

SENATE BILL REPORT

SB 6038

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, March 1, 2005

Title: An act relating to medical malpractice rates.

Brief Description: Regulating medical malpractice rate filings.

Sponsors: Senators Fairley and Kline.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 3/1/05 [DP-WM, DNP, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Franklin, Keiser, Prentice and Spanel.

Minority Report: Do not pass.

Signed by Senators Benson, Brandland, Delvin and Schmidt.

Minority Report: That it be referred without recommendation.

Signed by Senator Benton, Ranking Minority Member.

Staff: Joanne Conrad (786-7472)

Background: The cost and availability of medical malpractice insurance coverage, and the market conditions for insurers that offer it, continue to be a matter of public policy controversy. Some believe that increased public transparency of the rate filing process with the Office of the Insurance Commissioner (OIC) would tend to reduce the percentage amount of rate increases.

California, by initiative process in 1988, began to make property and casualty insurance rate increases, including medical malpractice rate increases, subject to public scrutiny. Insurers filing for rate increases of fifteen percent or more must undergo a public hearing process. Washington State does not have such a law.

Summary of Bill: The OIC must notify the public of any rate filing by an insurer for a rate change affecting medical malpractice insurance. For rate changes of less than fifteen percent, a consumer or the OIC may provide notice, and hold a public hearing. For rate changes of fifteen percent or more, the OIC is required to order a public hearing.

If rate hearings are held, the insurer applying for the increase cannot raise rates until it obtains OIC approval. Public notice for rate filings may be made by news media, internet posting, or

mail, and records that are part of the rate filings are available for public inspection under the Public Disclosure Act. Third parties may initiate or intervene in rate filing proceedings.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The OIC reviews rates for adequacy, excessiveness and nondiscrimination. More public transparency in the process would be useful. Public participation should be encouraged. This approach "works" in California.

Testimony Against: OIC already has a viable rate approval process. This bill does not address any of the underlying causes of the problem of medical malpractice rates.

Who Testified: PRO: Mary Clogston, OIC, Michael Temple, WS Trial Lawyers.

CON: Cliff Webster, WS Medical Assn.