

Summary of Report on Actuarial Soundness

August 2024



Requirements

- 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.

Reminder...

Threshold calculation, p.1

9/30/2023 Threshold calculation

	current	rev language	explanation
Reserves	1,386,121	1,386,121	These are the reserves calculated by NICA's actuaries excluding risk margin
Less family care	(135,960)		This had statutorily been excluded from liabilities for purposes of the threshold calculation. With the 2024 legislative changes, this exclusion was eliminated as family care represents a valid liability and has always been included in the actuarial reserves.
Less AAA IBNR	(138,260)	(138,260)	Due to the nature of the calculation in that the program would be suspended if the threshold is breached, it is not appropriate to include IBNR
Less DA IBNR	(3,837)	(3,837)	See above
Liabilities for Threshold	1,108,064	1,244,024	

Threshold calculation, p.2

Invested Assets	1,238,467	1,238,467	Fair market value of investments
Cash	2,709	2,709	
Income on Invested Funds	61,198	61,198	Estimated as 5% of invested assets
Future Assessments	36,000	36,000	Including this is specified in statute
Potential; Assessments against Ins Companies	28,815		Removed with 2024 legislative changes
Transfer from OIR	20,000		Removed with 2024 legislative changes
	1,387,189	1,338,374	

Times 80%	1,109,751		In old threshold calculation, assets were discounted by 80% before comparing to liabilities
Times 100% (no discount)		1,338,374	The new threshold calculation contemplates 100% of assets defined above compared to liabilities. Program suspension would only occur if liabilities exceeded assets.

Assets in Excess of Liabilities	1,687	94,350	In old threshold calculation, NICA was within \$1.687 million of breaching which would require program suspension even though funding ratio was actually 89.5%.
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Funding Ratio Based on Above Data

Assets	1,241,176
Liabilities	1,386,121
Funding Ratio	89.5%

Historic Financial Info

Current loss reserve ratio (i.e. Funding Ratio)

<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>				
<i>Loss reserve ratio</i>	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

plus increase in average reserve per claim - 278 times difference between \$5.24m and \$4.90m = \$94m

Increase in average reserve per claim due to (in millions):

Medicaid debt increase	\$	12
Unallocated Loss Adjustment Expense (ULAE)	\$	2
Adjustment to pre-entry claim costs for IBNR	\$	44
Inflationary impacts (just under 3%)	\$	36
	\$	94

* Excludes Risk Margin

Prior discussion of funding ratio

3 Year trend (in \$000's)

	6/30/2020	6/30/2023	\$ change	% change
Investment balance	1,462	1,315	(147)	-10.1%
Reserve Liability	939	1,363	424	45.1%
Net Assets	523	(48)	(571)	
Funding Ratio	155.7%	96.5%		

Liability Changes

	6/30/2020	6/30/2023	\$ change	% change	Volume Change	Rate Change
Reserve Liability	939.0	1,362.6	423.6	45.1%	112.7	310.9
Outstanding Claims	255	278	23	9.0%		
Avg Reserve per Claim	3.68	4.90	1.22	33.1%		

The reserve liability increase related to the average amount per claim, \$310.9 million, is attributable to the following:

- Benefit increases in SB 1786 / 768 - \$81m
- NICA becoming primary payor over Medicaid - \$131m (includes \$22m estimate for 8/31/2021-6/30/2023)
 - Note that about \$26m of the \$44m adjustment to pre-entry claim costs in SFY 2023-2024 noted above was also related to costs previously covered by Medicaid
- Rate increases for private duty caregivers - \$67m (NICA reimburses parents and private duty caregivers at the published Medicaid fee-for-service rates – those rates increased significantly on 7/1/2022)
- Adjustments to reserve liability calculation process including changes to life expectancy - \$32m (life expectancy adjustment was much higher, but many other items had been over-reserved in the past so were adjusted down)

Investment Changes (in \$000's)

Interest / Dividends / Gains net of fees	10
Use of cash	<u>(157)</u>
Change in investment balance	(147)

Details of use of cash:

Retroactive Parent Award payments as a result of SB 1786 / 768	57
Retroactive Death benefit payments as a result of SB 1786	8
Medicaid settlement	53
Retro family care	17
Routine benefit payments exceeded revenue	<u>22</u>
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Cash Flow History

	Actual SFY 2019-2020	Actual SFY 2020-2021	Actual SFY 2021-2022	Actual SFY 2022-2023	Actual SFY 2023-2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Hospitals and Physicians	27,956,902	31,675,137	35,559,099	34,839,480	39,152,018
Cash Received from Reinsurance	15,990,545				
Cash Payments to Claimants and Vendors					
Parent Award	(2,068,834)	(28,249,604)	(34,172,593)	(7,384,706)	(8,205,899)
Custodial Care	(13,902,790)	(17,055,905)	(21,736,643)	(45,381,031)	(34,168,590)
Death Benefits	(110,000)	(290,000)	(8,469,795)	(480,215)	(1,050,000)
Housing	(162,431)	(278,341)	(4,559,863)	(2,821,352)	(2,197,525)
Transportation	(1,200,648)	(1,425,231)	(4,321,922)	(4,342,671)	(3,347,578)
All Other Benefits	(2,032,943)	(1,829,717)	(3,271,011)	(3,070,939)	(3,352,655)
Initial Claim Related (medical exams, attorney fees)	(643,806)	(632,860)	(791,062)	(1,036,649)	(1,319,878)
Cash Payments to Claimants and Vendors - Total	(20,121,452)	(49,761,658)	(77,322,889)	(64,517,563)	(53,642,125)
Cash Paid for Administration	(3,229,251)	(3,308,742)	(4,212,616)	(4,192,787)	(3,747,447)
Cash Paid for Medicaid Settlement				(52,669,106)	
Net Cash Provided by Operating Activities	20,596,744	(21,395,263)	(45,976,406)	(86,539,976)	(18,237,554)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Property and Equipment (Administration)	(778,795)	(862,783)	(806,468)	(1,111,106)	(740,422)
Net Cash Used in Capital and Related Financing Activities	(778,795)	(862,783)	(806,468)	(1,111,106)	(740,422)
TOTAL NET CASH USED - ALL ACTIVITIES					
Increase (Decrease) in Cash	117,178	334,557	309,548	(750,163)	1,001,553
Net Cash Used in Investing Activities	19,700,771	(22,592,603)	(47,092,422)	(86,900,919)	(19,979,529)

Calendar Year	New Program Participants	Participant Deaths	Ending Census	Change
1991	5		5	
1992	3		8	3
1993	4		12	4
1994	11	2	21	9
1995	15		36	15
1996	6		42	6
1997	10		52	10
1998	7	1	58	6
1999	12	2	68	10
2000	6	3	71	3
2001	6		77	6
2002	6	4	79	2
2003	10	3	86	7
2004	6		92	6
2005	6	1	97	5
2006	7	4	100	3
2007	9	4	105	5
2008	10		115	10
2009	8	2	121	6
2010	16	1	136	15
2011	11	1	146	10
2012	5	1	150	4
2013	14	1	163	13
2014	6	5	164	1
2015	14	2	176	12
2016	6	3	179	3
2017	7	5	181	2
2018	7	1	187	6
2019	12	3	196	9
2020	19	2	213	17
2021	12	4	221	8
2022	12	1	232	11
2023	16	5	243	11
2024	5	3	245	2

Fiscal Projections

Projected Funding Ratio

- Expected values if no change in revenue (see Attachment 19)
 - 6/30/2025 – 89.6%
 - 6/30/2026 – 86.1%
 - 6/30/2035 – 56.0%
 - 6/30/2040 – 39.3%
- Above calculated with
 - Estimated reserve requirements prepared by NICA actuaries (see Attachment 18)
 - Net annual program growth of 10-11 new participants, 6-7 annual claims related to children deceased prior to adjudication
 - Inflation / discount rate differential of 1.5% (5% / 3.5%)
 - Current asset balance assuming 5.75% return for next 10 years then 5.93%
 - No change in benefits

Projected Annual Spending

- Expected values if no change in revenue (see Attachment 18)
 - 6/30/2025 – \$65.6m
 - 6/30/2026 – \$72.8m
 - 6/30/2035 – \$127.5m
 - 6/30/2040 – \$170.2m
- Above calculated with same assumptions as previously noted
- Threshold breached by \$18m SFY 2026-2027

Recommendations for defining
actuarial soundness, including
options for phase-in, if appropriate

- The Funding Ratio should be used as a point-in-time measure of actuarial soundness and should be used as the key indicator for revenue increases
- A funding ratio of 100% should be the long-term target for actuarial soundness
- In addition to the funding ratio, other factors, such as net cash flow, should be considered for defining actuarial soundness as it relates to potential program suspension
- Phase-in requirements are not recommended for using the proposed definition

Actuarial Soundness

- Actuaries define actuarial soundness as:
 - “at any point in time, (a) NICA has sufficient assets to reasonably provide for its liabilities (i.e., the costs of providing lifetime benefits to claimants born on or before that time) and (b) NICA has in place an ongoing funding strategy (i.e., assessments) to maintain this situation into the foreseeable future.”
- Recommend 100% funding ratio as target so that assets match costs of lifetime benefits, and recommend funding strategy to achieve and maintain this ratio

Use of funding ratio

- This is already what we have been reporting to the BoD for several years (referred to as loss reserve ratio) except 2 balance sheet items have been added to encompass all available assets:
 - Added structured settlement annuities (\$3.3m @ 6/30/2024)
 - Cash on hand (\$1.2m @ 6/30/2024)
- Excludes risk margin in liability number (same as BoD presentation)
- Selected because it is:
 - Available in as timely manner as possible,
 - Meaningful,
 - Repeatable,
 - Actuarially-based and not subjective, and
 - Requires minimal explanation

Recommendations for timing of reporting actuarial soundness

- Quarterly timeframes for reporting actuarial soundness (in the form of the funding ratio) should be established as no later than the last day of the 2nd month after the end of each fiscal quarter except for the quarter ended 12/31 which should be the last day of the 3rd month after the end of the quarter
- Funding ratios should be posted on NICA's website to document adherence to reporting timeframes
- Note that additional reporting requirements already exist in statute if the program meets the threshold for suspension – NICA is not recommending changes to recipients of that reporting

Recommendations for ensuring a revenue level to maintain actuarial soundness, including options for phase-in, if appropriate

- For SFY 2025-2026, assessment revenue should be increased to a level where assessments equal estimated benefit payments (an additional \$36.8 million). To accomplish this:
 - Statutory assessments should be “level-set” by considering one, or all, of the following:
 - Eliminating hospital exemptions
 - Eliminating non-participating physician exemptions
 - Increasing participating physician and participating nurse midwife assessments
 - Expanding the base of assessments to include Advanced Practice Registered Nurses
 - Expanding the base of assessments to include Physician Assistants
 - If the above strategies do not yield the necessary revenue, all assessments should be increased by the same percentage to attain the desired revenue level.
- Subsequent assessment increases should be requested by NICA as percentage increases of all assessment amounts and should be approved by the Office of Insurance Regulation as follows:
 - In years where the funding ratio is 90% or above, the requested assessment increase should be 5% of the increase in of the current reserve requirement over the prior year reserve requirement
 - In years where the funding ratio is less than 90%, the requested assessment increase should be 10% of the increase in of the current reserve requirement over the prior year reserve requirement
 - Assessment increases would not be requested if the funding ratio is above 100%
 - If the funding ratio exceeds 130%, reductions in assessments should be considered

- Current funding remedies outlined in statute (s. 766.314(5)) related to the transfer of \$20 million from the Insurance Regulatory Trust Fund and to the assessment of fees of up to .25% casualty insurers should either be removed or re-ordered so that they are the last options for additional program revenue
- Use of the funding ratio in determining if program suspension is required should not be implemented until the fiscal year following the first fiscal year in which an assessment increase occurs (proposed to be SFY 2025-2026)

Step 1 – eliminate cash flow
deficit

Current revenue

Cash Received from Assessments in SFY 2023-2024

	Amount	As % of Total
Participating Physicians (1,676 @ \$5,000 each)	\$ 8,380,000	21.4%
Participating Nurse Midwives (415 @ \$2,500 each)	\$ 1,037,500	2.6%
Hospitals (@ \$50 per live birth)	\$ 3,570,500	9.1% (1)
Non-participating physicians (@ \$250 each)	\$ 26,164,018	66.8% (2)
	\$ 39,152,018	

(1) \$3,528,700 for current year assessments, rest is prior year receivables

(2) Approximately \$3m from prior years

What would rates be with inflation?

Using the Bureau of Labor Statistics CPI inflation indicator, assessment amounts at June 30, 1988, would be the following amounts as of June 30, 2024, if adjusted for inflation:

- Participating physicians \$5,000 would be \$13,312.50
- Participating nurse midwives \$2,500 would be \$6,656.26
- Hospital assessments \$50 would be \$133.12
- Non-participating physician assessments \$250 would be \$665.62

What revenue is needed?

- First priority is to eliminate the cash flow deficit ignoring any investment earnings
 - Allows any investment appreciation to offset increased reserve costs
 - Protects NICA from market decline – would not have to liquidate investments during downturn
- Cash out estimated to be \$72.8m in SFY 2025-2026 (1st year assessment increases could take effect if there is legislative change in 2025 session)
- Assessment estimate of \$36m would cover only about half of the expenses, so an additional \$36.8m in revenue is needed
 - Revenue estimate remains at \$36m due to several factors discussed in report
- This would only be sufficient for SFY 2025-2026 so is just the first step in the recommendation

How to get \$36.8m

- “Level-set” assessments in statute to eliminate any perceived inequities in current structure and offer new sources of revenue
- These items have all previously been brought up at BoD meetings

Hospital exemptions total \$7.3m (of \$10.8m potential assessments)

- Just over \$3 million due to teaching hospital exemption
- \$1.8 million due to the public hospital exemption
- About \$2.5 million for Medicaid and charity care births
- 301 of the 1,451 life-to-date claims filed, or 20.7%, come from 7 hospitals that have not paid any assessments due to the teaching exemption (Arnold Palmer Medical Center, Jackson Memorial Hospital, UF Health Jacksonville, UF Health Shands Hospital, Tampa General Hospital, AdventHealth Celebration, and AdventHealth Altamonte Springs)
- Similarly, 114 of the 492 compensable claims (excluding those who rejected NICA), or 23.2%, come from those same hospitals
- \$440 million, or 22.7%, of life-to-date incurred costs come from those same hospitals
- Attachment 16 has hospital data including recent assessments and life-to-date information

Non-participating physician exemptions

Exemption Type	2023	Amount
Military	177	\$ 44,250
State	98	\$ 24,500
Student	1,896	\$ 474,000
VA	1,879	\$ 469,750
Retired	4,819	\$ 1,204,750
Total Exempt	<u>8,869</u>	\$ 2,217,250
Percent Exempt	9.53%	

Increasing participating physician and nurse midwife assessments by 20%

- Physicians to \$6,000 (still less than Virginia which is \$6,200)
- Nurse midwives to \$3,000

Expand base of assessments

- APRN's registered for autonomous practice (recommended by FMA)
- All other APRN's
- Physician Assistants

Potential Sources of Revenue

	@ \$125	@ \$250	@ current rates	@ 10% increase	@ 20% increase
Eliminate hospital exemptions			\$ 7,323,250		
Eliminate non-participating physician exemptions			\$ 2,217,250		
7,769 APRN's registered for autonomous practice (8,185 less 416 participating midwives)		\$ 1,942,250			
Remaining APRN's (48,889)	\$ 6,111,125	\$ 12,222,250			
Physician Assistants (13,879)	\$ 1,734,875	\$ 3,469,750			
Increase participating physician assessments (1,676)				\$ 838,000	\$ 1,676,000
Increase participating nurse midwives assessments (416)				\$ 104,000	\$ 208,000
Total revenue needed (see Att 19)	\$ 72,812,000				
Additional revenue needed over current level of \$36m)	\$ 36,812,000				
Maximum options here		\$ 29,058,750			
New total (add current of \$36m)	\$ 65,058,750				
Still needed	\$ 7,753,250				
As % of new assessment level					11.9%

12% increase amounts

- Hospital live births would increase from \$50 to \$56 (Virginia is \$55),
- All \$250 assessments would increase to \$280 (Virginia is \$300),
- Participating physician assessments would increase from the suggested \$6,000 to \$6,720, and
- Participating nurse midwives from the suggested \$3,000 to \$3,600

Step 2 - Ongoing assessment
increases

Proposed process

- Parameters for increases would be as follows:
 - The amount of increase requested would be 5% of the actual change in the reserve requirement from the prior to the current fiscal year, as long as the actual funding ratio is 90% or above
 - When funding ratios are below 90%, the amount of increase requested would be accelerated to 10% of the change in the reserve requirement
 - No increases could be requested when funding ratios are above 100%.

