

## FY 2022 FUNCTIONAL AND PROGRESS REPORT

### Introduction

The Injured Patients and Families Compensation Fund (Fund) was created in 1975 to provide medical malpractice insurance for Wisconsin health care providers in excess of the provider's primary limits of coverage. The Fund provides coverage in excess of the primary limit established by statute, which is currently \$1 million per occurrence and \$3 million aggregate per year. Participation in the Fund is mandatory for health care providers as defined by Chapter 655, Wis. Stat.

The Office of the Commissioner of Insurance (OCI) provides administrative support for the Fund's operations. The Fund is governed by a 13-member Board of Governors (Board) which is chaired by the Commissioner of Insurance. The Board is comprised of four public members appointed by the Governor, three insurance industry representatives, a member named by the Wisconsin Association for Justice, a member named by the State Bar of Wisconsin, two members named by the Wisconsin Medical Society, and a member named by the Wisconsin Hospital Association.

### FY22 Board of Governors (as of 6/30/2022):

Nathan Houdek, Commissioner of Insurance (Board Chair)  
Jeffery Bingham, Public Member  
Carla Borda, Public Member  
Greg Schroeder, Public Member  
Vacancy, Public Member  
David Maurer, Industry Representative  
David Nelson, Industry Representative  
Vacant, Industry Representative  
Daniel Rottier, Wisconsin Association for Justice  
Jerome Hierseman, State Bar of Wisconsin  
Bud Chumbley, M.D., Wisconsin Medical Society  
Timothy Crummy, M.D., Wisconsin Medical Society  
Matthew Stanford, a, Wisconsin Hospital Association

The following committees and council support the Fund's governance and typically meet each quarter:

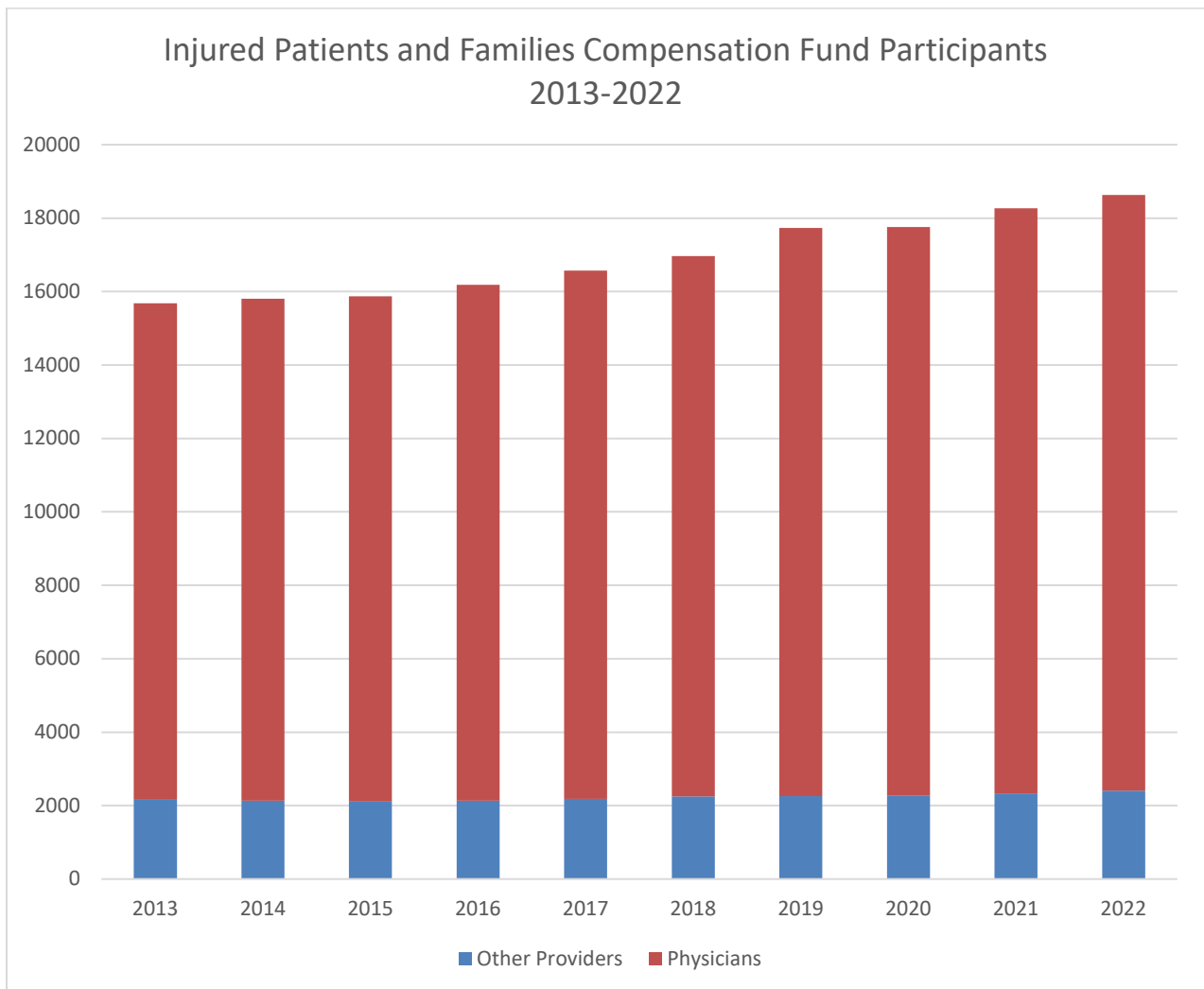
- Actuarial and Underwriting Committee
- Legal Committee
- Claims Committee
- Finance/Investment/Audit Committee
- Risk Management and Patient Safety Committee
- Peer Review Council

