

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**Revision 1**

**March 20, 2003**

**TO:** Honorable Joe Nixon, Chair, House Committee on Civil Practices

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB4** by Nixon (Relating to reform of certain procedures and remedies in civil actions.),  
**Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Civil Practice and Remedies Code and the Medical Liability and Insurance Improvement Act of Texas (Art. 4590i, Vernon's Texas Civil Statutes) to reform certain procedures and remedies in civil actions.

The bill would amend the Civil Practice and Remedies Code to allow the transfer (from state trial courts) of some percentage of class action suits against regulated entities to the state agencies that regulate them. The size and complexity of class action suits that are transferred may require regulating state agencies to reallocate resources to the handling of such cases. Based on agency responses, the reallocated amounts necessary to handle class action suits would be of no significant fiscal impact.

The bill regulates the award of attorneys fees in class action litigation. The bill provides for the award of litigation costs to defendants who make certain settlement offers. The bill amends the procedures for determining proportionate responsibility in certain cases, amends the liability provisions for products liability cases, and amends provisions relating to appeal bonds. The bill also amends the Finance Code by changing the calculation method for the postjudgment interest rate.

The bill provides for the appointment by the chief justice of a multidistrict litigation panel to hear and decide certain pretrial venue motions and to assign judges to a district court. However, the fiscal implication to the state for the creation of the panel and its subsequent duties is not anticipated to be significant.

The bill would amend various provisions of the Medical Liability and Insurance Improvement Act as well as other statutes to modify the state's medical, insurance, and legal procedures relating to health care liability claims. The bill would include new provisions relating to settlement offers, the payment of health care and medical expenses, limitations on claims, standards of proof, expert reports, qualifications of expert witnesses, the admissibility of certain evidence, payments for future losses, attorney's fees, and the organizational liability of hospitals.

This estimate does not include possible savings to the state resulting from possible decreases in the rates paid by physicians and hospitals for medical malpractice insurance. This could, in turn, have a positive impact on slowing the growth in health insurance costs paid by the state. The Employees Retirement System states that this impact cannot be estimated. A reduction in medical malpractice insurance could also have a positive fiscal impact on state-operated medical institutions, but possible savings to the state have not been included in this estimate.

The Comptroller of Public Accounts indicates that to the extent this bill proved effective in reducing health care liability insurance and health care insurance premium rates, it would exert downward pressure on premium tax collections, but to the extent that the bill proved equally effective in promoting insurance accessibility, affordability, and availability, it would induce aggregate premium

and premium tax revenue growth. It is assumed that the net effect on insurance premium taxes would be revenue neutral.

The bill would take effect September 1, 2003, except for Article 10 which would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, or on September 1, 2003, if two-thirds votes are not received.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 212 Office Of Court Administration, Texas Judicial Council, 302 Office Of The Attorney General, 304 Comptroller Of Public Accounts, 323 Teacher Retirement System, 324 Department Of Human Services, 327 Employees Retirement System, 360 State Office Of Administrative Hearings, 451 Department Of Banking, 454 Department Of Insurance, 503 Board Of Medical Examiners, 507 Board Of Nurse Examiners, 512 Board Of Podiatric Medical Examiners, 529 Health And Human Services Commission, 720 The University Of Texas System Administration, 739 Texas Tech University Health Sciences Center, 763 University Of North Texas Health Science Center At Fort Worth

**LBB Staff:** JK, SD, JO, GO, VDS, TB, RB