

**FLORIDA BIRTH-RELATED NEUROLOGICAL INJURY
COMPENSATION ASSOCIATION
BOARD MEETING AGENDA**

August 29, 2024

1:00 p.m.

1. Call to Order and Welcome
2. Executive Session
3. Minutes.....A
4. Executive Director Report
5. Investments
 - A. Performance Review.....B
6. Actuarial Update
 - A. June 30, 2024 Reserve Report/ThresholdC
7. June 30, 2024 Audited Financial StatementsD
8. Report on NICA’s Actuarial Soundness.....E
9. Benefit Handbook.....F
 - A. List of Addendums Incorporated.....G
 - B. Medical Necessity definition discussion
10. Budget to Actual
 - A. Administrative Costs.....H
 - B. Benefit Payments/Cash Flow.....I
11. Net Assets
 - A. Net Assets.....J
12. Nursing Services Survey.....K
13. Public Testimony
14. Board Votes
15. Next Meeting – November or December via Zoom

Agenda Item # 3 (Tab A)

Minutes

MINUTES OF THE MEETING
THE FLORIDA BIRTH-RELATED
NEUROLOGICAL INJURY COMPENSATION ASSOCIATION

April 25, 2024
Virtual Meeting via Zoom Video and Zoom Conference Call

The April 25, 2024, meeting of the Board of Directors of the Florida Birth-Related Neurological Injury Compensation Association was called to order by Chair Jim DeBeaugrine.

Board members present and constituting a quorum were:

Jim DeBeaugrine, MPA
Renee Oliver
Robert A. London, M.D.
Narendra Dereddy, M.D.
Bradley Tilghman

Also present:

Melissa Jaacks, NICA Executive Director
Tim Daughtry, NICA Deputy Director
Steve Ecenia, NICA General Counsel
Tana Storey, NICA General Counsel's Office
Matt Dufek, Kikoda/NICA's IT Contractor
Katy Wojciechowski, NICA Investment Consultant
Felicia Bennett, Wilshire Consulting
Mark Crawshaw, PhD, FTI Consulting
Choya Everett, FTI Consulting
Chase Mitchell, Florida Department of Financial Services
Morgan Husbands, Florida Department of Financial Services
Denishia Sword, Office of the Florida Insurance Consumer Advocate
Cathy Siciak, NICA
Kasmika Shaw, NICA
Kathy Glombowski, NICA
Ashley Evelo Burnham, NICA
Brigitte Kinda
Caleb Spencer
Jackie Amorim
Jennifer Pham
Laura Sokalski
Madison Weir
Michelle Perez
Myles Collier

Nicole Snipes

**Attendees who did not provide full names, were only logged in briefly or who did not identify themselves are not included on this list.

The Chair recognized NICA's General Counsel, Steve Ecenia. Mr. Ecenia announced that there would be no need for an executive session at the meeting. He requested an executive session at the next meeting. The request was granted.

MINUTES

The Chair asked for a motion to approve the minutes of the December 8, 2023 Board meeting.

A motion was made to approve the minutes as drafted. The motion passed unanimously.

LEGISLATIVE UPDATE

The Chair expressed thanks to the Chief Financial Officer, Jimmy Patronis and his staff for support during the legislative session. He also thanked the Office of Insurance Regulation (OIR) for their support. He then recognized Melissa Jaacks to discuss legislation.

Ms. Jaacks also thanked the Chief Financial Officer and his staff as well as the Insurance Commissioner. NICA's legislation had been included in bills from both the Department of Financial Services (DFS) and OIR.

The legislative changes included a change in NICA's Threshold Calculation as well as an instruction to NICA to provide a report to the governor, CFO, Senate President and Speaker of the house. The report is due by September 1, 2024 and should include recommendations for defining actuarial soundness, the timing of reporting of actuarial soundness and recommendations for ensuring revenue levels to maintain actuarial soundness. The report is to be prepared in consultation with the Agency for Health Care Administration (AHCA) and OIR.

NICA would also reach out to the following stakeholder groups for input on the report:

ACOG District 12
Florida Medical Association
Florida Hospital Association
A representative of property and casualty insurers
A representative of NICA families

There had been proposed legislative language memorializing the Medicaid transition plan that AHCA had set forth in their November 1, 2023 report. That language did not make it to any committees. NICA has reached out to AHCA regarding implementation of the transition without legislation. This will continue to be a legislative priority.

Ms. Jaacks then presented a schedule showing the changes in the components for the threshold calculation based on the legislation. In the prior version, the liability for Family Care was excluded from liabilities for purposes of the threshold. That exclusion was removed. The assessments against insurance companies and the \$20 million transfer from OIR were removed from the calculation. The old calculation compared 80% of assets to the liabilities. The revised calculation uses all assets.

As indicated at the previous meeting, since NICA was in a deficit position and would be asking for assessment increases, additional benefits, such as the transition benefit, had not been considered during legislative session. This will continue to be a legislative priority as well.

Dr. Dereddy asked if the \$20 million transfer from OIR was still available even though it had been removed from the Threshold Calculation. Ms. Jaacks advised that this as well as the assessments against insurers was still in statute. The appropriateness of those two items would be reviewed as part of the report to the legislature.

Dr. London asked if there had been any interest in the idea of widening the definition of practitioners who are assessed to include nurse midwives and other health professionals. Ms. Jaacks advised that there had not yet been discussions about the options for assessment increases.

EXECUTIVE DIRECTOR'S REPORT

Office Space

The build out of the new office space was on schedule with an expected move in date in May. In case there are delays, the current office is leased through the end of June.

Staffing

A part-time case manager had just been hired but it was a struggle to find and hire new full time case management staff. Staff would continue to try to recruit full time case managers to stay ahead of the workload.

ACOG District XII Executive Board

Ms. Jaacks had provided an update on NICA to Dr. DeCesare to present to the ACOG District XII Executive Board (ACOG). The update had been well received.

ACOG requested that NICA reinstate the Medical Advisory Committee which had been established to review NICA's determinations on compensability. The committee had not met since the death of the previous chair.

Claims filed with NICA are reviewed by two experts. A maternal fetal specialist reviews birth records to determine if there was an injury that meets the statutory definition. A pediatric neurologist provides an opinion as to whether there is permanent and substantial mental and physical impairment as a result of that injury. The final decision is made by an administrative law judge.

There had been criticisms that there were too many opinions that cases did not meet the statutory criteria for compensability. The Medical Advisory Committee reviewed those opinions to determine if they felt the correct recommendation had been made.

Dr. DeCesare was actively recruiting members for the committee for a potential meeting some time in the next 30 days.

ACOG also requested that NICA undertake an actuarial study to document whether the existence of NICA had kept medical malpractice premiums lower for both participating and non-participating physicians.

INVESTMENTS

Performance Review

Katy Wojciechowski and Felicia Bennett followed with a presentation of NICA's investment results.

The Fund total returns for the first quarter of 2024 were 2.13% with fiscal year to date returns of 7.18% since 7/1/2023. Composite equity total returns for the fund were 7.2% for the first quarter and 13.10% fiscal year to date from 7/1/2023. Bond returns were a drag on the quarter, with the Fixed Income allocation returning (0.74)%. Fiscal year to date returns were positive with 4.24% total return. High Yield fiscal year to date returns were 9.33%.

The Federal Reserve continued to maintain a restrictive stance in an effort to reduce inflation and return to price stability. U.S. inflation continued at levels above the Federal Reserve's 2% target but was generally trending down.

Manager value added had been a detractor on a one-year basis primarily due to the non-US equity composite.

A chart showing the fund's balances compared to the asset allocation policy targets which had been approved in July 2023 was presented. The transition to the new allocations

continued following negotiations on revised agreement with multi-mandate passive fund manager. This would include the passive core fixed income mandate, the minimum volatility mandate and would shift funds from other equity portfolios to rebalance. Final interviews were conducted for a short duration fixed income manager. Several managers were determined to be suitable. A recommendation has been discussed and was based on a desire to minimize volatility in this mandate. Following Board approval contract negotiation will begin.

ACTIVE/PASSIVE INVESTMENT REVIEW

Ms. Jaacks followed with a presentation and discussion of active versus passive investment management. At the previous meeting, Dr. Dereddy had asked questions about active and passive allocations in NICA's portfolio. The default preference is passive management unless there is a very good reason to utilize active.

Most presentations to the Board had been focused on the allocations by asset class and not on which managers and allocations were active or passive. Comparisons of the current allocation percentages to the the current investment plan target allocations were presented.

Current Allocations/Targets

US Equity and Non US Equity were overweight by approximately \$78 million and \$49 million respectively.

Global Minimum Volatility Equity had not yet been funded. The target was approximately \$125 million.

High Yield was close to their target.

Core Bonds was significantly underweight by approximately \$220 million.

Long Duration Credit was overweight by approximately \$232 million.

Short Duration Bonds had not yet been funded. The target was approximately \$42 million.

Cash was overweight pending deployment to the different asst classes.

TIPS were close to target.

Active/Passive

In US Equity, a very small amount, approximately \$35.4 million in small cap, was in active management compared to \$237.1 million Large Cap in passive. The active manager,

Panagora, was outperforming and the passive index was close to its benchmark as would be expected with an index fund.

In Non-US Equity, both Schroders and Baillie Gifford are active managers. Schroders had performed close to their benchmark but Baillie Gifford had underperformed since 2021.

As mentioned above, Global Minimum Volatility Equity had not yet been funded but would be passive. Funding for this asset class would come from Long Duration Credit (passive), US Equity (passive) and non-US Equity (active).

High Yield Bonds are passive and performing as expected.

Core Bonds is all actively managed by Sterling. This manager is performing very well. As mentioned earlier, the default preference is passive unless there is a very good reason to go with active management. This is a good example of when active management would be preferred.

Long Duration Credit is approximately half passive and half active. The active manager, Met Life, has performed very well. The passive manager was performing as expected.

Short Duration Bonds is one of the new asset classes that had not yet been funded. This would be actively managed by Earnest Partners. In this space, active management has a strong record of outperforming the index.

TIPS are passive.

Qualitative Information

In addition to quantitative information, qualitative information is provided by Wilshire. The managers are graded on organization, information, forecasting, portfolio construction, implementation and attribution. In reviewing managers, both the quantitative and qualitative data is considered.

Proposed Actions

Consider reducing US Equity Small Cap allocation to match Russell 3000.

Change needed in non-US Equity active manager

Increase % in actively managed long duration credit by liquidating index funds to balance portfolio

Dr. Dereddy asked about the expense ratios for the active and passive managers and how that would affect their performance compared to their benchmarks. Ms. Jaacks advised the Board that the performance numbers were reported net of fees.

Dr. Dereddy asked about the allocation to Non US Equity and how this compared to pension funds. Ms. Jaacks reminded the Board that the asset allocation study that had been completed last year kept risk as low as possible while planning for the future cash flow needs of the organization. This may or may not mirror a pension fund. Prior to the most recent asset allocation study, the fund was structured for an organization that would not need cash until the distant future.

Felicia Bennett advised the Board that expense ratios are negotiated by Wilshire on NICA's behalf. The fees are favorable relative to the market.

The Chair asked that expense ratios be made emailed to the Board members and that the expense ratios should be available for all Board meetings.

SHORT DURATION MANAGER

Felicia Bennett discussed the recommendation to hire Earnest Partners as the Short Duration Fixed Income manager. She reviewed the process that is undertaken to select and interview managers before a recommendation is made to the board to hire a new manager.

A motion was made to hire Earnest Partners. The motion passed unanimously.

ACTUARIAL REPORT AND THRESHOLD

Mark Crawshaw and Choya Everett presented the December 31, 2023 actuarial report.

Dr. Crawshaw advised the Board that Madison Consulting had been acquired by a larger company, FTI Consulting.

Consistent with prior reports, the key assumption was a 1.5% differential between the interest discount rate and the rate of inflation affecting future payments. The December reserves involve a more detailed process by the NICA staff than other quarters. Life expectancies are updated and detailed projections are prepared for each active claim. For the quarter ending December 31, 2023, the overall recommended reserve for loss and loss adjustment expenses, including both allocated and unallocated loss adjustment expenses was \$1.42 billion. This included anticipated reimbursements to Medicaid of \$22.6 million. The Medicaid reimbursement was being accrued at \$1 million per month. Additionally, the recommended risk margin reserve increased from \$75.5 million to \$82.5 million for a total outstanding reserve of \$1.502 billion.

A summary of reserves by quarter showed an increase during the quarter in the total reserve (excluding risk margin) of \$33.4 million. Compared to December 31, 2022, there was an

8.9% increase in the reserve which was driven by the increase in the outstanding claims and the average reserve.

A graph of the average reserve per accepted, ongoing claims per quarter from 9/30/2016 – 12/31/2023 showed an increase in the average reserve per open claim from \$4.8 million at 12/31/2022 to \$5.13 million at 12/31/2023.

The number of outstanding claims is projected to increase at 3.6% per year and inflation is assumed at 3.5% per year. At a minimum, reserves are expected to increase at 7% annually. The current year had increased by 8.9%.

Reserve increases and payments for the the year ended 12/31/2023 were approximately \$170 million compared to assessments of approximately \$36 million.

A motion was made to approve the 12/31/2023 actuarial report and threshold calculation. The motion passed unanimously.

NET ASSETS

Ms. Jaacks presented a schedule showing the changes in net assets. Investments increased by \$135 million for the quarter due to an increase in cash of \$6 million and a net increase in value of \$129 million. As discussed in the actuarial report, reserves increased by approximately \$34 million due to the increase in the average claim along with the increase in the Medicaid liability of \$3 million. The loss reserve ratio at 12/31/2023 was 96.1% compared to 88.7% at 9/30/2023.

CASH FLOW

A schedule detailing NICA's actual cash flows for the fiscal year ending 6/30/2023, actual cash flows through 3/31/2024 and estimated cash flows for the 6/30/2024 fiscal year was presented.

Ms. Jaacks pointed out the cash flow projections had been based on the 12/31/2022 reserves so there would be a mismatch between fiscal year (6/30) and reserve year (12/31).

Cash received for assessments had already exceeded the estimated amount by approximately \$2 million. This was due to the change to the Department of Health license renewal process to verify that physicians have paid the NICA assessment prior to license renewal.

Payments for parental awards were higher than estimated due to a higher number of claims than expected. The most significant dollar item, custodial care, was slightly higher than the estimated amount. This is also due to the higher number of claims and the retroactive payments that occur when new families enter the program. Housing is a fixed benefit and varies due to timing with some families using the benefit over time and others taking at one

time. Payments for transportation were lower than the estimated amount. After several years of dramatic increases in the cost of vehicles, those costs appear to have stabilized.

There were 65 claims filed through 3/31/2024 compared to 62 for the entire previous fiscal year.

Total payments for the fiscal year to date through 3/31/2024 exceeded assessments by approximately \$6 million. Most assessments have already been collected for the year and very little will be collected for April – June. Ms. Jaacks expected a dramatic increase in the net cash used number by the end of the fiscal year.

The Chair asked if Ms. Jaacks could estimate the 6/30/2024 increase or decrease based on the current 3/31/2024 increase of \$87.3 million. She estimated the approximately \$15 million in cash would be used and that there would be approximately \$25 - \$30 million in investment earnings for an increase of approximately \$100 million.

LIFETIME PLANNING UPDATE

At the prior meeting, Ms. Jaacks had advised the board that a lifetime planning survey had been prepared to send to families. That survey had been sent and the results tabulated and shared with the Parent Advisory Committee (PAC). The PAC requested a glossary to define each of the subject areas. The law student who is assisting with the project was working on the glossary.

The survey results indicated that guardianships were not high on the list of importance. Ms. Jaacks asked the Chair to recognize Ms. Oliver to share her perspective. Ms. Oliver stressed the importance having a guardianship in place when your child turns 18. This is important to be able to make medical appointments and discuss medical history, etc.

There had been discussion by the PAC that question and answer videos on some of the subjects would be a good educational tool for families.

DISCUSSION OF RATE INCREASES

The Chair expressed the desire of the Board that rates be increased but with NICA in a deficit situation, the legislature was reluctant for the program to take on additional financial obligations. The Chair felt that it would not be prudent to discuss or approve rate increases outside of the policy that had already been established which is to increase rates consistent with Florida Medicaid.

The Chair recognized Ms. Jaacks who agreed that it would be difficult to approve increases outside of the current policy while in a deficit position. With a report due to the legislature that would be recommending assessment increases, there will be much scrutiny of the benefits that have been approved.

The Chair asked if there were any other Board members who wished to discuss the topic or make any motions.

No one indicated that they wished to speak.

PUBLIC TESTIMONY

Parents and family members of NICA participants addressed the Board.

Some of the issues raised included:

Many times parents and family members are providing care that would typically be provided by a skilled nurse (RN or LPN) but are not paid at that level. When an outside nurse does not show up, parents and/or family members are required to take off work and provide care and assume the role of an RN.

The lower rates that NICA pays makes it difficult to hire outside caregivers.

Ms. Jaacks understood the perspective of the family member. The current policy for reimbursing caregivers was discussed. NICA reimburses at the level of licensure that the physician recommends. If a parent is an RN or LPN but the physician only recommends CNA level care, NICA would reimburse at the CNA level. If the parent is an LPN or RN and the physician recommends that level of care, NICA reimburses at the level indicated.

Ms. Jaacks reminded the Board that at the time she started, parents were limited to 10 hours per day. The Board had made a decision to allow parents to be paid for up to 24 hours per day. However, the family member was absolutely correct. If a participant required RN level care, and the parent was not providing that care, NICA would be paying at the RN level to an outside nursing agency. When NICA prepares reserve estimates, an assumption is made that at age 40, a participant's family is likely unable to continue to provide care. At that point care is reserved at the level recommended by the physician.

Dr. London recognized the issue raised by the family member but NICA is constrained by the guardrails defined in statute. He felt that it would be ideal if payment and compensation could be based on the level of care provided rather than defined by a licensure status.

The Chair requested that for the next meeting an informal poll be taken of the case managers and parents of how much of a disparity there is between the need for skilled nurses and the availability to satisfy that need.

Ms. Jaacks reminded the Board that this issue was a large part of the reason for approving the increase from 10 hours per day to 24 hours. Parents were being required to stay home

because they could not find staffing. She understood that this continues to be a problem for families and will reach out to the case managers and families for more information.

Ms. Oliver reiterated that it is very difficult for parents who work outside the home when a nurse does not show up. It is also difficult to find RNs because the rates are pennies compared to what they can earn in a hospital setting.

NEXT MEETING

The next meeting would be close to the end of August so the Board can approve the audited financial statements.

ADJOURN

There being no further business before the Association, the meeting was adjourned.

DRAFT

Agenda Item # 5.A. (Tab B)

Investments – Performance Review

NICA Investment Summary August 2024

- Katy Wojciechowski/Independent Investment Consultant
- Felicia Bennett/Wilshire Advisors LLC

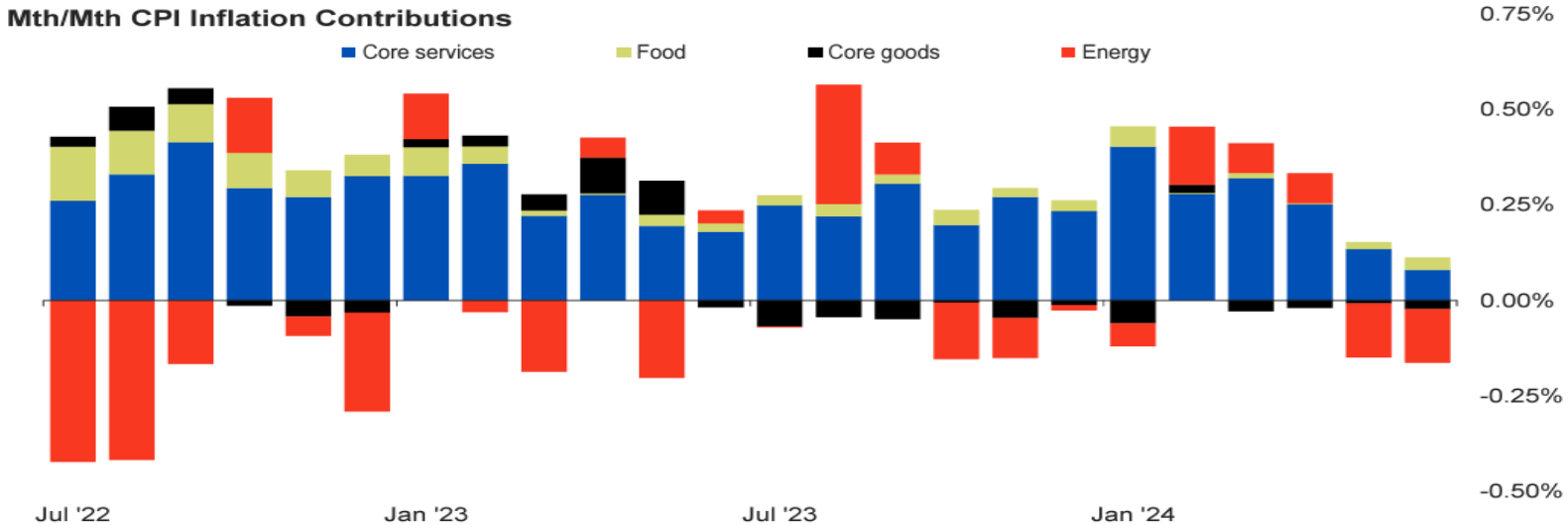
Performance Drivers

- The Fund total returns for the second quarter of 2024 are 0.26%, bringing fiscal YTD returns to 7.46% since 7/1/2023.
- Composite Equity total returns for the fund continued positive in the second quarter returning 1.28% for the quarter and 14.55% fiscal YTD from 7/1/2023.
- Bond returns were slightly negative on the quarter, with the Fixed Income allocation returning (0.54)%. Fiscal YTD from 7/1/2023 is still a positive contributor producing 3.67% total return. High Yield continues as a bright spot, ending the fiscal year with returns of 10.59%.
- Federal Reserve has held the Fed Funds rate steady at 5.5% since July.
- Headline inflation has dropped from 9.1% a year ago, currently hovering around 2.9%.

Market Environment

- GDP shows continued growth, but moderating.
- Inflation shows continued improvement – causing the Federal Reserve to consider rate cuts in September.

May and June CPI lowest since 2021



The Federal Reserve continues to maintain a restrictive stance, but slower job growth opens the door to lower rates in the second half of the year

Powell opens door to September cut

Statement

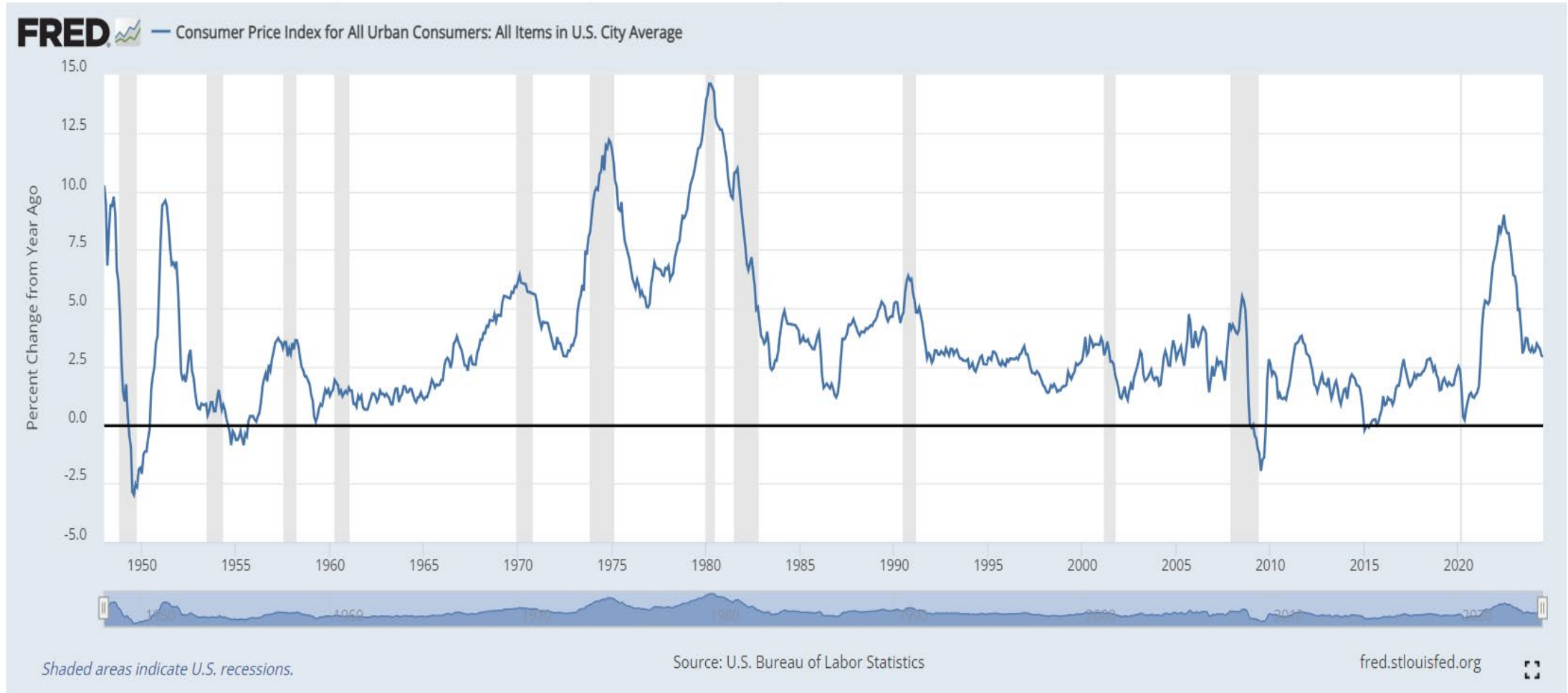
- "...some further progress toward the Committee's 2% inflation objective."
- "...the Committee is attentive to the risks to both sides of its dual mandate."

Press Conference

- "...a reduction in our policy rate could be on the table as soon as the next meeting in September."
(Three times.)