Example 1 – at 5% of reserve
increase

Projected SFY End	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beg Cash / Inv Balance*	1,354,341	1,401,793	1,482,397	1,568,908	1,659,311	1,754,950	1,857,765	1,968,650	2,087,967
Cash In	36,000	72,812	78,747	84,848	91,167	97,798	104,771	112,093	119,726
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)	(90,945)	(95,946)	(100,821)	(106,146)	(113,238)
Net (Use of Cash) / Incr Investment	(29,572)	0	1,238	185	222	1,853	3,950	5,948	6,488
End Cash / Inv Balance b4 Change in Market Value	1,324,769	1,401,793	1,483,635	1,569,093	1,659,533	1,756,802	1,861,715	1,974,598	2,094,454
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555	1,401,793	1,483,016	1,569,001	1,659,422	1,755,876	1,859,740	1,971,624	2,091,211
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	77,024	80,603	85,273	90,218	95,417	100,963	106,935	113,368	120,245
End Cash / Inv Balance	1,401,793	1,482,397	1,568,908	1,659,311	1,754,950	1,857,765	1,968,650	2,087,967	2,214,699

Fiscal Year End Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131	2,045,504	2,178,132	2,317,585	2,464,037	2,616,686
Estimated Funding Ratio	89.6%	88.3%	87.3%	86.5%	85.8%	85.3%	84.9%	84.7%	84.6%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,401,793	1,482,397	1,568,908	1,659,311	1,754,950	1,857,765	1,968,650	2,087,967	2,214,699
Add Annual Assessment Amount	36,000	72,812	78,747	84,848	91,167	97,798	104,771	112,093	119,726
Add Additional Year of Earnings @ 5% (return used by actuaries)	70,090	74,120	78,445	82,966	87,747	92,888	98,433	104,398	110,735
Total Assets for Calculation	1,507,883	1,629,328	1,726,100	1,827,125	1,933,864	2,048,451	2,171,854	2,304,458	2,445,160

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131	2,045,504	2,178,132	2,317,585	2,464,037	2,616,686
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)	(197,007)	(203,902)	(211,039)	(218,425)	(226,069)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786	1,848,498	1,974,230	2,106,546	2,245,613	2,390,617

Excess of Assets over Liabilities	117,069	128,608	112,906	98,339	85,366	74,222	65,308	58,846	54,543
Actual reserve increase			118,693	122,029	126,374	132,628	139,453	146,453	152,649
5% of the expected reserve increase			5,935	6,101	6,319	6,631	6,973	7,323	7,632
10% of the expected reserve increase			11,869	12,203	12,637	13,263	13,945	14,645	15,265
Increase to use			5,935	6,101	6,319	6,631	6,973	7,323	7,632
% increase			8.2%	7.7%	7.4%	7.3%	7.1%	7.0%	6.8%

Example 2 – accelerate to 10% if
funding ratio below 90%

Projected SFY End	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beg Cash / Inv Balance*	1,354,341	1,401,793	1,482,397	1,575,014	1,678,149	1,793,754	1,924,505	2,072,105	2,237,781
Cash In	36,000	72,812	84,681	96,884	109,522	122,784	136,730	151,375	159,007
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)	(90,945)	(95,946)	(100,821)	(106,146)	(113,238)
Net (Use of Cash) / Incr Investment	(29,572)	0	7,173	12,221	18,577	26,839	35,909	45,229	45,769
End Cash / Inv Balance b4 Change in Market Value	1,324,769	1,401,793	1,489,570	1,587,235	1,696,726	1,820,592	1,960,414	2,117,335	2,283,550
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555	1,401,793	1,485,983	1,581,124	1,687,438	1,807,173	1,942,459	2,094,720	2,260,666
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	77,024	80,603	85,444	90,915	97,028	103,912	111,691	120,446	129,988
End Cash / Inv Balance	1,401,793	1,482,397	1,575,014	1,678,149	1,793,754	1,924,505	2,072,105	2,237,781	2,413,539

Fiscal Year End Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131	2,045,504	2,178,132	2,317,585	2,464,037	2,616,686
Estimated Funding Ratio	89.6%	88.3%	87.6%	87.4%	87.7%	88.4%	89.4%	90.8%	92.2%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,401,793	1,482,397	1,575,014	1,678,149	1,793,754	1,924,505	2,072,105	2,237,781	2,413,539
Add Annual Assessment Amount	36,000	72,812	84,681	96,884	109,522	122,784	136,730	151,375	159,007
Add Additional Year of Earnings @ 5% (return used by actuaries)	70,090	74,120	78,751	83,907	89,688	96,225	103,605	111,889	120,677
Total Assets for Calculation	1,507,883	1,629,328	1,738,446	1,858,941	1,992,963	2,143,514	2,312,440	2,501,045	2,693,223

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131	2,045,504	2,178,132	2,317,585	2,464,037	2,616,686
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)	(197,007)	(203,902)	(211,039)	(218,425)	(226,069)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786	1,848,498	1,974,230	2,106,546	2,245,613	2,390,617

Excess of Assets over Liabilities	117,069	128,608	125,252	130,155	144,465	169,285	205,894	255,432	302,606
Actual reserve increase			118,693	122,029	126,374	132,628	139,453	146,453	152,649
5% of the expected reserve increase			5,935	6,101	6,319	6,631	6,973	7,323	7,632
10% of the expected reserve increase			11,869	12,203	12,637	13,263	13,945	14,645	15,265
Increase to use			11,869	12,203	12,637	13,263	13,945	14,645	7,632
% increase			16.3%	14.4%	13.0%	12.1%	11.4%	10.7%	5.0%

Projected SFY End	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Beg Cash / Inv Balance*	2,413,539	2,600,281	2,803,683	3,020,112	3,250,024	3,494,542	3,744,457	3,999,805	4,260,615	4,526,516
Cash In	166,973	175,297	183,988	193,047	202,500	202,500	202,500	202,500	202,500	202,500
Cash Out	(120,349)	(127,509)	(135,263)	(143,691)	(152,200)	(161,040)	(170,157)	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	46,624	47,789	48,725	49,356	50,300	41,460	32,343	22,942	12,865	2,342
End Cash / Inv Balance b4 Change in Market Value	2,460,162	2,648,070	2,852,409	3,069,468	3,300,324	3,536,002	3,776,800	4,022,747	4,273,480	4,528,858
Avg Cash / Inv Balance b4 Change in Market Value	2,436,850	2,624,175	2,828,046	3,044,790	3,275,174	3,515,272	3,760,629	4,011,276	4,267,048	4,527,687
Estimated Annual Market Value Change %	5.75%	5.93%	5.93%	5.93%	5.93%	5.93%	5.93%	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	140,119	155,614	167,703	180,556	194,218	208,456	223,005	237,869	253,036	268,492
End Cash / Inv Balance	2,600,281	2,803,683	3,020,112	3,250,024	3,494,542	3,744,457	3,999,805	4,260,615	4,526,516	4,797,350

Fiscal Year End Reserve Requirement*	2,775,996	2,942,484	3,116,308	3,297,487	3,486,532	3,683,854	3,889,885	4,105,080	4,329,700	4,564,138
Estimated Funding Ratio	93.7%	95.3%	96.9%	98.6%	100.2%	101.6%	102.8%	103.8%	104.5%	105.1%

Current Threshold Requirement Calculation

End Cash / Inv Balance	2,600,281	2,803,683	3,020,112	3,250,024	3,494,542	3,744,457	3,999,805	4,260,615	4,526,516	4,797,350
Add Annual Assessment Amount	166,973	175,297	183,988	193,047	202,500	202,500	202,500	202,500	202,500	202,500
Add Additional Year of Earnings @ 5% (return used by actuaries)	130,014	140,184	151,006	162,501	174,727	187,223	199,990	213,031	226,326	239,868
Total Assets for Calculation	2,897,268	3,119,165	3,355,106	3,605,573	3,871,769	4,134,180	4,402,295	4,676,146	4,955,342	5,239,717

Reserve Requirement*	2,775,996	2,942,484	3,116,308	3,297,487	3,486,532	3,683,854	3,889,885	4,105,080	4,329,700	4,564,138
Less IBNR	(233,981)	(242,170)	(250,646)	(259,419)	(268,498)	(277,896)	(287,622)	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	2,542,015	2,700,314	2,865,662	3,038,068	3,218,034	3,405,959	3,602,263	3,807,391	4,021,592	4,245,247

Excess of Assets over Liabilities	355,253	418,851	489,444	567,505	653,735	728,221	800,032	868,755	933,750	994,471
Actual reserve increase	159,310	166,489	173,824	181,179	189,046	197,322	206,031	215,196	224,620	
5% of the expected reserve increase	7,965	8,324	8,691	9,059	9,452	9,866	10,302	10,760	11,231	11,231
10% of the expected reserve increase	15,931	16,649	17,382	18,118	18,905	19,732	20,603	21,520	22,462	22,462
Increase to use	7,965	8,324	8,691	9,059	9,452	-	-	-	-	-
% increase	5.0%	5.0%	5.0%	4.9%	4.9%	0.0%	0.0%	0.0%	0.0%	0.0%

Final 2 recommendations

- Current funding remedies outlined in statute (s. 766.314(5)) related to the transfer of \$20 million from the Insurance Regulatory Trust Fund and to the assessment of fees of up to .25% casualty insurers should either be removed or re-ordered so that they are the last options for additional program revenue
- Use of the funding ratio in determining if program suspension is required should not be implemented until the fiscal year following the first fiscal year in which an assessment increase occurs (proposed to be SFY 2025-2026)

Other items

A note about Medicaid

- Examples in report exclude the \$34 million debt from the reserve and from the asset set-aside to reimburse AHCA
- Note that of that \$34 million, some portion is the state share and some portion is the federal share (current federal participation is 57%)
- Meeting with AHCA next week to work out reconciliation process to begin reimbursement

- Feedback provided by parents through the Parent Advisory Committee (in Intro section)
- Consulted extensively with OIR via an actuary they assigned to work with us
- Virginia data difficult to obtain but provided as much as possible, as well as NY
- Provided several alternate examples to address concerns that we are too conservative in projections (outlined next slide)

Alternate examples provided

- Projections using 2% and 2.5% differential

	Differential		
	1.50%	2.00%	2.50%
Funding ratio at 6/30/2025	89.6%	90.2%	90.9%
Funding ratio at 6/30/2035	56.0%	60.5%	65.3%
Year that current threshold breached	SFY 2027	SFY 2028	SFY 2028

- Projections using 7.17% life-to-date return

Using 7.17% return	Differential		
	1.50%	2.00%	2.50%
Funding ratio at 6/30/2025	90.8%	91.5%	92.2%
Funding ratio at 6/30/2035	67.3%	72.5%	78.0%
Year that current threshold breached	SFY 2028	SFY 2029	SFY 2031

- Projections using S&P 500 historic returns from 2000-2018 (Attachment 28) – cash runs out SFY 2038-2039

Implementation timeline

Date	Action
7/1/2025	Statutory assessment increases take effect 7/1/2025 impacting SFY 2025-2026 collections
8/31/2025	Actual funding ratio for 6/30/2025 posted - exempt from threshold consideration
11/30/2025	Actual funding ratio for 9/30/2025 posted - exempt from threshold consideration
3/31/2026	Actual funding ratio for 12/31/2025 posted - exempt from threshold consideration
5/31/2026	Request for assessment increases to OIR using 12/31/2025 data and projections
5/31/2026	Actual funding ratio for 3/31/2026 posted - exempt from threshold consideration
8/31/2026	OIR responds to request for assessment increase
8/31/2026	Actual funding ratio for 6/30/2026 posted, threshold requirement in effect going forward

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SEPTEMBER 2024

Report on Actuarial Soundness



SUPPORTIVE SERVICES FOR
FAMILIES & PHYSICIANS

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Purpose of the Report

Since its inception in 1988, the Florida Birth-Related Neurological Injury Compensation Association (NICA) has operated at an annual cash flow surplus. Each year, excess cash was invested to ensure that there were sufficient assets to cover all future expenses of participants. Because of this continuing surplus, there has never been a need to increase the assessments to participating and non-participating physicians and hospitals; these amounts have been the same since program inception.

In 2021, significant legislative changes were made to the program that expanded benefits and program costs. In the following year, NICA settled a lawsuit with the U.S. Department of Justice that resulted in NICA being the primary payor for participants in the program that are also covered by Medicaid.

The legislative changes in 2021 and lawsuit settlement in 2022 substantially increased NICA's costs to the extent that NICA now operates at an annual cash flow deficit and its current assets are insufficient to fund all future expenses of participants. While there are remedies in current statute to address this situation, they are outdated and need to be updated to reflect current conditions.

Recognizing the challenges faced by NICA, in 2024, the Legislature, in HB 989, required 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.

Key Recommendations

- To define actuarial soundness
 - o The Funding Ratio (ratio of assets to liabilities) should be used as a point-in-time measure of actuarial soundness and should be used as the key indicator for revenue increases
 - o A funding ratio of 100% should be the long-term target for actuarial soundness
 - o In addition to the funding ratio, other factors, such as net cash flow, should be considered for defining actuarial soundness as it relates to potential program suspension
 - o Phase-in requirements are not recommended for using the proposed definition
- To report actuarial soundness
 - o Quarterly timeframes for reporting actuarial soundness (in the form of the funding ratio) should be established as no later than the last day of the 2nd month after the end of each fiscal quarter except for the quarter ended 12/31 which should be the last day of the 3rd month after the end of the quarter.
 - o Funding ratios should be posted on NICA's website to document adherence to reporting timeframes.
 - o Note that additional reporting requirements already exist in statute if the program meets the threshold for suspension – NICA is not recommending changes to recipients of that reporting.

