

State Corporation Commission 2004 Fiscal Impact Statement

1. Bill Number SB309

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Hawkins

3. Committee Commerce and Labor

4. Title Activation of medical malpractice joint underwriting association.

5. Summary/Purpose: Requires the State Corporation Commission to activate a medical malpractice JUA for any health care providers (i) who could not get medical malpractice coverage at any time between January 1, 2003 and January 1, 2004 because of the insolvency of their previous insurer, (ii) who cannot obtain coverage in the voluntary market, or (iii) who cannot afford coverage in the voluntary market. The Commission is required to establish the eligibility criteria for such health care providers. The JUA must be activated by January 1, 2005.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: SB 309 may conflict with the provisions found in § 38.2-2804, which requires the JUA's board of directors to establish (in its plan of operation) minimum underwriting standards, in consultation with the medical and hospital advisory committees provided for in § 38.2-2805. SB 309 requires the State Corporation Commission to establish the eligibility criteria.

11. Other comments: If a JUA is activated, doctors who have struggled in obtaining medical malpractice insurance coverage would be able to find coverage; as a result, however, premiums would not necessarily be what the doctors would consider affordable. JUA premiums must be actuarially sound since JUA rates must be self-supporting. Moreover, policyholders will have to pay an additional 1/3 of the premium for the stabilization reserve fund. Finally, activation of a JUA would not, in the opinion of the Bureau of Insurance, address the most critical problem facing the medical malpractice insurance market, which is affordability.

On February 9, 2004, SB 309 was continued to the 2005 Session by the Senate Committee on Commerce and Labor.

Date: 02/10/04 / V. Tompkins

cc: Secretary of Commerce and Trade