Inflation in the US continues at levels above the Federal Reserve's 2% target, but continues trending down

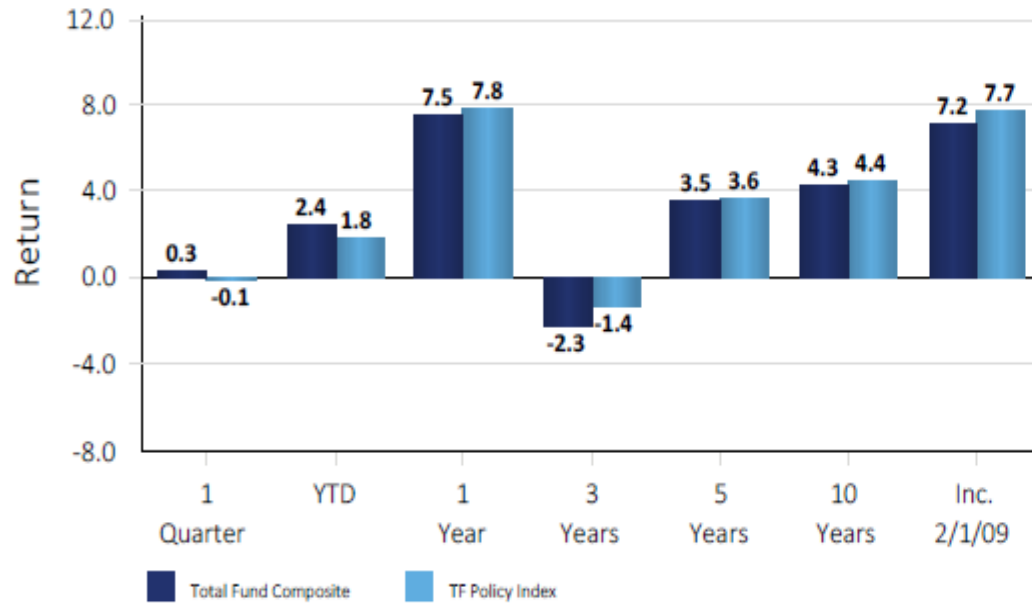


Composite Performance Summary

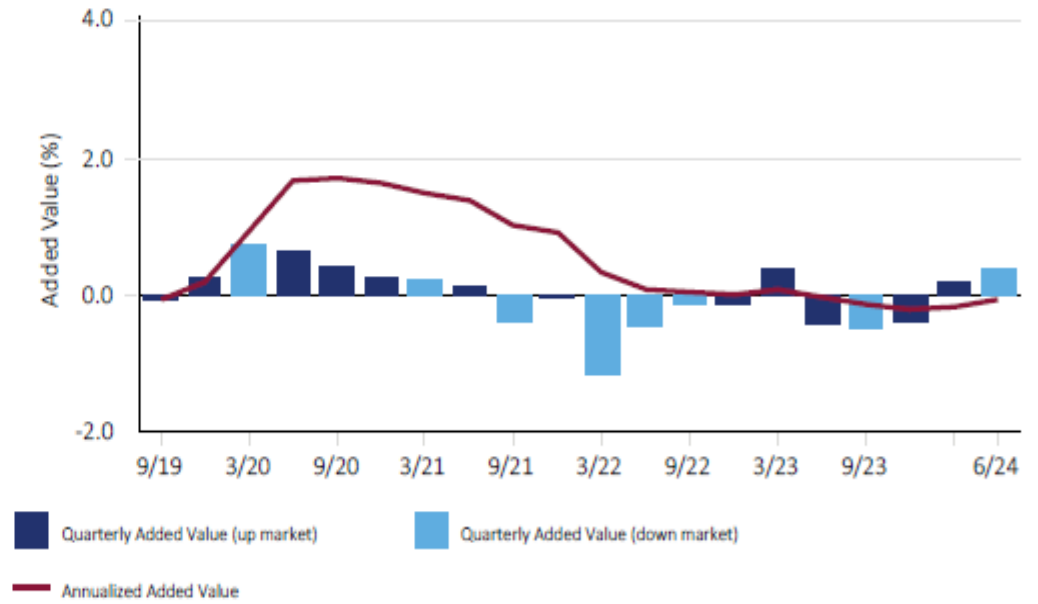
Total Fund Composite

Periods Ended June 30, 2024

Comparative Performance



Added Value History

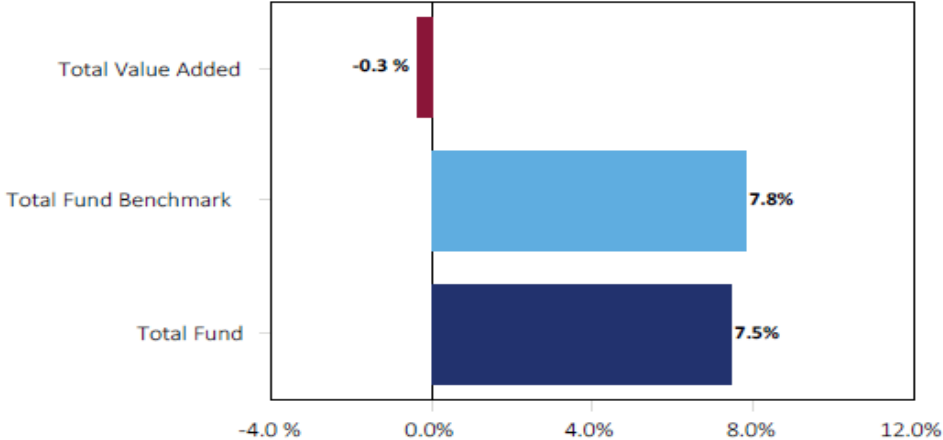


Total Fund Attribution

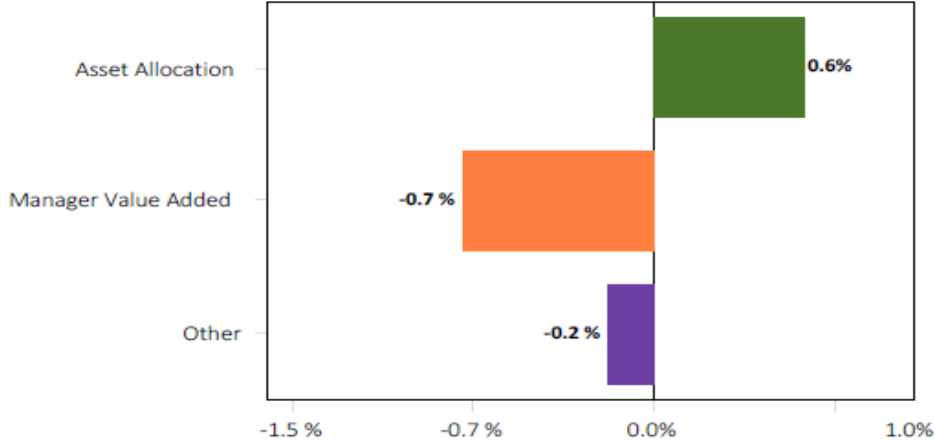
Total Fund Composite

Periods Ended 1 Year Ending June 30, 2024

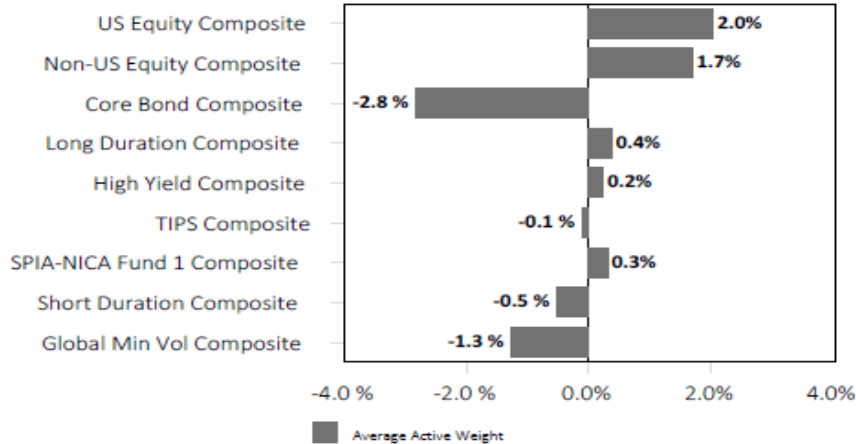
Total Fund Performance



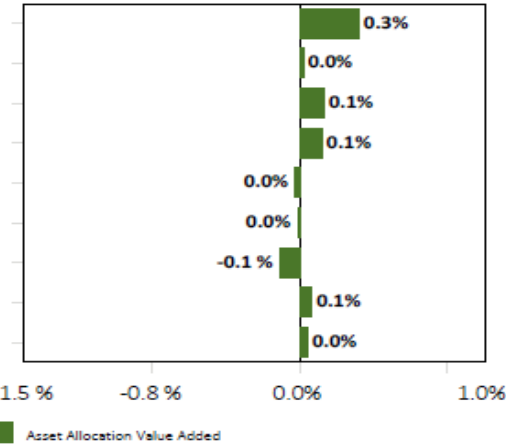
Total Value Added:-0.3 %



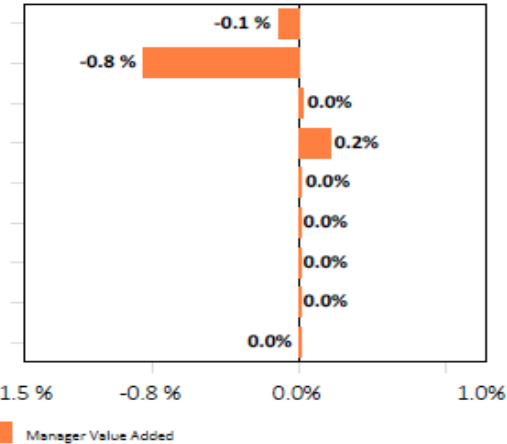
Total Asset Allocation:0.6%



Asset Allocation Value Added:0.6%

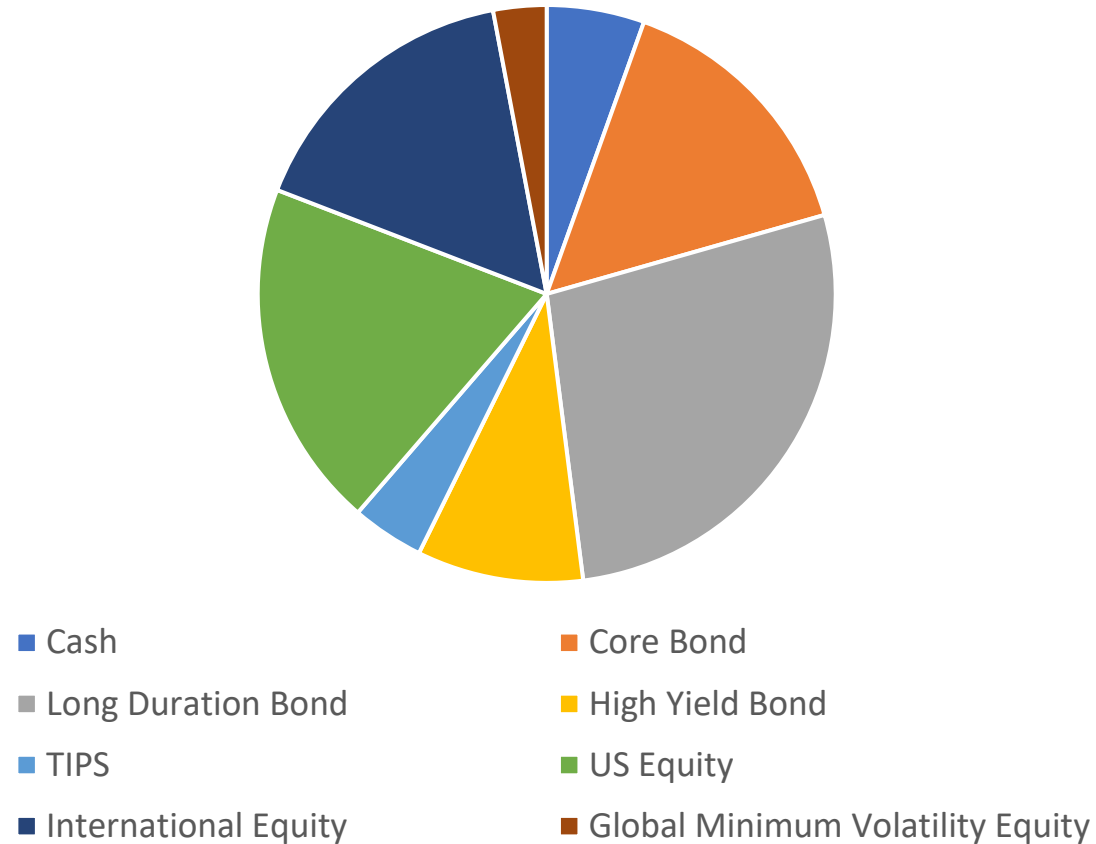


Total Manager Value Added:-0.7 %



Plan Assets – June 30, 2024

Asset Allocation 6/30/2024



Beginning Value 6/30/2023	\$	1,305,920,852
Net Cash Flow		(19,394,929)
Capital Appreciation/ Depreciation		97,306,251
Ending Value 6/30/2024	\$	1,383,832,174

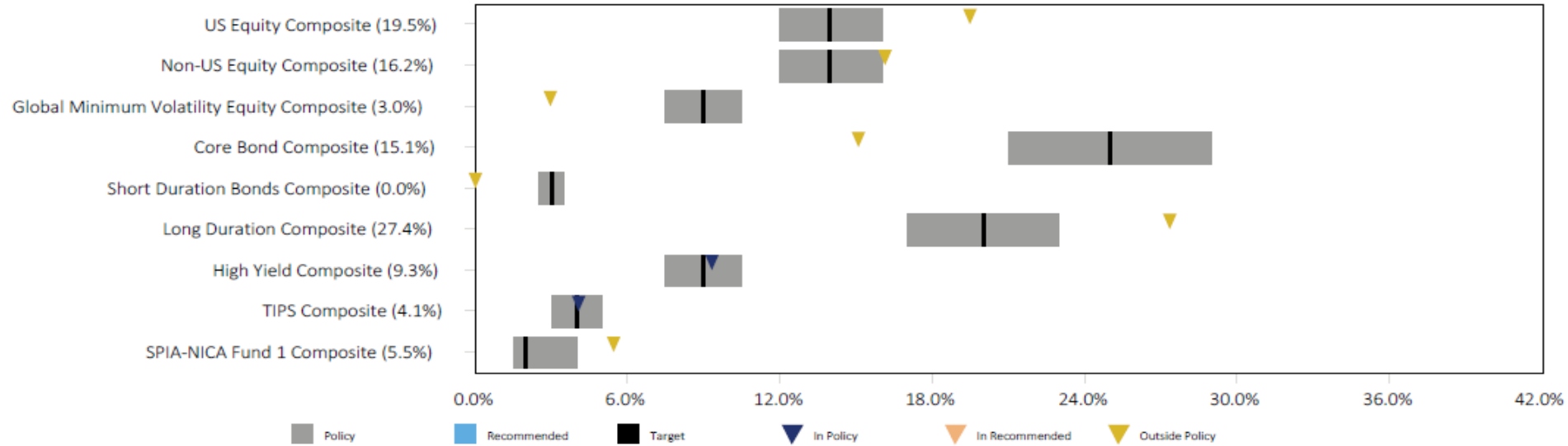
Cash	5%
Fixed Income	56%
US Equity	20%
International Equity	16%
Global Minimum Volatility Equity	3%

Asset Allocation Compliance

Total Fund Composite

Periods Ended As of June 30, 2024

Executive Summary



	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Minimum Rebalance \$	Maximum Rebalance \$
Total Fund Composite	1,383,832,174	100.0			100.0		
US Equity Composite	270,069,514	19.5	12.0	16.0	14.0	-104,009,653	-48,656,366
Non-US Equity Composite	223,694,546	16.2	12.0	16.0	14.0	-57,634,685	-2,281,398
Global Minimum Volatility Equity Composite	41,217,565	3.0	7.5	10.5	9.0	62,569,848	104,084,813
Core Bond Composite	209,222,449	15.1	21.0	29.0	25.0	81,382,307	192,088,881
Short Duration Bonds Composite		0.0	2.5	3.5	3.0	34,595,804	48,434,126
Long Duration Composite	379,040,114	27.4	17.0	23.0	20.0	-143,788,644	-60,758,714
High Yield Composite	128,806,405	9.3	7.5	10.5	9.0	-25,018,992	16,495,973
TIPS Composite	56,106,476	4.1	3.0	5.0	4.0	-14,591,511	13,085,132
SPIA-NICA Fund 1 Composite	75,675,104	5.5	1.5	4.0	2.0	-54,917,622	-20,321,817

Portfolio is dollar cost averaging to new target allocations, and expected to reach target allocations by year end.

Investment Management Fees Benchmarking

Manager / Mandate	6/30/2024 Value	NICA Effective Fee %	NICA Effective Fee (\$)	Peer Group	25th (Low)	Median	75th (High)	# of Observations
BLK Russell 1000 Index	\$245,597,193	0.02%	\$49,119	U.S. Equity Large Core	0.24	0.35	0.5	50
PanAgora Asset Mgmt. US Small Cap	\$24,472,060	0.85%	\$208,013	U.S. Small Cap Core Equity	0.69	0.78	0.87	190
BLK Global Minimum Volatility Equity Index	\$41,217,565	0.04%	\$16,487	Wilshire Global Equity	0.62	0.7	0.81	111
Schroders QEP Int'l Value	\$106,470,703	0.64%	\$685,671	Global Ex-US Equity	0.57	0.7	0.83	125
Baillie Gifford Int'l All Cap	\$117,174,490	0.51%	\$594,075	Global Ex-US Equity	0.57	0.7	0.83	125
BLK High Yield Index	\$128,806,405	0.12%	\$150,419	US High Yield Bond	0.41	0.49	0.58	63
MetLife Long Duration Credit	\$243,149,141	0.19%	\$449,826	Long Corporate Fixed Income	0.19	0.23	0.25	191
BLK Long Term Credit Index	\$135,890,973	0.04%	\$54,798	Long Corporate Fixed Income	0.19	0.23	0.25	191
BLK TIPS Index	\$56,106,476	0.02%	\$12,624	U.S. Fixed Income TIPS	0.14	0.18	0.25	24
BLK Core Bond Index	\$81,145,415	0.04%	\$32,458	Market Core Fixed Income	0.19	0.23	0.26	74
Sterling Capital Mgmt. Core Bond	\$128,077,034	0.16%	\$208,863	Market Core Fixed Income	0.19	0.23	0.26	74
EARNEST Short Duration Bond*	\$40,000,000	0.12%	\$48,000	U.S. Fixed Income Short Core	0.16	0.21	0.25	84
Total Portfolio ex-Cash	\$1,348,107,457		\$2,510,353					
Aggregate Investment Management Fee			0.19%					
Custody costs for FY 2023-24 - Total Portfolio	\$1,383,832,174	0.03%	\$416,130					

*Note: Funding pending

Effective fee in green indicates lowest cost quartile relative to peers. Red font indicates highest cost quartile.

Looking Forward

- The markets have become more volatile for the upcoming year as the Federal Reserve moves towards lower rates.
- There are some signs of slowing in the economy, specifically in employment. We are finally seeing some signs of easing in housing inflation.
- In the NICA fund, we continue transitioning to the new asset allocation and expect to be fully transitioned by year end.

Steps for Implementing Results of Asset/Liability Study in the Fund

- ✓ Assess risk tolerance and liquidity needs
- ✓ Develop realistic target portfolio within NICA constraints based on Wilshire Optimization model
- ✓ Discuss output of Target portfolio
 - ✓ Ability to achieve required return
 - ✓ Ability to provide necessary liquidity
- ✓ Finalize plan to implement
- ✓ Execute to achieve target portfolio
 - ✓ Adjust allocations between investments
 - ✓ Adjust managers as needed and recommended by Wilshire

Execute to Achieve Target Portfolio

	Old Target	New Target	8/31/2023			Remaining Transition	Est time to complete
			Trade to Target	Total completed	current %		
US Equity	18%	14%	(77,931,048)	(61,000,000)	17.6%	(53,264,067)	3 months
Non-Us Equity	16%	14%	(44,246,698)	(30,000,000)	15.4%	(21,053,337)	2 months
Global Minimum Vol		9%	115,901,416	60,000,000	4.5%	63,918,308	3 months
Core Bond	10%	25%	198,283,333	80,000,000	15.3%	138,794,141	5 months
Short Duration		3%	38,633,805	-	0.0%	42,289,995	1 month
Long Duration	40%	20%	(232,708,347)	(120,000,000)	27.6%	(106,916,452)	5 months
High Yield	9%	9%	(2,544,342)	-	9.3%		
TIPS	5%	4%	(10,358,242)	(8,000,000)	4.0%		
Cash	2%	2%	14,970,123		6.1%	(58,620,421)	

- Following plan of dollar cost averaging towards new target
- Significantly reduced allocation to Long Duration over the period
- Increased allocation to Core Bond, adding Passive Fund as placeholder
- Reduced allocation to Non-US Equity
- Began funding allocation to Global Minimum Volatility

Transition Progress

- ✓ Completed negotiation on revised agreement with multi-mandate passive fund manager.
 - ✓ Allocated to 6% to Passive Core Fixed Income mandate
 - ✓ Allocated 3% to Minimum Volatility mandate
 - ✓ Shifted funds from other Equity portfolios to rebalance
- Hire a Short Duration Fixed Income Manager
 - Contract negotiation complete – final signing and funding shortly
- Beginning formal search for Core Fixed Income Active manager
 - Conducted initial screening –interviewing candidate managers

Agenda Item # 6.A. (Tab C)

June 30, 2024

Reserve Report/Threshold



Analysis of Outstanding Liabilities

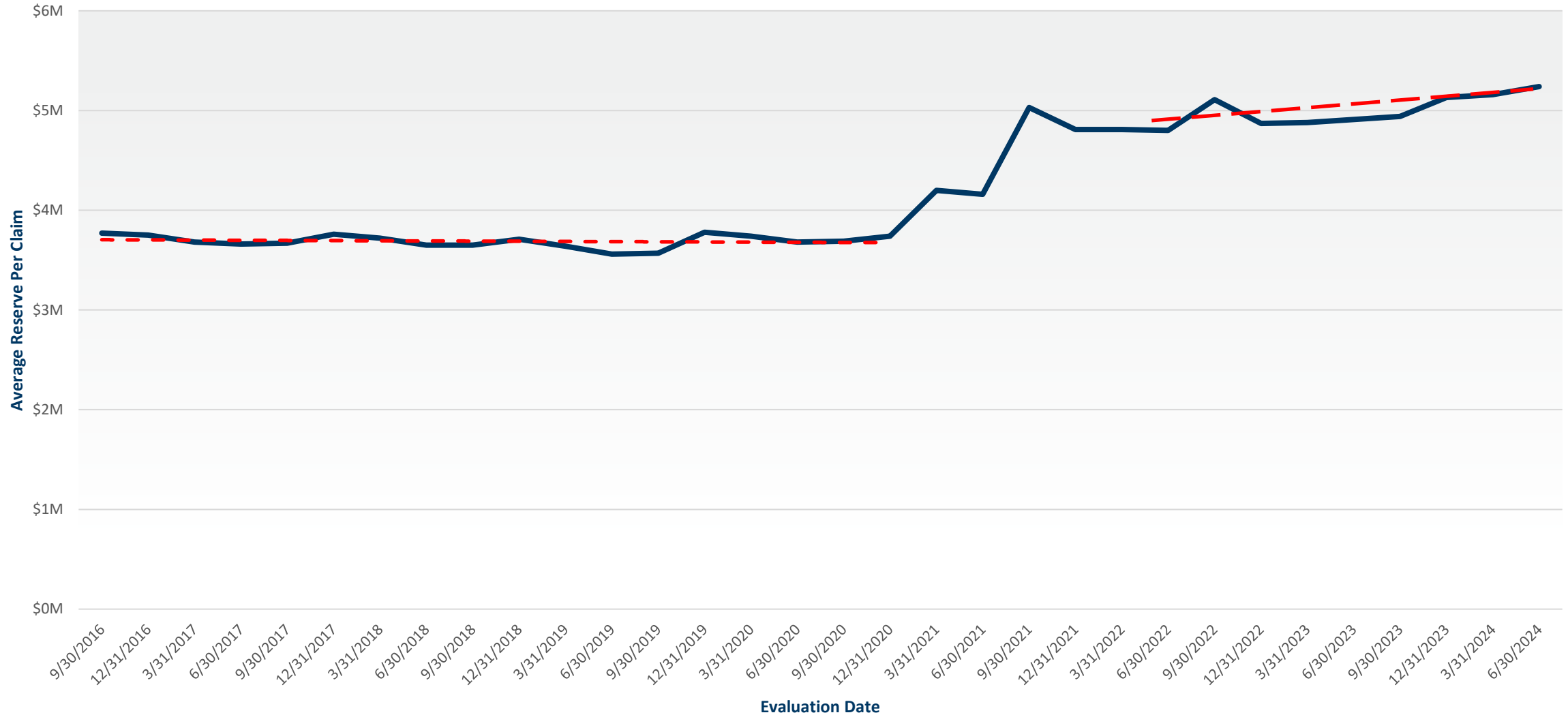
The Florida Birth-Related Neurological Injury Compensation Association (NICA)

August 2024

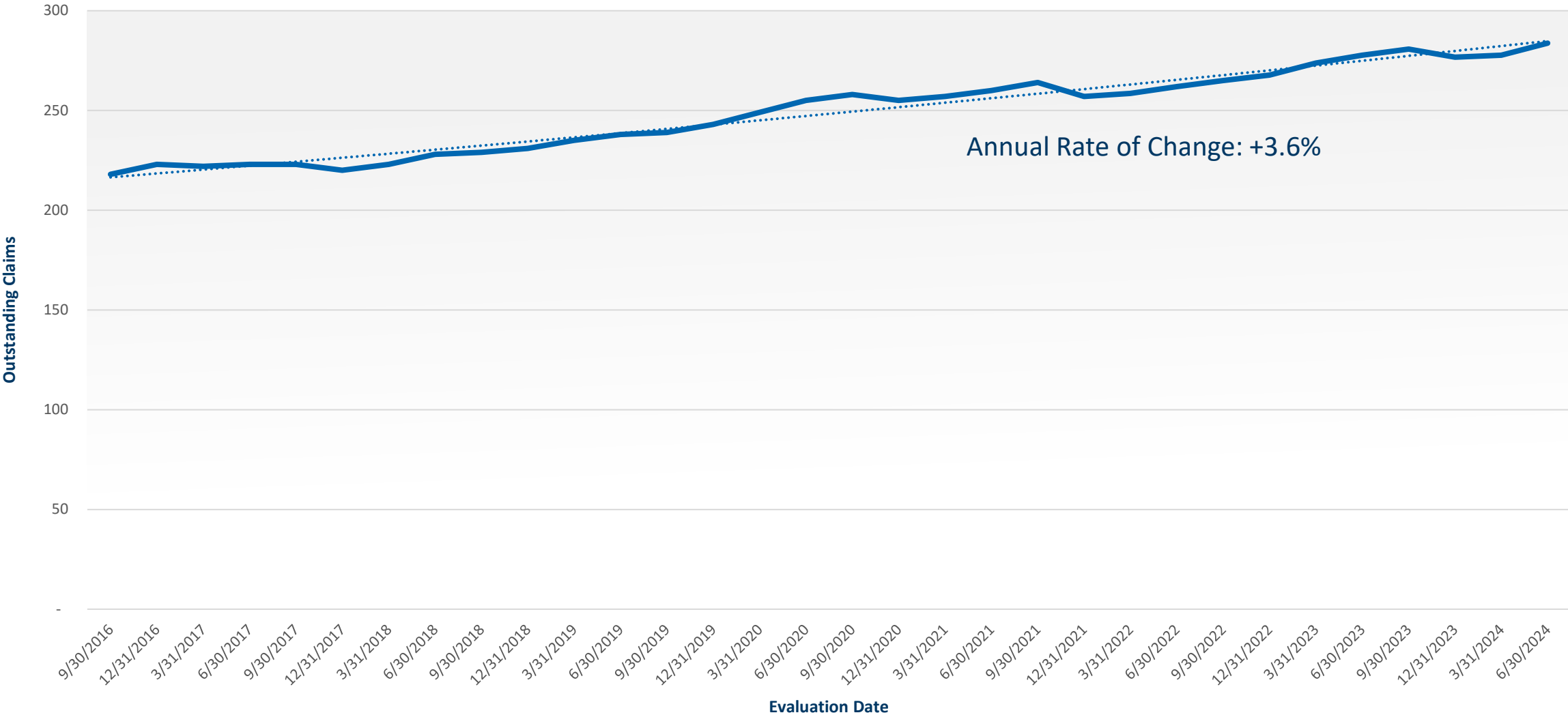
Summary of Reserves as of June 30, 2024 (\$000's)

ITEM (1)	UNPAID CLAIM COUNT (2)	CASE RESERVE (3)	PROJECTED RESERVE	
			NOMINAL (4)	INFLATED AND DISCOUNTED (5)
1. AAA Claims With Worksheets	238	\$1,335,348	\$1,596,449	\$1,129,713
2. AAA Claims Pipeline	19	75,962	174,898	118,844
3. AAA Claims IBNR	27	-	246,241	167,319
4. AAD Claims	13	5,678	5,678	5,678
5. DA Claims Reported	30	5,021	5,021	5,021
6. DA Claims IBNR	9	-	3,369	3,198
7. Denied Claims	41	755	755	755
8. Subtotal	377	\$1,422,763	\$2,032,411	\$1,430,528
9. Outstanding ULAE				23,725
10. Medicaid Reimbursement: Aug 31, 2021 through June 30, 2024				34,000
Total Reserve Excluding Risk Margin				\$1,488,253
11. Risk Margin				\$78,580
Total Reserve Including Risk Margin				\$1,566,833

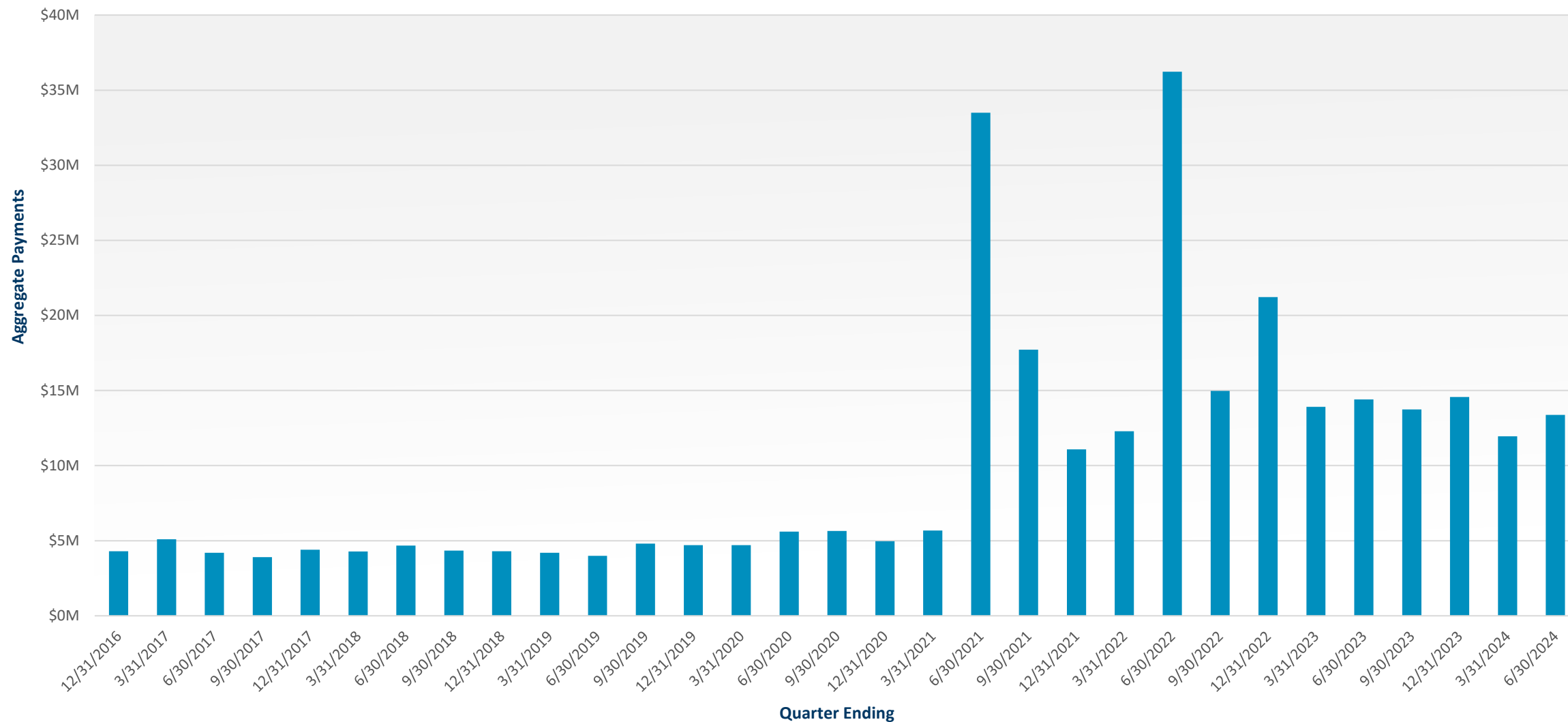
Summary of Average Reserve per AAA Claim



