

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11254 SENATE LABOR & COMMERCE

Exhibit 3

Year	Direct	Direct	Loss	Number	Medical	Direct	Direct	Year	Direct	Direct
	Premiums	Losses				Premiums	Losses		Premiums	Losses
	Written	Paid	Ratio	in USA	Inflation	Written	Paid		Written	Paid
	(thousands)	(thousands)		(active)	(CPI-U)	per doctor	per doctor		per doctor	per doctor
									2002 Dollars	2002 Dollars
1975	865,208	190,867	0.221	366,425	47.3	\$2,361.21	\$520.89	1975	\$14,307.06	\$3,156.17
1976	1,187,978	188,545	0.159	378,572	51.7	\$3,138.05	\$498.04	1976	\$17,395.85	\$2,760.91
1977	1,423,091	248,969	0.175	381,969	56.8	\$3,725.67	\$651.80	1977	\$18,798.90	\$3,288.86
1978	1,412,555	294,456	0.208	401,364	61.3	\$3,519.39	\$733.64	1978	\$16,454.42	\$3,430.03
1979	1,405,991	391,800	0.279	417,266	66.9	\$3,369.53	\$938.97	1979	\$14,435.09	\$4,022.55
1980	1,493,543	521,849	0.349	435,545	74.5	\$3,429.14	\$1,198.15	1980	\$13,191.82	\$4,609.27
1981	1,616,470	665,570	0.412	444,899	82.1	\$3,633.34	\$1,496.00	1981	\$12,683.50	\$5,222.34
1982	1,815,056	847,543	0.467	462,947	91.9	\$3,920.66	\$1,830.76	1982	\$12,226.99	\$5,709.41
1983	2,033,911	1,079,862	0.531	479,440	100.1	\$4,242.26	\$2,252.34	1983	\$12,146.18	\$6,448.76
1984	2,282,590	1,197,979	0.525	511,090	106.4	\$4,466.12	\$2,343.97	1984	\$12,029.98	\$6,313.74
1985	3,407,177	1,556,300	0.457	514,000	113.1	\$6,628.75	\$3,027.82	1985	\$16,797.52	\$7,672.62
1986	4,335,863	1,709,883	0.394	519,411	121.6	\$8,347.65	\$3,291.97	1986	\$19,674.65	\$7,758.86
1987	4,781,084	1,905,491	0.399	534,692	129.9	\$8,941.75	\$3,563.72	1987	\$19,728.30	\$7,862.67
1988	5,166,811	2,128,281	0.412	549,160	138.2	\$9,408.57	\$3,875.52	1988	\$19,511.55	\$8,037.08
1989	5,500,540	2,273,628	0.413	559,988	148.5	\$9,822.60	\$4,060.14	1989	\$18,957.29	\$7,835.93
1990	5,273,360	2,415,117	0.458	572,660	161.9	\$9,208.54	\$4,217.37	1990	\$16,301.21	\$7,465.70
1991	5,043,773	2,423,418	0.480	594,697	176.2	\$8,481.25	\$4,075.05	1991	\$13,795.27	\$6,628.31
1992	5,228,362	2,808,838	0.537	605,685	189.4	\$8,632.15	\$4,637.46	1992	\$13,062.16	\$7,017.40
1993	5,469,575	3,026,086	0.554	619,751	201.1	\$8,825.44	\$4,885.97	1993	\$12,577.68	\$6,963.30
1994	5,948,361	3,174,987	0.534	632,121	210.4	\$9,410.16	\$5,022.75	1994	\$12,818.21	\$6,841.83
1995	6,107,568	3,326,846	0.545	646,022	219.8	\$9,454.12	\$5,149.74	1995	\$12,327.34	\$6,714.81
1996	6,002,233	3,556,151	0.592	663,943	227.8	\$9,040.28	\$5,356.11	1996	\$11,373.77	\$6,738.63
1997	5,864,218	3,587,566	0.612	684,605	234.4	\$8,565.84	\$5,240.34	1997	\$10,473.42	\$6,407.35
1998	6,040,051	3,957,619	0.655	707,000	242	\$8,543.21	\$5,597.76	1998	\$10,117.70	\$6,629.42
1999	6,053,323	4,446,975	0.735	720,900	251.1	\$8,396.90	\$6,168.64	1999	\$9,584.03	\$7,040.75
2000	6,303,206	4,988,474	0.791	737,500	261.4	\$8,546.72	\$6,764.03	2000	\$9,370.66	\$7,416.11
2001	7,288,933	5,424,197	0.744	755,000	273.1	\$9,654.22	\$7,184.37	2001	\$10,131.45	\$7,539.51
2002	8,928,252	5,806,463	0.650	780,000	286.6	\$11,446.48	\$7,444.18	2002	\$11,446.48	\$7,444.18

insurers will increase reserves as a way to justify price increases. In fact, the current insurance "crisis" rests significantly on a jump in loss reserves in 2001. Historically, reserves have been later "released" to profits during the "softer" market years. For example, according to a June 24, 2002, *Wall Street Journal* front page investigative article, St. Paul, which until 2001 had 20 percent of the national med mal market, pulled out of the market after mismanaging its reserves. The company set aside too much money in reserves to cover malpractice claims in the 1980s, so it "released" \$1.1 billion in reserves, which flowed through its income statements and appeared as profits. Seeing these profits, many new, smaller carriers came into the market. Everyone started slashing prices to attract customers. From 1995 to 2000, rates fell so low that they became inadequate to cover malpractice claims. Many companies collapsed as a result. St. Paul eventually pulled out, creating huge supply and demand problems for doctors in many states. Christopher Oster and Rachel Zimmerman, "Insurers' Missteps Helped Provoke Malpractice 'Crisis,'" *Wall Street Journal*, June 24, 2002.

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A Word About Loss Ratios

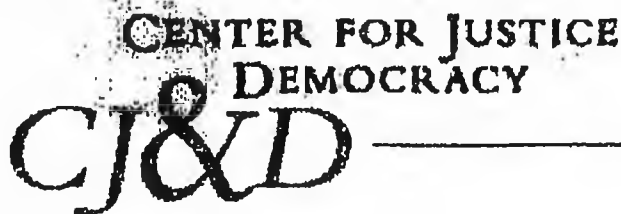
Loss ratios are the percent of premiums that insurers pay out in claims. These ratios will drop during hard market years reflecting sudden rate hikes, as they did during the years 1985-1987, and again in 2002, which this study shows. Otherwise, they tend to trend up as insurers cut premiums during the soft market.

Exhibit 3 shows this precise phenomenon of steadily increasing loss ratio between 1988 and 2001. This simply demonstrates the insurance cycle at work, which is the point of this study. Insurers did not respond to higher loss ratios during these years by raising rates because they were making significant money from investments. In fact, during the soft market, insurers are expected to take a larger underwriting loss (a combined loss ratio over 100 percent) than during the hard market as they benefit from more investment income during these times. As we show, when this income drops, insurers will then raise rates and loss ratios will also drop. This is indeed what is now happening.

Conclusion

Like the 2002 study, *Stable Losses/Unstable Rates*, this updated version analyzes what medical malpractice insurers have taken in and what they've paid out over the last 30 years, including jury awards, settlements and other costs. Its findings are startling. While insurer payouts directly track the rate of medical inflation, medical insurance premiums do not. Rather, they rise and fall in relationship to the state of the economy. Not only has there been no "explosion" in lawsuits, jury awards or any tort system costs at any time during the last three decades, but the astronomical premium increases that some doctors have been charged during periodic insurance "crises" over this timeperiod are in exact sync with the economic cycle of the insurance industry, driven by interest rates and investments. In 2001, rates began to spike, but payouts dropped. In other words, insurance companies raise rates when they are seeking ways to make up for declining interest rates and market-based investment losses.

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*"Fighting to protect the right
to jury trial and an
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WHERE'S THE CRISIS?

HAS AMERICA BEEN DUPED BY THE AMA?

*By Emily Gottlieb and Joanne Doroshow**

SUMMARY

The American Medical Association, a lobby group that is pushing for liability limits for doctors in approximately 18 states as well as Congress, continues to release "surveys" of its members in support of its campaign. The most recent survey was issued on April 3, 2003. According to the AMA, these states are experiencing "liability crises," necessitating laws that severely limit compensation for the families of those killed or injured by medical malpractice.

What the AMA consistently fails to disclose is that numerous local news outlets have released evidence over the past year that not only fails to support the AMA's allegations of a lawsuit "crisis" in these states, but actually contradicts it. Moreover, within the last year three of these states – Nevada, Mississippi and Ohio – gave the AMA what is asked for by enacting caps on damage awards; in each case, doctors are still struggling to find affordable insurance.

This is not to deny that some doctors in some states (but not all) are being hit with sudden insurance rate hikes. But as the state Attorneys General put it some 17 years ago in what has sadly become an entirely predictable and recurring insurance phenomenon, "The facts do not bear out the allegations of an 'explosion' in litigation or in claim size, nor do they bear out the allegations of a financial disaster suffered by property/casualty insurers today. They firmly do not support any correlation between the current crisis in availability and affordability of insurance and such a litigation 'explosion.' The available data indicate that the causes of, and therefore solutions to, the current crisis lie with the insurance industry

itself." *Current Crisis of Unavailability and Unaffordability of Liability Insurance* (Boston, Mass.: Ad Hoc Insurance Committee of the National Association of Attorneys General, May, 1986).

The following states have been identified as "liability crisis" states by the AMA (defined as rising claims, skyrocketing awards and fleeing doctors) in the group's push for a cap of \$250,000 on non-economic damages. Yet a simple scan of local media stories, which report on what local courtroom and medical data actually show, establishes the following:

- **Arkansas:** No evidence damage awards are rising (because no entity compiles these records)
- **Connecticut:** Little change in number of lawsuit filings for a decade; numbers of neurosurgeons and OB/GYN's increasing
- **Florida:** Jury awards have dropped as state has grown; number of claims and payouts steadily falling
- **Georgia:** Number of claims paid is down 25 percent; doctors win 85 percent of time
- **Illinois:** Number of claims steady throughout the 1990s; 76 percent dismissed without payment
- **Kentucky:** Doctors per capita increasing faster than the nation
- **Mississippi:** State gaining doctors; only four states grew faster in physician population; cap passed in 2002 but doctors still can't find affordable insurance
- **Missouri:** Number of claims fell 29 percent since 1987.
- **New Jersey:** Lawsuits down 16 percent since 1997; less than 10 percent of doctors experiencing large rate increase
- **Nevada:** Number of doctors increased 41 percent since 1992; cap passed in 2002 but insurers haven't reduced premiums
- **New York:** Number one in nation for per capital surgical specialists; number three for OB/GYN's; largest insurer denied rate hike
- **North Carolina:** Number of doctors up 41 percent since 1992
- **Ohio:** Number of case filings equal to 1995; juries ruled for patients less than half as often as in 1995; cap passed in 2003 but insurers haven't reduced premiums
- **Oregon:** Cases against doctors decreased from 2000 to 2001
- **Pennsylvania:** Jury awards are dropping; million dollar awards down for second straight year
- **Texas:** Claims falling since 1999
- **Washington:** Little change in lawsuits filed; number of million dollar awards same as in 1999
- **West Virginia:** Claims down since 1993; amount paid to settle claims constants since 1993

State Breakdown

Arkansas

"Have civil damage awards, on average, actually been going up in Arkansas over the years? It's hard to say, because *no one entity in Arkansas is compiling records* on all of them. The

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Arkansas Administrative Office of the Courts collects data on court cases throughout the state, but individual counties' reporting has been sporadic over the years." (emphasis added). Laura Kellams and Michael Rowett, "Tort-reform bills in spotlight State, national lawmakers debate limits on some lawsuits," *Arkansas Democrat-Gazette*, March 2, 2003.

Connecticut

"In 2002, 368 medical malpractice lawsuits were filed in Connecticut, according to the State Superior Court in Hartford. *That number changed little during the past 10 years*, from a low of 272 in 1991 to 1992 to a high of 389 in 1998 to 1999." In 2001 781 OB-GYNs were licensed to practice in Connecticut. In 2003, *the number had increased* to 819. *For neurosurgeons, the trend is the same*: 96 neurosurgeons were licensed to practice in 2001, 108 in 2003." (emphasis added) Jane Gordon, "Doctors Upset Over Malpractice. Patients Are, Too," *New York Times*, March 23, 2003.

Florida

"A Gannett News Service analysis of state and federal insurance payment records shows *little to no increase in the payments insurance companies made to victims of medical malpractice in the past five years*. In fact, Gannett found, *the amount of medical malpractice awards reported to Florida regulators has dropped as the state has grown*.... Florida's average malpractice award in 2001 was \$219,122 - less than the national average of \$219,461.... For the past five years, national records show, the state's total malpractice awards have increased at a rate of just 1 percent a year. A comparable state database of malpractice payouts shows *malpractice awards those same years dropping an average of 3 percent a year*.... *The average jury award* - which insurance companies say drives them to agree to higher settlement amounts - *has dropped every year since 1999* and is now \$326,070, Gannett analysis shows. (emphasis added) Paige St. John, "Malpractice crisis questioned," *News-Press* (Fort Myers, FL), March 26, 2003.

"A Florida Today examination of court records and state and national insurance data found ... *The number of malpractice claims paid per capita in Florida has decreased steadily since 1995*, state insurance records show. Floridians today get money in malpractice cases at their lowest rate since 1984.... *Total payouts by malpractice insurers statewide have dropped an average of 2 percent a year every year since 1997*." (emphasis added) John A. Torres, "House passes malpractice cap," *Florida Today*, March 14, 2003.

Georgia

"Last year only five Georgia patients were paid more than \$2 million, according to the National Practitioner Data Bank. The database also says that *the number of medical malpractice claims paid in Georgia has gone down 25 percent since 1999*." (emphasis added) Barmini Chakraborty, "Doctors, lawyers argue over malpractice caps," *Chattanooga Times Free Press* (Tennessee), March 10, 2003. A study published in 2000 in the *Georgia Law Review* of a half dozen Georgia counties found that tort filings are actually lagging behind Georgia's population growth.... Overall, the plaintiffs prevailed in a little more than half of the jury trials. But in medical malpractice trials by jury, *the doctors won roughly 85 percent of the time*. (emphasis added). Don Schanche Jr., "Storm brews

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in Ga. over malpractice; Sharply rising insurance expenses cause some doctors to drop services," *Macon Telegraph*, December 30, 2002.

Illinois

In Illinois, *the number of malpractice claims stayed about even over the course of the 1990s*. ... Payouts to people who sued both doctors and hospitals jumped sharply in the early 1990s, but they've held relatively even since then. ... *76 percent of malpractice claims were dismissed without payment in 1999.*" (emphasis added). Editorial, "Ups And Downs," *St. Louis Post-Dispatch*, February 3, 2003, part 1 of a 2 part series entitled, "Malpractice Insurance: Q & A."

Kentucky

"[T]he number of doctors per person in Kentucky has increased faster than in the rest of the nation since the early 1980s." Gideon Gil, "2003 Kentucky General Assembly; Study: Jury award limits wouldn't cut doctors' premiums," *Courier-Journal* (Louisville, KY), February 25, 2003. "In 2001, 69 malpractice suits went to trial in Kentucky, according to the Kentucky Trial Court Review. Plaintiffs won only 19. And just six plaintiffs won \$1 million or more." John Chaves and Karla Ward, "Ob/Gyn, Eye Patient Illustrate Problem," *Lexington Herald-Leader*, February 4, 2003

Mississippi.

"Medical groups have claimed doctors are fleeing Mississippi, relocating to states with more stable legal climates. So far, the numbers don't bear that out. In fact, *the state has gained 564 doctors over the past five years*. The state Medical Association has said the growth in doctors lags behind the state's population growth. But while Mississippi still ranks last in the nation in the number of doctors per capita, it has made dramatic gains since 1995. *Only four states have grown faster in physician population: Alabama, Alaska, Arkansas and South Dakota.* (emphasis added). Joey Bunch, "Crisis or PR campaign?; Pro and con forces seek to win hearts and minds of Mississippians," *Biloxi Sun-Herald*, August 11, 2002.

In October 2002, lawmakers limited jury awards for non-economic "pain and suffering" damages to \$500,000. Despite enactment of the cap, premiums continued to skyrocket and, for some doctors, coverage is still unavailable at any price. See., e.g., Ben Bryant, "Tort reform has done little to ease malpractice crisis," *Biloxi Sun-Herald*, February 2, 2003.

Missouri

"[Gov. Bob] Holden's insurance report, a four-month study of the medical malpractice market, said *that litigation that resulted in a cash payment had dropped 42 percent from 1988 to 2001*, and that *the number of claims overall had fallen from 2,244 to 1,599, or 29 percent, since 1987.* (emphasis added). Deslante Aaron, "Malpractice rates gain Holden's attention," *Springfield News-Leader*, February 7, 2003. "In Missouri, the number of malpractice claims actually dropped over the course of the 1990s. ... In Missouri, average payments to patients who sued doctors rose 23 percent from 1992 to 2001. But that was less than the 26 percent rise in the consumer price

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index." Editorial, "Ups And Downs," *St. Louis Post-Dispatch*, February 3, 2003, part 1 of a 2 part series entitled, "Malpractice Insurance: Q & A." In 2001, "fewer malpractice claims were filed against Missouri doctors than in 2000. That was about half as many as the number filed in 1987... [P]ain and suffering awards, which Missouri caps at \$540,000, averaged only about \$84,000.... Yet malpractice insurance premiums are going through the roof here." Editorial, *St. Louis Post-Dispatch*, October 11, 2002.

New Jersey

"Patients filed 1,656 lawsuits (in 2001) - a 16 percent decrease from 1997, when 1,971 were filed, according to figures from the Administrative Office of the Courts." (emphasis added). Wendy Ruderman, "Untangling the knots of medical malpractice; N.J. legislators must do right by doctors, insurers, lawyers and patients. A bill could come this month," *Philadelphia Inquirer*, February 19, 2003. The Administrative Office of the Courts "reported that out of 205 medical malpractice cases that went to trial in 2002, plaintiffs prevailed in only 54, or 26 percent. Of those, the average award was \$300,000 for economic and noneconomic damages combined." Michael Booth, "Medical Malpractice Reform Measure Falls as Neither Side Wants To Bend," *New Jersey Law Journal*, February 13, 2003. From January through August 2002, **less than 10 percent of medical malpractice policyholders experienced large rate increases.** (emphasis added). "N.J. Regulators Say Few Providers Faced Large Med-Mal Premium Hikes," *BestWire*, January 27, 2003.

North Carolina

Doctors are not fleeing North Carolina. Instead, **the state has seen a 41 percent increase in the number of physicians since 1992.** "Doctors' need for bill challenged," *Raleigh News Observer*, April 8, 2003. "Average malpractice payouts in North Carolina have increased 69 percent over the past 10 years. But spending on national health care services has risen 87 percent over the same period, according to Kaiser Family Foundation." Sarah Avery, Matthew Easley and Jean Fisher, "Malpractice fight brews," *News Observer* (Raleigh, NC), March 30, 2003.

Nevada

"State researchers found fewer doctors leaving Nevada due to rising insurance premiums than doctors' advocates reported. Thirty-five of the 4,700 medical doctors in Nevada closed their practices, 12 retired and six stopped practicing obstetrics, according to a study by the state legislative research division.... 'I was shocked to read the statistics,' Assembly Majority Leader Barbara Buckley, D-Las Vegas, told the *Las Vegas Review-Journal*. 'Certainly the impression we've been given was inaccurate.' (emphasis added). "State study says fewer doctors leaving Nevada than reported," *Associated Press*, February 28, 2003.

In the summer of 2002, Nevada enacted a \$350,000 cap on non-economic compensation in most medical malpractice cases. Within weeks of the law's enactment, two major insurance companies - American Physicians Assurance and the Medical Liability Association of Nevada - proclaimed that they would not reduce insurance rates. American Physicians Assurance, the primary insurer for Las Vegas obstetricians, said that it had no plans to lower premiums for

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several years, if ever. Bob Byrd, chairman of the Medical Liability Association of Nevada, said, "We're not lowering rates anytime soon." In January 2003, The Doctors Company filed for a 16.9 percent rate increase, shortly after two other companies filed for 25 percent and 93 percent rate increases, according to the Nevada State Division of Insurance. Joelle Babula, "Medical liability company requests premium increase," *Las Vegas Review-Journal*, February 11, 2003; Joelle Babula, "Medical Liability Laws: Doctors remain unsatisfied," *Las Vegas Review-Journal*, January 27, 2003; "Deliveries In Limbo: Women search for care," *Las Vegas Review-Journal*, January 10, 2003; Lawrence Messina, "Wise mulls trauma care solutions amid Nevada reports," Associated Press, October 7, 2003; Joelle Babula, "Obstetricians say problems remain," *Las Vegas Review-Journal*, October 1, 2002; Joelle Babula, "State insurance program holds off on lowering rates," *Las Vegas Review-Journal*, August 14, 2002; Joelle Babula, "Medical Malpractice: Insurer has no plans to lower costs," *Las Vegas Review-Journal*, August 10, 2002.

New York

The number of physicians practicing in New York State has skyrocketed and is increasing at a rate faster than the national average. *New York ranks first in the nation in surgical specialists, which are most likely to be sued, and third in the nation in the number of OB/GYN's per capita, well ahead of California (ranked 27th).* When compared to the region, only Connecticut (ranked 2nd) is ahead of New York State in the number of ob gyns per capita. *First Do No Harm: A Consumer Response to the Medical Lobby's Campaign to Limit The Legal Rights of Injured Patients.* NYPIRG et al., (September 2002) (emphasis added). In July 2002, *New York's largest medical malpractice insurer was denied its requested premium increase*, with State Insurance Superintendent Gregory Serio stating, "I don't think there is any further need for more rates at this point."

Ohio

A 2002 *Cleveland Plain Dealer* analysis of malpractice suits found that "*the number of malpractice cases filed in 2001 was almost the same as in 1995. Last year, juries ruled in favor of injured patients less than half as often as they did in 1995, court records show.* A smaller percentage of their verdicts involved million-dollar awards than in 1995, and the total for all verdicts was 28 percent lower last year." (emphasis added). Roger Mezger, "Pattern lacking in insurance rate hikes; PD analysis finds no tangible crisis in malpractice suits," *Plain Dealer*, October 20, 2002. "An exhaustive study of Franklin County cases by Ohio State law professors cast serious doubt on massive jury awards. It showed 114 medical malpractice cases going to trial in 12 years, 30 percent won by the plaintiffs, with a median jury award of \$198,000 – well below the \$300,000 cap on non-economic damages in a pending Ohio Senate bill. Four of the five highest awards were reduced by the trial judge or on appeal." Leigh Allan, "Cries For Tort Reform All Wet," *Dayton Daily News*, September 17, 2002.

Legislation capping non-economic damages in medical malpractice cases at \$500,000, with a \$1 million cap for catastrophic injuries, was signed into law in January 2003. After the caps were signed into law, all five major medical malpractice insurance companies in Ohio – American Physicians Assurance, the Doctors Company, GE Medical Protective, Medical Assurance and the Ohio Hospital Insurance Co. – said they had no plans to reduce their rates because of the legislation and that premiums could even rise." Laura A. Bischoff, "Taft Signs Malpractice Reform Bill; Cap on awards for pain and suffering," *Dayton Daily News*, January 11, 2003; Andrew Welsh-Huggins, "Doctors

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pushing for short-term relief from malpractice rates," *Associated Press*, January 10, 2003; "Despite new law, insurance companies won't lower rates right away," *Associated Press*, January 9, 2003; Spencer Hunt, "Docs look for insurance cure," *Cincinnati Enquirer*, November 26, 2002.

Oregon

"Statistics from the Oregon Board of Medical Examiners show *332 malpractice cases against doctors in 2000, which decreased to 302 cases in 2001.*" (emphasis added). Susan Tom, "Obstetricians play safe, avoid suits," *Statesman Journal* (Salem, OR), July 9, 2002.

Pennsylvania

"Across Pennsylvania, *the number of medical-malpractice awards for \$1 million or more is down for the second year in a row.... The overall amount of those big jury awards is dropping too.* So far, juries have awarded \$69 million in the first eight months of this year. In 2000, the total was \$415 million. ... In Philadelphia, patients still lose 60 percent of all malpractice trials, but that is much better than suburban counties, where patients lost 80 percent of the time or more." (emphasis added). Josh Goldstein, "Medical lawsuit payouts still high; Philadelphia awards and settlements made up nearly half of the \$348 million paid out by a state fund," *Philadelphia Inquirer*, September 22, 2002.

Texas

"The Office of Court Administration has recorded a steady drop in the number of personal injury lawsuits not involving a motor vehicle, the category that would include medical malpractice: from 31,050 suits in 1994-95 to 19,590 in 2000-2001....*[State Board of Medical Examiners] statistics do show a shrinking number of claims since 1999, when the number spiked at 5,715.* Of the 4,445 claims closed that year, 617 resulted in payments, the average being \$208,592. In 2001, 4,083 claims were filed, but only 1,088 were closed. Of the 23 closed with payments, the average amount was \$267,253.... The Texas Department of Insurance showed a 4 percent increase in claims since 1996, according to an Austin America-Statesman report, far short of the surge in insurance rates." (emphasis added). Editorial, "Premium importance," *Fort Worth Star-Telegram*, March 24, 2003.

Washington

According to the state's Medical Quality Assurance Commission, in 2002, "there were 11 malpractice payments of \$1 million or more – exactly the same number as in 1999." Carol M. Ostrom, "Arguments, facts behind malpractice debate Q&A," *Seattle Times*, February 21, 2003. "The insurance premium rate increases are coming despite *little change in the number of malpractice suits filed each year against doctors in the state.* ... According to a report by Physicians Insurance, a self-funded mutual company operated by doctors that provides malpractice insurance for about two-thirds of the state's doctors, the frequency of claims per 100 insured clinics and physicians averaged 6.3 in 1990, then rose to 10.7 in 1995, but has since declined. In 2002, the claim frequency per 100 insured doctors was 6.2." (emphasis added). Julia Anderson, "Tort & Retort:

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Doctors say they're dogged by rising costs of premiums and jury awards, while attorneys say it's not their fault," *The Columbian* (Vancouver, WA.), February 9, 2003.

