Testimony of State Representative Steve Wieckert

Assembly Bill 264 – Protecting the Patient Compensation Fund

Assembly Committee on Insurance
417 North – July 11, 2007

Good morning Chairman Frank Lasee and committee members. I want to thank you for holding a hearing and allowing me to testify in support of Assembly Bill 264, which would prevent the raiding of the Injured Patients Compensation Fund. This bill protects the Patient Compensation Fund (PCF) by prohibiting any withdrawals from the fund's money other than for their intended purpose.

The Patient Compensation Fund has been very valuable in moderating medical malpractice insurance costs, which in turn helps keep the cost of health insurance and health care in general lower than it would have been without it. This has been extremely helpful for Wisconsin. Doctors and medical professionals from other states actually move to Wisconsin to take advantage of this program creating a win-win situation for the doctors and for the cost of health care for citizens of Wisconsin. The fund needs to be protected.

Recently, the nonpartisan Legislation Audit Bureau (March 2007 – 07-3) issued its report on this important fund. It stated of attempts to remove $175 million from this fund, as is being proposed:

> "We caution that such a transfer would place the fund in a deficit accounting position and may result in future increases in assessed provider rates."

This inappropriate transfer of funds could result in significant increases in doctor insurance premiums and add to the already excessively high cost of medical care. That is clearly the wrong way to go.

It is important to note that the fund does not contain taxpayer dollars. The PCF is funded through assessments on doctors and other medical professionals. Therefore this fund should clearly not be used for GPR purposes or in any other way except the purpose it was designed for.

The Wisconsin Medical Society, the Wisconsin Academy of Family Physicians, the Wisconsin Association of Health Underwriters, and the Medical College of Wisconsin are supportive of this legislation.

This bill is a step in the right direction. We need to be active in finding ways to preserve and protect the Patient Compensation Fund to help reduce the pressures that cause health care costs to increase.

Thank you for your consideration of this common sense legislation. I would be happy to answer any additional questions of the committee at this time.

WISCONSIN HOSPITAL ASSOCIATION, INC.

May 8, 2007

State Representative Steve Wieckert
State Capitol
PO Box 8953
Madison, WI 53708

Re: Assembly Bill 264

Dear Representative Wieckert,

The Wisconsin Hospital Association (WHA) supports Assembly Bill (AB) 264, your proposal to prohibit transfers from the Injured Patients and Families Compensation Fund (IPFCF). Unfortunately, the IPFCF remains a target for budgetary raids and continues to be viewed as a potential funding source for other state spending.

The IPFCF serves a vital role in curbing the rising costs of health care by anchoring a stable liability environment for medical malpractice claims in Wisconsin. Specifically established for patients and their families injured through medical malpractice and directly funded by fees paid by health care providers, there is no better example of what a state segregated fund should be.

WHA opposes taking moneys from the IPFCF for several reasons:

- Raiding this fund will result in yet another "hospital tax" as provider premiums will need to be increased to cover the deficit and these increased costs are passed on to patients.
- Raiding this fund creates a "Deficit Accounting Position" according to the non-partisan Legislative Audit Bureau, potentially contributing to further provider assessment rates.
- Raiding this fund is contrary to Wisconsin Statute, as the funds must be used for the "sole benefit of health care providers participating in the fund and proper claimants."
- Raiding this fund will cause problems for physician recruitment/retention in Wisconsin.

The Wisconsin Hospital Association applauds your efforts to protect the IPFCF and enthusiastically supports AB 264. Raiding this fund is wrong. The IPFCF is intended only for the injured patients and families it was created to compensate.

Sincerely,

Eric Borgerding
Senior Vice President

Paul Merline
Vice President

5510 Research Park Drive P.O. Box 259038 Madison, WI 53725-9038 P (608.274.1820) F (608.274.8554) wha.org

Wisconsin Medical Society

Your Doctor. Your Health.

TO: Assembly Committee on Insurance
Representative Frank Lasee, Chair

FROM: Mark Grapentine, JD – Senior Vice President, Government Relations
Jeremy Levin – Government Relations Specialist

DATE: July 11, 2007

RE: **Support** for Assembly Bill 264

On behalf of more than 11,500 members statewide, the Wisconsin Medical Society thanks you for this opportunity to express our support for Assembly Bill 264, prohibiting the transfer of Injured Patients and Families Compensation Fund (IPFCF) monies for non-IPFCF purposes.

The IPFCF is a critical pillar supporting Wisconsin's relatively stable medical liability insurance environment. This stable environment puts Wisconsin in a very small group of states not considered to be near or in crisis, according to the American Medical Association (see attached map).

Affordable insurance for physicians means Wisconsin patients have access to high quality physicians practicing the entire spectrum of medicine no matter where they live. This contrasts with the 42 states in turmoil – in those crisis states it is common to have emergency rooms with no neurosurgeons, or entire swaths of counties without obstetric care. A strong, stable Fund is a win-win for patients and physicians alike.

That's why it is so unfortunate that AB 264 is even necessary. The last three biennial budgets have seen attempts to raid the Fund – actions never presumed possible from the Fund's creation in 1975 through he first raid attempt in 2003. In all three budgets, the Governor has attempted to pry open the Fund in a variety of ways; AB 264 would put yet another legislative line in the sand by enacting a provision barring any IPFCF transfers before 2020.

