

BILL HISTORY FOR ASSEMBLY BILL 487 (LRB -3036)

An Act to amend 13.94 (1) (de), 15.405 (7) (c), 20.145 (2) (title), 20.145 (2) (q), 20.145 (2) (u), 20.145 (2) (um), 20.145 (2) (v), 25.14 (1) (a) 9., 25.17 (1) (kp), 25.17 (3) (a), 50.37 (intro.), 165.25 (6) (a), 619.04 (5) (b), 619.04 (5m) (b), 619.04 (9), chapter 655 (title), 655.001 (7), subchapter IV (title) of chapter 655 [precedes 655.27], 655.27 (title), 655.27 (1), 655.27 (3) (a) 2m., 655.27 (3) (am), 655.27 (3) (bg) 2., 655.275 (title), 655.275 (1), 893.55 (4) (b), 893.82 (2) (d) 3., 895.46 (4) and 895.70 (5); and to repeal and recreate 655.27 (6) of the statutes; relating to: the purpose and integrity of the patients compensation fund and changing its name to the injured patients and families compensation fund.

2003

08-29. A. Introduced by Representatives Ladwig, Gielow, Weber, Albers, Bies, J. Fitzgerald, Freese, Gunderson, Jensen, Jeskewitz, Kerkman, Krawczyk, Kreibich, M. Lehman, LeMahieu, Lothian, McCormick, D. Meyer, Montgomery, Nischke, Olsen, Petrowski, Pettis, Seratti, Stone, Suder, Towns, Townsend, Van Roy, Vukmir, Wasserman and Owens; cosponsored by Senators Schultz, Roessler, Brown, Darling, S. Fitzgerald, Kanavas, Kedzie, A. Lasee, Panzer, Reynolds, Stepp, Zien and Welch.

08-29. A. Read first time and referred to committee on Insurance 345

09-09. A. Public hearing held.

09-24. A. Executive action taken.

09-24. A. Assembly amendment 1 offered by committee on Insurance (LRB a0961) 378

09-25. A. Report Assembly Amendment 1 adoption recommended by committee on Insurance, Ayes 14, Noes 0 381

09-25. A. Report passage as amended recommended by committee on Insurance, Ayes 14, Noes 0 381

09-25. A. Referred to committee on Rules 381

09-29. A. Placed on calendar 10-1-2003 by committee on Rules.

10-01. A. Representative Hines added as a coauthor 405

10-01. A. Placed at the foot of the eleventh order of business on the calendar of 10-2-2003 405

10-02. A. Read a second time 412

10-02. A. Assembly amendment 1 adopted 412

10-02. A. Assembly amendment 2 offered by Representatives Richards, Cullen, Colon, Sherman, Molepske and Turner (LRB a1051) 412

10-02. A. Assembly amendment 2 laid on table, Ayes 62, Noes 36 412

10-02. A. Ordered to a third reading 412

10-02. A. Rules suspended 412

10-02. A. Read a third time and passed, Ayes 92, Noes 6 412

10-02. A. Representative Vrakas added as a coauthor 412

10-02. A. Ordered immediately messaged 412

10-08. S. Received from Assembly 406

10-08. S. Read first time and referred to committee on Agriculture, Financial Institutions and Insurance 406

10-14. S. Executive action taken.

10-15. S. Report concurrence recommended by committee on Agriculture, Financial Institutions and Insurance, Ayes 5, Noes 0 409

10-15. S. Available for scheduling.

10-21. S. Placed on calendar 10-22-2003 by committee on Senate Organization.

10-23. S. Read a second time.

10-23. S. Ordered to a third reading.

10-23. S. Refused to suspend the rules, Ayes 18, Noes 14.

10-23. S. Vote by which Senate refused to suspend the rules, reconsidered.

10-23. S. Rules suspended.

10-23. S. Read a third time and concurred in, Ayes 29, Noes 3.

- 10-23. S. Ordered immediately messaged.
- 10-27. A. Received from Senate concurred in.