The Fund operates on a fiscal year basis: July 1 through June 30. Administrative costs, operating costs, and claim payments are funded through assessments on participating health care providers.

## Fund Participants

As of June 30, 2022, there were a total of 18,627 Fund participants comprised of 157 hospitals with 16 affiliated nursing homes, 16,220 physicians, 979 nurse anesthetists, 18 hospital-owned or controlled entities, 62 ambulatory surgery centers, 1 cooperative, 12 partnerships, and 1,162 corporations actively participating in the Fund.

As of June 30, 2022, Fund participants consisted of 87 percent physicians, 6 percent corporations, and the remaining 7 percent included all other participants.



## Claims Activity

From July 1, 1975, through June 30, 2022, the Fund was named in 6,398 claims filed. During this period, the Fund's total number of paid claims was 691, for total indemnity payments of \$951,865,333.45. Of the total number of claims in which the Fund has been named, 5,601 claims have been closed with no indemnity payment.

## Board Committees

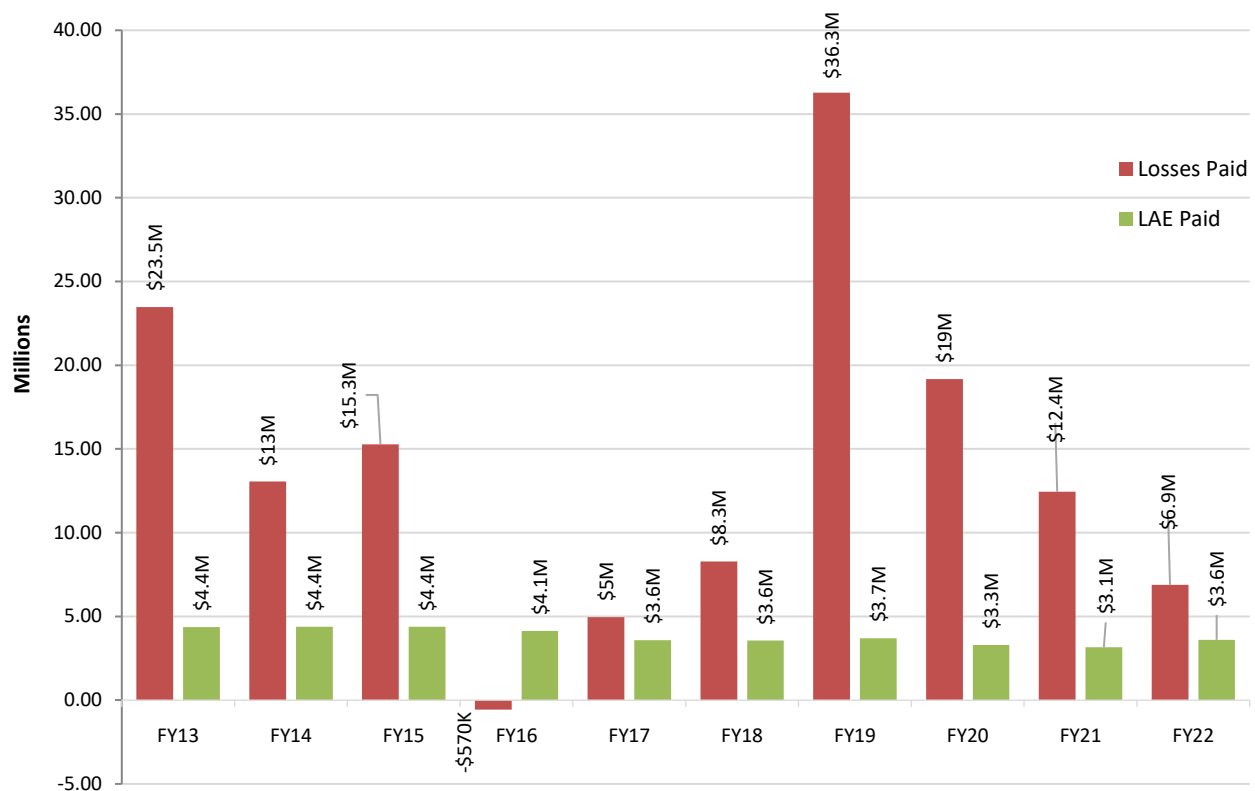
### Actuarial and Underwriting Committee

The Actuarial and Underwriting Committee advises the Board on actuarial and underwriting issues. The Actuarial and Underwriting Committee worked with Pinnacle Actuarial Resources to establish the IPFCF surplus caps. The committee set the IPFCF surplus caps at 500% of the Risk Based Capital. Additionally, the committee assisted in the approval of the Fiscal Year 2022 IPFCF Premium Holiday. The committee agreed that the Premium Holiday would not jeopardize the solvency of the Fund and would provide aid to the medical systems and providers impacted by the COVID-19 pandemic.

