



2013 ASSEMBLY BILL 553

December 9, 2013 – Introduced by Representatives RICHARDS, HEBL, WACHS, GOYKE, BARNES, BERCEAU, BILLINGS, JORGENSEN, KESSLER, MASON, MILROY, OHNSTAD, POPE, RIEMER, RINGHAND, SARGENT, SHANKLAND, SINICKI, C. TAYLOR, VRUWINK, WRIGHT, YOUNG, ZAMARRIPA, ZEPNICK, HINTZ, JOHNSON, CLARK and DANOU, cosponsored by Senators T. CULLEN, CARPENTER, ERPENBACH, HANSEN, HARRIS, C. LARSON, LASSA, LEHMAN, RISSER and L. TAYLOR. Referred to Committee on Judiciary.

1 **AN ACT to repeal** 146.38 (2m), 893.555 and 904.16; **to renumber and amend**
2 895.043 (6); **to amend** 146.38 (1m), 146.38 (2) and 146.38 (3t); and **to create**
3 50.057, 146.38 (3) (em) and 895.043 (6) (b) of the statutes; **relating to:**
4 arbitration agreements used by long-term care facilities, civil and criminal
5 actions against health care providers and long-term care providers, use in civil
6 and criminal actions and confidentiality of incident and occurrence reports, use
7 as evidence of records given to a regulatory agency, use in criminal actions of
8 records of reviews and evaluations of health care providers, limits on
9 noneconomic damages, limits on punitive damages, and providing a penalty.

Analysis by the Legislative Reference Bureau

This bill makes several changes to current law regarding contractual agreements between long-term care facilities and their clients, civil actions for negligence in long-term care facilities, punitive damages in civil actions, certain criminal actions against health care providers, and the confidentiality and use of reviews, incident reports, and evaluations of health care providers.

ASSEMBLY BILL 553**ARBITRATION AGREEMENTS IN LONG-TERM CARE CONTRACTS**

Under current law, with few exceptions, contractual agreements that compel parties to litigation to submit to arbitration to resolve all or part of the dispute between the parties are enforceable.

This bill prohibits an adult family home, a residential care apartment complex, a community-based residential facility, a nursing home, a home health agency, or hospice (long-term care facility) from requiring a resident or client to sign an arbitration agreement as a condition of admission, retaliating against a resident or client for not signing an arbitration agreement, or charging more money to a resident or client for not signing an arbitration agreement. The bill includes specific penalties for retaliating against a resident or client for not signing an arbitration agreement. A long-term care facility that requests residents or clients to sign an arbitration agreement must provide the arbitration agreement as a separate document in another color and larger type size from any other admission agreement. The bill also requires a long-term care facility to allow a resident or client to cancel an arbitration agreement within 30 days after signing that provision and to include language about the right to cancel in the arbitration agreement.

LIMITS ON NONECONOMIC DAMAGES

Under current law, a person, or certain people related to the person, who is injured by the negligence of a long-term care provider, such as a nursing home, hospice, or assisted living facility, may sue for economic damages and for noneconomic damages. Noneconomic damages are intended to compensate for pain and suffering, loss of companionship, mental distress, and loss of enjoyment of life.

Current law limits noneconomic damages to \$750,000 per occurrence of negligence. Current law also limits damages for loss of society and companionship to certain relatives recoverable in a wrongful death action against a long-term care provider to \$500,000 in the case of a deceased minor and \$350,000 in the case of a deceased adult.

Under current law, a person, or certain people related to the person, who is injured by the long-term care provider may bring a civil action no later than three years from the date on which the injury occurred, or within one year that the injury was discovered or should have been discovered, except that, if a long-term care provider conceals an act or omission that results in an injury, within one year from the date on which the concealment was discovered or should have been discovered. If the injury or concealment is discovered after the three-year limit has expired, the person may still bring suit for up to five years after the long-term care provider's act or omission.

The bill eliminates the limit on noneconomic damages and applies the general three-year statute of limitations for torts to actions for negligence against a long-term care provider.

