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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 548
 Title An act relating to the medical indemnity corporation of Alaska
 Requested by Colletta Date 5/5/81 (as. 21.2)

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected DIVISION OF INSURANCE
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	0					
200 TRAVEL	0					
300 CONTRACTUAL	0					
400 COMMODITIES	0					
500 EQUIPMENT	0					
600 LAND & STRUCTURES	0					
700 GRANTS, CLAIMS, ETC.	0					
TOTAL	0					

FUNDING (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS	0					
OTHER (Specify Fund Source)	0					

POSITIONS

FULL TIME	0					
PART TIME	0					
TEMPORARY	0					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE May 12, 1981 PREPARED BY Kenneth C. Moore Director of
 AGENCY Commerce & Economic Development Insurance
 PHONE 465-2515

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

March 10, 1982

Dear _____ :

As a member of the medical community, you may be interested in a bill I am sponsoring that would change portions of the law relating to the Medical Indemnity Corporation of Alaska.

I believe Senate Bill 548 makes several technical changes that would make MICA more competitive and benefit its policy holders.

First, it would remove uncertainty over the floating premium rate relating to malpractice insurance. Currently, the director of insurance can increase the premium retroactively from zero to 150 percent, depending on the risk factor. My bill gives the director the authority to fix the rate at a prudent level, so that the physician, when he signs a contract, knows in advance the maximum level of increase in his policy.

Second, Senate Bill 548 gives MICA the authority to pick up claims handled by a prior insurance company, so that the physician is covered at all times.

Third, the bill would cover related malpractice liabilities. For example, a medical facility would be protected against a patient who falls and breaks a leg in the facility and claims the staff, in some way, was negligent.

If Senate Bill 548 interests you, I would suggest you contact the Senate Finance Committee and urge co-chairmen Ed Dankworth and Don Bennett to schedule the bill for public hearings.

If I can be of any further assistance, don't hesitate to contact me in Juneau.

Sincerely,

Mike Colletta



Official Business

Alaska State Legislature

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M. Leahy Chair
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Senate

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

CS SB 548; Sectional Analysis:

"An act relating to the Medical Indemnity Corporation of Alaska"

Section 1): Amends AS 21.88.030(a) (3) to read: (3) Two professionals from the insurance industry who are authorized to do business in the State. The current statute reads "insurance companies authorized" and the proposed change would allow for persons who are agents or brokers (insurance industry professionals) to have board membership.

Section 2): Amends AS 21.88.050(a) (1) provides for a substantive change to permit "tail coverage" (retroactive insurance) to cover malpractice claims. New language states: at the option of the corporation, if approved by the director, and for an additional premium the contract may cover claims against the physician or hospital that arise out of professional services performed by the physician for any period before the contract is issued except that coverage will not be provided for a claim already filed or of which the physician or hospital had or reasonably should have had notice at the time the retroactive insurance was purchased.

Section 3): Amends AS 21.88.050 (b) (3): Provides coverage to insureds for other hazards when approved by the director; Encompasses insurance coverage for premises liability for circumstances in which an injury occurs on the premises as a result of "an omission of health care" by a physician or medical staff. Example: Inadvertantly, the rail on a hospital bed is left down, and a patient sleeping under medication falls from the bed, injuring himself on the premises. The injury resulted from an "omission in health care" by the attending nurse, and should be covered as such.

Section 4): Repeals and reenacts AS21.88.050(b) (12) to extend coverage to a person, entity, or facility that renders health care services in the state under the supervision of a physician. Expanded coverage for health care providers such as "bush medicine teams" who don't ordinarily fall within the conventional definition.

Section 5): Repeals and reenacts AS21.88.080 (17): Major change allows for a sliding

scale" assessment levied upon insureds in the event that the earned premiums for any given year are less than the incurred claims, claim expenses, underwriting expenses, and reserves. Presently, by statute, the director of the Division of Insurance must assess 150% on the premiums for all insureds if the earned premiums fall beneath incurred claims and expenses. Although this condition has never occurred, if it were to happen in the future, and if the director determines there is sound actuarial basis for the extinguishment of the assessment, the director would be able to extinguish all or a portion of the assessment.

Section 6: Amends AS 21.88.900 (17) (a) Deletes the phrase (DURING THE SAME PERIOD OF CONTINUOUS COVERAGE) to provide consistency throughout the MICA statutes for the ability to offer "tail coverage" (retroactive insurance) to insureds to cover claims which occurred prior to MICA coverage.

Section 7: Relates to the purpose of the bill which would allow MICA to remain more competitive within the marketplace and better fulfill its obligations to the medical community.

Section 8: Amends section 21(b), CH 177, SIA 1978; Technical change to permit "tail coverage" through the deletion of the following language: (WHICH OCCUR AFTER THE EFFECTIVE DATE OF THIS ACT).

Additional Information: The Division of Insurance estimates there are 400 licensed physicians in the State, including part time and retired physicians. There are presently 137 MICA insured physicians, with 33 new enrollees this quarter, demonstrating more faith among the medical community in the program.