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November 13, 2007

The Honorable Bill Emmerson, D.D.S.
California State Assembly
State Capitol Office, Room 4158
Sacramento, CA 95814

Dear Assemblyman Emerson:

I am writing in response to your questions regarding the information submitted earlier this year. As noted in my previous letter, the national office of the American Physical Therapy Association awarded its exclusive endorsement to the professional liability insurance program marketed by Healthcare Service Providers Organization (HPSO) and underwritten by American Casualty Company of Reading Pennsylvania, a CNA Insurance Company, in 1992. Today, we are a leading provider of professional liability coverage to the physical therapy profession, insuring over 75,000 PTs, PTAs, and students of physical therapy.

We know that there are currently 44 states and the District of Columbia that have some form of direct access to treatment. Of these jurisdictions, the following have no restrictions or provisions tied to their direct access law:

- Alaska
- Arizona
- Arkansas
- Colorado
- District of Columbia
- Idaho
- Kentucky
- Maryland
- Massachusetts
- Nebraska
- Nevada
- North Dakota
- South Dakota
- Utah
- Vermont

We understand that the California Assembly is considering legislation that would provide for unfettered direct access similar to these aforementioned 15 jurisdictions.

We regularly monitor trends to be sure that we are adequately accounting for all risks and have not noted any trends relative to the practice of physical therapy in direct access states. As such, current claim experience indicates that the risk associated with physical therapy services provided in direct access states, including the aforementioned 15 jurisdictions with unfettered direct access, is comparable to the risk associated with those same services provided in non direct access states.

Based on the above, our underwriting practices have not changed. Direct access is not a risk factor that we specifically screen for in the underwriting of our program nor do we charge a premium differential for physical therapists in direct access states. We currently have no specific underwriting concerns with respect to direct access for physical therapists.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael J. Loughran', is written over a horizontal line.

Michael J. Loughran
Executive Vice President

cc: Jennifer Baker – A PTA
Stacy DeFoe – C PTA
Justin Elliott – APTA

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