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EXECUTIVE SUMMARY

- To ensure a revenue level to maintain actuarial soundness:
 - o For SFY 2025-2026, assessment revenue should be increased to a level where assessments equal estimated benefit payments (an additional \$36.8 million). To accomplish this:
 - » Statutory assessments should be “level-set” by considering one, or all, of the following:
 - Eliminating hospital exemptions
 - Eliminating non-participating physician exemptions
 - Increasing participating physician and participating nurse midwife assessments
 - Expanding the base of assessments to include Advanced Practice Registered Nurses
 - Expanding the base of assessments to include Physician Assistants
 - » If the above strategies do not yield the necessary revenue, all assessments should be increased by the same percentage to attain the desired revenue level.
 - o Subsequent assessment increases should be requested by NICA as percentage increases of all assessment amounts and should be approved by the Office of Insurance Regulation as follows:
 - » In years where the funding ratio is 90% or above, the requested assessment increase should be 5% of the change in the current reserve requirement from the prior year reserve requirement
 - » In years where the funding ratio is less than 90%, the requested assessment increase should be 10% of the change in the current reserve requirement from the prior year reserve requirement
 - » Assessment increases would not be requested if the funding ratio is above 100%
 - » If the funding ratio exceeds 130%, reductions in assessments should be considered
 - o Current funding remedies outlined in statute (s. 766.314(5)) related to the transfer of \$20 million from the Insurance Regulatory Trust Fund and to the assessment of fees of up to .25% casualty insurers should either be removed or re-ordered so that they are the last options for additional program revenue
 - o Use of the funding ratio in determining if program suspension is required should not be implemented until the fiscal year following the first fiscal year in which an assessment increase occurs (proposed to be SFY 2025-2026)
- The above recommendations will ensure the actuarial soundness of the program for decades to come and ensure that NICA participants are guaranteed the benefits to which they are entitled.

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INTRODUCTION

INTRODUCTION

Background of the Florida Birth-Related Neurological Injury Compensation Association

Florida faced a medical malpractice crisis in the 1970s and 80s. During that time, obstetrics malpractice claims rose sharply and medical liability insurance skyrocketed.

Therefore, in 1986, the Legislature created a special task force to study the Florida medical malpractice crisis and address the OB-GYN impact on that crisis. The task force evaluated the rising insurance costs and reported that litigation costs and attorney's fees had increased between 1975 and 1986, but there was no particular change in substantive law to account for the change. Moreover, some physicians became reluctant to treat high-risk patients and practice certain high-risk specialties altogether. In 1985, OB-GYNs in Florida paid an average medical malpractice liability premium of \$92,830, compared to a national average for OB-GYNs of \$23,300.

In response, the Florida Legislature created the Florida Birth-Related Neurological Injury Compensation Association (NICA) in 1988 to administer the Florida Birth-Related Neurological Injury Compensation Plan ("the Plan") which is intended to provide compensation, long-term medical care, and other services to persons with birth-related neurological injuries. NICA is a no-fault alternative to medical malpractice lawsuits for the kind of injuries that carry the highest cost and system impact. The program shifts those costly cases out of the tort system, which helped to stabilize Florida's medical malpractice insurance market and encouraged Florida's obstetricians to continue delivering babies.

By eliminating costly legal proceedings, NICA ensures that birth-injured infants receive the care they need while reducing the financial burden on both medical providers and families. Requirements for NICA program entry are summarized in Attachment 1.

In 2021, in response to a series of articles in the Miami Herald and testimony from NICA families, the Legislature enacted SB 1786 which made significant changes to the program. That same year, NICA had its first audit by the Florida Office of the Auditor General as well as a review by the Florida Office of Insurance Regulation. Attachment 2 outlines the changes made by SB 1786 as well as subsequent improvements to the program.

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 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 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.

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NICA's Benefit to the State of Florida

As part of this review, it is important to ensure that NICA is still meeting the original intent of the program. As noted above, due to the high cost of medical malpractice liability insurance premiums, OB-GYN's were reluctant to continue to treat high-risk patients.

Medical Malpractice rates for OB-GYNs were \$92,830 on average in Florida in 1985 (excluding Dade and Broward which were \$185,460), prior to the creation of NICA (per the Department of Health and Human Services Report of the Task Force on Medical Liability and Malpractice from August of 1987). This was for \$1 million occurrence / \$1 million aggregate. The Bureau of Labor Statistics CPI inflation calculator indicates that \$92,830 in December 1985 would be equivalent to \$252,074 in December 2022. For Dade, the comparable number would be \$503,605. According to the Office of Insurance Regulation's annual Medical Malpractice Financial Information report dated 10/1/2023 (for calendar year 2022), the average rate for OB-GYNs in Florida (excluding Dade county) was \$121,813 (Dade County is \$237,535) for a \$1 million coverage limit.

While we acknowledge that the farther away from NICA's creation we get, the more difficult it is to prove cause and effect, the fact that OB-GYN rates today – after almost 40 years – are, on average, just 30% higher is significant.

NICA also requested that its actuaries prepare a report estimating the costs that would likely be incurred in the event the current NICA accepted claims were instead resolved through legal proceedings under a tort settlement process. This report is included as Attachment 3. It concludes that, in a tort environment, NICA claims would cost the medical industry about \$191 million on average per birth year. This is far more than the current assessment costs of \$36 million and even with increased assessments recommended in this report, it would still be more.

The report also concluded that, on average, net compensation that would have been received through the tort system is less than the estimated lifetime NICA benefit (\$83.75 million vs. \$90 million) on a birth year basis. It is important to recognize, however, that this is an average and there would be significant variability. Note that the \$90 million amount includes both participants who come into the program and those who are deceased prior to adjudication. Those who are deceased prior to adjudication receive only the parent award (currently \$273,181.75) plus the \$50,000 death benefit.

Note that the report did not consider the additional costs to taxpayers resulting from a tort system. These additional costs include the cost of the court system to adjudicate the claims, as well as public assistance that would be paid to some of the injured children and their families. This situation results because tort compensation may be non-existent or substantially inadequate for some children and their family members who cannot work a regular job while caring for the child. Additionally, since NICA is now primary payor over Medicaid, the state realizes cost savings related to the general revenue match of \$5.2m (\$12m less the 57% FMAP).

NICA's Benefit to Families

NICA requested feedback from its Parent Advisory Committee to understand, in their words, what NICA means to them. They commented on a range of subjects which are summarized below.

- **Alternative to Costly and Lengthy Legal Battles:** NICA parents recognize the challenges faced by families in states without programs like NICA. These families often endure prolonged legal battles that can take years, sometimes more than a decade, to resolve. This is especially problematic, considering that costly medical care can result in catastrophic medical bills in the child's first months or years of life. Parents are aware that they need NICA's help to cover the lifelong costs of raising a child with special needs. NICA provides an immediate and stable source of support, allowing families to focus on caregiving instead of legal battles.

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- o One parent highlighted “I personally know people who live in states that do not have a system like NICA... after all that, their lawyers take half of their settlement, a settlement that doesn’t even come close to what the actual expenses of raising a special needs child costs.”
- **Financial Stability and Caregiving:** Because participants are highly complex children (and adults) with significant medical needs, parents are often forced to leave their careers to care for their children who have ongoing medical appointments and therapies, and frequent hospitalizations. Parents appreciate that NICA makes it possible to maintain some degree of financial stability by being paid for the caregiving that would otherwise have to be provided by a healthcare professional (which offers cost savings for NICA as well). Caregiver pay ensures that parents can dedicate themselves fully to their child’s complex needs without the financial strain of relying solely on public assistance. The global pandemic created a shortage of home health care that resulted in more parents having to stay home and care for their child. This allowed parents to fully dedicate themselves to their child’s complex needs and created a critical lifeline by preventing families from falling into financial hardship.
 - o One parent who left her teaching career to care for her child remarked: “I quite literally could not survive without my caregiver pay.”
 - o One parent shared how NICA’s benefits “saved us, literally, from a desperate situation when our income was reduced by half”
- **Critical Support for Complex Medical Needs:** NICA fills in the gaps left by primary insurance, covering essential therapies, medical treatments, and specialized equipment that would otherwise be unaffordable. This support is vital for sustaining the health and quality of life for these children—or even for preventing a worsening condition.
 - o One parent noted, “NICA covers most (not all) of my daughter’s therapy needs and equipment when my primary health insurance stops coverage.”
 - o Another parent noted that she did not qualify for Medicaid or other assistance. “NICA has become a lifeline for us when it comes to providing what our insurance denies. Without the supplement to our private insurance, which NICA provides, my child’s conditions would be impossible to care for adequately.”
- **Housing and Equipment Accessibility:** Adequate housing is hard for participants to find, as many live in non-accessible homes when they are admitted to the program, but now have children with limited mobility. The program’s housing benefits have enabled families to secure stable, safe, and accessible homes that accommodate their children’s complex medical needs. This stability significantly reduces the strain of caregiving and ensures a safe environment for NICA children.
 - o “When I learned about the NICA housing benefit, I knew that I would be able to give my child the opportunity of access to our home...we built a fully wheelchair accessible home,” shared one parent, highlighting how the program enabled them to create a safer and more functional living environment for their child.
- **Emotional and Mental Health Support:** Many parents experience PTSD and other emotional challenges due to the trauma of their child’s birth and ongoing medical issues. NICA’s support for therapy and counseling has been instrumental in helping parents develop healthy coping strategies.
 - o “Many of us suffer with the sadness, frustration, and anger of PTSD related to our child’s birth,” explained one parent, emphasizing the importance of mental health support in managing the ongoing stress and trauma.
- **Challenges and Improvements:** While NICA has been a lifeline for many families, it has not been without challenges. Issues such as low pay, inconsistently applied benefits, and other issues initially caused some hardships for many who entered the program before the 2021 changes. Despite these challenges, parents acknowledge the program’s improvements under new leadership and emphasize the need for its continued existence and enhancement.

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- o “NICA is a program no one wants to join. When a family joins NICA it is because they have suffered enormous trauma; from severe injuries that cause lifelong struggles for the participant to the finite outcome of losing a child. There is no happy circumstance when someone joins. As families, we navigate the process of obtaining benefits, which has become more streamlined in the last few years. There is no replacement for the future our child would have had, but NICA helps us do the best we can for our new path.”
- o “While I would NEVER trade him for the world, my ‘world’ is now consumed with his needs. His limitations are now my limitations,” shared one parent, reflecting on the profound personal and professional sacrifices made by caregivers. While she goes on to say that while she has suffered trauma, she is “thankful for NICA, beyond thankful” because it’s what allows her to help her child through his struggles and witness his successes.
- **Fear of Program Reduction or Elimination:** There is a deep-seated fear among parents that any reduction in the program’s benefits or its potential elimination would have catastrophic consequences. Without the program, many families would face financial ruin, be unable to afford necessary care, and lose the stability they have managed to maintain despite the enormous challenges they face daily.
 - o “The thought of Florida legislators taking anything away from the program scares me to my core,” said one parent, expressing a common concern among families who rely on NICA.

Purpose and Scope of the Report

The changes made by SB 1786 resulted in an increase in costs that created an annual cash flow deficit. This was exacerbated by the change of NICA becoming primary payor over Medicaid. In addition, NICA’s liabilities now exceed assets. More detailed information on NICA’s financial condition is contained in the next section.

NICA’s statute contains several references to the requirement that the Plan be maintained on an actuarially sound basis. Section 766.314, Florida Statutes, is included as Attachment 4. While the term “actuarially sound” is not defined in statute, NICA has utilized the “threshold calculation” as the proxy for determining actuarial soundness. The threshold calculation is defined in s. 766.314(9)(c) and requires that, if breached, the program be suspended.

For the quarter ended 9/30/2023, NICA came within \$1.7 million of breaching the threshold (see Attachment 5). This was due not only to the increased costs noted above, but also due to a particularly low fair market value of its investments on that date. It also highlighted the fact that the calculation was outdated – the funding ratio at that time was 89.5% (also shown on Attachment 5).

Note that during the 2024 Legislative session, changes were made to the threshold calculation to modernize it, but additional changes are recommended as a result of this report. Attachment 5 contains a comparison of the prior and current threshold calculation plus a description of each component.

Additionally, because NICA is now operating at an annual cash flow deficit while the number of participants is growing, cash from investment income is being used to cover operating expenses. Today, it is anticipated that the annual expected average increase in market value will exceed the use of cash but at some point, this will no longer be true, and the investment balance will decline each year. This significantly reduces the probability that NICA’s assets will be sufficient to cover the future costs of all participants (i.e., that the program is actuarially sound).

In summary, NICA needs a predictable revenue stream that adjusts with inflation, program growth, and market performance, so that it does not find itself in a situation where the program must be suspended and/or future obligations are not funded. Required revenue must be based on a clear definition of what is needed to maintain the program on an actuarially sound basis.

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INTRODUCTION

This report provides the following:

- Proposed definition of actuarial soundness
- Proposed reporting requirements for actuarial soundness and related timeframes
- Proposed point in time measure for actuarial soundness and reporting requirements for that measure
- Revenue levels required to maintain actuarial soundness and phase-in options
- Options for increasing revenue

Methodology and Consultation Process

NICA met with stakeholder representatives to review the current fiscal situation and report requirements, as well as high level plans for report content. Stakeholders included representatives of the Safety Net Hospital Alliance and the Florida Hospital Association. The stakeholders indicated that they understood NICA's fiscal challenges and expressed support for the program. They also provided important contextual information and indicated that they would provide additional feedback when the report is issued.

The Chair of the District XII American College of Obstetricians and Gynecologists, Dr. Julie Zemaitis DeCesare, is a NICA Board member and has indicated that ACOG will provide feedback once the report is complete. In her ACOG role, Dr. DeCesare has been briefing ACOG on NICA's current financial condition.

The draft report was provided to NICA's Parent Advisory Committee for feedback as well. That feedback is summarized earlier in the report.

In preparing this report, NICA consulted extensively with its actuaries as well as with the Office of Insurance Regulation. The scope of the Agency for Health Care Administration's consultation for this report was limited to the critical task of implementing the Medicaid reconciliation and reimbursement processes required to allow NICA families to continue to use their current service delivery system.

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NICA'S CURRENT DATA AND FINANCIAL CONDITION

NICA'S CURRENT DATA AND FINANCIAL CONDITION

As noted previously, NICA has seen increased expenses in the past several years resulting in a current annual cash flow deficit and a net unfunded liability. As of 6/30/2024, reserve liabilities exceeded assets by \$100m. Below is the net asset summary provided to the Board of Directors at its most recent meeting describing the change from 6/30/2023 to 6/30/2024:

TABLE 1

<i>(in millions)</i>	6/30/23	6/30/24	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)	
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
- plus increase in average reserve per claim - 278 times difference between \$5.24m and \$4.90m = \$94m

Increase in average reserve per claim due to (in millions):

Medicaid debt increase	\$12
Unallocated Loss Adjustment Expense (ULAE)	\$2
Adjustment to pre-entry claim costs for IBNR	\$44
Inflationary impacts (just under 3%)	\$36
	<u>\$94</u>

*Excludes Risk Margin

Note that above amounts do not tie directly to NICA's balance sheet. A reconciliation of above amounts to the balance sheet is included in Attachment 6.

As noted previously, the most significant increase occurred in 2021 with legislative changes, and in 2022 with the Medicaid settlement. Specifically, from 6/30/2020 to 6/30/2023, reserve liabilities increased by \$424 million while investments decreased by \$147 million.

