

**Written Testimony to the House Health and Human Services Committee  
on H.B. 2867**

**By Monte Coffman, Executive Director**

**Windsor Place**

**February 23, 2004**

Thank you mister chairman and members of the committee for the opportunity to submit written testimony today in support of H.B. 2867. My name is Monte Coffman and I'm representing Health Management of Kansas d/b/a Windsor Place.

Windsor Place is a Southeast Kansas long-term care organization, which operates 246 nursing facility beds, 44 Assisted Living Facility units and provides in-home service to 1000 HCBS clients. We greatly appreciate your interest and leadership in considering a course of action to curb skyrocketing long-term care liability insurance premiums. Action is necessary and long overdue.

**Our Recent Premium History**

<u>Dates of Renewals</u>	<u>Cost of Coverage</u>	<u>Limits/Type of Coverage</u>	<u>Umbrella Deductible</u>	<u>Coverage (\$2M)</u>
May 1, 1998	\$31.35/Bed	\$1M/\$3M - occurrence	\$2500	\$4760 (annually)
May 1, 1999	\$48.91/Bed	\$1M/\$3M - occurrence	\$2500	\$4760 (annually)
May 1, 2000	\$146/Bed	\$1M/\$3M - occurrence	\$2500	not available
May 1, 2001	\$200/Bed	\$1M/\$3M - occurrence	\$2500	not available
May 1, 2002	\$402/Bed	\$1M/\$3M - claims made	\$25,000	not available
May 1, 2003	\$410/Bed	\$1M/\$3M - claims made	\$50,000	not available

Our premiums went up 1300%. Our deductibles were up 2000%. And this is with an exemplary claims history.

**Current Marketplace**

Currently, too many lawsuits, many without merit, are being threatened. Insurance companies are settling out of court for \$50,000 - \$100,000 as a "nuisance" settlement rather than face a public jury who already holds a negative view of nursing facilities. This practice is far too widespread and far too impacting on premiums. This is why deductible amounts have increased 2000%... to cover "nuisance" settlements

The impact of continued status quo will be:

The continued practice of facilities going without insurance. (Estimated now to be 25%.)

The bankruptcy of facilities that cannot afford premiums but are required contractually to have insurance.

The continued lack of access to capital investment markets in new or improvement projects, due to the high cost of insurance or insurance not being available. Threats of lawsuits keep certain lenders from committing loans to nursing facilities

## **Our Request**

We would ask for your support of HB 2867. The impact of the bill make complete sense.

1. A method of removing frivolous law suits yet does not keep legitimate cases from going to court.
2. A mechanism to reduce crowded courts.
3. Removal of financial burden on state Medicaid program due to high cost of liability insurance... 60% will be paid by the state.
4. With some protection and process, insurance companies who now do not do business in Kansas would or could return. Competition would lower the cost.

HB 2867 would bring some structure to a system which has operated on fear and chaos.

Again, thank you for your proactive efforts on this issue. It will lead to desperately needed financial resources being re-allocated from liability insurance premiums to frontline nursing home staffing.