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SENATE FILE 2155
BY MURPHY

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to medical malpractice insurance by classifying
2 physicians and surgeons, providing for insurance rates, and
3 requiring certain reports to be made.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SF 2155

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1 Section 1. NEW SECTION. 515.151 REPORTS REQUIRED BY
2 MEDICAL MALPRACTICE INSURANCE COMPANIES.

3 1. The commissioner of insurance shall adopt rules
4 pursuant to chapter 17A requiring every insurer issuing a
5 policy of professional liability insurance in this state,
6 including a joint underwriting association established under
7 chapter 519A, to file a report on or before the first day of
8 May of each calendar year with the commissioner including the
9 items set forth in subsection 2.

10 2. The report shall be considered by the commissioner in
11 relation to a filing for a premium increase by an insurer.
12 The report shall include, but not be limited to, the following
13 information:

14 a. Direct premiums written.

15 b. Direct premiums earned.

16 c. Net investment income, including net realized capital
17 gains and losses, using appropriate estimates where necessary.

18 d. Incurred claims, developed as follows, with the
19 following figures and calculations set forth:

20 (1) Dollar amount of claims closed with payment.

21 (2) Plus reserves for reported claims at the end of the
22 current year.

23 (3) Minus reserves for reported claims at the end of the
24 previous year.

25 (4) Plus reserves for incurred but not reported claims at
26 the end of the current year.

27 (5) Minus reserves for incurred but not reported claims at
28 the end of the previous year.

29 (6) Plus reserves for loss adjustment expenses at the end
30 of the current year.

31 (7) Minus reserves for loss adjustment expenses at the end
32 of the previous year.

33 e. Actual incurred expenses allocated separately to loss
34 adjustment, commissions, other acquisition costs, general
35 office expenses, taxes, licenses and fees, and all other

1 expenses.

2 f. Net underwriting gain or loss.

3 g. Net operation gain or loss, including net investment
4 income.

5 3. The commissioner shall approve any form of a report to
6 be submitted by an insurer and shall compile and review all
7 reports submitted pursuant to this section. The reports shall
8 be published and made available to any interested person.

9 Sec. 2. NEW SECTION. 515.152 CLASSIFICATION OF HEALTH
10 CARE PROVIDERS

11 The following classifications shall be used for the purpose
12 of establishing the rate experience and setting the premium
13 for the class of health care providers. For purposes of this
14 section, "rate experience" is established by examining the
15 number of lawsuits the physician and surgeon in the class has
16 defended against unsuccessfully.

17 1. Class "1" health care providers are those engaged in
18 the following medical specialities: aerospace medicine;
19 allergy; cardiovascular disease - no surgery; dermatology - no
20 surgery; diabetes - no surgery; endocrinology - no surgery;
21 family practice and general practice - no surgery; forensic
22 medicine; gastroenterology - no surgery; general preventative
23 medicine - no surgery; geriatrics - no surgery; gynecology -
24 no surgery; hematology - no surgery; hypnosis; infectious
25 diseases - no surgery; internal medicine - no surgery;
26 laryngology - no surgery; legal medicine; neoplastic diseases
27 - no surgery; nephrology - no surgery; neurology, including
28 child neurology - no surgery; nuclear medicine; nutrition;
29 occupational medicine; ophthalmology - no surgery; osteopathic
30 physicians - manipulation only; otology - no surgery;
31 otorhinolaryngology - no surgery; pathology - no surgery;
32 pediatrics - no surgery; pharmacology - clinical; physiatry;
33 physical medicine and rehabilitation; physicians - no surgery;
34 psychiatry, including child psychiatry; psychoanalysis;
35 psychosomatic medicine; public health; pulmonary diseases - no

1 surgery; radiology, diagnostic - no surgery; rheumatology - no
2 surgery; rhinology - no surgery.

3 This classification applies to all physicians engaged in
4 the first year of postgraduate medical education, interns.
5 This classification also applies to physicians engaged in two
6 through six years of an approved postgraduate medical
7 education specialty program, residents, listed above which is
8 not ordinarily involved in the performance of or assisting in
9 the performance of obstetrical procedures or surgical, other
10 than incision of boils and superficial abscesses or suturing
11 of skin and superficial facia procedures.