Number of Outstanding AAA Claims



Payments by Quarter For All Claims



Summary of Claim Payments and Reserves (\$ Millions)

ITEM	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
(1) Reserve for Future Benefits	\$1,266.6	\$1,295.4	\$1,318.9	\$1,339.0	\$1,368.9	\$1,379.6	\$1,430.5
(2) ULAE Reserves	20.8	21.3	21.7	22.1	22.6	22.9	23.7
(3) Estimated Reimbursement due to Medicaid	16.0	19.0	22.0	25.0	28.0	31.0	34.0
(4) Total Reserves	\$1,303.4	\$1,335.7	\$1,362.6	\$1,386.1	\$1,419.5	\$1,433.5	\$1,488.3
(5) - Change in Quarter	(51.7)	32.3	27.0	23.5	33.4	14.0	54.8
(6) Number of Open Accepted Claims - AAA Claims	241	247	251	254	250	251	257
(7) Number IBNR Claims Excluding DA	27	27	27	27	27	27	27
(8) Total Outstanding AAA Claims	268	274	278	281	277	278	284
(9) - Change in Quarter	2.8	6.0	4.0	3.0	(4.0)	1.0	6.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$4.87	\$4.88	\$4.91	\$4.94	\$5.13	\$5.16	5.24
(11) Inception to Date Claim Payments	\$431.7	\$445.6	\$460.0	\$473.8	\$488.4	\$500.3	\$513.7
(12) - Change in Quarter	21.2	13.9	14.4	13.7	14.6	12.0	13.4
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$1,735.1	\$1,781.3	\$1,822.7	\$1,859.9	\$1,907.9	\$1,933.8	\$2,001.9
(14) Claims Incurred in Quarter [(5) + (12)]	(30.5)	46.2	41.4	37.2	48.0	25.9	68.2
(15) Average Number of Open Claims	240	244	249	253	252	251	254
(16) Average Paid Per Open Claim	\$0.088	\$0.057	\$0.058	\$0.054	\$0.058	\$0.048	\$0.053

Summary of Reserves as of June 30, 2024

Loss and LAE Reserves for Threshold Calculations (\$000's)

A: Determination of Liabilities For Threshold Calculation

(1)	Total Reserve Excluding Risk Margin	\$1,488,253
(2)	AAA IBNR Reserves	167,319
(3)	DA IBNR Reserves	3,198
(4)	Subtotal IBNR Reserves [(2)+(3)]	170,517
(5)	Present Value Loss and LAE Reserves on Filed Claims [(1)-(4)]	\$1,317,736

B: Assets For Threshold Calculation

(6)	Invested Assets	\$1,387,175
(7)	Cash	1,167
(8)	Income on Invested Funds	68,634
(9)	Future Assessments Health Care Providers	36,000
(10)	Subtotal [(6)+(7)+(8)+(9)]	1,492,975
(11)	Assets for Threshold Calculation [(100% x (10))]	\$1,492,975

C: Threshold Test

(12)	Assets Excess of Threshold [(11) - (5)]	\$175,240
(13)	Pass/Fail	Pass

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FLORIDA BIRTH RELATED NEUROLOGICAL INJURY COMPENSATION ASSOCIATION (NICA)

ANALYSIS OF LOSS AND LAE RESERVES
AS OF JUNE 30, 2024

AUGUST 22, 2024

EXPERTS WITH **IMPACT**™



August 22, 2024

Melissa Jaacks, CPA
Executive Director
Florida Birth-Related Neurological Injury Compensation Association
PO Box 14567
Tallahassee, FL 32317-4567

Re: Florida Birth-Related Neurological Injury Compensation Association Analysis of Loss and LAE Reserves as of June 30, 2024

Dear Ms. Jaacks:

FTI Consulting, Inc. is pleased to enclose a copy of the above captioned report.

We have enjoyed working on this project and hope you find it satisfactory. Please call if you have any questions or comments.

Sincerely,

**Mark
Crawshaw**

Digitally signed by Mark
Crawshaw
Date: 2024.08.22 13:43:45 -04'00'

Mark Crawshaw, Ph.D., FCAS, MAAA
Senior Managing Director
FTI Consulting, Inc.
200 North Second Street
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mark.crawshaw@fticonsulting.com

**Choya
Everett**

Digitally signed by
Choya Everett
Date: 2024.08.22
13:29:03 -04'00'

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**FLORIDA BIRTH RELATED NEUROLOGICAL INJURY COMPENSATION
ASSOCIATION (NICA)
ANALYSIS OF LOSS AND LAE RESERVES
AS OF JUNE 30, 2024**

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Analysis of Unallocated Loss Adjustment Expense (ULAE) Reserve	Appendix E
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Summary of Historical Inflation and Investment Returns	Appendix H
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1 INTRODUCTION

1.1 Purpose

The Florida Birth Related Neurological Injury Compensation Association (NICA) requested FTI Consulting (FTI) to determine NICA’s liability for outstanding loss and loss adjustment expense (LAE) reserves as of June 30, 2024. This report documents our results and methodology.

1.2 Authors

This report and analysis were prepared under the direction of Dr. Crawshaw and Ms. Everett. Dr. Crawshaw is a Fellow of the Casualty Actuarial Society. Ms. Everett is an Associate of the Casualty Actuarial Society. Both are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to make the actuarial opinions contained in this report.

2 BACKGROUND

2.1 Overview of NICA’s Operations

NICA was created by Florida Statute (“the Statute”).¹ The Statute replaces the traditional tort liability remedies for defined birth related injuries with a no-fault system² for participating health care providers. Claims must be filed within five years after birth.³ Acceptance of a claim (or not) into the NICA program is decided by an Administrative Law judge.⁴ The Statute defines the benefits provided to claimants.

NICA collects assessments from various medical care providers during each birth year and invests those funds until payments are required on behalf of the claimants.⁵ NICA disburses funds on behalf of claimants to pay for their care. The Statute provides NICA very limited options⁶ for collecting additional funds in the event the amounts collected from the medical care providers are not sufficient to pay its claims.

¹ Florida Statutes 766.301 to 766.316

² Florida Statute 766.303

³ Prior to the 1994 birth year, a claim had to be filed within seven years of birth.

⁴ Florida Statute 766.304

⁵ NICA also pays for expenses associated with the claims adjudication process, related litigation, and administrative expenses.

⁶ The Statute provides NICA some ability to assess the insurance industry, as well as collect additional funds from the Office of Insurance Regulation.

2.2 Overview of NICA’s Loss and LAE Reserves

NICA’s loss and LAE⁷ reserves represent an estimate of the present-value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. These reserves form the vast majority of the liabilities on NICA’s balance sheet.

Due to the lengthy period over which the benefits will be paid out, the estimated impact of inflation and anticipated investment income must be considered in the establishing the loss and LAE reserves. In this report, as well as previous actuarial reports, the reserves are valued by inflating future payments and then discounting to present-value. In this process, it is assumed the present-value discount rate exceeds the inflation rate by 1.5% per year. NICA’s actuaries have used this same assumption for many years. It is based on long-term comparison of investment returns versus inflation rate.

2.3 Categories of Claims

The loss and LAE reserves are intended to provide for all unpaid claims for children born through the valuation date. These include claims accepted into NICA, claims in the adjudication process that may or may not ultimately be accepted, and claims that have not yet been reported (also referred to as IBNR claims). In this report, we use the following abbreviations and categories of claims:

Table 1: Categories of Claims

Category	Subcategory	Description
AA Claims		
AA		Claimant formally accepted into NICA when child was alive.
AA	AAA-Worksheet	Claimant is still alive and for whom NICA has full details and has established a worksheet with estimated life expectancy and projected lifetime benefits considering individual circumstances of the claimant and his/her family.
AA	AA-Pipeline	Claimant is alive and is known to NICA. NICA expects claimant to become an AAA claim with a worksheet once claim adjudication and/or gathering of individual details is complete.
AA	AAD	Claimant was alive when accepted into NICA but is now deceased.
AA	AA-IBNR	Projected claims for living claimants which no petition has yet been filed.

⁷ Here “loss” refers to the cost of the benefits provided to claimants. Loss adjustment expense (LAE) refers to the other costs associated with paying benefits and resolving claims such as legal expenses, NICA’s administrative expenses etc.

DA Claims		
DA	DA-Reported	Claimant formally accepted when child was deceased or else is a deceased claimant that is expected to be accepted into NICA.
DA	DA-IBNR	Projected claims for deceased claimants for which no petition has yet been filed.
Other Claims		
Denied		Claimant has been denied or is expected to be denied acceptance into NICA.

2.4 NICA’s Case Reserves

NICA develops its own estimates of its claim liabilities referred to as case reserves. These estimates are an important input into the actuarial reserve estimates presented in this report.

For each December 31 valuation, NICA prepares an “AAA -Worksheet” summarizing NICA’s projected lifetime expense payments by expense category and year for each claimant, along with each claimant’s expected remaining life expectancy.⁸ The product of the expense payments and the remaining life expectancy determines NICA’s case reserve estimates for these claims at year end. These case reserve estimates do not include adjustments for future inflation or present-value and assume that all claimants will live exactly to their expected remaining life expectancy. During the year, NICA prepares similar information for additional claims as they are accepted into NICA.

As of December 31, 2023, there were 240 open claims with AAA-Worksheets. Two former AAA claimants deceased since December 31, 2023. As of June 30, 2024, the AAA-Worksheets for 238 claims are included in the analysis.

In addition to the AAA-worksheet claims discussed above, NICA also provided case reserve estimates for other categories of claims for which it believes it will make future payments. These include case reserves for (a) deceased claimants in NICA’s program; (b) for living claimants (a.k.a., “AA-pipeline”) that have already been or are expected to be accepted into NICA; and (c) for claimants that are expected to ultimately be denied acceptance into NICA.⁹

⁸ See section 5 for details regarding life expectancies.

⁹ We distinguished between the “AA-pipeline” and “denied” category based on the magnitude of the case reserve established by NICA. In particular, “AA-pipeline” claims are signaled via a case reserve estimate of roughly \$2.8 million.

2.5 Senate Bill 1786

In May 2021, the Florida Legislature passed Senate Bill 1786 (SB 1786), which resulted in increases to the financial obligations of NICA. This report includes consideration of the changes set forth in SB 1786.

2.6 Medicaid

The estimates shown in this report were determined under the assumption that, on a prospective basis, Medicaid will no longer reimburse NICA claimants for expenses as defined in the Statute (effective August 31, 2021), and these expenses will fall on NICA.

The estimated payments used to project reserves include estimates of all payments that will prospectively be paid by NICA. In addition, because Medicaid has not yet implemented a procedure to transfer and/or bill claims to NICA, we have included an estimated provision for the period between August 31, 2021 and June 30, 2024 for potential future reimbursements due Medicaid.

2.7 Medicaid Settlement

We understand that in late 2022, NICA settled litigation related to payments made by Medicaid in prior years to NICA claimants. Under this settlement, NICA has no further liability to reimburse Medicaid for services provided to NICA claimants prior to August 31, 2021.

2.8 Threshold Standard

The Statute sets forth a “threshold” financial standard that NICA must meet in order to continue accepting claimants. The current threshold standard compares 100% of NICA’s available assets and funds that may become available in the subsequent twelve months to its liabilities for filed claims, including liabilities for family care.¹⁰

¹⁰ The current threshold standard became in effect on May 2, 2024. Previously, the threshold standard involved a comparison of 80% of NICA’s available assets and funds that may become available in the subsequent twelve months, to its liabilities for filed claims excluding family care.

3 RECOMMENDATIONS AND CONCLUSIONS

3.1 Recommended Reserve for Losses and LAE as of June 30, 2024

The recommended reserve for losses and LAE (excluding risk margin) as June 30, 2024 is \$1.490 billion (Exhibit 1). This amount is an actuarial central estimate of expected outcomes valued using an annual interest discount rate that is 1.5% higher than the inflation rate.

3.2 Comparison to Prior Reserves

Exhibit 4 provides a time series for reserves and other loss related statistics beginning with the third quarter of 2016. Exhibits 2 and 3 summarize in graphical form, key statistics from Exhibit 4 that drive the loss reserves for NICA. We note the following:

1. The June 30, 2024 reserve for loss and loss adjustment expenses is \$1.488 billion (Exhibit 4, Sheet 5, Row 4). The reserve amount is driven by the number of outstanding AAA claims (i.e., number of living claimants) and the average reserve per outstanding AAA claim (see Exhibit 2).
2. NICA's aggregate reserve increased by \$54.8 million, or 3.8%, from the prior analysis as of March 31, 2024. This increase was largely driven by an increase (of six (6)) in the inventory of outstanding AAA claims.¹¹
3. The average reserve per outstanding AAA claim is shown on Exhibit 4, Row 10, and also graphically on Exhibit 2, Sheet 1. Through year-end 2020, prior to the passage of SB 1786, the average reserve per outstanding claim was running at about \$3.7 million per claim. Post-SB 1786, the average reserve has increased to about \$5.0 million per claim.
4. The number of outstanding AAA claims are shown on Exhibit 4, Row 8 and also graphically on Exhibit 2, Sheet 2. It can be seen that the number of outstanding AAA claims have been increasing at a long-term rate of 3.6% per year in recent years. In the quarter ending June, 2024, the number of outstanding AAA claims increased by six (6).
5. The aggregate claim payments per quarter are shown on Exhibit 4, Row 12 and graphically on Exhibit 3. Prior to passage of SB 1786, aggregate claim payments were running around \$5 million per quarter but increased sharply in 2021 as SB 1786's retroactive payments were made to claimants. Since June 30, 2021, the aggregate payments have varied quite substantially by quarter due to retroactive payments. In the four calendar quarters of 2023, aggregate payments have been reasonably stable ranging from \$13.7 million to \$14.6 million per quarter. During the

¹¹ Additionally, \$9.6 million of the increase is due to a revision of the assumed first five annual payments in the payment stream for IBNR and pipeline claims. This revision reflects further evidence of significant, reimbursable expenses incurred prior to admission into the program.

first two quarters of 2024, the aggregate payments were \$12 million and \$13.4 million, respectively. Quarterly payments appear to be stabilizing following substantial changes to NICA resulting from SB 1786, as well as from administrative changes within NICA. With respect to future retroactive payments, it is a possible that payments may spike again when final billing procedures with Medicaid are established and implemented.

6. Exhibit 4, Row 14 shows the claims incurred (i.e., aggregate amounts paid to claimants plus changes in reserves) per quarter. To be sustainable over the long-run, NICA needs to generate sufficient revenue (via its investments and charges to healthcare providers) to cover these costs plus its overhead costs. The aggregate incurred amount for the year ending June 30, 2024 was \$179.3 million.

3.3 Threshold Calculation

Exhibit 6 provides a summary of the threshold calculation for NICA to continue accepting claims. As of June 30, 2024, NICA passed the revised standard by roughly \$175 million due to favorable results produced by NICA's investment strategy.

4 CONDITIONS AND LIMITATIONS

4.1 Data Sources

Data for this analysis was provided to us by NICA and included:

1. The AAA- Worksheet containing case reserves for each adjudicated claim showing life expectancy and projected future annual payments by category over the lifetime of the claimant evaluated as of December 31, 2023.
2. Quarterly inception to date data by claim, including total payments, outstanding payments, claim status, etc.
3. Information on investments, claim adjustment expenses and numbers of participating healthcare providers.
4. The prior quarterly actuarial reports evaluated as of December 31, 2022 through March 31, 2024 prepared by FTI Consulting, Inc and prior quarterly actuarial reports prepared by Turner Consulting.

While we reviewed the data for reasonableness, we did not audit the data. We are relying on NICA to ensure its accuracy.

4.2 Investment and Inflation Assumptions

The reserve recommendations are presented on a present-value basis using an interest discount rate that is 1.5% greater than the future claims inflation. This is consistent with prior actuarial analyses.

We noted that the investment returns NICA has earned, over the long term, have exceeded general inflation by about 2.7% per year (Appendix H). Here, general inflation is defined by the consumer price index (CPI) and likely differs from the claims inflation that impacts NICA. For this reason, and considering the uncertainties, we believe it is prudent, and has served NICA well, to use the lower 1.5% investment/inflation differential to value the loss reserves.

4.3 Risk Margin

NICA's loss and LAE reserves represent an actuarial central estimate of the present-value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. Any such estimate involves the projection of future contingent events and actual payments will likely vary from projections.

To increase the likelihood that the estimate will reasonably provide for all future payments, we have continued NICA's past practice of estimating an additional explicit risk margin to account for likely variation caused by the following items.

1. The actual remaining years of life of known claims is likely to vary from their expected remaining life; and
2. The number and severity of pipeline and unreported claims are likely to vary from expected values included in our reserve estimate.

The resulting selected risk margin is \$78.6 million (Appendix I).

We note that the explicit risk margin only accounts for a small portion of the financial risk that NICA is exposed to. Much greater sources of risk are uncertainties in future claim cost inflation and discount rates to appropriately present-value the reserves. We have implicitly recognized some of this risk via our somewhat conservative selection of the future interest rate/inflation differential (See Section 4.2 above).

4.4 Inherent Variability

The development of reserves for NICA involves the projection of future contingent events. Actual results are likely to vary from projections. We have, however, used accepted actuarial methods and believe the results are reasonable.

5 ANALYSIS

We analyzed liabilities for the various categories of claims as set forth in Section 2.3 above. The following subsections describe the analysis for each category.

5.1 Analysis of AAA Claims With Worksheet

We developed reserves for AAA claims with reserve worksheets based on their life expectancy and estimated future payments. The final selected estimate is shown in Appendix A and on Exhibit 1.

5.11 Basis for Life Expectancy (AAA Claims With Reserve Worksheets)

Life expectancy is the average survival time for a group of similar people. It is not a prediction of the actual number of years a person will live but rather it reflects the average of all potential future outcomes considering their probabilities of occurring.

In our analysis, we reference standard life tables (e.g., 2020 Social Security Period Life Table) that set forth probabilities of surviving or dying at various ages for the general population and from which remaining standard life expectancies at any age can be calculated.

The NICA claimants have impaired life expectancies (i.e., remaining life expectancies are less than standard remaining life expectancies at the same age). In our analysis, mortality for NICA's claimants is discussed either in terms of a remaining life expectancy or a mortality table providing all the outcomes and their probabilities. We convert from a given (impaired) life expectancy to a mortality table by assuming that for a given claimant, the ratio of remaining impaired life expectancy to remaining standard life expectancy is constant over all ages. This approach is referred to as PLE (for "proportional life expectancy") and is based on empirical evidence and is common practice.¹² It has been used by NICA's actuaries for many years, as well as by opposing actuaries and others in reinsurance arbitrations with NICA.

The mortality assumptions are unchanged from those described in our analysis as of December 31, 2023. Please see the December 31, 2023 report for details regarding the mortality assumptions.

¹² See, for example, Estimation of Future Mortality Rates and Life Expectancy in Chronic Medical Conditions; Strauss, Vachon, Shavelle; Journal of Insurance Medicine 2005;37:20-34.

5.12 Basis for Future Payments (AAA Claims With Reserve Worksheets)

The future payments for each claim are based on the payments implied by the case reserves in the AAA-Worksheet provided by NICA with adjustments for future inflation. We believe the AAA-Worksheet case reserves are reasonable for this purpose for the following reasons:

1. The case reserves for each claim were established by NICA staff based on a careful evaluation of each claimant, their families, and circumstances.
2. In the December 31, 2023 analysis, we tested the payment stream implied by the case reserves, in aggregate, against the payments made in calendar year 2023 and determined that, in aggregate, the actual payments reasonably validate NICA's estimates.

5.2 Analysis of AAA Pipeline Claims

The number of outstanding pipeline claims is known and does not require estimation. We estimated the average reserve for each AAA pipeline claim based on the estimated average life expectancy at birth for current AA claims. The future payments are based on a combination of the average of the payments implied by the AAA-Worksheet case reserves by age of claimant and actual payments. Please refer to the December 31, 2023 report for more details.

5.3 Analysis of AA-IBNR and DA-IBNR Claims

In the lower two sections of Appendix B, Sheet 1, we estimated the reserve based on the estimated number of claims multiplied by the average projected reserve per claim. The number of unreported AA and DA claims are based on a historical review of the incremental claim counts (Appendix C).

The average reserve for each IBNR claim is based on the average reserve selected in the December 31, 2023, adjusted for inflation where applicable.

5.4 Analysis of Other Claims Categories

For the other categories of claims, we directly used NICA's estimates of future liabilities (see Exhibit 1).

5.5 Analysis of ULAE

ULAE (“unallocated loss adjustment expenses”) refers to those expenses incurred by NICA to administer the benefits separate and apart from the benefits themselves or legal fees. The reserves on Exhibit 1 include a provision for the estimated future ULAE. As shown in Appendix E, the ULAE reserve is 1.62% of total reserves *excluding ULAE*. This ULAE reserve ratio is consistent with the selection in prior analyses and with the ratio of the average paid ULAE to paid loss for 2023. See footnote (d) on Appendix E for more details.

NICA
SUMMARY OF SELECTED RESERVES AS OF JUNE 30, 2024
(\$000'S)

Item	Unpaid Claim Count	Case Reserve	Projected Reserve	
			Nominal	Inflated and Discounted
(1)	(2)	(3)	(4)	(5)
AAA Claims With Worksheets (a)	238	\$ 1,335,348	\$ 1,596,449	\$ 1,129,713
AAA Claims Pipeline (b)	19	75,962	174,898	118,844
AAA Claims IBNR (b)	27	-	246,241	167,319
AAD Claims (c)	13	5,678	5,678	5,678
DA Claims Reported (c)	30	5,021	5,021	5,021
DA Claims IBNR (b)	9	-	3,369	3,198
Denied Claims (c)	41	755	755	755
Subtotal	377	\$ 1,422,763	\$ 2,032,411	\$ 1,430,528
Outstanding ULAE (d)				23,725
Medicaid Reimbursement - Aug 31, 2021 through June 30, 2024 (e)				34,000
Total Reserve Excluding Risk Margin				\$ 1,488,253
Risk Margin (f)				\$ 78,580
Total Reserve Including Risk Margin				\$ 1,566,833

Notes:

(a) See Appendix A.

(b) See Appendix B, Sheet 1.

(c) See Appendix F, Sheet 2.

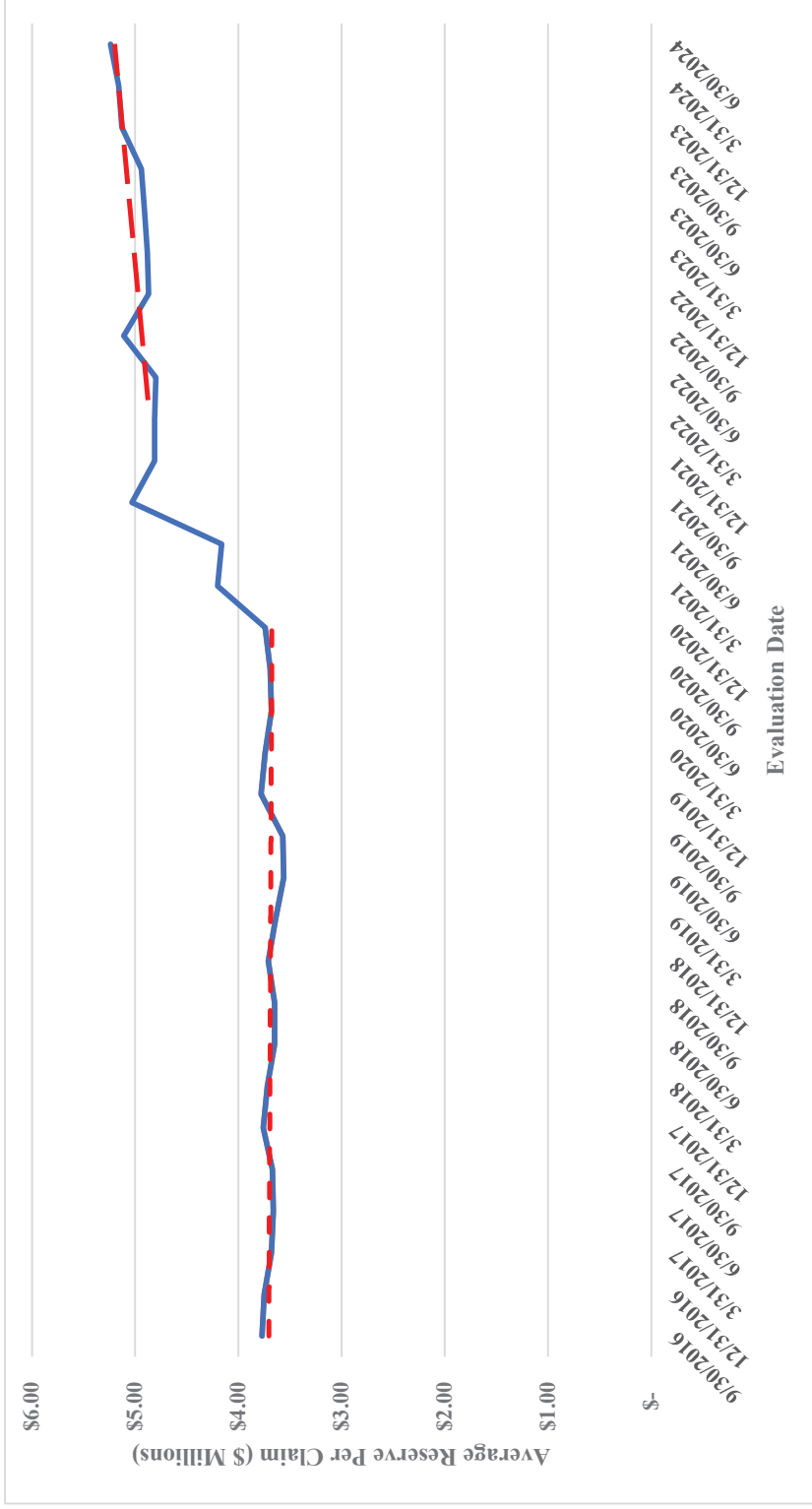
(d) See Appendix E.

(e) Assumes one million dollars a month, starting August 31, 2021.

(f) See Appendix I.

