

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 503** SLS 18RS 1233

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 24, 2018	2:52 PM	Author: WARD
Dept./Agy.: Risk Management		Analyst: Willis Brewer
Subject: Increases Medical Malpractice liability cap to \$750,000		

MALPRACTICE EG NO IMPACT See Note Page 1 of 1
Increases the medical malpractice cap liability from \$500,000 to \$750,000. (8/1/18)

Proposed law provides that the total amount recoverable for all malpractice claims, exclusive of future medical care and related benefits, shall not exceed \$750,000. Further provides that the amount may increase based on inflation.

Present law provides the financial responsibility of a health care provider may be established only by filing with the board proof that the health care provider is insured by a policy of malpractice liability insurance in the amount of at least \$100,000 per claim with qualification taking effect and following the same form as the policy of malpractice liability insurance of the health care provider, or in the event the health care provider is self-insured, proof of financial responsibility by depositing with the board \$125,000 dollars in money or represented by irrevocable letters of credit, federally insured certificates of deposit, bonds, securities, cash values of insurance, or any other security approved by the board. Proposed law reduces amounts from \$100,000 to \$50,000 and from \$125,000 to \$62,500 and retains remainder of present law.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed legislation only applies to private medical malpractice claims and the Patient's Compensation Fund (PCF); therefore, will have no fiscal impact to the State or Office of Risk Management (ORM). This measure increases the maximum recoverable for malpractice claims, excludes economic damages (current law caps economic damages), includes loss of "earning capacity" as an item of special damages not covered by the cap, provides for inflation, and procedural matters. For informational purposes: Over the past past 5 years (2013 thru 2017), the PCF paid 1,405 malpractice claims and 222 were at \$400,000 and greater (15.8%).

Note: According to ORM, this legislation may eventually require RS 40:1237.1 (Malpractice Liability for State Services) to be amended based on concepts of equal treatment and uniformity, which will increase the state's maximum exposure for malpractice claims.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Staff Director