West Virginia

"The number of claims against the state's doctors since 1993 has decreased and the amount of money spent to settle the claims has not changed, according to board of medicine records." (emphasis added). Joy Davia, "Doctor dilemma; The Medical Malpractice Debate," *Charleston Gazette*, December 1, 2002. "Board of Medicine records show that the number of malpractice claims filed against doctors licensed in West Virginia dropped between 1992 and 2000." Lawrence Messina, Caution advised amid medical malpractice debate, *Associated Press*, November 18, 2002. **"The average West Virginia payout from 1999 to 2002 was less than the national average and lower than 27 states and the District of Columbia. ... A Gazette analysis, meanwhile, said the number of claims against the state's doctors since 1993 has decreased and the amount of money spent to settle the claims has not changed."** Joy Davia, "Putting a price on pain; State struggles to keep doctors, patients happy," *Charleston Gazette*, November 17, 2002. "Reporter Lawrence Messina combed through thousands of records of claims from the Board of Medicine. He found that the number of claims has been decreasing, and that the amount of money paid to settle claims has remained relatively constant since 1993.... He also found that less than one-fifth of the number of doctors licensed in the state had ever been sued for malpractice, and less than 4 percent of the doctors in the state were sued in any given year." Dan Radmacher (editorial), "Malpractice diagnosis incorrect," *Charleston Gazette*, August 23, 2002. "[Lawrence] Messina found that jury awards in West Virginia had fluctuated, but generally held steady between 1993 and 2000. The number of claims filed each year actually decreased. Messina found this out by examining Board of Medicine records that insurance companies are required to file. He looked at nearly 2,300 resolved claims." Dan Radmacher (editorial), "AP article misses malpractice mark," *Charleston Gazette*, July 26, 2002.

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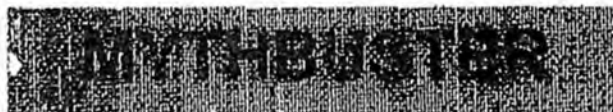
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THE LIABILITY INSURANCE CRISIS — DÉJÀ VU ALL OVER AGAIN

In the mid-1980s, during this country's last liability insurance "crisis," great pressure was brought to bear on state legislatures to restrict the rights of innocent Americans to be compensated for their injuries and to hold wrongdoers accountable in court. Lawmakers in some 46 states succumbed to this pressure and passed "tort reforms" after being told by insurance companies and others that this was the only way to reduce skyrocketing insurance rates.

They were responding to news reports like these, virtually identical to reports of today:

- "An American Medical Association official says escalating costs of medical malpractice insurance are increasing health-care costs for the public and forcing doctors to curtail some services." *Baton Rouge Morning Advocate*, May 31, 1986.
- "Doctors are threatening to quit practicing some specialties or move out of the state while South Florida hospitals and trauma centers have threatened to shut down or have curtailed services." *St. Petersburg Times*, May 7, 1987.
- "Busloads of physicians from around [New York] state will travel to Albany on Wednesday, May 21, to rally for legislative reform of the state's medical liability system." *PR Newswire*, May 19, 1986.
- "Doctors and hospitals in [West Virginia] have been saying for weeks that they would have to close their doors at the end of this month when three major insurance companies planned to cancel malpractice insurance coverage for most of the state's medical providers." *Washington Post*, May 24, 1986.
- "Hundreds of doctors, especially those in high-risk specialties like obstetrics and orthopedics, refused to accept new patients last February when a state Insurance Division decision opened them up to massive retroactive premium increases." *The Record (New Jersey)*, July 24, 1986.

Eventually, a few years after the mid-1980s insurance crisis, the insurance cycle flattened out, rates stabilized and availability improved everywhere — until now, over a decade later. The flattening of rates had nothing to do with tort law restrictions enacted in particular states, but

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rather to modulations in the insurance cycle everywhere. In 1991, for example, Washington's insurance commissioner Dick Marquardt concluded in a report that it was "impossible to attribute stable insurance rates to tort-law changes or the damages cap," since rates also improved in states that did not pass tort reform.

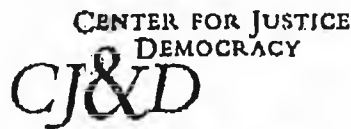
Have we learned nothing from the past? The "liability insurance crisis" of the mid-1980s was ultimately found to be caused not by legal system excesses but by the economic cycle of the insurance industry.

Just as the liability insurance crisis was found to be driven by this cycle and not a tort law cost explosion as many insurance companies and others had claimed, the "tort reform" remedy pushed by these advocates failed.

It will fail again.

Only effective insurance reforms will stop these cyclical insurance crises.

- **Volcanic eruptions in insurance premiums for doctors have occurred three times in the last 30 years – in the mid 1970s, again in the mid-1980s, and now today.** The cause is always the same: a severe drop in investment income for insurers compounded by pricing errors in prior years.
- **Each time, insurers have tried to cover up their mismanaged underwriting by blaming lawyers and the legal system.** To buy this position, one would have to accept the notion that trial lawyers or juries were particularly aggressive in the mid-1970s, then non-aggressive for a decade, then aggressive in the mid-1980s, non-aggressive for 17 years and are now aggressive again. This is ludicrous.
- **Reinsurers historically have targeted medical malpractice lines for rate hikes,** dictating premium increases even for doctor-owned mutual insurance companies that should be independent of the profit considerations that motivate pricing decisions by the rest of the industry.
- **The insurance industry has not cut, and has no plans to cut, insurance premiums as a consequence of tort restrictions.** The American Insurance Association (AIA) and the American Tort Reform Association (ATRA) have already gone on record admitting this, with the AIA stating on March 13, 2002, "[T]he insurance industry never promised that tort reform would achieve specific premium savings."
- **The Center for Justice & Democracy's 1999 study, *Premium Decelt —the Failure of "Tort Reform" to Cut Insurance Prices*, found that tort law limits enacted since the mid-1980s have not lowered insurance rates in the ensuing years.** Some states that resisted enacting any "tort reform" experienced low increases in insurance rates or loss costs relative to the national trends, and some states that enacted major "tort reform" packages, like New York, saw very high rate or loss cost increases relative to the national trends. In other words, there was no correlation between "tort reform" and insurance rates.



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10 Things You Should Know About ... MEDICAL MALPRACTICE

1. Insurance companies are paying victims of medical negligence on average approximately \$30,000. Average payouts have stayed virtually flat for the last decade.¹
2. Medical malpractice costs, as a percentage of national health care expenditures, are at an all time low, 0.55 percent.²
3. According to the National Academy of Sciences, up to 98,000 people are killed each year by medical errors in hospitals – far more than die from car accidents, breast cancer or AIDS.³
4. Total national costs (lost income, lost household production, disability and health care costs) of negligence in hospitals are estimated to be between \$17 billion and \$29 billion each year.⁴
5. Eight times as many patients are injured by medical malpractice as ever file a claim; 16 times as many suffer injuries as receive any compensation.⁵
6. According to the National Center for State Courts, between 1992 and 2001, medical malpractice filings per 100,000 population have only fluctuated minimally, with an overall 1 percent decrease in per capita filings.⁶
7. Injured medical malpractice patients win before juries in only 23 percent of cases⁷; in 1992, the rate was 7.5 percent higher at 30.5 percent.⁸ Only 1.1 percent of medical malpractice plaintiffs who prevail at trial are awarded punitive damages.⁹
8. According to studies in several states, there is no correlation between where physicians decide to practice and state liability laws or insurance rates.¹⁰
9. Tort law limits do not lower insurance rates; states with little or no tort law restrictions have experienced approximately the same changes in insurance rates as those states that have enacted severe restrictions on victims' rights.¹¹
10. Numerous hospital and medical procedures have been made safer as a result of lawsuits, including anesthesia procedures, catheter placements, drug prescriptions, hospital staffing levels, infection control, nursing home care and trauma care.¹²

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NOTES

¹ "New Study Shows Average Medical Malpractice Payout Over Last Decade Only \$28,524; New Data Reveals Same Trends in 2001," Americans for Insurance Reform, News Release, January 23, 2003.

² *Ibid.*

³ Kohn, Corrigan, Donaldson, Eds., *To Err is Human; Building a Safer Health System*, Institute of Medicine, National Academy Press: Washington, DC (1999).

⁴ *Ibid.*

⁵ Harvard Medical Practice Study, *Patients, Doctors and Lawyers: Medical Injury, Malpractice Litigation, and Patient Compensation in New York* (1990).

⁶ *Examining the Work of State Courts, 2002; A National Perspective from the Court Statistics Project* (2003), p. 28. This finding is based on medical malpractice data from 17 states.

⁷ *Examining the Work of State Courts, 2001; A National Perspective from the Court Statistics Project* (2001), p. 94.

⁸ "Tort Trials and Verdicts in Large Counties, 1996," U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, NCJ-179769 (August 2000), p. 9.

⁹ *Ibid* at 7.

¹⁰ Wlazelek, Ann, "Doctors' ad campaign baseless; They're not fleeing Pa., but malpractice straits create 'hostile' climate," *Morning Call*, March 24, 2002; "Doctors not leaving Pittsburgh despite costly insurance," *Associated Press*, November 12, 2001; Goldstein, Josh, "Recent Census of Doctors Show No Flight from Pennsylvania," *Philadelphia Inquirer*, October 2, 2001; Leonard, Martha, "State has seen sharp increase in number of doctors," *Sunday Gazette Mail*, February 25, 2001; Kinney and Gronfein, "Indiana's Malpractice System: No-Fault by Accident," *54 Law & Contemp. Probs.* 169, 188 (1991), cited in Galanter, Marc, "Real World Torts," *55 Maryland L. Rev.* 1093, 1152-1153 (1996); Kinney, "Malpractice Reform in the 1990s, Past Disappointment, Future Success?" *20 J. Health Pol. Pol'y & L.* 99, 120 (1996), cited in Galanter, Marc, "Real World Torts," *55 Maryland L. Rev.* 1093, 1152 (1996).

¹¹ Martin D. Weiss, Melissa Gannon and Stephanie Eakins, *Medical Malpractice Caps: The Impact of Non-Economic Damage Caps on Physician Premiums, Claim Payout Levels, and Availability of Coverage*, Weiss Ratings, Inc. (2003); J. Robert Hunter and Joanne Doroshow, *Premium Deceit: The Failure of "Tort Reform" to Cut Insurance Prices*, Center for Justice & Democracy (1999).

¹² Meghan Mulligan and Emily Gottlieb, *Lifesavers: CJ&D's Guide to Lawsuits that Protect Us All*, Center for Justice & Democracy (2002).

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From: "Neil Ferstand" Wednesday, January 14, 2004

Health Care Marketplace**Capping Awards in Medical Malpractice Lawsuits Would 'Do Little' To Slow Health Spending, CBO Report Says**

Legislation to cap damages in medical malpractice lawsuits would "do little to hold down health care spending" or eliminate the practice of "defensive medicine," according to a Congressional Budget Office report released last week, *CongressDaily* reports (*CongressDaily*, 1/13). The report found that malpractice insurance premiums have increased in recent years in part because insurers have experienced increases in claims costs, as the amounts of damage awards in malpractice lawsuits have increased. However, the report found that malpractice insurance premiums also have increased because of reduced income from insurer investments and short-term factors in the insurance market. The report found that although malpractice insurance premiums are lower in states with caps on damages in malpractice lawsuits, "even large savings in premiums" would have a small impact on total health care spending because malpractice insurance costs account for less than 2% of spending (CBO report, 1/8). In addition, the report found that a cap on damages in malpractice lawsuits would not likely end the practice of "defensive medicine" -- in which physicians order more procedures and tests than are medically necessary to avoid malpractice lawsuits -- because "physicians who practice defensive medicine may do so less because they fear liability than to generate more income," *CongressDaily* reports (*CongressDaily*, 1/13). The report did not reach a conclusion on whether caps on damages in malpractice lawsuits affect access to health care. According to the report, although the General Accounting Office confirmed cases in which access to emergency surgery and newborn delivery was reduced in "scattered, often rural areas where providers identified other long-standing factors that affect the availability of services," the GAO also found that many reported shortages of health care services "could not be substantiated" or "did not widely affect access to health care" (CBO report, 1/8).

Medical Errors

The CBO report also found no evidence that the current medical liability system prevents medical errors, a claim that some opponents of caps on damages in malpractice lawsuits have made (*CongressDaily*, 1/13). The report said that the medical liability system may not prevent medical errors because health care providers are "generally not exposed to the financial cost of their own malpractice" and because "very few medical injuries ever become the subject of a tort claim" (CBO report, 1/8).

http://www.kaisernet.org/daily_reports/print_report.cfm?DR_ID=21678&dr_cat=3

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**"YOU KNOW HOW I SAID WE NEEDED TORT REFORM? NOW THAT WE'VE GOT IT, WE'D
LIKE A GIANT RATE INCREASE AS WELL" – INSURANCE INDUSTRY OF AMERICA**

Predictions that skyrocketing medical-malpractice-premiums costs for doctors would drop after state lawmakers capped jury awards a year ago appear premature... Premiums are expected to rise this year, in some instances as much as 40 percent, and doctors are closing shop and moving from the state.

("Doctors still closing shop and voting with their feet," T.C. Brown, Cleveland Plain Dealer, February 20, 2004)

"Based on the trends of frequency and severity of medical-malpractice claims that we see in Florida right now, we will need to ask for some kind of rate increase."

Dean Davidson, spokesman for MedPro, Florida's third largest med mal carrier, explaining the company's desire for a 19.4% rate increase just three months after passage of Florida's new medical malpractice law. ("Insurer wants malpractice rate increase," Orlando Sentinel, October 7, 2003)

"[T]ort reform does not provide a magical 'silver-bullet' that will immediately affect medical malpractice insurance rates."

(Medical Assurance Co. of Mississippi, September 2002)

"No, we're not telling you that."

Patricia Costante, chairman and CEO of the MIIX Group of Insurance Companies, replying to a question inquiring whether her company would not raise premiums if caps were enacted. (Meeting of the New Jersey Assembly Joint Committee of Banking & Insurance and Health & Human Services on Medical Malpractice, June 3, 2002)

"I don't like to hear insurance-company executives say it's the tort system – it's self inflicted."

Donald J. Zuk, Chief Executive of SCPIE, a leading malpractice insurer in California, (Wall Street Journal, June 24, 2002). A year later SCPIE lobbied the insurance commissioner unsuccessfully for a 15.6% rate increase.

"While MICRA was the legislature's attempt at remedying the medical malpractice crisis in California in 1975, it did not substantially reduce the relative risk of medical malpractice insurance in California."

(James Robertson, actuary and assistant VP for SCPIE, in written testimony to the California Insurance Commissioner, lobbying for the 15.6% rate increase)

"The cap (on non-economic damages of \$250,000) will not lower premiums. One of the reasons premiums won't go down is that even if non-economic damages are capped, the loss for economic losses-medical costs for example-are still in this current environment escalating at medical inflation that is running in the double digits- I forget exactly what it was last year. So, even if you were to cap non-economic damages, the economic damages would still cause acceleration in the premiums- so, in fact they will not go down. I want to clarify: I misspoke, and said we thought premiums would go down."

WA State Medical Association and insurance industry lobbyist Cliff Webster, answering a question regarding the effect of proposed caps on premiums. (Washington State House Judiciary Committee, February 21, 2003)

"We strongly believe there is good reason to hope that the worst soon will be in the past, but we realize that optimism —however well-founded—has little power to mitigate the current situation."

Jerome M. Buckley, CEO and Chairman of Colorado's COPIC, explaining away a 14.2% rate increase in 2003 and projected 13.82% rate increase for 2004 by blaming the legal environment. Colorado passed its most significant tort reforms in 1988. (COPIC Topic, No.88 October 2003)

"[A]ny limitations placed on the judicial system will have no immediate effect on the cost of liability insurance for health care providers."

(Final Report of the Insurance Availability and Medical Malpractice Industry Committee, a bi-partisan committee of the West Virginia Legislature, issued January 7, 2003)

"It will take several years for the effects of the new legislation to be felt."

Robert Byrd, Chairman of the Medical Liability Association. ("Doctors Still Wait to See Premium Improvement in Nevada," Best's Insurance News, August 20, 2002)

Farmers Insurance has "suffered significant underwriting losses" recently and plans to refocus on its core lines of home, business, auto and life insurance.

Farmers Insurance Group spokeswoman Michelle Levy, explaining the decision to quit the medical malpractice business in California despite three decades with a \$250,000 cap. ("Farmers Insurance Exits Malpractice Arena," AP, September 24, 2003)

"We wouldn't tell you or anyone that the reason to pass tort reform would be to reduce insurance rates."

St. Paul's found "a total effect of about 1% savings" from Florida's 1986 tort reforms, but that even this 1% might be inflated. St. Paul concluded that "the noneconomic cap of \$450,000, joint and several liability on the noneconomic damages, and mandatory structured settlements on losses above \$250,000 will produce little or no savings to the tort system as it pertains to medical malpractice."

Conclusion of a St. Paul study of the projected effect of Florida's tort reforms, which included a \$450,000 cap, on recently closed cases. (St. Paul Fire & Marine Ins. Co., Medical Professional Liability, State of Florida, 1986)

"Given that liability losses constitute such a low proportion of business owners' losses, GA feels it is prudent to continue with its original proposal of a 10 percent increase in base rates."

General Accident Insurance Company. (The Seattle Times, July 1, 1986). The Times went on to write that "the highly touted tort-reform legislation enacted by the Legislature early this year is not lowering liability-insurance rates as promised, according to preliminary filings made with the state insurance commissioner."

In asking for a 22% rate increase following passage of tort reform in Washington State, including a cap on all damage awards, the company said, "our proposed rate would not be measurably affected by the tort reform legislation."

Allstate Insurance Company of Washington State, (The Seattle Times, July 1, 1986)

After enactment of the 1986 Washington tort reforms, St. Paul said that the limit on plaintiffs' lawyers fees "probably will have no effect on loss costs," and that "a 'cap' can become a target in smaller dollar cases, thus actually working to increase costs. We do not have the data that would allow us to project the actual probable effect in either direction."

(Letter from Richard W. Tongen, Executive Vice President, St. Paul Fire and Marine Ins. Co., to Richard G. Marquardt, Washington Insurance Commissioner, June 12, 1986)

After the 1986 Washington tort reforms, the Great American West Insurance Company said that on the basis of its own study, "it does not appear that the 'tort reform' law will serve to decrease our losses, but instead it potentially could increase our liability. We elect at this point, however, not to make an upward adjustment in the indications to reflect the impact of the 'tort reform' law."

(Letter from Kevin J. Kelley, Director of Actuarial for Great American West Insurance Company, to Norman Elgon, Rate Analyst, Washington Insurance Department, April 23, 1986)

Sherman Joyce, President of the American Tort Reform Association, ("Study Finds No Link Between Tort Reforms and Insurance Rates," Liability Week, July 19, 1999)

"Insurers never promised that tort reform would achieve specific premium savings . . ." (March 13, 2002 press release by the American Insurance Association)

"The conclusion of the study is that the noneconomic cap . . . [and other tort 'reforms'] will produce little or no savings to the tort system as it pertains to medical malpractice." (Internal documents citing a study written by Florida insurers regarding that state's omnibus tort "reform" law of 1986 - Medical Professional Liability, State of Florida, St. Paul Fire and Marine Insurance Company, St. Paul Mercury Insurance Company)

"[M]any tort reform advocates do not contend that restricting litigation will lower insurance rates, and 'I've never said that in 30 years.'" (Victor Schwartz, General Counsel, American Tort Reform Association, Business Insurance, July 19, 1999)

"[The insurance industry now says [tort reform] measures will have no effect on insurance rates. We have been disappointed by the response of the insurance industry. The reforms we passed should have led to rate reductions because we made it more difficult to recover, or set limits on recovery. But this hasn't happened." (Connecticut State Lawmaker, UPI, March 9, 1987)

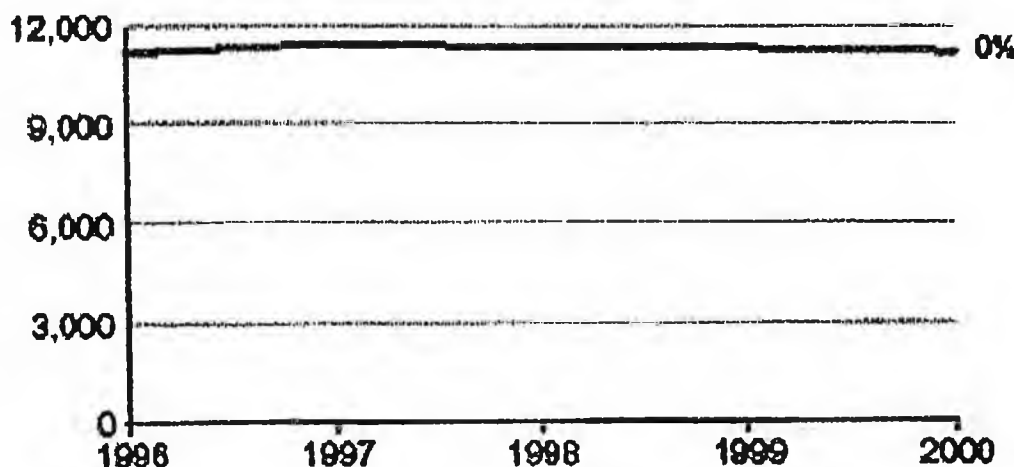
"[W]e believe the effect of tort reform on our book of business would be small. . . . [T]he loss savings resulting from the non-economic cap will not exceed 1% of our total indemnity losses. . . . [I]n our sample of liability claims, no claim was found that would have been affected by the joint and several restriction." And any savings due to alternative payment methods would be "negligible." (Letter from Robert J. Nagel, an Assistant Vice President at State Farm, to Ray Rather, Kansas Insurance Department, Oct. 21, 1986)

"[T]he review of the actual data submitted on these cases indicated no reduction of cost." Conclusion of an Aetna study of the projected effect of Florida's tort reforms, which included a \$450,000 cap, on recently closed cases. (Aetna Casualty & Sur. Co., Commercial Ins. Div., Bodily Injury Claim Cost Impact of Florida Tort Law Change, Aug. 8, 1986)

Medical Malpractice Insurance

Are Malpractice Claims Increasing

Medical Malpractice Filings in 14 States, 1996-2000



The National Center For State Courts Says NO

“Between 1996 and 2000, medical malpractice data were available from 14 states. The chart clearly shows that there has been no change in the volume of medical malpractice cases in the last five years. Although filings crept up slightly (2.5 percent) in the first year, this increase was subsequently erased by a slow, steady decrease over the four remaining years” (page 31).

National Center For State Courts, Courts Statistics Project. 2002. Available online at <http://www.ncsconline.org/>

*THE ALASKA ACTION TRUST
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**POSITION PAPER ON HOUSE BILL 472/SENATE BILL 319
Alaska Action Trust**

INTRODUCTION

In Alaska, to suggest that there is a medical malpractice crisis is at best disingenuous and at worse fraudulent. In short, there is no empirical evidence to support the proposition of a relationship between medical malpractice premiums, medical malpractice litigation and availability of health care providers.

If this proposed legislation passes, you will be responsible for eliminating the ability of stay at home moms and dads, retired or elderly citizens, children, and those with subsistence lifestyles or limited incomes to bring claims against negligent or even reckless doctors or other health care providers. This will be true even when they are blinded, maimed, suffer serious neurological injuries, rendered sexually dysfunctional or even killed by medical malpractice. What makes this proposed legislation even more egregious is that the entire premise for its utility is based upon anecdotal information, unsupported by credible empirical evidence and indeed is contrary to conclusions reached in existing and reliable studies.¹ Even more appalling, there is no corresponding assurance from those most benefited (the insurance industry) that the legislation will have *any* effect whatsoever on medical malpractice rates.

THE HISTORY OF TORT REFORM IN ALASKA

While the following discussion will illustrate the points referenced above, a brief chronological history of similar tort reform efforts in the State of Alaska demonstrates that capping or limiting damages will have absolutely no effect on medical malpractice insurance rates or the availability of medical malpractice insurance to doctors in Alaska or the availability of health care in Alaska.

¹ Studies repeatedly relied upon by the insurance industry and health care providers pushing for tort reform have been widely discredited. The Milliman report, for instance, relies on data from the National Practitioner Data Bank (NPDP) that has been slammed by the Government Accounting Office (GAO). (See, e.g., GAO: "National Practitioner Data Bank: Major Improvements are Needed to Enhance Data Bank's Reliability," Nov. 2000; Mary Jane Fisher, "GAO Report Slams National Practitioner Data Bank," *National Underwriter*, Jan. 1, 2001). It also fails to adjust any of its figures for medical inflation to offset its conclusion that medical malpractice losses have risen 32% over the last decade in states without caps. When adjusted for 51% in medical inflation for the same time period, paid losses are actually *falling*.

Dating back to 1976 with the passage of A.S. 09.55.548, medical malpractice insurers and health care providers have enjoyed a unique benefit unavailable to other insurers or private citizens. A.S. 09.55.548(b) in effect immunizes these entities and individuals from payment for all past medical expenses incurred as a result of physician and/or health care malpractice paid by private health care plans.

This has resulted in a significant windfall to medical malpractice carriers (and uninsured health care providers) since a private health care plan has no subrogation rights under the statute. The only exception to this windfall is when the collateral source of payment is governmental or quasi governmental such as under Medicare, Medicaid or federal employees who are insured under the federal health care plan. In many cases, this results in savings totaling hundreds of thousands of dollars which are absorbed, unfairly, by other health care plans and ultimately by the citizens of this state through higher health care premiums.

In 1978, again at the urging of medical malpractice insurance carriers and health care providers, the Legislature passed A.S. 09.55.536 requiring the appointment of expert advisory panels in all medical malpractice actions. These panels were appointed by the court and reviewed claims brought by injured Alaskans to determine whether or not malpractice had occurred and, if so, whether the malpractice had caused the patient's injuries. The purported basis for this legislation (as argued by its proponents) was to eliminate or at least minimize frivolous malpractice claims. While the efficacy of the expert advisory panel was always questionable, it has been all but abandoned by health care providers themselves and is no longer requested (it is waived in virtually all cases).

