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January 25, 2008

To: Rep. Josh Green, M.D., Chair
Rep. John Mizuno, Vice Chair
House Health Committee

From: Cynthia J. Goto, M.D., President
Linda Rasmussen, M.D., Legislative Co-Chair
Philip Hellreich, M.D., Legislative Co-Chair
Paula Arcena, Executive Director
Dick Botti, Government Affairs Liaison

Re: HB2071 Relating to Insurance
HB2151 Relating to Captive Insurance
HB2161 Relating to Medical Malpractice Insurance

PLEASE DELIVER

To rm 329 for:
HTH Committee
Friday
1/25/08
9:35am

LATE
Testimony

The Hawaii Medical Association opposes HB2071, HB2151 and HB2161.

None of these bills address Hawaii's patient access to care crisis.

Each of these bills proposes an alternative mechanism for providing medical malpractice insurance. However, none of these bills addresses the cost drivers of medical malpractice insurance, a major cause of our.

Uncontrolled costs have increased medical malpractice premiums:

- According to the Medical Insurance Exchange of California, Hawaii's major medical malpractice insurer, 86% of claims filed against its insured Hawaii physicians are found to be without merit and result in no payment to the claimant.
- The State of Hawaii Medical Claims Conciliation Panel reviews all medical malpractice claims filed in Hawaii. In 2006, the MCCP found no negligence in 82% of the cases it reviewed.
- In 2004, Hawaii had the third highest average payment per malpractice claim in the U.S. (MICRA and Access to Healthcare, California MICRA Reforms, Increasing the Cap on Non-Economic Damages Would Increase the Cost of , and Reduce Access to Healthcare, February 2005 by William G. Hamm, PhD, C. Paul Sazzan, PhD and H.E. Frech, III, PhD, University of California, Santa Barbara.)

Legislation is required to bring those costs under control.

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Formerly in crisis, the state of Texas has successfully overcome its patient access to care crisis, in large part due to establishing caps on non-economic damages.

Due to medical liability reform, Texas has:

- Licensed 3324 new doctors in 2007, including a net gain of 186 obstetricians
- Brought specialty care to underserved areas, including the addition of 189 physicians in Rio Grande Valley and other rural areas
- Stabilized and reduced medical malpractice insurance premiums
- Admitted four new, rate-regulated malpractice insurance carriers (Advocate MD of the Southwest, Medical Liability Insurance Company of America, Medicus Insurance Company and the Physicians Insurance Company).

In order to address Hawaii growing patient access to care crisis, the Hawaii legislature needs to take major steps. These bills will not help to solve our problem.

Thank you for the opportunity to testify on this matter.