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FY 2006 Health Care Stabilization Fund surcharge rates adopted by the Fund Board of Governors

The first surcharge rate increases in four years were recently adopted by the Health Care Stabilization Fund Board of Governors. The overall average surcharge rate increase is approximately 15%. The increase adopted for health care provider class groups will vary between 5% and 25%. Health care providers are reminded that these increases are applicable to only the Health Care Stabilization Fund surcharge rates which are significantly lower than the annual premium rates charged by the basic coverage insurance companies.

The new surcharge rates have been published in the FY 2006 Health Care Stabilization Fund Annual Premium Surcharge Rating Classification System Brochure. The surcharge rates for FY 2006 will become effective for new and renewal basic coverage periods with an effective date between July 1, 2005 and June 30, 2006. On page 3 of this newsletter there is a table that provides a sample comparison of the current surcharge rates to the new surcharge rates for FY 2006. This is sample information. If additional information is desired, please refer to our Internet web site (<http://www.hcsf.org>) for a complete copy of the FY 2006 Annual Premium Surcharge and Rating Classification System Brochure and other information regarding the Fund surcharge rates. * *Sample comparison surcharge rate table on page 3.*

Leaving Kansas: Important information regarding continuing Health Care Stabilization Fund coverage (“tail” coverage)

Understanding the Fund tail coverage and inactive health care provider terminology.

Inactive health care providers, whose basic coverage is no longer applicable to new claims and suits arising from their prior Fund compliance periods and who qualify for the Fund tail coverage, rely on the Fund to appoint a defense attorney. Defense attorneys appointed by the Fund are experienced in defending medical professional liability cases.

Many circumstances can result in a health care provider leaving their Kansas practice; but one of the most important coverage provisions of the Health Care Stabilization Fund is its continuing “tail” coverage for eligible inactive health care providers. “Tail” coverage is claims made policy slang language for continuing coverage for future claims that may be made after the policy or coverage period has ended and such policy or coverage is no longer being maintained. The term “inactive health care provider” is defined in the Fund law to mean individuals or entities that no longer maintain the basic professional liability coverage solely because they are no longer rendering professional services as a Kansas health care provider. There is more information regarding these two important terms on the Fund Internet site and from your basic professional liability insurance company.

Checking your eligibility for the continuing Fund “tail” coverage: (a) A health care provider who complies with the Fund for five or more years* and then becomes an inactive health care provider is eligible for the Fund’s continuing coverage without any additional surcharge payment. (*Fund compliance periods from a postgraduate program of residency training approved by the Kansas Board of Healing Arts are not included in the computation of the five year period.) (b) Health care providers

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Leaving Kansas, important information regarding continuing Health Care Stabilization Fund coverage (“tail” coverage)

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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.

Understanding the 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 an exemption to the five year compliance requirement must obtain prior approval from the Fund’s Board of Governors.

Common questions and complications regarding the optional additional “tail” coverage surcharge payments

- *What do health care providers with less than the required five years of Fund compliance need to do to request “tail coverage”?* Submit your request for continuing “tail” coverage information in writing. (Only general information may be obtained by telephone.) The written request must specify the date on which the health care provider will become an “inactive health care provider.” The health care provider must instruct their basic professional liability insurance company to terminate their basic coverage on the same date.
- *What should a locum tenens doctor do when providing several short-term practice periods in Kansas?* If needed the Fund staff will assist these individuals in making the additional optional “tail” coverage payment after each practice period. For non-Kansas residents, these individuals may wish to consider relying on their out-of-state professional liability coverage for their continuing coverage for their short-term Kansas practice periods.
- *If an inactive health care provider does pay the additional “tail” coverage surcharge and subsequently practices again in Kansas, will the Fund return that additional surcharge payment?* No, once the optional additional “tail” coverage surcharge is paid, it is fully earned by the Fund.
- *Are there provisions for extending the thirty-day period for the payment of the optional additional “tail” coverage surcharge payment?* No. The optional additional “tail” coverage surcharge must be paid within thirty days of becoming an inactive health care provider.
- *Can a provider pay the optional additional “tail” coverage surcharge and then return or otherwise continue to practice as an inactive health care provider at the entry level claims made rate?* This question relates to “restarting” or advancing the Fund’s retroactive coverage and rating date. This is not possible under the Kansas Fund law (except for health care providers who establish a Kansas health care provider practice after their KUMC or WCGME postgraduate training program).

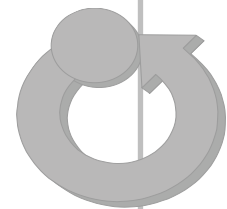
Summary

Because of the complexities of matters relating to the Fund’s tail coverage provisions, health care providers are encouraged to contact the Fund prior to becoming an inactive health care provider. *

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FY 2006 Health Care Stabilization Fund surcharge rates adopted by the Fund Board of Governors

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Sample comparisons of current year surcharge rates and the new surcharge rates for FY 2006.

(These SAMPLE dollar surcharge comparisons are based on Fund coverage limits of \$800,000/\$2,400,000 for health care providers with 5 or more years of Fund compliance periods.)