In 1986, the Legislature enacted tort reform legislation placing damage caps on non-economic damage. That legislation capped non-economic damages for injuries that did not result in severe permanent physical impairment or severe disfigurement to \$500,000. There was no cap, however, on those injuries that did result in severe permanent impairment or severe disfigurement.

In 1997, sweeping tort law revision was enacted by the Legislature. The previous cap on non-economic damages in cases involving physical injury was reduced to \$400,000 (or the injured person's life expectancy multiplied by \$8,000) A definitive cap was placed on cases involving severe permanent physical impairment and severe disfigurement of \$1,000,000 or the injured persons life expectancy in years multiplied by \$25,000. In other words, to exceed the \$1,000,000 limitation, a person's life expectancy would have to exceed 40 years.²

While the 1997 changes benefited all insurance carriers in the state of Alaska, health

² We mistakenly advised the Committee last week that the cap on non-economic damages was the lesser of \$1,000,000 or a multiplier of a person's life expectancy. After reviewing the statute, we realized our mistake. Our oversight underscores the rarity of any claim for non-economic damages exceeding that threshold.

care providers were given additional protection in the form of limiting expert witnesses who could testify on behalf of an injured Alaskan in medical malpractice actions.

A.S. 09.20.185 was enacted requiring that only board certified physicians having expertise and training directly related to the particular field or matter at issue would be allowed to testify regarding standard of care. This requirement is now necessary even though the offending doctor is not board certified in any practice group or specialty. Needless to say, this has made it even more difficult to obtain expert witnesses to testify against offending doctors, particularly since the same doctors belong to national organizations and often know each other personally.

In the face of these sweeping reforms, the insurance industry has repeatedly argued that tort reform benefits policyholders and the public at large. To date, there have been *no* reductions to my knowledge in any insurance rates charged to individual Alaskans. The current legislation that will benefit only health care providers will result in the same outcome. There will be no reduction in health care costs and no reduction in medical malpractice premiums charged in the state of Alaska. As discussed below, this has been repeatedly demonstrated throughout the United States.

THE HISTORY OF MALPRACTICE PREMIUMS IN ALASKA

To best illustrate this point, it is helpful to review the medical malpractice premiums charged in this state dating back to 1993 and compare those to California, the state much touted by the insurance industry because of its previously imposed caps on non-economic damages through the Medical Injury Compensation Reform Act (MICRA). Although the only published premium information readily available deals with the specialties of Internal medicine, General Surgery and OB/GYN, these seem to be the specialties of most concern at least by those physicians and health care providers who testified before the House Judiciary last week.³

A cursory review of the premiums charged illustrates the utter lack of credibility of the positions taken by this legislation's proponents. An important thing to remember when reviewing the premiums discussed below is that these are the amounts *charged* by the malpractice carriers. Both NORCAL and MIEC (the current and historical dominant carriers in the Alaska market) give credits back to their insureds. These credits are *not* reported in the data available but it is highly likely that these credits would further substantially reduce the published premiums paid by individual health care providers.⁴

³ Medical Liability Monitor [MLM] of Chicago publishes annual rate surveys from premium submissions provided by medical malpractice carriers or obtained directly from state insurance departments throughout the United States.

⁴ MLM notes in all of its annual surveys that such credits, discounts and other factors can greatly diminish and sometimes completely offset rate increases. None of the surveys reflect this data, however.

In 1993, NORCAL's premium rates were \$12,102 for Internal Medicine doctors, \$37,750 for General Surgeons, and \$64,518 for OB/GYN's. MIEC's premium rates for the same specialties were \$5,487, \$19,752, and \$32,916 respectively. From 1994 through 1996, NORCAL's rates remained relatively stable. In 1994, MIEC raised its premiums for General Surgeons and OB/GYN's to \$38,228 and \$63,712 respectively. In 1995, MIEC reduced those rates by about 10 percent.⁵

Between 1997 and 1999, premium rates actually decreased significantly. NORCAL's rates dropped to \$8,770 for Internal Medicine doctors, \$28,587 for General Surgeons, and \$48,706 for OB/GYN's. MIEC reduced its rates to \$8,172, \$29,420, and \$49,032 respectively.⁶

There is no dispute that during this time frame and extending into 2001, most carriers in most states were reducing malpractice premiums because of intense competition in the industry. This competition was reflected in the state of Alaska by the joining of at least two other malpractice carriers to the competitive market.⁷ The introduction of new carriers into the competitive market was a national phenomenon. Fierce competition continued to drive down rates for medical professional liability insurance in 1997.⁸ In 1999, medical malpractice carriers had been battered from several years of brutal competition, with price cutting the name of the game, even when it meant selling *below* the break-even point.⁹

Back then, leaders in the industry were optimistic that the market would "harden" over the next three years.¹⁰ Then vice president of Florida Physicians Insurance Company, Melodee Dixon, stated, "It will take that amount of time [three years] for claims on policies written at today's grossly inadequate rates to shake out."

Everyone in the industry during this time frame recognized that the amount of

⁵ MLM annual surveys for 1993-1995.

⁶ MLM annual surveys for 1997-1999.

⁷ Although other carriers may have been in the Alaska market during this time frame, the only entities reporting premiums to MLM appear to be NORCAL, MIEC and joined in 1996 by Physicians Ins. Ex. of Washington and Doctors Co. in 1997. Northwest Physicians Mutual began reporting in 1999. It is unknown when CNA began writing coverage in Alaska.

⁸ MLM annual survey comments, 1997.

⁹ "Medical professional liability writers express a very pragmatic, but somewhat optimistic outlook about their market niche. Battered from several years of brutal competition, with price-cutting the name of the game, even when it means selling below the break-even point, these insurers nevertheless think that a market shake-out will come." MLM annual survey, 1999.

¹⁰ Market "hardening" is discussed, *infra*.

competition in the industry was causing drastic price cutting and exposing numerous carriers to significant financial risks in the future. These risks were self-inflicted and the resulting losses from malpractice claims were anticipated and predicted by competent actuaries.

The trend of lower malpractice premiums continued through 2000 in the state of Alaska. In 2001, as competition in Alaska and the national market waned, the predicted market "hardening" began to take form. Those carriers that had engaged in risky if not reckless underwriting began to pull out of markets in this state and across the United States. Notwithstanding, the malpractice premium rates in Alaska remained unchanged at MIEC through 2002 and were increased only slightly by NORCAL. In 2001, NORCAL raised its rates to \$9,580 for Internal Medicine doctors, \$30,872 for General Surgeons, and \$52,600 for OB/GYN's.¹¹

In 2003, with the market firmly "hardened," the rates from both carriers increased. NORCAL raised its rates for Internal Medicine doctors to \$11,209, for General Surgeons to \$36,122 and for OB/GYN's to \$61,545. MIEC's premium rates were \$7,432, \$26,748, and \$44,580 respectively. Notwithstanding, the premiums charged for 2003 were *less* than those charged by NORCAL for the same practice specialties in 1993, 1994, 1995, 1996 and only slightly higher than those charged in 1997 and 1998. The premium rates charged by MIEC in 2003 were less than those charged by the carrier in 1994, 1995, 1996, 1997, 1998, 1999, and only slightly higher than the premiums charged in 2001 and 2002.¹²

The significance of this rate comparison is even greater when comparing the discounted value of 2003 dollars with the previous years of lower premium rates. In short, these figures reflect an actual *reduction* in malpractice premiums over this time period when viewed in that light without considering the premium credits refunded to health care providers over this same time period. Moreover, when comparing these premiums to the inflation rate of health care costs (and resulting income to physicians), it is clear that these rates have not resulted in *any* increase to the cost of malpractice insurance premiums to health care providers in Alaska through 2003.

THE CALIFORNIA EXPERIENCE

Since California's non-economic damage cap legislation seems to be the model being touted by the proponents of this legislation, it is helpful to review the medical malpractice premiums charged in that state.

Between 1991 and 1997 In California, the medical malpractice premiums for internal medicine doctors, general surgeons and OB/GYNs remained relatively constant between 1991 and 1997. The premium rates charged by NORCAL over that time

¹¹ MLM annual survey 2000-2001.

¹² MLM annual survey 2003.

period for Internal Medicine doctors ranged from \$5,692 to \$9,472, for General Surgeons, \$18,916 to \$29,440, and for OB/GYN's, from \$31,624 to \$49,208. MIEC's premium rates were \$5,776, \$20,792, and between \$34,648 and \$39,268 respectively.¹³

Of particular note, and as recognized by numerous commentators, the reason for the relative consistency over this time period had little or nothing to do with medical malpractice non-economic damage caps.

In 1975, California enacted the Medical Injury Compensation Reform Act (MICRA) that placed a cap of \$250,000 on non-economic damages in medical malpractice actions. MICRA was touted by the insurance industry and health care practitioners as the solution to the "malpractice crisis" and the solution to increasing malpractice insurance rates. By 1988, however, medical malpractice premiums were 190% higher than 1976 levels (40% when adjusted for inflation to 2001 levels).¹⁴

In 1988 California voters passed Proposition 103, an insurance reform proposal. This proposition rolled back insurance rates 20% and froze rates for one year. It mandated billions of dollars worth of refunds to policyholders and created a system that required approval of insurance rates, allowing the insurance Commissioner to deny rate proposals that were too high or too low to be actuarially justified. It is following this proposition through 1996 that malpractice insurance rates actually stabilized.¹⁵

Beginning in 1997, insurance rates in California *again* began to increase substantially. In 1997, NORCAL's premium rates for Internal Medicine doctors ranged up to \$9,472, for General Surgeons, up to \$29,440 and for OB/GYN's, up to \$49,208. The rates continued to increase slightly between 1999 and 2001. Since that time, through 2003, the rates have increased to ranges up to \$25,178, \$58,830, and \$77,814 respectively. During this same time period, MIEC's premium rates have increased from their 1996 -- 1998 rates to a range up to \$9,305, \$27,682, and \$50,340 respectively. Accordingly, even with MICRA reform, malpractice rates have steadily *risen* in California and are comparable to or substantially greater than malpractice premium rates charged in this state by the same companies notwithstanding the lack of additional caps on non-economic damages.¹⁶

THE INSURANCE INDUSTRY ADMITS THAT CAPS WILL NEITHER REDUCE PREMIUMS NOR ARE CAPS RELATED IN ANY WAY TO THE AVAILABILITY OF HEALTH CARE

¹³ MLM annual surveys, 1991-1997.

¹⁴ *How Insurance Reform Lowered Doctors Medical Malpractice Rates in California*, The Foundation for Taxpayer and Consumer Rights, February 10, 2003, excerpted from N.C. trial lawyers expose on malpractice rates in N.C.

¹⁵ *Id.*

¹⁶ MLM annual surveys, 1996-2003.

Misinformation regarding the efficacy of caps on non-economic damages and purported decreases in medical malpractice premiums has been disseminated by health care providers and malpractice insurers in other states as well.

In Florida, after pushing through a sweeping medical malpractice bill in August with a promise to reduce ever-increasing insurance premiums for Florida's physicians, malpractice insurance carriers followed up the bill's passage with a request to increase premiums by as much as 45 percent.¹⁷

In 2003, Oklahoma passed a tort reform bill that included a severe cap on compensation available to certain medical malpractice victims. Following passage of that bill, the insurance company owned by the state medical association requested an astounding 83 percent rate hike which was subsequently approved on the condition that it be phased-in over three years.¹⁸

In January 2003, Ohio lawmakers enacted a cap on compensation for patients injured by medical malpractice. Almost immediately, all five major malpractice insurance companies in Ohio announced that they would not reduce their rates. One insurance executive predicted his company would seek a 20 percent rate increase.¹⁹

This should come as no surprise to those familiar with the insurance industry and particularly with malpractice carriers.

Bob White, president of First Professional Insurance Co., the largest medical malpractice insurer in Florida stated that "no responsible insurer can cut its rates after a [medical malpractice tort reform] bill passes."²⁰ Cliff Webster representing the Washington State Medical Association and Chairman of the Washington Liability Reform Coalition told the Washington State Legislature, House Judiciary Committee in 2003 that "I don't think we would argue that the premiums are likely to go down."²¹

¹⁷ See, e.g., Julie Kay, "Medical Malpractice; Despite Legislation that Promised to Rein in Physicians Insurance Premiums, Three Firms File For Big Rate Increases," *Palm Beach Daily Business Review*, Nov.20, 2003.

¹⁸ *BestWire*, Dec. 2, 2003.

¹⁹ Laura Bischoff, "Taft Signs Malpractice Reform Bill; Cap on Awards for Pain and Suffering," *Dayton Daily News*, Jan. 11, 2003; Andrew Welsh-Huggins, "Doctors Pushing for Short-Term Relief From Malpractice Rates," *Associated Press*, Jan. 10, 2003; "Despite New Law, Insurance Companies Won't Lower Rates Right Away," *Associated Press*, Jan. 9, 2003.

²⁰ *Palm Beach Post*, Jan. 29, 2003.

²¹ Testimonial excerpt from testimony before the Washington State Legislature, House Judiciary, Feb. 21, 2003.

Sherman Joyce, President of the American Tort Reform Association candidly acknowledged, "We wouldn't tell you or anyone that the reason to pass tort reform would be to reduce insurance rates."²² James Robertson, Assistant Vice President and Associate Actuary for SCPIE Indemnity Company (California's second largest medical malpractice insurer) stated "while MICRA was the Legislature's attempt at remedying the medical malpractice crisis in California in 1975, it did not substantially reduce the relative risk of medical malpractice insurance in California." He made that statement in a written response to a question from an administrative law judge overseeing the case in which his company had requested another 15.6% rate hike.

In short, virtually every reliable empirical source underscores the certainty that limiting an injured persons access to the court system for damages has little or nothing to do with insurance premiums for the cost of health care delivery.

In January 2004, the Congressional Budget Office (CBO) concluded that legislation to cap damages in medical malpractice lawsuits would do little to hold down health care spending or eliminate the practice of defensive medicine. Moreover, the report found that medical malpractice insurance premiums have increased in part because of reduced income from insurer investments and short-term factors in the insurance market. The report found that although malpractice insurance premiums are somewhat lower in states with caps on damages, even a large savings in premiums would have a small impact on total health care spending because malpractice insurance costs account for less than two percent of health care spending. The CBO concluded that caps on damages in malpractice suits would not likely end the practice of defensive medicine. That is because physicians who practice defensive medicine may do so less because they fear liability than to generate more income. Equally compelling, the GAO concluded that many reported shortages of health care services [based on these factors] could not be substantiated or did not widely affect access to health care.²³

In a sweeping and thorough investigation for AIR under the direction of Mr. Robert Hunter (former Federal Insurance Administrator and Texas Insurance Commissioner) it was determined that insurers make most of their profits from investment income. During years of high interest rates or excellent returns in the market, insurance

²² "Study Finds No Link Between Tort Reforms and Insurance Rates," *Liability Week*, July 19, 1999.

²³ *Congress Daily*, Jan. 13, 2004. The same argument of "fleeing" doctors and fear of inability to attract new ones has been completely debunked in Washington. Doctors for Medical Liability Reform claimed that 500 doctors had left the state between 1998 and 2004. They failed to mention, and did not research, however, how many doctors had moved to Washington over the same time frame. According to the 2003 GAO report, there were more doctors per capita in 2001 than in 1998. Moreover, despite arguments to the contrary, there was no indication that health care delivery was being curtailed or eliminated. Carol Ostrom, "Contrary to Ads, Doctors Replaced, Clinics Still Open," *Seattle Times*, Feb. 23, 2004.

companies engaged in fierce competition for premium dollars to invest and maximum returns. They severely under price premiums for policies and insure very poor risks to get premium dollars to invest. This is known as the "soft" insurance market. When the investment climate turns sour, however, the industry responds by sharply increasing premiums and reducing coverage, creating a "hard" insurance market, usually degenerating into a "liability insurance crisis."²⁴ This is precisely what is proven conclusively by reviewing the comments and premium surveys discussed above.

Moreover, the Hunter report concluded that since the early 1980's, medical malpractice paid claims per doctor has tracked (approximately) medical inflation. In fact, inflation-adjusted payouts for physicians dropped between 2000 and 2002.²⁵ This data confirms that neither jury verdicts nor any other factor affecting total claims paid by insurance companies that write medical malpractice insurance have had much impact on the system's overall costs over time. Even more compelling, since 1975, the data shows that in terms of constant dollars, per doctor written premiums, the amount of premiums that doctors have paid insurers have gyrated almost precisely with the insurer's economic cycle which is (again) driven by such factors as changing insurance rates, mismanaged business and accounting practices as well as other causes.²⁶

MEDICAL MALPRACTICE IN ALASKA – THE REALITY

In summary, what is being touted as a basis for the passage of this legislation is without merit. The following facts underscore why this legislation is bad for Alaskans.

1. Fact: Citizens who are elderly or retired, citizens living a subsistence lifestyle, stay at home parents, and children will be without any legal remedy for even the most egregious instances of medical malpractice. Since they have little or no economic loss, they will not be able to obtain legal counsel to pursue a medical malpractice claim even if they are blinded, crippled, maimed, rendered sexually dysfunctional, or die after a sustained period of suffering. The cost of bringing such claims will easily exceed any potential recovery.

Real-Life Examples:

Linda McDougal -- this is the much-publicized case involving the 46-year-old Navy veteran who underwent a double mastectomy after mistakenly being diagnosed with an aggressive breast cancer. Her pathology results had been mistakenly switched with another woman who in fact had breast cancer. This woman is now horribly scarred for

²⁴ Americans for Insurance Reform, Medical Malpractice Insurance: Stable Losses/Unstable Rates in Wyoming, Feb. 2004.

²⁵ *Id.*

²⁶ *Id.*

life.

Jennifer -- Jennifer was a beautiful and vibrant 12-year-old Alaskan who was misdiagnosed twice over a three-day period with gingivitis. She was actually suffering from acute leukemia, which was very treatable and survivable but requires a timely diagnosis and urgent medical intervention. This could have been determined with a simple and inexpensive blood test. Unfortunately, given the delay in her diagnosis, she hemorrhaged and died before she could be properly diagnosed. Although this was a clear-cut case of negligence, over \$100,000 in out-of-pocket costs were expended before the case settled. Under the proposed legislation, this case could never have been prosecuted and Jennifer, her parents, and three siblings would have been without any remedy at all.

Susan -- Susan was an Alaskan in her early 30's when she was misdiagnosed and refused treatment by several health care providers over a five-day period. Unfortunately, she was suffering from a well-known medical and orthopedic emergency known as cauda equina syndrome. By the time she was finally correctly diagnosed, she had suffered permanent saddle anesthesia (no feeling from her waist to her mid thigh); permanent lower extremity neurological injuries requiring leg braces; and intermittent bowel and bladder dysfunction. Under this legislation, since she could still work at her profession, she would be left with a remedy of \$250,000. Despite clear-cut negligence, costs of over \$200,000 were expended before settlement was reached.

Traven -- Traven was an adventurous eight-year-old Alaskan boy who sustained lower extremity burns that were entirely survivable and treatable. Unfortunately, due to a series of medical mistakes, he languished for days with an increasingly more severe infection and ultimately lapsed into a coma (with his parents present). He was finally flown to Seattle Children's Hospital where he died. Under this legislation, it would be financially difficult or impossible to bring this claim since his entire family, like Jennifer's above, as well as his estate would be limited to \$250,000 in non-economic damages. Although an economic loss to his estate could be claimed, those losses are more difficult to establish for children and are usually so low as to not warrant prosecution of a claim absent non-economic damages.

Mrs. Strong -- Mrs. Strong was a 32-year-old Alaskan mother of two children who was drastically over dosed with a highly caustic chemotherapy drug. The overdose was approximately 8 times what she was supposed to be given and was repeatedly administered over the course of 4 days. She died a horrible death, essentially burning up from the inside out over the course of 6 days. She never had a chance to say goodbye to her children, husband, or her parents. Since she was a mom and essentially out of the work force, she would have had little economic loss and, under this bill, her estate and entire family would be limited to \$250,000 in losses.

These are only a few of the many actual cases that we can provide this committee as concrete examples of why this bill works such gross inequities on the innocent people in

our State who are the most vulnerable. If you would like to hear about them, please advise and we will provide additional summaries.

Fact: The passage of this legislation will have no impact on medical malpractice premiums in this state and will have no impact on the ability to attract health care professionals to practice here. Other than anecdotal and unsupported comments to the contrary, there is absolutely no evidence to suggest that health care providers stay away from Alaska because of medical malpractice insurance premiums. Indeed, it is considered one of the top 75 places in the United States to practice medicine.²⁷ This is based in no small part on the lack of managed-care. Further, according to the State Medical Board, the number of medical board licensees has more than doubled since 1985.²⁸ As discussed above, the argument that the lack of caps discourages doctors from practicing has been posited and rejected by the CBO and others.

Fact: The Institute of Medicine reported three years ago that as many as 98,000 Americans die annually from medical errors in hospitals. On December 12, 2002, the *New England Journal of Medicine* reported that 4 out of 10 Americans and 1 out of 3 doctors say that they or their family members have been the victims of a preventable medical error; 10% of doctors say that a family member died as a consequence.²⁹ How will this legislation address these problems other than to make it financially easier on negligent health care providers and their insurance carriers?

Fact: Repeat offender physicians are responsible for most medical errors. According to a study recently conducted in North Carolina, 3.2% of North Carolina doctors had paid out two or more medical malpractice settlements to patients but were responsible for a total of nearly 42% of all payments reported to the National Practitioner Data Bank.³⁰ A study conducted by researchers at Vanderbilt University found that doctors with a history of malpractice claims can be expected to have "appreciably worse claims experience" than other doctors in the future.³¹ This legislation would protect those health care providers by sharply limiting their exposure for continued malfeasance.

Fact: Medical Malpractice insurance costs are declining as a percentage of physician expenses. A recent USA Today report stated that, on average, doctors

²⁷ Modern Physician, "The List" www.modernphysician.com.

²⁸ Chart "Total Medical Board Licensees by Fiscal Year, 1985-2003. Division of Occupational Licensing

²⁹ *New England Journal of Medicine*, December 12, 2002.

³⁰ *Medical Misdiagnosis in North Carolina*, Public Citizens Congress Watch, April 2003.

³¹ "Medical Malpractice Experience of Physicians: Predictability or Haphazard?" *Journal of the American Medical Association*, 1989--cited in *Medical Misdiagnosis*, *Id.*

currently pay 3.2% of their revenue for medical liability insurance.³² In 1987, medical malpractice insurance costs were, on average, 12.1% of the physician's total expenses. In the ensuing decade that share was cut in half, falling to less than 7% of total expenses in the late 1990's. Based on the most current statistics available from the American Medical Association, there is a clear and consistent decline in medical malpractice costs as a percentage of a physician's total expenses.³³

Fact: Medical malpractice cases make up a very small percentages of cases filed in Alaska.

Fact: Most medical malpractice verdicts in Alaska are in favor of the defendant doctor.

In conclusion, this is without a doubt the most offensive example of self-interest legislation proposed in the last 25 years in Alaska. It is utterly without any reliable factual support for the premise of its proposed utility. It will only serve to benefit the insurance industry and those physicians who engage in negligent and sometimes reckless misconduct. While there are relatively few cases filed in this state alleging medical malpractice, this legislation will severely impact if not entirely eliminate a substantial portion of legitimate and worthy claims. It will leave horrifically injured patients and their families with a lifetime of misery, pain, and suffering with no remedy.

There is a substantial statistical chance that this legislation will affect one or more of you or a member of your family on a very personal basis during your lifetime. When you consider that it is estimated by health care safety monitors in Alaska that over 30 percent of providers don't even wash their hands before examining a patient, the chances of negligently passing on infectious disease is very high.³⁴ At least consider your safety and the safety of others before passing this grossly unfair legislation.

Very Truly Yours,

The Alaska Action Trust
Melissa Fouse, Executive Director

³² "Hype Outpaces Facts in Malpractice Debate," *USA Today*, March 3, 2003.

³³ American Medical Association, *Socioeconomic Characteristics of Medical Practice*, 2000 as quoted from N.C. trial lawyer expose.

³⁴ Anchorage Daily News, March 2, 2004, Page D-1 "Patient Power"

Cindy Lentine

PO Box 111383 • Anchorage, AK 99511 • 907-522-2639

March 6, 2004

Senator Con Bunde
State Capitol, Room 506
Juneau, AK 99801-1182

Dear Senator Bunde:

I'm writing to stop SB 319 and to keep the current law in place.

Proponents (Alaska physicians) of SB 319 claim that the bill will attract more physicians to the state of Alaska with reduced medical malpractice insurance rates. There is evidence from other states that this does not work.

I personally know two medical students who were born and raised in Alaska. They are not returning to Alaska to practice medicine. It has nothing to do with medical malpractice insurance. It has everything to do with the quality of life one can currently expect in Alaska. The high rate of crime, lack of funding for schools, no concern for our children, high property tax, lack of proper maintenance of the roads and streets, etc. We are the only state in the union that does not have an income or sale tax to provide the public services to attract high quality medical professionals in our communities.

The people of Alaska want AND deserve quality not quantity in their medical care.

Changing the current law for pain and suffering to \$250,000 would only bolster already bad situation in the medical care Alaskan's receive. The complacency shown by some of Alaska's doctor is detestable.

Personal story:

Through an act of negligence, I was advised that a diagnostic mammogram was benign. By the time it was finally diagnosed, the cancer in my breast had aggressively grown to stage III and involved most of my lymph nodes.

