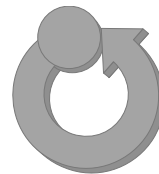


The Kansas Health Care Stabilization Fund

Guidelines for the optional Fund tail coverage surcharge rates effective July 1, 2005

This brochure is intended to provide a guide to assist health care providers in understanding the cost of the optional tail coverage available from the Fund. Also included in this brochure are examples of how the additional tail coverage surcharge is calculated.



NOTICE: When requesting the optional Fund tail coverage, you must submit your request in writing, specifying the date on which you will cease rendering professional services as an active Kansas health care provider. If possible, we need to receive your request at least 15 days prior to your termination date. You should also advise your basic professional liability insurer to cancel your basic coverage on the same date. This will assist us in researching the necessary information to accurately calculate the amount of the additional tail coverage surcharge so you will have adequate time to pay the additional surcharge amount. The Fund law requires the additional tail coverage surcharge to be paid within 30 days of the date that you became an inactive health care provider. No extensions to the 30 day period for payment of the additional tail coverage surcharge can be granted.

Estimates of tail coverage surcharge amounts may be requested by telephone. Please allow a reasonable period of time for us to respond. Even if you request a tail coverage estimate by phone, you will still need to submit a request in writing once you decide to cease practice in Kansas as an active health care provider.

The information contained in this brochure is furnished as general guidelines and procedures to assist health care providers in understanding this important area of the Fund. ***The actual calculation of the additional optional tail coverage surcharge amount will be furnished by the Fund.***

When should the optional tail coverage be considered by a health care provider?

Any health care provider who complies with the Health Care Stabilization Fund (Fund) for less than five years and becomes an inactive health care provider may wish to consider obtaining the optional tail coverage and pay the additional surcharge payment for the optional tail coverage from the Fund. This continuing Fund coverage (often referred to as the Fund's "tail" coverage) is for future claims or suits made against an inactive health care provider for professional services rendered while the health care provider was in compliance with the Fund. (Note: Fund compliance periods from a postgraduate program of residency training approved by the Kansas Board of Healing Arts are not included when computing the five year period.) Health care providers with five or more years of Fund compliance are eligible for the Fund's continuing coverage without an additional surcharge payment.

Revised optional tail coverage surcharge rate tables on page 2 of this brochure will become effective on July 1, 2005. The pre-calculated surcharge rates in these tables are derived from the FY 2006 Fund surcharge rates and the tail coverage surcharge percentage factors adopted by the Fund Board Governors in 2003. Health care providers with compliance periods of *less than the required five year period* may obtain the Fund's continuing tail coverage by paying an additional Fund surcharge amount *within thirty days of becoming an inactive health care provider*. The additional surcharge cost varies with the individual's prior Fund compliance records. This brochure provides general information and guidelines. The actual calculation of the additional optional tail coverage surcharge amount will be furnished by the Fund upon receipt of a written request submitted by the health care provider.

If You Have Questions Or Need Additional Assistance: Please contact the Fund office for any additional assistance you may feel is needed.


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The descriptions for Fund Class Groups can be found on the the Internet at
www.hcsf.org/FY2006rates/FY2006ClassGroups1-14.htm

\$100,000 / \$300,000 - Kansas Tail Surcharge

FUND CLASS GROUP	Number of Fund coverage years				
	One year	Two years	Three years	Four years	Less than five years
	Following amounts are for full Fund coverage years. If you have partial Fund coverage years, amounts will vary from those shown in the table.				
1	\$597	\$921	\$1,077	\$1,188	\$1,257
2	892	1,358	1,587	1,748	1,858
3	1,214	1,854	2,174	2,391	2,535
4	1,404	2,132	2,497	2,744	2,913
5	1,633	2,504	2,932	3,229	3,422
6	2,112	3,220	3,773	4,153	4,401
7	1,568	2,396	2,811	3,091	3,278
8	3,451	5,267	6,180	6,799	7,205
9	3,956	6,018	7,059	7,758	8,228
10	5,209	7,949	9,325	10,252	10,875
11	7,177	10,929	12,816	14,095	14,944
12	321	491	585	637	677
13	512	778	910	1,002	1,069
14	1,463	2,237	2,621	2,881	3,052

