

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1419 (Delegate Rosenberg)
 Judiciary

Medical Malpractice - Analysis of Information and Reports - University of Maryland and University of Maryland Baltimore County

This bill requires the University of Maryland School of Law, in conjunction with the Center for Health Program Development and Management at the University of Maryland Baltimore County, to be provided access to information and reports compiled by the Maryland Insurance Commissioner for the sole purpose of analyzing the information to determine the effect of the alternative dispute resolution process and supplemental certificates of qualified experts on the resolution of medical malpractice claims. The cost of the analysis must be supported by \$50,000 from the amount that Maryland Insurance Administration (MIA) may retain from the Maryland Health Care Provider Rate Stabilization Fund.

The bill terminates September 30, 2011.

Fiscal Summary

State Effect: Expenditures increase by \$60,660 annually for five years to perform the study required by the bill (\$10,600 higher education/\$50,000 MIA).

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	50,000	50,000	50,000	50,000	50,000
Higher Ed Exp.	10,600	10,600	10,600	10,600	10,600
Net Effect	(\$60,600)	(\$60,600)	(\$60,600)	(\$60,600)	(\$60,600)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The law school, in conjunction with the center, must analyze the information and reports. The analysis must include a review of settlement rates, the length of time between the notice of a claim and a resolution of the matter for each process, the amount of any award, the costs, and whether or not settlements were structures. The findings must be reported to the General Assembly and the Governor by June 30 of each year, beginning in 2007.

Current Law: Under Chapter 1 of 2005 and Chapter 5 of the 2004 special session, an insurer that provides professional liability insurance to a health care provider must report to the Commissioner on: (1) the nature and cost of reinsurance; (2) the claims experience, by category, or health care providers; (3) the amount of claim settlements and awards; (4) the amount of reserves; (5) the number of structured settlements used; and (6) any other information prescribed by the Commissioner.

In addition, for each claim filed with the Director of the Health Care Alternative Dispute Resolution Office, these insurers must submit specified information on the insurer, the policy, the type of injury, the type of institution at which the incident occurred, the patient status, the health care provider, and the outcome of the claim.

The Commissioner must report the findings on the effect of Chapter 5 of the 2004 special session and of Chapter 477 of 1994 to the Legislative Policy Committee by September 1 of each year.

Background: Chapter 477 established limits on the amount of noneconomic damages that may be awarded in a tort action. Chapter 5 made several changes to laws affecting patient safety, insurance, and the tort system (including awards for noneconomic damages) applicable to medical malpractice claims.

State Fiscal Effect: Higher education expenditures could increase by an estimated \$60,638 in fiscal 2007, which accounts for the bill's October 1, 2006 effective date. This estimate reflects the cost of hiring one three-quarter time contractual research analyst to perform the research required by the bill. It includes a contractual salary, one-time start-up costs, and ongoing operating expenses.

Contractual Salary	\$55,548
Other Operating Expenses	<u>5,090</u>
Total FY 2007 State Expenditures	\$60,638

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

The bill transfers \$50,000 in special fund revenues from Rate Stabilization Fund to the university system to defray part of these costs. Higher education expenditures not accounted for by this transfer are estimated to be \$10,638.

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, University System of Maryland, Department of Legislative Services

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ncs/jr

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