

## Department of Planning and Budget 2006 Fiscal Impact Statement

**1. Bill Number** SB610

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

**2. Patron** Newman

**3. Committee** Passed Both Houses

**4. Title** Medical malpractice insurance.

**5. Summary/Purpose:**

This bill amends to July 1, 2008 the effective date of the provisions of Chapter 822 to establish the authority and requirements for the purchase of general liability or medical malpractice insurance. The bill also adds a clause that makes the enactment of the provisions of Chapter 822 contingent upon funding in the 2008-2010 biennial budget passed during the 2008 Session of the of the General Assembly and signed into law by the Governor.

**6. No Fiscal Impact.** See item 8, below.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

This bill would have no fiscal impact on the Commonwealth.

The legislation referenced in the bill, Chapter 822 of the Acts of Assembly of 2004, was passed as SB 601. That bill however had a fiscal impact to the Commonwealth of \$2,000,000. That fiscal impact continues unchanged and will be in FY 2009.

The legislation requires the Department of the Treasury to establish a risk management program to provide medical malpractice insurance to private physicians and community hospitals. The program would require seed funding until the program is able to support itself through premiums collected from enrolled doctors and hospitals. Until such time as the program is self-sufficient, the Commonwealth would be the ultimate guarantor.

Treasury estimates the necessary seed funding for the program to be \$2 million. This includes \$89,000 for a program coordinator (\$70,000 annual salary and \$19,000 in fringe benefits), \$50,000 for office and information technology expenses, \$250,000 for the services of an insurance consultant and actuary. The balance would be allocated to legal and claims expenses. It is expected that premiums collected from participating physicians and sole community hospitals will cover the costs of any claims, and, therefore, there will be no future impact on the Commonwealth.

**9. Specific agency or political subdivisions affected:** Department of the Treasury and the General Assembly

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 03/16/06/tmw

**Document:** G:\2006 Session\Fiscal Impact Statements\Sb610ER.Doc Toni Walker

**cc:** Secretary of Finance