



## 114th MAINE LEGISLATURE

## **FIRST REGULAR SESSION - 1989**

Legislative Document

No. 1075

S.P. 409

In Senate, April 6, 1989

Reference to the Committee on Judiciary suggested and ordered printed.

nen

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator TWITCHELL of Oxford. Cosponsored by Senator KANY of Kennebec, Representative WALKER of Norway and Representative JACKSON of Harrison.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-NINE

An Act to Prevent Double Recoveries in Medical Liability Actions.



1	Be it enacted by the People of the State of Maine as follows:
3	24 MRSA c. 25, sub-c. IX is enacted to read:
5	SUBCHAPTER IX
7	ELIMINATION OF DOUBLE RECOVERIES
9	§2981. Elimination of double recoveries
11	<b>1. Definitions.</b> As used in this section, unless the context otherwise indicates, the following terms have the
13	following meanings.
15	<u>A. "Claimant" means any person who brings a personal injury action, and if the action is brought through or on behalf of</u>
17	<u>an estate, the term includes the decedent or, if the action</u> is brought through or on behalf of a minor, the term
19	includes the minor's parent or guardian.
21	B. "Collateral source" means a benefit paid or payable to the claimant or on the claimant's behalf under, from or
- 23,	<u>pursuant to:</u>
25	(1) The United States Social Security Act;
27	(2) Any state or federal income replacement, disability, workers' compensation or other Act designed
29	to provide partial or full wage or income replacement;
31	(3) Any accident, health or sickness, income or wage replacement insurance; income disability insurance;
33	<u>casualty or property insurance, including automobile</u> accident and homeowners' insurance benefits; or any
35	<u>other insurance benefits, except life insurance</u> <u>benefits;</u>
37	(4) Any contract or agreement of any group,
39	organization, partnership or corporation to provide, pay for or reimburse the cost of medical, hospital,
41	dental or other health care services or provide similar benefits; and
43	(5) Any contractual or voluntary wage continuation
45	plan, or payments made pursuant to such a plan, provided by an employer or otherwise, or any other
47	system intended to provide wages during a period of disability.
49	
51	<u>C. "Damages" means economic losses paid or payable by</u> <u>collateral sources for wage loss, medical costs,</u>
	rehabilitation costs, services and other out-of-pocket

ų.

Page 1-LR1793(1)

<u>costs incurred by or on behalf of a claimant for which that</u> <u>party is claiming recovery through a tort suit.</u>

 2. Admissibility of evidence. In all actions for professional negligence, as defined in section 2502, the court shall allow the admission into evidence of proof of collateral
7 source payments that have already been made or that are substantially certain to be made to the claimant as compensation
9 for the same damages sought in the suit. Proof of such payments shall be considered by the trier of fact in arriving at the
11 amount of any award and shall be considered by the court in reviewing awards made for excessiveness.

The trier of fact shall be informed of the tax implications of all damage awards. The trier of fact may hear evidence of the premiums personally paid by the claimant to obtain any collateral sources paid or payable.

19 3. Special damages findings required. If liability is found in any professional negligence action, then the trier of 21 fact, in addition to other appropriate findings, shall make separate findings for each claimant specifying the amount of:

A. Any past damages for:

(1) Medical and other costs of health care;

(2) Other economic loss; and

(3) Noneconomic loss; and

B. Any future damages and the periods over which they will accrue, on an annual basis, for each of the following types of damages: 35

Medical and other costs of health care;

(2) Other economic loss; and

## (3) Noneconomic loss.

The calculation of all future medical care and other costs of health care and future noneconomic loss must reflect the costs and losses during the period of time the claimant will sustain those costs and losses. The calculation for other economic loss must be based on the losses during the period of time the claimant would have lived but for the injury upon which the claim is based.

49

1

3

13

23

25

27

29

31

37

39

41

51

## STATEMENT OF FACT

Under state case law, if a plaintiff is compensated in whole or in part for damages by some source independent of the defendant, the plaintiff is still permitted to recover the same damages against the defendant. Unless a right of subrogation exists on behalf of the person or company making the collateral payment, a double recovery takes place. Evidence of the collateral source payment is not admissible at all at trial.

Nearly 40 states have chosen to change the common-law rule and to permit such evidence to be introduced at trial or, in the alternative, have required the judge to automatically decrease the verdict by the amounts of any collateral source payments.

This bill takes a more modest approach, allowing evidence of collateral source payments to be made, but leaving it up to the jury as to what effect the payment is to be given. The bill applies only to medical negligence cases.

Actuaries have predicted a savings of 3 to 10% in insurance premiums when collateral payments are taken into consideration.

23

21

1

3

5

7

9

11

13

15