
MEMORANDUM TO THE PENNSYLVANIA HOUSE OF REPRESENTATIVES

TO: PENNSYLVANIA HOUSE OF REPRESENTATIVES

FROM: ROBERT CHO, MD
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SUBJECT: MCARE SURPLUS

DATE: NOVEMBER 6, 2007

As residents in training at various orthopaedic residency programs across Pennsylvania, we strongly support the letter from Pennsylvania Orthopaedic Society (POS) president Chip Hummer regarding the Society's support for an extension of the Mcare Abatement Program. We also strongly oppose any legislative effort to divert Mcare Abatement Program revenue or surplus to purposes other than abatement or retirement of Mcare's unfunded liability. We represent residents before the POS Board of Directors, but we also want you to hear our voices.

As orthopaedic residents from Allegheny General Hospital, Drexel University College of Medicine, Geisinger Medical Center, and University of Pittsburgh Medical Center, we have a unique perspective on this vital issue. The vast majority of our colleagues plan to practice in other states. And who can blame them? Pennsylvania has some of the best medical training facilities in the world, but the state's healthcare environment, with high liability costs, low reimbursements, and the Mcare Fund's nearly \$2 billion unfunded liability, is not as welcoming as other states. Those residents who plan to remain in Pennsylvania generally do so because they have family here. You have the ability to change the healthcare environment and thereby invite more residents to stay in Pennsylvania.

You have seen the statistics – the Mcare Fund's unfunded liability is estimated to be \$1.7 billion and the Mcare Abatement Program's surplus is estimated to be \$440 million. You also know that the Pennsylvania Medical Society reported that the Commonwealth is retaining only 8% of the medical residents trained in the state and the Pennsylvania Department of Health estimates that more than 25% of all specialty surgeons plan on moving out of state or retiring by 2010.

Here is the reality – **we have no economic incentive to practice in Pennsylvania** with this massive debt ready to crush us. The Mcare Abatement Program is vital. We ask you to continue this program. But diverting Mcare revenue or surplus funds to other purposes, even to good programs, simply does not make sense when we face a \$1.7 billion debt. **We request you dedicate all Mcare revenue and surplus to continued premium stabilization and to retire the Mcare Fund.**

We have heard the rhetoric about the state government's commitment to recruiting and retaining the best and brightest new physicians. Now let's see the action. Please oppose any effort to divert Mcare revenues or surplus to purposes other than continued Mcare abatement and retirement of the Mcare Fund.

Thank you for considering our concerns.

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.

