



1995 ASSEMBLY BILL 581

October 2, 1995 - Introduced by JOINT COMMITTEE FOR REVIEW OF ADMINISTRATIVE RULES. Referred to Committee on Insurance, Securities and Corporate Policy.

1 **AN ACT** *to renumber and amend* 655.005 (2); and *to create* 655.005 (2) (c) of
2 the statutes; **relating to:** coverage of service corporations under the patients
3 compensation fund.

Analysis by the Legislative Reference Bureau

Under current law, persons with the same license, certificate or registration, or persons who are all health care professionals, are authorized to form service corporations. For purposes of that provision, a health care professional is defined as an individual who is licensed, certified or registered by the board of nursing, the medical examining board, the optometry examining board, the pharmacy examining board, the psychology examining board or the examining board of social workers, marriage and family therapists and professional counselors. Also under current law, the health care liability provisions of the statutes require certain health care providers to carry health care liability insurance with liability limits of at least \$400,000 for each occurrence and at least \$1,000,000 for all occurrences. Any portion of a medical malpractice claim that exceeds the policy limits is paid by the patients compensation fund for health care providers that are subject to the health care liability provisions. Among the health care providers that are subject to the health care liability provisions are corporations organized and operated for the primary purpose of providing the medical services of physicians or nurse anesthetists. This bill provides that the patients compensation fund will not provide coverage for medical malpractice claims in excess of policy limits for a service corporation organized by health care professionals if the board of governors that administers the fund determines that providing the medical services of physicians or nurse anesthetists is not the corporation's primary purpose.

The bill is introduced as required by s. 227.26 (2) (f), stats., in support of the action of the joint committee for review of administrative rules in suspending section INS 17.28 (3) (hs), Wis. adm. code, a rule of the office of the commissioner of insurance, on August 17, 1995. The suspended rule, in defining "service corporation"

