

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 83** SLS 16RS 147
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 15, 2016 4:48 PM	Author: GATTI
Dept./Agy.: Division of Administration	Analyst: Matthew LaBruyere
Subject: Delictual Action Time Period	

PRESCRIPTION EG INCREASE SG EX See Note Page 1 of 1
 Extends period within which to file delictual actions from one to two years. (gov sig)

Present law provides that delictual actions are subject to a liberative prescription of one year.

Proposed law changes the time period from one year to two years. Proposed law further provides that it shall have prospective application only and shall apply only to a cause of action arising on or after its effective date.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation will result in an increase in self-generated revenue expenditures as a result of increasing the liberative prescription period from one year to two years. To the extent additional claims are filed and paid as a result of this increased time period, expenditures for the Office of Risk Management (ORM) will increase. The exact increase is indeterminable since it is unknown how many delictual actions will be filed later than one year but less than two years from the day the injury or damage was sustained and how much will be paid for each claim filed.

Based on historical amounts, the average total of claims paid from FY 11 - FY 15 was \$74.1 M. Included in this amount is attorney, expert, investigator and third party administrator costs. Premiums collected during this time period have averaged \$48.9 M.

While the exact increase is indeterminable, there has been precedent for increasing prescription from 1 year to 2 years. According to ORM, after hurricanes Katrina and Rita, the prescription period was increased by a year and ORM recognized a 10% increase in claims filed. To the extent an additional 10% of claims would be filed, claims paid would increase by \$7.4 M (\$74.1 M average paid claims x 10% increase in claims). Any claims paid as a result of this legislation will also impact future premium amounts charged to state health care facilities.

During the same time period, the average number of claims filed was 2,526 and average claim payments were \$29,324. To the extent an additional 10% of claims would be filed, claims would increase by 252.

To the extent the ORM Self Insurance Fund has insufficient funds to cover the new delictual actions claims, state general fund may be needed.

REVENUE EXPLANATION

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

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

John D. Carpenter
Legislative Fiscal Officer