



Legislation Text

File #: 12-1441, Version: 1

Chief Administrative Office, Risk Management Division, recommending the Board approve the Medical Malpractice Extended Participation Agreement through the California State Association of Counties - Excess Insurance Authority (CSAC-EIA) committing the County to the program for two years, beginning October 1, 2012 through October 1, 2014, and authorize the Assistant Chief Administrative Officer to sign the agreement upon approval by County Counsel.

**FUNDING:** Risk Management Liability Insurance Fund, Medical Malpractice Insurance Program is funded by charges to the related departments including Public Health, Mental Health, Animal Control, CSA 7 Ambulance Services, Social Services and Community Services.

<b>BUDGET SUMMARY:</b>	
Total Estimated Cost.....	\$87,541
Budgeted.....	\$87,541
New Funding.....	
Savings.....	
Other.....	
Total Funding Available.....	\$87,541
Change To Net County Cost.....	\$0

**Fiscal Impact/Change to Net County Cost**

Funding for this agreement is included in the FY 2012-13 Risk Management budget and is funded by charges to the related departments including Public Health, Mental Health, Animal Control, CSA 7 Ambulance Services, Social Services and Community Services. By extending the Participation Agreement, the County will receive a premium reduction of \$660.00 for the FY 2012-13 Medical Malpractice Program. The FY 2013-2014 premium will be determined in October 2013.

**Background**

El Dorado County has been a CSAC-EIA participant for twenty years. On July 31, 2012 (Item #8, Legistar File 12-0958), the Board approved the County's participation in CSAC-EIA for FY 2012-13. At that time, the estimated cost for the Medical Malpractice Program was \$88,494. On October 1, 2012, CSAC-EIA successfully renewed this program with Lexington Insurance Company. As part of this two-year renewal, members of the Medical Malpractice Program are being asked to provide a commitment to remain in the program for the period of October 1, 2012 to October 1, 2014 in exchange for a premium reduction. This allows for continued member participation and stability in the program. The Extended Participation Agreement must be executed and returned to CSAC-EIA

no later than January 1, 2013 to receive the reduction over the next two years.

In 2008, this same request was made of the members in the Medical Malpractice Program and 100% of the members at that time signed the Extended Agreement including El Dorado County.

The Medical Malpractice Committee authorized negotiations for premium increases up to 20% over two years (2012-2014) or up to 25% for three years (2012-2015). At the beginning of the negotiations, Lexington was looking for a 15% increase for 2012-2013. This estimate was based on adverse loss development seen in the program.

After negotiating a two-year commitment by the members, the premium increase for 2012-2013 with commitment is 8.6% and 2013-2014 is 5%. Under the extended participation agreement, El Dorado County's cost for FY 2012-13 would be \$87,541.

The premium increase for no commitment for 2012-2013 is 12% and an unknown increase for 2013. For 2012-2013 this equates to \$660.00 for El Dorado County.

#### **Reason for Recommendation**

Approval of the Extended Participation Agreement allows El Dorado County to receive the reduced premium in the Medical Malpractice Program through the EIA for the next two program years (2012-2014).

#### **Action(s) to be taken following Board approval**

Assistant CAO to sign the agreement and forward to EIA prior to January 1, 2013.

#### **Contact**

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