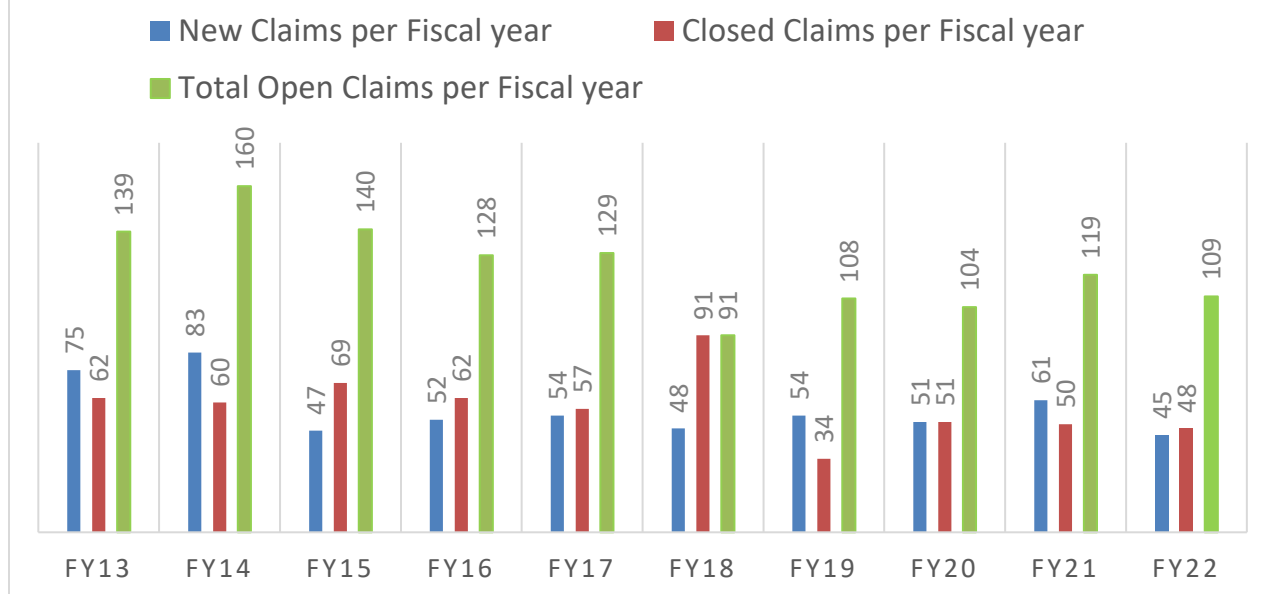
### Claims Committee

The Claims Committee is responsible for establishing claims policies and procedures for the Fund and the Wisconsin Health Care Liability Insurance Plan (Plan) and approving claims settlements.

### Losses and LAE Payments per Fiscal year



# Claims Activity



## Finance/Investment/Audit Committee

The Finance/Investment/Audit Committee's responsibilities include establishing, monitoring, and amending as necessary, the investment strategy for the Fund to ensure obligations are met. The committee periodically reviews investments for compliance with investment guidelines and evaluates cash flow liquidity needs. In addition, the committee oversees the financial reporting process. Responsibilities include the review of financial position and results, as well as correspondence with auditors concerning audit scope, accounting issues, internal controls, and management recommendations.

## Legal Committee

The Legal Committee advises the Board on legal issues, including retroactive coverage requests, appeals, proposed statutory changes, administrative rule changes, and other issues that affect eligibility or Fund participation.

During fiscal year July 1, 2021, through June 30, 2022, the committee reviewed 76 requests for retroactive coverage. 76 requests were approved and 0 were denied.

Under guidelines set for expedited approval by the Board and Legal Committee, the Fund manager approved 0 requests for retroactive coverage and the WHCLIP manager approved 20 requests for retroactive coverage.

## Peer Review Council

The Peer Review Council (Council) reviews physician claim records to determine whether a surcharge should be imposed against the Fund fee or Plan premium, if applicable. The surcharge is a percentage of a provider's Fund fee or Plan premium based on the number of closed medical liability claims reported and the aggregate amount paid for those claims.

During fiscal year July 1, 2021, through June 30, 2022, 95 claims paid reports were filed. These included 26 for physicians or nurse anesthetists, 52 for hospitals, nursing homes, corporations or clinics, and 17 for other types of providers. No providers were subject to a possible surcharge.

Since the inception of the Council in 1986, 67 providers have been subject to a possible surcharge.