**2003
ENROLLED BILL**

03en AB-487

ADOPTED DOCUMENTS:

Orig Engr SubAmdt

03-303612

Amendments to above (if none, write "NONE"): AA1

Corrections - show date (if none, write "NONE"): none

Topic Patients Compensation fund

10/27/03 [Signature]
Date Enrolling Drafter

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2003 ASSEMBLY BILL 487

August 29, 2003 – Introduced by Representatives LADWIG, GIELOW, WEBER, ALBERS, BIES, J. FITZGERALD, FREESE, GUNDERSON, JENSEN, JESKEWITZ, KERKMAN, KRAWCZYK, KREIBICH, M. LEHMAN, LEMAHIEU, LOTHIAN, MCCORMICK, D. MEYER, MONTGOMERY, NISCHKE, OLSEN, PETROWSKI, PETTIS, SERATTI, STONE, SUDER, TOWNS, TOWNSEND, VAN ROY, VUKMIR, WASSERMAN and OWENS, cosponsored by Senators SCHULTZ, ROESSLER, BROWN, DARLING, S. FITZGERALD, KANAVAS, KEDZIE, A. LASEE, PANZER, REYNOLDS, STEPP, ZIEN and WELCH. Referred to Committee on Insurance.

1 **AN ACT to amend** 13.94 (1) (de), 15.405 (7) (c), 20.145 (2) (title), 20.145 (2) (q),
 2 20.145 (2) (u), 20.145 (2) (um), 20.145 (2) (v), 25.14 (1) (a) 9., 25.17 (1) (kp), 25.17
 3 (3) (a), 50.37 (intro.), 165.25 (6) (a), 619.04 (5) (b), 619.04 (5m) (b), 619.04 (9),
 4 chapter 655 (title), 655.001 (7), subchapter IV (title) of chapter 655 [precedes
 5 655.27], 655.27 (title), 655.27 (1), 655.27 (3) (a) 2m., 655.27 (3) (am), 655.27 (3)
 6 (bg) 2., 655.275 (title), 655.275 (1), 893.55 (4) (b), 893.82 (2) (d) 3., 895.46 (4) and
 7 895.70 (5); and **to repeal and recreate** 655.27 (6) of the statutes; **relating to:**
 8 the purpose and integrity of the patients compensation fund and changing its
 9 name to the injured patients and families compensation fund.

Analysis by the Legislative Reference Bureau

The health care liability provisions of the statutes require certain health care providers to carry health care liability (medical malpractice) insurance with liability limits of at least \$1,000,000 for each occurrence and at least \$3,000,000 for all occurrences in a policy year. Any portion of a medical malpractice claim that exceeds the policy limits is paid by the patients compensation fund (fund) for health care providers that are subject to the health care liability provisions. Money for the fund comes from annual assessments paid by those health care providers.

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Current law provides that the fund is to be held in trust for the purposes of the chapter of the statutes containing the health care liability provisions and may not be used for purposes other than those of that chapter, but does not specifically provide what the purposes of the chapter are. This bill provides: 1) that the purposes of the fund are to curb rising health care costs by financing part of the liability incurred by health care providers from medical malpractice claims and to ensure that medical malpractice claims are satisfied; 2) that the health care providers and claimants have contractual rights in all assets of the fund for those purposes; and 3) that, instead of being held in trust for the purposes of the chapter, the fund is held in trust exclusively for the benefit of health care providers and claimants and may not be spent for any other purpose of the state. The bill also changes the name of the fund to the injured patients and families compensation fund.

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

1 **SECTION 1.** 13.94 (1) (de) of the statutes is amended to read:

2 13.94 (1) (de) At least once every 3 years, perform a financial audit of the state
3 life insurance fund, the local government property insurance fund, and the patients
4 injured patients and families compensation fund.

5 **SECTION 2.** 15.405 (7) (c) of the statutes is amended to read:

6 15.405 (7) (c) The chairperson of the ~~patients~~ injured patients and families
7 compensation fund peer review council under s. 655.275 shall serve as a nonvoting
8 member of the medical examining board.

