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## HOUSE BILL NO. 1407

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on Commerce and Labor  
on February 12, 2004)

(Patron Prior to Substitute—Delegate Tata)

A *BILL to amend and reenact §§ 38.2-5001, 38.2-5009, 38.2-5020 and 38.2-5021 of the Code of Virginia, relating to the Virginia Birth-Related Neurological Injury Compensation Act; assessment of participating hospitals and participating physicians.*

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 38.2-5001, 38.2-5009, 38.2-5020 and 38.2-5021 of the Code of Virginia are amended and reenacted as follows:**

§ 38.2-5001. Definitions.

As used in this chapter:

"Birth-related neurological injury" means injury to the brain or spinal cord of an infant *weighing at least 2,000 grams at birth*, caused by the deprivation of oxygen or mechanical injury occurring in the course of labor, delivery or resuscitation necessitated by a deprivation of oxygen or mechanical injury that occurred in the course of labor or delivery, in a hospital which renders the infant permanently motorically disabled and (i) developmentally disabled or (ii) for infants sufficiently developed to be cognitively evaluated, cognitively disabled. In order to constitute a "birth-related neurological injury" within the meaning of this chapter, such disability shall cause the infant to be permanently in need of assistance in all activities of daily living. This definition shall apply to live births only and shall not include disability or death caused by genetic or congenital abnormality, degenerative neurological disease, or maternal substance abuse. The definition provided here shall apply retroactively to any child born on and after January 1, 1988, who suffers from an injury to the brain or spinal cord caused by the deprivation of oxygen or mechanical injury occurring in the course of labor, delivery or resuscitation in the immediate postdelivery period in a hospital.

"Claimant" means any person who files a claim pursuant to § 38.2-5004 for compensation for a birth-related neurological injury to an infant. Such claims may be filed by any legal representative on behalf of an injured infant; and, in the case of a deceased infant, the claim may be filed by an administrator, executor, or other legal representative.

"Commission" means the Virginia Workers' Compensation Commission.

"Participating hospital" means a *general* hospital licensed in Virginia which at the time of the injury (i) had in force an agreement with the Commissioner of Health or his designee, in a form prescribed by the Commissioner, whereby the hospital agreed to participate in the development of a program to provide obstetrical care to patients eligible for Medical Assistance Services and to patients who are indigent, and upon approval of such program by the Commissioner of Health, to participate in its implementation, (ii) had in force an agreement with the State Department of Health whereby the hospital agreed to submit to review of its obstetrical service, as required by subsection C of § 38.2-5004, and (iii) had paid the participating hospital assessment pursuant to § 38.2-5020 for the period of time in which the birth-related neurological injury occurred. The term also includes employees of such hospitals, excluding physicians or nurse-midwives who are eligible to qualify as participating physicians, acting in the course of and in the scope of their employment.

"Participating physician" means a physician licensed in Virginia to practice medicine, who practices obstetrics or performs obstetrical services either full or part time or, as authorized in the plan of operation, a licensed nurse-midwife who performs obstetrical services, either full or part time, within the scope of such licensure and who at the time of the injury (i) had in force an agreement with the Commissioner of Health or his designee, in a form prescribed by the Commissioner, whereby the physician agreed to participate in the development of a program to provide obstetrical care to patients eligible for Medical Assistance Services and to patients who are indigent, and upon approval of such program by the Commissioner of Health, to participate in its implementation, (ii) had in force an agreement with the Board of Medicine whereby the physician agreed to submit to review by the Board of Medicine as required by subsection B of § 38.2-5004, and (iii) had paid the participating physician assessment pursuant to § 38.2-5020 for the period of time in which the birth-related neurological injury occurred. The term "participating physician" includes a partnership, corporation, professional corporation, professional limited liability company or other entity through which the participating physician practices.

"Program" means the Virginia Birth-Related Neurological Injury Compensation Program established by this chapter.

§ 38.2-5009. Commission awards for birth-related neurological injuries; notice of award.

