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House Insurance Committee
Neutral, Written Only Testimony, HB 2335
Wednesday, February 12, 2025, 3:30 PM, 218-N

Chairman Sutton and Members of the Committee:

Thank you for the opportunity to provide neutral testimony regarding HB 2335. I am Clark Shultz, Executive Director of the Health Care Stabilization Fund and was previously the Assistant Insurance Commissioner at the Kansas Department of Insurance.

In 1976, at a time when many health care providers found it difficult to purchase affordable professional liability insurance, the legislature enacted the Health Care Provider Insurance Availability Act. The new law required that all defined health care providers maintain professional liability insurance, gave them access to an Availability Plan, and created the Health Care Stabilization Fund to provide supplemental coverage. Currently the Stabilization Fund provides coverage for 20,985 health care providers who provide services to Kansans. During the fiscal year ending June 30, 2024, the Fund closed 503 claim files and paid nearly \$37 million in compensation to those who were injured.

Current statute allows maternity centers organized as professional corporations to be included in the definition of healthcare provider. HB 2335 would provide an additional avenue for a maternity center that is not organized as a professional corporation. A maternity center using this avenue would be required to be licensed according to K.S.A. 65-503, and to be accredited by the commission for accreditation of birth centers. Passage of HB 2335 will allow maternity centers access to the Fund, and would require them to follow the Health Care Provider Insurance Availability Act.

Over the past 49 years, the Kansas Legislature, the Department of Insurance, and the Board of Governors have made responsible decisions to achieve actuarial integrity and maintain fiscal discipline by honoring the trust status of the Fund. It has assured Kansans a reliable source of recovery when it is determined that compensation should be paid for an unintended medical outcome, and has also assured Kansas health care providers that they will have access to more affordable professional liability insurance coverage. These responsible decisions have resulted in Kansas consistently being rated in the top five of the states with the least expensive annual malpractice liability insurance rates.

Thank you again for the opportunity to provide this testimony.

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