## SECOND REGULAR SESSION SENATE COMMITTEE SUBSTITUTE FOR

## **HOUSE BILL NO. 2590**

## 94TH GENERAL ASSEMBLY

Reported from the Committee on Financial and Governmental Organizations and Elections, May 15, 2008, with recommendation that the Senate Committee Substitute do pass.

5644S.02C

TERRY L. SPIELER, Secretary.

## AN ACT

To repeal sections 105.711, 226.095, 537.600, and 537.610, RSMo, and to enact in lieu thereof three new sections relating to civil actions against government entities, agents, officers, and employees.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 105.711, 226.095, 537.600, and 537.610, RSMo, are

- 2 repealed and three new sections enacted in lieu thereof, to be known as sections
- 3 105.711, 537.600, and 537.610, to read as follows:
  - 105.711. 1. There is hereby created a "State Legal Expense Fund" which
- 2 shall consist of moneys appropriated to the fund by the general assembly and
- 3 moneys otherwise credited to such fund pursuant to section 105.716.
- 4 2. Moneys in the state legal expense fund shall be available for the
- 5 payment of any claim or any amount required by any final judgment rendered by
- 6 a court of competent jurisdiction against:
- 7 (1) The state of Missouri, or any agency of the state, pursuant to section
- 8 536.050 or 536.087, RSMo, or section 537.600, RSMo;
- 9 (2) Any officer or employee of the state of Missouri or any agency of the
- 10 state, including, without limitation, elected officials, appointees, members of state
- 11 boards or commissions, and members of the Missouri national guard upon conduct
- 12 of such officer or employee arising out of and performed in connection with his or
- 13 her official duties on behalf of the state, or any agency of the state, provided that
- 14 moneys in this fund shall not be available for payment of claims made under
- 15 chapter 287, RSMo. The term "officer" or "employee" as used in this
- 16 subdivision shall not include any offender in claims in which both the

claimant and a person against whom claim is made were, at the time of the event giving rise to the claim, offenders in the custody of the department of corrections, including a work release outside of a correctional center;

- (3) (a) Any physician, psychiatrist, pharmacist, podiatrist, dentist, nurse, or other health care provider licensed to practice in Missouri under the provisions of chapter 330, 332, 334, 335, 336, 337 or 338, RSMo, who is employed by the state of Missouri or any agency of the state, under formal contract to conduct disability reviews on behalf of the department of elementary and secondary education or provide services to patients or inmates of state correctional facilities on a part-time basis, and any physician, psychiatrist, pharmacist, podiatrist, dentist, nurse, or other health care provider licensed to practice in Missouri under the provisions of chapter 330, 332, 334, 335, 336, 337, or 338, RSMo, who is under formal contract to provide services to patients or inmates at a county jail on a part-time basis;
- (b) Any physician licensed to practice medicine in Missouri under the provisions of chapter 334, RSMo, and his professional corporation organized pursuant to chapter 356, RSMo, who is employed by or under contract with a city or county health department organized under chapter 192, RSMo, or chapter 205, RSMo, or a city health department operating under a city charter, or a combined city-county health department to provide services to patients for medical care caused by pregnancy, delivery, and child care, if such medical services are provided by the physician pursuant to the contract without compensation or the physician is paid from no other source than a governmental agency except for patient co-payments required by federal or state law or local ordinance;
- (c) Any physician licensed to practice medicine in Missouri under the provisions of chapter 334, RSMo, who is employed by or under contract with a federally funded community health center organized under Section 315, 329, 330 or 340 of the Public Health Services Act (42 U.S.C. 216, 254c) to provide services to patients for medical care caused by pregnancy, delivery, and child care, if such medical services are provided by the physician pursuant to the contract or employment agreement without compensation or the physician is paid from no other source than a governmental agency or such a federally funded community health center except for patient co-payments required by federal or state law or local ordinance. In the case of any claim or judgment that arises under this paragraph, the aggregate of payments from the state legal expense fund shall be