NICA

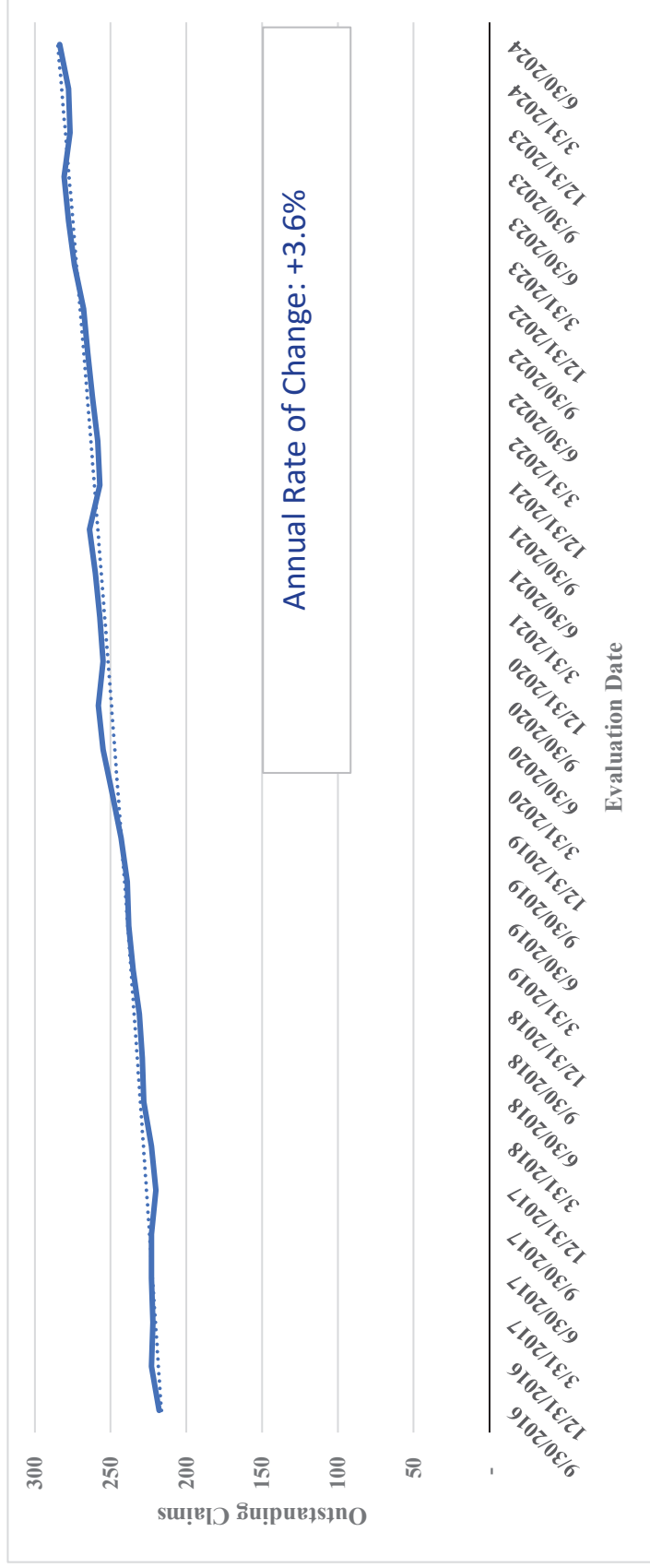
SUMMARY OF AVERAGE RESERVE PER AAA CLAIM



Note: Based on , Row (10). AAA claims relate to accepted, living claimants.

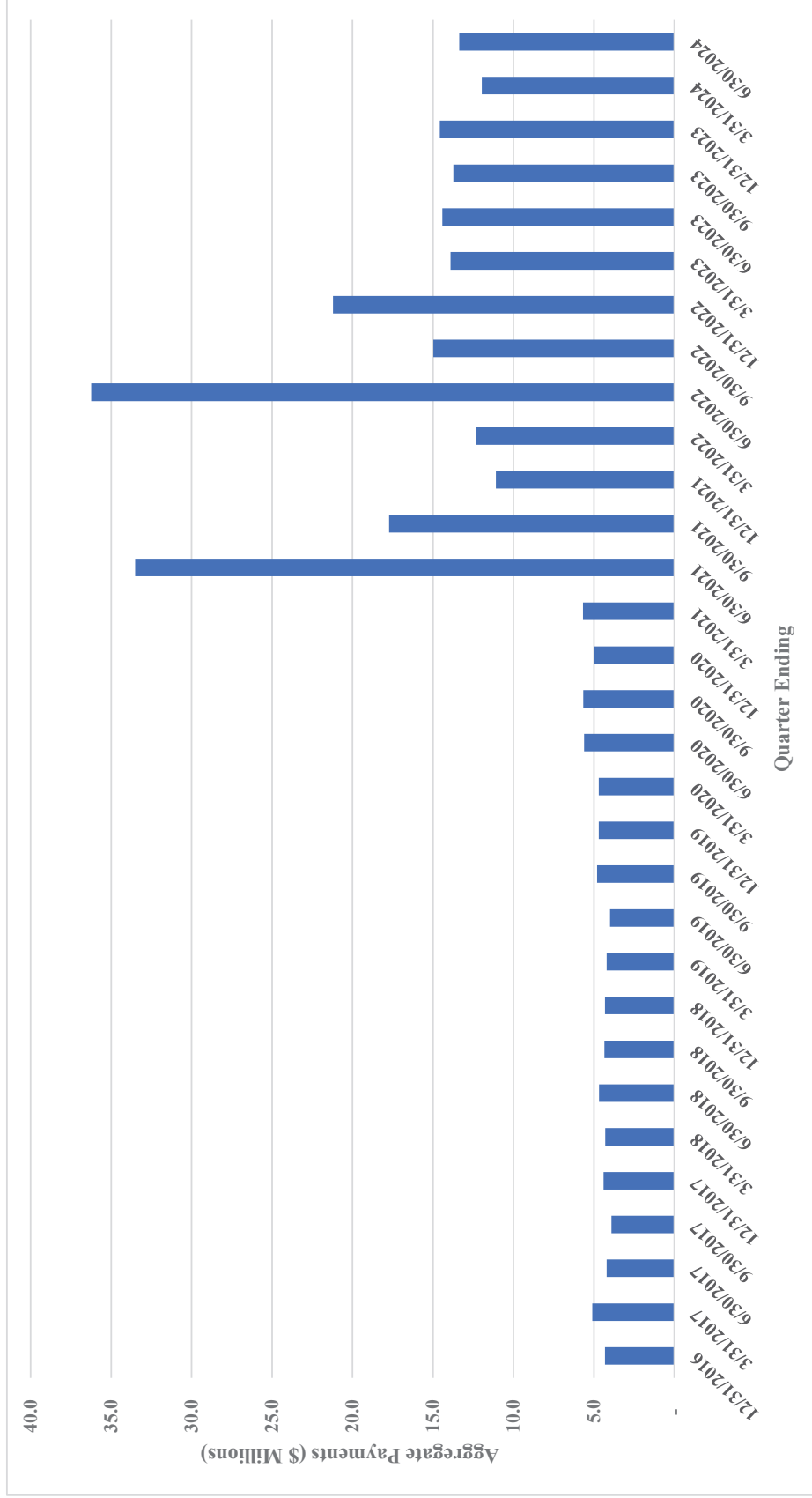
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NUMBER OF OUTSTANDING AAA CLAIMS



Note: Based on , Row (8). AAA claims relate to accepted, living claimants.

NICA
 PAYMENTS BY QUARTER FOR ALL CLAIMS



Note: Based on , Row (12).

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017
(1) Reserve for Future Benefits (a)	\$ 810.3	\$ 826.2	\$ 806.6	\$ 805.7	\$ 806.4	\$ 814.4
(2) ULAE Reserves (a)	11.1	11.1	11.1	11.1	12.7	12.8
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-
(4) Total Reserves	\$ 821.4	\$ 837.3	\$ 817.7	\$ 816.8	\$ 819.1	\$ 827.1
(5) - Change in Quarter		15.9	(19.6)	(0.9)	2.4	8.0
(6) Number of Open Accepted Claims - AAA Claims (b)	187	193	189	190	191	191
(7) Number IBNR Claims Excluding DA (a)	31	30	33	33	32	29
(8) Total Outstanding AAA Claims	218	223	222	223	223	220
(9) - Change in Quarter		5.0	(1.0)	1.0	-	(3.0)
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.77	\$ 3.75	\$ 3.68	\$ 3.66	\$ 3.67	\$ 3.76
(11) Inception to Date Claim Payments (a)	\$ 200.9	\$ 205.2	\$ 210.3	\$ 214.5	\$ 218.4	\$ 222.8
(12) - Change in Quarter		4.3	5.1	4.2	3.9	4.4
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,022.3	\$ 1,042.5	\$ 1,028.0	\$ 1,031.3	\$ 1,037.5	\$ 1,049.9
(14) Claims Incurred in Quarter [(5) + (12)]		20.2	(14.5)	3.3	6.3	12.4
(15) Average Number of Open Claims		190	191	190	191	191
(16) Average Paid Per Open Claim	\$	0.023	\$ 0.027	\$ 0.022	\$ 0.020	\$ 0.023

Notes:

(a) Exhibit 1 for 12-31-2022 and subsequent; Turner Section I, Exhibit I for prior evaluations.

(b) Appendix F for 12-31-2022 and subsequent; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019
(1) Reserve for Future Benefits (a)	\$ 816.5	\$ 819.7	\$ 823.1	\$ 843.3	\$ 841.4	\$ 836.0
(2) ULAE Reserves (a)	12.8	12.7	12.6	13.2	13.2	12.2
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-
(4) Total Reserves	\$ 829.3	\$ 832.4	\$ 835.7	\$ 856.5	\$ 854.6	\$ 848.2
(5) - Change in Quarter	2.1	3.1	3.3	20.8	(1.9)	(6.4)
(6) Number of Open Accepted Claims - AAA Claims (b)	193	198	198	200	203	206
(7) Number IBNR Claims Excluding DA (a)	30	30	31	31	32	32
(8) Total Outstanding AAA Claims	223	228	229	231	235	238
(9) - Change in Quarter	3.0	5.0	1.0	2.0	4.0	3.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.72	\$ 3.65	\$ 3.65	\$ 3.71	\$ 3.64	\$ 3.56
(11) Inception to Date Claim Payments (a)	\$ 227.1	\$ 231.8	\$ 236.1	\$ 240.4	\$ 244.6	\$ 248.6
(12) - Change in Quarter	4.3	4.7	4.3	4.3	4.2	4.0
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,056.4	\$ 1,064.2	\$ 1,071.8	\$ 1,096.9	\$ 1,099.2	\$ 1,096.8
(14) Claims Incurred in Quarter [(5) + (12)]	6.4	7.8	7.6	25.1	2.3	(2.4)
(15) Average Number of Open Claims	192	196	198	199	202	205
(16) Average Paid Per Open Claim	\$ 0.022	\$ 0.024	\$ 0.022	\$ 0.022	\$ 0.021	\$ 0.020

Notes:

(a) Exhibit 1 for 12-31-2022 and subsequent; Turner Section I, Exhibit I for prior evaluations.

(b) Appendix F for 12-31-2022 and subsequent; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
(1) Reserve for Future Benefits (a)	\$ 840.1	\$ 903.8	\$ 917.1	\$ 924.7	\$ 938.6	\$ 937.6
(2) ULAE Reserves (a)	12.1	14.4	14.4	14.3	14.2	14.9
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-
(4) Total Reserves	\$ 852.2	\$ 918.1	\$ 931.5	\$ 939.0	\$ 952.8	\$ 952.5
(5) - Change in Quarter	4.0	65.9	13.4	7.5	13.8	(0.3)
(6) Number of Open Accepted Claims - AAA Claims (b)	208	215	222	227	229	226
(7) Number IBNR Claims Excluding DA (a)	31	28	27	28	29	29
(8) Total Outstanding AAA Claims	239	243	249	255	258	255
(9) - Change in Quarter	1.0	4.0	6.0	6.0	3.0	(3.0)
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.57	\$ 3.78	\$ 3.74	\$ 3.68	\$ 3.69	\$ 3.74
(11) Inception to Date Claim Payments (a)	\$ 253.4	\$ 258.1	\$ 262.8	\$ 268.4	\$ 274.1	\$ 279.0
(12) - Change in Quarter	4.8	4.7	4.7	5.6	5.7	5.0
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,105.6	\$ 1,176.2	\$ 1,194.3	\$ 1,207.4	\$ 1,226.9	\$ 1,231.6
(14) Claims Incurred in Quarter [(5) + (12)]	8.8	70.6	18.1	13.1	19.5	4.7
(15) Average Number of Open Claims	207	212	219	225	228	228
(16) Average Paid Per Open Claim	\$ 0.023	\$ 0.022	\$ 0.021	\$ 0.025	\$ 0.025	\$ 0.022

Notes:

(a) Exhibit 1 for 12-31-2022 and subsequent; Turner Section I, Exhibit I for prior evaluations.

(b) Appendix F for 12-31-2022 and subsequent; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022
(1) Reserve for Future Benefits (a)	\$ 1,064.6	\$ 1,066.2	\$ 1,311.9	\$ 1,214.8	\$ 1,223.6	\$ 1,238.4	\$ 1,321.0
(2) ULAE Reserves (a)	15.0	14.9	14.8	20.2	20.2	20.2	20.2
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	14.0
(4) Total Reserves	\$ 1,079.6	\$ 1,081.1	\$ 1,326.7	\$ 1,235.0	\$ 1,243.8	\$ 1,258.6	\$ 1,355.1
(5) - Change in Quarter	127.1	1.5	245.6	(91.7)	8.8	14.8	96.5
(6) Number of Open Accepted Claims - AAA Claims (b)	228	233	235	230	232	233	238
(7) Number IBNR Claims Excluding DA (a)	29	27	29	27	27	29	27
(8) Total Outstanding AAA Claims	257	260	264	257	259	262	265
(9) - Change in Quarter	2.0	3.0	4.0	(7.0)	1.5	3.5	3.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 4.20	\$ 4.16	\$ 5.03	\$ 4.81	\$ 4.81	\$ 4.80	\$ 5.11
(11) Inception to Date Claim Payments (a)	\$ 284.7	\$ 318.2	\$ 335.9	\$ 347.0	\$ 359.3	\$ 395.5	\$ 410.5
(12) - Change in Quarter	5.7	33.5	17.7	11.1	12.3	36.2	15.0
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,364.3	\$ 1,399.3	\$ 1,662.6	\$ 1,582.0	\$ 1,603.1	\$ 1,654.2	\$ 1,765.6
(14) Claims Incurred in Quarter [(5) + (12)]	132.7	35.0	263.3	(80.6)	21.1	51.0	111.5
(15) Average Number of Open Claims	227	231	234	233	231	233	236
(16) Average Paid Per Open Claim	\$ 0.025	\$ 0.145	\$ 0.076	\$ 0.048	\$ 0.053	\$ 0.156	\$ 0.063

Notes:

- (a) Exhibit 1 for 12-31-2022 and subsequent; Turner Section I, Exhibit I for prior evaluations.
(b) Appendix F for 12-31-2022 and subsequent; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
(1) Reserve for Future Benefits (a)	\$ 1,266.6	\$ 1,295.4	\$ 1,318.9	\$ 1,339.0	\$ 1,368.9	\$ 1,379.6	\$ 1,430.5
(2) ULAE Reserves (a)	20.8	21.3	21.7	22.1	22.6	22.9	23.7
(3) Estimated Reimbursement due to Medicaid (a)	16.0	19.0	22.0	25.0	28.0	31.0	34.0
(4) Total Reserves	\$ 1,303.4	\$ 1,335.7	\$ 1,362.6	\$ 1,386.1	\$ 1,419.5	\$ 1,433.5	\$ 1,488.3
(5) - Change in Quarter	(51.7)	32.3	27.0	23.5	33.4	14.0	54.8
(6) Number of Open Accepted Claims - AAA Claims (b)	241	247	251	254	250	251	257
(7) Number IBNR Claims Excluding DA (a)	27	27	27	27	27	27	27
(8) Total Outstanding AAA Claims	268	274	278	281	277	278	284
(9) - Change in Quarter	2.8	6.0	4.0	3.0	(4.0)	1.0	6.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 4.87	\$ 4.88	\$ 4.91	\$ 4.94	\$ 5.13	\$ 5.16	\$ 5.24
(11) Inception to Date Claim Payments (a)	\$ 431.7	\$ 445.6	\$ 460.0	\$ 473.8	\$ 488.4	\$ 500.3	\$ 513.7
(12) - Change in Quarter	21.2	13.9	14.4	13.7	14.6	12.0	13.4
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,735.1	\$ 1,781.3	\$ 1,822.7	\$ 1,859.9	\$ 1,907.9	\$ 1,933.8	\$ 2,001.9
(14) Claims Incurred in Quarter [(5) + (12)]	(30.5)	46.2	41.4	37.2	48.0	25.9	68.2
(15) Average Number of Open Claims	240	244	249	253	252	251	254
(16) Average Paid Per Open Claim	\$ 0.088	\$ 0.057	\$ 0.058	\$ 0.054	\$ 0.058	\$ 0.048	\$ 0.053

Notes:

(a) Exhibit 1 for 12-31-2022 and subsequent; Turner Section I, Exhibit I for prior evaluations.

(b) Appendix F for 12-31-2022 and subsequent; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA

SUMMARY OF RESERVES AS OF JUNE 30, 2024 - CURRENT DOLLARS

Birth Year	Paid Loss and ALAE (a)	Incurred Loss and ALAE (a)	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Reserves (b)	Selected Total Outstanding Loss & ALAE (c)
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 19,535,456.01	\$ 39,297,585.84	\$ 19,762,129.83	\$ -	\$ 19,762,129.83
1990	9,686,743.03	23,284,612.24	13,597,869.21	83,473.79	13,681,343.00
1991	13,998,677.40	31,199,950.99	17,201,273.59	143,950.79	17,345,224.38
1992	23,109,459.63	63,406,593.09	40,297,133.46	432,987.56	40,730,121.02
1993	28,949,297.33	59,891,220.94	30,941,923.61	377,698.40	31,319,622.01
1994	11,906,477.06	33,491,603.09	21,585,126.03	-	21,585,126.03
1995	16,696,309.14	47,781,177.50	31,084,868.36	631,356.63	31,716,224.99
1996	15,592,740.03	40,891,842.39	25,299,102.36	2,543,320.93	27,842,423.29
1997	19,591,325.85	62,587,457.48	42,996,131.63	1,444,297.24	44,440,428.87
1998	32,983,104.39	90,371,512.74	57,388,408.35	3,877,518.43	61,265,926.78
1999	17,702,188.61	28,052,329.42	10,350,140.81	2,440,113.82	12,790,254.63
2000	10,301,820.17	22,708,743.26	12,406,923.09	1,578,161.79	13,985,084.88
2001	13,367,930.74	32,247,583.80	18,879,653.06	1,883,560.30	20,763,213.36
2002	29,969,145.89	88,558,120.17	58,588,974.28	9,539,045.76	68,128,020.04
2003	9,661,057.41	23,779,256.56	14,118,199.15	2,714,709.04	16,832,908.19
2004	12,182,137.12	55,852,284.96	43,670,147.84	3,941,572.12	47,611,719.96
2005	15,420,961.13	43,321,143.44	27,900,182.31	4,455,374.23	32,355,556.54
2006	19,475,463.67	80,444,222.91	60,968,759.24	8,772,397.16	69,741,156.40
2007	18,574,353.57	40,110,029.34	21,535,675.77	7,766,518.31	29,302,194.08
2008	14,472,223.75	63,853,120.22	49,380,896.47	10,412,982.06	59,793,878.53
2009	17,653,447.41	63,421,061.62	45,767,614.21	11,007,035.13	56,774,649.34
2010	7,663,135.36	37,806,297.93	30,143,162.57	4,118,314.84	34,261,477.41
2011	12,339,313.41	59,523,658.54	47,184,345.13	13,201,525.17	60,385,870.30
2012	8,273,854.50	50,432,762.80	42,158,908.30	7,062,765.51	49,221,673.81
2013	11,662,455.18	41,343,775.15	29,681,319.97	11,298,841.86	40,980,161.83
2014	13,582,854.26	45,885,548.13	32,302,693.87	16,734,475.63	49,037,169.50
2015	16,158,730.85	102,844,649.99	86,685,919.14	18,889,210.69	105,575,129.83
2016	6,754,384.64	56,033,062.65	49,278,678.01	9,893,613.13	59,172,291.14
2017	12,810,369.52	87,847,517.44	75,037,147.92	20,244,623.93	95,281,771.85
2018	18,596,021.02	136,991,976.28	118,395,955.26	28,283,065.46	146,679,020.72
2019	10,127,873.93	71,042,874.87	60,915,000.94	42,902,329.17	103,817,330.11
2020	8,298,423.72	63,674,950.33	55,376,526.61	33,521,154.29	88,897,680.90
2021	9,030,894.08	49,684,811.86	40,653,917.78	49,040,021.65	89,693,939.43
2022	6,390,207.64	83,470,235.94	77,080,028.30	107,841,807.56	184,921,835.86
2023	1,161,849.02	15,310,399.25	14,148,550.23	112,174,553.63	126,323,103.86
2024	-	-	-	60,395,000.00	60,395,000.00
Total	\$ 513,680,686.47	\$ 1,936,443,973.16	\$ 1,422,763,286.69	\$ 609,647,376.02	\$ 2,032,410,662.71

Notes: (a) Provided by NICA.
(b) [(6) - (4)]
(c) Nominal reserves from Exhibit 1 split by birth year.

NICA

SUMMARY OF RESERVES AS OF JUNE 30, 2024 - DISCOUNTED & INFLATED

Birth Year	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Loss & ALAE	Total Outstanding Loss & ALAE (b)	Inflation and Present Value Factor (c)
(1)	(7)	(8) = (9) - (7)	(9)	(10)
1989	\$ 14,797,619.12	\$ -	\$ 14,797,619.12	0.7488
1990	11,066,237.27	67,932.76	11,134,170.03	0.8138
1991	13,362,817.19	111,828.23	13,474,645.42	0.7769
1992	30,210,163.48	324,604.36	30,534,767.83	0.7497
1993	22,860,120.10	279,046.35	23,139,166.45	0.7388
1994	15,270,036.00	-	15,270,036.00	0.7074
1995	23,094,365.26	469,063.61	23,563,428.87	0.7429
1996	19,131,804.66	1,923,321.96	21,055,126.62	0.7562
1997	31,009,454.69	1,041,648.82	32,051,103.51	0.7212
1998	42,969,207.89	2,903,267.41	45,872,475.30	0.7487
1999	8,173,731.10	1,927,010.91	10,100,742.01	0.7897
2000	9,340,773.28	1,188,147.25	10,528,920.52	0.7529
2001	15,200,551.99	1,516,508.61	16,717,060.60	0.8051
2002	43,219,150.12	7,036,638.82	50,255,788.94	0.7377
2003	10,748,291.36	2,066,728.44	12,815,019.81	0.7613
2004	30,198,872.13	2,725,684.21	32,924,556.34	0.6915
2005	19,863,366.75	3,171,976.85	23,035,343.59	0.7119
2006	43,723,161.58	6,291,040.58	50,014,202.17	0.7171
2007	16,882,504.05	6,088,421.76	22,970,925.81	0.7839
2008	34,857,001.18	7,350,318.73	42,207,319.90	0.7059
2009	32,416,759.26	7,796,176.71	40,212,935.97	0.7083
2010	19,490,580.73	2,662,903.99	22,153,484.72	0.6466
2011	32,196,164.06	9,008,040.04	41,204,204.10	0.6823
2012	29,175,185.45	4,887,638.27	34,062,823.72	0.6920
2013	21,490,810.62	8,180,945.82	29,671,756.44	0.7241
2014	23,334,365.57	12,088,415.09	35,422,780.66	0.7224
2015	61,485,845.82	13,398,013.28	74,883,859.10	0.7093
2016	33,612,665.40	6,748,369.09	40,361,034.49	0.6821
2017	51,187,694.26	13,810,168.02	64,997,862.27	0.6822
2018	79,559,275.14	19,005,549.48	98,564,824.63	0.6720
2019	42,845,379.04	30,175,925.90	73,021,304.94	0.7034
2020	36,416,444.62	22,044,019.98	58,460,464.59	0.6576
2021	28,246,318.62	34,072,978.75	62,319,297.37	0.6948
2022	52,147,039.74	72,958,341.46	125,105,381.20	0.6765
2023	9,666,977.37	76,643,108.57	86,310,085.94	0.6832
2024	-	41,313,000.00	41,313,000.00	0.6840
Total	\$ 1,009,250,734.89	\$ 421,276,784.10	\$ 1,430,527,518.99	

(11) Estimated Outstanding ULAE (d)	\$ 23,725,345.81
(12) Estimated Medicaid Reimbursement Expenses (e)	\$ 34,000,000.00
(13) Total Outstanding Loss & LAE (f)	\$ 1,488,252,864.79

Notes: (a) [(10) x Exh 5, Sheet 1, Col (4)]. (d) See Appendix E.
 (b) Reserves from Exhibit 1 by birth year. (e) See Exhibit 1.
 (c) [(9) ÷ Exh 5, Sheet 1, Col (6)]. (f) [Col (9), Total + (11) + (12)].

NICA

ULTIMATE CLAIM SEVERITY PER AA CLAIM - CURRENT DOLLARS
(in thousands)

Birth Year	Paid Loss and ALAE (a)	Outstanding Loss and ALAE		Ultimate Loss and ALAE		Ultimate Claim Counts AA Claims (c)	Ultimate Claim Severity (d)	
		Current Dollars (a)	Inflated & Discounted (b)	Current Dollars	Inflated & Discounted		Current Dollars	Inflated & Discounted
(1)	(2)	(3)	(4)	(5) = [(2)+(3)]	(6) = [(2)+(4)]	(7)	(8) = [(5)/(7)]	(9) = [(6)/(7)]
2015	\$ 16,159	\$ 105,575	\$ 74,884	\$ 121,734	\$ 91,043	14	\$ 8,695	\$ 6,503
2016	6,754	59,172	40,361	65,927	47,115	7	9,418	6,731
2017	12,810	95,282	64,998	108,092	77,808	13	8,315	5,985
2018	18,596	146,679	98,565	165,275	117,161	18	9,106	6,455
2019	10,128	103,817	73,021	113,945	83,149	14	8,197	5,982
2020	8,298	88,898	58,460	97,196	66,759	11	9,084	6,239
2021	9,031	89,694	62,319	98,725	71,350	12	8,474	6,124
2022	6,390	184,922	125,105	191,312	131,496	20	9,494	6,526
2023	1,162	126,323	86,310	127,485	87,472	14	9,272	6,362
2024	-	60,395	41,313	60,395	41,313	6	9,364	6,405
Total	\$ 89,329	\$ 1,060,757	\$ 725,337	\$ 1,150,086	\$ 814,666	129	\$ 8,933	\$ 6,328

Notes: (a) Exhibit 5, Sheet 1.
(b) Exhibit 5, Sheet 2.
(c) Appendix C, Sheet 1.

NICA

SUMMARY OF RESERVES AS OF JUNE 30, 2024

LOSS AND LAE RESERVES FOR THRESHOLD CALCULATION (\$000'S)

A: Determination of Liabilities For Threshold Calculation

(1) Total Reserve Excluding Risk Margin (a)	\$	1,488,253
(2) AAA IBNR Reserves (b)		167,319
(3) DA IBNR Reserves (b)		3,198
(4) Subtotal	\$	170,517
(5) Present Value Loss and LAE Reserves on Filed Claims [(1)-(4)]	\$	1,317,736

B: Assets For Threshold Calculation

(6) Invested Assets (c)	\$	1,387,175
(7) Cash (c)		1,167
(8) Income on Invested Funds (d)		68,634
(9) Future Assessments Health Care Providers (d)		36,000
(10) Subtotal	\$	1,492,975
(11) Assets for Threshold Calculation [(100% x (10))]	\$	1,492,975

C: Threshold Test

(12) Assets Excess of Threshold [(11) - (5)]	\$	175,240
(13) Pass/Fail		Pass

Notes:

- (a) See Exhibit 1.
- (b) See Exhibit 1.
- (c) Provided by NICA.
- (d) Exhibit 6, Sheet 2.

NICA

THRESHOLD CALCULATION AS OF JUNE 30, 2024 (\$000'S)

1. Funds Available Within The Next 12 Months	
a. Income on Invested Funds (See 2 Below)	\$ 68,634
b. Future Assessments Health Care Providers (a)	36,000
c. Total = (1a.)+(1b.)	\$ 104,634
2. Return On Invested Assets	
a. Investment at Current Market Value (a)	\$ 1,387,175
b. Estimated Assessments in next 12 Months (a)	36,000
c. Estimated Expenditures next 12 Months	(65,000)
d. Subtotal	1,358,175
e. Average Invested Assets = (2a. + 2d.) ÷ 2	1,372,675
f. Expected Prospective Return (%)	5%
g. Expected Prospective Return (\$) = (e.) x (f.)	68,634

Notes:

(a) Provided by NICA.

NICA

ANALYSIS OF RESERVES AS OF JUNE 30, 2024

SELECTED RESERVES FOR AAA CLAIMS WITH RESERVE WORKSHEETS
(\$000'S)

Item (1)	Number of Claims (2)	Case Reserve (3)	Projected Reserve	
			Nominal (4)	Inflated and Discounted (5)
Scenario 1 (a)				
Reserve	238	\$ 1,335,348	\$ 1,340,093	\$ 966,958
Supplement for Expected Development	-	-	-	-
Total	238	\$ 1,335,348	\$ 1,340,093	\$ 966,958
Scenario 2 (a)				
Reserve	238	\$ 1,335,348	\$ 1,340,093	\$ 966,958
Supplement for Expected Development	-	-	256,356	162,755
Total	238	\$ 1,335,348	\$ 1,596,449	\$ 1,129,713
Selected (b)				
Reserve	238	\$ 1,335,348	\$ 1,340,093	\$ 966,958
Supplement for Expected Development	-	-	256,356	162,755
Total	238	\$ 1,335,348	\$ 1,596,449	\$ 1,129,713

Notes:

(a) Projected reserves are based on Case Reserve Method.

(b) Based on Scenario 2.