12 2. Class "2" health care providers are those engaged in
13 the following medical specialties: broncho-esophagology;
14 cardiology, including catheterization, but not including
15 cardiac surgery; cardiovascular disease - minor surgery;
16 dermatology - minor surgery; diabetes - minor surgery;
17 emergency medicine - no major surgery - general practitioner
18 or specialist primarily engaged in emergency practice at a
19 clinic, hospital, or rescue facility who does not perform
20 major surgery; endocrinology - minor surgery; family practice
21 and general practice - minor surgery - no obstetrics; family
22 practice or general practice, including obstetrics;
23 gastroenterology - minor surgery; geriatrics - minor surgery;
24 gynecology - minor surgery; hematology - minor surgery;
25 infectious diseases - minor surgery; intensive care medicine -
26 general practitioner or specialist employed in an intensive
27 care hospital unit, internal medicine - minor surgery;
28 laryngology - minor surgery; neoplastic diseases - minor
29 surgery; nephrology - minor surgery; neurology, including
30 child neurology - minor surgery; ophthalmology - minor
31 surgery; otology - minor surgery; otorhinolaryngology - minor
32 surgery; pathology - minor surgery; pediatrics - minor
33 surgery; physicians - minor surgery; radiology, diagnostic -
34 minor surgery; rhinology - minor surgery; surgery - colon and
35 rectal; surgery - endocrinology; surgery - gastroenterology;

1 surgery - general practice or family practice, not primarily
2 engaged in major surgery; surgery - geriatrics; surgery -
3 neoplastic; surgery - nephrology; surgery - ophthalmology;
4 surgery - urological; urgent care, practice in urgent care,
5 walk-in, or after hours facilities.

6 This classification applies to physicians engaged in two
7 through six years of an approved postgraduate medical
8 education specialty program listed above.

9 3. Class "3" health care providers are those engaged in
10 the following medical specialities: anesthesiology - all
11 providers who perform general anesthesia or acupuncture
12 anesthesia; emergency medicine, including major surgery;
13 surgery - abdominal; surgery - cardiac; surgery -
14 cardiovascular disease; surgery - general, specialists in
15 general surgery; surgery - gynecology; surgery - hand; surgery
16 - head and neck; surgery - laryngology; surgery - orthopedic;
17 surgery - otorhinolaryngology, no plastic surgery; surgery -
18 plastic; surgery - plastic - otorhinolaryngology; surgery -
19 rhinology; surgery - thoracic; surgery - traumatic; surgery -
20 vascular; weight control - bariatrics.

21 This classification applies to physicians engaged in two
22 through six years of an approved postgraduate medical
23 education specialty program listed above.

24 4. Class "4" health care providers are those engaged in
25 the following medical specialities: surgery - neurology,
26 including child neurology; surgery - obstetrics and
27 gynecology; surgery - obstetrics.

28 This classification applies to physicians engaged in two
29 through six years of an approved postgraduate medical
30 education specialty program listed above.

31 Sec. 3. Section 519A.5, subsection 4, Code 1987, is
32 amended to read as follows:

33 4. The rates, rating plans, rating rules, and rating
34 classifications applicable to the insurance written by the
35 association shall be on an actuarially sound basis, giving due

1 consideration-to-the-group-retrospective-rating-plan-and-the
2 stabilization-reserve-fund, and shall be calculated to be
3 self-supporting.

4 Sec. 4. Section 519A.5, subsection 5, Code 1987, is
5 amended to read as follows:

6 5. All policies issued by the association shall be subject
7 to a nonprofit group retrospective rating plan to be approved
8 by the commissioner under which the final premium for all
9 policyholders of the association, as a group, will be equal to
10 the administrative expenses, loss and loss adjustment expenses
11 and taxes, plus a reasonable allowance for contingencies and
12 servicing. Policyholders shall be given full credit for all
13 investment income, net of expenses and a reasonable management
14 fee, on policyholder supplied funds. The standard premium,
15 before retrospective adjustment, for each policy issued by the
16 association shall be established for portions of the policy
17 period coinciding with the association's fiscal year on the
18 basis of the association's rates, rating plans, rating rules,
19 and rating classifications then in effect on the basis of rate
20 experience pursuant to section 515.152. The maximum final
21 premium for all policyholders of the association, as a group,
22 shall be limited as provided in section 519A.6, subsection 5.
23 ~~Since the business of the association is subject to the~~
24 ~~nonprofit group retrospective rating plan required by this~~
25 ~~subsection, there~~ There shall be a presumption that the rates
26 filed and premiums imposed by the association are not
27 unreasonable or excessive.

28 Sec. 5. Effective January 1, 1989, all insurance carriers
29 providing professional liability coverage for medical
30 malpractice shall reduce premiums to the level approved by the
31 commissioner of insurance for the coverage as offered on
32 January 1, 1983. The insurance carriers shall not increase
33 these premiums for a period of one year and only upon a
34 showing by the insurer to the commissioner that the increase
35 is justified.