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53 limited to a maximum of one million dollars for all claims arising out of and 54 judgments based upon the same act or acts alleged in a single cause against any 55 such physician, and shall not exceed one million dollars for any one claimant;

(d) Any physician licensed pursuant to chapter 334, RSMo, who is affiliated with and receives no compensation from a nonprofit entity qualified as exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which offers a free health screening in any setting or any physician, nurse, physician assistant, dental hygienist, dentist, or other health care professional licensed or registered under chapter 330, 331, 332, 334, 335, 336, 337, or 338, RSMo, who provides health care services within the scope of his or her license or registration at a city or county health department organized under chapter 192, RSMo, or chapter 205, RSMo, a city health department operating under a city charter, or a combined city-county health department, or a nonprofit community health center qualified as exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, if such services are restricted to primary care and preventive health services, provided that such services shall not include the performance of an abortion, and if such health services are provided by the health care professional licensed or registered under chapter 330, 331, 332, 334, 335, 336, 337, or 338, RSMo, without compensation. MO HealthNet or Medicare payments for primary care and preventive health services provided by a health care professional licensed or registered under chapter 330, 331, 332, 334, 335, 336, 337, or 338, RSMo, who volunteers at a free health clinic is not compensation for the purpose of this section if the total payment is assigned to the free health clinic. For the purposes of the section, "free health clinic" means a nonprofit community health center qualified as exempt from federal taxation under Section 501 (c)(3) of the Internal Revenue Code of 1987, as amended, that provides primary care and preventive health services to people without health insurance coverage for the services provided without charge. In the case of any claim or judgment that arises under this paragraph, the aggregate of payments from the state legal expense fund shall be limited to a maximum of five hundred thousand dollars, for all claims arising out of and judgments based upon the same act or acts alleged in a single cause and shall not exceed five hundred thousand dollars for any one claimant, and insurance policies purchased pursuant to the provisions of section 105.721 shall be limited to five hundred thousand dollars. Liability or malpractice insurance obtained and maintained in force by or on behalf of any

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health care professional licensed or registered under chapter 330, 331, 332, 334, 335, 336, 337, or 338, RSMo, shall not be considered available to pay that portion of a judgment or claim for which the state legal expense fund is liable under this paragraph;

(e) Any physician, nurse, physician assistant, dental hygienist, or dentist licensed or registered to practice medicine, nursing, or dentistry or to act as a physician assistant or dental hygienist in Missouri under the provisions of chapter 332, RSMo, chapter 334, RSMo, or chapter 335, RSMo, who provides medical, nursing, or dental treatment within the scope of his license or registration to students of a school whether a public, private, or parochial elementary or secondary school, if such physician's treatment is restricted to primary care and preventive health services and if such medical, dental, or nursing services are provided by the physician, dentist, physician assistant, dental hygienist, or nurse without compensation. In the case of any claim or judgment that arises under this paragraph, the aggregate of payments from the state legal expense fund shall be limited to a maximum of five hundred thousand dollars, for all claims arising out of and judgments based upon the same act or acts alleged in a single cause and shall not exceed five hundred thousand dollars for any one claimant, and insurance policies purchased pursuant to the provisions of section 105.721 shall be limited to five hundred thousand dollars; or

(f) Any physician licensed under chapter 334, RSMo, or dentist licensed under chapter 332, RSMo, providing medical care without compensation to an individual referred to his or her care by a city or county health department organized under chapter 192 or 205, RSMo, a city health department operating under a city charter, or a combined city-county health department, or nonprofit health center qualified as exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or a federally funded community health center organized under Section 315, 329, 330, or 340 of the Public Health Services Act, 42 U.S.C. Section 216, 254c; provided that such treatment shall not include the performance of an abortion. In the case of any claim or judgment that arises under this paragraph, the aggregate of payments from the state legal expense fund shall be limited to a maximum of one million dollars for all claims arising out of and judgments based upon the same act or acts alleged in a single cause and shall not exceed one million dollars for any one claimant, and insurance policies purchased under the provisions of section 105.721 shall be limited to one million dollars. Liability or malpractice insurance

