

Health Care Providers Work On Response to Governor's Suspension of Assessment Payments into MCARE Fund

Officials representing Pennsylvania's hospitals and doctors said that they were working on a response to Governor Rendell's suspension of assessments paid by health care providers into the MCARE Fund (Medical Care Availability and Reduction of Error), which provides a portion of the medical malpractice coverage required by law.

An official with the Pennsylvania Medical Society said they hope to work out a compromise with the Administration over the issue. The Hospital & Healthsystem Association said it was likewise developing a response.

The Governor directed the Insurance Department to suspend assessment payments from the providers until March 31. A Department spokesman said, however, that the insurance carriers, which collect the payments for MCARE, were instructed to send out bills to the providers as that was still required by law.

In authorizing the suspension, the Governor said that he hoped a solution could be worked out before March 31, a solution that would include funding his 'Cover All Pennsylvanians' (CAP) by using an estimated \$414 million surplus in the Health Care Provider Retention Account. The health care providers, on the other hand, say that the malpractice coverage for providers and CAP are unrelated issues, and should not be linked.

Before the holiday recess, the House and Senate failed to reach an agreement on a compromise that would renew the abatement program under MCARE. The two sides remained far apart. House Democratic language added to SB 1137 would establish a Medical Care for Pennsylvanians Reserve Fund (MCAP) to be funded by using the built-up surplus from the provider abatements. It would earmark half of the MCAP for CAP and half for reducing the unfunded liability of the MCARE Fund, with the proviso that no money in the reserve fund could be used until CAP implementing legislation is enacted.

The language would also do the following: remove the abatement extensions, but give the Insurance Department the authority to delay or suspend the collection of the assessments until CAP implementing legislation is enacted; extend the Health Care Provider Retention Program until December 31, 2011; and, if legislation implementing CAP is not enacted within 90 days, repeal the basic malpractice insurance requirements in MCARE and certain other provisions of the MCARE law.

Senate Republican language, on the other hand, would extend the abatement program for a year, without the Governor's funding plan for CAP. Before recess, the Senate Appropriations Committee amended HB 489 with the abatement extension provision, and a provision that would transfer the surplus in the Health Care Provider Retention Account to an MCARE Reserve Fund to be used as follows:

25 percent of the Reserve Fund, up to a maximum of \$25 million, for transfer to the Patient Safety Trust Fund; 25 percent of the Reserve Fund, up to a maximum of \$25 million, for transfer to the Medical Safety Automation Fund to be used until enactment of enabling legislation for Medical Safety Automation System grants; and the remainder for reduction of the unfunded liability of the MCARE Fund. The amended version of HB 489 passed the Senate by unanimous vote, but did not receive a concurrence vote in the House prior to holiday break.