My life, since, has been a living hell. I was a young, strong, pretty woman that had a thorough medical check up every year, wore my seat belt at all times, ate and exercised to maintain my health. Now I am disfigured permanently. My hair fell out last September. I suffer from extreme fatigue. I have a surgical inserted Groshong Catheter sticking out of my chest for the chemo drugs to enter my bloodstream via my heart. My skin is old looking and puffy because of the steroids I have to take to prevent death from the toxic chemotherapy. I am suffering from chemo induced early menopause. The neuropathy causes my fingers and toes to be without sensation and makes writing and typing difficult. My fingernails feel like they are going to fall off. My memory has gone haywire. I forget to turn off the stove, to watch favorite TV programs, take my vitamins, and give my dog his pills and many other things. My vision has been impaired making judging distances while driving poor. Radiation will reduce my lung function by 15% and my rib bones will be weakening making them easy to fracture permanently. Both the chemo and radiation have side effects of a

secondary cancer. I have to limit contact with people because of fear of catching a cold or the flu. My Christmas was spent alone due to the cold and flu season.

My survival rate to 5 years, even after all this heinous treatment, is only 40%. I will be in treatment tili February 2005.

Early detection is so important in breast cancer or any type of cancer. I know several women whose breast cancer was caught early and they just had the lump removed (no chemo or radiation) and they are cured. Doctors, more then anyone should know about early detection and yet I fell victim to a system that encourages and even expects doctors to overlook important tests and findings.

My fear is that legitimate medical malpractice cases will not be bought forward because winning may leave the client/patient worst off than losing. It renders medical malpractice cases almost impossible to economically pursue.

This bill is attempting to limit non-economic damages to \$250,000. This is a joke as it easily costs over \$100,000 to take medical malpractice to trial. Legal expenses plus 1/3 legal fees come off the top of any recovery. AND then federal tax - the AMT - Alternate Minimum Tax - taxes are ALSO taken off the top of recovery. This would leave NOTHING for the injured party who may even actually end up having a HUGE tax liability.

Again, this will renders medical malpractice cases impossible to economically pursue.

It is unfortunate, but money talks. Monetary damages by lawsuits awards help make the medical system work better. The fear should remain to make doctors more accountable. My trust in doctors has disappeared as a result of the medical care I received in Anchorage.

Yes, something has to be done about the high cost of medical malpractice insurance BUT we have to have something in place to protect the patient. This bill is not the vehicle to fix the problem.

Please, Senator Bunde exhibit the leadership we elected you for. Attract physicians to Alaska for the right reasons - not because we are a haven for incompetent medical professionals.

Thank you, Cindy Lentine

Cindy Lentine

LEGISLATIVE RESEARCH REPORT

MARCH 11, 2004



REPORT NUMBER 04.193

PHYSICIANS PRACTICING IN ALASKA

PREPARED FOR SENATOR HOLLIS FRENCH

BY PATRICIA YOUNG, MANAGER

You wished to know the number of physicians practicing in Alaska as compared to the population over the last several years. You particularly wished to know if the per capita number of physicians is in a declining trend.

The attached table shows the number of active, state-licensed physicians by year since 1985, as well as the population and the number of practicing physicians per 1,000 residents for each year since that time.¹ As you will see, by this measure, the number of physicians per 1,000 residents has, overall, increased steadily.

We also include a chart prepared by the State Medical Board showing the numbers of physicians as well as other primary health providers since 1985.

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

¹ These numbers reflect active, state-licensed medical doctors and doctors of osteopathy only. Doctors of podiatric medicine are not included because the numbers of active and inactive practitioners are not separated. We do not include federal physicians; because they are not licensed by the State Medical Board, their annual numbers are far less readily available.

**State Licensed Physicians and Alaska Population,
1985-2003**

Fiscal Year	Population	State Licensed Physicians	State-Licensed Physicians per 1,000 Residents
1985	543,900	815	1.50
1986	550,700	934	1.70
1987	541,300	1,027	1.90
1988	535,000	1,089	2.04
1989	538,900	925	1.72
1990	553,171	1,038	1.88
1991	569,054	1,004	1.76
1992	586,722	1,152	1.96
1993	596,906	1,183	1.98
1994	600,622	1,417	2.36
1995	601,581	1,419	2.36
1996	605,212	1,593	2.63
1997	609,655	1,603	2.63
1998	617,082	1,826	2.96
1999	622,000	1,810	2.91
2000	627,576	2,034	3.24
2001	632,674	1,850	2.92
2002	641,482	2,080	3.24
2003	648,818	2,099	3.24

Notes: Numbers of physicians reflect active state-licensed medical doctors and doctors of osteopathy only; doctors of podiatric medicine are not included because their numbers include both active and inactive practitioners; federal physicians are not included because they are not licensed by the State Medical Board.

According to the American Medical Association, as reported in "Federal Physicians in 2001," Health Care State Rankings, 2003 (Morgan Quitno Press, 2003, p. 430), in 2001, Alaska had 147 federal physicians.

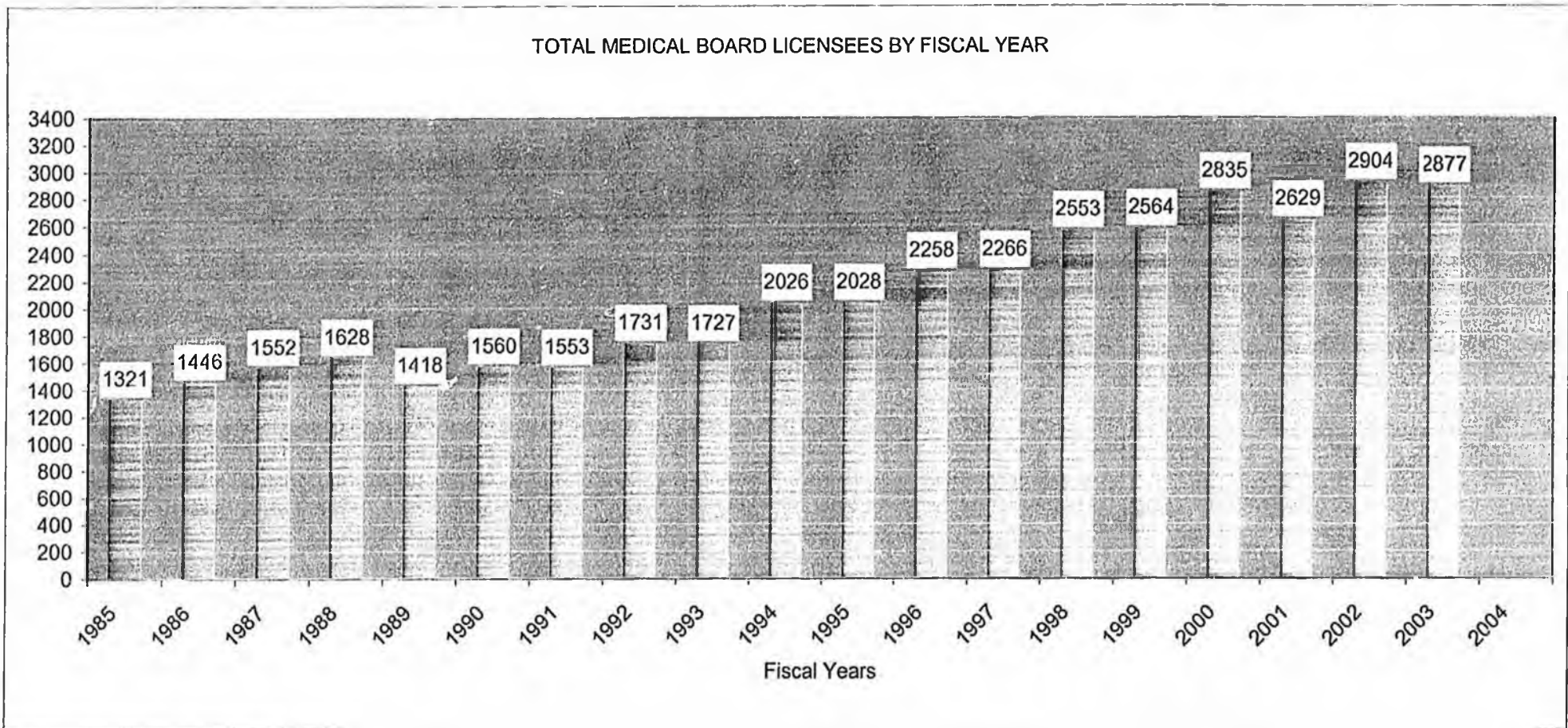
Population figures for 2003 are provisional.

Sources: Alaska State Medical Board, and Alaska Department of Labor and Workforce Development.

TOTAL PHYSICIANS, PHYSICIAN ASSISTANTS, AND PARAMEDICS BY FISCAL YEAR

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY04
MD/DO Active	815	934	1027	1089	925	1038	1004	1152	1183	1417	1419	1593	1603	1826	1810	2034	1850	2080	2099	
MD/DO Inactive	317	305	279	322	255	254	273	263	243	243	262	262	277	266	300	289	285	268	249	
DPM-Act/Inact	0	11	11	0	0	0	9	11	12	15	13	14	14	15	15	16	16	17	18	
PA-C-Act/Inact	111	111	134	126	138	157	159	186	177	216	200	231	221	255	244	266	245	284	266	
MICP-Active	78	85	101	91	100	111	108	119	112	135	134	158	151	191	195	230	233	255	245	
TOTAL	1321	1446	1552	1628	1418	1560	1553	1731	1727	2026	2028	2258	2266	2553	2564	2835	2629	2904	2877	
% Variance from Previous Year	--	+9.4	+7.3	+4.8	-12.9	+10	-.05	+11.4	-.02	+17.3	--	+11.3	.03	+12.6	+0.4	+11	-7.8	+10.4	-0.9	

TOTAL MEDICAL BOARD LICENSEES BY FISCAL YEAR



MD - Medical Doctor (allopathic)

DO - Doctor of Osteopathy

DPM - Doctor of Podiatric Medicine

PA-C - Physician Assistant-Certified

MICP - Mobile Intensive Care
Paramedic

Source: Leslie Gallant, Alaska State Medical Board

SORTED BY DATE PAID

Board	Practitioner Name	Address	City	State	ZIP	Lic #	Lic Type	Occurred	Award	Case/Court #	Date Paid	Res	Brief Description of Claim
MED	Veuthey, Pierre	P O Box 1916	Jamestown	ND	58402	1457	S	11/7/1983	\$5,000		5/16/1990	SET	Willard case - no details available
MED	Kemp, Aaron	24837 104th Ave SE	Kent	WA	98031	2054	S	08/89	\$22,000	3131	7/1/1990	SET-B	Alleged UGI bleed following anti-inflammatory med for hem disc
MED	Hoag, Robert	1001 Klickitat Way SW	Seattle	WA	98134	921	S	1983-87	\$15,000	87-2-19441-8	8/3/1990	SET-A	Pap smear misdiagnosed
MED	Tangpricha, Vithavas	3028 Tolmas Dr	Metairie	LA	70002	1014	S	5/18/1988	\$45,000	88-18043	8/30/1990	SET-B	Alleged failure to dx & tx respiratory arrest; pt death
MED	Foote, James Timothy	1001 Noble St	Fairbanks	AK	99701	2059	S	7/6/1987	\$75,600	4FA-88-908CIV	11/1/1990	SET-A	Delayed dx of appendicitis resulting in rupture
MED	Nathanson, Steven E.	4001 Laurel St Ste 204	Anchorage	AK	99508	1429	S	11/3/1988	\$7,500		11/8/1990	SET-B	After rhinoplasty pt complained of obstruction on nose
MED	Brown, Carolyn	One South Prospect St	Burlington	VT	05060	907	S	9/12/1985	\$20,000		12/3/1990	SET-B	Alleged negligent tx of ectopic pregnancy
MED	Kennedy, Ronald E.	5535 Meadown Oaks Pk Dr	Jackson	MS	39211	2140	S	12/2/1985	\$269,112	3AN-87-377	3/17/1991	SET-A	Alleged neglig vein/vein rather than vein/artery graft during bypass
MED	Manuel, Michael	3340 Providence #360	Anchorage	AK	99508	2172	S	12/13/1988	\$10,750		5/7/1991	SET-B	Sponge left in breast during augmentation surg
MED	Halter, Loren	104 Center St #100	Kodiak	AK	99615	1532	O	1/22/1987	\$55,000	3KO-88-504	6/14/1991	SET-A	Alleged misdx & tx of burns resulting in additional wounds;tx
MED	Heilman, Doris	1867 Airport Rd	Fairbanks	AK	99701	1253	S	8/12/1987	\$150,387	4FA-89-1375	6/17/1991	CA	Alleged unnec surg w/o full consent
MED	Brudenell, Ross	4048 Laurel St Suite 201	Anchorage	AK	99508	1664	S	11/13/1987	\$125,000	3AN-89-09303	6/18/1991	SET-A	Alleged neglig bone graft to r wrist; wound infect & sepsis
MED	Ake, Burton Kenneth	1200 Airport Heights #280	Anchorage	AK	99508	1862	S	7/28/1987	\$71,500	3AN-91-1314	6/25/1991	SET-A	Alleged sexual misconduct during office pelvic exam
MED	Johnson, R. Holmes	115 Mill Bay Rd	Kodiak	AK	99615	288	S	8/12/1978	\$200,000	3AN-91-2051	6/26/1991	SET-A	Alleged failure to dx & transfer for tx epidural hemorrhage
MED	Deramus, Alfred	4001 Geist Rd #9	Fairbanks	AK	99709	1850	S	3/14/1988	\$28,000	4FA-90-350	8/26/1991	SET-A	Alleged failure to remove post intocular lens that dislocated
MED	Mays, Denton	93 W. Main St	Freehold	NJ	07729	1811	S	3/1/1988	\$140,000	3AN-88-11350	9/23/1991	SET-A	Alleged impropr use of hypnosis for SLE & sex assault
MED	Deal, Clyde	P O Box 191	West Union	IA	52175	746	S	7/28/1981	\$15,000	3KO-87-72CI	10/8/1991	SET-A	Alleged neglig hernia repair/surg resulting in rmvl of testicle
MED	Stewart, Mary Lu	2841 DeBarr Rd	Anchorage	AK	99508	2101	S	11/11/1985	\$500,000	57-254504 K3	10/30/1991	SET-B	Alleged that chemotherapy was factor in death
MED	O'Malley, James E.	1200 Airport Heights #245	Anchorage	AK	99508	2209	S	1/9/1988	\$30,000	3AN-90-5688	11/22/1991	SET-A	Alleged failure to remove sponge following appendectomy
MED	Nicholson, Thomas A.	P O Box 327	Ukiah	CA	95482	2671	S		\$20,000		11/22/1991	CA	Pt alleged injured 2 fingers during barium enema
MED	Reinbold, William B	2211 E. No. Lites Blvd#103	Anchorage	AK	99508	410	S	8/17/1983	\$4,000	3AN-90-8759CIV	12/17/1991	OOC	Scalpel blade left in knee after surgery
MED	Belknap, Alan R.	P O Box 1097	Sterling	AK	99672	2461	S	1/14/1987	\$10,000	90-C-321	12/18/1991	SET-A	Alleged failure to note breast masses in mammograms
MED	Beal, David	4001 Laurel #204	Anchorage	AK	99508	798	S	3/18/1987	\$145,000	3AN-89-1690	12/27/1991	SET-A	CSF leak following sinus surgery
MED	Bergeson, Marvin E.	1001 Noble St	Fairbanks	AK	99701	1824	S	2/6/1987	\$128,859	4FA-88-221CIV	1/16/1992	SET-A	Alleged delay in dx septic hip resulting in osteomyelitis
MED	Dingerman, Robert	1919 Lathrop Dr 37	Fairbanks	AK	99701	2137	S	2/6/1987	\$128,859	4FA-88-221CIV	1/16/1992	SET-A	Alleged delay in dx septic hip resulting in osteomyelitis
MED	Kruger, Sandford M.	8101 Peck Ave Apt 49	Anchorage	AK	99504	2485	O	10/23/1989	\$60,000		2/1/1992	SET-A	Pediatric death of 20-month old due to croup
MED	Johnson, Jay	2640 Horseleg Creek Rd	Rome	GA	30165	2447	S	8/3/1987	\$325,000	23-349650	2/4/1992	SET-A	Failure to dx infection in hand of diabetic pt
MED	Beyeler, Natalie	950 E. Bogard Rd #205	Wasilla	AK	99687	2433	O	4/11/1989	\$225,000		2/14/1992	SET-B	Alleged failure to FU radiologist recomm re lung lesion; delay dx
MED	Rostykus, Paul S.	132 Eighth St	Ashland	OR	97520	2735	S	4/7/1989	\$52,500	90CF0093	4/14/1992	SET-A	Alleged failure to dx & refer for tx; cardiac arrest, death
MED	Joose, John W.	1411 19th Ave	Fairbanks	AK	99701	980	S	8/3/1989	\$160,000	4FA-90-51CIV	4/17/1992	SET-A	Alleged neglig fusion at L4-5 rather than L5-S1
MED	Heilman, Doris	1001 Noble St	Fairbanks	AK	99701	1253	S	5/16/1989	\$50,000		4/20/1992	SET-B	Alleged tubal ligation while pg lead to fetal death
MED	Barry, Peter A.	915 Sir Francis Drake Blvd	San Anselmo	CA	94960	1399	S	12/4/1989	\$30,000	147341	4/27/1992	SET-A	Arthroscopy done on wrong knee
MED	Strohmeier, Richard R.	516 S. Denali St Suite E	Palmer	AK	99645	1411	S	3/22/1986	\$60,000	3AN-88-3082	4/28/1992	SET-A	Alleged neglig surg; casting of fx elbow; compt synd, fasciotomy
MED	Matrisciano, John D.	32144 W. Agoura Rd	Westlake Vlge	CA	91361	2207	S	07/88	\$29,950	NW CO49 980	6/1/1992	SET-B	Alleged pain during sex following inguinal hernia repair
MED	Borden, James B.	1919 Lathrop St	Fairbanks	AK	99701	1176	S	7/29/1991	\$58,490		6/5/1992	SET-B	Alleged damage to bile duct during laporos cholecystectomy
MED	Asher, Richard W.	P O Box 1570	Dillingham	AK	99576	1899	S	6/18/1988	\$90,000	A-90-381	6/10/1992	SET-A	Alleged failure to dx botulism & initiate tx
MED	Asher, Richard W.	P O Box 1570	Dillingham	AK	99576	1899	S	6/18/1988	\$17,500	A-90-381	6/10/1992	SET-A	Alleged failure to dx botulism & initiate tx
MED	Ellis, Richard	2020 Palomino Ln #100	Las Vegas	NV	89106	574	S	8/5/1986	\$95,000	A275397	7/17/1992	SET-A	Alleged failure to dx & tx aseptic necrosis R femoral head
MED	Harrison, Harry	3340 Providence Dr #366	Anchorage	AK	99508	1973	S	2/20/1987	\$159,500	3AN-89-1262	7/21/1992	SET-A	Alleged delayed dx of necrotizing enterocolitis in newborn
MED	Jacob, Jack	3340 Providence Dr #366	Anchorage	AK	99508	1643	S	2/20/1987	\$53,000	3AN-89-1262	7/21/1992	SET-A	Alleged delayed dx of necrotizing enterocolitis in newborn
MED	Vasileff, Thomas	3546 LaTouche	Anchorage	AK	99508	1735	S	2/28/1989	\$45,000	3AN-91-6689	8/3/1992	SET-A	Arthroscoped wrong knee
MED	Farleigh, Denise C.	2140 Atwood Dr	Anchorage	AK	99517	1594	S	2/20/1987	\$148,750		8/5/1992	SET-B	Alleged delayed dx of necrotizing enterocolitis in newborn
MED	Moeller, Mark	2801 DeBarr Rd	Anchorage	AK	99508	2141	S	11/11/1988	\$150,000	3AN-90-8975	8/5/1992	SET-A	Alleged failure to dx abdominal aortic aneurysm rupture
MED	Johnstone, Bruce B.	4000 Old Seward Hy #104	Anchorage	AK	99503	807	S	1/72-7/74	\$175,000		8/31/1992	SET-A	Alleged "physical contact" w/ pt result in emotional injury
MED	Emenhiser, Donald L.	P O Box 946	Corvallis	OR	97339	891	S	5/1/1989	\$17,500	L89-656	9/1/1992	SET-A	Failure to dx heart disease; failure to refer
MED	Alvarez, Rene	1811 Mill Bay Rd	Kodiak	AK	99615	2272	S	3/22/1988	\$122,500	3KO-90-394	9/10/1992	SET-A	Alleged unnec TAB/BSO for tx of PID; alleged unnec surg
MED	Sangster, Joseph A.	245 N. Binkley #203	Soldotna	AK	99669	970	S	10/6/1986	\$300,000	3KN-88-825	9/22/1992	OOC	Alleged negligent performance in dx ureteral obstruction

SPECIAL MALPRACTICE REPORT FOR RYAN - REPR. GARA'S OFFICE

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Board	Practitioner Name	Address	City	State	ZIP	Lic #	Lic Type	Occurred	Award	Case/Court #	Date Paid	Res	Brief Description of Claim
MED	Eaves, James B.	USAF Hospital	Elmendorf	AK	99506	2534	S	12/14/1989	\$20,000	FXSH91-000105	10/14/1992	SET-A	Failure to insure IV remained in vein
MED	Gamer, Richard W.	3546 LaTouche St.	Anchorage	AK	99508	1582	S	9/2/1992	\$4,927		10/28/1992	SET	After injection pt was diagnosed with pneumothorax
MED	Packard, Bruce	P O Box 3482	Seward	AK	99664	2388	S	6/3/1991	\$125,000	3KN-92-44	11/13/1992	SET-A	Alleged negligent mgmt of labor & delayed C-section
MED	Fallico, Franc	3200 Providence Dr	Anchorage	AK	99508	1349	S	3/27/1990	\$135,000	3AN-91-7174	11/23/1992	SET	Alleged misdx of villous adenoma
MED	Layman, Charles	P O Box 876109	Wasilla	AK	99687	1656	S	6/17/1991	\$500,000		12/8/1992	SET-B	Alleged failure to dx coronary artery spasm result in death
MED	Nathanson, Steven E.	4001 Laurel Suite 204	Anchorage	AK	99508	1429	S	Unknown	\$20,000	3AN-91-1789CIV	12/10/1992	SET-A	Unknown
MED	Scully, James T.	4120 Laurel St. #203	Anchorage	AK	99508	1165	S	11/17/1989	\$10,000		3/26/1992	SET-B	Alleged rhinoplasty against consent during septoplasty
MED	Holle, Lois M.	2401 E. 42nd Ave.	Anchorage	AK	99508	1733	S	11/6/1992	\$4,800		4/21/1993	SET-B	Bum to pt chest during shave biopsy
MED	Davidhizar, Lavern R.	206 Rockwell Avenue	Soldotna	AK	99669	1454	O	8/25/1991	\$3,891		5/3/1993	SET-B	Failure to obtain consent/lack of informed consent
MED	Scully, James T.	1200 Airport Hts Rd #240	Anchorage	AK	99508	1165	S	8/5/1986	\$800,000	3AN-88-7352	5/11/1993	SET-A	Neglect in pre, intra and post op management, result, death
MED	Newton, Douglas E.	4307 S. Washington	Kennewich	WA	99337	2620	S	3/25/1988	\$150,000	91-2-00214-0	5/20/1993	SET-A	Alleged failure to dx cervical subluxation result partial paralysis
MED	Aarons, Charles	2211 E. Northern Lights	Anchorage	AK	99508	1619	S	5/14/1991	\$8,000		5/21/1993	SET-B	Wrong solution given by nurse for wart ID, pt burned
MED	Bustad, Leo	3300 Providence #314	Anchorage	AK	99508	1492	S	8/19/1987	\$75,000	3AN-89-6782	6/11/1993	CA	Improper performance of cardiac catheterization result, death
MED	Voss, Kevin	Travis AFB	Fairfield	CA	94535	3583	S	3/27/1989	\$175,000	OQDXDAT9100	7/8/1993	SET-A	Failure to supervise resident doc
MED	Little, Clarence J.	4045 Lake Otis Pkwy.	Anchorage	AK	99504	562	S	6/30/1983	\$400,000		7/16/1993	SET-B	Newborn suffered brain damage due to delayed c-section
MED	Newton, Burritt W.	2841 DeBarr Rd #25	Anchorage	AK	99508	1244	S	6/30/1983	\$1,650,000		7/20/1993	SET-B	Spontaneous rupture of liver of term PG, baby born handicap
MED	Cornelius, Darrell R.	1315 E. Division St.	Mt. Vernon	WA	98273	2086	S	10/21/1986	\$19,950	89-2-00765-0	7/27/1993	SET-A	83-YO pt died post-op w/ MI
MED	Shannon, Charles R.	2841 DeBarr Rd #50	Anchorage	AK	99508	2099	S	12/6/1989	\$80,000		8/5/1993	SET-A	PI death due to postsurgical congestive heart failure
MED	Swingle, Jr., Roger L.	2201 Iliamna Drive	Wasilla	AK	99654	2435	S	3/3/1987	\$425,000	89L02703	10/1/1993	SET-A	Alleged failure to dx pre-term labor
MED	Comelius, Darrell R.	1315 E. Division St.	Mt. Vernon	WA	98273	2086	S	4/9/1989	\$300,000	92-2-11211-9	10/13/1993	SET-B	Failure to instruct pt to resume meds following procedure
MED	Crouch, Edward E.	542 W. Second Ave	Anchorage	AK	99501	1079	S	12/18/1991	\$60,000	7010956-M	11/2/1993	SET-B	Wrong intraocular lens implanted during cataract surgery
MED	Martin, Tina A.	One Veterans Dr.	Minneapolis	MN	55417	2768	S	7/20/1990	\$202,700	4-92-283	12/1/1993	SET-A	Inadequate evaluation of back pain led to paralysis
MED	Deal, Clyde F.	104 Center Ave	Kodiak	AK	99615	746	S	9/16/1984	\$375,000	3AN-89-9188	12/20/1993	SET-A	Alleged negligent dx, trx, & delay in transport multiple trauma pt
MED	Eaton, Michael W.	4048 Laurel St #305	Anchorage	AK	99508	1348	S	5/24/1989	\$10,000		1/4/1994	SET-B	Injury to nerve during bone graft
MED	Anderson, David D.	2841 DeBarr Rd Suite 42	Anchorage	AK	99508	1620	S	3/16/1985	\$90,000	3AN-87-2015	1/11/1994	SET-A	Alleged improper mgmt of injured trachea; addl allegations
MED	Lehman, Richard M.	1 Rbt Wood Johnson Pl	New Brunswick	NJ	08903	1704	S	4/29/1985	\$420,000	3AN-87-2015	1/11/1994	SET-A	Negligent tx of spinal cord injury by employee physician
MED	Lee, Charles S.	P O Box 4028	Palmer	AK	99645	2913	S	3/14/1996	\$1,000,000	7014990-M	1/11/1994	SET-A	Neg admin & monitoring of anesthesia; cardiac arrest, death
MED	Gohring, Catherine F.	4115 Lake Otis Pkwy	Anchorage	AK	99508	2828	S	6/22/1993	\$7,500		1/27/1994	SET-B	Sponge left in after abortion
MED	Bell, Owen R.	2501 E. 42nd Ave	Anchorage	AK	99508	2189	S	7/11/1988	\$750,000	3AN-90-4236CM	2/7/1994	CA	Alleged failure to dx & tx sepsis following childbirth; pt death
MED	Isenberg, Michael	400 Interstate Pkwy.	Atlanta	GA	30339	682	L	8/4/1993	\$200		2/14/1994	SET-B	Chipped tooth during intubation
MED	Farleigh, Richard M.	4120 Laurel St #302	Anchorage	AK	99508	1693	S	1/15/1992	\$25,000	3AN-92-6580	3/2/1994	SET-A	Neg mgmt of IV med resulted in need of carpal tunnel release
MED	Murray, R. Richard	3601 4th St.	Lubbock	TX	79430	3055	S	5/3/1989	\$20,000		3/14/1994	SET-B	Alleged neglig tubal ligation, pt preg 3yrs later, spontaneous abort
MED	Mullangi, Chandra	9155 SW Barnes Rd #240	Portland	OR	97225	2783	S	9/7/1991	\$300,000	C92-0427-L(M)	3/14/1994	SET-A	Complication central venous line placed, suffered stroke
MED	Tan, Johannes	255 Gambell	Anchorage	AK	99510	2140	S	1/31/1991	\$75,000		3/18/1994	SET-B	Misdx malignant lymphoma, pt death
MED	Lawrason, Peter D.	1867 Airport Rd.	Fairbanks	AK	99701	2385	S	7/15/1986	\$49,999		5/2/1994	SET-A	PT wasn't properly monitored, advised, treated while pregnant
MED	Bishop, James M.	2020 Abbott Rd. #1	Anchorage	AK	99507	542	S	10/20/1993	\$36,266		6/10/1994	SET-B	PT alleged treatment related to Insd's care
MED	Spence, David	8185 Woodruff Lane	Flagstaff	AZ	86004	1238	S		\$200,000		8/25/1994	SET-A	36-YO woman died
MED	Hoag, Robert (w/ Ritzen)	PO Box 34245	Seattle	WA	98124	921	S	2/22/1990	\$230,000		9/1/1994	SET-B	Pap smear misdiagnosed, Ca metastasized to 1 lymph node
MED	Ritzen, Alex (w/ Hoag)	PO Box 34245	Seattle	WA	98124	772	S	2/22/1990	\$230,000		9/1/1994	SET-B	Pap smear misdiagnosed, Ca metastasized to 1 lymph node
MED	Gianni, Keith	1919 Lathrop St #100	Fairbanks	AK	99701	979	S	5/90-5/92	\$552,500		10/3/1994	SET-B	Reduction of immunosuppr meds in kidney transpl pt
MED	Godersky, John C.	2841 DeBarr Road St #34	Anchorage	AK	99508	2484	S	11/6/1992	\$30,000		10/27/1994	SET	Did anterior cervical discectomy & bone graft wrong site
MED	Pease, William D.	2801 DeBarr Rd.	Anchorage	AK	99508	2193	S	11/29/1992	\$12,500		11/21/1994	SET-B	IV pump fell from stand, hit and split pat lip, stitches required
MED	Wolf, Bruce J.	1919 Lathrop Dwr 37	Fairbanks	AK	99701	1052	S	4/29/1992	\$7,500	57-293631-R5	1/23/1995	SET-B	Cotton packing swab left in eye following surgery
MED	Colescott, Paula Jo	201 Barrow St. #213	Anchorage	AK	99501	2796	S	7/86-6/89	\$50,000	93 CV 3739	4/17/1993	SET-A	Alleged negligence; breach of fiduciary duty
MED	Smith, Ronald J.	3300 Providence Dr #106	Anchorage	AK	99508	2804	S	4/22/1993	\$40,000	57-307584-R5	5/16/1995	SET-B	PT alleges foreign object left in after surgery
MED	Godersky, John C.	2841 DeBarr Road St #34	Anchorage	AK	99508	2484	S	9/13/1994	\$65,000	3AN-95-1583	7/25/1995	SET-A	Did spinal fusion surg on wrong site
MED	White, Frank	1301 Huffman Rd	Anchorage	AK	99515	2739	S	4/19/1995	\$2,500		8/17/1995	SET-B	Alleged failure to dx vascular compromise R hand-delay in tx
MED	Scully, James T.	1200 Airport Hgts Suite 240	Anchorage	AK	99508	1165	S	1/27/1994	\$10,000		9/29/1995	SET-B	Alleged negligent prep for sinus surg result in corneal burns
MED	Ceder, Lenart C.	3268 Hospital Drive Ste G	Juneau	AK	99801	1845	S	12/21/1993	\$5,250		10/25/1995	SET-B	Lacerated anterior horn of medial meniscus