NICA

ANALYSIS OF RESERVES AS OF JUNE 30, 2024

SELECTED RESERVES FOR AA PIPELINE AND IBNR CLAIMS AND DA IBNR CLAIMS
(\$000'S)

Birth Year	Number of Claims (a)	Projected Reserve	
		Nominal (b)	Inflated and Discounted (c)
(1)	(2)	(3)	(4)
AA Pipeline Claims			
2017	-	\$ -	\$ -
2018	-	-	-
2019	2.0	18,410	12,510
2020	1.0	9,205	6,255
2021	2.0	18,410	12,510
2022	11.0	101,257	68,804
2023	3.0	27,616	18,765
<u>2024</u>	-	-	-
Total	19.0	\$ 174,898	\$ 118,844
AA IBNR Claims			
2017	-	\$ -	\$ -
2018	0.2	1,381	938
2019	0.9	8,285	5,629
2020	1.7	15,649	10,633
2021	2.7	24,394	16,576
2022	5.2	47,407	32,213
2023	9.8	89,751	60,986
<u>2024</u>	6.5	59,374	40,344
Total	26.8	\$ 246,241	\$ 167,319
DA IBNR Claims			
2017	-	\$ -	\$ -
2018	-	-	-
2019	0.0	9	9
2020	0.4	130	123
2021	0.8	306	291
2022	1.8	650	617
2023	3.4	1,253	1,189
<u>2024</u>	2.8	1,021	969
Total	9.1	\$ 3,369	\$ 3,198

Notes:

- (a) See Appendix C, Sheet 1 for IBNR counts and Appendix F, Sheet 2 for pipeline counts
 (b) [(2) x Projected Reserve Per Claim in Appendix B, Sheet 2].

NICA
ANALYSIS OF RESERVES AS OF JUNE 30, 2024

PROJECTED RESERVE FOR IBNR OR PIPELINE CLAIMS
(\$000'S)

	Nominal			Inflated and Discounted		
	Parental Award	Death Benefit	Other Benefits	Parental Award	Death Benefit	Other Benefits
(1)		(2)	(3)	(5)	(6)	(7)
	(4)					(8)
AAA Claims (a)						
\$	281	Included in (3) \$	8,924 \$	253	Included in (7) \$	6,002 \$
						6,255
DA Claims (b)						
\$	281	\$	40 \$	262	\$	40 \$
		50 \$			50 \$	
			371 \$			352

Notes:
(a) Projected based on Life Expectancy at Birth: 45. (See bottom chart of Appendix D, Sheet 5 of the 12-31-2023 report.)
(b) Based on a review of historical payments.

NICA
ANALYSIS OF IBNR CLAIMS

SELECTED ULTIMATE CLAIM COUNTS

Birth Year	DA Claims			AA Claims		
	Reported Count (a)	IBNR (b)	Ultimate Count (c)	Reported Count (a)	IBNR (d)	Ultimate Count (e)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2012	4	0.0	4	7	0.0	7
2013	3	0.0	3	8	0.0	8
2014	3	0.0	3	10	0.0	10
2015	6	0.0	6	14	0.0	14
2016	4	0.0	4	7	0.0	7
2017	2	0.0	2	13	0.0	13
2018	10	0.0	10	18	0.2	18
2019	4	0.0	4	13	0.9	14
2020	5	0.4	5	9	1.7	11
2021	12	0.8	13	9	2.7	12
2022	8	1.8	10	15	5.2	20
2023	2	3.4	5	4	9.8	14
2024	0	2.8	3	0	6.5	6
Total	63	9	72	127	27	154

- Notes: (a) Based on data provided by NICA.
 (b) Based on Sheet 2a.
 (c) [(2) + (3)]
 (d) Based on Sheet 3a.
 (e) [(5) + (6)]

NICA
ANALYSIS OF IBNR CLAIMS
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	1	2	1
2018-2	1	-	-	-	-	1	1	1	2	2	2	2
2018-3	-	-	-	1	1	1	1	1	1	1	1	2
2018-4	-	-	2	3	4	4	4	4	4	4	4	4
2019-1	-	-	-	-	-	1	1	1	1	1	3	2
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	1	1	1	1	1	1	1
2019-4	-	-	-	1	-	-	-	-	-	1	1	1
2020-1	-	-	-	-	-	-	1	1	1	1	1	1
2020-2	-	-	-	1	1	1	1	1	1	2	2	2
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	1	1	1	1	1	1	2	2
2021-1	-	-	1	1	1	1	1	1	1	1	2	2
2021-2	-	1	2	3	3	3	3	3	3	3	3	3
2021-3	-	-	-	-	-	-	1	2	2	2	2	2
2021-4	-	-	-	1	1	2	5	5	5	5	5	5
2022-1	-	-	-	1	1	2	2	2	2	4	-	-
2022-2	-	-	1	1	1	1	1	1	1	-	-	-
2022-3	-	-	-	-	-	-	1	1	-	-	-	-
2022-4	-	-	-	-	1	2	2	-	-	-	-	-
2023-1	-	-	1	1	1	1	-	-	-	-	-	-
2023-2	-	-	1	1	1	-	-	-	-	-	-	-
2023-3	-	-	-	-	-	-	-	-	-	-	-	-
2023-4	-	-	-	-	-	-	-	-	-	-	-	-
2024-1	-	-	-	-	-	-	-	-	-	-	-	-
2024-2	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	1	1	(1)	-
2018-2	(1)	-	-	-	1	-	-	1	-	-	-	-
2018-3	-	-	1	-	-	-	-	-	-	-	1	-
2018-4	-	2	1	1	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	1	-	-	-	-	2	(1)	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	1	-	-	-	-	-	-	-
2019-4	-	-	1	(1)	-	-	-	-	1	-	-	-
2020-1	-	-	-	-	-	1	-	-	-	-	-	-
2020-2	-	-	1	-	-	-	-	-	1	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	1	-	-	-	-	-	1	-	-
2021-1	-	1	-	-	-	-	-	-	-	1	-	-
2021-2	1	1	1	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	1	1	-	-	-	-	-
2021-4	-	-	1	-	1	3	-	-	-	-	-	-
2022-1	-	-	1	-	1	-	-	-	2	-	-	-
2022-2	-	1	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	1	-	-	-	-	-	-
2022-4	-	-	-	1	1	-	-	-	-	-	-	-
2023-1	-	1	-	-	-	-	-	-	-	-	-	-
2023-2	-	1	-	-	-	-	-	-	-	-	-	-
2023-3	-	-	-	-	-	-	-	-	-	-	-	-
2023-4	-	-	-	-	-	-	-	-	-	-	-	-
2024-1	-	-	-	-	-	-	-	-	-	-	-	-
2024-2	-	-	-	-	-	-	-	-	-	-	-	-
Avg All	0.000	0.269	0.280	0.083	0.261	0.273	0.048	0.050	0.263	0.278	-0.059	0.000
Avg Latest 2	0.000	0.000	0.000	0.000	0.500	0.500	0.000	0.000	1.000	0.000	0.000	0.000
Avg Latest 3	0.000	0.333	0.000	0.333	0.333	0.333	0.000	0.000	0.667	0.000	0.000	0.000
Avg Latest 5	0.000	0.400	0.000	0.200	0.400	0.800	0.200	0.000	0.400	0.400	0.000	0.000

Prior Selected

Selected Incremental	0.200	0.200	0.175	0.150	0.100	0.100	0.075	0.075	0.075	0.050	0.050	0.050
Cumulative	1.475	1.275	1.075	0.900	0.750	0.650	0.550	0.475	0.400	0.325	0.275	0.225

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	39	42	45	48	51	54	57	60	63	66	69	72
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	1	1	1	1	1	1	1	1	1	1	1	1
2018-2	2	2	2	2	2	2	2	2	2	2	2	2
2018-3	2	2	2	2	2	2	2	2	4	2	2	2
2018-4	4	4	4	4	4	4	4	5	5	5	5	
2019-1	2	2	2	2	2	2	2	2	2	2		
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	1	1	1	1	1	1	1	1				
2019-4	1	1	1	1	1	1	1					
2020-1	1	1	1	1	1	1						
2020-2	2	2	2	2	2							
2020-3	-	-	-	-	-							
2020-4	2	2	2									
2021-1	2	2										
2021-2	3											
2021-3												
2021-4												
2022-1												
2022-2												
2022-3												
2022-4												
2023-1												
2023-2												
2023-3												
2023-4												
2024-1												
2024-2												

Birth Year	Link Ratios											
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	-	-	-	-	-	-	-	2	(2)	-	-	-
2018-4	-	-	-	-	-	-	1	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-
2019-4	-	-	-	-	-	-	-	-	-	-	-	-
2020-1	-	-	-	-	-	-	-	-	-	-	-	-
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	-	-	-	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	-	-	-	-	-	-	-	-	-
2022-1	-	-	-	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
2023-2	-	-	-	-	-	-	-	-	-	-	-	-
2023-3	-	-	-	-	-	-	-	-	-	-	-	-
2023-4	-	-	-	-	-	-	-	-	-	-	-	-
2024-1	-	-	-	-	-	-	-	-	-	-	-	-
2024-2	-	-	-	-	-	-	-	-	-	-	-	-
Avg All	0.000	0.000	0.000	0.000	0.000	0.000	0.111	0.250	-0.286	0.000	0.000	0.000
Avg Latest 2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Avg Latest 3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-0.667	0.000	0.000	0.000
Avg Latest 5	0.000	0.000	0.000	0.000	0.000	0.000	0.200	0.400	-0.400	0.000	0.000	0.000
Prior Selected												
Selected Incremental	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.000	0.000	0.000	0.000	0.000
Cumulative	0.175	0.150	0.125	0.100	0.075	0.050	0.025	0.000	0.000	0.000	0.000	0.000

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2017-3	-	-	1	-	1	2	2	2	3	4	6	6
2017-4	-	-	-	-	1	1	1	2	3	2	2	2
2018-1	-	1	1	2	3	3	3	4	7	6	6	6
2018-2	-	1	1	1	2	3	3	3	6	5	5	5
2018-3	-	1	1	1	1	2	2	2	3	3	4	4
2018-4	-	-	-	-	2	2	2	2	2	2	2	2
2019-1	-	-	-	2	4	4	4	4	5	6	5	5
2019-2	-	1	-	-	-	2	1	1	1	2	1	1
2019-3	-	1	1	2	2	2	2	3	3	3	3	3
2019-4	-	-	-	-	1	1	1	2	2	2	2	2
2020-1	-	-	-	-	1	1	2	2	2	2	2	2
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	3	4	4	4	5	4	4	4
2020-4	-	-	3	3	2	2	2	2	2	2	2	2
2021-1	-	-	-	-	-	1	1	2	3	3	2	2
2021-2	-	-	-	-	-	-	-	1	1	1	1	1
2021-3	-	-	-	-	-	1	1	3	2	2	2	2
2021-4	-	-	-	1	2	2	2	3	3	3	3	3
2022-1	-	-	1	-	1	2	3	3	3	3	-	-
2022-2	-	-	-	1	2	3	2	4	6	-	-	-
2022-3	-	1	2	2	6	5	4	4	-	-	-	-
2022-4	-	-	-	1	1	1	2	-	-	-	-	-
2023-1	-	-	1	1	1	1	-	-	-	-	-	-
2023-2	-	-	-	-	-	-	-	-	-	-	-	-
2023-3	-	-	-	2	-	-	-	-	-	-	-	-
2023-4	-	-	1	-	-	-	-	-	-	-	-	-
2024-1	-	-	-	-	-	-	-	-	-	-	-	-
2024-2	-	-	-	-	-	-	-	-	-	-	-	-
Avg All	0.222	0.269	0.280	0.792	0.391	0.000	0.524	0.650	-0.053	0.000	0.000	0.000
Avg Latest 2	0.000	0.500	1.000	0.000	0.000	0.000	1.000	1.000	0.000	0.000	0.000	0.500
Avg Latest 3	0.000	0.333	0.667	0.000	-0.333	-0.333	0.667	0.667	0.000	0.000	0.000	0.333
Avg Latest 5	0.000	0.400	0.600	1.000	0.200	0.000	1.000	0.200	0.000	-0.200	0.000	0.200
Prior Selected												
Selected Incremental	0.250	0.250	0.250	0.300	0.300	0.300	0.300	0.300	0.150	0.150	0.100	0.100
Cumulative	3.350	3.100	2.850	2.600	2.300	2.000	1.700	1.400	1.100	0.950	0.800	0.700

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	39	42	45	48	51	54	57	60	63	66	69	72
2017-3	6	7	7	7	7	6	6	6	6	5	5	5
2017-4	2	2	2	2	2	2	2	2	3	3	3	3
2018-1	5	5	4	4	5	5	5	5	5	5	5	5
2018-2	5	5	5	5	5	5	5	5	5	5	5	5
2018-3	3	4	4	4	5	6	6	6	6	6	6	6
2018-4	2	2	2	2	2	2	2	2	2	2	2	2
2019-1	5	5	5	5	5	5	5	5	5	5	5	5
2019-2	1	1	1	1	2	2	3	3	3	3	3	3
2019-3	3	3	3	3	3	3	3	3	3	3	3	3
2019-4	2	2	2	2	2	2	2	2	2	2	2	2
2020-1	3	2	2	2	2	2	2	2	2	2	2	2
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	4	4	5	5	5	5	5	5	5	5	5	5
2020-4	2	2	2	2	2	2	2	2	2	2	2	2
2021-1	2	2	2	2	2	2	2	2	2	2	2	2
2021-2	2	2	2	2	2	2	2	2	2	2	2	2
2021-3												
2021-4												
2022-1												
2022-2												
2022-3												
2022-4												
2023-1												
2023-2												
2023-3												
2023-4												
2024-1												
2024-2												
Avg All	0.067	0.000	0.000	0.250	0.000	0.100	0.000	0.125	-0.143	0.000	0.000	0.000
Avg Latest 2	0.000	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Avg Latest 3	0.000	0.333	0.000	0.000	0.000	0.333	0.000	0.000	0.000	0.000	0.000	0.000
Avg Latest 5	-0.200	0.200	0.000	0.200	0.000	0.200	0.000	0.000	0.000	0.000	0.000	0.000
Prior Selected												
Selected Incremental	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Cumulative	0.600	0.550	0.500	0.450	0.400	0.350	0.300	0.250	0.200	0.150	0.100	0.050

Notes: Counts provided by NICA.

NICA
REVIEW OF LIFE EXPECTANCY

Not applicable for interim analyses.

Included in year-end analyses only when life expectancies are refreshed.

NICA
ANALYSIS OF RESERVES AS OF JUNE 30, 2024

ANALYSIS OF UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE) RESERVE
(\$000'S)

Evaluation Date	Total Reserves excluding ULAE Expense (a)	ULAE Reserve (b)	Ratio of ULAE Reserve to Total Reserve excl. ULAE (c)
(1)	(2)	(3)	(4)
6/30/2020	\$ 924,652	\$ 14,310	1.55%
9/30/2020	938,594	14,209	1.51%
12/31/2020	937,583	14,948	1.59%
3/31/2021	1,064,600	15,000	1.41%
6/30/2021	1,066,200	14,900	1.40%
9/30/2021	1,311,888	14,766	1.13%
12/31/2021	1,214,800	20,200	1.66%
3/31/2022	1,223,639	20,200	1.65%
6/30/2022	1,238,437	20,200	1.63%
9/30/2022	1,334,973	20,162	1.51%
12/31/2022	1,282,621	20,779	1.62%
3/31/2023	1,314,386	21,293	1.62%
6/30/2023	1,340,919	21,723	1.62%
9/30/2023	1,364,024	22,097	1.62%
12/31/2023	1,396,883	22,630	1.62%
3/31/2024	1,410,622	22,852	1.62%
(5) Selected (d)			1.62%
(6) Total Loss Reserve Excluding ULAE as of 6/30/2024 (e)		\$	1,464,528
(7) Indicated ULAE Reserve (f)		\$	23,725

Notes:

(a) Prior reserve analyses; See Exhibit 4; Exclude ULAE Reserves.

(b) Prior reserve analyses; See Exhibit 4, Row (2).

(c) = (3) ÷ (2)

(d) Selected based on selection in prior analyses; the ratio is consistent with the ratio of the average paid ULAE estimates for fiscal years 2023 and 2024 [$\$910k = (\$898k + \$923k)/2$] to calendar year 2023 payments. Paid ULAE to Benefit Payments = $\$910k/\$56,636k = 1.61\%$.

(e) See Exhibit 1; Excludes ULAE Reserves and Risk Margin.

(f) = (5) x (6)

NICA

LOSS AND COUNT SUMMARY BY BIRTH YEAR AS OF JUNE 30, 2024 CURRENT DOLLARS (\$000'S)

Birth Year	Paid Loss and ALAE	Reported Loss and ALAE	Case Outstanding Loss & ALAE	Open Accepted Claim Counts		
				AAA	AAD	DA
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1989	\$ 19,535	\$ 39,298	\$ 19,762	3	-	-
1990	9,687	23,285	13,598	3	-	-
1991	13,999	31,200	17,201	4	-	-
1992	23,109	63,407	40,297	8	-	-
1993	28,949	59,891	30,942	6	-	-
1994	11,906	33,492	21,585	3	-	-
1995	16,696	47,781	31,085	5	-	-
1996	15,593	40,892	25,299	6	-	-
1997	19,591	62,587	42,996	8	-	-
1998	32,983	90,372	57,388	11	-	-
1999	17,702	28,052	10,350	3	-	-
2000	10,302	22,709	12,407	3	-	-
2001	13,368	32,248	18,880	3	1	-
2002	29,969	88,558	58,589	12	-	-
2003	9,661	23,779	14,118	3	-	-
2004	12,182	55,852	43,670	5	-	-
2005	15,421	43,321	27,900	5	-	-
2006	19,475	80,444	60,969	9	-	-
2007	18,574	40,110	21,536	6	-	-
2008	14,472	63,853	49,381	9	-	-
2009	17,653	63,421	45,768	10	-	-
2010	7,663	37,806	30,143	5	-	-
2011	12,339	59,524	47,184	10	-	-
2012	8,274	50,433	42,159	7	-	-
2013	11,662	41,344	29,681	6	-	-
2014	13,583	45,886	32,303	8	-	-
2015	16,159	102,845	86,686	14	-	-
2016	6,754	56,033	49,279	7	-	-
2017	12,810	87,848	75,037	12	-	-
2018	18,596	136,992	118,396	16	-	-
2019	10,128	71,043	60,915	12	-	-
2020	8,298	63,675	55,377	8	-	-
2021	9,031	49,685	40,654	8	-	-
2022	6,390	83,470	77,080	15	-	3
2023	1,162	15,310	14,149	4	-	-
2024	-	-	-	-	-	-
Total	\$ 513,681	\$ 1,936,444	\$ 1,422,763	257	1	3

Note: Data provided by NICA.

NICA

LOSS AND COUNT SUMMARY BY AS OF JUNE 30, 2024 OTHER CLAIMS

Birth Year	Case Outstanding - Current Dollars (000's)				Count of Claims with Case Reserves			
	AAA-Pipeline	AAD	DA	Denied	AAA-Pipeline	AAD	DA	Denied
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1989	\$ -	\$ 200	\$ 205	\$ -	-	1	1	-
1990	-	-	-	-	-	-	-	-
1991	-	-	-	-	-	-	-	-
1992	-	274	75	-	-	2	1	-
1993	-	-	-	-	-	-	-	-
1994	-	200	-	-	-	1	-	-
1995	-	-	200	-	-	-	1	-
1996	-	-	255	-	-	-	1	-
1997	-	-	204	-	-	-	3	-
1998	-	-	400	-	-	-	2	-
1999	-	-	445	-	-	-	2	-
2000	-	17	200	-	-	1	1	-
2001	-	4,296	220	-	-	1	2	-
2002	-	-	190	-	-	-	1	-
2003	-	-	380	-	-	-	2	-
2004	-	-	190	-	-	-	1	-
2005	-	73	-	-	-	1	-	-
2006	-	-	-	-	-	-	-	-
2007	-	138	-	-	-	2	-	-
2008	-	-	-	-	-	-	-	-
2009	-	190	-	-	-	1	-	-
2010	-	-	19	-	-	-	1	-
2011	-	-	-	-	-	-	-	-
2012	-	-	95	-	-	-	1	-
2013	-	21	-	-	-	1	-	-
2014	-	16	-	-	-	1	-	-
2015	-	-	380	10	-	-	2	2
2016	-	-	9	-	-	-	1	-
2017	-	-	-	18	-	-	-	2
2018	-	253	374	72	-	1	3	4
2019	4,739	-	109	23	2	-	1	1
2020	2,846	-	-	109	1	-	-	6
2021	10,483	-	-	64	2	-	-	5
2022	49,340	-	1,072	289	11	-	3	13
2023	8,553	-	-	171	3	-	-	8
2024	-	-	-	-	-	-	-	-
Total	\$ 75,962	\$ 5,678	\$ 5,021	\$ 755	19	13	30	41

Note: Data provided by NICA.

NICA

ANALYSIS OF RESERVES AS OF JUNE 30, 2024
RESERVES BY BIRTH YEAR FOR AAA CLAIMS WITH WORKSHEETS ONLY
INFLATED AND DISCOUNTED (\$000'S)

Birth Year	Nursing Care	Medical	All Other	Total	Family Care
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 11,595	\$ 183	\$ 2,615	\$ 14,393	\$ -
1990	9,363	75	1,696	11,134	-
1991	10,619	220	2,635	13,475	-
1992	24,302	528	5,356	30,186	-
1993	18,919	235	3,985	23,139	-
1994	11,534	210	3,326	15,070	-
1995	17,224	1,612	4,528	23,363	-
1996	15,933	360	4,507	20,800	-
1997	25,670	260	5,917	31,848	-
1998	36,982	1,068	7,423	45,472	789
1999	8,045	103	1,508	9,656	-
2000	8,041	118	2,152	10,312	-
2001	9,486	201	2,514	12,202	-
2002	40,043	516	9,507	50,066	3,793
2003	10,202	123	2,110	12,435	2,284
2004	25,848	1,792	5,094	32,735	2,906
2005	18,639	640	3,684	22,962	2,417
2006	39,273	1,523	9,219	50,014	7,086
2007	19,009	287	3,537	22,833	3,617
2008	34,033	512	7,662	42,207	5,387
2009	33,040	479	6,504	40,023	7,505
2010	16,845	602	4,687	22,134	4,075
2011	33,649	535	7,020	41,204	6,752
2012	26,974	465	6,529	33,968	5,757
2013	24,592	314	4,744	29,650	4,546
2014	28,675	556	6,176	35,407	4,929
2015	54,966	765	18,762	74,493	11,526
2016	33,112	501	6,739	40,352	5,987
2017	50,289	870	13,821	64,980	12,410
2018	79,795	1,361	15,771	96,928	15,543
2019	40,915	651	13,176	54,742	8,440
2020	31,556	356	9,429	41,341	6,125
2021	27,733	296	4,850	32,879	5,700
2022	17,734	500	3,878	22,111	5,763
2023	4,418	131	651	5,199	1,282
2024	-	-	-	-	-
Total	\$ 899,053	\$ 18,948	\$ 211,712	\$ 1,129,713	\$ 134,620
2002-2024	\$ 691,340	\$ 13,775	\$ 163,549	\$ 868,664	\$ 133,831

Notes: Based on Case Reserve Method.

NICA

ANALYSIS OF RESERVES AS OF JUNE 30, 2024
RESERVES BY BENEFIT TYPE FOR AAA CLAIMS WITH WORKSHEETS ONLY
INFLATED AND DISCOUNTED (\$000'S)

Benefit Type	Reserves
1) Family Care	\$ 134,620
2) Nursing Care By Others	532,378
3) Nursing Care By Parents	232,055
4) Medical	18,948
5) Psychotherapeutic	2,352
6) Equipment & Supplies	41,819
7) Therapy	18,146
8) Insurance Premium	69,326
9) Miscellaneous Other	4,947
10) Travel & Transport	12,741
11) Vehicle Related Costs	45,210
12) Housing Remaining	10,532
13) Parental Awards Remaining	3,083
14) Death Benefit	3,556
Total	\$ 1,129,713
Subtotals:	
15) Nursing Care Total (a)	\$ 899,053
16) Medical Total (b)	18,948
17) Other Total (c)	198,096
18) Retrospective Remaining (d)	13,615
Total	\$ 1,129,713

Notes:

(a) = [(1) + (2) + (3)]

(b) = [(4)]

(c) = [Sum [(5) through (11), (14)]

(d) = [(12) + (13)]

NICA

SUMMARY OF HISTORICAL INFLATION AND INVESTMENT RETURNS

Year	CPI All Items % Change (a)	Actual Investment Return (b)	Investment Return Less CPI (4) = (3) - (2)
(1)	(2)	(3)	(4)
1991	3.1%	5.9%	2.8%
1992	2.9%	3.3%	0.4%
1993	2.7%	3.1%	0.4%
1994	2.7%	3.6%	0.9%
1995	2.5%	7.0%	4.4%
1996	3.3%	5.8%	2.5%
1997	1.7%	6.1%	4.4%
1998	1.6%	6.2%	4.6%
1999	2.7%	4.5%	1.9%
2000	3.4%	13.1%	9.7%
2001	1.6%	4.0%	2.4%
2002	2.4%	-8.5%	-10.9%
2003	1.9%	20.0%	18.1%
2004	3.3%	10.3%	7.0%
2005	3.4%	8.9%	5.5%
2006	2.5%	12.8%	10.2%
2007	4.1%	8.7%	4.6%
2008	0.1%	-27.2%	-27.3%
2009	2.7%	20.0%	17.3%
2010	1.5%	13.4%	11.9%
2011	3.0%	-0.1%	-3.1%
2012	1.7%	10.9%	9.1%
2013	1.5%	12.6%	11.1%
2014	0.8%	5.6%	4.9%
2015	0.7%	-1.8%	-2.6%
2016	2.1%	6.7%	4.6%
2017	2.1%	13.8%	11.7%
2018	1.9%	-6.7%	-8.6%
2019	2.3%	21.1%	18.9%
2020	1.4%	14.1%	12.7%
2021	7.0%	6.0%	-1.0%
2022	6.8%	-23.3%	-30.1%
2023	3.4%	12.9%	9.5%
<u>Averages (c):</u>			
2010-2023	2.6%	5.5%	2.9%
2000-2009	2.5%	5.2%	2.7%
1991-1999	2.6%	5.0%	2.5%
1991-2023	2.6%	5.3%	2.7%

Notes:

- (a) Ibbotson's 2023 SBBI Yearbook, Stocks, Bonds, Bills, and Inflation; US Bureau of Labor Statistics.
 (b) NICA Investment Recap Summary; Ratio of Sum of Interest Income and Unrealized Gain/Loss to the Market Value Beginning Balance.
 (c) Geometric average over the given time period.

NICA

SUMMARY OF RESERVES AS OF JUNE 30, 2024 CALCULATION OF RISK MARGIN

1. Risk: Time Lived Varying from Remaining Loss Expectancy (RLE)		
a. Number of Outstanding AA Claims	257	Exhibit 1, Col (2): AAA-Worksheet and Pipeline
b. Assumed Average CV of RLE	0.5	Based on AAA-Worksheet Claims
c. CV of Aggregate RLE	3%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	1,771,347	Exhibit 1, Column (4)
e. Variance	3,052,208,671	= [(c.) x (d.)]^2
2. Risk: Cost of IBNR AA Claims		
a. Expected Number of Claims	26.75	Exhibit 1, Col (2): AAA IBNR
b. Variance of Number of Claims	26.75	Assumes Poisson Distribution
c. CV Claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	27%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	246,241	Exhibit 1, Col (4): AAA IBNR+AAA Pipeline
f. Variance	4,533,430,286	= [(d.) x (e.)]^2
3. Risk: Cost of Outstanding for Other Claims		
a. Number of Outstanding Other Claims	84	Exhibit 1, Col (2): AAD+DA Reported+Denied
b. Assumed Severity CV	1	Based on judgment
c. CV of Aggregate Reserve	11%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	11,454	Exhibit 1, Col (4): AAD+DA Reported+Denied
e. Variance	1,561,718	= [(c.) x (d.)]^2
4. Risk: Cost of IBNR DA Claims		
a. Expected Number of Claims	9.075	Exhibit 1
b. Variance of Number of Claims	9.075	Assumes Poisson Distribution
c. CV claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	47%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	3,198	Exhibit 1
f. Variance	2,253,929	= [(d.) x (e.)]^2
5. Risk Margin		
a. Total Variance	7,589,454,604	= 1(e.) + 2(f.) + 3(e.) + 4(f.)
b. Standard Deviation	87,117	= sqrt(a.)
c. Aggregate Reserve - Nominal	2,032,411	Exhibit 1, Col(4)
d. Aggregate Reserve - Discounted	1,430,528	Exhibit 1, Col(5)
e. Average Discount	0.70	= (d.) ÷ (c.)
f. Standard Deviation - Discounted Reserves	61,318	= (b.) x (e.)
g. Z: 90th percentile of standard normal	1.28	90th percentile of standard normal distribution
h. 90% confidence level	78,582	= (f.) x (g.)
Minimum Risk Margin	75,500	Risk Margin at June 30, 2023
Selected Risk Margin	78,580	

Agenda Item # 7 (Tab D)

**June 30, 2024 Audited Financial
Statements**

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

Financial Statements
and Other Financial Information



Florida Birth Related Neurological Injury Compensation Association

*Years ended June 30, 2024 and 2023
with Report of Independent Auditors*

Florida Birth Related Neurological Injury Compensation Association

Financial Statements
and Other Financial Information

Years ended June 30, 2024 and 2023

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Report of Independent Auditors

Board of Directors
Florida Birth Related Neurological Injury Compensation Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Florida Birth Related Neurological Injury Compensation Association (NICA), which comprise the statements of net position as of June 30, 2024 and 2023, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NICA, as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NICA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2024, NICA adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Page Two

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NICA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NICA's internal control. Accordingly, no such opinion is expressed.

