

## DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or [library@lcb.state.nv.us](mailto:library@lcb.state.nv.us).

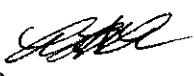


DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

788 Fairview Drive, Suite 300  
Carson City, Nevada 89701-5491  
(775) 687-4270 • Fax (775) 687-3937  
Internet Address: doi.state.nv.us  
E-mail: insinfo@doi.state.nv.us

MEMORANDUM

**TO:** The Honorable Assemblyman Bernie Anderson  
Chairman, Assembly Committee on Judiciary

**FROM:** Alice A. Molasky-Arman   
Commissioner of Insurance

**DATE:** May 7, 2003

**SUBJECT:** SB 122 (as amended April 22, 2003): Additional Fiscal Information

\*\*\*\*\*

On December 23, 2002, we prepared a Fiscal Note for BDR 57-265 (now, SB 122) which, if enacted, would give every interested person or entity the right to intervene in rate hearings concerning professional medical liability insurance. At that time, we noted that the fiscal effect of broadened hearings could not be forecast. We have taken another look at the probable effect this bill would have on hearings and can project certain associated costs based on two assumptions.

*Assumption Number One: inviting any interested person to intervene as a matter of right in rate hearings will extend the length of every medical malpractice rate hearing.* Presently, rate hearings generally involve only the parties, i.e., the filing company, the division and the Hearing Officer. Testimony is given by company actuaries and division staff. The typical medical malpractice rate hearing lasts at least one day. Expanding participation to include interested parties (physicians, surgeons, hospitals, patients, etc.) will result in every such hearing lasting no

COPY OF ORIGINALS ARE ON FILE  
IN THE RESEARCH LIBRARY

1 of 3

ASSEMBLY JUDICIARY

DATE: 5/12/03 ROOM: 3138 EXHIBIT C  
SUBMITTED BY: ALICE MOLASKY-ARMAN

fewer than two days. Longer hearings will result in increased court reporter costs. The additional cost calculations follow.

1. Contract Court Reporters @ \$150/day

	<u>No. of Hearings</u>	<u>No. of Days</u>	<u>Cost</u>
FY2001-02	32	19	\$2,850
FY2003-04	32	64	<u>9,600</u>
Additional Annual Contract Costs			\$6,750

*Assumption Number Two: the extended length of hearings will exhaust the availability of Hearing Officers in Carson City, requiring the importation of Hearing Officers from Las Vegas.* The additional forty-five hearing days required to provide the access to interested persons and entities envisioned in the bill cannot be covered by the Hearing Officers qualified to preside at a rate hearing who are available in Carson City. Two qualified Hearing Officers from the Las Vegas office would have to travel to Carson City to hear half of the rate filings. The travel costs associated with the additional travel follow.

2. One traveler overnight from LV to CC and return:

<u>Air</u>	<u>Meals</u>	<u>Lodging</u>	<u>M/Pool</u>	<u>Prkng</u>	<u>Miles</u>	<u>Inci.</u>	<u>Total</u>
\$142	\$38	\$58	\$50	\$10	\$7	\$4	\$309
Times No. Of Hearings							<u>x 16</u>
Additional Annual Travel Costs							\$4,947

The enthusiasm for "interested persons and entities" to exercise the new right granted in the bill cannot be discounted. At least in the short term (through the FY03-05 biennium), we can expect full participation by the newly empowered. I think two-day hearings for every medical malpractice rate filing may be a bit optimistic. We can expect hearings for the carriers with the larger market shares to attract a great deal of interest and commentary.

3. *Additional Considerations.* The bill places additional responsibilities on the division, including the more complex rate reviews required in Section 2, the requirement in Section 14 to annually designate certain medical specialties as essential and the consequences of that

determination, and the added data collection and reporting requirements found in Section 15. These additional duties would be shouldered by an actuarial staff whose workload already exceeds reasonable capacity. Overtime would need to be authorized for these staff members to complete the additional work. The average Actuary I salary is \$28.24 per hour. The overtime rate (@ 1.5 x the standard rate) is \$42.36. The estimated time needed to accomplish the additional tasks required by the bill is minimally 120 hours (\$5,083).

**Total Additional Annual Costs (1 plus 2 plus 3) \$16,780**

These additional costs have been identified independent of Fiscal Notes which have been attached to other medical malpractice bills during this session. If the various bills are all enacted or, more probably, are merged into one or more bills containing the essential elements of SB 122, SB 250 and AB 320, the costs identified in this memorandum and in the other Fiscal Notes would not aggregate. Some staff solutions proposed in one Fiscal Note might well overlap and modify a staff need identified in another. I will be happy to work with you, your committee and the money committees of the two chambers to resolve and perfect the resource needs identified by the division.

Thank you for your attention to this matter.

c. Peggy Dehl  
Bill Maier  
Kathalie Koche  
Jeff Ferguson