TABLE 2

3 Year Trend (in \$000s)	6/30/20	6/30/23	\$ Change	% Change
Investment Balance	1,462	1,315	(147)	-10.1%
Reserve Liability	939	1,363	424	45.1%
Net Assets	523	(48)	(571)	
Funding Ratio	155.7%	96.5%		

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NICA'S CURRENT DATA AND FINANCIAL CONDITION

More detail on the reserve liability increase is below (in \$000's):

TABLE 3

Liability Changes	6/30/20	6/30/23	\$ Change	% Change	Volume Change	Rate Change
Reserve Liability	939.0	1,362.6	423.6	45.1%	112.7	310.9
Outstanding Claims	255	278	23	9.0%		
Average Reserve per Claim	3.68	4.90	1.22	33.1%		

The reserve liability increase related to the average amount per claim, \$310.9 million, is attributable to the following:

- Benefit increases in SB 1786 / 768 - \$81m
- NICA becoming primary payor over Medicaid - \$131m (includes \$22m estimate for 8/31/2021-6/30/2023)
 - Note that about \$26m of the \$44m adjustment to pre-entry claim costs in SFY 2023-2024 noted above was also related to costs previously covered by Medicaid
- Rate increases for private duty caregivers – \$67m (NICA reimburses parents and private duty caregivers at the published Medicaid fee-for-service rates – those rates increased significantly on 7/1/2022)
- Adjustments to reserve liability calculation process including changes to life expectancy – \$32m (life expectancy adjustment was much higher, but many other items had been over-reserved in the past so were adjusted down)

The decrease in the investment balance is summarized below:

TABLE 4

Investment Changes (in \$000s)	
Interest / Dividends / Gains net of fees	10
Use of cash	(157)
Change in investment balance	(147)
Details of use of cash:	
Retroactive Parent Award payments as a result of SB 1786 / 768	57
Retroactive Death benefit payments as a result of SB 1786	8
Medicaid settlement	53
Retro family care	17
Routine benefit payments exceeded revenue	22
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NICA'S CURRENT DATA AND FINANCIAL CONDITION

Below is a recent history of cash flow:

TABLE 5

Cash Flows from Operating Activities	Actual SFY 2019-2020	Actual SFY 2020-2021	Actual SFY 2021-2022	Actual SFY 2022-2023	Actual SFY 2023-2024
Cash Received from Hospitals and Physicians	27,956,902	31,675,137	35,559,099	34,839,480	39,152,018
Cash Received from Reinsurance	15,990,545				
Cash Payments to Claimants and Vendors					
Parent Award	(2,068,834)	(28,249,604)	(34,172,593)	(7,384,706)	(8,205,899)
Custodial Care	(13,902,790)	(17,055,905)	(21,736,643)	(45,381,031)	(34,168,590)
Death Benefits	(110,000)	(290,000)	(8,469,795)	(480,215)	(1,050,000)
Housing	(162,431)	(278,341)	(4,559,863)	(2,821,352)	(2,197,525)
Transportation	(1,200,648)	(1,425,231)	(4,321,922)	(4,342,671)	(3,347,578)
All Other Benefits	(2,032,943)	(1,829,717)	(3,271,011)	(3,070,939)	(3,352,655)
Initial Claim Related (medical exams, attorney fees)	(643,806)	(632,860)	(791,062)	(1,036,649)	(1,319,878)
Cash Payments to					
Claimants and Vendors - Total	(20,121,452)	(49,761,658)	(77,322,889)	(64,517,563)	(53,642,125)
Cash Paid for Administration	(3,229,251)	(3,308,742)	(4,212,616)	(4,192,787)	(3,747,447)
Cash Paid for Medicaid Settlement				(52,669,106)	
Net Cash Provided by Operating Activities	20,596,744	(21,395,263)	(45,976,406)	(86,539,976)	(18,237,554)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Property and					
Equipment (Administration)	(778,795)	(862,783)	(806,468)	(1,111,106)	(740,422)
Net Cash Used in Capital and Related Financing Activities	(778,795)	(862,783)	(806,468)	(1,111,106)	(740,422)
TOTAL NET CASH USED - ALL ACTIVITIES	19,817,949	(22,258,046)	(46,782,874)	(87,651,082)	(18,977,976)
Increase (Decrease) in Cash	117,178	334,557	309,548	(750,163)	1,001,553
Net Cash Used in Investing Activities	19,700,771	(22,592,603)	(47,092,422)	(86,900,919)	(19,979,529)

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NICA'S CURRENT DATA AND FINANCIAL CONDITION

Note that the increase in cash received for the 2023-2024 fiscal year is due to the fact that the Department of Health was provided access to NICA's current assessment payment data. As a result, they were able to check payment information to ensure that a physician's assessment was paid prior to issuing a license renewal. The increase represents payment of assessments (plus interest) due from prior years ("catch-up payments") for many physicians so that they could renew their license.

The above cash flow data illustrates not only the increase in operating expenses, but the dramatic fluctuations in market value of assets. While NICA's life-to-date performance (net of fees) has been 7.17% through 6/30/2024 (see Attachment 7), from year to year, there are significant fluctuations in that performance and resulting market value. In 2023, NICA revised its Investment Plan to more appropriately reflect its current financial condition (i.e. that there is now an annual cash flow deficit). As part of that adjustment, overall portfolio risk was reduced, thus, expected returns were reduced - to 5.93%.

Because NICA experienced so much change during SFY's 2020-2021, 2021-2022 and 2022-2023, it is difficult to review the above data and develop assumptions about what might happen in the future. At a high level, the total amount paid for benefits in the most recent fiscal year of \$53.6 million can be considered close to a "normal" year except that it includes approximately \$4 million in retroactive nursing benefits (see 3rd bullet below) and it does not include approximately \$12 million expected to be paid to the Agency for Health Care Administration (AHCA) annually for reimbursement of Medicaid expenses (NICA is actively working out the process for those payments with AHCA).

Based upon the factors noted above plus some of the issues noted below, and ignoring inflation and program growth, an estimate of base level of funding for the most recent fiscal year is approximately \$60 million.

It is also important to recognize that the growth of the program has increased expenses. Attachment 8 shows ending census by calendar year going from 196 at 12/31/2019 to 245 at 6/30/2024 – a 25% increase.

Other specific items that have impacted cash flows include:

- In 2021, legislation provided for an increased parent award from \$100,000 to \$250,000 (as well as annual 3% increases in that amount). It also allowed for one-time retroactive payments of the increase in the parent award. Similar legislation in 2022 added to the recipients eligible for the retroactive increased parent award payment. As a result, spending in SFY 2020-2021 and SFY 2021-2022 was at an increased level. Spending in the two most recent fiscal years is more reflective of what to expect in the future.
- Similarly, in 2021, there was an increase in the death benefit from \$10,000 to \$50,000 which was also made retroactively (the benefit was paid out primarily in July 2021). SFY 2023-2024 was also unusually high due to a large number of deaths of program participants as well as twice as many new claims as expected for deceased children.
- There were retroactive nursing care benefits paid to parents in SFY 2022-2023 to correct historic inconsistent application of policy, and some continued into the most recent SFY. The most recent SFY amount is also higher than historic amounts due to several factors including policy changes, rate changes, program growth, and inflation.
- The 2021 legislative changes included an increase in the Housing benefit from \$30,000 to \$100,000 which resulted in the one-time increase during the following fiscal year (when current families were eligible to use the additional \$70,000). The most recent SFY is more in line with what to expect on the future.
- The 2021 legislative changes expanded on current transportation benefits so costs increased in that category as current families took advantage of the benefit. The most recent SFY is more in line with what to expect on the future.

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NICA'S CURRENT DATA AND FINANCIAL CONDITION

- All Other Benefits include several items, but Drugs, Supplies, Equipment, and Therapy comprise about 75% of the spending. Increases here are due to several factors including policy changes, program growth, and inflation.
- Initial Claim Related Expenses increased due to an increase in volume of the number of claims filed – from 50 in calendar year 2020, to 84 in calendar year 2023. For calendar year 2024 through 6/30, there have been 37.

Other historic data is included in Attachments to this report as follows:

- History of claims filed by type of claim – Attachment 9
- History of claim disposition – Attachment 10
- Recent history of average liability per claim – Attachment 11

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**DEFINING
ACTUARIAL SOUNDNESS**

DEFINING ACTUARIAL SOUNDNESS

Definition of Actuarial Soundness and Threshold Requirements

Actuarial Soundness is a term used in the insurance and financial industries to describe a state in which an insurance program, fund, or organization is financially stable and capable of meeting its long-term obligations. It indicates that the entity has sufficient funds and reserves to pay for future claims and expenses, considering the risks and uncertainties involved. Achieving actuarial soundness typically involves regular assessments by actuaries, who use mathematical and statistical methods to evaluate the financial health of the entity.

There is not a singular measure of actuarial soundness - it is dependent upon the entity and the circumstances. For example, in addition to having sufficient funds to pay for future claims and expenses, other measures should be considered such as whether a fund spent more money in expenses than it received in a given year, or whether the fund has mechanisms to correct course as asset and liability amounts change.

In the context of actuarial soundness, Threshold Requirements refer to specific conditions or criteria that act as essential checkpoints or safeguards to ensure that the entity maintains a solid financial foundation and can cover future claims and expenses.

Threshold requirements vary by industry. Here are some examples:

- o Insurance (General, Health, Life, Long-term Care)
 - » Risk-Based Capital (RBC) Ratios: Insurers are required to maintain a minimum RBC ratio, which measures the company's capital relative to its risk profile. This ensures that the insurer has enough capital to withstand financial stress.
 - » Loss Reserves: Insurers must hold reserves to cover future claim payments.
 - » Unearned Premium Reserves: For insurance policies that are paid in advance, insurers must hold a reserve to cover the portion of the premium that has not yet been earned.
 - » Minimum Solvency Margin: Regulatory authorities often require insurers to maintain a certain solvency margin, which is a buffer of additional capital above the estimated liabilities.
 - » Loss Ratio: This is the ratio of claims paid to premiums received. Insurers must maintain a loss ratio within acceptable limits to ensure solvency.
- o Pension Plans
 - » Minimum Funding Ratio: Pension plans must maintain a minimum funding ratio (e.g., 80%) to ensure they have sufficient assets to cover the present value of future liabilities.
 - » Employer and Employee Contributions: Minimum contribution rates are often set to ensure that the pension plan remains adequately funded over time.
 - » Maximum Benefit Payouts: Limits on the maximum benefits that can be paid out to prevent the plan from becoming underfunded.

The majority of the above examples are not appropriate for NICA's use due to the nature of the program. In the next section, we recommend the most appropriate for use in measuring NICA's actuarial soundness.

DEFINING ACTUARIAL SOUNDNESS

Recommendations for Defining Actuarial Soundness

Attachment 12 provides the detailed recommendation from NICA's actuaries on how to define actuarial soundness, but a brief summary is provided here. As previously noted, there is no statutory definition of the term for NICA.

As noted by NICA's actuaries, actuarial soundness has different meanings in different contexts. NICA's actuaries have interpreted that, for NICA, actuarial soundness means that at any point in time, (a) NICA has sufficient assets to reasonably provide for its liabilities (i.e., the costs of providing lifetime benefits to claimants born on or before that time) and (b) NICA has in place an ongoing funding strategy (i.e., assessments) to maintain this situation into the foreseeable future.

In reviewing the options for evaluating actuarial soundness, we wanted to ensure that the calculation would be:

- Available in as timely manner as possible,
- Meaningful,
- Repeatable,
- Actuarially-based and not subjective, and
- Would require minimal explanation

Based on the above parameters, NICA's actuaries recommend that "actuarial soundness" be evaluated by considering the ratio of cash and invested assets to the actuarially determined liabilities (a.k.a., "funding ratio"). They further recommended that NICA should target a funding ratio of 100%.

Use of Funding Ratio

NICA proposes using the funding ratio in 4 ways, or at 4 different levels:

- The target funding ratio of 100% should be used as the long-term funding goal
- A funding ratio between 90% and 100% should be the range in which routine assessment increases are requested
- A funding ratio below 90% should indicate a need for accelerated assessment increases
- A funding ratio above 130% should result in temporary reduction or suspension of assessments.
- A funding ratio below 75% could result in program suspension.

NICA's actuaries indicated that the current statutory threshold calculation equates to a funding ratio of approximately 82% and below that, changes may be required to ensure long-term viability. Because the current statutory threshold calculation differs slightly from the basic funding ratio calculation above, NICA is instead recommending that the statutory threshold calculation be redefined to comport to the funding ratio defined here. In addition to a funding ratio below 75%, other factors, such as expected cash flow, should be considered before program suspension. Specifically, if NICA's assessment level is expected to cover all operating expenses, then the program can "wait out" any extreme market changes since cash from investments would not be needed to fund annual operations.

More details and examples as to how the funding ratio would be utilized are contained in subsequent sections.

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DEFINING ACTUARIAL SOUNDNESS

Options for Phase-In

At this time, NICA does not recommend phase-in for use of the funding ratio as NICA is already reporting this information to its Board of Directors regularly. Phase-in recommendations are recommended as it relates to program suspension and revenue increases, detailed in other sections.

Comparative Analysis with Other States or Programs

Attachment 13 contains a summary of other programs provided by NICA's actuaries. Unfortunately, the Virginia program does not post recent data, so it is difficult to draw comparisons. However, some items of note include:

- Assessments have increased since inception – to \$6,200 for participating physicians, to \$55 per live birth for hospitals, and to \$300 for non-participating physicians
- As of 2019, Virginia appeared to be routinely assessing all liability insurance carriers
- Virginia used an interest-inflation differential of 2.89% in 2019 – an extremely aggressive assumption
- The last actuarial report available indicated that the Virginia plan was not actuarially sound
- Virginia life expectancies are lower than the NICA program

While the New York Medical Indemnity Fund is quite different from the NICA program, it provides a cautionary tale as to how quickly a funding deficit can increase without appropriate revenue sources.

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**REPORTING
ACTUARIAL SOUNDNESS**

REPORTING ACTUARIAL SOUNDNESS

Current Reporting Practices

NICA reports its financial condition to the Board of Directors at each meeting. The calculations are prepared quarterly by NICA's actuaries (see Attachment 14 for detail of the process for calculating that liability). An example of the data summary presented to the Board is included in a previous section. The actuaries' reports are also presented to the Board which votes on their acceptance (examples can be found on NICA's website).

It should be noted that NICA's current statute contains a requirement that it report to the Legislature its determination as to the annual cost of maintaining the fund on an actuarially sound basis (s. 766.314(8)). Because NICA has relied on the threshold calculation as the definition of actuarial soundness, and because that threshold has never been breached, NICA has not historically reported as required as there would be no additional annual cost beyond the existing assessments. The recommendations in this report will provide more clarity on reporting.

Statute also contains a requirement (in S. 766.314(7)(a)) that "the Office of Insurance Regulation shall undertake an actuarial investigation of the requirements of the plan based on the plan's experience in the first year of operation and any additional relevant information, including without limitation the assets and liabilities of the plan. Following the initial valuation, the Office of Insurance Regulation shall cause an actuarial valuation to be made of the assets and liabilities of the plan no less frequently than biennially." For the 2-year period ended 12/31/2021, the report concluded that NICA's estimates were reasonable but that NICA should consider correction action before the underwriting losses compound to an unmanageable level.

Recommendations for Timing of Reporting and Recipients

There are not currently any statutory timeframes for completing the quarterly calculation of its liability. This was the subject of an Office of Auditor General finding in its 2023 report. While NICA is required to estimate the present value of the total cost of each new claim within 60 days after a claim is filed (see Attachment 4, s. 766.314(9) (a), F.S.), there are no timeframes for updating all claims' present values, nor any timeframes for calculating the threshold requirement. As such, there may be a delay in suspending the program if it breaches the threshold requirement.

To address that concern, NICA recommends that the funding ratio for the quarter ended 12/31 be posted to the NICA website no later than 3/31. Subsequent quarterly calculations would be posted no later than the last day of the 2nd month after the quarter.