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obtained and maintained in force by or on behalf of any physician licensed under chapter 334, RSMo, or any dentist licensed under chapter 332, RSMo, shall not be considered available to pay that portion of a judgment or claim for which the state legal expense fund is liable under this paragraph;

- (4) Staff employed by the juvenile division of any judicial circuit;
- (5) Any attorney licensed to practice law in the state of Missouri who practices law at or through a nonprofit community social services center qualified as exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or through any agency of any federal, state, or local government, if such legal practice is provided by the attorney without compensation. In the case of any claim or judgment that arises under this subdivision, the aggregate of payments from the state legal expense fund shall be limited to a maximum of five hundred thousand dollars for all claims arising out of and judgments based upon the same act or acts alleged in a single cause and shall not exceed five hundred thousand dollars for any one claimant, and insurance policies purchased pursuant to the provisions of section 105.721 shall be limited to five hundred thousand dollars; or
- (6) Any social welfare board created under section 205.770, RSMo, and the members and officers thereof upon conduct of such officer or employee while acting in his or her capacity as a board member or officer, and any physician, nurse, physician assistant, dental hygienist, dentist, or other health care professional licensed or registered under chapter 330, 331, 332, 334, 335, 336, 337, or 338, RSMo, who is referred to provide medical care without compensation by the board and who provides health care services within the scope of his or her license or registration as prescribed by the board.
- 3. The department of health and senior services shall promulgate rules regarding contract procedures and the documentation of care provided under paragraphs (b), (c), (d), (e), and (f) of subdivision (3) of subsection 2 of this section. The limitation on payments from the state legal expense fund or any policy of insurance procured pursuant to the provisions of section 105.721, provided in subsection 7 of this section, shall not apply to any claim or judgment arising under paragraph (a), (b), (c), (d), (e), or (f) of subdivision (3) of subsection 2 of this section. Any claim or judgment arising under paragraph (a), (b), (c), (d), (e), or (f) of subdivision (3) of subsection 2 of this section shall be paid by the state legal expense fund or any policy of insurance procured pursuant to section 105.721, to the extent damages are allowed under sections 538.205 to 538.235,

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161 RSMo. Liability or malpractice insurance obtained and maintained in force by 162 any health care professional licensed or registered under chapter 330, 331, 332, 163 334, 335, 336, 337, or 338, RSMo, for coverage concerning his or her private 164 practice and assets shall not be considered available under subsection 7 of this 165 section to pay that portion of a judgment or claim for which the state legal 166 expense fund is liable under paragraph (a), (b), (c), (d), (e), or (f) of subdivision (3) 167 of subsection 2 of this section. However, a health care professional licensed or registered under chapter 330, 331, 332, 334, 335, 336, 337, or 338, RSMo, may 168 purchase liability or malpractice insurance for coverage of liability claims or 169 170 judgments based upon care rendered under paragraphs (c), (d), (e), and (f) of 171 subdivision (3) of subsection 2 of this section which exceed the amount of liability coverage provided by the state legal expense fund under those paragraphs. Even 172173 if paragraph (a), (b), (c), (d), (e), or (f) of subdivision (3) of subsection 2 of this section is repealed or modified, the state legal expense fund shall be available for 174damages which occur while the pertinent paragraph (a), (b), (c), (d), (e), or (f) of 175 176 subdivision (3) of subsection 2 of this section is in effect.