Risk Management and Patient Safety Committee

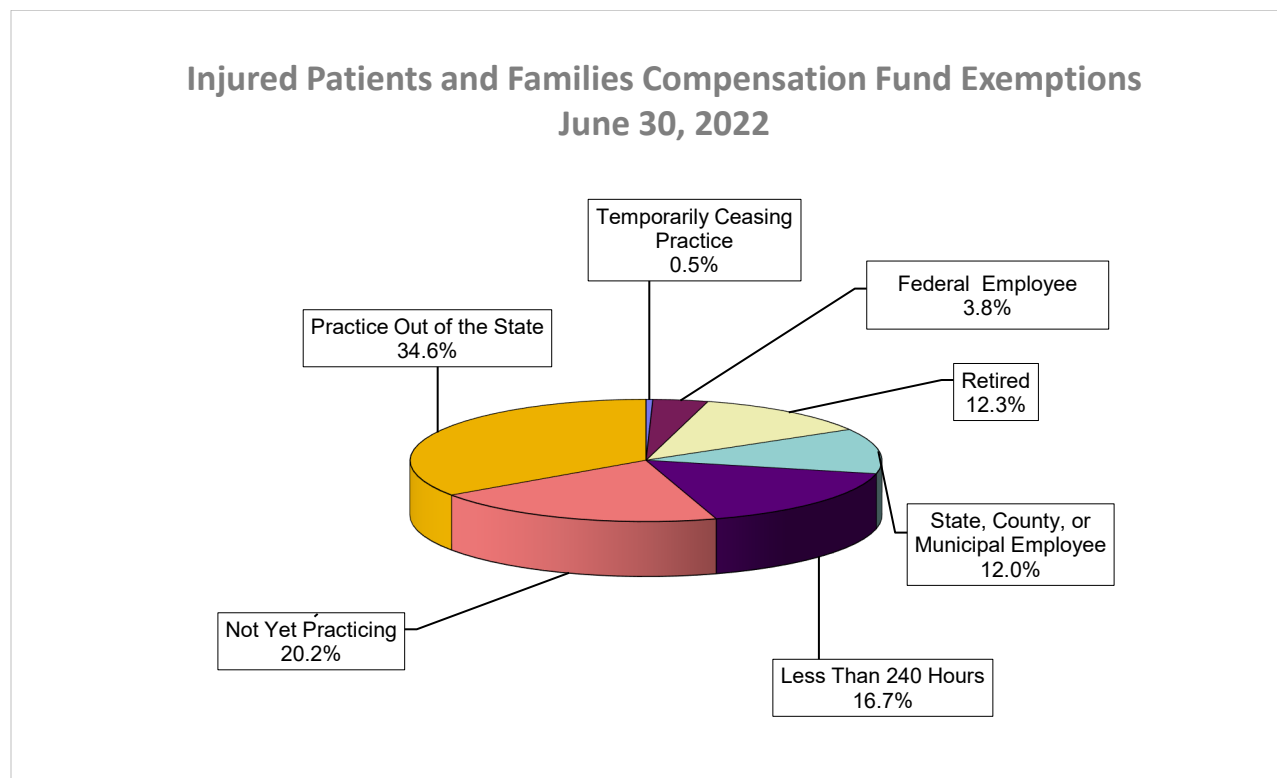
The purpose of the Risk Management and Patient Safety Committee is to reduce patient/claimant compensable injuries, reduce Fund losses and associated expenses, improve the general quality of medical care, and reduce the premiums of participating health care providers.

During the fiscal year July 1<sup>st</sup>, 2021 through June 30<sup>th</sup>, 2022 the Risk Management committee implemented a Risk Assessment report to track the financial stability of the carriers approved to write the primary underlying Medical Malpractice coverage.

**Other Fund Activities**

The Fund continually monitors and updates the exemption status for providers that hold a license to practice in Wisconsin but for which a current exemption or certificate of insurance is not on file with the Fund. Providers that remain in noncompliance are referred to their respective licensing boards for appropriate enforcement action.

As of June 30, 2022, there are 19,000 licensed physicians and certified registered nurse anesthetists who have filed for exempt status.