9 **SECTION 3.** 20.145 (2) (title) of the statutes is amended to read:

10 20.145 (2) (title) ~~PATIENTS~~ PATIENTS INJURED PATIENTS AND FAMILIES COMPENSATION FUND.

11 **SECTION 4.** 20.145 (2) (q) of the statutes is amended to read:

12 20.145 (2) (q) *Interest earned on future medical expenses.* From the patients
13 injured patients and families compensation fund under s. 655.27 a sum sufficient
14 equal to the interest earned by the ~~patients~~ injured patients and families
15 compensation fund that is attributable to future medical expense payments held by

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1 the fund under s. 655.015, to be credited to individual claimants' future medical
2 expense payments accounts as provided in s. 655.015, for the purpose of paying
3 future medical expenses.

4 **SECTION 5.** 20.145 (2) (u) of the statutes is amended to read:

5 20.145 (2) (u) *Administration.* From the ~~patients~~ injured patients and families
6 compensation fund under s. 655.27 (3), the amounts in the schedule for
7 administration, except for costs of the ~~patients~~ injured patients and families
8 compensation fund peer review council and its associated administrative costs
9 assessed under s. 655.27 (3) (am).

10 **SECTION 6.** 20.145 (2) (um) of the statutes is amended to read:

11 20.145 (2) (um) *Peer review council.* From the ~~patients~~ injured patients and
12 families compensation fund under s. 655.27 (3) (am), the amounts in the schedule for
13 payment of costs, including costs of administration, incurred by the ~~patients~~ injured
14 patients and families compensation fund peer review council under s. 655.275 (5).

15 **SECTION 7.** 20.145 (2) (v) of the statutes is amended to read:

16 20.145 (2) (v) *Specified responsibilities, investment board payments, and future*
17 *medical expenses.* After deducting the amounts appropriated under pars. (q), (u), and
18 (um), the balance of the moneys paid into the ~~patients~~ injured patients and families
19 compensation fund under s. 655.27 (3) to carry out the responsibilities of the
20 commissioner of insurance specified under s. 655.27, excluding payment of expenses
21 related to administering the fund, to make payments to the investment board under
22 s. 20.536, and to pay future medical expenses under s. 655.015.

23 **SECTION 8.** 25.14 (1) (a) 9. of the statutes is amended to read:

24 25.14 (1) (a) 9. The ~~patients~~ injured patients and families compensation fund.

25 **SECTION 9.** 25.17 (1) (kp) of the statutes is amended to read:

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1 25.17 (1) (kp) ~~Patients~~ Injured patients and families compensation fund (s.
2 655.27);

3 **SECTION 10.** 25.17 (3) (a) of the statutes is amended to read:

4 25.17 (3) (a) Invest the fixed retirement investment trust, state life fund,
5 veterans trust fund, and ~~patients~~ injured patients and families compensation fund
6 in loans, securities, and any other investments authorized by s. 620.22, and in bonds
7 or other evidences of indebtedness or preferred stock of companies engaged in the
8 finance business whether as direct lenders or as holding companies owning
9 subsidiaries engaged in the finance business. Investments permitted by sub. (4) are
10 permitted investments under this subsection.

11 **SECTION 11.** 50.37 (intro.) of the statutes is amended to read:

12 **50.37 Notification to accrediting organization.** (intro.) The department
13 shall notify a private accrediting organization that has accredited a hospital and the
14 board of governors of the ~~patients~~ injured patients and families compensation fund
15 under s. 619.04 (3) if the department has done any of the following:

16 **SECTION 12.** 165.25 (6) (a) of the statutes is amended to read:

17 165.25 (6) (a) At the request of the head of any department of state government,
18 the attorney general may appear for and defend any state department, or any state
19 officer, employee, or agent of the department in any civil action or other matter
20 brought before a court or an administrative agency which is brought against the state
21 department, or officer, employee, or agent for or on account of any act growing out
22 of or committed in the lawful course of an officer's, employee's, or agent's duties.
23 Witness fees or other expenses determined by the attorney general to be reasonable
24 and necessary to the defense in the action or proceeding shall be paid as provided for
25 in s. 885.07. The attorney general may compromise and settle the action as the