INCIDENT REPORTS AND HEALTH CARE PROVIDER REVIEWS

Under current law, information acquired in connection with the review or evaluation of a health care provider and incident or occurrence reports (incident reports) must be kept confidential by a person who participates in the review or evaluation. An incident report is a written or oral statement that is made to notify

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a person, organization, or an evaluator who reviews or evaluates the services of health care providers or charges for such services of an incident, practice, or other situation that becomes the subject of such a review or evaluation. The persons, organizations, or evaluators who review or evaluate the services of health care providers for certain reasons must keep a record of their investigations, inquiries, proceedings, and conclusions. Current law prohibits these records of a review or evaluation from being used in any civil or criminal action against the health care provider.

This bill allows the disclosure of incident or occurrence reports by a person who participates in the review or evaluation of the health care provider and removes the prohibition against using incident reports in a civil or criminal action. The bill also allows records of a review or evaluation to be used in criminal actions. A person who participates in the review or evaluation of the services or charges of a health care provider is required, under the bill, to disclose an incident report to a court with regard to a criminal matter, under certain conditions. The bill also requires information acquired in connection with the review or evaluation to be disclosed to a court in a criminal matter, under certain conditions.

HEALTH CARE PROVIDER REGULATORY RECORDS

Current law prohibits records given or disclosed to a regulatory agency and statements of, or records of interviews with, employees of a health care provider obtained by a regulatory agency (regulatory records) from being used as evidence in a civil or criminal action brought against a health care provider. A regulatory agency, in this instance, is either the Department of Safety and Professional Services or the division within the Department of Health Services that conducts quality assurance activities related to health care providers. The bill eliminates the prohibition against using regulatory records as evidence in a civil or criminal action.

PUNITIVE DAMAGES

Under current law, punitive damages may be assessed with civil case if the defendant acted maliciously toward the plaintiff or with intentional disregard of the rights of the plaintiff. Current law limits punitive damages to the greater of twice the amount of compensatory damages recovered by the plaintiff or \$200,000 unless the defendant's actions included the operation of a vehicle while under the influence of an intoxicant to a degree that rendered the defendant incapable of the safe operation of that vehicle. The bill creates a new exception to the limitation on punitive damages sought from a nursing home, adult family home, residential care apartment complex, or community-based residential care facility when the defendant is an administrator, agent, director, employee, officer, or operator of a nursing home, adult family home, residential care apartment complex, or community-based residential care facility and the actions of the defendant take place in that facility.

Because this bill creates a new crime or revises a penalty for an existing crime, the Joint Review Committee on Criminal Penalties may be requested to prepare a

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report concerning the proposed penalty and the costs or savings that are likely to result if the bill is enacted.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 50.057 of the statutes is created to read:

2 **50.057 Arbitration agreements. (1)** In this section:

3 (a) “Arbitration agreement” means any provision in a contract, covenant, or
4 agreement between a resident or client, or a person acting on behalf of the resident
5 or client, and a long-term care facility, that is made before the resident or client
6 suffers injury or harm and that compels arbitration between the parties and limits
7 or waives the right of the resident to bring a civil action against the long-term care
8 facility or limits the resident’s or client’s remedies in a civil action against the
9 long-term care facility.

10 (b) “Long-term care facility” means an adult family home, a residential care
11 apartment complex, a community-based residential facility, a nursing home, a home
12 health agency, or a hospice, as defined in s. 50.90 (1).

13 **(2)** No long-term care facility may do any of the following:

14 (a) Require a prospective resident or client, or a person acting on behalf of the
15 resident or client, to sign an arbitration agreement as a condition of admission to the
16 long-term care facility.

17 (b) Retaliate against a resident or client or discharge a resident or client for
18 failure to sign an arbitration agreement.

19 (c) Charge additional money to a resident or client for not signing an arbitration
20 agreement.

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1 **(3)** A long-term care facility, if it requests a resident or client to sign an
2 arbitration agreement, shall provide the arbitration agreement as a separate
3 document from any other admission agreement and shall make the arbitration
4 agreement document another color and a larger type size than the admission
5 agreement.

6 **(4)** A long-term care facility that requests a resident or client to sign an
7 arbitration agreement shall allow the resident or client, or a person acting on behalf
8 of the resident or client, to cancel the arbitration agreement within 30 days of signing
9 the arbitration agreement and shall include language in the arbitration agreement
10 stating that a resident, client, or person acting on behalf of the resident or client has
11 a right to cancel the arbitration agreement within 30 days of signing the arbitration
12 agreement.

