

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

Senate Bill 454 (Senator Colburn)  
Judicial Proceedings

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**Health Care Malpractice Claims - Attorneys' Fees**

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This bill establishes the situations in which an attorney in a health care malpractice claim may accept payment on a contingency fee basis. It provides for an “offer of settlement” between a health care provider and a medical injury claimant, specifies the amount of time by which a health care provider may deliver an offer of settlement to a claimant, authorizes the Director of the Health Claims Arbitration Office to extend this time period, and specifies that the health care provider must file certain items related to the statement with the director. It also stipulates that whether a claimant accepts or rejects an offer of settlement, the health care provider may not contest liability for the claim before the arbitration panel or on judicial review but may contest the amount of damages.

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**Fiscal Summary**

**State Effect:** None. The bill’s requirements can be handled within existing budgeted resources.

**Local Effect:** None.

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**Fiscal Analysis**

**Bill Summary:** For an offer of settlement filed by a health care provider, a claimant’s attorney is entitled to payment: (1) from the inception of representation to the date of settlement, if the claimant accepts an offer of settlement; or (2) from the inception of representation to the date on which the offer of settlement was filed, plus a contingency fee not to exceed 40% of the amount recovered in excess of the amount specified in the statement, if the claimant rejects the offer of settlement.

This bill may not be construed to prevent an attorney from charging a contingency fee if: (1)

a medical injury claim is satisfied; (2) the health care provider failed to file an offer of settlement; or (3) a medical injury claim is settled prior to the filing of a medical injury claim.

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**Information Source(s):** Health Claims Arbitration Office, Insurance Administration,  
Department of Fiscal Services

**Fiscal Note History:** First Reader - February 23, 1996

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