While the Society would hope a legislative declaration would prevent future attempts on the IPFCF, past history has shown that legislation like AB 264 is not the perfect solution. After the first attempt on the Fund in 2003, the Society was pleased to promote that session's Assembly Bill 487, which clarified that the monies in the Fund were held in "irrevocable trust" and "may not be used for any other purpose of the state." That bill became Act 111 after gaining 92 votes in the Assembly, 29 votes in the Senate and the Governor's signature. Since that bill was signed into law, two more attempts have been made on the IPFCF's monies.

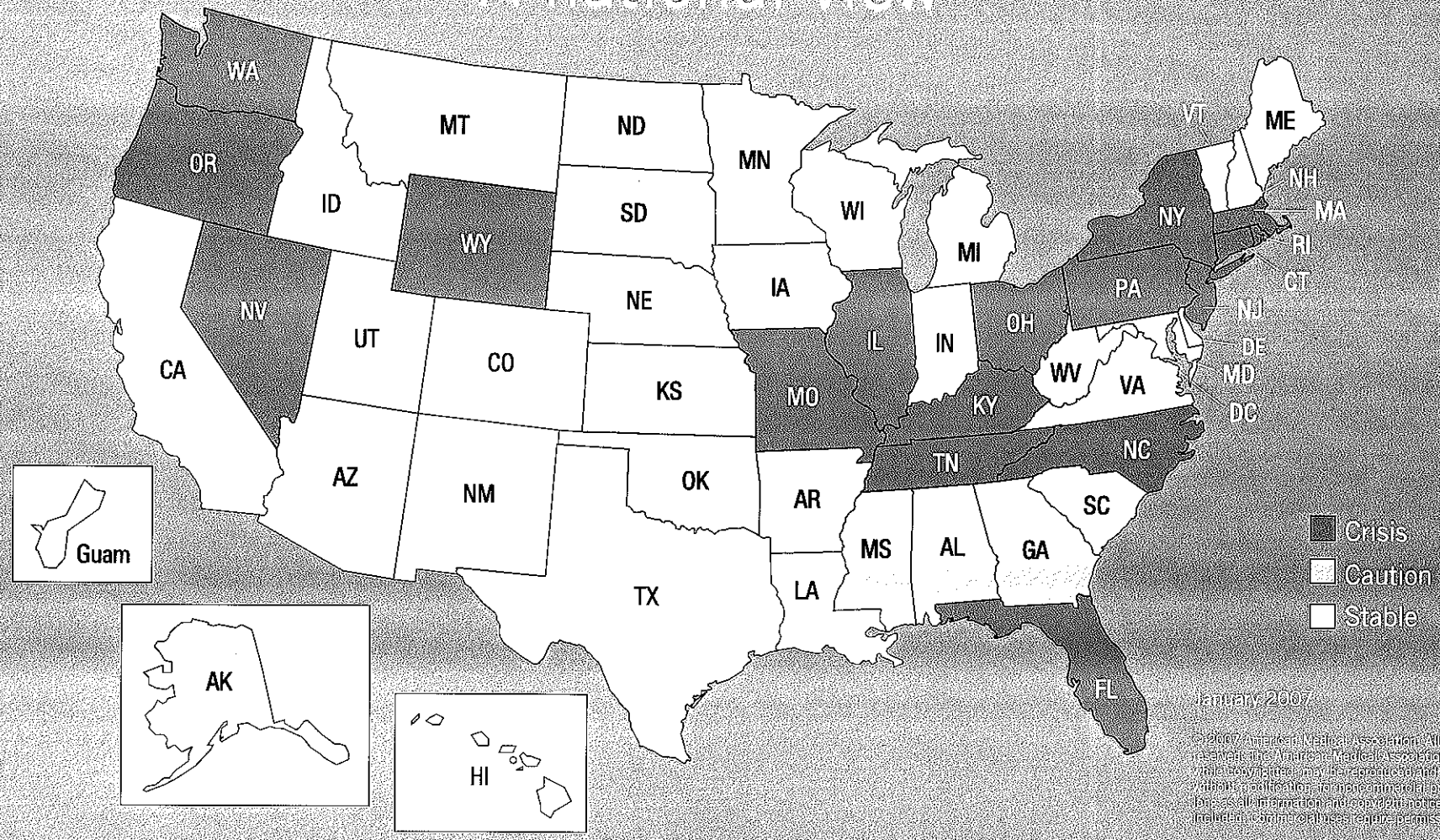
Despite the troubling potential that a different governmental branch may once again ignore a legislative action, we are grateful for Representative Wieckert and the other 32 cosponsors' continued efforts on this issue. Protecting Wisconsin's medical liability climate is a bipartisan issue of critical importance, and the Wisconsin Medical Society stands willing to join with legislators from both parties to continue the IPFCF's success story.

Thank you for this opportunity to share our support for AB 264. If you have any questions, we can be reached at 608.442.3800.

330 East Lakeside Street • PO Box 1109 • Madison, WI 53701-1109 • wisconsinmedicalsociety.org • Phone 608.442.3800 • Toll Free 866.442.3800 • Fax 608.442.3802

America's medical liability crisis

A national view



January 2007

© 2007 American Medical Association. All rights reserved. The American Medical Association Crisis Map, while copyrighted, may be reproduced and distributed, without modification, for noncommercial purposes so long as all information and copyright notices are included. Commercial uses require permission.

AMA
AMERICAN MEDICAL ASSOCIATION