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**POS: DELAY OF MCARE PHASE-OUT WELCOME,**  
**COMMITMENT FOR MCARE RETIREMENT REMAINS**

**HARRISBURG (July 15, 2005)** – The Pennsylvania Orthopaedic Society (POS) applauded Pennsylvania Insurance Commissioner Diane Koken for avoiding one of several factors threatening another medical liability insurance availability and affordability crisis this fall.

Last week Koken determined that Pennsylvania's private medical liability insurance market does not have the capacity to handle a shift of \$250,000 in coverage from the state's MCARE fund to the private market. Koken's determination was the result of a review of an actuarial study conducted by Pricewaterhouse Coopers LLP, as required by Act 13 of 2002. Currently, commercial insurers cover physicians for the first \$500,000 of coverage and the state's MCARE Fund provides coverage for the second \$500,000. According to Act 13, the Insurance Commissioner will make another review of the market in 2007 and determine if the shift in coverage can begin at that time.

POS President Paul Christopher Metzger, M.D., thanked Koken and Governor Rendell for his leadership on MCARE reform.

"Pennsylvania's 900 orthopaedic surgeons and their patients are the beneficiaries of this action," Metzger said. "We remain committed to retiring the MCARE Fund, but

only at a time when there is sufficient capacity in the marketplace to shift a greater proportion of coverage to the private market from the state's MCARE Fund.”

Metzger said reforms enacted several years ago, still need more time in order for the benefits to be realized as more affordable and available medical liability insurance. In a letter to Koken last month, POS warned that a shift in the coverage limits at this time would combine with other factors to create a devastating impact on premium rates this fall.

Metzger said Pennsylvania's mandated state insurance program, MCARE, is part of the broken medical liability system and needs to be permanently retired, but in a way that does not create another affordability and availability crisis. He pointed to a recent study that emphasized the shortcomings of the MCARE fund.

The report released last month by the Project on Medical Liability in Pennsylvania, an independent nonpartisan effort supported by the Pew Charitable Trusts, studied nine state-run insurance funds, which were intended to alleviate medical liability insurance crisis. Titled “Public Medical Malpractice Insurance: An Analysis of State-Operated Patient Compensation Funds,” the report listed Pennsylvania as one of nine states with the so-called Patient Compensation Funds, created to provide physicians and hospitals with affordable and reliable medical liability insurance by covering high-end losses while providing adequate compensation for patients.

According to the report, “Two aspects of Pennsylvania's MCARE Fund that make it more vulnerable to financial failure are pay-as-you-go-financing, which leads to large accrued liabilities over time, and the state's lack of a cap on malpractice damages.”

“Orthopaedic surgeons remain engaged in efforts to improve Pennsylvania’s medical liability environment so patients have access to the best orthopaedic medicine available,” Metzger said.

POS is a professional medical specialty organization representing more than 900 orthopaedic surgeons across Pennsylvania. For more information, visit the POS website at [www.paorthosociety.org](http://www.paorthosociety.org).

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