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January 22, 2007

Frank Fusco
Executive Director
South Carolina Budget and Control Board
Office of the Executive Director
612 Wade Hampton Building
Columbia, SC 29211

Dear Frank,

We have calculated the increase in the limit on compensation for noneconomic damages on a medical malpractice claim. Pursuant to Section 15-32-220(F), the limit on civil liability for noneconomic damages on a medical malpractice claim is adjusted each fiscal year based on the increase or decrease in the ratio of the Consumer Price Index for All Urban Consumers as of December 31 of the previous calendar year. The adjustment is a cumulative index using a base year 2004. The 2004 base year was adopted to be consistent with the timing of the enacting legislation. As of December 31, 2006, the Index published by the Bureau of Labor Statistics, *Monthly Labor Review*, Table 38, "Consumer Price Index for All Urban Consumers", increased by 6.0% from a value of 190.3 in December 2004 to 201.8 in December 2006. Therefore, the limit not to exceed \$350,000 would increase to \$371,000 against a single health care provider and a health care institution for each claimant for civil liability for noneconomic damages on medical malpractice claims when final judgment is rendered. Also, the limit not to exceed \$1,050,000 would increase to \$1,113,000 for all health care providers and all health care institutions for each claimant for civil liability for noneconomic damages on medical malpractice claims. The adjusted limitations on compensation for noneconomic damages become effective upon publication in the State Register pursuant to Section 1-23-40(2).

If I can be of any further assistance, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "William C. Gillespie".

William C. Gillespie, Ph.D.
Chief Economist

WCG/rwm