

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 771 (Senator Raskin, *et al.*)
Judicial Proceedings

Postjudgment Interest - Medical Injury

This bill specifies that, notwithstanding any other provision of law, the legal rate of interest on a money judgment for a medical injury in a health care malpractice claim is the greater of (1) the bank prime loan rate, as published by the Board of Governors of the Federal Reserve System, for the month of the date of the judgment or (2) 3% per year.

The bill must be construed to apply only prospectively to a money judgment entered on or after the bill's October 1, 2013 effective date.

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances.

Local Effect: The bill is not expected to materially affect local government finances.

Small Business Effect: Minimal.

Analysis

Current Law: In general, the legal rate of interest on a judgment must be at the rate of 10% per year on the amount of judgment.

Background: The current bank prime loan rate is 3.25% – down from 8.25% just prior to September 18, 2007. The median rate from 1947 to present is 8.75%. The all-time high was 21.50% (December 19, 1980, through January 2, 1981).

State/Local Fiscal Effect: The State and local governments may pay slightly less or more postjudgment interest on a health care malpractice claim, depending on the bank prime loan rate at the time a money judgment is entered. However, relatively few cases arise in which the State and/or local governments are compelled to pay money judgments for medical injuries, and any difference in the amount of postjudgment interest paid is expected to be minimal. Thus, the bill is not expected to materially affect State or local government finances.

Additional Information

Prior Introductions: None.

Cross File: HB 1316 (Delegate Dumais, *et al.*) - Judiciary.

Information Source(s): *Wall Street Journal*, U.S. Federal Reserve System, Maryland Health Claims Alternative Dispute Resolution Office, Department of Health and Mental Hygiene, Judiciary (Administrative Office of the Courts), Department of Legislative Services

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