As noted on Attachment 14, NICA's most detailed liability calculations are prepared at 12/31. This would be the foundation for any requests for assessment increases. For years in which NICA requests assessment increases, that request would be submitted to the Office of Insurance Regulation by 5/31 of each year. OIR would respond to NICA by 8/31 as to their decision on approving assessment increases. NICA would then adjust their systems as necessary so that correct billing amounts could go out in October each year. This model is similar to the one used for the Florida Insurance Guaranty Association (FIGA). The parameters by which NICA could request assessment increases would be defined in statute and OIR would have the authority to approve them.

Independent of the annual reporting requirement, similar to current statutory requirements, any time that NICA's funding ratio fell below a specified level and was considered to not be actuarially sound, NICA would be required to immediately suspend acceptance of new claims. Within 30 days of that suspension, NICA would be required to notify the Governor, the Speaker of the House of Representatives, the President of the Senate, the Office of Insurance Regulation, the Agency for Health Care Administration, and the Department of Health of this suspension (see Attachment 4, s. 766.314(9)(a), F.S.).

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**ENSURING REVENUE LEVEL
FOR ACTUARIAL SOUNDNESS**

ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

Current Statutory Remedies

Section 766.314(5)(b) and (5)(c), Florida Statutes, contain specified remedies in the event that the assessments collected “are insufficient to maintain the plan on an actuarially sound basis”. The first remedy is to require a transfer of \$20 million from the Insurance Regulatory Trust Fund, the second is to assess all casualty insurers up to .25 percent of net direct premiums written.

There is also a final remedy in section 766.314(7)(b), Florida Statutes, that requires that if “the Office of Insurance Regulation finds that the plan cannot be maintained on an actuarially sound basis based on the assessments and appropriations listed in subsections (4) and (5), the office shall increase the assessments specified in subsection (4) on a proportional basis as needed.”

Since its inception and until recently, NICA has taken in more cash than it has spent, thus, there was never any question about its actuarial soundness and none of the above remedies have ever been needed. As previously noted, there is no definition of actuarial soundness in statute, and while the OIR is required to biennially produce an actuarial valuation, that valuation does not opine on actuarial soundness.

While NICA recommends that OIR have oversight in approving assessment increases, we do not think it appropriate that these only be an option after a \$20 million transfer and an assessment against casualty insurers. Assessments have been the same since NICA’s inception in 1988. It seems appropriate that the first option for revenue increases should be increases to those who benefit from the existence of the program.

Current revenue sources and structure

Table 6 shows cash received from assessments for SFY 2023-2024.

TABLE 6

Cash received from Assets in SFY 2023-2024	Amount	As % of Total
Participating Physicians (1,676 @ \$5,000 each)	\$8,380,000	21.4%
Participating Nurse Midwives (415 @ \$2,500 each)	\$1,037,500	2.6%
Hospitals (@ \$50 per live birth)	\$3,570,500	9.1% (1)
Non-participating physicians (@ \$250 each)	\$26,164,018	66.8% (2)
	<u>\$39,152,018</u>	

(1) \$3,528,700 for current year assessments, rest is prior year receivables

(2) Approximately \$3m from prior years

According to the Department of Health’s 2023 Physician Workforce Annual Report, there were more than 2,500 OB/GYN’s practicing in Florida. About 60%, or 1,500, indicated that they provide delivery services. Based on that data, it is difficult to imagine that the number of participating physicians will increase appreciably in the near future (i.e. because the number of participating physicians already exceeds the number who say they provide delivery services). In fact, the report noted that more than 500 OB/GYN’s indicated that they plan on discontinuing obstetric care within the next 2 years. This could reduce revenue by about \$2.4 million. A history of the number of participating physicians is included as Attachment 15.

ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

Attachment 16 contains more detail on hospital assessments. As shown in that Attachment, in the most recent assessment year, \$7.3 million is exempted from assessment for the following reasons:

- Just over \$3 million due to teaching hospital exemption
- \$1.8 million due to the public hospital exemption
- About \$2.5 million for Medicaid and charity care births

Comparing this to historical data, the SFY 2023-2024 receipt total was close to 14% higher than the prior year. This is due to an increase in the number of births from calendar year 2021 to 2022 (the revenue for SFY 2023-2024 is assessed based on calendar year 2022 births). While this may be the beginning of a trend in increasing births, it is too soon to tell as it occurring after a 3-year period of declining births.

It is also important to note that seventeen hospitals in the state have closed their maternity units since 2019. These tend to be smaller, private hospitals and there is some suggestion that these births will migrate to larger public or teaching hospitals, thus, be exempt from assessment. For this reason, increased assessment revenue from hospitals may not be likely under the current assessment structure.

Recent Department of Health data shows that the number of licensed physicians in Florida is 93,098 which would result in revenue of almost \$23 million (at the \$250 assessment). As previously noted, the most recent fiscal year revenue was more than that due to “catch-up” fees and related interest. Note that physicians have exemptions as well – about 10% of all physicians are exempt for one of the following reasons:

- Resident physician, assistant resident physician, or intern in an approved postgraduate training program
- Retired physician who has withdrawn from practice but maintains an active license
- Physician who holds limited license and who is not being compensated for medical services
- Physician employed full-time by US Dept of Veterans Affairs and whose practice is confined to a VA hospital
- Physician who is a member of the armed forces
- Physician employed full-time by the State of Florida and whose practice is confined to state-owned correctional institutions, a county health department, or state-owned mental health or developmental services facility, or who is employed full-time by the Department of Health

Attachment 17 shows detail of exemptions and amount for physicians based on 2023 data.

Based on all of the above data, absent any change, future revenue of \$36 million is potentially optimistic but since there are so many unknowns, we continue to budget \$36 million.

Funding Ratio Projections

NICA’s actuaries have prepared detailed projections through fiscal year 2043 including the following elements (detail in Attachment 18):

- Annual cash flow
 - o Cash received – held steady at \$36 million per year. See discussion on revenue above.
 - o Cash paid for benefits – this is the liability by participant spread over remaining life expectancy, however, for new participants, cash outlay is slightly front-loaded to account for higher costs in the first years after program entry.
 - o Cash paid for administration – inflated by 3.5% each year

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ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

- o Net cash deficit – as noted, NICA is currently in an annual cash flow deficit which will only increase absent any changes.
- Amount of liability (i.e. reserve requirement) each year calculated as the net increase in participants times remaining lifetime of benefits inflated by 3.5% each year then discounted to present value assuming an average return of 5%.
 - o The number of new participants is expected to increase by a net of approximately 10-11 per year. Note that per Attachment 8, the net increase in participants from calendar year 2019 to 2023 has ranged from 8 to 17 for an average of almost 11.2.
 - o The liability is expected to increase by about \$111 million in SFY 2024-2025 and then by increasing amounts each year to an annual increase of \$250 million from SFY 2042-2043 to SFY 2043-2044. Generally, about half of the annual projected increase is due to inflation and about half is due to program growth.

Attachment 19 shows a projection of funding ratios and the pro-forma threshold calculation with the same data as Attachment 18 using the following assumptions:

- 5.75% is used as the estimated return as opposed to the 5.93% discussed previously because because in the prior year, returns were higher than expected, thus, the 10-year average expected return is now reduced. Attachment 20 contains information from NICA's investment advisors about how this expected return is adjusted based on NICA's current investment portfolio as well as documentation of the 5.75% calculation. This annually adjusted 10-year average is what NICA proposes using for projected funding ratio calculations going forward.
- Estimated assets and liabilities exclude the \$34 million set aside for amounts due to the Agency for Health Care Administration for Medicaid program costs from August 31, 2021, to June 30, 2024.

Without revenue increases, the funding ratio decreases about 3.5% per year, and the threshold is breached in SFY 2026-2027 by \$18 million.

TABLE 7

Here is the specific data for SFY 2024-2025 from Attachment 18 (in \$000's):

Summary of Output by FYE

Cash Flow (Excludes Retro Payments)	2025
Cash Received from	
(1) Hospitals and Physicians (a)	36,000
(2) Reinsurance	--
(3) Cash Received	36,000
Parental Award and Burial	
(4) Expense	(6,019)
(5) Custodial Care	(40,916)
(6) Other	(13,638)
(7) Cash Outlay for Benefits	(60,572)
(8) Cash Paid for Administration	(4,000)
(9) Purchase of Property	(1,000)
(10) Total Cash Outlay	(65,572)
(11) Net Cash Provide by Operating Activities	(29,572)

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ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

TABLE 8

Here is the same SFY data from Attachment 19 (in \$000's):

Projected SFY End	2025
Beg Cash / Inv Balance*	1,354,341
Cash In	36,000
Cash Out	(65,572)
Net (Use of Cash) Incr Investment	(29,572)
End Cash / Inv Balance b4 Change in Market Value	1,324,769
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555
Estimated Annual Market Value Change %	5.75%
Estimated Annual Market Value Change \$	77,024
End Cash / Inv Balance	1,401,793
Fiscal Year End Reserve Requirement*	1,564,918
Estimated Funding Ratio	89.6%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,401,793
Add Annual Assessment Amount	36,000
Add Additional Year of Earnings @5% (return used by actuaries)	70,090
Total Assets for Calculation	1,507,883
Reserve Requirement*	1,564,918
Less IBNR	(174,103)
Total Liabilities for Calculation	1,390,815
Excess of Assets of Liabilities	117,069

*Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

The above 2 tables are provided just for illustration of what is contained on the referenced attachments. For more detail, please refer to those attachments.

ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

Revenue Needed to Maintain Actuarial Soundness Based on Recommended Funding Ratio

Recognizing that all the above are estimates, there is significant uncertainty in what might actually occur. For example, even a one year 5% loss in market value for SFY 2024-2025 would put NICA below the current statutory threshold. Conversely, an increase in market value of 10% for the same fiscal year would delay the breach of threshold by one fiscal year. The problem right now, as noted by NICA's actuaries, is that while NICA is at an annual cash flow deficit, a bad year in the market results in locking in those losses because cash from investment income is being used to fund operations.

To meet the recommended funding ratio of 100%, NICA would need revenue of \$194 million in SFY 2024-2025. However, as shown in Attachment 21, this level of revenue on an ongoing basis would result in an increasing funding ratio to the extent that NICA would again be in a situation where assets far exceeded liabilities.

A less costly option would be to eliminate the cash flow deficit with proposed assessment increases each year (i.e. match assessment revenue to expected operating expenses). In effect, allowing market value increases to fund the increase in reserve requirements instead of being used for operating expenses. However, as noted on Attachment 22, it would still result in a decreasing funding ratio (to about 85.3%) through SFY 2034-2035. Note that the funding ratio begins increasing slightly in SFY 2034-2035 due to the switch back to an average expected return of 5.93% (see discussion in previous section that explains the use of different rates).

The next section outlines phase-in recommendations to balance the two scenarios outlined above.

Options for Phase-In

NICA recognizes that the estimates included in this report may be viewed with skepticism. Actuarial estimates are, by nature, conservative. Because of the dramatic changes over the past several years, it is difficult to review the data and detect consistent patterns. What is without question though is that, absent any changes, NICA will continue to operate at an annual cash flow deficit and the funding ratio will continue to decline.

NICA also recognizes that some may believe that a target of 100% funding is not realistic – that something less than 100% would be sufficient to be considered actuarially sound. While there is some merit in that argument, it would not be fiscally prudent to recommend anything other than ensuring the program has enough assets to cover all future benefits.

As noted above, projections in Attachment 18 are based on a 1.5% differential between the rate of estimated inflation and return. In order to show how those assumption impact estimates, NICA prepared two additional models – one with a 2% differential and one with a 2.5% differential.

Attachment 23 shows data resulting from a 2% differential and Attachment 24 shows data resulting from a 2.5% differential. The table below summarizes key differences below:

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ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

TABLE 9

	Differential		
	1.50%	2.00%	2.50%
Funding Ratio at 6/30/2025	89.6%	90.2%	90.9%
Funding Ratio at 6/30/2035	56.0%	60.5%	65.3%
Year That Current Threshold Breached	SFY 2027	SFY 2028	SFY 2028

While there is certainly variation, there is still a decreasing funding ratio and risk of threshold breach in the near term.

NICA also understands that there may be skepticism in the rates of return being used in the model when life-to-date returns have been higher. The table below shows each of the scenarios outlined in Table 9 using 7.17%. The detail is contained in attachments 25, 26 and 27.

TABLE 10

Using 7.17% Return	Differential		
	1.50%	2.00%	2.50%
Funding Ratio at 6/30/2025	90.8%	91.5%	92.2%
Funding Ratio at 6/30/2035	67.3%	72.5%	78.0%
Year That Current Threshold Breached	SFY 2028	SFY 2029	SFY 2031

Again, variation exists but trends do not change.

In reality, investment returns vary significantly from year-to-year. To illustrate this, using the model with the 1.5% differential, we plugged in rates of return to match the S&P 500 from 2000-2018. Attachment 28 shows this model and reveals how dire the situation could get – the program would run out of cash in SFY 2038-2039.

The phase-in recommendations attempt to balance concerns about conservative estimates resulting in “over funding” as well as mitigating risk of significant market fluctuations (though that risk is partially mitigated by the current asset allocation). Phase-in recommendations are as follows:

- For the SFY 2026-2027 fiscal year, increase assessments in statute to a level that will eliminate the potential cash flow deficit for that fiscal year – this would be an additional \$36.8 million in revenue (see attachment 19). This would essentially be a “level-setting” exercise.
- For future fiscal years, increases would be requested as needed and approved by the Office of Insurance Regulation. The requests would be expressed as percentage increases in existing statutory amounts for all payors. While the goal would be to be 100% funded, this goal would be achieved over the course of many years. Parameters for increases would be as follows:
 - o The amount of increase requested would be 5% of the actual increase in the reserve requirement from the prior to the current fiscal year, as long as the actual funding ratio is 90% or above
 - o When funding ratios are below 90%, the amount of increase requested would be accelerated to 10% of the increase in the reserve requirement
 - o No increases could be requested when funding ratios are above 100%.
 - o If funding ratios ever exceed 130%, consideration should be given to reducing (though not eliminating) assessments

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ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

The above recommendations achieve a slow but steady climb to reach and maintain 100% funding. By using the actual increase from year-to-year, the requests are based on the current fiscal year experience that impacted calculation of reserves and removes some of the concern about estimates being too conservative.

Note – examples were prepared on a state fiscal year basis, but the funding ratios used for requested increases would actually be as of 12/31 each year to allow enough time for OIR review and subsequent implementation by NICA. The conclusion section includes a table walking through the sequence of events.

Attachment 29 shows the results if all years were increased at 5% starting in SFY 2027-2028. The program would not get above 90% in the years that are modeled (through SFY 2042-2043). Attachment 30 shows the result when the increase is 10% whenever the funding ratio is below 90% and when there are no increases when the funding ratio exceeds 100%. Years highlighted in yellow use the 10% increase. Note that 100% funding would not be achieved until SFY 2037-2038. At that point, no assessment increases would be requested until the funding ratio did not exceed 100%.

As previously discussed, rates of return are never exactly the same from year-to-year. While the example provided in Attachment 26 was extreme, Attachment 31 shows how the above process would prevent the program from running out of cash and even result in achieving 100% funding in SFY 2039-2040. It could be argued that, with this assessment increase in place, the program would always be considered actuarially sound.

Options for Sources of Revenue

As previously noted, assessments have not been increased since program inception. Using the same Bureau of Labor Statistics CPI inflation indicator noted earlier, assessment amounts at June 30, 1988, would be the following amounts as of June 30, 2024, if adjusted for inflation:

- Participating physicians \$5,000 would be \$13,312.50
- Participating nurse midwives \$2,500 would be \$6,656.26
- Hospital assessments \$50 would be \$133.12
- Non-participating physician assessments \$250 would be \$665.62

Increases in assessment revenue can come from several sources and in an unending combination. For that reason, NICA is providing options for different sources of revenue with amounts as appropriate but is not making specific recommendations as to exactly what combination of options should be implemented. However, as noted above, the first step should be a level-setting exercise if it is concluded that the current structure is not equitable.

