Local Government Mandate Statement Kentucky Legislative Research Commission 2020 Regular Session

Part I: Measure Information

Bill Request #:1738
Bill #: SB 178 GA
Document ID #: 4759
Bill Subject/Title: AN ACT relating to deceptive lawsuit advertising and solicitation practices.
Sponsor: Senator Ralph A. Alvarado
Unit of Government:XCityXCountyXUrban-CountyXCharter CountyXConsolidated LocalXGovernment
Office(s) Impacted:
Requirement: <u>X</u> Mandatory Optional
Effect on Powers & Duties: Modifies ExistingX_ Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

SB 178 creates new section of KRS Chapter 367 regarding deceptive trade practices regarding legal services.

Section 1:

The following activities qualify as deceptive trade practices:

- Failing to disclose the advertisement is a paid advertisement for legal services;
- Presenting an advertisement as a medical alert, health alert, consumer alert, public services announcement, or similar term;
- Displaying the logo of a government agency suggesting affiliation with that agency;
- Describes a product as being "recalled" when a product has not been recalled by a government agency or through an agreement with a manufacturer and government agency;
- Failing to identify the sponsor of the advertisement; or

- Failing to name the attorney or law firm sponsoring the advertisement and whether that attorney or law firm will be performing legal services or will be referring to others to perform those services.

SB 178 requires that an advertisement soliciting clients allegedly injured from a prescription drug approved by the U.S. Food and Drug Administration include the following warning: "Do not stop taking a prescribed medication without first consulting with your doctor. Discontinuing a prescribed medication without your doctor's advice can result in injury or death."

SB 178 requires that an advertisement for a lawsuit soliciting clients allegedly injured from a prescription drug or medical device approved by the U. S. Food and Drug Administration, or from a medical device substantially equivalent to an approved medical device, shall disclose that the drug or device remains approved, unless the product has been recalled or withdrawn.

SB 178 requires that all statements required to appear in an advertisement be presented clearly and conspicuously, and if televised or displayed electronically, shall be displayed to enable the viewer to easily see and fully read the disclosure or disclaimer. Spoken disclosures shall be plainly audible and clearly intelligible.

Section 2:

A person shall not use, cause to be used, obtain, sell, transfer, or disclose to another person, without written authorization, protected health information as defined in C.F.R. sec.106.103 for the purpose of soliciting legal services.

In addition to other remedies provided by law, a person who knowingly violates the above shall be guilty of a Class A misdemeanor or shall pay a fine of not more than \$1,000., or both.

The above does not apply to protected health information used by an individual's legal representative.

The fiscal impact of SB 178 on local governments is expected to be minimal.

A person convicted of a Class A misdemeanor may be incarcerated for up to twelve months. Misdemeanants are housed in one of Kentucky's 77 full service jails or three life safety jails. While the expense of housing inmates varies by jail, this estimated impact will be based on \$31.34 per day, which equals the per diem and medical expenses that the Department of Corrections pays jails to house felony offenders. While the majority of misdemeanor defendants are granted bail, those who do not will also cost local jails an average of \$31.34 per day.

In addition to the above, there will be cost associated with disseminating the new violation and educating relevant personnel regarding how to administer it.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the GA version. The GA version is the same as the bill as introduced. No amendments or substitutes were adopted when the bill passed its chamber of origin.

 Data Source(s):
 LRC Staff; KY Department of Corrections

Preparer:Wendell F. ButlerReviewer:KHCDate:3/16/20