

**Theodore R. Kulongoski**  
Governor



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FOR IMMEDIATE RELEASE  
March 1, 2004

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### **Governor's plan cuts rural doctors' professional liability insurance costs**

(Salem) More than a thousand doctors in rural communities throughout Oregon are going to see reductions of up to eighty percent in their medical professional liability insurance costs this quarter as a result of a state reimbursement program that went into effect on January 1, 2004. The program was proposed by Governor Kulongoski and adopted by the Oregon legislature last summer as part of House Bill 3630.

“Rural Oregon faces a crisis in access to health care,” Governor Kulongoski said. “This program addresses an important aspect of this crisis – professional liability insurance premiums – by keeping costs manageable so that rural doctors can afford to practice and continue to offer essential services such as obstetric care.”

Premium rates for medical professional liability insurance in Oregon have increased 160 percent since 1999, with especially steep increases for high-risk specialties such as obstetrics. Commonly citing these rate increases, one-third of Oregon's obstetric physicians told a 2003 survey by Oregon Health and Science University (OHSU) that they plan to stop delivering babies within the next five years. Twenty-two percent of doctors who used to deliver babies have already quit since 1999. A disproportionate number of these doctors come from rural communities.

As provided by H.B. 3630, the State Accident Insurance Fund (SAIF) Corporation developed a program to reimburse insurance companies that cover rural doctors for a portion of the premium they charge. The reimbursement is then used to reduce doctors' premiums. Total reimbursement across all insurers for all policyholders is capped at an average of \$10 million per year for the four year life of the program. At the current level of participation, that allows reimbursement for participating rural doctors at the full level permitted by H.B. 3630 – eighty percent of premiums for obstetricians, 60 percent for family or general practice doctors who provide obstetric services, and 40 percent for all other doctors with qualifying rural practices.

SAIF is funding the program and will be entitled to take a credit against the annual workers' compensation premium assessment it pays to the Department of Consumer and Business Services (DCBS). The credit will offset the cost of the program, so premiums paid by SAIF's workers' compensation policyholders will not be diverted.

**(more)**

The reimbursement program will remain in effect for calendar years 2004 through 2007. DCBS will report to the legislature in 2005 and 2007 regarding the program's performance.

H.B. 3630 also requires a six-person panel appointed by the governor, senate president, and house speaker to oversee an actuarial study of the medical professional liability insurance market and report to the Oregon Legislative Assembly in 2005. The group had its first meeting in late January and is in the process of selecting an actuarial firm to conduct the study.

"Medical professional liability costs remain an issue for doctors throughout Oregon," DCBS Director Cory Streisinger said. "But this program allows us to address the acute problem of insurance costs for rural doctors while the actuarial study collects hard data on the statewide market."

The reimbursement program is limited to physicians with rural practices as defined by the OHSU Office of Rural Health. The amount of premium reduction doctors see will vary during the life of the program, depending on the number of participating doctors and the premium amounts charged by insurers. The physician must have an in-force policy issued to the individually named physician with a separate identified premium, rated according to the physician's experience history and insured with an authorized carrier.

Because the cost of professional liability insurance is only one of the factors that make it difficult for doctors to practice in rural areas, H.B. 3630 also directed the Office for Oregon Health Policy and Research and the OHSU Office of Rural Health to make recommendations to the governor and to the 2005 legislature concerning other methods to attract and retain doctors in rural communities.

The number of doctors participating in the reimbursement program, by county:

Baker	13	Lane	15
Clackamas	10	Lincoln	24
Clatsop	31	Linn	3
Columbia	4	Malheur	38
Coos	100	Marion	46
Crook	10	Morrow	1
Curry	11	Polk	14
Deschutes	40	Sherman	1
Douglas	136	Tillamook	23
Grant	5	Umatilla	58
Harney	8	Union	30
Hood River	26	Wallowa	7
Jackson	59	Wasco	27
Jefferson	5	Yamhill	90
Josephine	93		
Klamath	69	Total	1002
Lake	5		

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