

LOUISIANA PATIENT'S COMPENSATION FUND  
Rate Increase for 1/1/2008

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

As a result of the proposed changes, the overall rate increase will be 7.4%.

Specific changes as follows:

Physicians Class 1A (605 physicians) – increase of 3.7%  
Physicians Classes 1, 2, 3, 5, 7, 8A (6933 physicians) - increase of 6.4%  
Physicians Classes 2A, 4, 6, 8 (2749 physicians) - increase of 9.0%

CRNAs (780 nurses) - increase of 3.7%  
Registered Nurse Practitioners & Midwives (785 nurses) - increase of 6.4%  
Registered Nurse Physician Assistants and Surgical Assistants (282 nurses) - increase of 6.4%

Dentists & Oral Surgeons (1636) – increase of 6.4%

Hospitals (197) - increase of 8.9%  
Nursing Homes (267) - increase of 8.9%

Other Class including Dialysis and Surgery Centers (2560 providers) – no change

The actuarial calculations included a 5% deficit reduction load so that we can continue our efforts to reach and maintain an appropriate surplus level and decrease the unfunded liability level. This continues to be necessary to ensure the solvency of the Fund and creditability of this agency and this State as a leader in the medical malpractice insurance arena. It should be noted that the FY 05-06, 06-07 and 07-08 claim budgets had to be increased from \$85,000,000 to \$100,000,000 so that this agency could pay the increased volume of settlements. It is anticipated that upward trend will continue. 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. Currently, although we exceed that minimum with an unfunded liability of about 41%, the amount of unfunded liability is \$516,600,000. However, the actual goal of the PCF Oversight Board is for the PCF to be at least 50% funded. This level of funding would still be considered unacceptable for an insurance company. There are currently about 14,096 providers enrolled in the LPCF.