

FILING MEMORANDUM
LOUISIANA PATIENT'S COMPENSATION FUND
PCF 2008

As a result of our yearly actuarial study, rate increases have been recommended and approved by the Patient's Compensation Fund Oversight Board.

As a result of the proposed changes, the overall rate increase will be 5% and the written premium change is an increase of \$8,600,000.

Specific changes as follows:

Physicians All Classes (7905) - increase of 5%

All others – (6274) - increase of 5% - including but not limited to:

- CRNAs Registered Nurse Practitioners & Midwives
- Registered Nurse Physician Assistants and Surgical Assistants
- Dentists & Oral Surgeons
- Dialysis and Surgery Centers

Hospitals (201) - increase of 5%

Nursing Homes (282) - increase of 5%

The approximate premium dollar impact for enrollments renewing in 2009 is an increase of \$8,600,000 for that calendar year. There are currently about 14,662 providers enrolled in the LPCF.

For the last five years, the actuarial calculations and rate increases have included a 5% deficit reduction load to address the unfunded liability. This year, due to the findings in the actuary study, the PCFOB was able to incorporate a deficit reduction load of 18.8% for hospitals and nursing homes and 19.7% for physicians and other health care providers. This will allow the LPCF to continue efforts to decrease the unfunded liability level without having a major financial impact on health care providers. This rate increase is necessary to ensure the future solvency and creditability of the Fund. This agency is mandated by statute to maintain a surplus of not less than 30% of annual surcharge premiums, reserves established for claims, reserves established for incurred but not reported claims and expenses. At the beginning of 2008 the statutorily calculated surplus was about 48%, but there is still an estimated unfunded amount of approximately \$433,400,000. The LPCF Oversight Board has an ultimate goal of being 100% funded. This rate increase will enable the LPCF to continue to take appropriate steps to reduce the unfunded liability.