Page Three

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NICA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Financial Condition

At June 30, 2024 and 2023, NICA has a deficit net position of approximately \$216.6 million and \$152.9 million, respectively. As discussed in Note 10 to the financial statements, additional funding sources as well as monitoring actions are described.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Page Four

Other Information

Management is responsible for the other financial information. The other information comprises the Schedule of General and Administrative Expenses but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated NEED DATE on our consideration of the NICA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NICA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NICA's internal control over financial reporting and compliance.

Tallahassee, Florida
NEED DATE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Our discussion and analysis of the Florida Birth-Related Neurological Injury Compensation Association's (NICA) financial performance provides an overview of the Association's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with NICA's basic financial statements, which begin on page 8. NICA was established to administer the Florida Birth-Related Neurological Injury Compensation Plan (the Plan). The Plan was established pursuant to the *Florida Birth-Related Neurological Injury Compensation Act*, Chapter 88-1, Laws of Florida, beginning January 1, 1989, and was created for the purpose of providing limited recovery, irrespective of fault, for certain birth-related neurological injuries. The Association and Plan referenced in the Florida Statutes are collectively known as NICA.

In November 2022, NICA entered into a settlement agreement in connection with the federal lawsuit captioned *U.S. ex rel. Arven v. The Florida Birth-Related Neurological Injury Compensation Association, et al.*, No. 0:19-cv-61053 (S.D. Fla.) ("Action") in which it was alleged that NICA caused the submission of false claims to Medicaid in violation of the FCA by acting as the payor of last resort. The settlement included payments of approximately \$51 million to the United States and \$1.3 million to Relator's counsel for attorneys' fees and costs. NICA and its Board acted on advice of counsel, and believe it acted appropriately and in good faith at all times and consistently held the view for more than three decades that it was not a "third party" under 42 U.S.C. § 1396a(a)(25)(A). Accordingly, NICA did not knowingly cause the submission of false claims.

While NICA steadfastly believes it would have prevailed had this dispute gone to trial, it recognized that litigation is inherently unpredictable. In weighing its options, NICA management and its Board consulted with counsel and ultimately decided that it was in the best interest of the program to not only avoid future legal expenses, but also to avoid the risk of losing the lawsuit, which could have resulted in billions of dollars in exposure and been a financially devastating outcome.

Subsequently, NICA management refined the methodology used to prepare its estimates of accumulated reported claims which included estimates of the expenses NICA would be covering, on a prospective basis that had previously been covered by Medicaid. These adjustments were reflected in the June 30, 2023 claims reserve.

As of June 30, 2024, NICA's total assets increased by \$76.1 million (or 5.75%), primarily due to increase in investments (see Table 1). Investments increased by \$74.2 million (or 5.66%) resulting primarily from investment holding gains, investment income earned, and gains realized on proceeds from securities sold which were offset by payment of claims expenses.

Total liabilities of NICA increased by \$139.9 million (or 9.46%) as of June 30, 2024, primarily due to an increase in claims reserve (see Table 1). Claims reserve increased by \$136 million (or 9.24%) primarily due to the actuarial estimates of incurred but not reported (IBNR) claims for the current birth year, revisions to the estimates of accumulated reported claims made by management and new claims reported during the year.

Table 1 – Net Position

	2024	2023
Investments	\$ 1,385,525,417	\$ 1,311,331,990
Receivable for securities sold	2,264,993	2,786,001
Investment income receivable	5,903,043	5,329,972
Property and equipment, net	2,599,628	2,757,134
Right-of-use asset (lease)	2,253,596	-
Other assets	2,835,723	3,005,253
Total assets	<u>1,401,382,400</u>	<u>1,325,210,350</u>
Claims reserves	1,608,580,000	1,472,500,000
Payable for securities purchased	6,518,680	4,605,602
Lease liability current	160,410	
Lease liability non current	2,095,399	
Other liabilities	665,547	1,014,063
Total liabilities	<u>1,618,020,036</u>	<u>1,478,119,665</u>
Net investment in capital assets	2,599,628	2,757,134
Restricted	(219,237,264)	(156,666,449)
Total net position	<u>\$ (216,637,636)</u>	<u>\$ (152,909,315)</u>

During the year, operating revenues from assessments increased by \$2.87 million (or 8.18%) primarily due to increases in physician assessments. The increase in physician assessments was due to changes in the licensing renewal process by the Florida Department of Health (DOH). DOH began requiring documentation that physicians have paid or been exempted from the NICA assessment prior to renewing their license.

Operating expenses decreased by \$30.8 million (or -13.68%) primarily due to the Medicaid settlement noted above being recognized in the prior fiscal year (see Table 2). Compared to the prior fiscal year, claims expenses increased by \$22.2 million (or 13.26%) primarily due to increases in the actuarial estimates of incurred but not reported (IBNR) claims for the current and prior birth year which were offset by lower revisions in the current year of the estimates of accumulated reported claims made by management.

NICA recorded net investment income of \$92.6 million for the year ended June 30, 2024 (see Table 2). NICA's net investment income was primarily comprised of unrealized gains of approximately \$63.5 million, interest and dividend income of approximately \$25.7 million and realized gains of \$6.6 million which were offset by investment management fees of approximately \$3.2 million.

The net effect of the operating revenues and expenses and the recognition of investment income was a decrease in net position of \$ 63.7 million (see Tables 1 and 2).

Table 2 – Changes in Net Position

	2024	2023
Hospital assessments	\$ 3,536,750	\$ 3,103,009
Physician assessments	34,408,518	31,973,987
Total operating revenues	<u>37,945,268</u>	<u>35,076,996</u>
Claims expenses	189,722,125	167,517,563
Medicaid settlement		52,669,106
Other operating expenses	4,583,107	4,919,455
Total operating expenses	<u>194,305,232</u>	<u>225,106,124</u>
Operating income (loss)	<u>(156,359,964)</u>	<u>(190,029,128)</u>
Investment income and other income	95,867,048	71,057,945
Investment fees	(3,235,405)	(3,207,395)
Total nonoperating revenues and expenses	<u>92,631,643</u>	<u>67,850,550</u>
Change in net position	<u><u>\$(63,728,321)</u></u>	<u><u>\$(122,178,578)</u></u>

Statements of Net Position

	June 30,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,166,658	\$ 165,102
Prepaid expenses and other current assets	132,315	96,651
Assets held-for-sale	-	495,247
Total current assets	1,298,973	757,000
Receivables for securities sold	2,264,993	2,786,001
Operating lease, right-of-use assets	2,253,596	-
Investment income receivable	5,903,043	5,329,972
Assessments receivable	1,536,750	2,743,500
Investments	1,385,525,417	1,311,331,990
Property and equipment, net	2,599,628	2,261,887
Total assets	\$ 1,401,382,400	\$ 1,325,210,350
Liabilities and net position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 289,146	\$ 317,967
Accrued investment fees	376,401	696,096
Operating lease liabilities	160,410	-
Total current liabilities	825,957	1,014,063
Payable for securities purchased	6,518,680	4,605,602
Operating lease liabilities, net of current portion	2,095,399	-
Claims reserves	1,608,580,000	1,472,500,000
Total liabilities	1,618,020,036	1,478,119,665
Net position:		
Net investment in capital assets	2,599,628	2,757,134
Restricted	(219,237,264)	(155,666,449)
Total net position	(216,637,636)	(152,909,315)
Total liabilities and net position	\$ 1,401,382,400	\$ 1,325,210,350

See accompanying notes.

Florida Birth Related Neurological Injury Compensation Association

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Statements of Revenues, Expenses, and Changes in Net Position

	<u>Years ended</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>
Changes in net position		
Operating revenues:		
Hospital assessments	\$ 3,536,750	\$ 3,103,009
Physicians assessments	<u>34,408,518</u>	<u>31,973,987</u>
Total operating revenues	<u>37,945,268</u>	<u>35,076,996</u>
Operating expenses:		
Claims incurred	189,722,125	167,517,563
Medicaid settlement expense	-	52,669,106
General and administrative expenses	3,685,178	3,975,969
Depreciation and amortization	<u>897,929</u>	<u>943,486</u>
Total operating expenses	<u>194,305,232</u>	<u>225,106,124</u>
Operating loss	(156,359,964)	(190,029,128)
Nonoperating revenues (expenses):		
Investment income	95,867,048	71,057,945
Investment fees	<u>(3,235,405)</u>	<u>(3,207,395)</u>
Total nonoperating revenues	<u>92,631,643</u>	<u>67,850,550</u>
Change in net position	(63,728,321)	(122,178,578)
Net position at beginning of year	<u>(152,909,315)</u>	<u>(30,730,737)</u>
Net position at end of year	<u>\$ (216,637,636)</u>	<u>\$ (152,909,315)</u>

See accompanying notes.

Statements of Cash Flows

	Years ended June 30,	
	2024	2023
Cash flows from operating activities		
Cash received from hospitals and physicians	\$ 39,152,018	\$ 34,839,480
Cash payments to claimants and vendors	(53,642,125)	(64,517,563)
Cash payments to service providers and suppliers	(1,930,730)	(2,408,289)
Cash payments to employees for service	(1,236,794)	(1,251,166)
Cash payments to employees for benefits	(579,923)	(533,332)
Cash payment for medicaid settlement	-	(52,669,106)
Net cash used in operating activities	(18,237,554)	(86,539,976)
Cash flows from financing activities		
Purchase of property and equipment	(740,422)	(1,111,106)
Net cash used in capital financing activities	(740,422)	(1,111,106)
Cash flows from investing activities		
Purchase of investments	(912,797,647)	(715,160,136)
Proceeds from sales of investments	909,284,995	782,887,768
Change in receivable from securities sold	521,008	1,354,979
Change in payable for securities purchased	1,913,079	(461,854)
Interest and dividends from investments	24,613,197	21,369,598
Investment management fees	(3,555,100)	(3,089,436)
Net cash provided by investing activities	19,979,532	86,900,919
Net increase (decrease) in cash and cash equivalents	1,001,556	(750,163)
Cash and cash equivalents at beginning of year	165,102	915,265
Cash and cash equivalents at end of year	\$ 1,166,658	\$ 165,102
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (156,359,964)	\$ (190,029,128)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	897,929	943,486
Changes in operating assets and liabilities:		
Assessments receivable	1,206,750	(216,750)
Prepaid expenses and other current assets	(35,664)	(51,760)
Non cash rent expense adjustment for ASC 842	2,213	-
Accounts payable and accrued expenses	(28,818)	(165,058)
Claims reserves	136,080,000	103,000,000
Assessments refundable	-	(20,766)
Net cash used in operating activities	\$ (18,237,554)	\$ (86,539,976)

See accompanying notes.

Notes to Financial Statements

Years ended June 30, 2024 and 2023

1. Summary of Significant Accounting Policies

Nature of the Business

The Florida Birth-Related Neurological Injury Compensation Association (the Association) was established to administer the Florida Birth-Related Neurological Injury Compensation Plan (the Plan). The Plan was established pursuant to the *Florida Birth-Related Neurological Injury Compensation Act*, Chapter 88-1, Laws of Florida, beginning January 1, 1989, and was created for the purpose of providing limited recovery, irrespective of fault, for certain birth-related neurological injuries. The Association and Plan referenced in the Florida Statutes are collectively known as NICA.

Initial funding for NICA was provided by hospital and physician assessments and a transfer of \$20 million from the Florida Department of Financial Service Insurance Regulatory Trust Fund.

If the hospital and physician assessments and the \$20 million transfer from the Insurance Regulatory Trust Fund are not sufficient to maintain NICA on an actuarially sound basis, an additional \$20 million is to be transferred from the Insurance Regulatory Trust Fund (Note 2). Also, if these funds are still not sufficient to maintain NICA on an actuarially sound basis, the Department of Financial Services, Office of Insurance Regulation may assess entities licensed in Florida to issue casualty insurance based on a rate of no greater than .25% of net direct premiums written.

In the event that management's estimate of the accumulated cost of reported claims equals current funds, plus any additional funds available within 12 months, NICA shall not accept new claims without express authority from the Legislature. However, injuries occurring 18 months or more prior to the effective date of the suspension shall not be precluded.

Reporting Entity

Activities of NICA are reported in the state of Florida financial statements with other discretely presented component units.

Basis of Accounting

NICA follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

The financial statements have been prepared in conformity with the pronouncements of the Governmental Accounting Standards Board (GASB), including GASB Statement No. 14, *The Financial Reporting Entity*, which defines NICA as a component unit of the state of Florida.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)**Basis of Presentation**

In the fiscal year ended June 30, 2024, NICA adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. This statement increases the usefulness and understandability of governments' financial statements.

Assessments

An assessment of \$250 per physician is required by *Florida Statutes* for all licensed physicians in the state of Florida, subject to certain exclusions. In addition, physicians have the option of electing to participate in NICA. Those physicians so electing are required to remit a total assessment of \$5,000. Certified nurse midwives who have paid 50% (or \$2,500) of the participating physician assessment and who are supervised by a participating physician may also participate in NICA. Additionally, each hospital licensed under Chapter 395, *Florida Statutes*, must pay NICA an assessment of \$50 per live infant delivered at the hospital during the prior calendar year, subject to certain exclusions.

Assessments are recognized at the time they are levied (annually) by NICA. The amount of physician and hospital assessments is subject to change based on the actuarial analysis of NICA. Any increase in assessment is recommended by the Board of Directors, but must be approved by the Office of Insurance Regulation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and interest bearing deposits with an original maturity of three months or less are considered cash equivalents. Investment purchases made through the Office of the Treasurer, State of Florida, are considered to be investments.

Cash consists of demand deposits with financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. NICA has not experienced any losses in such accounts.

Additionally, NICA maintains certain demand deposit accounts with qualified public depositories. Qualified public depositories of public funds are required to provide collateral each month pursuant to Chapter 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. Therefore, any amount of NICA's demand deposits in excess of FDIC protection would be fully insured or collateralized.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)**Assessments Receivable**

The management of NICA considers assessments receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

Investments

Investments in debt and equity securities and futures are stated at fair value. Fair values are based on quoted values in custodian statements and/or quoted market prices. NICA investments made through the Office of the Treasurer, State of Florida, are included in the Florida Treasury Investment Pool (SPIA), which is a pool of investments of which NICA owns a share of the pool, not the underlying securities. Pooled investment shares are reported at fair value. The Auditor General, State of Florida, performs the operational audit of the activities and investments of the Office of the Treasurer. A copy of SPIA's most recent financial statements can be found at http://www.fltreasury.org/fs_01.html. Additionally, NICA invests in structured settlement annuities for selected claimants. These annuities are considered fixed income investments and are reported at fair value based on present value of future annuity payments. *Florida Statutes* and NICA's investment policy permit NICA to enter into securities lending transactions.

The financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, and investments. All investment transactions have credit exposure to the extent that a counterparty may default on an obligation of NICA. Credit risk is a consequence of carrying investment positions. To manage credit risk, NICA focuses primarily on higher quality, fixed income securities, limits its exposure in any one investment, and monitors quality.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Property and equipment is depreciated over its estimated useful lives ranging from three to fifteen years using primarily the straight-line method. The building is depreciated over forty years using the straight-line method. NICA's policy is to capitalize asset acquisitions greater than \$500.

Claims Reserves

The liability for claims reserves is based on an actuarial determination and represents the estimated ultimate net cost of all unpaid reported and unreported claims and claim adjustment expenses. These liabilities are subject to the impact of future changes in claim severity and other factors. The unpaid claims and claim adjustment expense estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations. The ultimate settlement of claims and claim adjustment expenses may vary significantly from the actuarial estimates.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)**Net Position**

The net position of NICA is restricted to carry out the public purpose of the program as provided under the Act.

Revenue Recognition

Operating revenues consist of hospital and physicians assessments and are recognized when earned. Nonoperating revenues consist of various forms of investment income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

NICA has evaluated subsequent events through NEED DATE, the date the financial statements were available to be issued. During the period from June 30, 2024 to NEED DATE, NICA did not have any material recognizable subsequent events.

2. Appropriation - Office of Insurance Regulation

Pursuant to *Florida Statutes*, Section 766.314(5)(b), the sum of \$20 million has been deposited in the Insurance Regulatory Trust Fund. The distribution of "up to \$20 million" to NICA has been authorized in the event that the assessments collected in accordance with *Florida Statutes*, Section 766.314(4), and prior appropriations are not sufficient to maintain NICA on an actuarially sound basis. The entire \$20 million is presently deposited in the Insurance Regulatory Trust Fund and is not reported by NICA.

Notes to Financial Statements

3. Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for an asset or liability.

The following table set forth by level, within the fair value hierarchy, NICA’s assets at fair value as of June 30, 2024.

<u>Asset Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash sweep - short term investment fund	\$ -	\$ -	\$ 82,434,086	\$ 82,434,086
Equities	242,987,314	-	-	242,987,314
Fixed income securities	58,155,784	307,556,969	-	365,712,753
Preferred securities	2,070,880	-	-	2,070,880
Annuities	-	-	3,342,598	3,342,598
Futures Contracts	<u>257,252</u>	<u>-</u>	<u>-</u>	<u>257,252</u>
	<u>303,471,230</u>	<u>307,556,969</u>	<u>85,776,684</u>	<u>696,804,883</u>
Other investments:				
Pooled investment in Florida State Treasury	-	-	-	290,285
Pooled investments reported at net asset value	-	-	-	688,122,005
Foreign currency	-	-	-	308,244
Total assets at fair value	<u>\$ 303,471,230</u>	<u>\$ 307,556,969</u>	<u>\$ 85,776,684</u>	<u>\$ 1,385,525,417</u>

Notes to Financial Statements

3. Investments (continued)

The following table set forth by level, within the fair value hierarchy, NICA’s assets at fair value as of June 30, 2023.

<u>Asset Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash sweep - short term investment fund	\$ -	\$ -	\$ 12,651,112	\$ 12,651,112
Equities	279,269,511	-	-	279,269,511
Fixed income securities	54,533,922	300,374,852	-	354,908,774
Preferred securities	2,556,690	-	-	2,556,690
Annuities	-	-	8,921,510	8,921,510
Futures Contracts	<u>110,132</u>	<u>-</u>	<u>-</u>	<u>110,132</u>
	<u>336,470,255</u>	<u>300,374,852</u>	<u>21,572,622</u>	<u>658,417,729</u>
Other investments:				
Pooled investment in Florida State Treasury	-	-	-	282,300
Pooled investments reported at net asset value	-	-	-	652,342,847
Foreign currency	-	-	-	247,316
Other	-	-	-	41,798
Total assets at fair value	<u>\$ 336,470,255</u>	<u>\$ 300,374,852</u>	<u>\$ 21,572,622</u>	<u>\$ 1,311,331,990</u>

Notes to Financial Statements

3. Investments (continued)

As of June 30, 2024, investments of NICA were as follows:

Types of Investments	Fair Value	Effective Duration (in Years)
Classifiable Investments:		
Annuities	\$ 3,342,598	n/a
Asset-backed securities	10,634,634	2.47
Corporate bonds	234,550,325	10.14
Federal Home Loan Mortgage	16,551,051	4.94
Federal National Mortgage Association	21,446,404	5.02
Futures contracts	257,252	n/a
Government National Mortgage Association	2,596,673	3.60
International government bonds	4,372,375	13.10
U.S. government bonds	59,053,396	12.64
Collateralized mortgage obligations	14,807,555	3.24
Municipal bonds	1,700,340	10.39
U.S. debt	401,307,247	n/a
Pooled investment in Florida State Treasury	290,285	3.23
Equity securities	<u>532,181,196</u>	n/a
Total classifiable investments	<u>1,303,091,331</u>	
Non-classifiable investments:		
Cash sweep - short term investment fund	<u>82,434,086</u>	
Total non-classifiable investments	<u>82,434,086</u>	
Total investments	<u>\$1,385,525,417</u>	

Notes to Financial Statements

3. Investments (continued)

As of June 30, 2023, investments of NICA were as follows:

Types of Investments		Effective
Classifiable Investments:	Fair Value	Duration
		(in Years)
Annuities	\$ 8,921,510	n/a
Asset-backed securities	9,554,897	1.89
Corporate bonds	234,066,031	10.73
Federal Home Loan Mortgage	15,533,900	5.3
Federal National Mortgage Association	18,119,315	5.18
Futures contracts	110,132	n/a
Government National Mortgage Association	1,598,388	5.39
International government bonds	2,060,172	12.04
U.S. government bonds	55,436,396	11.85
Collateralized mortgage obligations	12,290,777	1.88
Municipal bonds	6,248,898	7.97
U.S. debt	454,096,301	n/a
Pooled investment in Florida State Treasury	282,300	3.02
Equity securities	<u>480,320,063</u>	n/a
Total classifiable investments	<u>1,298,639,080</u>	
 Non-classifiable investments:		
Cash sweep - short term investment fund	12,651,112	
Other	<u>41,798</u>	
Total non-classifiable investments	<u>12,692,910</u>	
	 <u>\$1,311,331,990</u>	

Investments are diversified to minimize the risk of loss resulting from over compensation of assets in a specific maturity period, a single issuer, or an individual class of securities.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. To mitigate investment risk, investing is performed in accordance with investment policies adopted by the Board of Directors complying with Section 215.47, *Florida Statutes*. State statutes provide for investment of funds in a range of instruments, including federally guaranteed obligations, other federal agency obligations, certain state bonds, commercial paper, obligations of a Florida political subdivision as permitted by law, common stock, repurchase agreements, and reverse repurchase agreements.

Notes to Financial Statements

3. Investments (continued)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, NICA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custody of NICA's investments is currently maintained in NICA's name by Bank of New York Mellon pursuant to a custodial agreement. Additional accounts are maintained in NICA's name under separate agreements with BlackRock Institutional Trust Company, N.A. and the Division of Treasury of the state of Florida. Structured settlement annuities are maintained under agreements with Talcott Resolution Life Insurance Company, which has a Baa3 rating.

Generally, investing activities are performed by investment managers hired by NICA to implement established investment policies.

NICA's asset allocation policy is as follows:

<u>Asset Class</u>	<u>Permissible Range</u>
Defensive/Rate Sensitive Allocation	42% - 58%
Growth Allocation	24% - 32%
Defensive Growth Allocation	15% - 21%
Inflation Sensitive Allocation	3% - 5%

Credit Quality Rating. Section 215.47, *Florida Statutes*, and NICA's investment policy limits investments based on ratings provided by nationally recognized statistical rating services. Investments limited by ratings are as follows:

1. Commercial paper rated in the highest rating classification by one nationally recognized rating agency.
2. Municipal securities rated in the top four highest rating by two nationally recognized rating services.
3. Registered foreign bonds denominated in U.S. dollars rated in the top four rating classifications by two nationally recognized rating services.
4. Asset-backed securities rated in the highest rating classification by one nationally recognized rating service.

Notes to Financial Statements

3. Investments (continued)

Debt Security Type	Quality Rating Moody's	Fair Value
Asset-backed	Aaa	\$ 5,051,482
Asset-backed	NR	5,603,718
Collateralized mortgage obligation	Aaa	9,390,487
Collateralized mortgage obligation	NR	5,472,513
Corporate bonds	A1	24,877,572
Corporate bonds	A2	20,324,770
Corporate bonds	A3	35,634,057
Corporate bonds	Aa1	205,054
Corporate bonds	Aa2	3,711,369
Corporate bonds	Aa3	11,069,915
Corporate bonds	Aaa	1,827,217
Corporate bonds	Ba1	7,705,682
Corporate bonds	Baa1	37,755,456
Corporate bonds	Baa2	61,151,034
Corporate bonds	Baa3	29,888,386
Corporate bonds	NR	3,145,851
Corporate bonds	WR	608,832
Federal Home Loan Mortgage	Aaa	16,610,180
Federal National Mortgage Association	Aaa	21,523,798
Futures contracts	NR	257,252
Government National Mortgage Association	Aaa	2,606,709
International Government Bonds	A2	2,677,676
International Government Bonds	Baa2	1,762,463
Municipal bonds	A3	1,094,792
Municipal bonds	Aa1	341,565
Municipal bonds	Baa2	287,819
U.S. Debt	NR	401,306,943
U.S. Government Bond	Aaa	59,690,035
		\$ 771,582,627

Concentration of Credit Risk is the risk of loss attributed to the magnitude of NICA's investment in a single issuer. NICA assets are expected to be diversified across and within asset classes. However, NICA does not specify a limit on the amount that may be invested in any one issuer.

Notes to Financial Statements

3. Investments (continued)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods are subject to increased risk of adverse interest rate changes. For reporting purposes, NICA selects effective duration to disclose the portfolio's exposure to changes in interest rates. Duration is a measure of a fixed income's cash flows using present values, weighted for cash flow as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, prepayments, and variable rate debt.

NICA is invested in collateralized mortgage obligations. These securities and obligations are based on cash flows from payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Foreign Currency Risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. NICA's investment policy permits it to invest up to 18 percent of total investments in international equities. At June 30, 2024, NICA's exposure to possible foreign currency risk by monetary unit is as follows:

<u>Investment Type</u>	<u>Currency Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Currency	Australian Dollar	n/a	\$ 902
	Brazil Real	n/a	10,422
	Canadian Dollar	n/a	3,660
	Czech Koruna	n/a	312
	Danish Krone	n/a	16,617
	Euro Currency Unit	n/a	(2,974)
	Hong Kong Dollar	n/a	13,245
	Hungarian Forint	n/a	779
	Indonesian Rupiah	n/a	1,405
	Israeli Shekel	n/a	968
	Japanese Yen	n/a	91,843
	Malaysian Ringgit	n/a	873
	Mexican Peso	n/a	18,972
	New Taiwan Dollar	n/a	43,643
	Norwegian Krone	n/a	5,803
	Philippines Peso	n/a	592
	Polish Zloty	n/a	914
	Pound Sterling	n/a	12,571
	Singapore Dollar	n/a	1,007
	South African Rand	n/a	6
South Korean Won	n/a	85,939	
Swedish Krona	n/a	528	
Swiss Franc	n/a	69	
Turkish Lira	n/a	149	

(continued)

Notes to Financial Statements

3. Investments (continued)

<u>Investment Type</u>	<u>Currency Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Common stock	Australian Dollar	n/a	5,990,432
	Brazil Real	n/a	2,794,697
	Canadian Dollar	n/a	7,059,334
	Chinese Yuan Renminbi	n/a	2,251,333
	Danish Krone	n/a	1,707,150
	Euro Currency Unit	n/a	46,719,384
	Hong Kong Dollar	n/a	13,127,756
	Hungarian Forint	n/a	755,538
	Indonesian Rupiah	n/a	340,703
	Japanese Yen	n/a	32,094,598
	Malaysian Ringgit	n/a	534,857
	Mexican Peso	n/a	2,124,067
	New Taiwan Dollar	n/a	6,794,353
	Norwegian Krone	n/a	2,131,513
	Philippines Peso	n/a	258,243
	Polish Zloty	n/a	1,142,518
	Pound Sterling	n/a	33,725,903
	Singapore Dollar	n/a	5,040,219
	South African Rand	n/a	1,928,009
	South Korean Won	n/a	5,353,868
Swedish Krona	n/a	10,485,491	
Swiss Franc	n/a	8,295,503	
Thailand Baht	n/a	416,414	
U.S. Dollar	n/a	338,730,190	
Preferred securities	Brazil Real	n/a	444,679
	Euro Currency Unit	n/a	1,626,201
			<u>\$ 532,181,198</u>

Pooled investments with the State Treasury and investments measured at net asset value are not subject to fair value hierarchy level classification under GASB Statement No. 72, *Fair Value Measurement and Application*.