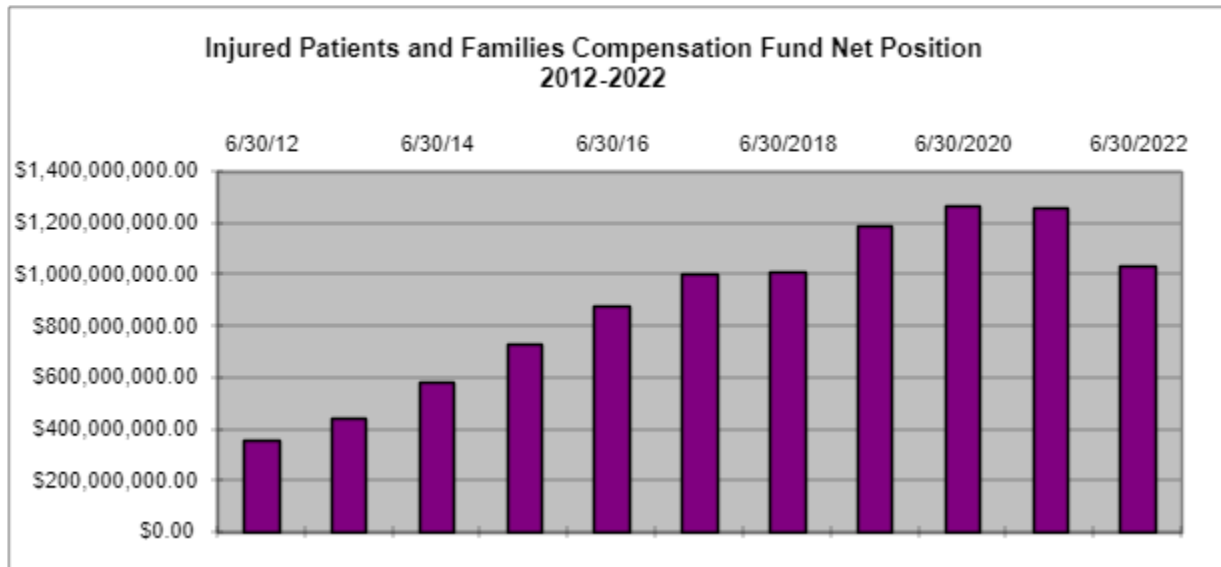


## Financial Statistics

The Fund reports its financial operations on a July 1 to June 30, succeeding-year basis as a part of the State of Wisconsin Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be found at:

<https://doa.wi.gov/budget/SCO/FY%202022%20ACFR.pdf>

The Fund reported an unaudited net position of \$1,030,948,842 as of June 30, 2022.



The Fund's Investments are managed by the State of Wisconsin Investment Board (SWIB). Their Annual Report can be found here:

[https://www.swib.state.wi.us/files/ugd/69fc6d\\_84d2178968844e5893af67e072d1196e.pdf](https://www.swib.state.wi.us/files/ugd/69fc6d_84d2178968844e5893af67e072d1196e.pdf)

## Assessments and Panel Fees

The Board of Governors voted to continue the premium holiday for FY22. Mediation panel fees for physicians (excluding physicians in a residency program) were set at \$9.75 per physician and \$2.25 per occupied hospital bed.

## Operations

The Fund has seven employees: Fund Manager, Fund Accountant, Claims Manager, 2 Regulatory Specialists, Administrative Associate, and a Billing Specialist. The Fund contracts out for Actuarial services, Claims Adjusting services, Legal Counsel, Independent Auditing services, and IT support.

**Vendors paid more than \$100,000 in FY 22**

<b>Vendor Name</b>	<b>Annual</b>
Oracle America, Inc	3,491,704
End, Hierseman & Crain LLC Trust Account	3,300,000
Cannon & Dunphy S.C Trust Account	2,000,000
Wausau MedMal Mgt Srvc LLC	1,330,441
US Bank State of Wisconsin Investment Board	1,256,114
Bell, Moore & Richter S.C.	488,214
Emile Banks & Associates LLC	257,411
BMO Harris Bank	249,872
Law Firm Of Conway, Olejniczak	241,359
Corneille Law Group Llc	237,453
Nash Spindler Grimstad &	208,261
Coyne Schultz Becker & Bauer SC	200,584
Knowledge Services	197,492
Clearwater Analytics LLC	150,070
Gass Turek LLC	117,055
University of Wisconsin Health	116,762
Gutglass, Erickson, Larson	115,301
Von Briesen & Roper Sc	109,844
Legislature	101,650
Borgelt Powell Peterson & Frauen, SC	101,363