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NEVADA HEALTH CARE ASSOCIATION

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Testimony of Charles Perry, N.H.C.A. Executive Director,
to the Senate Judiciary Committee regarding availability
and costs of General and Professional Liability Insurance
to Nevada's Skilled and Intermediate Nursing Facilities.

Good Morning, Mr. Chairman and Committee Members:

I am Charles Perry, Executive Director of the Nevada Health Care Association, representing a majority of the Skilled and Intermediate Nursing Care Facilities in our State. Thank you for the opportunity to address the Committee.

The Liability Insurance Crisis receiving so much publicity for the increased costs to physicians and acute hospitals affects nursing homes in Nevada to the same extent, if not greater, as it does the afore mentioned providers. It just doesn't generate nearly as much attention.

Nursing facilities began having trouble with the availability of General and Professional Liability Insurance coverage about five years ago. There did not appear to be a correlation of availability to judgments or an increase in litigation, just a reluctance to write coverage for nursing homes. Affordability seems to be driven by national trends. For example; nationally, costs are 10 times greater than in the 1990s; in 1990 it cost \$290.00 per bed for coverage vs. \$2,880.00 per bed today for the exact, same policy. Liability Insurance costs in Nevada pretty much follow the national trend.

Right now, there are no admitted carriers writing new or renewal contracts for our state's Skilled and Intermediate Care Facility owners. They are left with two surplus lines - non admitted carriers, (AIG and American Empire Insurance Company), that will even *consider* writing new or renewal contracts in our State. These carriers are not required to file rates with our Division of Insurance; not required to give notice of non-renewal; or to give notice of conditional rate increases.