



To: Health Care Stabilization Fund Oversight Committee

From: Rachele Colombo, Executive Director

Date: November 15, 2022

Re: Continuation of the Health Care Stabilization Fund

The Kansas Medical Society and the Kansas Hospital Association appreciate the opportunity to appear before the Health Care Stabilization Fund Oversight Committee and comment on its continuation and actuarial soundness.

The Health Care Stabilization Fund was established at the height of the medical malpractice crisis more than forty years ago. The cost of coverage was prohibitive to Kansas physicians and as a result, the legislature implemented two key policies to stabilize the medical malpractice market. A cap on non-economic damages was set at \$250,000 to limit liability exposure. That was balanced with the previous establishment of the fund and the policy that all physicians and defined health care providers participate in purchasing liability coverage. The intent was to ensure all providers were able to acquire adequate insurance coverage and reduce the overall cost of malpractice coverage.

The fund has performed exactly as it was intended. This rare public/private partnership achieves a balance in the market that protects patients and providers. The oversight committee plays a vital role in protecting the public by ensuring that the Fund remains solvent and independent.

There are new challenges and aspects affecting the Fund. The 2019 ruling on Hilburn, the inclusion of corporations employing physicians, and complications around reinsurance exacerbated by COVID-19 all underscore the importance of the Fund and its necessary oversight. We urge your support of continuing the committee for the next year and do not believe an additional outside actuarial analysis is necessary at this time.

Thank you for your service on this committee and to protecting the Fund which has so consistently achieved its intended purpose