

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 372** HLS 19RS 463
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP SEN COMM AMD**
 Sub. Bill For.:

Date: May 13, 2019 6:57 PM	Author: TALBOT
Dept./Agy.: LA Dept. of Insurance/Supreme Court/Office of Risk Mgmt.	Analyst: Zachary Rau
Subject: Omnibus Premium Reduction Act of 2019	

INSURANCE/AUTOMOBILE RE INCREASE GF EX See Note Page 1 of 1
 Enacts the Omnibus Premium Reduction Act of 2019

Proposed law increases the prescriptive period for all delictual actions by 1 year, from 1 year to 2 years. Proposed law reduces the threshold for a petitioners' cause of action that may result in a civil jury trial by \$45,000, from \$50,000 to \$5,000. Proposed law limits the amount of medical expenses that are recoverable damages in civil litigation to actual payments made by a third-party payor to a health care provider, or the amount payable under the medical payments fee schedule of the Workers Compensation Law if paid pursuant to R.S. 23:1020.1 et seq. If a plaintiff does not file medical expenses with a health insurer or Medicare, proposed law provides recoverable expenses total what would have been paid by Medicare had the expenses been filed with Medicare for payment. If a plaintiff does not file medical expenses pursuant to the Workers Compensation Law, proposed law provides recoverable expenses total what would have been paid pursuant to the Workers Compensation law. Proposed law repeals provisions allowing for direct action against liability insurers. Proposed law provides for rate reviews and reductions when actuarially justified for automobile insurers. Proposed law states that any increases in expenditures associated with the lowered civil jury threshold shall be paid by the state within two fiscal years of the date of the expenditure.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase SGF expenditures for the LA Supreme Court by an indeterminable amount in FY 20 and subsequent fiscal years associated with reimbursing localities for additional jury trials as a result of the proposed legislation. Furthermore, the Division of Administration, Office of Risk Management (ORM) anticipates that the proposed legislation will increase net SGF and SGR expenditures by an indeterminable amount in FY 20 and subsequent fiscal years associated with revisions to recoverable medical expenses, the prescriptive period for delictual actions, and the reduced civil jury trial threshold.

The LA Supreme Court (LASC) anticipates a 33%-50% increase in district-level civil jury trials associated with proposed law, and that the state would be required to reimburse expenditures to district courts with these additional trials within two fiscal years. It is assumed that reimbursements for additional jury trials will be appropriated annually in the judicial expense act utilizing SGF. The LASC estimates expenditures per jury trial to total \$16,590 and include the following: jury seating (\$10,000); civil filing fees (\$150); total per diems for jury selection (\$2,800); juror compensation (\$800); expert witnesses (\$2,000); and juror meals (\$840). According to the LASC's 2017 Annual Report, 173 civil jury trials reached verdict in 2017. To the extent a 33%-50% increase in civil jury trials occurs as a result of proposed law, there would be an additional 57-87 trials statewide, yielding an anticipated expenditure increases for district courts of \$945,630 - \$1,443,330 that would be reimbursed by the state. However, the exact expenditure increase is indeterminable and dependent upon the number of additional civil jury trials associated with this legislation, as well as the actual costs associated with each trial.

Note: The LASC reports that district courts will likely utilize ad hoc justices to the extent sitting justices are unable to accommodate additional civil jury trials associated with proposed law. However, the extent to which ad hoc justices may be used, if they are used at all, is unknown.

Furthermore, ORM anticipates an indeterminable net expenditure increase (comprised of SGF & SGR) associated with increased payments of overall damages and interest in lawsuits that would be partially offset by reduced payments to aggrieved parties for past medical expenses. ORM reports that it may realize increased damages resulting for more suits going to trial as a result of the lowered civil jury trial threshold, which may lengthen timelines for litigation and additional interest paid on overall damages. ORM staff further report that the increased prescriptive period may reduce its ability to investigate claims against the state, which may lead to more settlements with aggrieved parties in lieu of pursuing a jury trial. However, the lowered recoverable medical expense provisions in proposed law may reduce any anticipated expenditures associated with additional settlements and interest paid on damages. Because of the aforementioned factors, any expenditure increase associated with proposed law is indeterminable.

REVENUE EXPLANATION

Proposed law will increase revenues for district courts, as it requires the state to reimburse localities and/or courts for costs associated with additional jury trials resulting from the lowered jury trial threshold. These revenues are assumed to be disbursed by the LA Supreme Court as reflected in the Expenditure Explanation above. The exact revenue due to local subdivisions and/or courts is indeterminable and dependent upon the number of additional civil jury trials associated with this legislation, as well as the actual costs associated with each trial.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer