESS, HILL, SMITH AND MELLOW, MARCH 30, 1977

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
SEPTEMBER 27, 1978

AN ACT

1 Amending the act of October 15, 1975 (P.L.390, No.111), entitled
2 "An act relating to medical and health related malpractice
3 insurance, prescribing the powers and duties of the Insurance
4 Department; providing for a joint underwriting plan; the
5 Arbitration Panels for Health Care, compulsory screening of
6 claims; collateral sources requirement; limitation on
7 contingent fee compensation; establishing a Catastrophe Loss
8 Fund; and prescribing penalties," authorizing certain
9 professional corporations, professional associations and
10 partnerships to obtain insurance coverage from certain
11 sources AND FURTHER PROVIDING FOR THE JOINT COMMITTEE. <—

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 SECTION 1. INTRODUCTORY PARAGRAPH OF SUBSECTION (A) OF <—
15 SECTION 701, ACT OF OCTOBER 15, 1975 (P.L.390, NO.111), KNOWN AS
16 THE "HEALTH CARE SERVICES MALPRACTICE ACT," AMENDED JULY 15,
17 1976 (P.L.1028, NO.207), IS AMENDED TO READ:

18 SECTION 701. PROFESSIONAL LIABILITY INSURANCE AND FUND.--(A)
19 EVERY HEALTH CARE PROVIDER AS DEFINED IN THIS ACT, PRACTICING
20 MEDICINE OR PODIATRY OR OTHERWISE PROVIDING HEALTH CARE SERVICES
21 IN THE COMMONWEALTH SHALL INSURE HIS PROFESSIONAL LIABILITY ONLY

1 WITH AN INSURER LICENSED OR APPROVED BY THE COMMONWEALTH OF
2 PENNSYLVANIA, OR PROVIDE PROOF OF SELF-INSURANCE IN ACCORDANCE
3 WITH THIS SECTION.

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5 Section ~~1~~ 2. The act ~~of October 15, 1975 (P.L.390, No.111),~~ <—
6 ~~known as the "Health Care Services Malpractice Act,"~~ is amended
7 by adding a section to read:

8 Section 811. Professional Corporations, Professional
9 Associations and Partnerships.--(a) The Joint Underwriting
10 Association shall offer basic coverage insurance to such
11 professional corporations, professional associations and
12 partnerships entirely owned by health care providers who cannot
13 conveniently obtain insurance through ordinary methods at rates
14 not in excess of those applicable to similarly situated
15 professional corporations, professional associations and
16 partnerships.

17 (b) In the event that a professional corporation,
18 professional association or partnership is entirely owned by <—
19 health care providers elected ELECTS to be covered by <—
20 ~~professional liability~~ BASIC COVERAGE insurance and upon payment <—
21 of the annual surcharge as required by section 701(e), the
22 professional corporation, professional association or
23 partnership shall be entitled to such excess coverage from the
24 Medical Professional Liability Catastrophe Loss Fund as is
25 provided in this act.

26 (C) ANY PROFESSIONAL CORPORATION, PROFESSIONAL ASSOCIATION, <—
27 OR PARTNERSHIP WHICH ACQUIRES BASIC COVERAGE INSURANCE FROM THE
28 JOINT UNDERWRITING ASSOCIATION PURSUANT TO SUBSECTION (A) OR
29 FROM AN INSURER LICENSED OR APPROVED BY THE COMMONWEALTH OF
30 PENNSYLVANIA SHALL BE REQUIRED TO PARTICIPATE IN AND CONTRIBUTE

1 TO THE MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND AS
2 PROVIDED IN THIS ACT.

3 (D) ANY PROFESSIONAL CORPORATION, PROFESSIONAL ASSOCIATION
4 OR PARTNERSHIP WHICH PARTICIPATES IN OR CONTRIBUTES TO THE
5 MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND SHALL BE
6 SUBJECT TO ALL OTHER PROVISIONS OF THIS ACT.

7 SECTION 3. SECTION 1006 OF THE ACT IS AMENDED TO READ: <—

8 SECTION 1006. JOINT COMMITTEE.--THERE IS HEREBY CREATED A
9 COMMITTEE TO CONSIST OF THE COMMISSIONER AS CHAIRMAN, THE
10 SECRETARY OF HEALTH AND TWO MEMBERS OF THE SENATE, ONE MEMBER OF
11 EACH PARTY, TO BE APPOINTED BY THE PRESIDENT PRO TEMPORE AND TWO
12 MEMBERS OF THE HOUSE OF REPRESENTATIVES, ONE MEMBER OF EACH
13 PARTY, TO BE APPOINTED BY THE SPEAKER OF THE HOUSE OF
14 REPRESENTATIVES. THE COMMITTEE SHALL STUDY THE DISTRIBUTION OF
15 PROFESSIONAL LIABILITY INSURANCE COSTS AS AMONG THE VARIOUS
16 CLASSES OF PHYSICIANS AND HEALTH CARE PROVIDERS AND SHALL REPORT
17 ITS FINDINGS AND RECOMMENDATIONS TO THE GENERAL ASSEMBLY WITHIN
18 ONE YEAR OF THE EFFECTIVE DATE OF THIS ACT. THE COMMITTEE SHALL
19 ALSO STUDY ALL PHASES AND THE FINANCIAL IMPACT OF THE OPERATIONS
20 OF THE MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND AND
21 SHALL REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE GENERAL
22 ASSEMBLY ON OR BEFORE JULY 1, 1977. THIS COMMITTEE SHALL ALSO
23 STUDY ACTUAL OR POTENTIAL PROBLEMS OF CONFLICTS OF INTEREST
24 WHICH EXIST OR MAY EXIST AMONG MEMBERS OF THE ARBITRATION PANEL
25 WITH EACH OTHER AND WITH OTHER PERSONS APPEARING BEFORE THE
26 ARBITRATION PANEL OR HAVING THEIR INTERESTS REPRESENTED BEFORE
27 THE ARBITRATION PANEL. THE COMMITTEE SHALL PROMULGATE A PROPOSED
28 CODE OF ETHICS WITH SUGGESTED LEGAL SANCTIONS TO DEAL WITH ANY
29 VIOLATORS OF THE CODE OF ETHICS ON OR BEFORE JULY 1, 1976. THIS
30 COMMITTEE SHALL STUDY THE ACT, ITS APPLICATION AND OPERATION TO

1 DETERMINE IF ANY CHANGES IN THE PRESENT ACT ARE NECESSARY OR
2 ADVISABLE. THIS STUDY SHALL INCLUDE CONSIDERATION OF THE
3 ADVISABILITY AND POTENTIAL EFFECT OF THE APPLICATION OF THE ACT
4 TO MENTAL HEALTH/MENTAL RETARDATION FACILITIES. THE COMMITTEE
5 SHALL REPORT ON THIS STUDY ON OR BEFORE JULY 1, 1979 AND EACH
6 YEAR THEREAFTER.

7 SECTION ~~2 3~~ 4. THIS ACT SHALL TAKE EFFECT IMMEDIATELY. ~~AND~~
8 ~~SHALL BE RETROACTIVE TO JANUARY 13, 1976.~~

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