A. Upon determining (i) that an infant has sustained a birth-related neurological injury and (ii) that

60 obstetrical services were delivered by a participating physician at the birth or that the birth occurred in a  
61 participating hospital, the Commission shall make an award providing compensation for the following  
62 items relative to such injury:

63 1. Actual medically necessary and reasonable expenses of medical and hospital, rehabilitative,  
64 residential and custodial care and service, special equipment or facilities, and related travel, such  
65 expenses to be paid as they are incurred. However, such expenses shall not include:

66 a. Expenses for items or services that the infant has received, or is entitled to receive, under the laws  
67 of any state or the federal government except to the extent prohibited by federal law;

68 b. Expenses for items or services that the infant has received, or is contractually entitled to receive,  
69 from any prepaid health plan, health maintenance organization, or other private insuring entity;

70 c. Expenses for which the infant has received reimbursement, or for which the infant is entitled to  
71 receive reimbursement, under the laws of any state or federal government except to the extent prohibited  
72 by federal law; and

73 d. Expenses for which the infant has received reimbursement, or for which the infant is contractually  
74 entitled to receive reimbursement, pursuant to the provisions of any health or sickness insurance policy  
75 or other private insurance program.

76 Expenses of medical and hospital services under this subdivision shall be limited to such charges as  
77 prevail in the same community for similar treatment of injured persons of a like standard of living when  
78 such treatment is paid for by the injured person.

79 In order to provide coverage for expenses of medical and hospital services under this subdivision, the  
80 Commission, in all cases where a comparative analysis of the costs, including the effects on the infant's  
81 family's health insurance coverage, and benefits indicates that such action is more cost-effective than  
82 awarding payment of medical and hospital expenses, shall (i) require the claimant to purchase private  
83 health insurance providing coverage for such expenses, provided that the premium or other costs of such  
84 coverage shall be paid by the Fund; (ii) require the claimant to participate in the State Medicaid  
85 Program, the Children's Health Insurance Program or other state or federal health insurance program for  
86 which the infant is eligible; or (iii) if the Commission determines that it would be unreasonably  
87 burdensome to require the claimant to purchase private health insurance and that the infant is ineligible  
88 for a health insurance program described in clause (ii), to make an award providing compensation for  
89 the cost of private accident and sickness insurance for the infant.

90 2. Loss of earnings from the age of 18 are to be paid in regular installments beginning on the  
91 eighteenth birthday of the infant. An infant found to have sustained a birth-related neurological injury  
92 shall be conclusively presumed to have been able to earn income from work from the age of 18 through  
93 the age of 65, if he had not been injured, in the amount of 50 percent of the average weekly wage in  
94 the Commonwealth of workers in the private, nonfarm sector. The provisions of § 65.2-531 shall apply  
95 to any benefits awarded under this subdivision.

96 3. Reasonable expenses incurred in connection with the filing of a claim under this chapter, including  
97 reasonable attorneys' fees, which shall be subject to the approval and award of the Commission.

98 A copy of the award shall be sent immediately by registered or certified mail to the parties.

99 B. If the Commission does not approve the award of compensation pursuant to subsection A, it may  
100 nonetheless, in its discretion, make an award providing compensation for reasonable expenses including  
101 reasonable attorneys' fees, which shall be subject to the approval and award of the Commission, incurred  
102 in connection with the filing of a claim in good faith under this chapter.

103 ~~CB.~~ The amendments to this section enacted pursuant to Chapter 535 of the Acts of Assembly of  
104 1990 shall be retroactively effective in all cases arising prior to July 1, 1990, that have been timely filed  
105 and are not yet final.

106 § 38.2-5020. Assessments.

107 A. A physician who otherwise qualifies as a participating physician pursuant to this chapter may  
108 become a participating physician in the Program for a particular calendar year by paying an annual  
109 participating physician assessment to the Program in the amount of \$5,000 on or before December 1 of  
110 the previous year, in the manner required by the plan of operation. *Effective January 1, 2005, the total*  
111 *annual assessment shall be \$5,100, and shall increase by \$100 each year thereafter, to a maximum of*  
112 *\$5,500 per year.* The board may authorize a prorated participating physician or participating hospital  
113 assessment for a particular year in its plan of operation, but such prorated assessment shall not become  
114 effective until the physician or hospital has given at least ~~thirty~~30 days' notice to the Program of the  
115 request for a prorated assessment.

116 B. Notwithstanding the provisions of subsection A of this section, a participating hospital with a  
117 residency training program accredited to the American Council for Graduate Medical Education may pay  
118 an annual participating physician assessment to the Program for residency positions in the hospital's  
119 residency training program, in the manner provided by the plan of operation. However, any resident in a  
120 duly accredited family practice or obstetrics residency training program at a participating hospital shall  
121 be considered a participating physician in the Program and neither the resident nor the hospital shall be

required to pay any assessment for such participation. No resident shall become a participating physician in the Program, however, until ~~thirty~~ 30 days following notification by the hospital to the Program of the name of the resident or residents filling the particular position for which the annual participating physician assessment payment, if required, has been made.