4. The attorney general shall promulgate rules regarding contract procedures and the documentation of legal practice provided under subdivision (5) of subsection 2 of this section. The limitation on payments from the state legal expense fund or any policy of insurance procured pursuant to section 105.721 as provided in subsection 7 of this section shall not apply to any claim or judgment arising under subdivision (5) of subsection 2 of this section. Any claim or judgment arising under subdivision (5) of subsection 2 of this section shall be paid by the state legal expense fund or any policy of insurance procured pursuant to section 105.721 to the extent damages are allowed under sections 538.205 to 538.235, RSMo. Liability or malpractice insurance otherwise obtained and maintained in force shall not be considered available under subsection 7 of this section to pay that portion of a judgment or claim for which the state legal expense fund is liable under subdivision (5) of subsection 2 of this section. However, an attorney may obtain liability or malpractice insurance for coverage of liability claims or judgments based upon legal practice rendered under subdivision (5) of subsection 2 of this section that exceed the amount of liability coverage provided by the state legal expense fund under subdivision (5) of subsection 2 of this section. Even if subdivision (5) of subsection 2 of this section is repealed or amended, the state legal expense fund shall be available for damages that occur while the pertinent subdivision (5) of subsection 2 of this

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197 section is in effect.

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5. All payments shall be made from the state legal expense fund by the commissioner of administration with the approval of the attorney general. Payment from the state legal expense fund of a claim or final judgment award against a health care professional licensed or registered under chapter 330, 331, 332, 334, 335, 336, 337, or 338, RSMo, described in paragraph (a), (b), (c), (d), (e), or (f) of subdivision (3) of subsection 2 of this section, or against an attorney in subdivision (5) of subsection 2 of this section, shall only be made for services rendered in accordance with the conditions of such paragraphs. In the case of any claim or judgment against an officer or employee of the state or any agency of the state based upon conduct of such officer or employee arising out of and performed in connection with his or her official duties on behalf of the state or any agency of the state that would give rise to a cause of action under section 537.600, RSMo, the state legal expense fund shall be liable, excluding punitive damages,] for an amount not to exceed:

- (1) [Economic damages to any one claimant] Two million dollars for all claims arising out of a single accident or occurrence; and
- (2) [Up to three hundred fifty thousand dollars for noneconomic damages] Three hundred thousand dollars for any one person in a single accident or occurrence.
- The state legal expense fund shall be the exclusive remedy and shall preclude any other civil actions or proceedings for money damages arising out of or relating to the same subject matter against the state officer or employee, or the officer's or employee's estate. No officer or employee of the state or any agency of the state shall be individually liable in his or her personal capacity for conduct of such officer or employee arising out of and performed in connection with his or her official duties on behalf of the state or any agency of the state. The provisions of this subsection shall not apply to any defendant who is not an officer or employee of the state or any agency of the state. Nothing in this subsection shall limit the rights and remedies otherwise available to a claimant under state law or common law in proceedings where one or more defendants is not an officer or employee of the state or any agency of the state.
- 6. The limitation on awards [for noneconomic damages] provided for in [this] subsection 5 of this section shall be increased or decreased on an annual basis effective January first of each year in accordance with the Implicit Price

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- 233 Deflator for Personal Consumption Expenditures as published by the Bureau of 234 Economic Analysis of the United States Department of Commerce. The current value of the limitation shall be calculated by the director of the department of 235 236insurance, who shall furnish that value to the secretary of state, who shall 237 publish such value in the Missouri Register as soon after each January first as 238 practicable, but it shall otherwise be exempt from the provisions of section 239 536.021, RSMo.
  - 7. Except as provided in subsection 3 of this section, in the case of any claim or judgment that arises under sections 537.600 and 537.610, RSMo, against the state of Missouri, or an agency of the state, the aggregate of payments from the state legal expense fund and from any policy of insurance procured pursuant to the provisions of section 105.721 shall not exceed the limits of liability as provided in sections 537.600 to 537.610, RSMo. No payment shall be made from the state legal expense fund or any policy of insurance procured with state funds pursuant to section 105.721 unless and until the benefits provided to pay the claim by any other policy of liability insurance have been exhausted.
- 249 8. The provisions of section 33.080, RSMo, notwithstanding, any moneys remaining to the credit of the state legal expense fund at the end of an 250 appropriation period shall not be transferred to general revenue. 251
  - 9. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is promulgated under the authority delegated in sections 105.711 to 105.726 shall become effective only if it has been promulgated pursuant to the provisions of chapter 536, RSMo. Nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to August 28, 1999, if it fully complied with the provisions of chapter 536, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 1999, shall be invalid and void.