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MED	Grimm, Arthur R.	P O Box 186	Randolph	VT	05060	3279	S	1/12/1988	\$200,000		11/3/1995	SET-B	Alleged failure to dx lung Ca resulting in death of pt
MED	Orlando, Michael R.	3rd Medical	Elmendorf	AK	99506	3273	S	11/14/1991	\$600,000	F300179/TM	12/19/1995	CA	During endoscopic sinus surg, optic nerve, rectu muscle cut
MED	Hoag, Robert (w/ Ritzzen)	PO Box 34245	Seattle	WA	98124	921	S	90-92	\$150,000		1/1/1996	SET-B	Alleged negligence in interpret of pap smear
MED	Ritzzen, Alex (w/ Hoag)	PO Box 34245	Seattle	WA	98124	772	S	90-92	\$150,000		1/1/1996	SET-B	Alleged negligence in interpret of pap smear
MED	Walker, Enlow R.	1867 Airport Way #384	Fairbanks	AK	99701	3094	S	11/17/1994	\$8,333	98-100062-SR	3/15/1996	SET-B	Alleged failure to notify pt of abnormal pap
MED	Dumas, Marc	1650 Cowles St.	Fairbanks	AK	99701	2704	S	2/16/1993	\$70,000	4 FA 95 415	5/23/1996	SET-A	Failed to admit/observe inebriated pt; later dx cervical fx
MED	Tyler, Earl D.	1919 Lathrop St #5	Fairbanks	AK	99701	2953	S	2/17/1993	\$70,000	4FA-95-415	5/28/1996	SET-A	Alleged negligent interpretation of MRI of spine
MED	Klepp, A. Leonard	16311 Ventura Blvd. #845	Encino	CA	91436	3175	S	4/15/1993	\$5,040		7/19/1996	CA	Removal of lesion by laser & developed keloid.
MED	Liberatore, Marcia A.	PO Box 210616	Auke Bay	AK	99821	3080	S	9/23/1995	\$2,245		7/26/1996	SET-B	Failure to Dx fractures/inadequate discharge instructions
MED	Davidhizar, Lavern R.	206 Rockwell Avenue	Soldotna	AK	99669	1454	O	6/27/1994	\$1,063	3KN-96-223	8/21/1996	SET-A	PA employee failed to advise pt of meds' side effects to sun
MED	Mackie, Scott P.	3710 Woodlawn Dr.	Anchorage	AK	99503	1229	S	2/18/1989	\$77,598	3AN-89-7746	8/29/1996	SET	HIV test w/o consent-results given to spouse before pt told
MED	Merchant, Clifford R.	3200 Providence Dr.	Anchorage	AK	99508	1552	S	5/20/1995	\$23,500		9/11/1996	SET-B	Alleged failure to hosp w/ chest pain; pt had MI next day
MED	Palmer, William M.	3268 E Hospital Dr.	Juneau	AK	99801	1092	S	5/5/1989	\$150,000	1JU-96-1040	9/25/1996	SET-A	Alleged delay in Dx. treatment of breast cancer
MED	Williams, John D.	3730 Rhone Circle #203	Anchorage	AK	99508	902	S	7/9/1992	\$32,856	3AN-94-5234	9/30/1996	CA	Jury found insufficient data to support surgery repair to ear
MED	Roodle, Peter G.	1710 SW 98th Street	Gainesville	FL	32607	2572	S	10/7/1994	\$37,500		11/8/1996	SET-A	Alleged failure to diagnose heart attack
MED	Kim, Eui G.	3260 Providence Dr. #425	Anchorage	AK	99508	1941	S	10/19/1994	\$35,000	3AN-96-6375	12/11/1996	SET-A	Urinary incontinence surgery complications
MED	Worley, Floyd	950 E. Bogard Rd., #233	Wasilla	AK	99654	1859	S	5/29/1995	\$18,500		12/12/1996	SET-B	Alleged failure to dx ectopic pregnancy w/ tubal rupture
PAD	Jones, Gary P.	200 A St. Stop 498	Clear	AK	99704	74	A	9/14/1994	\$25,000		2/25/1997	SET-B	Negligent care while responding to accident
MED	McConkey, Samuel A.	1919 Lathrop #105	Fairbanks	AK	99701	849	S	1/19/1991	\$69,592	4FA-93-857	3/10/1997	CA	Following laser trim pt lost central vision in left eye
MED	Fortier, George M.A.	808 Third St SE	Little Falls	MN	56345	2463	S	3/3/1982	\$150,000	WRM129OUP0356	3/13/1997	CA	Alleged incompl vagotomy result in recurrent ulcer & 2nd surgery
MED	Fortson, Jayne S.	2401 E. 42nd Ave #301	Anchorage	AK	99508	2600	S	8/7/1996	\$8,000		3/13/1997	SET-B	Pt received 1st degree burns during ultraviolet light therapy
MED	Crouch, Edward E.	542 W 2nd Ave	Anchorage	AK	99501	1079	S	2/2/1993	\$70,000	7011398-M	4/10/1997	SET-B	Tunic of eye punctured due to negligent injection of Kenalog
MED	Tinsley, Ronald E.	PO Box 81049	Fairbanks	AK	99708	766	S	4/8/1994	\$54,000	1JU-95-747	4/10/1997	SET-A	Alleged failure to remove nasal packing resulted in reoperation
MED	Palmer, William M.	3268 Hospital Dr. Ste. E	Juneau	AK	99801	1092	S	5/5/1994	\$180,000	1JU-95-2173	4/14/1997	SET-A	Alleged unnec laparoscopic surg; negligent follow-up
MED	Murphy, Neil J.	4315 Diplomacy Dr	Anchorage	AK	99508	2294	S	10/4/1994	\$750,000		5/6/1997	SET-B	Wrongful death, gas embolism of heart during routine hys/lap
MED	Lacert, Linda L.	90 Westwood Drive	Groton	CT	06340	2901	S	12/14/1990	Confidential	93-1648 RI SupCt	5/12/1997	SET-A	Breach of care; labor & delivery management
MED	Jackson, M. Marcell	2211 E. No. Lites Suite 207	Anchorage	AK	99508	473	S	1/28/1993	\$10,000	3AN-95-1961	5/13/1997	SET-A	Alleged overdose of drug --withdrawal symptoms; fail to refer
MED	Gower, Roland E.	2841 DeBarr Rd Suite 41	Anchorage	AK	99508	1310	S	9/23/1992	\$15,000	3AN-93-7693CI	5/15/1997	SET-A	Alleged negligent laparoscopic cholecystectomy
MED	Palmer, William M.	3268 Hospital Dr. Ste. E	Juneau	AK	99801	1092	S	4/16/1996	\$65,000		5/20/1997	SET-B	Alleged neglig performance abd laparoscopy w/ injuries
MED	Senta, Michael	561 S. Denali Suite D	Palmer	AK	99645	1660	S	12/5/1994	\$65,000	3PA-96-971	7/1/1997	SET-A	Failure to dx /tx colonoscopy-death due to hemorrhage
MED	Beyeler, Natalie	950 E. Bogard #226	Wasilla	AK	99654	2344	O	12/6/1994	\$65,000	3PA-96-971	7/1/1997	CA	Failure to dx/treat compl/colonoscopy/death/2nd splenic hemor
MED	Kiester, W. Scott	5001 Arctic Blvd Suite 100	Anchorage	AK	99503	3051	O	6/1/1992	\$15,000	3AN-96-10106	7/11/1997	SET-A	Failure to dx/tx cholesteatoma
MED	Newton, Douglas E.	4307 S Washington	Kennewick	WA	99337	2620	S	4/18/1995	\$50,000		8/6/1997	SET-B	Pt dx w/ anxiety; presented next day w/ MI
MED	Hileman, Stephen L.	33195 Rensselear	Soldotna	AK	99669	2848	S	2/6/1992	\$65,000	93-01-07969-CV	8/28/1997	SET-A	Pt w/pancreatitis died of alleged fluid overdose
MED	Hideg, Alisa M. Little	3449 Rezanof Drive East	Kodiak	AK	99615	4487	S	10/31/1995	\$12,500		8/28/1997	SET	Perineal laceration after infant's delivery
MED	Linehan, Charles K.	515 15th St	Astoria	OR	97103	298	S	7/9/1993	\$565,000	96-2090	10/3/1997	CA	Delay in dx of melanoma; pt died of metastatic Ca
MED	Swayman, Kenneth C.	4048 Laurel St Suite 201	Anchorage	AK	99508	3393	P	2/24/1993	\$50,000	95-2-33462-2SEA	10/31/1997	SET-A	Alleged improper & unnecessary foot surgery
MED	Smith, John James	2110 E. No Lites Blvd	Anchorage	AK	99508	945	S	7/20/1992	\$394,704	3AN-94-10736	11/5/1997	SET-A	Pt died from rare Ca not dx by Pap tests
MED	Johnson, R. Holmes	P O Box 945	Kodiak	AK	99615	288	S	2/4/1994	\$222,500	A96-030	11/14/1997	SET-A	Alleged delay dx/tx cervical spine inj resulting in C-5 quadrp
MED	Nathanson, Steven E.	4001 Laurel Suite 204	Anchorage	AK	99508	1429	S	12/31/1996	\$250,000	3AN-97-3209	12/3/1997	SET-A	Allegation of poor surgery outcome
MED	Fellman, Lawrence J.	1794 Pelican Way	Fairbanks	AK	99709	2559	S	8/27/1994	\$21,373	4FA-96-1874	12/18/1997	SET-A	Alleged negligent eval of thumb laceration;tendon lac req surg
MED	Wood, Lawrence P.	4105 Tudor Ctr Dr Suite B3	Anchorage	AK	99508	3588	S	09/94	\$85,000	128815	1/29/1998	SET-B	Failure to dx subtle C-spine fx
MED	Hawkins, Ileana	255 Gambell	Anchorage	AK	99510	1981	S	1/31/1991	\$75,000		4/10/1998	SET-B	Misdiagnosed malignant lymphoma, result was death
MED	Horaper, Peter David	P O Box 67	Sand Point	ID	83864	2472	S	11/14/1997	\$11,672		4/10/1998	SET-B	Dura perfd during ethmoidectomy w/ cerebrospine fluid leak
MED	Stephens, Burl S.	3288 Vassar Dr	Anchorage	AK	99508	841	S	1/22/1994	\$750,000	A 96-259	6/9/1998	SET-A	Alleged failure to dx mass effect /cerebellum on CT scan
MED	Anderson, Richard S.	1001 Noble Street	Fairbanks	AK	99701	2287	S	5/12/1997	\$40,000		7/16/1998	SET-B	Inadvertant fetal death following amniocentesis
MED	Andersen, Roger Carl	4740 44th Ave SW Ste 201	Seattle	WA	98116	2750	S	7/13/1995	\$150,000	97-421-Cvl-HRH	7/24/1998	SET-A	Following surg for incont; lost kidney due to obstruct of ureter
MED	Conley, Thomas L.	105 Cascade Creek Road	Sitka	AK	99835	1398	S	11/5/1993	\$658,104	98-101151-SW	7/30/1998	SET-A	Renal failure necessitating kidney transplant from mother
MED	Shannon, Charles R.	2841 DeBarr Rd #50	Anchorage	AK	99508	2099	S	10/30/1995	\$40,000	3AN-96-3439	9/11/1998	SET-A	Misdx colonoscopy of suspect tumor; tumor not found in surg

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MED	Menaker, Steven P.	2400 E. 42nd Avenue	Anchorage	AK	99508	1397	S	10/3/1995	Confidential	3AN-96-3439 CI	10/5/1998	SET-A	Misdx colon CA, 2nd surgery revealed cancer of splenic flexor
MED	Whitefield, Jan E.	4115 Lake Otis Pkwy	Anchorage	AK	99508	3068	S	2/13/1995	\$75,000		10/19/1998	SET-B	Failure to dx pregnancy - fetus removed during hysterectomy
MED	Bundtzen, Joan L.	3200 Providence Dr.	Anchorage	AK	99508	4615	S	2/27/1998	\$400,000		10/19/1998	SET	Rectal mass misdiagnosed as cancer, tissue benign.
MED	Rogers, Donald R.	921 W. Klatt Rd	Anchorage	AK	99515	708	S	7/13/1994	\$70,000	3AN-97-7199 CI	11/17/1998	SET-A	Alleged delay in dx of gastric Ca
MED	Hanley, Owen Q.	1701 Gillam Way	Fairbanks	AK	99701	1350	S	7/15/1994	\$25,000	4FA969164CT	12/17/1998	SET-A	Alleged wrongful death; failed to dx malignant hyperthermia
MED	Holayter, Julie K.	4105 Tudor Centre Dr #B3	Anchorage	AK	99508	2340	S	11/17/1992	\$576,445	3AN-94-10281	1/4/1999	SET-A	Alleged negligent performance of C7 nerve block
MED	Odland, Duane I.	950 E. Bogard Rd #234	Wasilla	AK	99654	1574	O	4/16/1995	\$725,000	3PA-97-326	1/4/1999	SET-A	Failure to monitor anticoagulant in pt w/ mechanical ht vlv
MED	Klem, Robert James	700 Katlian St Suite E	Sitka	AK	99835	3243	S	12/27/1996	\$162,500	J98-011CV	1/27/1999	SET-A	Perforated uterus following abortion; pt septic
MED	Raugust, Richard P.	1919 Lathrop, Suite #207	Fairbanks	AK	99701	1262	S	4/4/1995	\$75,000	4FA97-691	3/5/1999	SET-A	Alleged unnec nasal surg w/o informed consent.
MED	Carlson, Ray Lynn	P O Box 240	Kenai	AK	99611	2778	S	10/22/1994	\$185,000		3/22/1999	SET-B	Failure to revu xray ordered by PA; failure dx Ca; pt died
MED	Bleicher, Michael A.	4001 Laurel St #209	Anchorage	AK	99508	2039	S	12/15/1995	\$2,000,000	3AN-97-2088CIV	3/23/1999	SET	Delay/surg result short bowel syndrm; cardio-arrest/brain dmg
MED	Mickleson, D. Lynn	440A W. Evergreen	Palmer	AK	99645	2638	S	2/13/1996	\$100,000		4/5/1999	SET-B	Alleged off-label use of drug; w/o informed consent of pt
MED	Dietz, David M.	4120 Laurel St #206	Anchorage	AK	99508	512	S	5/8/1995	\$20,000	7016532-M	4/6/1999	SET-B	Penrose drain left in after surg
MED	Stewart, Mary Lu	1200 Airport Hgts #300	Anchorage	AK	99058	2101	S	6/20/1996	\$1,000,000	3AN-96-8977	4/30/1999	SET-A	Overdose of chemotherapy drug; pt died
MED	Ling, Louis A.	1020 N. Scenic Drive	Porterville	CA	93257	2732	S	7/9/1996	\$24,000	23,509	05/01/99	SET-A	Kidney obstruction following surgery; followup surgery to repair
MED	Scully, James T.	deceased				1165	S	8/17/1995	\$135,000	3AN-97-6076	5/12/1999	SET-A	Negligent surg biopsy; severed facial nerve; paralysis
MED	Rindisbacher, Mark C.	4050 Lake Otis Pkwy, #104	Anchorage	AK	99508	3430	P	12/1/1996	\$65,000	3AN-99-4981	6/25/1999	SET-A	Declined gentamycin treatment ordered by another doctor
MED	Mackie, Scott P.	3710 Woodlawn Dr.	Anchorage	AK	99502	1229	S	2/18/1989	\$85,000	3AN-89-7746	7/12/1999	SET	HIV test w/o consent-results given to spouse before pt told
MED	Creelman, Kevin	104 Center Street	Kodiak	AK	99615	1326	S	10/5/1991	\$220,000	3AN-93-8813	8/5/1999	SET-A	Delay in diagnosis of pregnancy, wrongful life/birth
MED	Beal, David	4001 Laurel #204	Anchorage	AK	99508	798	S	9/8/1995	\$300,000	3AN-97-7366	8/17/1999	SET-A	Failure to obtain consent; unnec surg; negl performed surg
MED	Jones, Lindy	3220 Hospital Dr. Ste. 100	Juneau	AK	99801	2958	S	8/25/1996	\$1,200,000	1JU-98-1619	8/30/1999	SET-A	Delay in C-sect result perinatal asphyxia, athetoid CP, encephal
MED	Pickering, Donald E	1200 Airport Hts. Ste. 230	Anchorage	AK	99508	1670	S	7/23/1990	\$5,000	4FA-96-695	9/9/1999	SET-A	Alleged failure to obtain consent/lack of informed consent, tx
MED	Newton, Burrill W.	2841 DeBarr Rd #25	Anchorage	AK	99508	1244	S	12/13/1996	\$21,600	3AN-98-10618	9/10/1999	SET-A	Alleged did not get pt's informed consent to remove ovaries
MED	Moore, Frank H.	P O Box 773329	Eagle River	AK	99577	1283	S	4/29/1996	\$15,000	3AN-98-5682	10/5/1999	SET-A	Failure to diagnose - wrong treatment/procedure performed
MED	Lesznik, George R.	734 D US Route 4 East	Rutland	VT	05701	4392	S	12/8/1997	\$687,500	98CV3597	12/28/99	SET-A	Alleged malprac caused blindness, possible brain damage
MED	Resinger, William W	P.O. Box 839	Palmer	AK	99645	2079	S	1/22/1997	\$23,000		1/3/2000	SET-B	Alleged failure to dx cancerous lesion on MRI
MED	Chandler, Leon	4001 Laurel St., #206	Anchorage	AK	99508	991	S	7/14/1994	\$100,000	3AN-98-412	1/28/2000	SET-A	Failure to supv another MD in his employ
MED	Chandler, Leon Harvey	4100 Lake Otis #216	Anchorage	AK	99508	999	S	7/14/1994	\$100,000	3AN-98-412	01/28/00	SET-A	Alleged failure to supv physician in his employ
MED	Sangster, Joseph A.	245 N. Binkley #203	Soldotna	AK	99669	970	S	8/3/1994	\$500,000	3KN-98-0483	2/11/2000	SET-A	Alleged failure to dx; no xray follow up; lung cancer dx
MED	Reiswig, Jon A.	3231 Glacier Highway	Juneau	AK	99801	589	S	12/28/1995	\$143,339	1JU981095C	2/17/2000	SET-A	While removing an inemedullary rod, lft femur was refractured
MED	Newman, Michael H.	9711 Arlene Drive	Anchorage	AK	99515	1046	S	5/6/1994	\$250,000	2AN 96-1513	3/14/2000	SET-A	Alleged neg L4-5 fusion, retained rod, chronic infection
MED	Gieringer, Robert E.	2751 DeBarr Road St #320	Anchorage	AK	99508	1581	S	9/7/1993	Confidential	3AN956312	3/15/2000	SET-A	Alleged negligence - post operative nerve damage to shoulder
MED	Nathanson, Steven E.	4001 Laurel Suite 204	Anchorage	AK	99508	1429	S	Unknown	\$7,500		3/15/2000	SET-B	Unknown - letter of 3-15-2000 from Lazar
MED	Lemire, William J.	5751 SW 45th Terrace	Miami	FL	33155	2900	S	12/12/1996	\$40,000	98-0157 HIS	3/16/2000	SET-A	Refractor remov ft lft in pt during hystl necess a second surgery
MED	Eaton, Michael W.	4048 Laurel St. #305	Anchorage	AK	99508	1348	S	9/23/1998	\$450,000	2800.99.29	4/7/2000	SET-B	Failure to obtain informed consent - leg lengthening surgery
MED	Kirschner, Arlene	1919 Lathrop St., Ste. 204	Fairbanks	AK	99701	2426	S	10/10/1996	\$50,000	4FA-98-2892	5/17/2000	SET-A	Wrong diagnosis or misdiagnosis - unnecessary surgery
MED	Klem, Robert James	700 Katlian St Suite E	Sitka	AK	99835	3243	S	6/10/1996	\$50,000	S-98-90 CI	6/9/2000	SET-A	Delay in treatment
MED	Schurig, Samuel H.	11462 Business Park	Eagle River	AK	99577	1967	O	1/11/1997	\$220,000		6/28/2000	SET-B	Alleged misdx & overmedication; inappro behav w/ pt
MED	Chung, Won Pal	3500 LaTouche #380	Anchorage	AK	99508	885	S	June, 1997	\$22,000	3AN-97-2317CI	7/1/2000	SET-A	Allegation of long term med causing addiction, death
MED	Wiggins, C. Jane	3260 Providence Dr. #522	Anchorage	AK	99508	2469	S	6/16/1997	\$90,000	3AN-998060	8/30/2000	SET-A	Alleged intraoperative damage to ureter - ureteral obstruction
MED	Campos, Rodolpho	P O Box 10789	Fairbanks	AK	99710	2183	S	3/95 - 10/96	\$2,250,000	4FA-98-1272CI	8/31/2000	SET-A	Alleged failure to ck blood level of lithium causing kidney damage
MED	Michaud, Robert M.	1104 Thrushwood Dr.	Logan	UT	84321	3639	O	8/8/1996	\$397,500	1JU-98-582	9/1/2000	SET-A	Alleged negligent removal of neck cyst - spinal nerve damage
MED	Nathanson, Steven E.	4001 Laurel Suite 204	Anchorage	AK	99509	1429	S	Unknown	\$350,000	3AN-99-6130 CI	9/19/2000	SET-A	Unknown (Rodriguez case)
MED	Kilkenny, Steven J.	3300 Providence Dr #311	Anchorage	AK	99508	1717	S	2/21/1996	\$50,000	3AN-96-8982	9/26/2000	SET-A	Failure to dx - cardiopulmonary arrest - death
MED	Tibbetts, Grant P.	19743 Samalga Cir	Eagle River	AK	99577	4693	S	10/15/1998	\$160,000	99-108 WAFB	11/8/2000	PC	Failure to dx surgical complications
MED	Wahl, Steven M.	P.O. Box 289	Tok	AK	99780	3683	S	8/18/1997	\$625,000	4FA-99-165	11/27/2000	SET-A	Alleged failure to do C.B.C. & dx AML in 12 YO pt
MED	Echo, Barbara	P.O. Box 7555	Bonney Lake	WA	98390	2941	S	8/19/1997	\$625,000	4FA-99-165	11/27/2000	SET-A	Alleged failure to dx & tx AML in 12 YO female
MED	Bertleson, James N.	9500 Independence Dr.	Anchorage	AK	99507	1237	S	4/11/1997	\$162,959	3AN-99-671	12/6/2000	CA	Retained foreign body during surgery - delay in diagnosis
MED	Barton, Theodore D.	35670 Kenai Spur Hwy. #101	Soldotna	AK	99669	1793	S	7/28/1994	\$87,500	3KN-96-479	12/7/2000	SET-A	Alleged negligent laparoscopy; negligent post-op care