Review of exemptions:

NICA believes that hospital exemptions should be reviewed. As noted previously, about two-thirds of potential hospital assessments are exempted. Annual revenue exempted for teaching hospitals was more than \$3 million last fiscal year. In reviewing the data by hospital (Attachment 16), the following is noted related to teaching hospitals:

- 301 of the 1,451 life-to-date claims filed, or 20.7%, come from 7 hospitals that have not paid any assessments due to the teaching exemption (Arnold Palmer Medical Center, Jackson Memorial Hospital, UF Health Jacksonville, UF Health Shands Hospital, Tampa General Hospital, AdventHealth Celebration, and AdventHealth Altamonte Springs)
- Similarly, 114 of the 492 compensable claims (excluding those who rejected NICA), or 23.2%, come from those same hospitals
- \$440 million, or 22.7%, of life-to-date incurred costs come from those same hospitals

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ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

Medicaid births exempted \$2.5 million in assessments last year. Public hospital exemptions totaled \$1.8 million last fiscal year. The hospitals with this exemption comprise about 10% of the life-to-date claims filed and about 14% of life-to-date incurred costs.

As previously noted, the 2 hospital associations that NICA met with indicated that they would provide more feedback once the report was completed.

While non-participating physician exemptions are significantly less as a percentage of their total assessments, they total more than \$2.2 million (see Attachment 17).

Expanding the base of assessments:

In its 2023 Public Policy Compendium section P 335.006, the Florida Medical Association recommends that healthcare practitioners not requiring physician supervision be required to pay the NICA assessment. Per legislative staff analysis of HB 1067 in 2023, there were 8,185 APRN's registered for autonomous practice. If the \$250 assessment was expanded to those registered for autonomous practice, we would first deduct the 416 midwives already participating in the NICA program for a total of \$1.9 million in additional revenue. If all APRN's (57,074 total per DOH data) were charged the assessment, an additional \$12.2 million would be generated (in addition to the \$1.9 million). There is a table at the end of the section summarizing options that also include estimates at \$125 per license.

Similarly, Physician Assistants could be assessed. Per DOH data, there are 13,879 licensed Physician Assistants in Florida at the time. At \$250 per license, this would generate \$3.5 million in revenue.

Increases for participating physicians and nurse midwives

Participating physicians have received the benefit of reduced Medical Malpractice premiums since program inception so their baseline assessments should be increased in statute before any other current payor amount is increased. An increase to \$6,000 (20%) would still be less than the Virginia program.

Similarly, participating nurse midwives have received the benefit of the program since 1992 so should have baseline assessments increased. A 20% increase would be to \$3,000.

The following table summarizes the potential increases:

ENSURING REVENUE LEVEL FOR ACTUARIAL SOUNDNESS

TABLE 11

Potential Sources of Revenue	@ \$125	@\$250	@ Current Rates	@ 10% Increase	@ 20% Increase
Eliminate Hospital Exemptions			\$7,323,250		
Eliminate Non-Participating Physician Exemptions			\$2,217,250		
7,769 APRNs Registered for Autonomous Practice (8,185 less 416 participating midwives)		\$1,942,250			
Remaining APRNs (48,889)	\$6,111,125	\$12,222,250			
Physician Assistants (13,879)	\$1,734,875	\$3,469,750			
Increase Participating Physician Assessments (1,676)				\$838,000	\$1,676,000
Increase Participating Nurse Midwives Assessments (416)				\$104,000	\$208,000

Total Revenue Needed (See Attachment 19)	\$72,812,000
Additional Revenue Needed Over Current Level of \$36m)	\$36,812,000
Maximum Options Here	\$29,058,750
New Total (add current of \$36m)	\$65,058,750
Still Needed	\$7,753,250
As % of New Assessment Level	11.9%

Even with the maximum suggested increases, the recommended funding level for SFY 2025-2026 would not be met, so an additional increase of 12% would be needed for all assessments. Specifically, assessments for live births would increase from \$50 to \$56, all \$250 assessments would increase to \$280, participating physician assessments would increase from the suggested \$6,000 to \$6,720, and participating nurse midwives from the suggested \$3,000 to \$3,600.

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CONCLUSION

CONCLUSION

The following table summarizes the flow of the proposed solution:

TABLE 12

Date	Action
7/1/2025	Statutory assessment increases take effect 7/1/2025 impacting SFY 2025-2026 collections
8/31/2025	Actual funding ratio for 6/30/2025 posted – exempt from threshold consideration
11/30/2025	Actual funding ratio for 9/30/2025 posted – exempt from threshold consideration
3/31/2026	Actual funding ratio for 12/31/2025 posted – exempt from threshold consideration
5/31/2026	Request for assessment increases to OIR using 12/31/2025 data and projections
5/31/2026	Actual funding ratio for 3/31/2026 posted – exempt from threshold consideration
8/31/2026	OIR responds to request for assessment increase
8/31/2026	Actual funding ratio for 6/30/2026 posted, threshold requirement in effect going forward

The recommendations put forth are NICA’s best effort at a phased-in approach to assessment increases while ensuring that the Plan remains actuarially sound. Action is needed as soon as possible because the Plan is extremely vulnerable due to its annual cash flow deficit. While the investment balance is quite high, so are the liabilities that represent the future costs to provide medical services to its participants. NICA looks forward to ideas from stakeholders about how to move forward to allow NICA to meet its critical mission.

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CONTACT INFORMATION

Florida Birth-Related Neurological Injury Compensation Association

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NICA.com

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ATTACHMENTS

Requirements for NICA program entry

- Live birth in a hospital
- 2,500 grams single birth, 2000 grams multiple birth
- Permanently and substantially mentally and physically impaired
- Caused by oxygen deprivation or mechanical injury
- Occurring in the course of labor, delivery or resuscitation in the immediate post delivery period

ATTACHMENT 2

SB 1786 Changes and NICA improvements

- Requires the Florida Birth-Related Neurological Injury Compensation Association (NICA) to administer the Plan in a manner that promotes and protects health and best interests of birth-injured children.
- Increases the maximum amount that may be awarded to parents or legal guardians of an infant who has sustained a birth-related neurological injury from \$100,000 to \$250,000 for pending petitions or claims filed on or after January 1, 2021, with the amount to be incrementally increased by three percent annually.
 - o Increase made retroactive for families currently in program, SB 768 in 2022 made it retroactive for families of deceased participants
- Increases the death benefit for an infant who sustained a neurological injury from \$10,000 to \$50,000 (retroactive for all previous participants).
- Increase the number of directors on the NICA's board from five to seven by adding a parent or legal guardian of a Plan participant and a representative of an advocacy organization for children with disabilities.
- Requires the Auditor General to audit the Association at least once every 3 years
- Allows for reimbursement of up to \$10,000 annually for psychotherapeutic benefits for immediate family members
- Provides reliable transportation benefit
- Provides for housing assistance up to \$100,000 for the life of the child
- Requires code of ethics for Executive Director, senior managers and Board of Directors
- Requires Board of Director meetings to be subject to requirements of s. 286.011 and outlines notice requirements
- Requires an annual report to be published on the Association's website

- Requires an annual report to be submitted to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Chief Financial Officer.
- Required the Agency for Health Care Administration to review its Medicaid third-party liability functions and rights under s. 409.910, Florida Statutes, relative to the Association, and provide a report to the President of the Senate, the Speaker of the House of Representatives, and the Chief Financial Officer on or before November 1, 2021

Program Improvements

- Parent Advisory Committee established
- Significantly improved Benefit Handbook approved by BoD in August 2022, updated version approved August 2023, improvements continue
- Medical Director hired
- Benefit denials tracked in system (CARES) and clearly communicated to families, along with DOAH appeal rights
- CD's all uploaded
- Written contracts in place with all sub-contractors
- Right-sized staff and completed 10-year staffing plan
- Significant technology / security improvements
- Benefit Handbook available in 7 languages
- Parent portal in beta testing
- Explanation of Benefits available via parent portal
- Nurse Case Manager Handbook (internal) drafted
- Worked with DoH to provide real-time access to assessment payments so that no license is issued or renewed if assessment not paid

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Tort Letter



**FLORIDA BIRTH RELATED
NEUROLOGICAL INJURY
COMPENSATION ASSOCIATION
COMPARED TO TORT SYSTEM**

AUGUST 26, 2024

EXPERTS WITH **IMPACT**™

DRAFT



August 26, 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 Program Compared to the Tort System

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: 2024.08.26 17:47:54
-04'00'

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**Choya
Everett**

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Choya Everett
Date: 2024.08.26
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1 INTRODUCTION

1.1 Purpose

The Florida Birth Related Neurological Injury Compensation Association (NICA) requested FTI Consulting (FTI) to update the estimate of the costs that would likely be incurred in the event the current NICA accepted claims were instead resolved through legal proceedings under a tort settlement process that applies to most medical malpractice claims. This letter documents our results and methodology.

1.2 Authors

This letter and analysis were prepared by 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.

1.3 Basis For Estimating Costs

Each year, there are, on average, twenty-one (21) children per year, born with birth-related injuries who will be accepted as participants into the NICA program. Further, seven (7) of these children will be deceased within the first three years of life.

Estimating the costs of NICA claims in an alternative tort system requires substantial judgment concerning how these claims would proceed through that system. This includes consideration of:

- **Frequency of malpractice:** To be compensable in a tort system, the plaintiff has to establish malpractice. Not all NICA claims may meet this standard. In our projections, we estimated that 70% of NICA's claimants could sustain a malpractice claim.¹
- **Collectability:** Even if a claim involves malpractice, it may be difficult or impossible for the plaintiff to collect all of their damages. For example, sovereign immunity caps – if any – on non-economic damages, available financial resources of defendants, and other factors may effectively limit the damages that are collectable.

¹ See Section 3.22 below.

In making our estimates, we considered a variety of methods (see Methodology section). All estimates are presented at current cost levels. The estimates are (implicitly or explicitly) discounted to present value.

1.4 Data Sources

Our analysis was based on the following sources of data:

1. NICA Loss Reserve Analysis as of June 30, 2024.
2. A September 2, 2014 letter from Mr. Turner FCAS, MAAA (NICA's former actuary) to Ms. Shipley (NICA's former Executive Director) describing the estimation of NICA cost translated to tort settlement process.
3. An academic paper, *No-Fault System of Compensation for Obstetric Injury: Winners and Losers*, by Frank Sloan Ph.D., Kathryn Whetten-Goldstein, Ph.D., Emily Stout, JD, Stephen Entman, MD and Gerald Hickson, MD, published in *Obstetrics and Gynecology*, Volume 91, No 3, March 1998. This paper provides a review of the impact of NICA on claim settlements at the time of its inception.
4. Information on average cerebral judgments published by Miller & Zois, LLC. <https://www.lawsuit-information-center.com/cerebral-palsy-malpractice-lawsuits>. This information provides a view of jury and settlement values for cerebral palsy cases involving malpractice.
5. AON ASHRM Hospital and Physician Professional Liability 2023 Benchmark Analysis. This report contains countrywide insurance data on the frequency and cost of obstetric claims and the percentages of claims involving payments.
6. Florida Closed Claims Database for Professional Liability. The database contains economic loss, non-economic loss, and loss adjustment expenses on settled Medical Professional Liability claims by injury type. We rely on claim data submitted to the database prior to May 30, 2024, with report dates in 2019 through 2023.
7. Countrywide Summary of Medical Professional Liability Insurance 2008-2022. National Association of Insurance Commissioners (NAIC). This report contains written premium, earned premium, incurred loss, incurred loss and defense and cost containment expense for the Medical Professional Liability industry by calendar year.

1.5 Variability of Estimates

The development of liabilities 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.

2 EXECUTIVE SUMMARY

Based on our mid-range estimate, we have concluded the following:

1. In a tort environment, NICA claims would, on average, cost the medical industry about \$191 million per birth year (Exhibit 1). This amount would be paid by the medical industry through a combination of insurance and self-insurance.
2. The medical industry currently pays about \$36 million per year in annual assessments to NICA. This assessment will need to be substantially increased in the future to ensure the “actuarial soundness” of NICA. However, even at the upper range of likely increases, the assessments will likely remain well below the estimated annual tort cost of \$191 million. On this basis, NICA represents a cost savings to medical providers.
3. The \$191 million of estimated tort costs breaks down into the following components (\$000s):

Net compensation to claimants	\$83,750
Plaintiff Legal Fees	41,250
Defense Legal Costs	37,750
Insurance Company Profit & Overhead	<u>28,250</u>
Total	191,000
4. We estimate that NICA claimants would receive on average about \$125 million per birth year in gross compensation under a tort system before deduction of plaintiff legal fees, or equivalently about \$83.75 million in net compensation after deducting plaintiff legal fees (we estimated plaintiff legal fees to be 33%² of the gross tort award).
5. Our estimated aggregate net compensation received by claimants in a tort system of \$83.75 million is less than the estimated benefit they currently receive from NICA (\$90 million). (This is the estimated present value of the lifetime benefits.)

² Based a review of the academic paper by Sloan et al. and judgment.

6. Considering the variability in our estimates, it is reasonable to conclude that, in aggregate, the net compensation received by claimants in a tort system is reasonably similar to that under the current NICA system.³ However, the variation at the individual level is likely to be very significant, and there would be “winners” and “losers.” This is because the current NICA benefits are determined based on need, whereas under a tort system, the benefits also reflect other legal and economic factors. For example, in some cases, the claimant’s lawyers might not be able to prove that medical malpractice caused the injury, and therefore, little or no compensation would be available under a tort system. Similarly, while the claimant may be able to legally prove malpractice and large damages, they might not be able to collect the full amount of their damages because of sovereign immunity protections, exhaustion of insurance, bankruptcy, and other factors. On the other hand, a tort claimant may be able to successfully argue and collect a judgment that includes a large non-economic damage component that significantly exceeds the value of benefits under the NICA program.
7. We only considered costs from the perspective of claimants and the medical industry. We did not consider the additional costs to taxpayers resulting from a tort system. These additional costs include the cost of the court system to adjudicate the claims, as well as public assistance that would likely be paid to some of the injured children and their families. This situation results because tort compensation may be non-existent or substantially inadequate for some children and their family members who cannot work a regular job while caring for the child.

3 BACKGROUND

We have estimated the costs that would likely be incurred in the event the current NICA accepted claims were instead resolved through legal proceedings under a tort settlement process that applies to most other medical malpractice claims.

In general, a complex birth injury tort case may involve multiple claimants (e.g., child, parents) and multiple medical providers (e.g., doctors, nurses, hospital, etc.). The cases may be settled in or outside of court. The resulting claims will be paid by traditional commercial insurance, an insurance-like arrangement (e.g., a trust), the medical provider through self-insurance, or else remain unpaid.

³ This is the same conclusion as was reached in Sloan et Al cited previously.

3.1 Considerations of NICA Claims in a Tort System

In the NICA system, costs are driven by the needs of the injured child and the situation of its family. In a tort system, costs also reflect extraneous factors unrelated to these needs, including:

1. Was the injury caused by malpractice? If it was not, then there is no compensation in the tort system.
2. Are the practitioners and hospital that are responsible for the injury protected by sovereign immunity? If they are, the amount of compensation may be limited.
3. Are there caps on non-economic damages? If there are, the amount of compensation may be limited.
4. What are the limits of liability of the available medical malpractice insurance policies?
5. If no applicable insurance exists or if applicable insurance has been exhausted, what is the likelihood of collecting damages?
6. What are the costs (e.g., legal fees) of obtaining the judgment or settlement that reduce the net amount of compensation to the claimant?