537.600. 1. Such sovereign or governmental tort immunity as existed at common law in this state prior to September 12, 1977, except to the extent waived, abrogated or modified by statutes in effect prior to that date, shall remain in full force and effect; except that, the immunity of the public entity from liability and suit for compensatory damages for negligent acts or omissions is

hereby expressly waived in the following instances:

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7 (1) Injuries directly resulting from the negligent acts or omissions by 8 public employees arising out of the operation of motor vehicles or motorized 9 vehicles within the course of their employment;

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- (2) Injuries caused by the condition of a public entity's property if the plaintiff establishes that the property was in dangerous condition at the time of the injury, that the injury directly resulted from the dangerous condition, that the dangerous condition created a reasonably foreseeable risk of harm of the kind of injury which was incurred, and that either a negligent or wrongful act or omission of an employee of the public entity within the course of his employment created the dangerous condition or a public entity had actual or constructive notice of the dangerous condition in sufficient time prior to the injury to have taken measures to protect against the dangerous condition. In any action under this subdivision wherein a plaintiff alleges that he was damaged by the negligent, defective or dangerous design of a highway or road, which was designed and constructed prior to September 12, 1977, the public entity shall be entitled to a defense which shall be a complete bar to recovery whenever the public entity can prove by a preponderance of the evidence that the alleged negligent, defective, or dangerous design reasonably complied with highway and road design standards generally accepted at the time the road or highway was designed and constructed.
- 2. Except as provided in subsection 5 of section 537.610, the express waiver of sovereign immunity in the instances specified in subdivisions (1) and (2) of subsection 1 of this section are absolute waivers of sovereign immunity in all cases within such situations whether or not the public entity was functioning in a governmental or proprietary capacity and whether or not the public entity is covered by a liability insurance for tort.
- 3. The term "public entity" as used in this section shall include any multistate compact agency created by a compact formed between this state and any other state which has been approved by the Congress of the United States.
- 4. The term "public employees" or "employee of the public entity" as used in this section shall not include any offender in claims in which both the claimant and a person against whom claim is made were, at the time of the event giving rise to the claim, offenders in the custody of a municipal jail, county jail, or the department of corrections, including a work release outside of a correctional center.

537.610. 1. The commissioner of administration, through the purchasing division, and the governing body of each political subdivision of this state,

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notwithstanding any other provision of law, may purchase liability insurance for tort claims, made against the state or the political subdivision, but the maximum amount of such coverage shall not exceed two million dollars for all claims arising 6 out of a single occurrence and shall not exceed three hundred thousand dollars for any one person in a single accident or occurrence, except for those claims governed by the provisions of the Missouri workers' compensation law, chapter 9 287, RSMo, and no amount in excess of the above limits shall be awarded or 10 settled upon. Sovereign immunity for the state of Missouri and its political 11 subdivisions is waived only to the maximum amount of and only for the purposes covered by such policy of insurance purchased pursuant to the provisions of this 12section and in such amount and for such purposes provided in any self-insurance 13 plan duly adopted by the governing body of any political subdivision of the state. 14