\$300,000 / \$900,000 - Kansas Tail Surcharge

FUND CLASS GROUP	Number of Fund coverage years				
	One year	Two years	Three years	Four years	Less than five years
	Following amounts are for full Fund coverage years. If you have partial Fund coverage years, amounts will vary from those shown in the table.				
1	\$1,453	\$2,221	\$2,583	\$2,841	\$3,009
2	2,143	3,263	3,816	4,189	4,445
3	2,933	4,475	5,218	5,730	6,071
4	3,405	5,142	6,000	6,583	6,968
5	3,986	6,040	7,039	7,730	8,184
6	5,121	7,770	9,061	9,943	10,524
7	3,814	5,783	6,747	7,408	7,842
8	8,381	12,725	14,828	16,286	17,246
9	9,570	14,525	16,934	18,601	19,690
10	12,639	19,192	22,373	24,574	26,014
11	17,379	26,380	30,763	33,770	35,764
12	781	1,191	1,394	1,533	1,622
13	1,226	1,874	2,188	2,401	2,552
14	3,550	5,393	6,284	6,909	7,310

\$800,000 / \$2,400,000 - Kansas Tail Surcharge

FUND CLASS GROUP	Number of Fund coverage years				
	One year	Two years	Three years	Four years	Less than five years
	Following amounts are for full Fund coverage years. If you have partial Fund coverage years, amounts will vary from those shown in the table.				
1	\$2,842	\$4,421	\$5,162	\$5,672	\$5,989
2	4,200	6,522	7,624	8,380	8,844
3	5,698	8,927	10,431	11,444	12,095
4	6,552	10,249	11,982	13,148	13,906
5	7,714	12,036	14,067	15,425	16,319
6	9,926	15,492	18,099	19,837	20,992
7	7,392	11,545	13,489	14,789	15,641
8	16,240	25,368	29,642	32,504	34,385
9	18,564	28,967	33,843	37,122	39,259
10	24,528	38,276	44,720	49,059	51,879
11	33,670	52,624	61,475	67,423	71,302
12	1,512	2,372	2,776	3,039	3,221
13	2,422	3,735	4,383	4,805	5,080
14	6,874	10,748	12,573	13,784	14,585

How to use these guidelines to obtain an *estimate* of the additional surcharge cost for the optional Fund tail coverage.

For Class Groups 1 to 14: If you have less than five years of Fund coverage and become an inactive health care provider on the annual anniversary date of your basic professional liability coverage:

- Find the highest Fund Class Group applicable to your practice during your Fund coverage period(s).
- Based on all Fund coverage records, determine the length of time you have been in compliance with the Fund. (Note: 1. Fund compliance periods from a postgraduate program of residency training approved by the Kansas Board of Healing Arts are not included in this calculation; and 2. If you have partial years (for example, 2 years and 36 days), you will need to contact the Fund for assistance.)
- The intersect of the Fund Class Group line and the number of Fund coverage years column will be the optional surcharge rate amount that is due *within thirty days of the date you became an inactive Kansas health care provider.*

Guideline Examples:

1. You are an emergency medicine specialist (no major surgery), Fund Class Group 6, selected Fund coverage limits of \$300,000/\$900,000 and have 2 years of Fund coverage. Your optional tail surcharge rate would be \$7,770.
2. You are an OB/GYN specialist, Fund Class Group 10, selected the Fund coverage limits of \$800,000/\$2,400,000 and have four years of Fund coverage. Your optional tail surcharge rate would be \$49,059.
3. You first complied with the Fund as a family practice doctor, assisting in major surgery procedures, Fund Class Group 4, and you selected the Fund coverage limits of \$800,000/\$2,400,000. In the next coverage year, you changed to family practice, no surgery, which is included in Fund Class Group 2. At the end of that second year, you become inactive as a Kansas health care provider and wish to pay the additional Fund optional surcharge. The amount would be \$10,249 (from Fund Class Group 4 and the “Two years” column).
4. If you have less than one year of Fund coverage: Determine the Fund surcharge amount for the less than one year coverage period and note the highest Fund coverage level that was chosen during the coverage period. Locate the optional tail coverage percentage surcharge rate the table on page 3, multiplying the Fund surcharge amount by that percentage. Example: A general surgeon who complied with the Fund for 30 days at the \$800,000/\$2,400,000 Fund coverage limits paid a Fund surcharge of \$95. The percentage tail coverage surcharge rate for this doctor would be 1400% which results in an optional tail coverage surcharge payment of \$1,330 (\$95 x 14.00).
5. It will be necessary to contact the Fund for assistance if you have complied with the Fund for partial years (for example, 2 years and 36 days).