FUND CLASS GROUPS	CLASS GROUP DESCRIPTIONS . Please refer to the FY 2006 Annual Premium Surcharge and Rating Classification System Brochure that is available on the http://www.hcsf.org Internet site, request additional assistance from the Fund or seek assistance from your insurance agent.	Current Surcharge	FY 2006 Surcharge
PHYSICIANS AND SURGEONS (M.D. & D.O.)			
1	Physicians-No Surgery, includes: Allergy, Dermatology, Forensic Medicine, Legal Medicine, Pathology, Psychiatry (including child), Psychoanalysis, Psychosomatic Medicine, Public Health.	\$967	\$1,015
2	Physicians-No Surgery, includes: Aerospace Medicine, Cardiovascular Disease, Diabetes, Endocrinology, Family Practice, Gastroenterology, General Practice, General Preventive Medicine, Geriatrics, Gynecology, Hematology, Hypnosis, Infectious Diseases, Internal Medicine, Laryngology, Neoplastic Diseases, Nephrology, Neurology (including child), Nuclear Medicine, Nutrition, Occupational Medicine, Ophthalmology, Otorhinolaryngology, Pediatrics, Pharmacology, Psychiatry, Physical Medicine & Rehabilitation, Pulmonary Diseases, Radiology, Rheumatology, Rhinology, Urgent Care Physicians and other Physicians who are not performing surgery and are not otherwise classified.	1,199	1,499
3	Physicians-Performing Minor Surgery or Assisting in Surgery, includes: Cardiovascular Disease, Dermatology, Diabetes, Endocrinology, Family Practice (no OB procedures), Gastroenterology, General Practice, Geriatrics, Gynecology, Hematology, Infectious Diseases, Internal Medicine, Intensive Care Medicine, Invasive Procedures (as defined and classified by the basic coverage insurer), Laryngology, Neoplastic Diseases, Neurology (including child), Ophthalmology (including minor and major surgery), Otolaryngology, Pathology, Pediatrics, Radiology, Rhinology, Shock Therapy and other Physicians who are performing minor surgery and are not otherwise classified.	1,781	2,050
4	Family Physicians or General Practitioners-Performing Minor Surgery or Assisting in Surgery, includes obstetrical procedures, but not Cesarean Sections.	1,932	2,357
5	Surgical Specialists, includes: Broncho-Esophagology, Colon and Rectal, Endocrinology, Gastroenterology, Geriatrics, Neoplastic, Nephrology, Urological, Family Physicians or General Practitioners performing Major Surgery.	2,340	2,766
6	Surgical Specialists, includes: Emergency Medicine (no major surgery), Laryngology, Otolaryngology, Otorhinolaryngology, Rhinology.	2,916	3,558
7	Specialists In Anesthesiology: Includes DDS certified to administer anesthetics.	2,173	2,651
8	Surgical Specialists, includes: Emergency Medicine (including major surgery), Abdominal, Gynecology, Hand, Head and Neck, Plastic (Otorhinolaryngology), Plastic (Not Otherwise Classified), General (This classification does not apply to any family or general practitioner or to any specialist who occasionally performs major surgery).	4,662	5,828
9	Surgical Specialists, includes: Cardiac, Cardiovascular Disease, Orthopedic, Thoracic, Traumatic, Vascular.	6,049	6,654
10	Surgical Specialists, includes: Obstetrics, Obstetrics & Gynecology, Perinatology.	7,207	8,793
11	Surgical Specialists, includes: Neurology (including child).	9,668	12,085
CHIROPRACTORS			
12	Chiropractors	520	546
REGISTERED NURSE ANESTHETISTS			
13	Registered Nurse Anesthetists	689	861
PODIATRISTS			
14	Podiatrists	2,354	2,472
OTHER HEALTH CARE PROVIDERS			
15	All health care providers insured by or subject to the rating rules of the Kansas Health Care Provider Insurance Availability Plan, including authorized basic professional liability self-insurers.	FUND SURCHARGE COMPARISON TABLE FOR FUND CLASS GROUPS 15 THROUGH 21	
16	Professional corporations, partnerships, limited liability companies and not-for-profit corporations as included in the definition of health care provider in K.S.A. 40-3401(f).	Apply the following percentage surcharge rates to the premium charged by the insurer for the required basic professional liability coverage:	
17	Medical Care Facilities (special hospitals, general hospitals, surgical centers or recuperation centers).	For Fund Coverage Limit Of:	Current Rate Is: Surcharge Rate:
18	Mental Health Centers or Mental Health Clinics.	\$100,000/\$300,000	20%
19	Psychiatric Hospitals (selected facilities only).	\$300,000/\$900,000	26%
20	Persons engaged in approved residency training programs.	\$800,000/\$2,400,000	30%
21	Other health care providers not otherwise classified in Fund Classes 1 through 20		35%
MISSOURI PRACTICE MODIFICATION FACTOR: An additional surcharge amount of 20% of the annual surcharge shall be added to the surcharge payment of the Kansas resident health care provider who is licensed (registered, etc.) and rendering professional services in Missouri.			

Please note that the information on this page is to be considered as sample health care provider classification and surcharge rate information. See additional comments at the top of this table.

Keeping informed about changes in the Kansas basic professional liability insurance markets

There have been minor changes in the medical professional liability insurance markets in Kansas. The Health Care Stabilization Fund does attempt to maintain a reasonably current list of those insurers on the Internet site of the Fund (<http://www.hcsf.org>).

Many of our health care providers continue to be insured by the Health Care Provider Insurance Availability Plan. Those providers are encouraged to seek their basic coverage from one of the authorized insurance companies from our Internet web site. Any health care provider who may be aware of an insurance company that we have omitted or if the information we have posted there is incorrect, should notify us in order that we can remedy the problem. *



Visit The Fund On The Web —
The Fund Board of Governors maintains a web site at: <http://www.hcsf.org>

Look on the Inside for Articles on:

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