- 2. The liability of the state and its public entities on claims within the scope of sections 537.600 to 537.650, shall not exceed two million dollars for all claims arising out of a single accident or occurrence and shall not exceed three hundred thousand dollars for any one person in a single accident or occurrence, except for those claims governed by the provisions of the Missouri workers' compensation law, chapter 287, RSMo.
- 3. The liability of the state or its public entities and any agent, officer, or employee of the state or its public entities arising out of the operation of a motor vehicle being operated within the course and scope of their office, employment, or agency with the state or its public entities shall not exceed two million dollars for all claims against all such entities or individuals arising out of a single accident or occurrence, and shall not exceed three hundred thousand dollars for any one person in a single accident or occurrence, except for those claims governed by the provisions of the Missouri workers' compensation law, chapter 287, RSMo. When a claim against the state or one of its public entities arises out of the operation of a motor vehicle as described in subdivision (1) of subsection 1 of section 537.600, and a claim is also brought against an agent, officer, or employee of the state or its public entities arising out of the same accident or occurrence, the maximum allowable recovery against the state, one of its public entities, or any agent, officer, or employee of the state or its public entities shall be reduced by any amount paid towards the claim by the state, its public entities, agents, officers or employees

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39 of the same, or anyone acting on their behalf.

40 4. The liability of the state or its public entities and any agent, officer, or employee of the state or its political entities arising out of 41 42 any dangerous condition of property which the agent, officer, or 43 employee allegedly caused or contributed to cause shall not exceed two million dollars for all claims against all such entities or individuals 44 arising out of the single accident or occurrence, and shall not exceed 45three hundred thousand dollars for any one person in a single accident 46 or occurrence, except for those claims governed by the provisions of 47the Missouri workers' compensation law, chapter 287, RSMo. When a 48 claim against the state or its public entities arises out of a dangerous 49 condition of property as described in subdivision (2) of subsection 1 of 50section 537.600, and the claim is also brought against an agent, officer 51 or employee of the state or its public entities for causing or 5253 contributing to cause the dangerous condition, then the maximum allowable recovery against the state or its public entities or any agent, 54 officer, or employee who allegedly caused or contributed to cause the 55 56dangerous condition shall be reduced by any amount paid toward the 57 claim made by the state, its public entities, any agent, officer, or 58 employee of the state or its public entities, or anyone acting on their 59 behalf.

5. The liability of the state or its public entities for operation of a motor vehicle is vicarious to the liability of the operator of a motor vehicle that is operated as described by subsection 3 of this section. Notwithstanding the provisions of section 537.600, should the operator of the motor vehicle owned or operated on behalf of the state or its public entities be found to be immune from liability for operation of a motor vehicle because of official immunity or otherwise, the state or its public entities shall also have no liability arising from the operation of the motor vehicle.

**6.** No award for damages on any claim against a public entity within the scope of sections 537.600 to 537.650, shall include punitive or exemplary damages.

[4.] 7. If the amount awarded to or settled upon multiple claimants exceeds two million dollars, any party may apply to any circuit court to apportion to each claimant his proper share of the total amount limited by subsection 1 of this section. The share apportioned each claimant shall be in the proportion that

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the ratio of the award or settlement made to him bears to the aggregate awards and settlements for all claims arising out of the accident or occurrence, but the share shall not exceed three hundred thousand dollars.

79 [5.] 8. The limitation on awards for liability provided for in this section 80 shall be increased or decreased on an annual basis effective January first of each 81 year in accordance with the Implicit Price Deflator for Personal Consumption 82 Expenditures as published by the Bureau of Economic Analysis of the United States Department of Commerce. The current value of the limitation shall be 83 84 calculated by the director of the department of insurance, who shall furnish that value to the secretary of state, who shall publish such value in the Missouri 85 86 Register as soon after each January first as practicable, but it shall otherwise be exempt from the provisions of section 536.021, RSMo. 87

88 [6.] 9. Any claim filed against any public entity under this section shall 89 be subject to the penalties provided by supreme court rule 55.03.

[226.095. Upon request of the plaintiff in a negligence action against the department of transportation as defendant, the case shall be arbitrated by a panel of three arbiters pursuant to the provisions of chapter 435, RSMo.]

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