



County of El Dorado

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Legislation Text

File #: 13-1066, Version: 1

Chief Administrative Office, Risk Management Division, recommending the Board review and approve the California State Association of Counties Excess Insurance Authority (EIA) proposed amendments to the Medical Malpractice Program Memorandum of Understanding.

FUNDING: There is no change to Net County cost.

BUDGET SUMMARY:	
Total Estimated Cost.....	0.00
Budgeted.....	
New Funding.....	
Savings.....	
Other.....	
Total Funding Available.....	
Change To Net County Cost.....	0.00

Fiscal Impact/Change to Net County Cost

There is no change to Net County cost.

Background

El Dorado County has participated in the Medical Malpractice Program through EIA since 1993. This program provides coverage for alleged negligence arising from health care operations including clinics, hospitals, mental health, public health, jail clinics and coroner operations.

The EIA Medical Malpractice Committee will be considering approving amendments to the Program Memorandum of Understanding (MOU) at their September meeting. EIA requests that each entity that participates in the program review the proposed amendments and provide comments or concerns to EIA no later than August 30, 2013.

The first of the proposed amendments would eliminate the provision for automatic dividends to be declared on amounts over the 90% confidence level upon closure of a policy period. When the program was established, it was structured so that the Program would be evaluated on a bottom-line basis and policy periods would be combined. The bottom-line/10-year mechanism was developed to maximize the value of the funding mechanism by leveraging the size of the pool. The net of "good" and "bad" years minimizes the chance of an assessment to be levied and allows the actuarial confidence levels to be "thinner" on a prospective basis. This allows the members to save real money up front. This also gives the Committee maximum flexibility in setting rates and declaring dividends. Elimination of the automatic dividend will provide continued flexibility with more

transparency.

The second proposed amendment would be the addition to Paragraph 8(c) and would require a member to be in the Program for three policy periods and/or not less than 24 months to be eligible for a dividend. This language is in other EIA program MOU's.

The last thorough review and amendment of the MOU took place in 2006. The proposed amendments have been reviewed by EIA's legal counsel and there were no concerns with the proposed amendments.

Risk Management and County Counsel have reviewed the proposed amendments and recommend Board approval.

Action(s) to be taken following Board approval

Provide Risk Management any comments or concerns regarding the proposed amendments to the Medical Malpractice Program MOU.

Contact

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