



February 22, 2021

The Honorable Steve Johnson, Chairperson
House Committee on Insurance and Pensions
Statehouse, Room 276A-W
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2380 by House Committee on Insurance and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2380 is respectfully submitted to your committee.

On or after January 1, 2022, all new and renewal professional liability insurance policies would increase from \$200,000 per claim or \$600,000 annual aggregate for all claims during the policy period to \$500,000 per claim or \$1,500,000 annual aggregate for all claims made during the policy period. Under current law, amounts liable under the Healthcare Stabilization Fund would be paid promptly and in full unless the amount is \$300,000 or more. The bill would increase that amount to \$500,000. Under current law, healthcare providers elect coverage from three options. On and after January 1, 2022, the bill would reduce the options of coverage to two. Finally, for claims made for incidents occurring on or after January 1, 2022, the aggregate fund liability for all judgments and settlements made in any fiscal year against a resident or nonresident inactive healthcare provider would not exceed three times the coverage amounts as prescribed in the bill.

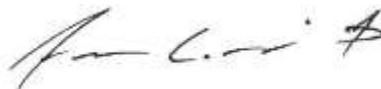
Estimated State Fiscal Effect				
	FY 2021 SGF	FY 2021 All Funds	FY 2022 SGF	FY 2022 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$27,000
FTE Pos.	--	--	--	--

According to the Health Care Stabilization Fund, the bill would increase the current levels of coverage. The Fund would collect higher surcharge rates from providers. Expenditures would increase if the changes in the bill results in higher judgments and settlements. The cost of attorney and attorney-related expenses would also increase. The changes in the bill would require an actuarial study to be conducted to determine the fiscal effect. The cost of the study would be approximately \$27,000 from the Health Care Stabilization Fund.

According to the Insurance Department, enactment of HB 2380 would result in an increase of premium taxes collected from insurance companies, as the bill increases the minimum professional liability insurance coverage. The agency would retain 1.0 percent of any additional premium tax collected from enactment of the bill and the remainder would be remitted to the State General Fund. However, the fiscal effect cannot be estimated.

The Office of Judicial Administration and the Kansas State Board of Healing Arts both state that the bill would not have a fiscal effect. Any fiscal effect associated with HB 2380 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance
Debbie Thomas, Judiciary
Clark Shultz, Health Care Stabilization Fund
Dan Thimmesch, Health & Environment
Susan Gile, Board of Healing Arts