Notes to Financial Statements

4. Property and Equipment

Activity within the property and equipment accounts consists of the following for the year ended June 30, 2024:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Land	\$ -	\$ -	\$ -	\$ -
Building	-	-	-	-
Building improvements	-	-	-	-
Property and equipment	215,230	99,977	-	315,207
Software	5,714,414	830,211	-	6,544,625
Software in development	<u>277,134</u>	<u>155,372</u>	-	<u>432,506</u>
	6,206,778	1,085,560	-	7,292,338
Less accumulated depreciation and amortization	<u>(3,944,891)</u>	<u>(747,819)</u>	-	<u>(4,692,710)</u>
	<u>\$ 2,261,887</u>	<u>\$ 337,741</u>	<u>\$ -</u>	<u>\$ 2,599,628</u>

Activity within the property and equipment accounts consists of the following for the year ended June 30, 2023:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Land	\$ 209,088	\$ -	\$ (209,088)	\$ -
Building	320,585	-	(320,585)	-
Building improvements	88,411	58,892	(147,303)	-
Property and equipment	286,897	5,645	(77,312)	215,230
Software	4,893,038	821,376	-	5,714,414
Software in development	<u>51,941</u>	<u>239,989</u>	<u>(14,796)</u>	<u>277,134</u>
	5,849,960	1,125,902	(769,084)	6,206,778
Less accumulated depreciation and amortization	<u>(3,260,446)</u>	<u>(943,486)</u>	<u>259,041</u>	<u>(3,944,891)</u>
	<u>\$ 2,589,514</u>	<u>\$ 182,416</u>	<u>\$ (510,043)</u>	<u>\$ 2,261,887</u>

Depreciation and amortization expense was \$897,929 and \$943,486 for the years ended June 30, 2024 and 2023, respectively.

Notes to Financial Statements

5. Assets Held-for-Sale

The previous corporate headquarters of the Association was placed for sale during the prior year and was sold on August 23, 2023. The net book value of the property was used to value the assets held-for-sale which approximates fair value. Capital assets held-for-sale are as follows:

	June 30,	
	<u>2024</u>	<u>2023</u>
Land	\$ -	\$ 209,088
Building	-	320,585
Building Improvements	-	147,303
Property and equipment	<u>-</u>	<u>1,870</u>
	-	678,846
Less accumulated depreciation	<u>-</u>	<u>(183,599)</u>
	<u><u>\$ -</u></u>	<u><u>\$ 495,247</u></u>

6. Leases

For the year ended June 30, 2024, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

NICA has entered into a lease for the use of office space. The term is 120 months beginning on the contract commencement date. As of June 30, 2024, a lease liability of \$2,255,809 was recorded. NICA is required to make monthly payments ranging from \$21,444 to \$26,050 through the term of the lease. The value of the right of use asset as of June 30, 2024, is \$2,253,596.

Total future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet as of June 30, 2024:

<u>Years Ending</u>	<u>Operating Leases</u>
2025	\$ 257,776
2026	263,234
2027	268,874
2028	274,618
2029	280,561
Thereafter	<u>1,472,314</u>
	\$ 2,817,377
Less: imputed interest	<u>\$ (561,570)</u>
	<u><u>\$ 2,255,807</u></u>

Notes to Financial Statements

7. Claims Reserves

Claims reserves are provided in amounts estimated to cover the custodial and rehabilitative costs resulting from certain birth-related neurological injuries of claimants of participating physicians and include an estimate of accumulated reported claims and claims incurred but not reported. The claim reserve is actuarially determined for birth years 1989 through June 30, 2024. The reserves utilize adjustment factors for the assumption of the annual investment return and the annual inflation rate.

Medical liability claims are volatile by nature. Although management of NICA believes that the estimate of the liability for losses and loss adjustment expenses is reasonable in the circumstances, uncertainty exists as to the ultimate amount that will be required for the payment of losses and claims. Due to the timeframe associated with the emergence of claims, the most recent two years' estimates have greater uncertainty. Accordingly, the ultimate closure of losses and the related loss adjustment expenses may vary significantly from the estimated amounts included in the accompanying financial statements.

In prior years, NICA maintained a reinsurance program which addressed both the frequency and severity of claims. Excess insurance coverage for NICA expired effective December 31, 2003. NICA has also adjusted claim reserves to provide for a risk margin in the event future contingent events and actual payments significantly exceed management's best estimate. The risk margin was approximately \$78.6 million as of June 30, 2024.

Notes to Financial Statements

7. Claims Reserves (continued)

Activity in the liability for unpaid claims and claim adjustment expenses is summarized as follows:

	June 30,	
	<u>2024</u>	<u>2023</u>
Balance at beginning of year, including risk margin	\$ 1,472,500,000	\$ 1,369,500,000
Claims incurred related to:		
Current birth year	82,626,000	68,394,000
Prior birth years	<u>13,983,747</u>	<u>(45,710,396)</u>
Total claims incurred	<u>96,609,747</u>	<u>22,683,604</u>
Claims adjusted related to prior birth years	76,029,914	121,273,427
Claims paid related to:		
Prior years	<u>(53,642,124)</u>	<u>(64,517,563)</u>
Total claims paid	<u>(53,642,124)</u>	<u>(64,517,563)</u>
Change in unallocated loss adjustment expense	2,002,463	1,560,532
Change in ULAE	3,080,000	-
Change in medicaid estimate	<u>12,000,000</u>	<u>22,000,000</u>
Balance at end of year	<u>\$ 1,608,580,000</u>	<u>\$ 1,472,500,000</u>

8. Retirement Plan

Effective July 1, 2003, NICA established a defined contribution retirement plan, in the form of a 401(k) plan, which covers substantially all full time employees with at least one year of service. Contributions are accrued and funded on a current basis. NICA contributed 15% of the participating employees' salaries for the fiscal years ended June 30, 2024 and 2023. The contribution was \$149,729 and \$145,390 for the years ended June 30, 2024 and 2023, respectively.

9. Commitments and Contingencies

During the ordinary course of business, NICA is involved in various litigation. The ultimate outcome of this litigation is not known. Management believes the outcome of this litigation will not have a material impact on the results of operations or net position of NICA.

Notes to Financial Statements

10. Financial Condition

During the 2021 legislative session, the Florida Legislature passed Senate Bill 1786 (SB 1786) which made substantial changes to the NICA program including explicit changes to certain benefit obligations. The changes in benefits included increases in the parental award, death benefit and housing assistance, expansion of the transportation benefit and the addition of a mental health benefit for family members of NICA participants. The actuarial estimate of the present value of these benefits are included in Claims Reserves.

In November 2022, NICA entered into a settlement agreement in connection with the federal lawsuit captioned U.S. ex rel. Arven v. The Florida Birth-Related Neurological Injury Compensation Association, et al., No. 0:19-cv-61053 (S.D. Fla.) (“Action”) in which it was alleged that NICA caused the submission of false claims to Medicaid in violation of the FCA by acting as the payor of last resort. The settlement included payments of approximately \$51 million to the United States and \$1.3 million to Relator’s counsel for attorneys’ fees and costs. NICA and its Board acted on advice of counsel, and believe it acted appropriately and in good faith at all times and consistently held the view for more than three decades that it was not a “third party” under 42 U.S.C. § 1396a(a)(25)(A). Accordingly, NICA did not knowingly cause the submission of false claims.

While NICA steadfastly believes it would have prevailed had this dispute gone to trial, it recognized that litigation is inherently unpredictable. In weighing its options, NICA management and its Board consulted with counsel and ultimately decided that it was in the best interest of the program to not only avoid future legal expenses, but also to avoid the risk of losing the lawsuit, which could have resulted in billions of dollars in exposure and been a financially devastating outcome.

Subsequently, NICA management refined the methodology used to prepare its estimates of accumulated reported claims which included the additional costs associated with SB 1786 as well as estimates of the expenses NICA would be covering, on a prospective basis that had previously been covered by Medicaid. In order to allow NICA families to continue to use their current delivery system, NICA and the Agency for Healthcare Administration agreed on a reimbursement process for payments made by Medicaid. Details of the reconciliation process related to that plan are still in progress. An estimate of reimbursements due to AHCA for the period August 31, 2021, through June 30, 2024, is included in claims reserve.

The cumulative effect of these changes, plus inflation, led to an increase in the average claim size for an open active claim from \$3.68 million at June 30, 2020, to \$5.24 million at June 30, 2024, as well as increases in the total annual claims payments from \$19.8 million to \$53.6 million. The overall claims reserve liability has increased by \$569 million during this time period due to the changes noted as well as an increase in the average number of open claims 225 to 254. At the same time, annual revenues from assessments only increased by \$10.1 million from \$27.8 million to \$37.9 million.

Notes to Financial Statements

10. Financial Condition (continued)

During the fiscal year ending June 30, 2022, inflation and abrupt tightening of fiscal policy, along with disruption of energy and food supplies, led to both stock and bond market declines. As a result, NICA reported losses on investments of \$305 million. These losses have been partially offset in the current and prior fiscal years by investment income of \$166.9 million.

The combined effects of the increases in claims reserve liabilities and investment losses resulted in a deficit ending equity at June 30, 2024 of (\$216.6) million.

The impact of adverse investment activity and increased claims liabilities is mitigated by the following:

Recognizing the challenges faced by NICA, in 2024, the Florida Legislature passed House Bill 989 which requires NICA to submit a report on September 1, 2024, with the following elements:

- Recommendations for defining actuarial soundness for the association, including options for phase-in, if appropriate.
- Recommendations for timing of reporting actuarial soundness and to whom it should be reported.
- Recommendations for ensuring a revenue level to maintain actuarial soundness, including options for phase-in, if appropriate.

Additional mitigating factors:

- As disclosed in Note 2, *Florida Statutes*, Section 766.314(5)(b) provides for a distribution of “up to \$20 million” from the Insurance Regulatory Trust Fund in order to maintain NICA on an actuarially sound basis.
- The Office of Insurance Regulation may assess certain entities licensed in Florida to issue casualty insurance based on a rate no greater than .25% of net direct premiums written.
- The Office of Insurance Regulation may increase the assessments on hospitals and physicians on a proportional basis as needed.
- NICA’s claims payments are made over many decades into the future.

Notes to Financial Statements

10. Financial Condition (continued)

- Section 766.314(9)(c), *Florida Statutes*, outlines a minimum funding level that NICA must meet to continue accepting claims. This threshold calculation compares funds on hand and funds that are expected to become available within the next 12 months to the present value of all filed claims. At June 30, 2024, NICA exceeded this minimum funding level by approximately \$175.2 million.
- NICA, with the assistance of its outside investment consultants, completes an asset allocation review and study approximately every two years. Revisions to the investment policy are made as necessary to satisfy the primary goal of earning sufficient investment return to ensure payment of all current and future liabilities. Actual investment results are monitored closely by NICA, its outside consultants and the Board of Directors.
- NICA's claims reserve liability includes a risk margin reserve of \$78.5 million and \$75.5 million at June 30, 2024 and 2023, respectively.
- NICA continues to monitor its actuarial position and investment structure closely.

Other Reports

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Florida Birth-Related Neurological Injury Compensation Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Birth-Related Neurological Injury Compensation Association (NICA), which comprise the statement of financial position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year ended, and the related notes to the financial statements and have issued our report thereon dated NEED DATE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NICA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NICA's internal control. Accordingly, we do not express an opinion on the effectiveness of NICA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Page Two

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NICA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tallahassee, Florida
NEED DATE

Other Financial Information

Florida Birth-Related Neurological Injury Compensation Association

DRAFT
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purposes only.
Not for outside distribution.

Schedule of General and Administrative Expenses
Budget to Actual

Year ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Accounting services	\$ 86,000	\$ 85,118	\$ 882
Bank charges	4,100	4,109	(9)
Dues and subscriptions	4,470	4,272	198
Insurance	400,000	380,060	19,940
Legal - general attorney fees and expenses	300,000	276,436	23,564
Legal - other expenses	20,000	1,396	18,604
Miscellaneous	800	170	630
Office supplies	8,850	5,585	3,265
Outreach	12,950	-	12,950
Payroll taxes	107,992	95,727	12,265
Postage	71,000	86,979	(15,979)
Printing services	46,025	55,525	(9,500)
Professional fees	1,050,000	1,021,261	28,739
Repairs and maintenance	135,000	108,955	26,045
Rent	225,000	142,180	82,820
Retirement	161,378	149,729	11,649
Salaries	1,398,604	1,236,973	161,631
Taxes and licenses	1,604	409	1,195
Telephone	21,700	17,188	4,512
Training and education	3,000	224	2,776
Travel	6,000	1,835	4,165
Utilities	14,500	11,047	3,453
	<u>\$ 4,078,973</u>	<u>\$ 3,685,178</u>	<u>\$ 393,795</u>

See report of independent auditors.

Agenda Item # 8 (Tab E)

**Report on NICA's Actuarial
Soundness**

To Be Provided

Agenda Item # 9 (Tab F)

Benefit Handbook

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BENEFIT HANDBOOK

August 20, 2024



SUPPORTIVE SERVICES FOR
FAMILIES & PHYSICIANS

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Florida Birth-Related Neurological Injury Compensation Plan

INTRODUCTION

Welcome to the Florida Birth-Related Neurological Injury Compensation Plan (“Plan”). Better known as NICA, the Plan is intended to provide compensation, on a no-fault basis, for a limited class of catastrophic injuries that result in unusually high costs for custodial care and rehabilitation. To that end, the Plan provides a wide range of benefits.

We strongly urge every family to familiarize themselves with this Benefits Handbook, which offers clear guidance on potential benefits available under the NICA Plan. As a result of legislative changes made by the Florida Legislature in 2021, the NICA Plan offers several additional and enhanced benefits that all families should review and become familiar with.

The purpose of this Benefits Handbook is to provide simple and straightforward information about the benefits available from NICA and how families may request those benefits. However, this Benefits Handbook is a guide. Ultimately, NICA’s activities are governed by Sections 766.301-766.316, Florida Statutes, sometimes referred to as the NICA Statute. It is essential to understand that the statute – not this handbook – controls any conflict between the information in this Benefits Handbook and the law itself.

Generally, according to Florida law, NICA pays for a participant’s “medically necessary and reasonable” actual expenses, including but not limited to:

- Medical and hospital, habilitative care and training, residential or custodial care
- Professional residential and custodial care and service
- Medically necessary drugs
- Medically necessary special equipment and facilities; and related travel

(See: Section 766.31(1)(a), Florida Statutes)

Although this Handbook attempts to describe the range of benefits available to families, NICA may also pay for other medically necessary supplies, equipment, or expenses, associated with the participant’s condition and medical needs. Families should submit medically necessary expenses not otherwise addressed in this Benefits Handbook for consideration to their participant’s case manager.

One family may, or may not, be eligible for the same benefits as another family because of each participant’s particular condition, medical necessity, or other available coverage. However, NICA strives to ensure that all families are treated similarly and that all medically necessary and reasonable expenses are covered, subject to the limitations set forth in section 766.31, Florida Statutes. NICA reserves the right to ask for a Letter of Medical Necessity for any requested benefit.

Please note that while, given recent legislative changes in Florida, NICA considers itself to be primary to Medicaid and a third party for NICA-covered services, we are still working with AHCA on a plan to coordinate services to ensure seamless service delivery to our participants. Until that plan is finalized, participant families should not change how they obtain services from their providers. Once the transition plan is complete, it will be communicated to families along with any new processes. However, if a family is experiencing any issues with obtaining Medicaid services, please contact your case manager so that NICA can go ahead and transition those services to NICA funding.

CLAIMS REQUEST FOR REIMBURSEMENT OR BENEFITS

In order to request a new benefit, the parent or guardian of a NICA participant may be asked to supply one or combination of the following:

- A letter of medical necessity from the prescribing physician or appropriate qualified and licensed health care provider and/or licensed therapist
- An Explanation of Benefits (EOB) or denial of coverage from your insurance carrier
- A receipt or other proof of purchase or direction to pay the reimbursement to you or to the provider directly
- A written explanation from the parent or guardian as to why the benefit is in the best interest of the participant and how it is related to their birth injury.

Please see the individual benefit descriptions to follow that detail the documentation needed for each type of benefit. If you need assistance with what should be included in the letter of medical necessity or guidance on what is needed, please contact your Nurse Case Manager.

Please keep in mind that NICA is subject to oversight and accountability of many government agencies and institutions. As such, NICA must be able to demonstrate the accuracy and legality of all payments to families through requested documents and associated payments.

NICA will honor reimbursement requests for expenses from medical providers and pharmacies submitted within four years (in accordance Section 95.11(3)(f), Florida Statutes) of the date the expense was incurred if the request is accompanied by documentation of medical necessity and provider invoice or receipts. This time limit does not apply to expenses incurred before the participant's acceptance into the NICA program. Reimbursement will be paid in a timely fashion, and you will be notified in writing if a benefit is denied, or NICA does not have sufficient information or documentation to pay the benefit.

INITIAL PARENTAL AWARD

Beginning January 1, 2021, parents or legal guardians of a NICA participant are entitled to an award not to exceed \$250,000. Each year after 2021, the amount of the parental award for new families joining the program will increase by 3 percent annually.

NURSING CARE

Most NICA participants will need some level of professional nursing or attendant care during their lifetime. Many families opt to stay home and provide care for their participant, while other families prefer to engage professional nursing or attendant care services. Both options are available to eligible families at their discretion. The level of nursing care and amount paid for such care may vary from one family to another, as dictated by each participant's unique medical needs, and the skills of the caregiver.

In order for NICA to pay for nursing care for a participant, your case manager will send a Patient and Nursing Caregiver Form (PNCF) to a physician who provides care for the participant to complete. This form is what NICA will use to authorize the amount and type of care available. The form identifies the number of hours of care required and the level of care for those hours (i.e., CNA, LPN, or RN). NICA may periodically conduct a review with medical professionals to assess the ongoing and sometimes evolving needs of the participant over time.

If applicable, NICA may also request information from your insurance plan regarding the nursing care coverage they provide. Your Case Manager can help you with this process.

Nursing Care Provided in Home by Parent or Legal Guardian:

When professional nursing or attendant care is required, NICA may reimburse a parent or legal guardian for medically necessary and reasonable residential custodial care as documented on the PNCF. This includes any time the parent is required to be with the participant for medical appointments, therapy appointments, etc. This would be as an alternative or in addition to paying for professional nursing care or other professional attendants. It should be noted that NICA can only reimburse one caregiver at a time.

For participants born since June 7, 2002:

Reimbursement is subject to the limitations specified in Sections 766.302(10) and 766.31, Florida Statutes. These sections specify that NICA may reimburse a parent or legal guardian for up to 10 hours of family residential or custodial care that they provide directly to the participant within a 24-hour period. If more than 10 hours are authorized, other caregivers can be reimbursed for care authorized and provided in excess of 10 hours. NICA does not reimburse for any hours when the participant is in school or PPEC.

If a participant requires more than 10 hours of care and if the parent is considered a medical professional (e.g., CNA, LPN, RN), the 10-hour limit is waived. A parent can be reimbursed at their level of licensure (at the Florida Medicaid rate) for the hours of care deemed medically necessary and provided by the parent. For example, if the parent is an LPN and the PNCF authorizes 12 hours of CNA care and 12 hours of LPN care, and the parent provides all 24 hours of care, that parent would be reimbursed for 12 hours at the [CNA rate](#) and 12 hours at the [LPN rate](#).

For NICA participants born before June 7, 2002:

Reimbursement is subject to limitations specified in the Class Action Settlement Agreement and Final Judgment and Order Approving the Class Action Settlement Agreement (available at nica.com). For these families, NICA may reimburse a parent or legal guardian for up to 20 hours per day for their care directly to the participant. If other caregivers are involved in the care, the combined limit is 20 hours per day. School hours are also deducted. If a parent or guardian cares directly for the participant and is a licensed professional caregiver (e.g., Certified Nurse Assistant, Licensed Practical Nurse, or Registered Nurse), the caregiver can be paid for up to 24 hours per day. Payment rates are based on the parent or guardian's level of licensure, and the number of hours authorized by the physician.

Care while Hospitalized:

If a NICA participant is hospitalized and the parent or legal guardian must remain with them while in the hospital, NICA will reimburse the parent or legal guardian for up to 24 hours per day at their typical rate of pay, including day of admit and day of discharge. This change is effective January 1, 2021.

Professional Nursing or Attendant Care Provided in Home:

If recommended by a physician, NICA will reimburse families for medically necessary and reasonable professional nursing or attendant care provided for the participant. NICA will directly reimburse a provider agency or another qualified caregiver, as preferred by the parent or legal guardian. Parents can also be reimbursed when a third-party caregiver misses a shift and a parent must provide some of the care, subject to providing documentation to NICA of the missed shifts.

To request this benefit, a parent or legal guardian can contact their Nurse Case Manager. The Case Manager will request payment information for either the individual or nursing agency the parent wishes to care for the participant.

Nursing Care Provided Prior to NICA Program Entry:

Nursing care provided from date of discharge from the NICU up until the date of entry into the NICA program is reimbursable under the parameters above. The PNCF will be obtained upon entry into the program and applied retroactively.

Custodial Residential Care:

In the event a participant must be moved out of their home into a professional care facility, NICA will pay for the cost of the facility when no other payor is available.

MEDICAL TREATMENT

NICA will reimburse for physician visits related to care and treatment associated with the neurological birth injury, including co-pays and deductibles where applicable.

NICA will reimburse for hospital inpatient and outpatient care, including emergency care related to care and treatment associated with neurological birth injury and facilities charges.

DENTAL TREATMENT

Beginning January 1, 2022, dental services that are medically necessary and related to the birth injury are covered. The only items not covered are the cost of routine cleanings twice per year. Prior requests that have been denied within the last four years will be reconsidered on request.

PRESCRIPTION DRUGS AND PHARMACY MILEAGE

Prescription drugs and pharmacy mileage will be reimbursed with a receipt (to confirm date of medication pick-up) and copy of the medication label to confirm the Rx number, name on prescription, and the name of the medication. Effective 1/1/24, in lieu of this documentation, pharmacy mileage can be reimbursed with a copy of the participant's pharmacy history. In this case, mileage can only be reimbursed multiple times each month if each fill date is at least 10 days from the previous fill date in the pharmacy history. It should be noted that, regardless of distance, the per diem meals and incidentals stipend is not provided with the reimbursement of pharmacy mileage. This reimbursement is exclusively for drugs related to care and treatment associated with the neurological birth injury.

INSURANCE POLICIES AND PREMIUMS

NICA encourages families to carry health insurance if the participant is not otherwise covered by the family's insurance plan, a state or federal program, or another type of health plan and will reimburse the costs of coverage if requested. If you are interested in obtaining health insurance, please inquire about this benefit with your Nurse Case Manager.

Insurance Premiums

NICA will reimburse families for the participant's portion of a health insurance premium starting from the date when the request is made in writing to NICA. For participants entering the program on or after January 1, 2022, NICA will reimburse families the participant's portion of the insurance premium from the date of birth of the participant.

NICA requires a copy of the coverage document and premium that identifies the participant's portion of the premium to pay for this expense. If documentation does not specifically identify the participant's portion, NICA reserves the right to calculate how much of the premium it will reimburse on a pro-rata basis.

THERAPY

NICA will reimburse families for therapies performed by a licensed therapist which are determined to be medically necessary and reasonable by a physician.

Some of the therapies covered include:

- Physical Therapy
- Occupational Therapy
- Speech Therapy
- Aqua Therapy
- Intensive Therapy
- Music Therapy
- Equine therapy
- Massage Therapy
- Behavioral Therapy
- Vision Therapy

Annual therapy camp programs will be covered up to \$2000. Therapy camp may be covered over \$2000 if it meets the standards of an intensive therapy. Your Nurse Case Manager will evaluate the plan of care for the therapy camp program to determine if the therapy camp can be covered.

Additional therapies may also be eligible for coverage. Inquire with your Nurse Case Manager if a medical provider recommends a therapy not listed above.

NICA may consult periodically with appropriate medical professionals regarding the medical necessity for continuing various therapies.

To request therapy for the participant, NICA requires a plan of care written by the therapist and signed by the participant's physician, as well as information showing that the therapy was denied by all other payers, such as insurance, prepaid plans, HMO, or governmental assistance that may be available. If therapy is partially covered by an insurance plan or other entity, NICA will pay the copay or patient responsibility portion.

MENTAL HEALTH SERVICES

NICA believes in promoting the well-being of our participants and their families. Beginning June 21, 2021, NICA will provide immediate family members (or legal guardians who reside with the participant) with a total annual benefit of up to \$10,000 to obtain mental health services from providers licensed under Chapter 490 and Chapter 491 Florida Statute (or similar statutes in other states). Providers under these Chapters include psychologists, marriage and family therapists, mental health counselors, and social workers. Mental health services provided by psychiatrists licensed under Chapter 458 Florida Statute (or similar statutes in other states) will also qualify for reimbursement. NICA will also pay for any co-payments or deductibles. In the event a participant passes away, families can receive the remainder of that calendar year's funds for mental health services (up to \$10,000), plus an additional two years of funds (up to \$20,000) for mental health services until the amount is exhausted.

For reimbursement, NICA must be provided with documentation that the provider is licensed in their home state to provide such services, an explanation of benefits (if applicable), proof of payment, and the dates of service.

Recommendations outside of the therapy made to family members by mental health providers (e.g., prescription medication, massage therapy, yoga, etc.) are not reimbursable under this benefit.

EQUIPMENT

NICA will purchase or reimburse actual expenses for medically necessary equipment that is requested for a participant's care. Because the equipment needed by NICA participants varies widely, a list of equipment that has been covered to date can be found in Appendix A.

To order or reimburse for equipment that is less than \$3,000, NICA will require a written statement from the parent or legal guardian of the participant as to why the equipment is medically necessary (if not clearly related to the injury), 3 quotes (the item being purchased, and two comparative quotes) will be needed for items exceeding \$1000, and an insurance denial if the item is potentially covered by the participant's insurance plan.

To order or reimburse for equipment that is more than \$3,000 NICA will require a letter of medical necessity OR a prescription, 3 quotes (the item being purchased, and two comparative quotes), and an insurance denial if the item is potentially covered by the participant's insurance plan. In some cases, (such as a stander or a wheelchair) NICA will also need the order specifications if buying directly from a vendor.

There are specific pieces of equipment where NICA has a relationship with a vendor for a specialized type or brand of equipment and would like to order the equipment requested from these vendors directly. You can find a list of this equipment in Appendix A with a "*" beside the equipment name. In these cases, the documentation needed in the categories above would still apply.

Beginning 1/1/23, for those pieces of equipment that NICA purchases or reimburses for the participant, repairs, extended warranties, and protective accessories can also be reimbursed.

*NICA Nurse Case Managers can be contacted if there is an uncertainty about whether the equipment item requested may or may not need an insurance denial.

Electricity Stipend

Effective October 15, 2021, upon request, NICA may pay families a monthly stipend to offset the additional electricity costs associated with the use of medically necessary equipment related to the participant's neurological injury. The monthly stipend amount for 2021 is \$100 and is indexed to the [U.S. Bureau of Labor Statistics cost per Kilowatt hour](#) for the South Atlantic region. The stipend will be adjusted each January 1st to reflect the percentage change in Kilowatt hour from November of the prior year (i.e. the annual change from the most recent November rate to the November rate prior to that). To qualify for the stipend families will need to fall under one of two categories.

Category 1:

Participant has additional electricity costs associated with the use of one of the following: an electric bed, oxygen concentrator, or a CPAP/BIPAP.

Category 2:

Participant has additional electricity costs associated with the use of a feeding pump, suction machine, and a third piece of medically necessary equipment.

Families should reach out to their Nurse Case Manager to request the stipend and inform their case manager of current necessary medical equipment being used in the home. This must be requested by the parent or guardian and can be paid starting on the 1st of the month following the participant's entry into the program.

Appendix A – Equipment

This list includes but is not limited to equipment that has been previously authorized.

Equipment items must be medically necessary for the participant.

Equipment < \$3000		Equipment >\$3000
Activity Seat/Chair		Bed
AFOs		Ceiling Lift
Air Loss Mattress		Communication Device
Baby Monitor/Video		Compression Vest
Bath Chair		Electric Wheelchair
Adaptive Car Seat		Firefly (Chairs)
Changing Tables		Freedom Concept (Bike)*
Computer (for assistive speech device)		Gait Trainer
Feeding Chair & Feeding Pump		Hospital Bed
Floor Ramps/ Thresholds		Hot Tub (\$6000 limit)
Glasses (related to birth injury)		Permanent Ramp
Hitch for Van		Portable O2 Concentrator
Hoyer Lift		Portable Pool Heater
Humidifier		Ppod Chair
Ipad (as communication device or therapy)		Scooter
Manual Transfer Wheelchair		Sleep Safe Bed*
Mega Rubber Rolls		Stander
Nebulizer & Oxygen Concentrator		Stim Designs (Galileo System)*
Portable Ramp		Stroller
Portable Generator		Tablet
Pulse Ox		Tobii Dynavox*
Replacement parts for Equipment		Walker
Stethoscope		
Suction Machine & Portable Suction		
Therapy Bench & Mat		
Toileting System		
Transfer Belt - with handles		
Urine Collection System		
*Items that NICA has a relationship with a specific vendor		

SUPPLIES

NICA will purchase or reimburse actual expenses for supplies that are requested for a participant's care. Because the supplies needed by NICA participants vary widely, a list of supplies that have been covered to date can be found in Appendix B.

To order or reimburse for supplies that are less than a onetime expense of \$3000 or a recurring expense under \$1000 monthly, NICA will require a written statement from the parent or legal guardian of the participant as to why the supply is necessary (if not clearly related to the injury) and an insurance denial if the item is potentially covered by the participant's insurance plan.

To order or reimburse for supplies that are more than a \$3,000 onetime expense or an over \$1000 monthly recurring expense, NICA will require a letter of medical necessity OR a prescription, and an insurance denial if the item is potentially covered by the participant's insurance plan.