3.2 Components of Medical Malpractice Claim in a Tort System

Conceptually, the dollar amount of damages that may be claimed in a medical malpractice tort case consists of three components, i.e.,

1. Economic damages.
2. Non-Economic damages.
3. Punitive damages.

Economic damages consist of actual and future costs incurred and associated with the injury caused by the malpractice. Examples include cost of remedial medical treatments, loss of future earnings for child and parents, cost of care, etc. These costs can be reasonably estimated and quantified based on the condition of the child and situation of the family.

Non-economic damages involve consideration of the emotional trauma caused by the injury translated into a dollar amount. These costs are very subjective and can vary substantially from case-to-case based on the vagaries of the legal system and the claims settlement process.

Punitive damages may be awarded to punish the offending party and to deter similar behavior in the future. We understand that in Florida, punitive damages are awarded infrequently, and in situations, where the conduct of the offending party was egregious. We also understand that Florida law prohibits insurance from covering punitive damages.

3.21 Compensation in a Tort System

For a claimant to receive compensation for a birth related injury in a tort system, the claimant must:

1. Establish that the injury was caused by malpractice.
2. Establish the amount of damages.
3. Collect the damages.

Each of these steps involves high stakes for both the claimant and the provider and typically involves substantial legal costs. In particular, for claimants currently covered by NICA:

- Some of the claimants would likely not be able to establish medical malpractice as the cause of the birth injury, and so would, at best only obtain token compensation to provide for the needs of the child and the family.
- Of the claimants that are able to establish medical malpractice as the cause of the birth injury, some will likely not be able to collect 100% of the damages due to them for the following reasons:
 - the claim may be limited by Florida's Sovereign Immunity Statute,
 - the claim may be limited by statutory caps on non-economic damages,
 - the amount of available insurance in the provider's insurance policy may be inadequate, or
 - recovering damages from uninsured providers (or for amounts in excess of insurance policy limits) may be practically impossible.

3.22 Medical Malpractice as the Cause of Birth-Related Injuries

Medical malpractice is not the only cause of birth-related injury. Figures cited in the academic paper by Sloan et al. offered a mid-range estimate of about 20% of birth-related cerebral palsy cases occurring in Florida in 1990 were caused by medical malpractice (not just NICA eligible cases). The high-end estimate was about 60% due to malpractice. Thus, it appears likely that significant number of NICA's claimants may not have a valid medical malpractice claim in a tort system. In our analysis, we estimated 70% of NICA claimants could establish malpractice considering (a) the malpractice rates for birth related cerebral palsy generally, (b) the NICA eligibility requirements that arguably preclude categories of claims less likely to

result from malpractice (e.g., very low birth weight), and (c) the Florida Closed Claims Database for Medical Professional Liability that indicates for occurrences involving serious injuries (not just birth related injuries) somewhat over 70% involved payment to one or more claimants.

3.23 Sovereign Immunity Limits

Florida Statute 768.28 provides a limited waiver of sovereign immunity for the state, its agencies, and subdivisions. It allows tort claims against those entities and their employees but generally limits the amount that can be recovered to \$200,000 per claim and \$300,000 per incident. It also limits plaintiff's attorney fees to 25% of any judgment or settlement. Recovery of any excess amounts requires the approval of the Legislature.

We understand that public hospitals and teaching hospitals are subject to the sovereign immunity limits. This is significant because almost 50% of the children (living and deceased) that have been accepted into NICA's program were born in these facilities, potentially limiting any recovery such children could obtain in a tort system. We note that, in addition to the hospital, any employed physicians and other professionals involved in a birth related injury may fall within the sovereign immunity limit.

3.24 Caps on Non-Economic Damages

Beginning in 2003, Florida Statute 766.118 placed caps on the amount on non-economic damages for medical malpractice claims. We understand that presently, non-economic damages arising from a medical malpractice incident are capped by statute at \$500,000 per practitioner or up to \$1 million if malpractice caused catastrophic injuries, death, or a vegetative state (there are higher caps \$750,000 or \$1.5 million applicable for "non-practitioners"). However, the Florida Supreme Court ruled the cap unconstitutional based on the facts in a 2017 case. Despite this ruling, we understand that there remains ambiguity as to the circumstances under which the caps apply. For example, we are aware that some commentators have suggested it is conceivable the cap may pass constitutional muster under certain underlying facts, such as for emergency care or for Medicaid patients.

3.25 Insurance Policy Limits

In our experience, physicians typically purchase insurance policies with a limit of liability of one million dollars. The amount of the policy limit is driven by the requirements of the hospitals in which they practice, as well as their own personal risk management strategy.

The Florida malpractice closed claim database confirms that insurance companies rarely pay claims in excess of one million dollars for physicians. It is much more common for large claims to be paid by hospitals (either directly as self-insurance or indirectly via insurance).

3.26 Uncollectible Damages

The damages awarded in birth injury claims are potentially very large and may substantially exceed the financial net worth of a medical practitioner. Damages may be uncollectible simply because the practitioner lacks the financial resources to make good on the claim. Also, practitioners may preclude potential financial ruin for themselves and their families, by making themselves “judgment proof” via a variety of financial and legal strategies.

4 METHODOLOGY

We considered a variety of methods to estimate the costs for NICA claims under a tort system. The summary of the indicated awards for NICA cases under the tort law are shown in Exhibit 2, Sheet 1. A brief description of each follows:

4.1 Method Used By NICA Actuary in 2014

This method begins with an estimate of the economic damages per claim, which is the present value of benefit payments per claim excluding the parental award. A load is added for non-economic damages based on NICA’s prior actuary’s analysis of data from the Florida Closed Claim Database. It is assumed that only a proportion of the claims would ultimately be awarded under tort law. See Exhibit 2, Sheet 2.

4.2 Method Based on Information in Academic Study

This method relies on data from the academic paper, *No-Fault System of Compensation for Obstetric Injury: Winners and Losers*. This paper studied changes in compensation for birth related injuries in Florida as the result of the introduction of NICA. It concluded the total combined payments (i.e., tort plus NICA payments) to patients and lawyers “did not decrease, but of the total, a much larger percentage went to patients.” In other words, in aggregate, the amount of benefits to claimants under NICA were the same, or higher, than what they previously received gross of attorney fees under the tort system. The authors

explain that benefits under the tort system, net of attorney fees, were between 56% and 96% of the NICA benefits, we assume the midpoint, 76%, in our estimate.

We start with our estimates of the present value of NICA benefit payments per claim for AA and DA claims.⁴ The factor of 0.76 is applied to estimate the claimant compensation net of attorney fees under a tort system. Plaintiff attorney fees are then added to arrive at the indicated awards for NICA cases under tort law, gross of attorney fees. See Exhibit 2, Sheet 3.

4.3 Method Based on Average Awards Cited in Legal Article

This method relies on cerebral palsy verdicts and settlement data cited in a legal article. The average settlement amount is applied to the number of estimated NICA cases per year and the estimated percentage of cases involving malpractice. See Exhibit 2, Sheet 4.

4.4 Method Based on Insurance Data

This method relies on insurance data published in the AON ASHRM Hospital and Physician Professional Liability 2023 Benchmark Analysis. In Exhibit 2, Sheet 5, for Hospital Professional Liability, we determine the expected number of obstetric claims using the estimated number of births in Florida, the countrywide obstetric claim frequency rate and the countrywide claims closed with payment rate.

Next, we calculate the loss per birth at \$5 million limits using the countrywide loss rate per birth, adjusted to the loss levels in the state of Florida, excluding defense costs. The average loss per birth is then adjusted from \$5 million limits to unlimited. A further adjustment is made to the unlimited average loss rate per birth to represent the top 50% of obstetric claims in terms of severity, recognizing the gravity of the typical NICA claim compared to the average obstetric claim.

The aggregate annual loss is based on the number of expected claims and the average loss per claim. We also add estimated claim payments for physicians and other providers who typically carry one million dollars in policy limits.

⁴ AA claimants are participants who were alive at the time of acceptance into the program, while DA claimants were not alive at the time of acceptance.

4.5 Method Based on Florida Closed Claim Database

This method relies on the size of loss distribution of settlement data from the Florida Closed Claim Database for report years 2019 through 2023. The data was sorted and aggregated by occurrence date, county, and injury type to recognize that a single occurrence may result in multiple claims. The 95th percentile of the size of loss distributions for the death and grave permanent injuries were used in our estimates as being most representative of NICA claims. See Exhibit 2, Sheet 6.

4.6 Method Based on Non-Economic Damages from the Florida Closed Claim Database

This method begins with an estimate of the economic damages per claim, which is the present value of NICA benefit payments per claim excluding the parental award. Non-economic losses are added based on the size of loss distribution of non-economic damages from the Florida Closed Claim Database. We relied on the 95th percentile of the size of loss distributions for non-economic loss for the death and grave permanent injuries. See Exhibit 2, Sheet 7.

NICA
COMPARISON OF ANNUAL COSTS UNDER TORT SYSTEM VERSUS ANNUAL COSTS UNDER NO-FAULT SYSTEM
(\$000'S)

TORT SYSTEM	NICA SYSTEM
I. Net Amount Paid to Claimants	
1. Estimated Gross Tort Awards (a) \$ 125,000	
2. Estimated Plaintiff Attorney Fees (b) 33%	
3. Estimated Plaintiff Attorney Fees [-(1) x (2)] (41,250)	
4. Net to Claimant [(1) + (3)] \$ 83,750	
II. Costs to Medical Providers in Tort System	
5. Estimated Gross Tort Awards (a) \$ 125,000	
6. Legal Defense Costs (c) 26%	
7. Other Loss Adjustment Expense (LAE) (c) 4%	
8. Legal Defense Costs [(5) x (6)] 32,500	
9. Other LAE [(5) x (7)] 5,000	
10. Total Claims and LAE (= Cost to Self-Insure) (d) \$ 162,500	
11. Illustrative Insurance Industry Loss Ratio (e) 75%	
12. Cost to Insure [(10) / (11)] \$ 216,667	
III. Net Amount Paid to Claimants	
	1. Estimated NICA Benefits (g) \$ 90,035
IV. Provider Assessments	
	2. Current Assessments (h) \$ 36,000
V. Indicated "True" Costs to Medical Providers	
	3. Estimated NICA Benefits (g) \$ 90,035
	4. Other Administrative Expense (h) 4,000
	5. Total Cost \$ 94,035
II. Costs to Medical Providers in Tort System	
Type of Insurer	
13. Self-Insured (c) 0.40	
14. Insured (c) 0.45	
15. Other (c) 0.15	
16. Cost to Medical Providers/Policyholders (f) \$ 191,176	

Notes:

- (a) Exhibit 2, Sheet 1.
- (b) Based on "No-Fault System of Compensation for Obstetric Injury: Winners and Losers" by Sloan et al. and judgment.
- (c) Estimated based on data from the Florida Closed Claim Database.
- (d) [(5) + (8) + (9)]
- (e) Selected based on Medical Professional Liability insurance industry data published by NAIC .
- (f) [(10) x (13) + (12 x (14))] / [1.0 - (15)]
- (g) Actuarially indicated cost. See Exhibit 2, Sheet 3.
- (h) Provided by NICA.

NICA
DEVELOPMENT OF ESTIMATED ANNUAL AWARDS FOR NICA CLAIMANTS UNDER A TORT SYSTEM
(\$000'S)

Basis	Estimate
1. Methodology Used by Previous Actuary (2014)	\$ 100,761
2. Loading NICA Costs Per Academic Study (Sloane et al.)	102,130
3. Figures Cited by Law Firm for Cerebral Palsy Cases	123,921
4. Built-Up Based on Insurance Industry Claims Data	144,644
5. Florida Closed Claim Database at 95-Percentile	109,765
6. Adjusted NICA costs plus Estimated Non-Economic Damages (95 Percentile)	165,110
7. Selected	125,000

Notes:

From Exhibit 2, Sheets 1 through 7.



NICA

DEVELOPMENT OF INDICATED COSTS FOR NICA CLAIMS UNDER A TORT SYSTEM
BASED ON METHODOLOGY USED BY NICA ACTUARY IN 2014
(\$000's)

Item	Type of Claim		Total
	AA	DA	
1. Present Value of NICA Benefits Per Claim Excluding Parental Award (a)	\$ 6,002	\$ 90	
2. Load for Non-Economic Damages (b)	0.68	7.50	
3. Implied Non-Economic Damages Per Claim [(1) x (2)]	4,081	678	
4. Estimated Tort Award per Claim [(1) + (3)]	10,084	768	
5. Estimated Average Number of Claims Per year (c)	14	7	
6. Proportion of Claims With Awards (b)	0.6913	0.5897	
7. Number of Claims With Awards [(5) x (6)]	9.68	4.13	
8. Indicated Awards for NICA Cases Under Tort Law [(4) x (7)]	\$ 97,591	\$ 3,170	\$ 100,761

Notes:

At the time of acceptance into the program, AA claimants were alive while DA claimants were not alive.

(a) From NICA Reserve Report as of June 30, 2024.

(b) From Exhibit I of Turner September 2, 2014 letter to NICA.

(c) Estimated by FTI, based on NICA's historical experience.



NICA

DEVELOPMENT OF INDICATED COSTS FOR NICA CLAIMS UNDER A TORT SYSTEM
BASED ON INFORMATION IN ACADEMIC STUDY
(\$000's)

Item	Type of Claim		Total
	AA	DA	
1. Estimated Average Number of Claims Per year (a)	14	7	
2. Present Value of NICA Benefits Per Claim Including Parental Award (b)	\$ 6,255	\$ 352	
3. Claimant Compensation Under NICA [(1) x (2)]	\$ 87,569	\$ 2,466	\$ 90,035
4. Proportion Received Under Tort System Net of Plaintiff Attorney Fees (c)			0.76
5. Claimant Compensation Under Tort Net of Plaintiff Attorney Fees (3) x (4)			\$ 68,427
6. Estimated Plaintiff Attorney Fee Percentage Under Tort System (d)			0.33
7. Indicated Awards for NICA Cases Under Tort Law (e)			\$ 102,130

Notes:

At the time of acceptance into the program, AA claimants were alive while DA claimants were not alive.

