

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 124 (Delegate Arnick)  
Judiciary

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**Health Care Malpractice Claims - Mediation**

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This bill requires that health care malpractice claims for which arbitration by the Health Claims Arbitration Office (HCAO) has been waived be remanded to the office for mediation purposes. The office must appoint a mediator, who is to meet with the disputants to pursue mediation or resolve any issues to which the disputants agree to stipulate before trial. The mediator must notify the office of the results of mediation. The cost of mediation is to be divided equally between the parties. This bill is to be construed only prospectively and does not apply to any claim filed before its effective date.

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**Fiscal Summary**

**State Effect:** Offsetting special fund expenditure and revenue increase for the Health Claims Arbitration Office.

**Local Effect:** None, as discussed below.

**Small Business Effect:** Potential meaningful effect on small businesses as discussed below.

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**Fiscal Analysis**

**State Effect:** There would be no net effect for the Health Claims Arbitration Office because mediation expenses will be paid for by the disputants. Arbitration was waived for 537 cases in fiscal 1996. Any decrease in the workload of the circuit courts resulting from the bill's mediation requirements would not materially affect State costs for the circuit courts.

**Local Expenditures:** Any decrease in the workload of the circuit courts resulting from the bill's mediation requirements would not materially affect local costs for the circuit courts.

**Small Business Effect:** The bill would increase the demand for mediation services, which are frequently provided by attorneys, and decrease the use of the circuit courts for medical malpractice claims. Therefore, the bill could favorably affect any small business organizations providing mediation services or small legal firms which provide mediation. However, it could adversely affect small legal firms which specialize in medical malpractice court cases.

Physicians in private practice or in small group practices could be affected to the extent that the outcome of medical malpractice claims would be decided through mediation rather than through the circuit courts.

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**Information Source(s):** Health Claims Arbitration Office, Judiciary (Administrative Office of the Courts), Department of Fiscal Services

**Fiscal Note History:** First Reader - February 11, 1997

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