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1 attorney general determines to be in the best interest of the state. Members, officers,
2 and employees of the Wisconsin state agencies building corporation and the
3 Wisconsin state public building corporation are covered by this section. Members of
4 the board of governors created under s. 619.04 (3), members of a committee or
5 subcommittee of that board of governors, members of the patients injured patients
6 and families compensation fund peer review council created under s. 655.275 (2), and
7 persons consulting with that council under s. 655.275 (5) (b) are covered by this
8 section with respect to actions, claims, or other matters arising before, on, or after
9 April 25, 1990. The attorney general may compromise and settle claims asserted
10 before such actions or matters formally are brought or may delegate such authority
11 to the department of administration. This paragraph may not be construed as a
12 consent to sue the state or any department thereof or as a waiver of state sovereign
13 immunity.

14 **SECTION 13.** 619.04 (5) (b) of the statutes is amended to read:

15 619.04 (5) (b) A rating plan which takes into consideration the loss and expense
16 experience of the individual health care provider which resulted in the payment of
17 money, by the plan or other sources, for damages arising out of the rendering of
18 health care by the health care provider or an employee of the health care provider,
19 except that an adjustment to a health care provider's premiums may not be made
20 under this paragraph prior to the receipt of the recommendation of the patients
21 injured patients and families compensation fund peer review council under s.
22 655.275 (5) (a) and the expiration of the time period provided, under s. 655.275 (7),
23 for the health care provider to comment or prior to the expiration of the time period
24 under s. 655.275 (5) (a).

25 **SECTION 14.** 619.04 (5m) (b) of the statutes is amended to read:

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1 **SECTION 19.** 655.27 (title) of the statutes is amended to read:

2 **655.27** (title) ~~Patients~~ **Injured patients and families compensation**
3 **fund.**

4 **SECTION 20.** 655.27 (1) of the statutes is amended to read:

5 **655.27 (1) FUND.** There is created a ~~patients~~ **an injured patients and families**
6 compensation fund for the purpose of paying that portion of a medical malpractice
7 claim which is in excess of the limits expressed in s. 655.23 (4) or the maximum
8 liability limit for which the health care provider is insured, whichever limit is
9 greater, paying future medical expense payments under s. 655.015, and paying
10 claims under sub. (1m). The fund shall provide occurrence coverage for claims
11 against health care providers that have complied with this chapter, and against
12 employees of those health care providers, and for reasonable and necessary expenses
13 incurred in payment of claims and fund administrative expenses. The coverage
14 provided by the fund shall begin July 1, 1975. The fund shall not be liable for
15 damages for injury or death caused by an intentional crime, as defined under s.
16 939.12, committed by a health care provider or an employee of a health care provider,
17 whether or not the criminal conduct is the basis for a medical malpractice claim.

18 **SECTION 21.** 655.27 (3) (a) 2m. of the statutes is amended to read:

19 **655.27 (3) (a) 2m.** The loss and expense experience of the individual health care
20 provider which resulted in the payment of money, from the fund or other sources, for
21 damages arising out of the rendering of medical care by the health care provider or
22 an employee of the health care provider, except that an adjustment to a health care
23 provider's fees may not be made under this subdivision prior to the receipt of the
24 recommendation of the ~~patients~~ **injured patients and families** compensation fund
25 peer review council under s. 655.275 (5) (a) and the expiration of the time period

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1 provided, under s. 655.275 (7), for the health care provider to comment or prior to the
2 expiration of the time period under s. 655.275 (5) (a).

3 **SECTION 22.** 655.27 (3) (am) of the statutes is amended to read:

4 655.27 (3) (am) *Assessments for peer review council.* The fund, a mandatory
5 health care liability risk-sharing plan established under s. 619.04, and a private
6 health care liability insurer shall be assessed, as appropriate, fees sufficient to cover
7 the costs of the ~~patients~~ injured patients and families compensation fund peer review
8 council, including costs of administration, for reviewing claims paid by the fund,
9 plan, and insurer, respectively, under s. 655.275 (5). The fees shall be set by the
10 commissioner by rule, after approval by the board of governors, and shall be collected
11 by the commissioner for deposit in the fund. The costs of the ~~patients~~ injured patients
12 and families compensation fund peer review council shall be funded from the
13 appropriation under s. 20.145 (2) (um).