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MED	Tieva, Martin H.	CMR 442 Box 603	APO	AE	09042	2160	S	8/4/1997	\$700,000	SA-99-CA-1390	12/12/2000	SET-A	Failure to dx/tx papillary craniopharyngioma
MED	Deramus, Alfred D.	4001 Geist Rd	Fairbanks	AK	99709	1850	S	4/2/1997	\$195,000	4FA-99-781	12/19/2000	SET-A	Alleged negl cataract surg & suspension of med; PO pt death
MED	Khabir, Jeffrey A.	520 N. Mission	Mt Pleasant	MI	48858	3557	S	Unknown	\$287,500	95-8389NH	01/01/04	SET-A	Wrongful death
MED	Walters, Laura Marie	1818 E. Rezanof Dr	Kodiak	AK	99615	4067	S	7/15/1997	\$325,000	PR-000812TK	1/4/2001	PC	Failure to dx & tx angina, pt death
MED	Unsicker, Carl	180 Sacia Ave	Fairbanks	AK	99712	3333	S	8/1/1998	\$62,500	PR99-02-007	1/22/2001	SET-B	Alleged failure of dx of fx carpal navicular
MED	Van Houten, Jay	4045 Lake Otis Pkwy.	Anchorage	AK	99508	2780	O	4/9/1998	\$450,000	3AN-99-114	2/7/2001	SET-A	Alleged improper management of medication, pt death
MED	Marble, Stephen P.	8074 S. 1300 E.	Sandy	UT	84094	3647	S	9/1/1992	\$64,780	95-0902248	4/1/2001	SET-A	Alleged failure to supervise treatment/procedure
MED	Faucett, Ellen D.	642 S. Alaska St. #206	Palmer	AK	99645	2698	O	7/17/1997	\$500,000	3PA99625C1	4/2/2001	SET-A	Alleged failure to dx & trt Strep B in mother, injuries to newborn
MED	Godersky, John C.	2841 DeBarr Road St #34	Anchorage	AK	99508	2482	S	5/27/1998	\$325,000	3AN006554	5/21/2001	SET	Did spinal fusion surg on wrong site
MED	Van Houten, Jay	4045 Lake Otis Suite	Anchorage	AK	99508	2780	O	2/25/2000	\$550,000	3AN-00-8907	5/29/2001	SET-A	Alleged excessive presc of meds, result in addiction, death
MED	Gower, Roland E.	2841 DeBarr Rd Suite 41	Anchorage	AK	99508	1310	S	3/24/1999	\$250,000	3AN 00-03943CI	6/5/2001	CA	Alleged negligent transection of common bile duct
MED	Szekely, Daniel R.	6212 Magnaview Drive	Eagle River	AK	99577	4430	S	7/19/1999	7/18/2228	C00-5432	7/6/2001	SET-A	Pl alleged should have been hospitalized nite before induct/fetal dth
MED	Crouch, Edward E.	542 W. Second Ave	Anchorage	AK	99501	1079	S	10/11/1995	\$701,500	3AN-97-8539CI	7/11/2001	SET-A	Alleged failure inform pt risks due to hx ROP; vision loss Rt eye
MED	Dix, Richard Michael	P O box 50129	Henderson	NV	89016	2243	S	9/3/1997	\$150,000	DM0662869622M001	7/25/2001	SET-B	Failure to prov antibiotics; closed fx radius/ulna w/ wound infect
MED	Kelley, William J.	247 N Fireweed Ste A	Soldotna	AK	99669	2806	S	3/9/1999	\$55,000	3KN-00-1056	8/15/2001	SET-A	Wrongful death; cardiac arrest following bowel obstru surg
MED	Ford, Robert O.	1600 A Street Suite 200	Anchorage	AK	99501	3784	S	10/26/1998	\$175,000	71871	9/7/2001	SET-A	Alleged injury w/ Lasik surg; shouldn't have surg due to abn corneas
MED	Burton, Mark N.	P O Box 70378	Fairbanks	AK	99707	4099	S	1/13/1997	\$131,250	SC20010059	9/17/2001	SET-A	Xray failed to reveal pulm nodule, delay in dx of lung Ca
PAD	Siddall, James J.	P O Box 80765	Fairbanks	AK	99708	36	A	10/13/1998	\$275,000	4FA-01-690 CIV	9/19/2001	SET-A	Removal of stuck contact lens resulted in corneal damage; transpl
MED	Lynch, Michael J.	P O Box 8125	Maderia Beach	FL	33738	4313	S	8/23/1994	\$120,000	97000305MI	10/2/2001	SET-A	Improper mgmt of diabotes during chemo for Ca
MED	Nordlund, John R.	542 W. 2nd Ave	Anchorage	AK	99501	3516	S	1/25/1996	\$312,300	3AN-98-3345	10/3/2001	SET-A	Alleged failure to dx post comm artery aneurysm
MED	Carlson, R. Lynn	P O Box 240	Kenai	AK	99611	2778	S	7/13/1999	\$175,000	43331	10/15/2001	SET-B	Pl w/ resp distr, PA gave inj in wrong loc; damaged radial nerve
MED	R. Lynn Carlson	P O Box 240	Kenai	AK	99611	2778	S	7/13/1999	\$175,000	Norcal 43331	10/15/2001	SET-B	PA injected Benadryl distally damaging radial nerve
MED	Barton, Theodore D.	35670 Spur Hiwy, #101A	Soldotna	AK	99669	1793	S	2/4/2000	\$217,000	3AN-01-07752CI	10/15/2001	SET-A	Alleged lack of informed consent, negl peromed br biopsies
MED	Boesch, David E.	7542 E. Orion Circle	Mesa	AZ	85234	3592	S	10/12/1999	\$32,500	CV2000-018264	10/25/01	SET-A	Failure to dx dislocation of R 4th finger
MED	Anderson, John Nels	265 Binkley	Soldotna	AK	99669	1677	S	1998	\$15,000	3KN-99-707	11/16/01	SET-A	Failure to obtain consent to use eggs for other pt
MED	Beal, David D.	4001 Laurel St Ste 204	Anchorage	AK	99508	798	S	10/14/1997	\$125,000	3AN-99-10484	12/4/2001	SET-A	Unnec tonsillectomy due to mitigating circumstances
MED	Sitter, Stephen C.	23740 Chandelle Drive	Chugiak	AK	99567	1609	S	10/14/1997	\$23,333	3AN-99-10484	12/4/2001	SET-A	Alleged failure to supv CRNA, premature dischr of pt from recovry
MED	Matsutani, Osamu	3260 Providence Dr. #422	Anchorage	AK	99508	1905	S	8/4/1997	\$65,000	3AN-99-8672CI	12/11/2001	SET-A	Alleged failed to prevent suicide
MED	Forson, Jayne	2401 E. 42nd Ave #301	Anchorage	AK	99508	2600	S	9/8/1997	\$10,000	3AN-99-09717	1/18/2002	SET-A	Alleged sunburn-like reaction to tx of PUVA lite therapy for psoriasis
MED	Krauss, Seth L.	3340 Providence Suite 552	Anchorage	AK	99508	3671	S	5/31/1999	\$300,000	3AN-00-11749CI	1/22/2002	SET-A	Alleged negligence in failure to dx MI
MED	Cable, Harold F.	4100 Lake Otis #309	Anchorage	AK	99508	3043	S	June, 1997	\$1,000,000	3AN-98-6532CI	2/5/2002	SET-A	Alleged back problem worsed following surgery
MED	Magen, Ned A.	969 Keystone Dr	Soldotna	AK	99669	1910	O	2/11/1998	\$275,000	3KN00-97CI	2/19/2002	SET-A	Alleged misdx of meningococcus-meningococcemia
MED	Hansen, Peter O.	11355 Frontage Rd #123	Kenai	AK	99611	429	S	3/1/2001	\$572,798	48611	3/10/2002	SET-B	Alleged negl prescribing of atenolol
MED	Boling, M. Todd	170 E. Corral St #4	Soldotna	AK	99669	3945	O	4/14/2000	\$590,000	M000057852	3/21/2002	SET-B	Complications fr laparoscopic exam & adheiolysis
MED	Paton, William A.	10177 Meadow St	Anchorage	AK	99516	1959	S	3/16/1999	\$60,000	3AN-01-05517	3/22/2002	SET-A	Alleged negl severed right median nerve during carpal tun surq
MED	Adams, Peter B.	3260 Providence #425	Anchorage	AK	99508	3345	S	5/14/1999	\$80,000	3AN-01-7212	3/26/2002	SET-A	
MED	Goldberg, Marshall	4388 Tea Rose Ct	Oak Harbor	WA	98277	2052	S	5/24/1999	\$50,000	30/519-92-8525	3/27/2002	PC	Alleged misdx/mistx of severe pre-eclampsia; fetal death
MED	Lawrence, Jeffrey D.	3260 Providence Suite 425	Anchorage	AK	99508	1970	S	5/2/2000	\$250,000	none	4/23/2002	SET-B	Suture in bladder from bladder suspension surg
MED	Stewart, Glenn	PO Box 639	Teton Village	WY	83025	2459	S	6/8/2000	\$1,603,362	3AN-00-08446	4/26/2002	SET-A	Alleged that use of radiation to trt plantar's warts below std of care
MED	Jacoby, Kamy	10330 Meridian Ave #390	Seattle	WA	98133	3212	S	3/31/1997	\$25,000	98-2140640	4/30/2002	SET-A	Alleged negligence in removing drain, part of drain left in wound
MED	Belcher, Mark D.	160 Cherry Hill Rd	Huddy	KY	41535	3625	S	9/4/1997	\$83,333	3AN-99-9629	5/8/2002	SET-A	surg for perf apndx; died; autopsy found blood in lung pleural space
MED	Wennens, William W.	1919 Lathrop Ste 101	Fairbanks	AK	99701	1264	S	7/22/1999	\$65,000	4FA-01-1400	8/5/2002	SET-A	Pt unhappy with outcome of eyebrow tattooing - darker than desired
MED	Snyder, John M.	2841 DeBarr Rd. #44	Anchorage	AK	99508	1131	S	9/21/1998	\$400,000	3AN 00 9698	8/23/2002	SET-A	Alleged lack of post-op monitoring caused brain infarction
MED	Nyboer, Jan H.	3340 Providence Dr. #565	Anchorage	AK	99506	1135	S	4/22/1999	\$5	3AN-01-5736	9/8/2002	SET-A	Alleged neg of two employees supp causing a detached retina
MED	Fawley, Howard H.	520 Pine Bluff Trail	Ormond Beach	FL	32174	3120	S	8/3/2001	\$17,500	DMO663321502A002	10/23/2002	SET	Alleged failure to dx finger fracture
MED	Fawley, Howard Huff	520 Pine Bluff Train	Ormond Beach	FL	32174	3120	S	8/3/2001	\$17,500	DM0663321502A002	10/23/02	SET-B	alleged failure to dx finger fx on xray
MED	Noian, Declan R.	3260 Providence Dr. #200	Anchorage	AK	99508	1217	S	1/19/1999	\$650,000	2ANO13883C	11/5/2002	SET-A	Alleged negligent surg and post-op follow up (?)
MED	Whipple, Bruce	1919 Lathrop St- Suite 207	Fairbanks	AK	99701	1403	S	4/1/1998	\$561,455	4FA-00877CI	11/06/02	SET-A	Alleged negl in failure/delay to dx cervical osteomyelitis
MED	Fell, William Russell	7322 Setter Drive	Anchorage	AK	99502	4303	S	10/30/1999	\$45,000	3PA011169C	11/14/02	SET-A	Residual facial nerve weakness following surgery, known risk

SPECIAL MALPRACTICE REPORT FOR RYAN - REPR. GARA'S OFFICE

SORTED BY DATE PAID

Board	Practitioner Name	Address	City	State	ZIP	Lic #	Lic Type	Occurred	Award	Case/Court #	Date Paid	Res	Brief Description of Claim
MED	Muffolotto, John F.	2751 DeBarr Rd	Anchorage	AK	99508	3873	S	12/17/1998	\$450,000	3AN-0-10889CI	12/17/02	SET-A	med negli while removing mass behind knee
MED	Brockman, Ronald	P O Box 95	Kodiak	AK	99615	1197	O	6/12/1999	\$150,000	3AN-01-7812	02/04/03	SET-A	Alleged intimate relationship w/ pt; inappro prescribing
MED	Wrigley, John B.	3512 Wesleyan Dr	Anchorage	AK	99508	1008	S	0826/98	\$260,000	3AN-01-8696	02/04/03	SET-A	Alleged failure to promptly dx renal cell carcinoma
MED	Schurig, Samuel H.	11462 Business Park	Eagle River	AK	99577	1967	O	1998-2002	\$32,000	3AN-03-04199	02/12/03	SET-A	Alleged negl & malpr for tx of chronic pain
MED	Wennen, William W.	1919 Lathrop Ste 101	Fairbanks	AK	99701	1264	S	5/16/2000	\$92,823	CNA #HM036730	02/21/03	SET-B	Alleged negl photoderm proc; alleged damage to L eye, disfigrmt
MED	Bell, William H.	4136 Barlett	Homer	AK	99603	1593	S		\$2,000		02/21/03		Alleged failure to tx properly led to slow recovery
MED	List, Jerome O.	3340 Providence Dr	Anchorage	AK	99508	2607	S	10/5/2000	\$425,000	3AN-02-4081CI	03/06/03	SET-A	Alleged negl perform of endoscopic sinus surg; loss of vision R eye
MED	Harvey, John C.	9787 Middlerock Road	Anchorage	AK	99507	4045	S	2/1/1997	\$556,375	A01-213-CV	03/07/03	SET-A	Alleged negl presc of demerol, addiction, seizures, blood clots, etc
MED	Beime, Michael F.	P O Box 91539	Anchorage	AK	99509	314	S	11/4/1999	\$1,000,000	3AN-01-11714	04/16/03	SET-A	negl presc of methadoneto pt w/ hx drug abuse; perm brain injry
MED	Vasileff, Thomas	3260 Providence Dr #200	Anchorage	AK	99508	1735	S	9/16/1999	\$47,500	3AN-01-11383	06/03/03	SET-A	Alleged failed bunion surg requiring additional surg
MED	Muffolotto, John F.	2751 DeBarr Road	Anchorage	AK	99508	3873	S	10/21/1999	\$800,000	3AN-01-10038CI	06/04/03	SET-A	Alleged negl in epigastric hernia repair by using too small graft
MED	Kuhaneck, David V.	3240 Hospital Dr	Juneau	AK	99801	3712	S	10/24/2002	\$2,500	55848	06/24/03	SET-B	Alleged misinterpret of MMPI; alleged misuse of MPI test
MED	Stillner, Verner	3260 Hospital Dr	Juneau	AK	99801	4023	S	10/24/2002	\$2,500	55848	7/21/2003	SET-B	PT alleged physician violated confidentiality
MED	Collingham, John R.	2028 Juliet	St. Paul	MN	55105	4103	S	6/27/2000	\$400,000	3AN-02-06285	07/25/03	SET-A	Alleged negl tx low back pain; delayed dx of cauda equina syndrome
MED	Burtis, Buffington B.	3340 Providence Dr. #354	Anchorage	AK	99508	1149	S	9/13/1991	\$1,000,000	3AN-01-10325CI	07/30/03	SET-A	Alleged negl in dx, monitor, tx of abnormalities of lung & hypoxemia
MED	Fallico, Franc G.	4766 Grumman Street	Anchorage	AK	99507	1349	S	9/18/1991	\$500,000	3AN-01-10325CI	07/30/03	SET-A	Alleged failure to dx hypersensitivity pneumonitic; failed to comm
MED	Wonnen, William W.	1919 Lathrop Ste 101	Fairbanks	AK	99701	1264	S	5/16/2000	\$237,500	4FA-02-1158CI	10/09/03	SET-A	Alleged negl care & tx of burned child; alleged failure to dx
MED	Schaler, Jyme H.	9 W. Ridgley Rd - PMB 110	Timonium	MD	21093	3983	S	2/25/2000	\$325,000	3AN-01-08814	10/10/03	SET-A	Alleged dx & tx of aneurysm & subarachnoid hemorrhage, pt death
MED	Kesler, Kenneth	3340 Providence Dr #366	Anchorage	AK	99508	2120	S	3/12/1997	\$322,500	3AN-01-11416 CI	12/12/03	SET-A	Alleged delay dx & tx head injury in infant resulting in brain damage
MED	Layman, Richard J.	2000 W. 21st St #A-1	Clovis	NM	88101	2583	O	1989	\$285,000		1996	SET-B	Alleged birth defects from delayed C-section
MED	Thompson, Robert G	4001 Dale St #117	Anchorage	AK	99508	2047	S	6/5/1992	\$50,000	3AN-92-1384CI	Installmts	SET-A	Bowel perforation by failed technique in laser surgery
MED	Kienzle, Gregory D.	1774 White Oak Dr	Eugene	OR	97405	4002	S	Pending	Pending	Pending	Pending	Pending	Alleged failure to dx bilateral renal arterial injury in child
MED	Smith, Kim	10301 Glacier Hwy	Juneau	AK	99801	1130	S	9/23/1985	\$10,000			SET-B	Alleged laceration/traumatic amputation during circumcision
MED	Chicarino-netto, Jose	5191 Clayton Road	Suisun	CA	94585	2026	S	2/1/1987	\$50,000			SET-B	Alleged failure to dx tumor in mammogram; pt death
MED	Chiara, Louis					2339	S	2/1/1990	\$43,000			SET-A	Mother pregnant, needed med tx for rash, died of syphilis
MED	McMahan, Hugh B.	78047 S. 6th St.	Cottage Grove	OR	97242	3109	S	9/1/1992	Undisclosed	9312-07877		SET-A	Failure to dx twins frm US, death to 1 twin, brain damage to 2nd
MED	Coville, Frederick					2441	S	11/19/1992	\$82,100			SET-A	Knee anthroplasty complicated by laceration of popliteal artery, repd
MED	Johnson, M. Walter					991	S	7/14/1994	\$100,000			SET-A	Failure to supervise another MD in his employ
MED	Read, Jamie N.					2426	S	10/10/1996	\$50,000			SET-A	Wrong diagnosis or misdiagnosis - unnecessary surgery
MED	Hollingshead, Kossuth F.	8230 Post Road	Fair Oaks	CA	95628	1455	S	8/21/1997					Claim filed but not yet settled 7/12/00
MED	Schwartz, C. Bruce	212 Carlanna Lake Road	Ketchikan	AK	99901	3570	S	10/23/1997					Alleged paralysis tibial nerve in leg from surgery
MED	Davis, Randall					2482	S	5/27/1998	\$325,000			SET	Did spinal fusion surg on wrong site
MED	Ogg, Bruce A.	6208 N. Camino de Corozal	Tucson	AZ	85704	3272	S	6/21/1998	\$200,000	99-2057 PHX ROS		PC	Pt sn for chst pn dx/trd for indigest. Later died of heart attack
MED	Weinstein, Saul F.	P O Box 1419	Anaconda	MT	59711	4137	S	11/11/1998	\$450,000	DV-99-95			Unknown
MED	Unsicker, Carl	180 Sacia Ave	Fairbanks	AK	99712	3333	S	1/1/1999	\$5,000			SET-B	Alleged failure to adequately treat metatarsal fx carpal navicular
MED	Nolan, Declan R.	3260 Providence Dr. #200	Anchorage	AK	99508	1217	S	7/6/1999	\$120,000			SET-A	Alleged failure to dx liver dis prior to hip replacement - pt died
MED	Gannett, Mary					4081	S	5/27/2000	\$237,500			SET-A	Alleged delayed dx of septic shock in ped bum pt; wrongful death
MED	Eaton, Michael W.	4048 Laurel St. #305	Anchorage	AK	99508	1348	S		\$70,000	3AN-99-12315		SET-A	No information provided by physician
MED	Gray, Herman H.					682	L		\$200			SET-B	Chipped tooth during intubation
MED	Lake, Gerald E.	6420 Vicuna Dr	Las Vegas	NV	89102	2686	S		\$15,000	A305496		SET-A	Pt tx for deprssn, other med prblms, dev staph sepsis, died
MED	Spindle, David K.	310 K Street, Suite 200	Anchorage	AK	99501	3629	S		\$250,000			SET-A	Pt alleged paralysis after surgery
								Total	\$58,131,777				
								Average	\$210,622				

LEGISLATIVE RESEARCH REPORT

MARCH 3, 2004



REPORT NUMBER 04.184

PHYSICIANS PRACTICING IN ALASKA

PREPARED FOR REPRESENTATIVE LES GARA

BY PATRICIA YOUNG, MANAGER

You wished to know the number of physicians practicing in Alaska as compared to the population over the last several years. You particularly wished to know if the per capita number of physicians is in a declining trend.

The attached table shows the number of active, state-licensed physicians by year since 1985, as well as the population and the number of practicing physicians per 1,000 residents for each year since that time.¹ As you will see, by this measure, the number of physicians per 1,000 residents has, overall, increased steadily.

We also include a chart prepared by the State Medical Board showing the numbers of physicians as well as other primary health providers since 1985.

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

¹ These numbers reflect active, state-licensed medical doctors and doctors of osteopathy only. Doctors of podiatric medicine are not included because the numbers of active and inactive practitioners are not separated. We do not include federal physicians; because they are not licensed by the State Medical Board, their annual numbers are far less readily available.

**State Licensed Physicians and Alaska Population,
1985-2003**

Fiscal Year	Population	State Licensed Physicians	State-Licensed Physicians per 1,000 Residents
1985	543,900	815	1.50
1986	550,700	934	1.70
1987	541,300	1,027	1.90
1988	535,000	1,089	2.04
1989	538,900	925	1.72
1990	553,171	1,038	1.88
1991	569,054	1,004	1.76
1992	586,722	1,152	1.96
1993	596,906	1,183	1.98
1994	600,622	1,417	2.36
1995	601,581	1,419	2.36
1996	605,212	1,593	2.63
1997	609,655	1,603	2.63
1998	617,082	1,826	2.96
1999	622,000	1,810	2.91
2000	627,576	2,034	3.24
2001	632,674	1,850	2.92
2002	641,482	2,080	3.24
2003	648,818	2,099	3.24

Notes: Numbers of physicians reflect active state-licensed medical doctors and doctors of osteopathy only; doctors of podiatric medicine are not included because their numbers include both active and inactive practitioners; federal physicians are not included because they are not licensed by the State Medical Board.

According to the American Medical Association, as reported in "Federal Physicians in 2001," Health Care State Rankings, 2003 (Morgan Quitno Press, 2003, p. 430), in 2001, Alaska had 147 federal physicians.

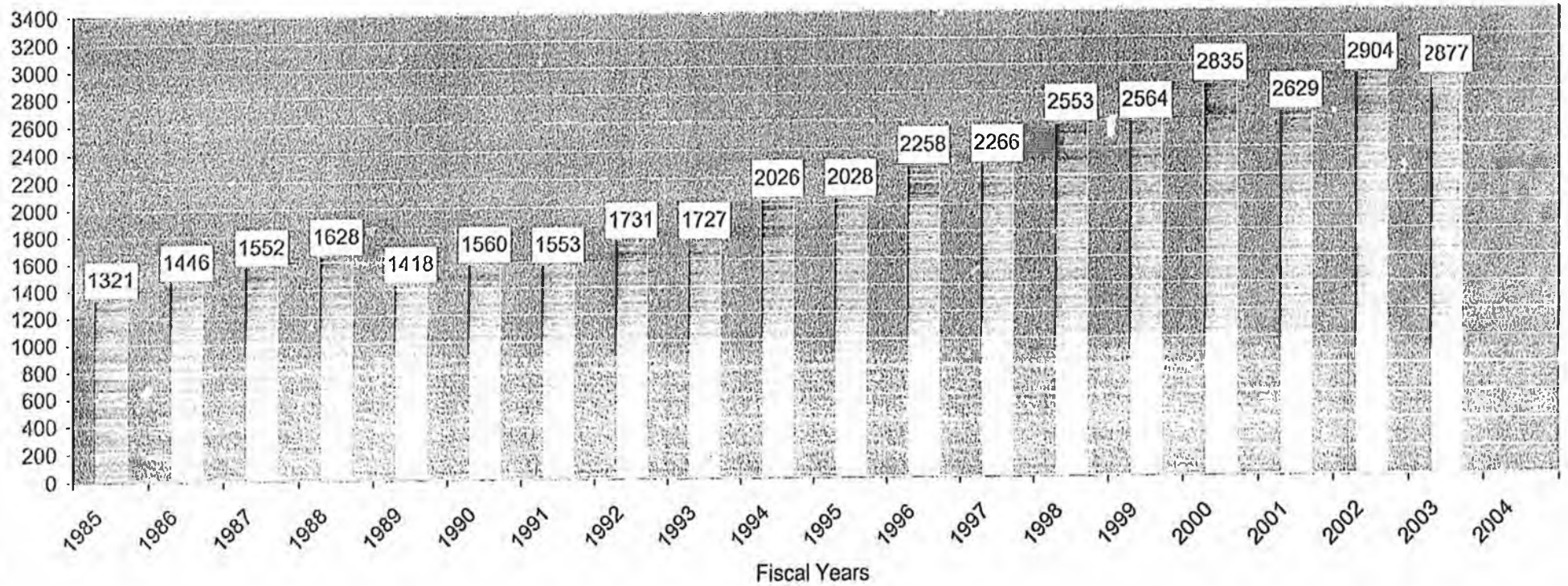
Population figures for 2003 are provisional.

