

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 814 (Delegate Zirkin, *et al.*)
 Judiciary

Circuit Courts - Medical Malpractice Review Panel Pilot Program

This bill requires the Court of Appeals to establish a medical malpractice review panel pilot program in the Circuit Court for Baltimore County.

The bill takes effect June 1, 2005 and terminates May 31, 2008. The bill does not apply to an action filed before June 1, 2005. Prior to May 31, 2008, the Baltimore County Administrative Judge for the Third Judicial Circuit must submit a report to the General Assembly that evaluates the pilot program.

Fiscal Summary

State Effect: General fund expenditures could increase by \$174,400 in FY 2006 to implement the pilot program in the Baltimore County Circuit Court. Expenditures in FY 2007 and 2008 reflect continuation and termination of the pilot program. Revenues would not be affected.

| (in dollars) | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|----------------|-------------|-------------|-------------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 174,400 | 159,800 | 149,900 | 0 | 0 |
| Net Effect | (\$174,400) | (\$159,800) | (\$149,900) | \$0 | \$0 |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: Within 15 days after all parties have filed a supplemental certificate of a qualified expert with the court, a health care malpractice action filed in Baltimore County must be submitted to a medical malpractice review panel for its review and decision. The Circuit Court for Baltimore County or the U.S. District Court must refer the action to the county administrative judge, who in turn must appoint a circuit court judge or a retired judge of the Third Circuit to chair the panel.

The administrative judge must send notice to the plaintiff and defendants of the procedures for the review panel and the name of the panel's chair. All time limits applicable to a health care malpractice claim are suspended from the date the complaint is referred to the administrative judge until 30 days following the day the parties and the court receive the panel's decision.

Within 20 days after the referral to the administrative judge, the panel chair must choose five individuals from the health care providers list maintained by the Health Care Alternative Dispute Resolution Office and send the list to the parties. The bill specifies criteria that the panel chair must follow when selecting the health care providers. Each party may strike one name from the list. If there are multiple plaintiffs or defendants, the plaintiffs or defendants must use each side's strike jointly. The panel chair must appoint the membership of the panel after receiving the strikes from the plaintiff and the defendant.

Within 15 days after the panel's appointment, the chair must notify the parties and convene the panel in an initial conference. At that conference, the chair must establish a schedule for filing records and discovery, which must be filed at least 30 days before the hearing date. A hearing must be held no later than 60 days from the date of the initial conference.

The bill establishes procedures for conducting the panel and prohibits the chair from voting in its deliberations. The panel must determine whether the evidence is sufficient to raise a legitimate question, to a reasonable medical or professional probability, that: (1) the defendant's actions or omissions were a departure from the appropriate standard of care; and (2) the defendant's actions or omissions proximately caused the plaintiff's alleged injury. The panel must issue its decision within 30 days after the hearing.

Except for the chair, each member of the panel is entitled to be reimbursed up to \$350 for work performed as a member of the panel and reasonable travel expenses. The chair must keep a record of the members' time and expenses and must submit the record to the parties for payment with the panel's decision. Unless otherwise agreed by the parties, the

costs of the hearing and reasonable expenses of review must be divided equally between the parties.

A party may reject the panel's decision for any reason. The rejecting party must file a notice of rejection with the chair and the appropriate court, and must serve the notice on the other party within 30 days after receiving the decision. Upon receiving a notice of rejection, the court must reinstate the complaint to the active trial list and lift the suspension of the time limits. If both parties accept the decision, both parties must move to dismiss the complaint filed in court within 30 days after receiving the decision.

The panel's decision is admissible as evidence in a subsequent trial and its decision on a question must be accorded a presumption of correctness in a trial of the case. Either party may call a member of the panel as a witness.

A party that loses before the panel and in a subsequent trial is responsible for costs in accordance with the Maryland Rules and paying the reasonable attorney's fees of the prevailing party. A party that prevails before a panel but loses in a subsequent trial is responsible for costs in accordance with the Maryland Rules.

A panel member is immune from suit for any act or decision made during the member's tenure and during the scope of the designated authority.

Current Law: Health care malpractice claims in Baltimore County are subject to the same requirements as claims brought in other jurisdictions. Under these provisions, all claims for personal injury or wrongful death against a health care provider must first be filed with the Health Claims Alternative Dispute Resolution Office. Under these provisions, a health care malpractice claim is referred to an arbitration panel for resolution. However, either party may waive the arbitration, and the case may then be brought in circuit court.

For health care malpractice claims filed in court, within 30 days after the later of the filing of the defendant's answer to the complaint or the defendant's certificate of a qualified expert, the court must order the parties to engage in "alternative dispute resolution" (mediation, neutral case evaluation, neutral fact finding, or a settlement conference) at the earliest possible date. Alternative dispute resolution is not required if the court finds that it would not be productive and all parties agree not to use it. The law specifies mediation procedures and establishes requirements for individuals who serve as mediators. Mediators are immune from suit for any act or decision made during mediation and within the scope of authority.

State Expenditures: It is estimated that approximately 125 health care malpractice cases are heard in the Baltimore County Circuit Court annually. Based on this, general fund

expenditures could increase by an estimated \$174,447 in fiscal 2006, which accounts for a 30-day start-up delay. This estimate reflects the cost of hiring two contractual clerical assistants to perform clerical duties relating to the panels and the cost of paying a retired judge the per diem in Baltimore County during the duration of the pilot program. It includes salaries, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below.

- a retired judge would be used to chair panels;
- the per diem payment for a retired circuit court judge is \$489; and
- because of Baltimore County's caseload, the per diem would be paid on 200 days on an annualized basis.

| | |
|---|------------------|
| Contractual Salaries | \$61,242 |
| Per Diem for Retired Judges | 97,800 |
| Other Operating and Start-up Expenses | <u>15,405</u> |
| Total FY 2006 State Expenditures | \$174,447 |

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 6.8% employee turnover if contractual employees; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

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mp/jr

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510