14 **SECTION 23.** 655.27 (3) (bg) 2. of the statutes is amended to read:

15 655.27 (3) (bg) 2. The rule shall provide that the automatic increase does not
16 apply if the board of governors determines that the performance of the ~~patients~~
17 injured patients and families compensation fund peer review council in making
18 recommendations under s. 655.275 (5) (a) adequately addresses the consideration set
19 forth in par. (a) 2m.

20 **SECTION 24.** 655.27 (6) of the statutes is repealed and recreated to read:

21 655.27 (6) PURPOSE AND INTEGRITY OF FUND. The fund is established to curb the
22 rising costs of health care by financing part of the liability incurred by health care
23 providers as a result of medical malpractice claims and to ensure that proper claims
24 are satisfied. ~~Health care providers and claimants have contractual rights in all~~
25 ~~assets of the fund for those purposes. The fund, including any net worth of the fund,~~

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~~1 is held in trust exclusively for the benefit of health care providers and proper
2 claimants and may not be spent for any other purpose of the state.~~

3 **SECTION 25.** 655.275 (title) of the statutes is amended to read:

4 **655.275 (title) Patients Injured patients and families compensation**
5 **fund peer review council.**

6 **SECTION 26.** 655.275 (1) of the statutes is amended to read:

7 655.275 (1) **DEFINITION.** In this section, “council” means the patients injured
8 patients and families compensation fund peer review council.

9 **SECTION 27.** 893.55 (4) (b) of the statutes is amended to read:

10 893.55 (4) (b) The total noneconomic damages recoverable for bodily injury or
11 death, including any action or proceeding based on contribution or indemnification,
12 may not exceed the limit under par. (d) for each occurrence on or after May 25, 1995,
13 from all health care providers and all employees of health care providers acting
14 within the scope of their employment and providing health care services who are
15 found negligent and from the patients injured patients and families compensation
16 fund.

17 **SECTION 28.** 893.82 (2) (d) 3. of the statutes is amended to read:

18 893.82 (2) (d) 3. A member of the board of governors created under s. 619.04
19 (3), a member of a committee or subcommittee of that board of governors, a member
20 of the patients injured patients and families compensation fund peer review council
21 created under s. 655.275 (2), and a person consulting with that council under s.
22 655.275 (5) (b).

23 **SECTION 29.** 895.46 (4) of the statutes is amended to read:

24 895.46 (4) The protection afforded by this section applies to members of the
25 board of governors created under s. 619.04 (3), members of a committee or

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1 subcommittee of that board of governors, members of the ~~patients~~ injured patients
2 and families compensation fund peer review council created under s. 655.275 (2), and
3 persons consulting with that council under s. 655.275 (5) (b), with respect to
4 judgments, attorney fees, and costs awarded before, on, or after April 25, 1990.

5 **SECTION 30.** 895.70 (5) of the statutes is amended to read:

6 895.70 (5) SILENCE AGREEMENTS. Any provision in a contract or agreement
7 relating to the settlement of any claim by a patient against a therapist that limits
8 or eliminates the right of the patient to disclose sexual contact by the therapist to a
9 subsequent therapist, the department of regulation and licensing, the department
10 of health and family services, the ~~patients~~ injured patients and families
11 compensation fund peer review council, or a district attorney is void.

12

(END)

**ASSEMBLY AMENDMENT 1,
TO 2003 ASSEMBLY BILL 487**

September 24, 2003 – Offered by COMMITTEE ON INSURANCE.

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 8, line 24: delete the material beginning with "Health" and ending
3 with "state." on page 9, line 2, and substitute "The fund, including any net worth of
4 the fund, is held in irrevocable trust for the sole benefit of health care providers
5 participating in the fund and proper claimants. Moneys in the fund may not be used
6 for any other purpose of the state."
7

(END)

8-24