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Pa. Physicians Fearing Return of Crisis With Subsidy Decrease [Print this article](#)

HARRISBURG, Pa. July 02 (BestWire) — Pennsylvania doctors are decrying a possible change to their medical-malpractice liability insurance coverage that could boost premiums by 25%.

The concern mounts as the state Department of Insurance considers reducing the amount of coverage doctors may purchase from the state's MCARE program, which provides catastrophic medical-malpractice insurance for claims that rise above \$500,000.

As it stands, Pennsylvania physicians are mandated to keep \$1 million in primary and medical liability insurance, which is respectively purchased through private insurance and the state-run Medical Care Availability and Reduction fund, paid out of cigarette tax revenues and overflows from the state automobile insurance fund.

The program allows high-risk specialists, including orthopedic surgeons, neurosurgeons, obstetricians/gynecologists and a few others to have 100% of their MCARE payments subsidized, with other physicians receiving abatements of 50%. It was put in place in 2003 in an effort to reduce the burden of liability insurance costs while the state's doctors wait to realize the impact of medical liability reforms that were meant to stop the flow of doctors who were exiting the state due to the prohibitive cost of doing business.

Under the plan, doctors would be required to purchase 75% of their medical liability coverage on the open market. That will put about \$70 million back state coffers. Whether that happens or not depends on the current analysis by the state agency, which is trying to determine if there is enough capacity in the private market to take medical liability coverage away from the state.

Lewis Sharps, orthopedic surgeon and chief executive officer of medical liability insurer Positive Physicians Insurance Exchange, hopes that doesn't happen — at least, not yet.

He said while there have been improvements in the market since the days of 2002 and 2003 — when the state's physicians were staging walkouts and high-risk specialists were exiting the state in droves — the legislative reforms have yet to be fully realized.

"Our ability to significantly lower premiums isn't going to happen for two or three more years," Sharps said. The legislative changes are "like a stream that's being restocked; we've just started to get an ecological balance. If you hit the physicians right now with a 25% increase in premiums, we're going to be back to the old days."

Melissa Fox, a spokeswoman for the insurance department, said it's too soon to tell what the state will do with its "step up" plan. "There is no answer at this point," Fox said. "We're still in the process of analyzing everything, hoping to complete it soon."

In 2006, Pennsylvania's top five medical-malpractice insurers, according to A.M. Best Co. state/line data, were: Berkshire Hathaway Insurance Group, with 18.6% market share; NORCAL Group, with 16.6%; Mountain Laurel Risk Retention Group, with 9.3%; Preferred Professional Insurance Co., with 6.5%, and American International Group, with 5.6%.

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