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January 29, 2026

Representative Phillip R. DeVillier
Speaker of the House of Representatives
P.O. Box 94062
Baton Rouge, Louisiana 70804

RE: HOUSE RESOLUTION NO. 252 OF THE 2025 REGULAR SESSION

Dear Mr. Speaker:

The Louisiana State Law Institute respectfully submits its interim report to the legislature relative to reversionary medical trusts.

Sincerely,

A handwritten signature in blue ink, appearing to read "Guy Holdridge".

Guy Holdridge
Director

GH/pc

Enclosure

cc: Representative Dennis Bamburg

email cc: David R. Poynter Legislative Research Library
drplibrary@legis.la.gov

Secretary of State, Ms. Nancy Landry
admin@sos.louisiana.gov

**LOUISIANA STATE LAW INSTITUTE
TORTS AND INSURANCE COMMITTEE**

**INTERIM REPORT IN RESPONSE TO HOUSE RESOLUTION
NO. 252 OF THE 2025 REGULAR SESSION**

Relative to reversionary trusts for awards of damages for future medical expenses

Prepared for the
Louisiana Legislature on

January 29, 2026

Baton Rouge, Louisiana

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Donald W. Price, Chair
William R. Corbett, Reporter
Thomas C. Galligan, Jr., Reporter

Nick Kunkel, Staff Attorney

2025 Regular Session

HOUSE RESOLUTION NO. 252

BY REPRESENTATIVE BAMBURG

A RESOLUTION

To authorize and direct the Louisiana State Law Institute to study and recommend legislation for a reversionary medical trust in an award for damages in personal injury claims and to submit a report of its findings and recommendations to the legislature no later than February 1, 2026.

WHEREAS, reversionary medical trusts are designed to provide payment for ongoing medical care and related benefits to a claimant and ensure that medical bills are paid directly to providers as the medical bills are incurred; and

WHEREAS, when there is any suit for personal injury against a political subdivision, a court shall order that a reversionary trust be established for the benefit of a claimant and that all medical care and related benefits incurred subsequent to judgment be paid pursuant to the reversionary trust instrument pursuant to R.S. 13:5106; and

WHEREAS, any suit for personal injury against the state or a state agency where the court determines that a claimant is entitled to medical care and related benefits that may be incurred subsequent to judgment shall be paid from the Future Medical Care Fund as provided in R.S. 39:1533.2; and

WHEREAS, in medical malpractice cases, a claimant's medical care and related expenses are paid directly by the Patient Compensation Fund pursuant to R.S. 40:1231.4; and

WHEREAS, when a claimant receives an award for medical expenses, it is essential that funds are applied directly to medical costs and are safeguarded against misuse; and

WHEREAS, Louisiana has an interest in providing these protections for a claimant and to facilitate a process that ensures an award of damages is making a claimant whole.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby authorize and direct the Louisiana State Law Institute to study and recommend legislation for a reversionary medical trust in an award for damages in personal injury claims and to submit a report of its findings and recommendations to the legislature no later than February 1, 2026.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the director of the Louisiana State Law Institute.

BE IT FURTHER RESOLVED that the Louisiana State Law Institute shall submit one printed copy and one electronic copy of any report produced pursuant to this Resolution to the David R. Poynter Legislative Research Library as required by R.S. 24:772.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

January 29, 2026

To: Representative Phillip DeVillier
Speaker of the House of Representatives
P.O. Box 94062
Baton Rouge, Louisiana

**INTERIM REPORT TO THE LEGISLATURE IN RESPONSE TO
HOUSE RESOLUTION NO. 252 OF THE 2025 REGULAR SESSION**

House Resolution No. 252 of the 2025 Regular Session authorizes and directs the Louisiana State Law Institute to “study and recommend legislation for [the provision of] a reversionary medical trust in an award for damages in personal injury claims[,]” and further to submit to the legislature a report containing its recommendations. In fulfillment of this request, the Law Institute assigned the project to its Torts and Insurance Committee, which operates under the leadership of Harry J. “Skip” Philips and Donald W. Price as Co-Chairs and Professors William R. Corbett and Thomas C. Galligan as Co-Reporters.

Upon receiving this assignment and after holding preliminary discussions regarding both its substance and strategies for its effective undertaking, the Torts and Insurance Committee determined that successfully navigating the complex law of trusts would demand specialized subject-matter expertise and experience. In the interest of assembling a group possessing this particularized knowledge, a Subcommittee was formed and tasked with handling at least the first stages of the project. Placed under the leadership of Co-Chair Skip Philips and Co-Reporter William Corbett, notable members of the Subcommittee include Representative Dennis Bamburg, the author of the resolution, Senator Greg Miller, and Professor Ron Scalise, the Reporter of the Law Institute’s Trust Code Committee, among other subject-matter experts and industry and government representatives.

The Subcommittee has since held wide-ranging discussions, both general and specific, regarding the resolution. Over the course of these conversations, the Subcommittee has considered, with the important input of the resolution’s author, the underlying objectives of potential reversionary-trust legislation, and has further discussed the various challenges associated with the use of a trust as the vehicle for achieving these objectives. The obstacles cited include potential conflicts arising from the nature of the relationship between the parties to the trust, income-tax implications, the beneficiary’s possible disqualification from certain federal benefits, and challenges in defining the types of expenses and forms of care that would be reimbursable without either being overly permissive or creating access-to-care issues. In light of these uncertainties, the Subcommittee agreed that further research, particularly regarding other states’ use of comparable mechanisms, was needed.

The resulting research revealed a dearth of state statutes providing for reversionary trusts of the sort envisioned by the resolution. While a number of states authorize or mandate the use of comparable (though not identical) mechanisms in certain limited circumstances – largely in the

context of medical malpractice, with payment systems akin to Louisiana's Patient Compensation Fund – the Subcommittee was unable to identify any state that does so generally with respect to all manner of personal injury claims. One notable analogue employed by several states is a periodic-payment system, whereby a prorated portion of the total damages awarded for future medical expenses is paid out once per period, typically every six months or one year, until either the award is exhausted or the patient dies. Discussions amongst the Subcommittee leadership identified this system as potentially worth pursuing further, as it might conceivably achieve certain objectives underlying the resolution while avoiding many of the potential pitfalls associated with the use of a reversionary trust as the vehicle for doing so. Nevertheless, the Subcommittee has made no final determination in this regard, and its work is ongoing.

At present, Law Institute staff continues to conduct research regarding the various issues outlined above, while the Subcommittee leadership continues its dialogue with various stakeholders. The Subcommittee plans to meet again in the coming weeks, with hopes of producing a final recommendation for adoption by the full Torts and Insurance Committee shortly thereafter. The Committee's recommendations will be submitted to the Legislature once they are approved by the Law Institute's Council.