Sources: Alaska State Medical Board, and Alaska Department of Labor and Workforce Development.

TOTAL PHYSICIANS, PHYSICIAN ASSISTANTS, AND PARAMEDICS BY FISCAL YEAR

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
MD/DC Active	815	934	1027	1089	925	1038	1004	1152	1183	1417	1419	1593	1603	1826	1810	2034	1850	2099	2099	2099
MD/DO Inactive	317	305	279	322	255	254	273	263	243	243	262	262	277	266	300	289	285	26	249	249
DPM-Act/Inact	0	11	11	0	0	0	9	11	12	15	13	14	14	15	15	16	16	17	18	18
PA-C-Act/Inact	111	111	134	126	138	157	159	186	177	216	200	231	221	255	244	266	245	284	266	266
MICP-Active	78	85	101	91	100	111	108	119	112	135	134	158	151	191	195	230	233	255	245	245
TOTAL	1321	1446	1552	1628	1418	1560	1553	1731	1727	2026	2028	2258	2266	2553	2564	2835	2629	2904	2877	2877
% Variance from Previous Year	--	+9.4	+7.3	+4.8	-12.9	+10	-.05	+11.4	-.02	+17.3	--	+11.3	.03	+12.6	+0.4	+11	-7.8	+10.4	-0.9	-0.9

TOTAL MEDICAL BOARD LICENSEES BY FISCAL YEAR



MD - Medical Doctor (allopathic)

DO - Doctor of Osteopathy

DPM - Doctor of Podiatric Medicine

PA-C - Physician Assistant-Certified

MICP - Mobile Intensive Care
Paramedic

Source: Leslie Gallant, Alaska State Medical Board

Alaska State Medical Association

Statement to the State of Alaska Senate Labor and Commerce Committee
By: James J. Jordan, Executive Director, Alaska State Medical Association
Regarding: SB 319 Medical Liability Reform
March 2, 2004

Chairman Bunde, Labor and Commerce Members, I am Jim Jordan, Executive Director for the Alaska State Medical Association, and I will be testifying in that capacity today.

However, by way of disclosure, I also serve on the Board of Directors for the Medical Underwriters of California, which is the operating company for the Medical Insurance Exchange of California (MIEC). MIEC is one of the two remaining providers of medical liability insurance coverage for doctors in Alaska. You will receive testimony from an executive representing MIEC.

Dr. Alex Malter, current president of the Alaska State Medical Association will also provide testimony regarding SB 319. He will speak to the critical shortage of physicians in Alaska today and how SB 319 will help us recruit those doctors that we need.

Most important is the cap of \$250,000 on the pain and suffering or non-economic damages, which is the most subjective type of damages to determine. I will specifically address the provisions of SB 319 that pertain to "informed consent" issues created by two Alaska Supreme Court cases – *Korman v. Mallin*, a 1993 case, and *Marsingill v. O'Malley*, a fall 2002 case.

First, I should address the term "informed consent". In essence, informed consent is the process required in Alaska law (AS 09.55.556) whereby a healthcare provider is required to provide sufficient information to the patient about a proposed procedure or course of treatment. The information provided is obviously intended to give the patient the information necessary so that she or he can decide whether or not to embark on the course of treatment recommended.

Section 3 of SB 319 makes minor stylistic changes to Alaska's informed consent law. The Alaska Supreme Court in *Korman v. Mallin* held that when jurors evaluate whether or not a health care provider has adequately informed the patient of the common risks and reasonable alternatives of treatment, they are to evaluate the information based on what a "reasonable patient" would expect to hear under the circumstances. However, the "reasonable patient" standard set by the court fails to provide a healthcare provider with any objective basis upon which to determine at the time of treatment what risks and alternatives should be conveyed to the patient.

Section 4 of SB 319 establishes the standard of disclosure to be what a skilled healthcare provider of the same or reasonably similar specialty would disclose under similar circumstances. This paves the way for the healthcare professional to adopt reasonable guidelines so that patients are insured to receive adequate information without subjecting the healthcare provider to later second-guessing.

Marsingill v. O'Malley deals with another problematic situation. Ms. Marsingill called Dr. O'Malley at night. The doctor advised her over the phone to go to the emergency room for treatment and she declined to do so and several hours later suffered a cerebral injury. The Court held that the jury, under the circumstances, would still be able to find Dr. O'Malley negligent of not providing "informed consent".

Section 4 of SB 319, in the new subsection AS 09.55.556 (d), protects healthcare providers from legal liability who are consulted other than in person and who are, therefore, unable to personally evaluate the patient and assess first hand the nature of the patient's condition, if their recommendation is for the patient to seek further treatment and the patient chooses not to follow that advice. This provision applies to healthcare providers who are contacted by phone, email, or who provide telemedicine services, for example, to our remote communities not otherwise served.

Since the Marsingill decision, some physicians will not take phone calls at all after hours, and instead, all patients are directed right to the emergency room or to call 911. This is not optimal healthcare with patients being directed to the most expensive care setting – the hospital emergency room.

ASMA supports SB 319 and urges you to support it as well.

I will be happy to answer any questions.

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

Testimony Provided by

Alex Malter, MD, MPH

President

Alaska State Medical Association

Before the State of Alaska Senate
Labor and Commerce Committee

March 2, 2004

Testimony of the Alaska State Medical Association Presented March 2, 2004

Chairman Bundy and Committee Members, my name is Alex Malter. I am an internist in private practice in Juneau and have the privilege of representing the Alaska State Medical Association as this year's president. ASMA represents physicians statewide and is primarily interested in ensuring Alaska's citizens have access to high quality health care.

I am speaking today to express ASMA's support of Senate Bill 319, and to urge you to support the bill as well. The medical liability reforms it establishes are important to Alaskans for a number of reasons. I expect others to testify how SB 319 will help stabilize the professional liability market, and, by so doing, temper future increases in state health care expenditures. Others may describe the near disaster that recently occurred when two of the state's four main professional liability carriers abruptly stopped offering coverage. I wish to use my remarks, however, to explain how strong medical liability reforms will help Alaska recruit and retain enough well trained physicians to provide for the future health care needs of its citizens.

Access to medical services is limited in much of the state. Alaska has one of the smallest-- if not the smallest-- number of physicians per capita in the country. A recent American Medical News story pertaining to the special Medicare payment reforms for Alaska noted our precarious situation: "Alaska has long ranked among the worst states in terms of physician supply. In 2002, the state had fewer than 1,350 doctors in private practice and another few hundred in the military or other government posts.... Only six states had a lower doctor to patient ratio".

The article went on to identify Idaho as having the worst physician shortage, estimating it had one non-government physician for every 544 patients. However numbers from ASMA's own database-- which we believe to be more accurate than those from the article-- showed only 1,115 physicians in private practice in 2002, or approximately one physician per 578 patients. Thus, it's highly likely that Alaska actually had the lowest physician to patient ratio in country for that year. Updated estimates show this is still true in 2003. By comparison, to reach the national average of one doctor per 360 patients, the state would need about 500 more actively practicing physicians.

Exacerbating the problem, Alaska's doctors are aging quickly. Our database shows that over half of the state's practicing physicians are older than 51. A 2002 local study of physicians by Providence Health System noted a looming recruitment crisis. That analysis confirmed Anchorage physicians were getting older, and highlighted immediate shortages of psychiatrists, surgeons, and general internists, among others.

This recruitment challenge is the main reason medical liability reform is so important to Alaska right now. Unfortunately, the state does not have the capacity to "grow" its own physicians. Alaska has no medical school, and of the small number of students graduating annually from the WWAMI program, some do not return to practice. Likewise, the state's lone residency training program is small. Alaska is-- and will continue to be-- a net importer of doctors. As such, we have to compete with other states facing physician shortages, a competition that is influenced significantly by the state's medical practice environment.

A recent study of medical students found the legal environment and the availability of affordable liability insurance plays a major part in a graduate's decision regarding where to set up practice. Alaska needs to optimize its medical-legal environment to help us recruit the doctors we need. That is why the Alaska State Medical Association supports SB 319. With its \$250,000 cap on non-

economic damages, the bill provides the "gold standard" in liability reform, and will help create the healthy practice environment so important to recruit physicians.

ASMA understands that this legislation only one element in developing this healthy environment. Still, because the State had the foresight to enact other important medical practice legislation, we believe liability reform is the most critical element remaining. ASMA is proud to have worked with the Legislature on other key statutory changes to reach this point. These reforms include the Alaska Patient Bill of Rights, Prompt Pay and Physician Joint Negotiation legislation. We have also worked with our Congressional Delegation on Medicare payment updates specifically for Alaska. ASMA has even offered the current Administration ideas regarding strategies that could be used to actively "market" Alaska to out-of-state physicians. As a result of these reforms, ASMA believes that-- with the exception of strong medical liability reform-- the state's practice environment is actually quite favorable.

ASMA appreciates the opportunity to share this information with the committee. The Association is committed to continuing our efforts to improve the practice environment so as to help physician recruitment. As noted, our greatest concern is that Alaskan citizens have access to high quality health care. It is for this reason that I urge you to support SB 319. I'd be happy to answer any questions that you may have at this time.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 319
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Claims Against Health Care Providers RDU Insurance (116)
 Component Insurance Operations
 Sponsor Senator Seekins
 Requester Senate Labor & Commerce Component No. 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation limits the damages for non-economic losses that may be awarded against health care providers for personal injury or wrongful death.

This legislation has no fiscal impact on the operations of the division.

Prepared by: Linda S. Hall, Director Phone (907) 269-7900
 Division Insurance Date/Time 3/1/04 11:30 AM
 Approved by: Edgar Blatchford, Commissioner Date 3/1/2004
 Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: SB319-LAW-T&WC-2-26
 Bill Version: SB 319
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act relating to claim for personal injury RDU CIVIL
wrongful death against health care providers..." Component Torts & Workers' Compensation
 Sponsor Senator Seekins
 Requester Senate Labor & Commerce Committee Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill adds a new section to the Code of Civil procedure in order to place limits on the amount of recoverable damages for personal injury or wrongful death based on the provision of services by a health care provider. The bill makes a minor change to the requirement that health care providers obtain the informed consent of a patient prior to embarking on a course of action involving the patient, and that informed consent include information regarding risk of death, serious bodily harm, and common serious complications that may occur. The bill also makes clear that a health care provider is not responsible for certain types of advice given that the patient elects not to follow.

Passage of this legislation will have no foreseeable fiscal impact on the Department of Law.

Prepared by: Kathryn A. Daughhetee, Director Phone 465-3673
 Division Administrative Services Date/Time 2/26/04 3:04 PM
 Approved by: Kathryn Daughhetee for Gregg D. Renkes, Attorney General Date 2/26/2004
 Agency Department of Law

ALASKA STATE SENATE

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Fairbanks, Alaska 99701
(907) 456-8161
Senator_Ralph_Seekins@legis.state.ak.us

Senator Ralph Seekins
District D

Senate Bill 319 Sponsor Statement

“An Act relating to claims for personal injury or wrongful death against health care providers.”

Senate Bill 319 amends AS 09.55.548 and 556. The proposed legislation intends to alleviate a growing crisis in Alaska’s health care industry with respect to the availability of liability insurance. It places a hard cap on damage awards; clarifies informed consent language; and limits liability with respect to health care advice communicated through electronic means.

The fact is Alaska’s medical system is breaking down. Alaska ranks near the bottom in the number of physicians per capita. What’s more, over half of Alaska’s physicians exceed the age of 50. Many will be retiring in the next 10 years. Attracting and keeping adequate numbers of high quality physicians in Alaska is of utmost importance.

The availability of liability insurance plays a critical role in solving this crisis. Half of the insurers have ceased doing business in Alaska in the last 12 months. Other professional liability insurance carriers have not shown an interest in doing business in the state due to the volatile medical liability environment.

This is a complex issue. However, one solution that has proven particularly effective in other states is capping non-economic damages. SB 319 intends to help establish a predictable risk-assessment environment by placing a \$250,000 cap on this type of award. It *does not* change awards for quantifiable economic damages such as lost wages and past and future medical expenses.

The bill also makes revisions which limit liability in cases where a patient elects not to follow advice that was communicated by a health care provider through electronic means. Lastly, qualifying language is added relating to informed consent along with a sprinkling of punctuation marks.

The bottom line? Instituting a \$250,000 cap on non-economic damages will help stabilize the professional medical liability insurance market here in Alaska thereby reinforcing efforts to attract the next generation of doctors to replace those who are nearing retirement age.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

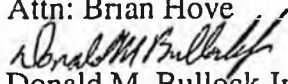
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 23, 2004

SUBJECT: Sectional Analysis for SB 319
(Work Order No. 23-LS1693A)

TO: Senator Ralph Seekins
Attn: Brian Hove

FROM: 
Donald M. Bullock Jr.
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. This section includes findings by the legislature and the intent of the Act.

Section 2. The section adds four new subsections to AS 09.55.548. Subsection (c) limits damage claims for noneconomic losses identified in the subsection; subsection (d) limits the amount of damages that may be awarded for noneconomic damages; subsection (e) bars the disclosure of the award limit to the jury and requires the award to be limited before the entry of judgment; subsection (f) states that multiple injuries sustained by one person as a result of a single incident are treated as a single injury.

Section 3. This section amends AS 09.55.556 and relates to informed consent. The amendment adds the words "course of action" to the terms "treatment" and "procedure" as the subjects of information to be provided to a patient in the course of obtaining the patient's consent.

Section 4. This section amends AS 09.55.556 by adding two subsections. Subsection (c) describes the risks a health care provider must disclose to a patient and the standard for identifying and disclosing the risks. Subsection (d) relieves a health care provider from liability for advising a patient to seek further medical care or evaluation when the patient elects not to follow that advice.

Section 5. This addition to the uncodified law makes the Act applicable to suits against health care providers initially filed on or after the effective date of the Act.

Sectional Analysis

Senator Ralph Seekins
February 23, 2004
Page 2

Section 6. This section makes the Act effective July 1, 2004.

If I may be of further assistance, please advise.

DMB:lmb
04-049.lmb

J. Michael Carroll, M.D., P.C.
Internal Medicine, Hematology, Oncology
Fairbanks Cancer Treatment Center
1640 Cowles, Suite 1
Fairbanks, Alaska 99701-5992

Telephone: (907) 452-4768 Fax: (907) 452-1009

February 16, 2004

Honorable Ralph Seekins
Senator – US State Legislature
119 N Cushman Rd Ste 201
Fairbanks, AK 99701

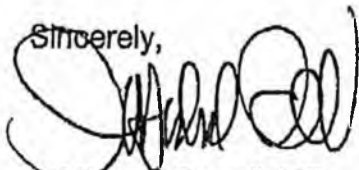
RE: Tort Reform Measures

Dear Senator Seekins:

Thank you very much for your willingness to support the tort reform measures that you have recently become involved with. As I am sure you are aware, in November of this year, in Fairbanks, malpractice insurance became an acute problem. Almost half of the physicians had their malpractice insurance canceled through CNA and were left with very short notice, trying to find coverage. Any efforts that will improve malpractice insurance availability is appreciated.

Again, thank you for what you are doing for Fairbanks and the State of Alaska, through all of your hard work.

Sincerely,



J. Michael Carroll, MD

JMC:tpw1
2023498

cc: Legislative Affairs Office (sent via Fax transmittal)

PAUL M. WORRELL, M.D.
INTERNAL MEDICINE
UNIVERSITY PROFESSIONAL CENTER
3650 LAKE OTIS PARKWAY
ANCHORAGE, ALASKA 99508
561-4402

February 23, 2004

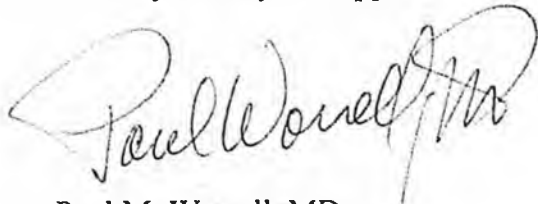
Senator Con Bunde:
Juneau, AK 99801

Dear Senator Bunde:

I am in support of SB319. This legislation would put a \$250,000 cap on non-economic damages. It would help Alaska recruit and keep well-trained physicians. We continue to need physicians in our communities, especially the smaller communities. The cap would help control the cost of physician's overhead, which effects what they have to charge patients. This would especially help critical areas, such as Obstetricians and Neurosurgeons. Passing this legislation would also help us keep our current insurance companies and, with a little luck, we could recruit new insurers to Alaska's medical market place.

Please pass this bill so we can stay ahead of other states where insurance premiums have reached crisis proportions and physicians are leaving those states.

Thank you for your support.

A handwritten signature in cursive script that reads "Paul M. Worrell, MD". The signature is written in dark ink and is positioned above the typed name.

Paul M. Worrell, MD
PMW:pk

SB

322

SENATE COMMITTEE REPORT
First Committee of Referral

ATE: 2/11/04

FURTHER: Finance

ate of 5-Day Notice: _____
 1 accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: _____

Labor and Commerce Committee considered SENATE BILL NO. 322

SB 322 SALMON ENHANCEMENT TAX

An Act relating to the rate of the salmon enhancement tax."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

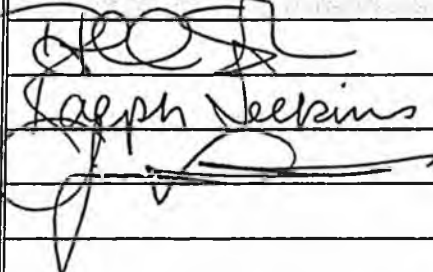
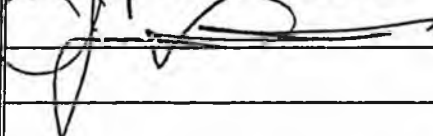
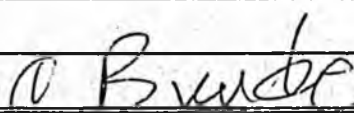
NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
	✓		X	
	X			
CHAIR: 	✓			

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Fish & Game

[find](#)



[ADF&G > Comm Fish > Salmon Fisheries >](#)

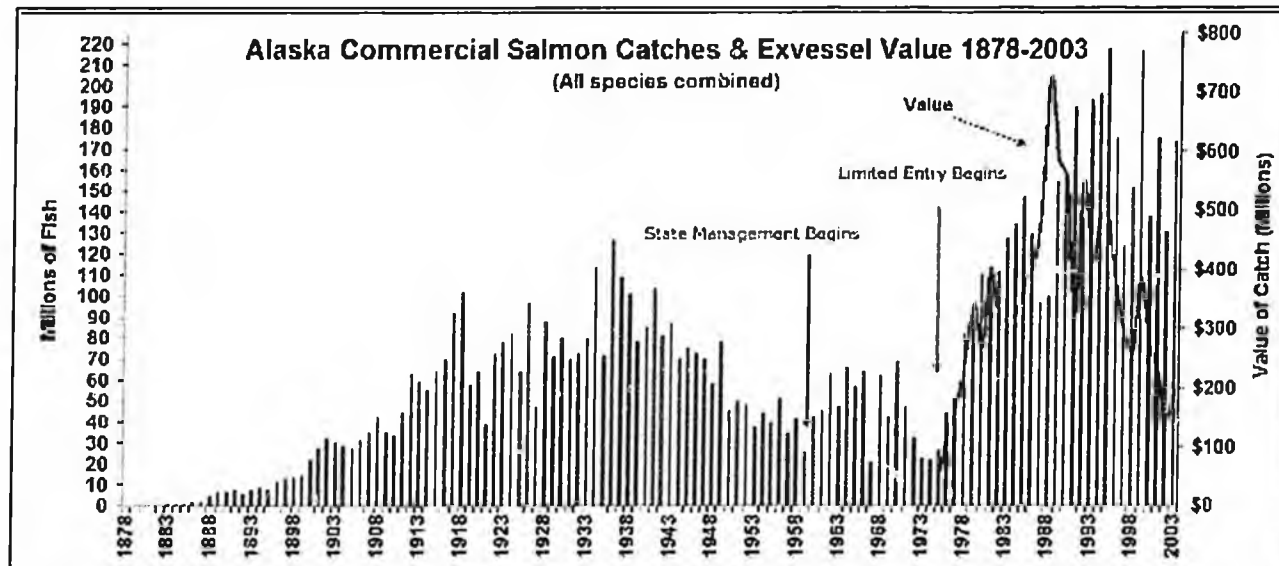
[FAQ - Site Index](#)

ADF&G - Division of Commercial Fisheries

www.cf.adfg.state.ak.us

Alaska Historical Commercial Salmon Catches (all species), 1878–2003

(with a Preliminary 2003 figure)



[Chinook](#) | [Chum](#) | [Coho](#) | [Pink](#) | [Sockeye](#)

For additional information regarding Alaska's salmon fisheries
please contact cf_info@fishgame.state.ak.us.

[State of Alaska](#) | [ADF&G](#) | [Sport Fish](#) | [Wildlife](#) | [Commercial Fish](#) | [Subsistence](#) | [Boards](#) | [Admin](#)

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Last updated: February 9, 2004



Alaska Department of Fish and Game

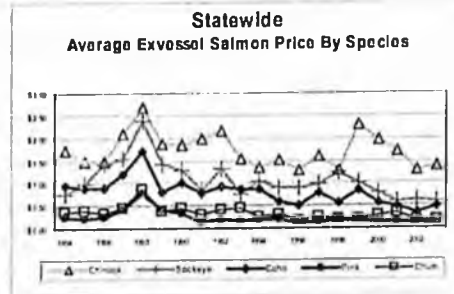
P.O. Box 25526
1255 W. 8th Street
Juneau, AK 99802
Phone: 907-465-4210
Fax: 907-465-2604
www.ef.adfg.state.ak.us



Salmon Exvessel Price Time Series by Species

Alaska Department of Fish and Game

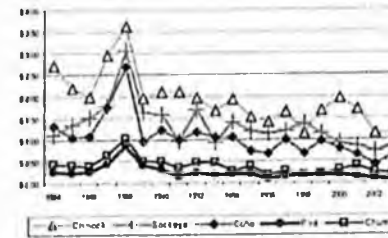
© ADF&G 2003



Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.73	\$0.77	\$0.95	\$0.25	\$0.36
1985	\$1.50	\$0.99	\$0.89	\$0.23	\$0.40
1986	\$1.50	\$1.43	\$0.89	\$0.24	\$0.35
1987	\$2.11	\$1.55	\$1.21	\$0.43	\$0.46
1988	\$2.69	\$2.37	\$1.72	\$0.79	\$0.86
1989	\$1.88	\$1.42	\$0.81	\$0.43	\$0.40
1990	\$1.86	\$1.29	\$1.01	\$0.33	\$0.45
1991	\$1.99	\$0.83	\$0.79	\$0.15	\$0.32
1992	\$2.15	\$1.33	\$0.92	\$0.21	\$0.41
1993	\$1.55	\$0.76	\$0.86	\$0.17	\$0.44
1994	\$1.35	\$1.04	\$0.88	\$0.19	\$0.26
1995	\$1.52	\$0.89	\$0.60	\$0.19	\$0.32
1996	\$1.30	\$0.90	\$0.50	\$0.10	\$0.16
1997	\$1.59	\$0.98	\$0.78	\$0.15	\$0.25
1998	\$1.28	\$1.23	\$0.57	\$0.16	\$0.19
1999	\$2.30	\$1.02	\$0.83	\$0.16	\$0.21
2000	\$1.95	\$0.79	\$0.56	\$0.15	\$0.27
2001	\$1.71	\$0.58	\$0.48	\$0.13	\$0.34
2002	\$1.30	\$0.61	\$0.35	\$0.10	\$0.18
2003	\$1.37	\$0.60	\$0.49	\$0.08	\$0.17

1984-2002 Data from Commercial Operator's Annual Reports
2003 PRELIMINARY Estimates as of 11/03/03

Southeast Alaska
Average Salmon Exvessel Price by Species



Southeast

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$2.71	\$1.11	\$1.32	\$0.25	\$0.45
1985	\$2.19	\$1.34	\$1.06	\$0.24	\$0.42
1986	\$1.99	\$1.51	\$1.07	\$0.26	\$0.38
1987	\$2.94	\$1.77	\$1.76	\$0.44	\$0.63
1988	\$3.63	\$3.08	\$2.68	\$0.84	\$1.03
1989	\$1.95	\$1.63	\$0.96	\$0.42	\$0.49
1990	\$2.11	\$1.59	\$1.23	\$0.33	\$0.50
1991	\$2.10	\$0.95	\$0.99	\$0.15	\$0.34
1992	\$1.97	\$1.69	\$1.17	\$0.22	\$0.48
1993	\$1.67	\$0.93	\$1.06	\$0.18	\$0.48
1994	\$1.93	\$1.39	\$1.06	\$0.20	\$0.25
1995	\$1.53	\$1.21	\$0.72	\$0.21	\$0.37
1996	\$1.40	\$1.13	\$0.68	\$0.10	\$0.17
1997	\$1.64	\$1.21	\$0.99	\$0.16	\$0.25
1998	\$1.15	\$1.36	\$0.67	\$0.18	\$0.18
1999	\$1.65	\$1.13	\$0.97	\$0.17	\$0.21
2000	\$1.97	\$0.90	\$0.78	\$0.18	\$0.29
2001	\$1.69	\$0.86	\$0.63	\$0.14	\$0.39
2002	\$1.13	\$0.74	\$0.42	\$0.09	\$0.22
2003	\$1.12	\$0.85	\$0.65	\$0.06	\$0.19

