



Kansas Health Care Stabilization Fund

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Bulletin 2014-1

TO: Companies Authorized to Offer Professional Liability Insurance to Kansas Health Care Providers

FROM: Charles L. Wheelen, Executive Director, Health Care Stabilization Fund

DATE: March 31, 2014

SUBJECT: Calendar Year 2014 HCSF Surcharge Rates and Related Information

The Health Care Stabilization Fund Board of Governors recently decided to maintain current surcharge rates for the balance of calendar year 2014. Copies of the surcharge rates are appended to this bulletin. These are the same rates that were promulgated last year for fiscal year 2014.

The decision by the HCSF Board of Governors to maintain current rates is based principally on the results of an actuarial study which included analysis of the loss experience among the twenty HCSF classification groups compared to surcharge revenue for those groups. In addition, the Board considered the potential effects of two bills that are currently under consideration by the Legislature. Depending on the final outcome of the pending legislation, it may become necessary to revise the instructions and surcharge rates for the calendar year beginning January 1, 2015.

The following information remains important for successful completion of pertinent documents.

- A. HCSF Class Groups for Chiropractors, Nurse Anesthetists, Podiatrists, Physicians and Surgeons:** Insurers are to identify the HCSF Rate Classification Number for each health care provider based on his or her profession and medical specialty as described on pages 4 – 5 of the instructions. The classification number of the individual health care provider will determine the corresponding HCSF classification group. There are detailed instructions on pages 6 – 7 for health care providers who are in HCSF Classification Group 3. General descriptions of each group can be found on page 8 of the instructions.
- B. Fund Surcharge System Procedures:** The procedures are described on page 9 of the instructions.
- C. Annual Surcharge Rate Tables for Fund Class Groups 1 through 20:** Insurers must utilize the HCSF surcharge rate tables appended to this bulletin for purposes of determining the surcharge payment for individual health care providers issued basic professional liability insurance policies with effective dates on or after July 1, 2014.
- D. Missouri Modification Factor:** All Kansas resident health care providers who are also licensed to practice in Missouri must pay an additional **30%** surcharge. If a health care provider is no longer practicing in Missouri, the Missouri license can be converted to inactive until such time the licensee wishes to resume his or her Missouri practice. The additional surcharge is not required if the license is inactive.

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E. Notice of Termination: The provisions of K.S.A. 40-3402(a)(2) require that notice of termination be provided to the HCSF Board of Governors 30 days prior to the termination date if the termination is initiated by the insurer. If instead the termination is initiated by the insured health care provider, the notice of termination must be provided to the HCSF Board of Governors within ten days after termination of coverage.

For a number of reasons, there are occasions when a health care provider requests cancellation of an insurance policy and immediately purchases another policy. A typical example is when a health care provider changes employers and the new employer agrees to make payment for professional liability insurance. Because K.S.A. 40-3402(a)(1) allows a 30 day period for submission of the notice of basic coverage, there is often a period of about 20 days when it appears that a health care provider is not in compliance with K.S.A. 40-3402. This invokes the provisions of K.S.A. 40-3416 which requires the HCSF Board of Governors to make a report to the state agency that licenses the health care provider and requires the licensing agency to investigate. The HCSF staff endeavors to avoid reports to the licensing agencies whenever possible.

If it is known that a health care provider will be purchasing another professional liability insurance policy upon cancellation of existing coverage, please inform the HCSF Board of Governors in the notice of cancellation. Insurer assistance will be appreciated.

Health Care Stabilization Fund Surcharge Rates (Effective July 1, 2014)

OPTION 1*

[\$100,000 per claim subject to \$300,000 annual aggregate limit]

<u>Fund Class Group</u>	<u>General Description</u>	<u>1st Year of Fund Compliance</u>	<u>2nd Year of Fund Compliance</u>	<u>3rd Year of Fund Compliance</u>	<u>4th Year of Fund Compliance</u>	<u>5th Year of Fund Compliance</u>
1	physicians	\$ 68	\$ 177	\$ 277	\$ 306	\$ 342
2	physicians	\$ 154	\$ 398	\$ 624	\$ 690	\$ 773
3	physicians	\$ 212	\$ 546	\$ 861	\$ 951	\$ 1,063
4	physicians	\$ 237	\$ 613	\$ 962	\$ 1,061	\$ 1,189
5	physicians	\$ 257	\$ 670	\$ 1,054	\$ 1,165	\$ 1,301
6	physicians	\$ 301	\$ 777	\$ 1,223	\$ 1,351	\$ 1,510
7	physicians	\$ 224	\$ 580	\$ 915	\$ 1,009	\$ 1,129
8	physicians	\$ 576	\$ 1,490	\$ 2,348	\$ 2,592	\$ 2,898
9	physicians	\$ 580	\$ 1,495	\$ 2,357	\$ 2,599	\$ 2,910
10	physicians	\$ 846	\$ 2,192	\$ 3,454	\$ 3,810	\$ 4,265
11	physicians	\$ 1,423	\$ 3,675	\$ 5,790	\$ 6,390	\$ 7,148
12	chiropractors	\$ 50	\$ 112	\$ 179	\$ 196	\$ 219
13	nurse anesthetists	\$ 75	\$ 194	\$ 303	\$ 335	\$ 378
14	podiatrists	\$ 166	\$ 429	\$ 674	\$ 745	\$ 832
15	Availability Plan	23%	23%	23%	23%	23%
16	business entities	22%	22%	22%	22%	22%
17	hospitals & A.S.C.s	22%	22%	22%	22%	22%
18	C.M.H.C.s	22%	22%	22%	22%	22%
19	psychiatric hosp.	22%	22%	22%	22%	22%
20	residents in training	22%	22%	22%	22%	22%

* The additional surcharge for Kansas resident health care providers with an active Missouri license is 30%.