13 **(5)** (a) Any person who is retaliated against in violation of sub. (2) (b) may
14 commence an action in circuit court for damages incurred as a result of the violation.

15 (b) Violators of sub. (2) (b) may be fined not more than \$1,000 or imprisoned for
16 up to 6 months or both for each violation.

17 **SECTION 2.** 146.38 (1m) of the statutes is amended to read:

18 146.38 **(1m)** No person who participates in the review or evaluation of the
19 services of health care providers or charges for such services may disclose ~~an incident~~
20 ~~or occurrence report~~ or any information acquired in connection with such review or
21 evaluation except as provided in sub. (3) or (3m) and except that a person who
22 participates in the review or evaluation shall disclose an incident or occurrence
23 report to a court of record with regard to any criminal matter, in accordance with chs.
24 885 to 895 and 995 and after issuance of a subpoena.

25 **SECTION 3.** 146.38 (2) of the statutes is amended to read:

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1 146.38 (2) All persons, organizations, or evaluators, whether from one or more
2 entities, who review or evaluate the services of health care providers in order to help
3 improve the quality of health care, to avoid improper utilization of the services of
4 health care providers, or to determine the reasonable charges for such services shall
5 keep a record of their investigations, inquiries, proceedings and conclusions. No such
6 record may be released to any person under s. 804.10 (4) or otherwise except as
7 provided in sub. (3) or (3m). No such record may be used in any civil or criminal action
8 against the health care provider or any other health care provider; however, except
9 for incident or occurrence reports or records from other persons, organizations, or
10 evaluators reviewing or evaluating health care providers, information, documents,
11 or records presented during the review or evaluation may not be construed as
12 immune from discovery under s. 804.10 (4) or use in any civil or criminal action
13 merely because they were so presented. Any person who testifies during or
14 participates in the review or evaluation may testify in any civil or criminal action as
15 to matters within his or her knowledge, but may not testify as to information
16 obtained through his or her participation in the review or evaluation, nor as to any
17 conclusion of such review or evaluation.

18 **SECTION 4.** 146.38 (2m) of the statutes is repealed.

19 **SECTION 5.** 146.38 (3) (em) of the statutes is created to read:

20 146.38 (3) (em) With regard to any criminal matter, to a court of record, in
21 accordance with chs. 885 to 895 and 995 and after issuance of a subpoena; and

22 **SECTION 6.** 146.38 (3t) of the statutes is amended to read:

23 146.38 (3t) A record described under sub. (2) or an incident or occurrence report
24 disclosed either under sub. (3) or (3m) or in violation of this section remains

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1 confidential and may not be used in any civil or ~~criminal~~ action against the health
2 care provider or any other health care provider.

3 **SECTION 7.** 893.555 of the statutes is repealed.

4 **SECTION 8.** 895.043 (6) of the statutes is renumbered 895.043 (6) (intro.) and
5 amended to read:

6 895.043 (6) LIMITATION ON DAMAGES. (intro.) Punitive damages received by the
7 plaintiff may not exceed twice the amount of any compensatory damages recovered
8 by the plaintiff or \$200,000, whichever is greater. This subsection does not apply to
9 ~~a~~ any of the following:

10 (a) A plaintiff seeking punitive damages from a defendant whose actions under
11 sub. (3) included the operation of a vehicle, including a motor vehicle as defined
12 under s. 340.01 (35), a snowmobile as defined under s. 340.01 (58a), an all-terrain
13 vehicle as defined under s. 340.01 (2g), a utility terrain vehicle as defined under s.
14 23.33 (1) (ng), and a boat as defined under s. 30.50 (2), while under the influence of
15 an intoxicant to a degree that rendered the defendant incapable of safe operation of
16 the vehicle. In this subsection, "intoxicant" has the meaning given in s. 30.50 (4e).

17 **SECTION 9.** 895.043 (6) (b) of the statutes is created to read:

18 895.043 (6) (b) A plaintiff seeking punitive damages from a facility defined in
19 s. 50.01 (1), (1d), (1g), or (3), 50.49 (1) (a), or 50.90 (1), for the actions of an
20 administrator, agent, director, employee, officer, or operator of that facility whose
21 actions under sub. (3) take place in that facility.

22 **SECTION 10.** 904.16 of the statutes is repealed.

23 **SECTION 11. Initial applicability.**

