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Change in Medical Liability Limits will Result in
Premium Increase to Specialty Surgeons

HARRISBURG (June 7, 2007) – Pennsylvania Orthopaedic Society (POS)

President Charles D. “Chip” Hummer, III, M.D. today urged state regulators to delay a change in the mandated private medical professional liability insurance coverage levels in order to avoid a crisis in patient access to specialty surgeons Jan. 1, 2008.

In a letter to Acting Insurance Commissioner Randolph Rohrbaugh, Dr. Hummer cites the Rendell Administration’s estimate of a 48% medical liability insurance premium increase for high-risk specialty surgeons such as orthopaedic surgeons unless the current coverage levels are maintained and the state’s Mcare Abatement Program is renewed.

The letter to Rohrbaugh is attached.

Pursuant to Act 13 of 2002, Rohrbaugh is required to determine by July 1, 2007 whether adequate capacity exists in the private medical professional liability insurance

market for commercial carriers to increase their coverage level from \$500,000 to \$750,000, with the Mcare Fund providing the remaining \$250,000 coverage.

“When Act 13 was enacted five years ago the predominant carriers for medical liability insurance were traditional private commercial insurers. Today the market is quite different with a significant percentage of the market represented by self-capitalized entities such as risk retention groups, which filled the void created when commercial carriers left Pennsylvania,” Dr. Hummer explained. “We are asking Acting Commissioner Rohrbaugh to recognize the serious affordability consequences to a change in the coverage levels because of the different complexion of our market today compared to five years ago.”

POS estimates that 18 of the 46 medical liability insurers listed by the Insurance Department are self-capitalized entities, representing at least 20 percent of the market.

“Even if affordability is not a mandated consideration for your market analysis, the potential destabilization of 20 percent of the market’s medical liability carriers should be enough to stop a determination of adequate capacity,” Dr. Hummer wrote in his letter. “The loss of these self-capitalized entities may again return the Commonwealth to the days when emergency room and trauma centers were threatened with closure due to a lack of high-risk specialists with the mandated insurance coverage.”

A delay in the change of the coverage levels will allow vital reforms already enacted to be realized in the medical community and the market place, according to POS.

POS also supports legislation to extend the state’s Mcare Abatement Program, which provides 100% abatement from the state’s mandated excess medical liability insurance coverage for high-risk specialty surgeons such as Orthopaedic surgeons. All

other doctors receive 50% abatement. The program is due to expire December 31, 2007 unless the General Assembly passes and the Governor signs a bill renewing the program for 2007.

POS is a professional medical specialty organization representing more than 900 orthopaedic surgeons across Pennsylvania in advocating for excellence in the practice of orthopaedic medicine. For more information on the importance of bone, joint and muscle health at every age, visit the POS website at www.paorthosociety.org.

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