For Class Group 15 (i.e., individual health care providers who could be in Fund Class Group 1 -14 but are insured by the Availability Plan and become an inactive health care provider on the annual anniversary date of their basic professional liability coverage): Unless these individuals are being charged a higher basic coverage premium due to unusual risk rating characteristics (i.e., experienced rated), the optional Fund tail coverage surcharge will be based on the tail coverage surcharge rates shown in the tables on page 2. If the individual health care provider has been experience rated, then utilize the procedures for Class Groups 16 to 21.

For Class Groups 16 to 21: Select one of the following percentage surcharge rates based on your most recent Fund coverage documents and use the indicated percentage rate to multiply your current or most recent annual surcharge amount. It will be necessary to request assistance from our office to complete this calculation if you have short-term coverage periods or a mid-term cancellation of a coverage period.

Percentage Rates for Optional Fund Tail Coverage					
Fund Coverage Level	Number of HCSF coverage years				
	One year or less	Not more than two years	Not more than three years	Not more than four years	Less than five years
\$100,000/\$300,000	656%	387%	288%	287%	272%
\$300,000/\$900,000	908%	534%	395%	393%	372%
\$800,000/\$2,400,000	1400%	847%	628%	624%	590%

For resident health care providers who practiced in Missouri: Unless otherwise included in the optional Fund tail coverage surcharge amount calculations, add an additional 20% to the otherwise

applicable optional Fund tail coverage surcharge. The additional Missouri surcharge rating factor can not be prorated.

Part-time or partial practice coverage records (resident or non-resident health care providers): Use the above procedures but the optional tail surcharge rate will be modified by using the highest part-time or prorated factor to compute the optional Fund tail coverage surcharge amount.

Exceptions to the payment of the additional “tail” coverage surcharge: There are exceptions to the five year compliance requirement for health care providers who die, retire from active practice, become disabled or cease their Kansas practice due to circumstances beyond their control. In addition, the Fund’s Board of Governors may grant temporary exemptions for health care providers who leave Kansas to obtain additional education or training or to participate in religious, humanitarian or governmental service programs. Health care providers who desire additional information regarding an exemption to the five-year compliance requirement should contact the Fund’s Compliance Section (telephone number: 785-291-3593).

Other frequently asked questions about the Fund optional tail coverage

Will the Fund notify me that this option is available? No. The Fund is under no obligation to notify individual health care providers who leave before acquiring five years of Fund coverage regarding the availability of the optional tail coverage.

Is it required that I purchase the optional tail coverage from the Fund? No. This is an optional choice.

Other than “going bare” or without tail coverage from the Fund, what are some other options which you may consider?

- If you are a Kansas resident who is leaving to live and practice in another state, you may wish to ask if prior acts coverage is available on your next professional liability coverage program.
- If a locum tenens provider, the locum tenens placement group may have continuing professional coverage available already included in the group’s professional liability coverage. These professional liability coverage arrangements should be carefully studied, but may be an option to the health care provider.
- If you are a non-resident health care provider your professional liability insurance may provide its full coverage while you practice in Kansas. Some providers, after notifying and consulting with their existing insurance company regarding their practice in Kansas, comply with the Fund for its minimum coverage level while practicing in Kansas and do not acquire the Fund’s optional tail coverage.

Does the Fund offer a tail coverage surcharge payment plan? No. The optional tail coverage surcharge payment must be paid within thirty days of the health care provider becoming an inactive health care provider.

Can the claims made retroactive rating date be advanced for a health care provider returning to active practice in Kansas? No. As provided in the Fund law, all active health care providers must maintain basic coverage for any claim or suit made against them while actively rendering professional services as a Kansas health care provider.

Will the Fund return an additional tail coverage surcharge payment if the health care provider returns to active practice in Kansas? No. The previously paid optional Fund tail coverage surcharge will not be returned inasmuch as it is “earned” during the period the health care provider was inactive and the Fund was obligated to provide its “first dollar” tail coverage.

Changes to the information, guidelines and optional Fund tail coverage surcharge rates may be made without advance notice to health care providers. In the event a change is made, information regarding such change, including the effective date of the change will be posted on the Internet web site of the Fund (www.hcsf.org).