Health Care Stabilization Fund Surcharge Rates (Effective July 1, 2014)

OPTION 2*

[\$300,000 per claim subject to \$900,000 annual aggregate limit]

<u>Fund Class Group</u>	<u>General Description</u>	<u>1st Year of Fund Compliance</u>	<u>2nd Year of Fund Compliance</u>	<u>3rd Year of Fund Compliance</u>	<u>4th Year of Fund Compliance</u>	<u>5th Year of Fund Compliance</u>
1	physicians	\$ 119	\$ 308	\$ 486	\$ 537	\$ 600
2	physicians	\$ 267	\$ 693	\$ 1,094	\$ 1,208	\$ 1,354
3	physicians	\$ 368	\$ 957	\$ 1,508	\$ 1,663	\$ 1,862
4	physicians	\$ 417	\$ 1,070	\$ 1,687	\$ 1,860	\$ 2,079
5	physicians	\$ 455	\$ 1,170	\$ 1,844	\$ 2,035	\$ 2,276
6	physicians	\$ 526	\$ 1,358	\$ 2,142	\$ 2,363	\$ 2,641
7	physicians	\$ 394	\$ 1,013	\$ 1,601	\$ 1,765	\$ 1,975
8	physicians	\$ 1,010	\$ 2,607	\$ 4,108	\$ 4,536	\$ 5,074
9	physicians	\$ 1,014	\$ 2,616	\$ 4,124	\$ 4,551	\$ 5,090
10	physicians	\$ 1,485	\$ 3,833	\$ 6,041	\$ 6,670	\$ 7,460
11	physicians	\$ 2,491	\$ 6,428	\$ 10,133	\$ 11,180	\$ 12,509
12	chiropractors	\$ 76	\$ 197	\$ 312	\$ 344	\$ 384
13	nurse anesthetists	\$ 129	\$ 337	\$ 532	\$ 586	\$ 659
14	podiatrists	\$ 290	\$ 749	\$ 1,180	\$ 1,304	\$ 1,458
15	Availability Plan	35%	35%	35%	35%	35%
16	business entities	33%	33%	33%	33%	33%
17	hospitals & A.S.C.s	33%	33%	33%	33%	33%
18	C.M.H.C.s	33%	33%	33%	33%	33%
19	psychiatric hosp.	33%	33%	33%	33%	33%
20	residents in training	33%	33%	33%	33%	33%

* The additional surcharge for Kansas resident health care providers with an active Missouri license is 30%.

Health Care Stabilization Fund Surcharge Rates (Effective July 1, 2014)

OPTION 3*

[\$800,000 per claim subject to \$2,400,000 annual aggregate limit]

<u>Fund Class Group</u>	<u>General Description</u>	<u>1st Year of Fund Compliance</u>	<u>2nd Year of Fund Compliance</u>	<u>3rd Year of Fund Compliance</u>	<u>4th Year of Fund Compliance</u>	<u>5th Year of Fund Compliance</u>
1	physicians	\$ 150	\$ 387	\$ 610	\$ 674	\$ 753
2	physicians	\$ 340	\$ 873	\$ 1,376	\$ 1,522	\$ 1,699
3	physicians	\$ 465	\$ 1,202	\$ 1,895	\$ 2,093	\$ 2,339
4	physicians	\$ 519	\$ 1,342	\$ 2,117	\$ 2,339	\$ 2,616
5	physicians	\$ 570	\$ 1,471	\$ 2,318	\$ 2,558	\$ 2,861
6	physicians	\$ 662	\$ 1,707	\$ 2,690	\$ 2,969	\$ 3,322
7	physicians	\$ 495	\$ 1,276	\$ 2,012	\$ 2,219	\$ 2,482
8	physicians	\$ 1,270	\$ 3,278	\$ 5,166	\$ 5,699	\$ 6,377
9	physicians	\$ 1,276	\$ 3,289	\$ 5,183	\$ 5,721	\$ 6,399
10	physicians	\$ 1,869	\$ 4,820	\$ 7,596	\$ 8,387	\$ 9,379
11	physicians	\$ 3,128	\$ 8,083	\$ 12,736	\$ 14,058	\$ 15,724
12	chiropractors	\$ 95	\$ 246	\$ 389	\$ 429	\$ 481
13	nurse anesthetists	\$ 166	\$ 423	\$ 671	\$ 740	\$ 827
14	podiatrists	\$ 364	\$ 941	\$ 1,485	\$ 1,638	\$ 1,833
15	Availability Plan	40%	40%	40%	40%	40%
16	business entities	38%	38%	38%	38%	38%
17	hospitals & A.S.C.s	38%	38%	38%	38%	38%
18	C.M.H.C.s	38%	38%	38%	38%	38%
19	psychiatric hosp.	38%	38%	38%	38%	38%
20	residents in training	38%	38%	38%	38%	38%

* The additional surcharge for Kansas resident health care providers with an active Missouri license is 30%.