Effective 6/1/2024, supplies purchased through a same-day-delivery service (i.e., Door Dash, UberEATS, etc.) may be reimbursable with the appropriate documentation submitted. The fees associated with the use of these delivery services (such as delivery fees, service fees, and tips) are non-reimbursable. Please note that shipping protection add-on fees associated with online purchases are also non-reimbursable.

*NICA Nurse Case Managers can be contacted if there is an uncertainty about whether the item requested may or may not need an insurance denial.

Appendix B – Supplies

This list includes but is not limited to supplies that have been previously authorized.

Adaptive Clothing
Alcohol
Baby Food
Backpack (for holding on-the-go emergency supplies)
Bibs
Booster Pads
Burp Cloth
Clorox Wipes
Diaper Rash Cream
Diapers (after age 3)
Feeding Bags - Pressure Relief System
Feeding Pump Kit
Feeding Spoons
Feeding tube cleaning supplies
Foam climbing blocks
Formula
Gauze
Gloves
G-tube accessories
Handgrips
Hippotherapy Helmet
Masks
Meal Replacement Powder
Mickey Buttons
Mouth swabs
Nasal Cannula

Oral Suction Toothbrushes
Oxygen
Pedialyte
Peroxide
Pullups
Saline
Sanitizer
Shoes for AFOs
Socks for AFOs
Specialized Feeding Cups
Suction Cathater
Suction Tray
Supplements
Syringes
Tape
Toothettes
Trach Supplies
Trachs
Trash Bags
Tubing
Underpads (with or without tape)
Urine Collection System Supplies
Emesis Bags
Washcloths
Water (for equipment or formula)
Weighted blanket
Wipes (after age 3)

Specialized Nutritional Products

For participants who are unable to eat a typical diet and require modified soft/puréed food due to a digestive system dysfunction related to the neurological injury, as of 3/1/24, beginning at age 1, NICA will reimburse pre-packaged specialized nutritional products OR provide a monthly stipend for fresh foods to be prepared into purée at home. Families choosing either option may need to provide a letter of medical necessity.

Option 1: Reimbursement for Pre-Packages Specialized Nutritional Products:

NICA will reimburse for specialized nutritional products that provide needed nutritional value and are medically necessary. Puréed baby foods, enteral formulas, and other specialized nutritional products will be reimbursable for as long as they are medically necessary. Families must submit a receipt with any reimbursement request.

Option 2: Monthly Fresh Food Stipend:

NICA encourages families to use fresh foods and beginning October 1, 2022, NICA will provide a monthly stipend for those fresh foods needed for families to process puréed food at home. The monthly stipend is based on the USDA's Thrifty Food Plan which estimates the monthly cost for a nutritious diet based on age. The monthly stipend will be based on the [November 2023 USDA Thrifty Food Plan report](#). NICA will update the monthly stipend amount for families each January 1st based on the most recent USDA Thrifty Food Plan monthly average report available.

If families opt for the monthly fresh food stipend, there will be no reimbursement for specialized nutritional products.

Blender

In addition, NICA will reimburse families whose participant requires a modified soft/puréed food diet, up to \$500 for a blender every three years. Families must submit a receipt with any reimbursement request for a blender and a letter of medical necessity may be required.

It should be noted that the age requirement associated with the reimbursement of specialized nutritional products, or the monthly Fresh Food Stipend does not apply to the purchase of a blender.

ANNUAL SPECIAL BENEFIT

NICA will reimburse families up to \$500 per calendar year for any items that are related to the participant's best interest. Examples may include adaptive toys, pool equipment, games, electronics, and other items that improve quality of life. Beginning with the 2021 benefit, any unused amounts can be rolled over indefinitely.

TRANSPORTATION AND TRAVEL

Reliable Transportation

When a participant needs a reliable mode of transportation, NICA coordinates the purchase of a reliable vehicle or an accessible van upon the parent's request. Current proof of vehicle insurance and valid driver license is required.

NICA is listed as a lienholder on the vehicle's title. However, the vehicle itself is titled in the name of the parents or legal guardians as custodians for the participant under the Florida Uniform Transfer to Minors Act.

As lienholder, NICA pays and/or reimburses the following expenses:

- Vehicle purchase price and associated acquisition costs
- License tag/registration and renewals
- Maintenance costs. Any expenses more than \$500.00 require pre-approval or they may not be reimbursed.
- Basic insurance coverage, full collision coverage, and comprehensive coverage. NICA must be listed as lienholder on the policy.
- Mileage for medical appointments or pre-approved travel will be reimbursed at twice the [GSA rate](#) for a government furnished vehicle.

NICA replaces the vehicle every seven years or 150,000 miles, whichever comes first.

Families no longer needing a vehicle should return it to NICA in good working order within 60 days.

Travel Reimbursement

NICA will reimburse expenses incurred when a NICA participant travels to and from medically necessary appointments, such as physician visits, therapy, or other medically necessary travel. NICA will reimburse mileage associated with trips to the pharmacy for prescriptions related to the participant's birth injury (see the Prescription drugs & Pharmacy Mileage section for documentation requirements), and any non-routine supply/equipment related travel (For example, if a piece of equipment is broken and needs repair, with proper documentation, mileage may be reimbursed for the travel to and from taking the equipment to be repaired). Effective 4/1/2024, with an attendance history, NICA will reimburse mileage to PPEC and to special needs school programs where the participant receives medically necessary services (please reach out to your case manager to find out if your participant's school qualifies for mileage reimbursement). It should be noted that, regardless of distance, the per diem meals and incidentals stipend is not provided with the reimbursement of PPEC Mileage.

If the participant is driven, NICA will reimburse parking fees and tolls (upon submission of receipts), as well as documented mileage at the following rates:

- When using reliable transportation:
 - Mileage for medical appointments or pre-approved travel will be reimbursed at twice the [GSA rate](#) for a government furnished vehicle.
- When using a personal vehicle:
 - Mileage for medical appointments or pre-approved travel will be reimbursed at the [GSA rate](#) for a privately owned vehicle.

To be reimbursed for mileage, NICA must have documentation of the reimbursable appointment the participant attended. Mileage reimbursement will be calculated by the participant's Nurse Case Manager using the addresses for the locations provided by the parent or legal guardian. If the parent or legal guardian wants a specific map route used for the reimbursement, they will need to provide the map used to arrive at the location to their Nurse Case Manager for reimbursement.

When a participant must travel, one-way either 30 miles or in excess of 45 minutes, from home for a medical, therapeutic, or otherwise reimbursable appointment, NICA will reimburse for meals and incidentals at the GSA day-of-travel rate (75% of the per diem) for up to two caregivers and the NICA participant, if applicable (i.e. participant can consume food orally, does not have a digestive system dysfunction which impedes the ability to consume food, and is not receiving reimbursement for pre-packaged specialized nutritional products or the monthly Fresh Food Stipend). No receipts are required. Note that the rate utilized is the rate effective in the destination city.

When the participant and one parent/guardian travel at least 50 miles from home and must stay overnight, NICA will reimburse accommodations of the actual expense up to 1.3 times GSA lodging rate (plus applicable sales taxes) for the destination city.

Meals and incidentals are also reimbursed for overnight travel in accordance with GSA policies for up to two caregivers and the NICA participant, if applicable.

Beginning January 1, 2022, if the participant is flown, NICA will reimburse airline coach travel fares for the participant and two parents/guardians and will reimburse accommodations of the actual expense up to 1.3 times GSA lodging rate. Please note this GSA rate is intended to cover all travelers.

Upon submission of receipts, NICA can reimburse medically necessary transportation expenses not otherwise mentioned above. Please contact your Nursing Case Manager if you have questions about reimbursement of other travel-related expenses.

Effective 9/1/23, when a participant is hospitalized, regardless of the hospital distance, medical mileage and per diem for up to two caregivers will be reimbursed. Mileage can only be reimbursed for one round-trip per day. For parents who choose to remain in the hospital overnight with the participant, the day-of-admission and the day-of-discharge per diem will be reimbursed at the GSA day-of-travel rate (75% of the per diem), the days in between admission and discharge will be reimbursed at the full per diem rate. If the parent does not stay overnight in the hospital with the participant, per diem will be reimbursed at the GSA day-of-travel rate (75% of the per diem) for each day the participant is hospitalized.

HOUSING ASSISTANCE

Participants are entitled to a housing assistance benefit of up to \$100,000 during their lifetime. This benefit has been utilized by families in a variety of ways including (but not limited to) accessible renovations in a current home, new home construction, mortgage or rent monthly payments, moving expenses to a more accessible dwelling, whole house generators or a down payment on a new home. Please contact your case manager with any questions and for information on the documentation needed to utilize this particular benefit.

BEREAVEMENT SUPPORT FUND

It is NICA's utmost goal to support participants and families through every chapter of life. In the event that NICA is notified of the death of a participant, families will receive \$50,000 in an effort to unburden them of the cost of services. A time of loss can be emotional and confusing, NICA desires to be a resource for healing for its families during these difficult times.

GUARDIANSHIP

When a participant turns 18, states typically require parents to become legal guardians to continue making medical decisions on their behalf. NICA will cover the costs for families to obtain guardianship of their NICA participant. Families may select their own attorney, or at request by the parent, NICA can provide a list of attorneys who specialize in guardianship. While there are no restrictions for the cost of obtaining guardianship, it is expected that the range of all costs will be \$3,000-\$7,500. NICA will also cover the costs for annual guardianship renewals.

EXPERIMENTAL PROGRAMS OR EQUIPMENT

When a parent or legal guardian requests that NICA pay for participation in an experimental program or to obtain experimental equipment, the Executive Director may approve the request based on the following criteria:

1. Overall cost associated with the program or equipment must not be excessive and must be submitted for preapproval. It may include the duration of the program; expected medical benefits; and availability of the program elsewhere in Florida if it is located outside the participant's home area.
2. A report must be received from the participant's primary care physician recommending the experimental program or equipment by detailing its medical necessity.
3. Proof must be provided that the experimental program or equipment has shown objective, observable, or demonstrable medical benefit, as well as evidence the participant has benefited or will benefit from the experimental program or equipment.
4. The Executive Director may approve the expected frequency and duration of the requested experimental program or equipment.
5. Continuation of the program or equipment may be authorized if periodic evaluation by a physician shows an objective, observable, or demonstrable medical benefit to the participant.

If the evaluation indicates consideration of other criteria, then additional information will be requested and should be submitted for review.

In an effort to provide clarity and transparency, the following will not be approved for reimbursement as they are not considered to be the standard of care for the corresponding indication:

- Bioness L300 device for the management of neuromuscular weakness related to traumatic brain injury or cerebral palsy.
- Enbrel (intrathecal injection) for the treatment of spasticity related to hypoxic-ischemic encephalopathy and cerebral palsy.
- Human Growth Hormone therapy for the treatment of cerebral palsy.
- Hyperbaric oxygen therapy for the treatment of cerebral palsy.
- Stem cell therapy for cerebral palsy management.

BENEFITS NOT SPECIFICALLY ADDRESSED

The Board has authorized the Executive Director to approve the benefits described in this Benefits Handbook. The Board recognizes, however, that there may be types of equipment or other items that may be of value to a participant and their family but are not addressed in this Benefits Handbook. If there is an item or service you feel should be covered and is not mentioned please talk to your case manager.

AUTHORIZATION TO OBTAIN SERVICES OUTSIDE YOUR INSURANCE PLAN'S COVERED AREA OR OUT OF STATE

Parents or legal guardians must notify NICA before taking a participant outside their insurance plan's covered area or outside the State of Florida for evaluation, surgery, or other medically necessary treatment. NICA must pre-authorize out-of-state treatment. NICA can expedite payment for pre-authorized equipment and services and sometimes pre-pay for them. Without preauthorization, NICA will only pay for treatment outside the insurance plan's covered area or for out-of-state treatment and travel if an emergency existed at the time of treatment.

DISAGREEMENTS AND REIMBURSEMENT DENIALS

If a disagreement arises on a claim for benefits, we invite you to discuss the issue with a Nurse Claim Supervisor. They will welcome the opportunity to work with you in hopes of resolving the disagreement. In some instances, NICA may ask for a more clearly written letter of medical necessity or additional documentation.

If a disagreement arises and the Nurse Claim Supervisor cannot resolve it, upon written request, the Executive Director may review the claim and attempt to resolve the disagreement with the parents or legal guardians.

If the Executive Director cannot resolve the disagreement and a benefit is denied, the parents or legal guardians have the right to file a petition with the Division of Administrative Hearings to dispute the amount of actual expenses reimbursed or the denial of benefits. See DOAH.fl.us for more details. Parents or legal guardians may contact the Insurance Consumer Advocate at the Florida Department of Financial Services for additional guidance on an informal basis.

The address to submit a letter or petition is:

Division of Administrative Hearings

1230 Apalachee Parkway
Tallahassee, FL 32399
Phone: (850) 488-9675
Fax: (850) 921-6847

The contact information for the Insurance Consumer Advocate is:

Office of the Insurance Consumer Advocate Florida Department of Financial Services

Office: (850) 413-5923
Fax: (850) 487-0453

DRAFT

BENEFIT HANDBOOK

August 20, 2024



**Florida Birth-Related Neurological Injury
Compensation Association**

P.O. Box 14567
Tallahassee, Florida 32317
Toll-Free 1-800-398-2129
Phone (850) 488-8191
Fax (850) 922-5369
Web NICA.com



SUPPORTIVE SERVICES FOR
FAMILIES & PHYSICIANS

Agenda Item # 9.A. (Tab G)

**Benefit Handbook-List of
Addendums Incorporated**

Addendums Incorporated:

- 1 – adds clarification that NICA reimburses for repairs for equipment that NICA has purchased and that the item will be replaced if the cost of the repair exceeds the cost of replacement. Also states that 3 quotes are needed for any equipment more than \$1,000
- 2 – clarifies that if parent / guardian is required to be present with the participant at therapy appointments, that time can be claimed on timesheets
- 3 – updated telephone number for Office of the Consumer Advocate
- 4 – updated list of experimental programs or equipment not covered to include Bioness L300
- 5 – clarified that age requirement related to the reimbursement for specialized nutrition products does not apply to the purchase of a blender
- 6 – allowed pharmacy mileage to be covered without receipts every 10 days as opposed to once per month, clarified that meals are not a covered benefit for pharmacy trips
- 7 – added trips to PPEC and special needs school programs to items that mileage can be reimbursed for, clarified that meals are not covered for these trips
- 8 – updated equipment list to increase maximum for hot tub from \$3,000 to \$6,000 and added several clarifications
- 9 – clarified that same day delivery fees and shipping protection add-ons are not covered
- 10 – lowered age to 1 to be eligible for specialized nutrition products (or the monthly food stipend)

Agenda Item # 10.A. (Tab H)

Budget to Actual – Administrative Costs

Florida Birth Related NICA
General and Administrative Expenses
For the Twelve Months Ending June 30, 2024

	YTD Actual	Approved Budget	(Over) / Under	
Expenses				
Accounting	\$ 85,118	\$ 86,000	882	
Bank charges	\$ 4,109	\$ 4,100	(9)	
Printing services	\$ 55,525	\$ 46,025	(9,500)	
Dues and subscriptions	\$ 4,272	\$ 4,470	199	
Repairs and Maintenance	\$ 108,955	\$ 135,000	26,045	
Insurance	\$ 380,060	\$ 400,000	19,940	
General Legal -Atty Fees	\$ 276,436	\$ 300,000	23,564	
General Legal-Expenses	\$ 1,396	\$ 20,000	18,604	
Office supplies	\$ 5,585	\$ 8,850	3,265	
Payroll taxes	\$ 95,727	\$ 107,992	12,265	
Postage	\$ 86,979	\$ 71,000	(15,979)	
Other professional fees	\$ 1,021,261	\$ 1,050,000	28,739	
Rent	\$ 142,180	\$ 225,000	82,820	
Pension Expense	\$ 149,729	\$ 161,378	11,649	
Salaries	\$ 1,236,973	\$ 1,398,604	161,631	
Taxes and licenses	\$ 409	\$ 1,604	1,195	
Telephone	\$ 17,188	\$ 21,700	4,512	
Employee Training	\$ 224	\$ 3,000	2,776	
Travel	\$ 1,835	\$ 6,000	4,165	
Outreach	\$ 0	\$ 12,950	12,950	
Utilities	\$ 11,047	\$ 14,500	3,453	
Miscellaneous expense	\$ 170	\$ 800	630	
Total G & A Expenses	\$ 3,685,178	\$ 4,078,973	393,795	9.7%
Per Cash Flow	\$ 3,747,447			
Difference due to net year-end accruals	\$ 62,269			

Agenda Item # 10.B. (Tab I)

**Budget to Actual –
Benefit Payments/Cash Flow**

	Actual SFY 2022- 2023	Est for SFY 2023-2024	Actual Thru 6/30/2024	Actual as % of Est
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Hospitals and Physicians	34,839,480	36,000,000	39,152,018	108.8%
Cash Received from Reinsurance				
Cash Payments to Claimants and Vendors				
Parent Award	(7,384,706)	(5,813,000)	(8,205,899)	141.2%
Custodial Care	(45,381,031)	(33,191,461)	(34,168,590)	102.9%
Death Benefits	(480,215)		(1,050,000)	0.0%
Housing	(2,821,352)	(1,200,000)	(2,197,525)	183.1%
Transportation	(4,342,671)	(6,080,678)	(3,347,578)	55.1%
All Other Benefits	(3,070,939)	(6,830,503)	(3,352,655)	49.1%
Initial Claim Related (medical exams, attorney fees)	(1,036,649)	(1,077,358)	(1,319,878)	122.5%
Cash Payments to Claimants and Vendors - Total	(64,517,563)	(54,193,000)	(53,642,125)	99.0%
Cash Paid for Administration	(4,192,787)	(4,078,973)	(3,747,447)	91.9%
Cash Paid for Medicaid Settlement	(52,669,106)			
Net Cash Provided by Operating Activities	(86,539,976)	(22,271,973)	(18,237,554)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Property and Equipment (Administration)	(1,111,106)	(1,000,000)	(740,422)	74.0%
Net Cash Used in Capital and Related Financing Activities	(1,111,106)	(1,000,000)	(740,422)	
TOTAL NET CASH USED - ALL ACTIVITIES				
Increase (Decrease) in Cash	(87,651,082)	(23,271,973)	(18,977,976)	
Net Cash Used in Investing Activities	(750,163)		1,001,553	
	(86,900,919)		(19,979,529)	

Agenda Item # 11.A. (Tab J)

Net Assets

<i>in millions</i>	6/30/2023	6/30/2024	SFY Change	
Investments (including cash and annuities)	1,315	1,388	73	(1)
Required Reserves per Actuary*	1,363	1,488	125	(2)
Net Assets	(48)	(100)	(52)	
 <i>Estimated current Unreserved Asset value</i>				
Loss reserve ratio	96.5%	93.3%		

(1) Change in investment balance is \$19m use of cash, \$92m net investment change

(2) Increase in reserves is due to:

 increase in number of outstanding claims - from 278 to 284 @ \$5.24m each = \$31m

Agenda Item # 12 (Tab K)

Nursing Services Survey

NURSNG CARE SURVEY RESPONSE SUMMARY:

How many hours of professional nursing care (either LPN or RN or both) per day are currently authorized by your child's physician? Please enter 1-24 hours.

- 25 of 39 indicated 24
- 2 indicated 12
- 2 indicated 10
- 1 indicated 20
- 1 indicated 16
- 1 indicated 8
- 1 indicated 46 per week
- 1 indicated 1
- 1 indicated 56
- 4 left blank

Do you currently receive any professional nursing care?

- 20 indicated yes
 - 10 are receiving the number of hours they desire
 - 10 are not
- 19 indicated no

Of the 20 who are receiving professional nursing care (not all answered this question):

- 8 through an agency only
- 5 by a parent who is an RN or LPN
- 2 via a private duty nurse
- 1 through an agency and via a private duty nurse
- 1 through an agency and by a parent who is an RN or LPN

Of the 19 who are not receiving any nursing care, here are the stated reasons:

- We stopped receiving skilled nursing from outside people in 2017 and I made the decision to do it on my own. That was an incredibly difficult year for our child who was very unstable and everyone I interviewed did not seem equipped or reliable enough to put the effort into training. So a combination of distrust, competency, and reliability was the reason at that time. I have not put effort into looking for outside help since then.
- I provide all the care myself because I require skilled and experienced nursing care and cannot find it.
- We choose not to have nurses in our home.
- Only qualify for a CNA
- Currently provide care ourselves, but as we age we are following this topic very closely
In 2020 we looked for a nurse and they could not staff one for us. We are in the process of trying to find a nurse now, but it is very daunting. We have cared for our child for many years and for the most part her care is part of the beating of our home. There is a worry about bringing new people into the home, finding the right schedule, and trusting someone with our medically

fragile child. Many times when we were not vigilant, our child has become sick. Over the years we have had helpers in the house, generally helping with other things, as well as with our medically complex child. I think that if we had a social worker that was willing to help navigate their care, we would be more open to looking for a nurse. I was recently told that we are not able to get an RN as well, that is another worry. There is a good chance that we could find a LPN that could provide the care we need, but part of the job is always assessing our nonverbal child. There is a chance that a new LPN would not have that background.

- No nurses available
- Unable to find nurses who accept medicaid rate (and I believe our state medicaid rate may even be higher than NICAs)
- My husband and I take care of our child. My child is not verbal I don't feel comfortable with nurses talking care of my child.
- We provide all the care ourselves. Finding reliable outside care is very difficult, partially at the rate we can offer. Also, the level of care we provide is a step above outside help.
- We provide all care ourselves. We choose not to have nurses in our home. When we did entertain the idea of hiring a nurse, the nursing agencies never found a pediatric nurse who was experienced in pediatric trach care, nor any that would travel to our area, or for a night shift.
- I choose to provide all care myself due to reliability issues of nurses calling out nearly every week which makes it difficult to hold down a job. Our child is complex, so a lot of nurses don't want to take on the case. From our experience with home nursing, many rn/lpn nurses that do take the case lack knowledge and basic work ethics which then has me doing a majority of the work, training, and management. As well as my child has multiple hospital stays a year in picu, continuous therapies, and Dr. appointments which again adds to the burden of not being able to work. So I rely on parental care so I can provide my child a stable house hold.
- I am an RN and I provide all the care myself.
- I provide all the care myself because NICA won't compensate me while a Nurse is in the home and we are dependent on this NICA compensation.
- We provide all care ourselves and currently choose not to have a nurse in our home.
- I prefer to take care of my own child. My child's LPN needs (medication & seizure monitoring) I am capable and willing to do this time.
- Care is provided by us the parents. There are not enough available nurses to be able to provide consistent care without frequent callouts and gaps in coverage.

For the 10 who are not receiving the number of hours they would like, here are the stated reasons:

- NICA denied medically necessary care level for my child
- There tends to be gaps in care often due to the rate of reimbursement that NICA pays is relatively low. In return there has been a high turnover rate with nurses.
- Not enough nurses around our area
- Most of the providers I've liked the most want to work on a very part time basis. The agency route is the most difficult route for many reasons—scheduling, pay, the nurses offered, etc—and the most effective route is a network of trusted nurses. It's important to build a large network of help so that I can cobble together support and the best care for my child. However, while I very much want to and plan to build/increase our network of trusted professionals, many of NICA's policies are still the greatest hindrance, including the below average pay.

- NICA new nursing care form for primary doctor to sign is ethical immoral for RN care needs with only 3 boxes. NiCA medical director shouldn't be able to decide was validate RN care and LPN care with boxes. Our kids are much more complex than clicking a box. This is our primary doctor decision. This biased nurse care form is to save NICA money and is not in the spirit of providing the best care for child. We are not naive to NiCA motives to redesigning this form. . A class action law suit will result if change is not made for the best interest of child from their personal doctors recommendations. This form has conflict of interest, NICA best interest. There is no place for our personal doctor to write comments or explain why a RN care is needed for child. Our kids are complex. This is shameful. I had a feeling NICA would pull a fast one with this new medical director. The motive is obvious, it's to save money. We are headed back to NICAs past history. NICA parents are more united than ever.
- Agency unable to provide qualified nurses
- Not enough nurses to cover the allocated hours through Med-waiver. Agency (s) are unable to find nurses to work for the compensation being offered by Medicaid.
- I do it myself
- difficult to find nurses that: 1. we feel comfortable being with us while we (parents) are at home too 2. that are available on an as needed (but scheduled) basis versus a regimented schedule that dictates mandatory hours 3. that provides the level of care I expect and provide for my child myself
- It is hard to find nurses to cover shifts. When a nurse calls out, there's never anyone to cover the shift. We would prefer to have different nursing hours, but are stuck with the hours. The nurses want to work or we have no nursing. It is very unfair because there are a lot of items which need to be completed with our child that required two people and we lose out on a lot of parent pay time because we are paying a nurse and we have to be there to help the nurse but Nica won't pay for two nurses

We also asked for those not currently receiving professional nursing care but have in the past, what the reasons are that they no longer receive care. Reasons included (did not include those that were duplicates of above):

- Hard to find quality nurse that is willing to provide these services and accepts the rate NICA pays.
- It was too much on our family to have strangers in our home. We couldn't trust the nurses to give the care that we do. Caught sleeping, out smoking, on their phone...
- The culture of NICA itself continues to be a major hurdle. It has become clear with the new nursing form that NICA intends to decrease the number of NICA participants who have RN ordered care, even in direct opposition to doctor's orders—not only reducing the quality of care, but also reducing the pool of nurses available to families. This is directly relevant to this survey (which asks us why we can't find professional care). First, there are many times more RNs than LPNs in the state of Florida (and many more RNs in home health) and many families have RN nurses already in their pool of trusted caregivers. NICA's plan to eliminate RN level of care for children (who have that level of care ordered) will greatly reduce their access to the larger pool of professional caregivers. In fact, it will even force many families to stop using RNs they currently use. Second, it is important to note that we want increased access to professional care because it is the care our child needs—yet NICA seems uninterested in the doctor's explanation

as to why that care is needed, as evidenced by a form that doesn't even have a single line for comments/context from the doctor. NICA's new position will force the parent to take on more care instead of hiring professionals. NICA's continued desire to limit benefits for families who legitimately need them in order to prevent some unnamed family from "taking advantage" or in order to reduce NICA's overall costs is a holdover from the past administration and is . NICA should be helping families to find more professional care, as well as working to increase the number of families who have nursing care—if that's what they need, but just haven't asked for it yet—and ultimately finding the most appropriate care for each child. Relevant to this survey is the fact that if NICA does not correct course, then NICA itself is one of the largest hindrances to hiring professional care—and, most importantly, a major hindrance to each child in NICA receiving appropriate care.

- Agency nursing is short on nursing staff. We need 24/7 RN care, but we decided that we don't want a night nurse due to privacy and it hard to find an RN nurse to work in home at night that is qualified. We had a night nurse almost kill our child with neglect. It should be our choice to not have a RN at night . We had 4 nurses quit for day shift because our child complexity but also their violent behavior. Our child needs to be restrained from hitting themselves and hit their caregivers. We have tried to find nurses outside an agency to work privately and have NiCA pay nursing hours but have had no luck finding a nurse up to the job.
- Yes but... with the complexity of care required, two nurses are needed at the same time for Quality Care, for example, during bathing
- Many Agencies we approached have the same answer, not enough money for the nurses to accept the position.
- Unable to find
- My child needs nursing only at night due to tube feeding, meds, O2, cpap, pulse ox or when sick (they has a vomiting syndrome) During day when well my child can use habilitation techs. Their waiver calls this nursing respite. Haven't been able to get a nurse since before covid. There aren't very many (maybe 1 or 2??) that provide nursing respite under his waiver, which requires nurses to go through more hoops such as taking online course and taking first aid/cpr
- I don't trust anyone taking care of my child. Besides close family
- Bad experience with past providers. No shows; one had a seizure on our couch after getting back to the house after taking our child to the DR. Scary. Just not the level of care we expect and depend for our child.
- I prefer not to have nurses in my home due to wanting a normal house hold as much as possible. As well as, I choose to provide all care myself due to reliability issues of nurses calling out nearly every week which makes it difficult to hold down a job. Our child is complex, so a lot of nurses don't want to take on the case. From our experience with home nursing, many rn/lpn nurses that do take the case lack knowledge and basic work ethics which then has me doing a majority of the work, training, and management. As well as my child has multiple hospital stays a year in picu, continuous therapies, and Dr. appointments which again adds to the burden of not being able to work. So I rely on parental care so I can provide my child a stable house hold.
- Provide. all care myself . Nica to damn cheap to Provide. plus i pay for all help such as babysitting, going to the market or the store to pick up their medicine, to watch my child why I do laundry, take a bath, and etc etc . I have never spoken to or met the new director every time I call she's not available 🤬🤬🤬

- Yes I use to receive professional nursing care in the past. I am an RN and I provide all the care myself.
- We can't afford to have Nurses because NICA won't continue to compensate the parent if we have Nursing care. We need the relief badly and our daughter needs the professional care but we simply just can't afford to let go of the parent compensation.
- Currently choose not to have a nurse in our home.