



Pennsylvania
MEDICAL SOCIETY®

STATEMENT OF PURPOSE AND PROPOSED AMENDMENTS TO SB 1137
March 14, 2008

The Pennsylvania Medical Society strongly believes that the following amendments must be attached to the House-passed version of Senate Bill 1137. Retention and recruitment of physicians as well as access to care for the uninsured are equally critical. Achievement of *both* these goals is essential to progress to a healthcare system in the Commonwealth that provides citizens with sustainable and stable access to medical care. These amendments are necessary to ensure that Senate Bill 1137 medical liability coverage reforms are fiscally sound and will not have unintended consequences.

1. Provide a guaranteed and actuarially sound funding stream to cover the cost of the abatements from 2008 through 2017 and the unfunded liability for Mcare claims and expenses from 2018 through the end of the Mcare run-off.
 - Commit 25 cents of the cigarette tax to HCPRA from FY 2007-2008 through at least FY 2018-2019 and longer if the HCPRA balance is not actuarially sufficient to pay the unfunded liability for Mcare claims and expenses from 2018 through the end of the run-off. Eliminate the need for an annual appropriation of this cigarette tax revenue.
 - Commit the auto CAT Fund surcharge revenue to Mcare from FY-2007-2008 through FY 2017-2018.
 - Require disbursements from HCPRA to Mcare to the extent necessary to maintain a \$30 million year-end balance in Mcare until the end of the run-off.
 - Permit disbursements from HCPRA for other purposes only if this will not jeopardize an actuarially sound funding stream to cover the cost of the abatements from the present through 2017 and the unfunded liability for Mcare claims and expenses from 2018 until the end of the Mcare run-off.
 - Make the Commonwealth responsible for Mcare deficits beginning in 2018.
2. Eliminate mandates that require physicians to participate in PaABC and CHIP and other unnecessary conditions to be eligible for Mcare abatements.
3. Provide protection to ensure that increases in physicians' total costs (primary premium and abated assessment) are predictable and not excessive as primary limits are stepped up from \$500,000 to \$1 million.
 - Provide premium subsidies to ensure that physicians' total costs do not increase more than 10% in any year during the Mcare phase-out, on average in any specialty, and
 - Relieve physicians of their retention obligation (remain in PA for year after abatement) if their total costs increase more than 10% in any year.