C. A hospital that otherwise qualifies as a participating hospital pursuant to this chapter may become a participating hospital in the Program for a particular year by paying an annual participating hospital assessment to the Program, on or before December 1 of the previous year, amounting to ~~fifty dollars~~ \$50 per live birth for the prior year, as reported to the Department of Health in the Annual Survey of Hospitals. The participating hospital assessment shall not exceed \$150,000 for any participating hospital in any ~~twelve~~ 12-month period *until January 1, 2005. Effective January 1, 2005, the total annual assessment shall be \$160,000, and shall increase by \$10,000 each year thereafter, to a maximum of \$200,000 in any 12-month period.*

D. All licensed physicians practicing in the Commonwealth on September 30 of a particular year, other than participating physicians, shall pay to the Program an annual assessment of \$250 for the following year, in the manner required by the plan of operation *until January 1, 2005. Effective January 1, 2005, the total annual assessment shall be \$260, and shall increase by \$10 each year thereafter to a maximum of \$300 per year.*

Upon proper certification to the Program, the following physicians shall be exempt from the payment of the annual ~~\$250~~ assessment *under this subsection:*

1. A physician who is employed by the Commonwealth or federal government and whose income from professional fees is less than an amount equal to ~~ten~~ 10 percent of the annual salary of the physician.

2. A physician who is enrolled in a full-time graduate medical education program accredited by the American Council for Graduate Medical Education.

3. A physician who has retired from active clinical practice.

4. A physician whose active clinical practice is limited to the provision of services, voluntarily and without compensation, to any patient of any clinic which is organized in whole or in part for the delivery of health care services without charge as provided in § 54.1-106.

E. Taking into account the assessments collected pursuant to subsections A through D of this section, if required to maintain the Fund on an actuarially sound basis, all insurance carriers licensed to write and engaged in writing liability insurance in the Commonwealth of a particular year, shall pay into the Fund an assessment for the following year, in an amount determined by the State Corporation Commission pursuant to subsection A of § 38.2-5021, in the manner required by the plan of operation. Liability insurance for the purposes of this provision shall include the classes of insurance defined in §§ 38.2-117 through 38.2-119 and the liability portions of the insurance defined in §§ 38.2-124, 38.2-125 and 38.2-130 through 38.2-132.

1. All annual assessments against liability insurance carriers shall be made on the basis of net direct premiums written for the business activity which forms the basis for each such entity's inclusion as a funding source for the Program in the Commonwealth during the prior year ending December 31, as reported to the State Corporation Commission, and shall be in the proportion that the net direct premiums written by each on account of the business activity forming the basis for their inclusion in the Program bears to the aggregate net direct premiums for all such business activity written in this Commonwealth by all such entities. For purposes of this chapter "net direct premiums written" means gross direct premiums written in this Commonwealth on all policies of liability insurance less (i) all return premiums on the policy, (ii) dividends paid or credited to policyholders, and (iii) the unused or unabsorbed portions of premium deposits on liability insurance.

2. The entities listed in this subsection shall not be individually liable for an annual assessment in excess of one quarter of one percent of that entity's net direct premiums written.

3. Liability insurance carriers shall be entitled to recover their initial and annual assessments through (i) a surcharge on future policies, (ii) a rate increase applicable prospectively, or (iii) a combination of the two, at the discretion of the State Corporation Commission.

F. On and after January 1, 1989, a participating physician covered under the provisions of this section who has paid an annual assessment for a particular calendar year to the Program and who retires from the practice of medicine during that particular calendar year shall be entitled to a refund of one-half of his or her annual assessment for the calendar year if he or she retires on or before July 1 of that year.

G. Whenever the State Corporation Commission determines the Fund is actuarially sound in conjunction with actuarial investigations conducted pursuant to § 38.2-5021, it shall enter an order suspending the assessment required under subsection D. ~~At~~ The annual assessment ~~up to~~ \$250 shall be reinstated whenever the State Corporation Commission determines that such assessment is required to maintain the Fund's actuarial soundness.