

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 862 increases the liability limit for the Nebraska Hospital-Medical Liability Act from \$1,750,000 for any occurrence to \$2,500,000 for any occurrence after December 31, 2014. The Department of Insurance (DOI) administers the act which allows health care providers to voluntarily participate in the Excess Liability Fund to obtain medical malpractice insurance coverage.

The increase in the amount recoverable under the act may increase expenditures of the Excess Liability Fund, which had a balance of \$91.5 million on 1/31/14. It is assumed the impact of the change in the cap in terms of paying higher claims will not occur for a couple of years, since it typically takes one to three years for a claim to be settled, according to the DOI. At the present time, it appears that the Excess Liability Fund has a balance that is sufficient to cover any increase in claims pursuant to LB 862 in the near future.

The act provides for a surcharge of up to 50% to be assessed annually on all health care providers covered by the act. The surcharge is currently set at 18% of the cost of underlying insurance in 2014. It is possible the surcharge could increase in the future if it is necessary to fund an increase in the amount of claims pursuant to the bill. The University of Nebraska pays the surcharge for liability coverage of its residents and fellows at UNMC. The University estimates the bill will not have a significant fiscal impact to pay increased surcharge expenses if they occur pursuant to the bill. If the surcharge is increased, the Excess Liability Fund will receive increased revenue to pay medical liability claims covered by the act.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 862	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Gary Bush		DATE: January 27, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the agency's estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 862	AM:	AGENCY/POLT. SUB: Dept. of Insurance	
REVIEWED BY: Gary Bush		DATE: January 22, 2014	PHONE: 471-4161
COMMENTS: Concur with the agency's estimate of impact.			

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ 862

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 21, 2014 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The bill increases the limit under the Hospital Medical Liability Act from \$1.75 to \$2.5 million per occurrence. This will likely increase the surcharge to the risk pool to facilitate an increase in the reserve and also lead to an increase in the related insurance premiums. Although we are unable to estimate the increases, we do not believe they will be significant.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			=====	=====

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ 862

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Insurance

Prepared by: ⁽³⁾

Krystle Ledvina Garcia

Date Prepared: ⁽⁴⁾

1/16/2014

Phone: ⁽⁵⁾

(402) 471-4637

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____