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Neutral Testimony to the House  
Insurance Committee  
Wednesday, February 15, 2023, 3:30 PM, 218-N

Chairman Sutton and Members of the Committee:

Thank you for the opportunity to provide neutral testimony regarding HB 2325. I am Clark Shultz, Executive Director of the Health Care Stabilization Fund. I have been with the Fund since December 2018 and was previously the Assistant Insurance Commissioner at the Kansas Department of Insurance.

In 1976, at a time when many physicians and other 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 above the primary coverage.

Currently the Stabilization Fund provides coverage for over 17,000 health care providers who provide services to Kansans. The highest surcharge rate last year for a health care professional was \$10,006 and the lowest surcharge rate was \$200. During the fiscal year ending June 30, 2022, the Fund closed 542 claim files and paid over \$29 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 2325 would provide an additional avenue for a maternity center that is not organized as a professional corporation. The intent of HB 2325 is that 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 2325 will allow access to the Fund, and require maternity centers to follow the Health Care Provider Insurance Availability Act.

Over the past 47 years, the 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. This has resulted in Kansas being rated number 4 of the states with the least expensive annual malpractice liability insurance rates as reported by WalletHub in 2022.

Thank you again for the opportunity to speak with you today.

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