1984-2002 Data from Commercial Operator's Annual Reports
2003 PRELIMINARY Estimates as of 11/03/03



Prince William Sound
Average Exvessel Salmon Price By Species

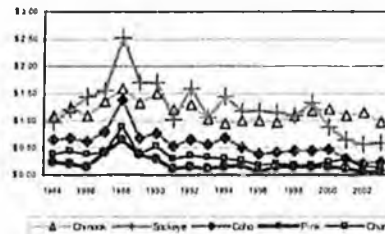


Prince William Sound

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.42	\$1.03	\$1.04	\$0.26	\$0.31
1985	\$1.64	\$1.40	\$0.89	\$0.23	\$0.39
1986	\$1.46	\$1.50	\$0.90	\$0.22	\$0.34
1987	\$2.15	\$1.93	\$0.97	\$0.42	\$0.47
1988	\$3.28	\$3.05	\$1.99	\$0.82	\$1.06
1989	\$2.26	\$2.29	\$0.63	\$0.48	\$0.43
1990	\$2.33	\$2.23	\$0.95	\$0.34	\$0.73
1991	\$1.72	\$1.34	\$0.74	\$0.14	\$0.62
1992	\$2.75	\$2.13	\$0.97	\$0.21	\$0.61
1993	\$1.69	\$1.24	\$0.81	\$0.19	\$0.66
1994	\$1.49	\$1.26	\$0.73	\$0.19	\$0.46
1995	\$2.27	\$1.55	\$0.50	\$0.21	\$0.44
1996	\$1.65	\$1.35	\$0.50	\$0.09	\$0.17
1997	\$2.01	\$0.96	\$0.58	\$0.14	\$0.32
1998	\$2.43	\$1.49	\$0.57	\$0.16	\$0.35
1999	\$4.20	\$1.69	\$0.58	\$0.14	\$0.26
2000	\$3.84	\$1.40	\$0.47	\$0.15	\$0.26
2001	\$3.71	\$1.11	\$0.31	\$0.14	\$0.40
2002	\$3.51	\$1.13	\$0.36	\$0.12	\$0.16
2003	\$3.40	\$1.10	\$0.45	\$0.10	\$0.18

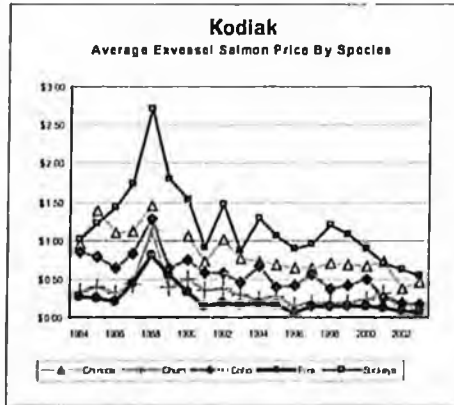


Cook Inlet
Average Exvessel Salmon Price By Species



Cook Inlet

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.08	\$0.97	\$0.66	\$0.25	\$0.38
1985	\$1.23	\$1.22	\$0.69	\$0.22	\$0.44
1986	\$1.10	\$1.44	\$0.63	\$0.15	\$0.38
1987	\$1.36	\$1.55	\$0.78	\$0.41	\$0.40
1988	\$1.58	\$2.54	\$1.38	\$0.66	\$0.87
1989	\$1.31	\$1.72	\$0.68	\$0.39	\$0.39
1990	\$1.50	\$1.70	\$0.76	\$0.29	\$0.52
1991	\$1.20	\$1.04	\$0.53	\$0.12	\$0.29
1992	\$1.28	\$1.59	\$0.65	\$0.15	\$0.36
1993	\$1.03	\$1.05	\$0.56	\$0.12	\$0.31
1994	\$0.93	\$1.45	\$0.67	\$0.15	\$0.29
1995	\$0.99	\$1.18	\$0.49	\$0.17	\$0.26
1996	\$0.99	\$1.19	\$0.38	\$0.07	\$0.17
1997	\$0.98	\$1.16	\$0.40	\$0.14	\$0.21
1998	\$1.09	\$1.08	\$0.43	\$0.15	\$0.19
1999	\$1.19	\$1.33	\$0.45	\$0.16	\$0.18
2000	\$1.21	\$0.88	\$0.46	\$0.14	\$0.23
2001	\$1.09	\$0.65	\$0.30	\$0.13	\$0.29
2002	\$1.15	\$0.56	\$0.22	\$0.07	\$0.14
2003	\$0.97	\$0.60	\$0.24	\$0.05	\$0.14

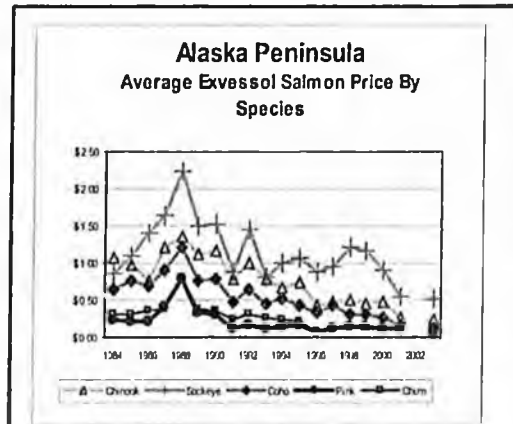


Kodiak

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$0.95	\$1.01	\$0.84	\$0.26	\$0.34
1985	\$1.38	\$1.23	\$0.78	\$0.24	\$0.40
1986	\$1.10	\$1.42	\$0.65	\$0.20	\$0.32
1987	\$1.12	\$1.74	\$0.82	\$0.43	\$0.43
1988	\$1.45	\$2.71	\$1.28	\$0.81	\$1.13
1989	*	\$1.79	\$0.65	\$0.55	\$0.39
1990	\$1.06	\$1.54	\$0.75	\$0.34	\$0.50
1991	\$0.72	\$0.92	\$0.57	\$0.14	\$0.35
1992	\$1.02	\$1.47	\$0.57	\$0.18	\$0.38
1993	\$0.77	\$0.87	\$0.46	\$0.16	\$0.29
1994	\$0.73	\$1.28	\$0.67	\$0.18	\$0.23
1995	\$0.69	\$1.05	\$0.40	\$0.17	\$0.27
1996	\$0.65	\$0.90	\$0.42	\$0.07	\$0.15
1997	\$0.64	\$0.96	\$0.56	\$0.15	\$0.19
1998	\$0.71	\$1.19	\$0.37	\$0.15	\$0.19
1999	\$0.68	\$1.08	\$0.41	\$0.14	\$0.19
2000	\$0.66	\$0.89	\$0.49	\$0.14	\$0.22
2001	\$0.72	\$0.70	\$0.24	\$0.12	\$0.32
2002	\$0.37	\$0.62	\$0.18	\$0.08	\$0.16
2003	\$0.46	\$0.53	\$0.16	\$0.07	\$0.11

* = Confidential Data

1984-2002 Data from Commercial Operator's Annual Reports
2003 PRELIMINARY Estimates as of 11/03/03

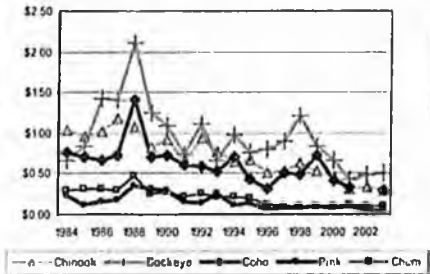


Alaska Peninsula

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.07	\$0.85	\$0.65	\$0.25	\$0.30
1985	\$0.93	\$1.10	\$0.77	\$0.22	\$0.31
1986	\$0.77	\$1.41	\$0.70	\$0.21	\$0.35
1987	\$1.21	\$1.64	\$0.91	\$0.41	\$0.38
1988	\$1.35	\$2.25	\$1.22	\$0.78	\$0.79
1989	\$1.12	\$1.50	\$0.77	\$0.34	\$0.39
1990	\$1.16	\$1.52	\$0.78	\$0.30	\$0.36
1991	\$0.78	\$0.89	\$0.48	\$0.12	\$0.24
1992	\$1.01	\$1.46	\$0.64	\$0.16	\$0.30
1993	\$0.78	\$0.80	\$0.45	\$0.13	\$0.26
1994	\$0.67	\$1.00	\$0.53	\$0.15	\$0.24
1995	\$0.73	\$1.07	\$0.43	\$0.16	\$0.22
1996	\$0.42	\$0.88	\$0.34	\$0.06	\$0.08
1997	\$0.47	\$0.96	\$0.44	\$0.11	\$0.11
1998	\$0.51	\$1.21	\$0.32	\$0.15	\$0.14
1999	\$0.46	\$1.17	\$0.30	\$0.14	\$0.12
2000	\$0.47	\$0.91	\$0.27	\$0.13	\$0.12
2001	\$0.27	\$0.54	\$0.17	\$0.11	\$0.12
2002	*	*	*	*	*
2003	\$0.25	\$0.52	\$0.13	\$0.05	\$0.10

* = Confidential Data

Bristol Bay
Average Exvessel Salmon Price By Species



Bristol Bay

Year	Chinook	Sockeye	Coho	Pink	Chum
1984	\$1.03	\$0.66	\$0.77	\$0.23	\$0.30
1985	\$0.96	\$0.84	\$0.70	\$0.12	\$0.31
1986	\$1.01	\$1.42	\$0.67	\$0.15	\$0.32
1987	\$1.17	\$1.40	\$0.72	\$0.18	\$0.30
1988	\$1.08	\$2.11	\$1.40	\$0.35	\$0.47
1989	\$0.82	\$1.25	\$0.71	\$0.32	\$0.26
1990	\$0.91	\$1.09	\$0.73	\$0.29	\$0.27
1991	\$0.67	\$0.75	\$0.60	\$0.15	\$0.22
1992	\$0.93	\$1.12	\$0.59	\$0.14	\$0.26
1993	\$0.76	\$0.67	\$0.52	\$0.25	\$0.22
1994	\$0.64	\$0.97	\$0.71	\$0.12	\$0.22
1995	\$0.66	\$0.77	\$0.43	\$0.14	\$0.20
1996	\$0.51	\$0.81	\$0.31	\$0.05	\$0.11
1997	\$0.52	\$0.90	\$0.50	\$0.07	\$0.10
1998	\$0.62	\$1.22	\$0.48	\$0.08	\$0.10
1999	\$0.53	\$0.84	\$0.72	\$0.09	\$0.10
2000	\$0.46	\$0.67	\$0.41	\$0.08	\$0.09
2001	\$0.31	\$0.42	\$0.33	\$0.09	\$0.11
2002	\$0.33	\$0.49	*	\$0.06	\$0.09
2003	\$0.30	\$0.50	\$0.30	\$0.03	\$0.09

* = Confidential Data



My name is Kate File and I am here today to represent myself. I am a Juneau resident.

Thank you for allowing me to testify today and listening to my thoughts on SB 322.

I am here today to speak in opposition to Senate Bill 322. In its present form this bill would do great harm to an already overtaxed and over regulated industry.

My family is a fishing family in a unique position. Our boat and permit are paid for. If this proposed tax were implemented we would have to consider whether or not it would be cost effective for our crew and family to fish salmon. For those fishers who have loans it would be almost impossible to make expenses, pay their crew and take home income to live on for the winter. Several fishermen I have talked too say that Senate Bill 322 would completely wipe out their profit margin.

I believe this bill could work BUT in a different format. This bill is missing a major component. Please bear with me as I start from the beginning.

Senate Bill 322 would stop the practice of taking cost recovery for regional hatcheries (like NSRRA & SSRRA) while allowing non-regionals (like Kake, DIPAC and Port Armstrong) to continue the practice of cost recovery.

As you look at the information provided to you by Fish & Game on the Alaska Hatchery Commercial Common Property & Cost Recovery Return Data handout, you will see the regionals are within their salmon enhancement allocation goals. In contrast, it is the non-regionals who are in some cases taking far and above the Board of Fish suggested allocation goals for cost recovery.

In the Board of Fish findings the suggested salmon enhancement allocation goals for cost recovery are for regionals-70% to common property & 30% for cost recovery. Also keep in mind that regionals

receive a 3% aquaculture tax in Southeast Alaska. For the non-regionals the suggested salmon allocation goals are 60% common property with 40% to cost recovery. Non-regionals receive No aquaculture tax and have no taxing authority.

As you can see it is NOT the regionals cost recovery practices that are affecting your average commercial fisher. It is the non-regionals who are taking far and above the suggested salmon allocation. In some hatchery operations you will see 74% and 89% being taken for cost recovery purposes. This practice is harmful to commercial fishers.

The component that is missing to SB 322 is to regionalize ALL non-regional hatcheries. The only way taxing fishers to replace cost recovery is going to work is if you eliminate ALL cost recovery fishing in that region.

To benefit the fishers of Southeast Alaska we would need to take all hatcheries in the region and create a single regional association. This would also benefit the region by decreasing overhead administrative costs.

I ask that serious consideration be given to this suggestion. Many fishers feel that if the bill were amended in this way it would go a long way to help stabilize the salmon industry. It would also help hatcheries reach their full potential and be of benefit to the commercial fisher.

This bill as it is written now will NOT help the commercial fleet. It will make a bad situation disastrous. I ask that you NOT approve

Senate Bill 322 in it current form.

I thank you for your time and service to our state.

Although it is unlikely I will be able to answer all of your questions.....I will try to answer any that you might have.

Sorry~

The attached letter is a letter of non-support for SB 322.

I inadvertently put it with "Letters of Support" in your packet.

My apologies.

Jane

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United Southeast Alaska Gillnetters

PO Box 23378, Ketchikan, AK 99901 Phone & Fax (907) 247 2471 Email: usa_gillnetters@att.net

February 23, 2004

The Honorable Con Bunde, Chair
Senate Labor & Commerce Committee
Alaska State Capitol, Room 506
Juneau, AK 99801

Send Via Fax to: 465-3871

Dear Senator Bunde,

The United Southeast Alaska Gillnetters (USAG) is an association of about 150 small business owners who catch salmon by drift gillnetting in Southeast Alaska and market salmon throughout the United States. Many of our members also participate in other fisheries such as crab, shrimp, longline, and dive fisheries.

USAG is opposed to SB 322 that would permit the rate of salmon enhancement tax to increase by increments up to a limit of thirty percent of a fisherman's gross earnings. The fishermen represented by USAG are not interested in any increase in directed taxes on their gross earnings. Our fishery simply does not generate enough income to support any additional directed taxes on our gross above the 3% enhancement tax and the 1% marketing tax that are currently in place. We understand that this legislation, if passed, would not itself result in additional taxes, it would only enable areas interested in additional enhancement taxes to vote on a proposal to increase this tax. We are not interested in having this option for ourselves, or having it available to other salmon permit holders in our area. We are not interested in replacing the funds our enhancement facilities generate from their cost recovery fisheries with funds from an increased assessment on our gross income.

We ask the Senate Labor and Commerce Committee to not support this bill or pass it out of committee. We appreciate your consideration of our position on SB 322.

Yours truly,

Kenneth Duckett
Executive Director

cc: Senator Ben Stevens, Via fax to: 486-3872
UFA, Via email

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 322
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Salmon Enhancement Tax RDU Revenue Programs & Services
Component Tax Division
Sponsor Senator Ben Stevens
Requester Senate Labor & Commerce Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	*	*	*	*	*	*
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See page 2

Prepared by: Chuck Harlamert Phone 465-2320
Division Tax Division Date/Time 2/23/04 1:11 PM
Approved by: Steve Porter, Deputy Director Date 2/23/2004
Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 322

ANALYSIS CONTINUATION

Cost Discussion

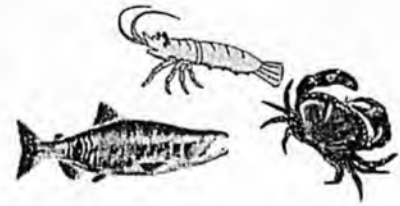
Increased tax rates will increase our costs to administer the Salmon Enhancement Tax. The tax rates authorized under the legislation, if approved within individual regions, can significantly increase compliance risk. Our costs to maintain compliance would necessarily grow to maintain compliance. However, we are unable to predict which regions, if any, will approve the higher tax rates authorized by the bill, the year of approval, or the rates ultimately approved within any region. We are therefore unable to estimate our costs associated with this legislation.

Revenue Discussion

Existing law provides the option of imposing the Salmon Marketing tax at 1%, 2%, or 3%. The bill creates ten additional rate options: 4%, 5%, 6%, 7%, 8%, 9%, 10%, 15%, 20%, and 30%. Six aquaculture regions have approved a Salmon Enhancement Tax, two at the rate of 3% and four regions at 2%. These six regions generated \$2.4 million of Salmon Enhancement Tax during FY03. The revenue generated by these regions at the 30% rate authorized by the bill would have been approximately \$30 million based on FY03 activity. The revenue impact of the bill therefore could range between zero and \$27.6 million based on FY03 activity and dependent on the rates approved within individual regions.

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: seafa@gci.net

February 23, 2004

Senate Labor & Commerce Committee
Honorable Con Bunde, Chair
Alaska State Legislature
State Capitol, Mail Stop 3100
Juneau, AK 99801

RE: Comments on SB 322 – Enhancement Tax legislation

Dear Senator Bunde,

We apologize that we will not be available to testify on SB 322 but are submitting the following comments for your consideration.

The Southeast Alaska Fishermen's Alliance brought up this issue during the hatchery committee meetings about doing away with cost recovery and assessing fishermen in place of as something that commercial fishermen had discussed as a possibility. We also suggested in our hatchery comments that an analysis of what this meant was necessary for the fishermen to determine if this is a logical option. The hatchery committee never met after these comments were submitted by our association and Chris Moss as a salmon task force member and were never discussed in the hatchery sub-committee process. Without an analysis this legislation is premature.

We are attaching our comments to the hatchery sub-committee for your information.

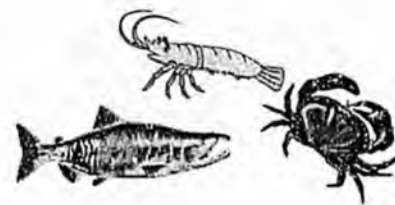
The Southeast Alaska Fishermen's Alliance is a non-profit fishing association representing our members involved in the Salmon, crab, shrimp and longline fisheries of Southeast Alaska since we formed in 2000.

Sincerely,

Kathy Hansen
Executive Director

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: seafa@gci.net

November 24, 2003

Senator Ben Stevens and Hatchery Committee,

You requested information on the issues that commercial fishermen are concerned about and additional information on the point I had made during the last teleconference.

The major issues brought out last year and that fishermen have expressed concern about over the last several years are as follows:

Cost Recovery:

Price difference between hatcheries and common property fisheries.

Suggestion: determine price paid to hatcheries for cost recovery of different species (by hatchery) and compare with data McDowell group prepares in season on common property prices so that fishermen can see whether hatcheries receive more or less than they think they are paid. (This information would be most effective if provided for a 5 year period or so.) In the future this information should be provided to the McDowell group for their final wrap up weekly price tracking. It is understandable that the hatchery might not want the information to be published prior to the season but it would be nice to know what the price is without speculation being involved or I heard information at the end of the season. Continue discussion on this issue based on information received in analysis of price paid over last five years. *(Note based on comments received after this testimony was submitted the following comment is being added. Information from last year is available in the Annual Operators report but this information is generally not available until Jan or Feb of the following year when fishermen are already discussing the bids for the upcoming season.)*

Impact that cost recovery has on the market, both price and volume of fish.

Suggestion: Processors need to respond to this issue and following are some of the questions that are asked. We have been told that if the cost recovery pre-season bid price is too high, the price paid to fishermen is lowered to make up the difference? Do the processors purchase less fish from fishermen when they receive a cost recovery hatchery bid? What is the differential in costs to process fish for fishermen versus cost recovery -- i.e. tender costs etc.? Is there a priority placed on cost recovery fish in the plant? Is there a quality difference between hatchery fish and cost recovery fish and if so why?

Many fishermen feel that no cost recovery should occur.

Suggestion: An analysis of what percentage of enhancement tax fishermen would have to pay if all hatchery fish are caught during the

course of common property fisheries and no cost recovery fishing occurred. Side issues to be considered under this are: 1.) how would you fund the non-regional associations and 2.) how would you prevent hatchery budgets from becoming over-inflated under this type of system.

Difference between Regional associations and Non-regional associations:

As I explained last meeting on the teleconference fishermen feel more in control when they elect commercial fishermen on the board to represent them. If you don't like the policy direction an association is following you can make changes by voting different representatives on to the board. Many of the SE non-regional associations have commercial fishermen on the board but there is a difference when you represent yourself or you represent the views of a single association and not the whole fleet on the board and you are a commercial fishermen and you have an obligation to all the fleet because you were elected to the board.

Other issues:

Difficulty in getting information: I have requested many times to be sent information and put on mailing list for various regional and non-regional associations on board meeting dates and board packets – Some regionals and some non-regionals are responsive to this request – other associations you never hear from and some you have to request several times before you get the information. If an association (SEAFSA) has this much difficulty following the issues and trying to get information pre-meeting so that they can comment on issues that might be on an agenda, it must be very difficult for an individual and this difficulty helps cause the disconnect between fishermen and hatcheries.

This issue also exists within the RPT process. I am usually unable to get copies of the PAR's prior to the RPT meeting and therefore unable to get the information out to my membership for comment and therefore go and listen rather than more actively participate in the process. While the meetings are publicized, and an agenda can be received, the detailed information is not sent. I have requested to be put on the SE RPT mailing list and receive all the information that a member of the RPT would receive and have not been successful.

The RPT is a good process, it just needs to work on performing all of its suggested duties and could be a mechanism for looking at the amount of cost recovery a facility is taking if it is felt that an association is taking too high of a percentage. See comments that SEAFSA sent in last year. The RPT is suppose to review and provide recommendations to the Commissioner on annual management plans but the past several years in Southeast the plans have not been available for the spring RPT meeting and the years previous the plans were available at the meeting only so no comments were ever made as no one had a chance to read the material and see what the annual management plan contained that year. This is one of the check and balances to the hatchery program that is not as functional as it should be. Also the hatchery regulations and statutes state that after a cycle of fish have returned the permit will be reviewed for management issues. I have been attending most of the RPT meetings in

SE Alaska for the last 8 years as a member of the public and I have not seen this process take place although several of the projects reached maturity during that time. It is possible that this process was done just through the area managers and not soliciting information from the fleet.

I recently sent out a questionnaire to the SE gillnet permit holder list and all SEAFA members. One of the questions asked was: "Do you believe that the hatchery programs in the State of Alaska need changes? If yes, Please explain what hatchery issue you think the task force should focus on and why?" Several of the written comments received are included below:

- State should get out of the hatchery business
- All hatcheries should contribute the majority of production to common property fisheries
- Cost recovery needs to be more fair
- 1.) Fair allotment of fish 60/40, 70/30 split; 2.) Cost Recovery; 3.) Hatcheries having unfair market advantage. Why? The hatcheries serve no purpose and have no value to the commercial fleet unless 1-3 are followed.
- Eliminate the 3% assessment
- 1.) If hatcheries are non-profit why do they keep increasing their savings accounts? Example NSRAA., on the plus side their allocation split is far better than DIPAC's which is almost criminal some years in DIPAC's favor, Example 2002. 2.) Common Property should increase as the hatcheries become solvent.
- Open Cost recovery to permit holders.

Letters of Support

February 22, 2004

Senator Con Bunde, Chair
Senate Labor and Commerce Committee
907-465-3871 (FAX)

Dear Senator Bunde and Committee Members:

I would like to voice my support for SB 322 that provides the option of voting on additional rates for the salmon enhancement tax for Regional Aquaculture Associations.

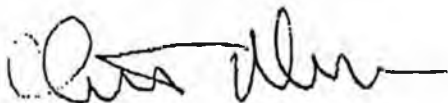
As a commercial salmon fisherman for over 40 years and a member of the Salmon Task Force and Hatcheries Subcommittee, I believe this is a necessary option for fishermen subject to the Salmon Enhancement Tax. Through conversations with individual fishermen it became apparent that there is growing concern about the impact of regional hatchery cost recovery contracts. These contracts impact the sale and value of fish sold by individual fishermen. Due to declining fish prices in both pink and chum markets, vast quantities of fish are often pre-sold to processors to pay for debt and the ongoing operations of the regional hatcheries. In some cases, markets are flooded and individuals have difficulty in selling their own product.

The original Salmon Enhancement Tax of 2%, approved by the Cook Inlet fishermen to fund the programs of the Cook Inlet Regional Aquaculture Association, was never envisioned to pay for the ongoing operations of hatcheries. At the time it was instituted the state was in the business of funding and operating the hatcheries for the fishing industry. The state is now out of the hatchery business and the financial burden is on the industry. The option of voting to institute a larger tax to finance the operations of hatcheries and other projects at the regional level is appropriate.

The passage of this bill would allow a vote of the fishermen in an area to assess a higher tax rate to fund their projects. Processors would purchase the salmon from individuals and the result should be expanded markets for fishermen - markets that are currently being filled by cost recovery product. The regional's cost recovery goals would still be met.

Key to this entire concept is the majority approval in an area of any increase in taxes. It would be self-imposed and not implemented by any government entity. It would be based on catch; and, therefore, would place the burden on those who benefit the most - commercial fishermen. This seems to be the most equitable way to determine the direction a business should progress.

Thank-you for the opportunity to comment on this legislation.



Chris Moss
Box 1115
Homer Alaska 99603
907 235-8053