- (a) Estimated by FTI, based on NICA's historical experience.
- (b) From NICA Reserve Report as of June 30, 2024.
- (c) See academic paper "No-Fault System of Compensation for Obstetric Injury: Winners and Losers" by Sloan et al. This article appeared in Volume 91, No 3, March 1998 of Obstetrics & Gynecology, the official publication of the American College of Obstetricians and Gynecologists. This paper studied changes in compensation for birth related injuries in Florida as the result of the introduction of NICA. It concluded that, with the introduction, of NICA the total combined payments (i.e., tort plus NICA payments) to patients and lawyers "did not decrease, but of the total a much larger percentage went to patients." In other words, in aggregate, the amount of NICA benefits to NICA claimants were the same, or higher, than what they previously received under the tort system. Page 441 explains that benefits under the tort system, net of attorney fees, were between 56% and 96% of the NICA benefits; we assume the midpoint, 76%, in the above calculation.
- (d) Based on "No-Fault System of Compensation for Obstetric Injury: Winners and Losers" by Sloan et al. and judgment.
- (e) [(5) / {1.0 - (6)}]

NICA

DEVELOPMENT OF INDICATED COSTS FOR NICA CLAIMS UNDER A TORT SYSTEM
BASED ON AVERAGE AWARDS CITED IN A LEGAL ARTICLE
(\$000's)

Item	Average	Percentage of Cases
1. Countrywide Average Trial Verdict (a)	\$ 18,580	30%
2. Countrywide Average Pre-Trial Settlement (a)	4,080	70%
3. Estimated Award Under Tort System All Cases (Weighted Average)	8,430	
4. NICA Estimated Average Cases Per Year (b)	21	
5. Estimated Cases Involving "Malpractice" (c)	70%	
6. Indicated Awards for NICA Cases Under Tort Law	\$ 123,921	

Notes:

- (a) Based on figures for cerebral palsy published by Miller & Zois, LLC.
<https://www.lawsuit-information-center.com/cerebral-palsy-malpractice-lawsuits>
- (b) Estimated by FTI, based on NICA's historical experience.
- (c) Estimated based on the ratio of the number of Medical Professional Liability occurrences with indemnity payments to total number of occurrences from the Florida Closed Claim Database.



NICA

DEVELOPMENT OF INDICATED COSTS FOR NICA CLAIMS UNDER A TORT SYSTEM BASED ON INSURANCE DATA

1. Number of NICA Claims (a)	21
2. Estimated % NICA Cases Involving "Malpractice" (b)	70%
3. Estimated Number of NICA Cases Involving "Malpractice" [(1) x (2)]	14.7

Hospital Professional Liability

4. Estimated Florida Births Per Year (c)	225,000
5. Countrywide Average Number of Hospital OB Claims Per 10,000 Births (d)	6.75
6. Countrywide Average Percentage of Claims Closed With Payment (d)	0.36
7. Estimated Number of Florida OB Claims Under a Tort System [(4)x(5)x(6)]	55
8. Countrywide Average Loss Rate Per Birth Limited to \$5 million Per Occurrence Incl. Defense (d)	353
9. Factor to Exclude Defense Costs (e)	0.70
10. Factor to Adjust to Florida Cost Levels (f)	1.85
11. OB Florida Loss Per Birth at \$5 million Limits - Tort System [(8) x (9) x (10)]	458
12. OB Florida Aggregate Annual Loss at \$5 million limits - Tort System (\$000's) [(4)x(11)/1000]	103,050
13. OB Florida Average Loss Per Claim at \$5 million limits (\$000's) [(12)/(7)]	1,874
14. Factor to Adjust from \$5 Million to Unlimited (g)	2,212
15. OB Florida OB Average Loss Per Claim Unlimited - Tort System (\$000's) [(13) x (14)]	4,145
16. Estimated Florida Aggregate Annual Loss - Tort System All OB Claims (\$000's) [(7) x (15)]	227,975
17. Estimated Average Loss for NICA Claims - Tort System Average of Top 50% of all OB Claims (\$000's) (g)	7,840
18. Estimated Florida Aggregate Annual Loss for NICA Claims - Tort System (\$000's) [(3) x (17)]	115,244

Physician and Other Provider Liability

19. Estimated Claim Payment From Individual Providers Per Claim (\$000's)	2,000
20. Estimated Florida Aggregate Annual Loss for NICA Claims - Tort System (\$000's) [(3) x (19)]	29,400
21. Total Indicated Awards for NICA Cases Under Tort Law [(18) + (20)]	144,644

Notes:

- (a) Estimated by FTI, based on NICA's historical experience.
- (b) Estimated based on the ratio of the number of Medical Professional Liability occurrences with indemnity payments to total number of occurrences from the Florida Closed Claim Database.
- (c) Estimated based on the number of resident live births in Florida in 2022, Florida Department of Health, Bureau of Vital Statistics.
- (d) AON ASHRM Hospital and Physician Professional Liability 2023 Benchmark Analysis, Page 46.
- (e) Selected based on Medical Professional Liability insurance industry data published by NAIC .
- (f) Selected based on a review of the AON ASHRM Hospital and Physician Professional Liability 2023 Benchmark Analysis.
- (g) Estimated by FTI.

NICA

DEVELOPMENT OF INDICATED COSTS FOR NICA CLAIMS UNDER A TORT SYSTEM
BASED ON ANALOGY TO 95TH-PERCENTILE OF OTHER CLAIMS IN FLORIDA CLOSED CLAIM DATA BASE
(\$000's)

Item	Average	Estimated NICA Claim Count
1. Award for Fatal Occurrence - 95th Percentile (a)	\$ 2,000	7
2. Award for Grave Occurrence - 95th Percentile (a)	10,200	14
3. Average All Cases (Weighted Average) (b)	7,467	
4. NICA Estimated Average Cases Per Year (c)	21	
5. Estimated Cases Involving "Malpractice" (d)	70%	
6. Indicated Awards for NICA Cases Under Tort Law [(3) x (4) x (5)]	\$ 109,765	

Notes:

- (a) Source: Florida Closed Claim Database
Based on Medical Professional Liability claims reported in 2019 through 2023.
- (b) Awards weighted based on estimated claim count.
- (c) Estimated by FTI, based on NICA's historical experience.
- (d) Estimated based on the ratio of the number of Medical Professional Liability occurrences with indemnity payments to total number of occurrences from the Florida Closed Claim Database.



NICA

DEVELOPMENT OF INDICATED COSTS FOR NICA CLAIMS UNDER A TORT SYSTEM
BASED ON ADJUSTMENTS TO NICA CLAIM COSTS WITH NON-ECONOMIC DAMAGES AT 95TH-PERCENTILE
(\$000's)

Item	Average	Estimated NICA Claim Count
1. NICA Average Cost (Present Value) for DA Claim Excluding Parental Award (a)	\$ 90	
2. Estimated Tort Award For Noneconomic Damages Per Occurrence (b)	<u>1,100</u>	
3. Subtotal Estimated Average Award for DA Claim [(1) + (2)]	\$ 1,190	7
4. NICA Average Cost (Present Value) for AA Claims Excluding Parental Award (a)	\$ 6,002	
5. Estimated Tort Award for Child's Loss of Earnings (c)	1,500	
6. Estimated Tort Award For Noneconomic Damages Per Occurrence (b)	<u>8,750</u>	
7. Subtotal: Estimated Average Award for AA Claim [(4) + (5) + (6)]	\$ 16,252	14
8. Average All Cases (d)	11,232	
9. Estimated NICA Cases Per Year (e)	21	
10. Estimated Cases Involving "Malpractice" (f)	<u>70%</u>	
11. Indicated Awards for NICA Cases Under Tort Law [(8) x (9) x (10)]	\$ 165,110	

Notes:

- (a) From NICA Reserve Report as of June 30, 2024.
- (b) Source: Florida Closed Claim Database
Based on Medical Professional Liability claims reported in 2019 through 2023 (95th Percentile).
- (c) Selected based on a review of countrywide settlement awards.
- (d) Awards weighted based on estimated claim count.
- (e) Estimated by FTI, based on NICA's historical experience.
- (f) Estimated based on the ratio of the number of Medical Professional Liability occurrences with indemnity payments to total number of occurrences from the Florida Closed Claim Database.

S. 766.314, F.S.

766.314 Assessments; plan of operation.—

(1) The assessments established pursuant to this section shall be used to finance the Florida Birth-Related Neurological Injury Compensation Plan.

(2) The assessments and appropriations dedicated to the plan shall be administered by the Florida Birth-Related Neurological Injury Compensation Association established in s. [766.315](#), in accordance with the following requirements:

(a) On or before July 1, 1988, the directors of the association shall submit to the ¹Department of Insurance for review a plan of operation which shall provide for the efficient administration of the plan and for prompt processing of claims against and awards made on behalf of the plan. The plan of operation shall include provision for:

1. Establishment of necessary facilities;
2. Management of the funds collected on behalf of the plan;
3. Processing of claims against the plan;
4. Assessment of the persons and entities listed in subsections (4) and (5) to pay awards and expenses, which assessments shall be on an actuarially sound basis subject to the limits set forth in subsections (4) and (5); and
5. Any other matters necessary for the efficient operation of the birth-related neurological injury compensation plan.

(b) Amendments to the plan of operation may be made by the directors of the plan, subject to the approval of the Office of Insurance Regulation of the Financial Services Commission.

(3) All assessments shall be deposited with the Florida Birth-Related Neurological Injury Compensation Association. The funds collected by the association and any income therefrom shall be disbursed only for the payment of awards under ss. [766.301-766.316](#) and for the payment of the reasonable expenses of administering the plan.

(4) The following persons and entities shall pay into the association an initial assessment in accordance with the plan of operation:

(a) On or before October 1, 1988, each hospital licensed under chapter 395 shall pay an initial assessment of \$50 per infant delivered in the hospital during the prior calendar year, as reported to the Agency for Health Care Administration; provided, however, that a hospital owned or operated by the state or a county, special taxing district, or other political subdivision of the state shall not be required to pay the initial assessment or any assessment required by subsection (5). The term “infant delivered” includes live births and not stillbirths, but the term does not include infants delivered by employees or agents of the board of trustees of a state university, those born in a teaching hospital as defined in s. [408.07](#), ²or those born in a teaching hospital as defined in s. [395.806](#) that have been deemed by the association as being exempt from assessments since fiscal year 1997 to fiscal year 2001. The initial assessment and any assessment imposed pursuant

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to subsection (5) may not include any infant born to a charity patient (as defined by rule of the Agency for Health Care Administration) or born to a patient for whom the hospital receives Medicaid reimbursement, if the sum of the annual charges for charity patients plus the annual Medicaid contractuals of the hospital exceeds 10 percent of the total annual gross operating revenues of the hospital. The hospital is responsible for documenting, to the satisfaction of the association, the exclusion of any birth from the computation of the assessment. Upon demonstration of financial need by a hospital, the association may provide for installment payments of assessments.

(b)1. On or before October 15, 1988, all physicians licensed pursuant to chapter 458 or chapter 459 as of October 1, 1988, other than participating physicians, shall be assessed an initial assessment of \$250, which must be paid no later than December 1, 1988.

2. Any such physician who becomes licensed after September 30, 1988, and before January 1, 1989, shall pay into the association an initial assessment of \$250 upon licensure.

3. Any such physician who becomes licensed on or after January 1, 1989, shall pay an initial assessment equal to the most recent assessment made pursuant to this paragraph, paragraph (5)(a), or paragraph (7)(b).

4. However, if the physician is a physician specified in this subparagraph, the assessment is not applicable:

a. A resident physician, assistant resident physician, or intern in an approved postgraduate training program, as defined by the Board of Medicine or the Board of Osteopathic Medicine by rule;

b. A retired physician who has withdrawn from the practice of medicine but who maintains an active license as evidenced by an affidavit filed with the Department of Health. Prior to reentering the practice of medicine in this state, a retired physician as herein defined must notify the Board of Medicine or the Board of Osteopathic Medicine and pay the appropriate assessments pursuant to this section;

c. A physician who holds a limited license pursuant to s. [458.317](#) and who is not being compensated for medical services;

d. A physician who is employed full time by the United States Department of Veterans Affairs and whose practice is confined to United States Department of Veterans Affairs hospitals; or

e. A physician who is a member of the Armed Forces of the United States and who meets the requirements of s. [456.024](#).

f. A physician who is employed full time by the State of Florida and whose practice is confined to state-owned correctional institutions, a county health department, or state-owned mental health or developmental services facilities, or who is employed full time by the Department of Health.

(c) On or before December 1, 1988, each physician licensed pursuant to chapter 458 or chapter 459 who wishes to participate in the Florida Birth-Related Neurological Injury Compensation Plan and who otherwise qualifies as a participating physician under ss. [766.301-766.316](#) shall pay an initial assessment of \$5,000. However, if the physician is either a resident physician, assistant

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resident physician, or intern in an approved postgraduate training program, as defined by the Board of Medicine or the Board of Osteopathic Medicine by rule, and is supervised in accordance with program requirements established by the Accreditation Council for Graduate Medical Education or the American Osteopathic Association by a physician who is participating in the plan, such resident physician, assistant resident physician, or intern is deemed to be a participating physician without the payment of the assessment. Participating physicians also include any employee of the board of trustees of a state university who has paid the assessment required by this paragraph and paragraph (5)(a), and any certified nurse midwife supervised by such employee. Participating physicians include any certified nurse midwife who has paid 50 percent of the physician assessment required by this paragraph and paragraph (5)(a) and who is supervised by a participating physician who has paid the assessment required by this paragraph and paragraph (5)(a). Supervision for nurse midwives shall require that the supervising physician will be easily available and have a prearranged plan of treatment for specified patient problems which the supervised certified nurse midwife may carry out in the absence of any complicating features. Any physician who elects to participate in such plan on or after January 1, 1989, who was not a participating physician at the time of such election to participate and who otherwise qualifies as a participating physician under ss. [766.301-766.316](#) shall pay an additional initial assessment equal to the most recent assessment made pursuant to this paragraph, paragraph (5)(a), or paragraph (7)(b).

(d) Any hospital located in a county with a population in excess of 1.1 million as of January 1, 2003, as determined by the Agency for Health Care Administration under the Health Care Responsibility Act, may elect to pay the fee for the participating physician and the certified nurse midwife if the hospital first determines that the primary motivating purpose for making such payment is to ensure coverage for the hospital's patients under the provisions of ss. [766.301-766.316](#); however, no hospital may restrict any participating physician or nurse midwife, directly or indirectly, from being on the staff of hospitals other than the staff of the hospital making the payment. Each hospital shall file with the association an affidavit setting forth specifically the reasons why the hospital elected to make the payment on behalf of each participating physician and certified nurse midwife. The payments authorized under this paragraph shall be in addition to the assessment set forth in paragraph (5)(a).

(5)(a) Beginning January 1, 1990, the persons and entities listed in paragraphs (4)(b) and (c), except those persons or entities who are specifically excluded from said provisions, as of the date determined in accordance with the plan of operation, taking into account persons licensed subsequent to the payment of the initial assessment, shall pay an annual assessment in the amount equal to the initial assessments provided in paragraphs (4)(b) and (c). If payment of the annual assessment by a physician is received by the association by January 31 of any calendar year, the physician shall qualify as a participating physician for that entire calendar year. If the payment is received after January 31 of any calendar year, the physician shall qualify as a participating physician for that calendar year only from the date the payment was received by the association. On January 1, 1991, and on each January 1 thereafter, the association shall determine the amount of additional assessments necessary pursuant to subsection (7), in the manner required by the plan of operation, subject to any increase determined to be necessary by the ³Office of Insurance Regulation pursuant to paragraph (7)(b). On July 1, 1991, and on each July 1 thereafter, the persons

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and entities listed in paragraphs (4)(b) and (c), except those persons or entities who are specifically excluded from said provisions, shall pay the additional assessments which were determined on January 1. Beginning January 1, 1990, the entities listed in paragraph (4)(a), including those licensed on or after October 1, 1988, shall pay an annual assessment of \$50 per infant delivered during the prior calendar year. The additional assessments which were determined on January 1, 1991, pursuant to the provisions of subsection (7) shall not be due and payable by the entities listed in paragraph (4)(a) until July 1.

(b) If the assessments collected pursuant to subsection (4) and the appropriation of funds provided by s. 76, chapter 88-1, Laws of Florida, as amended by s. 41, chapter 88-277, Laws of Florida, to the plan from the Insurance Regulatory Trust Fund are insufficient to maintain the plan on an actuarially sound basis, there is hereby appropriated for transfer to the association from the Insurance Regulatory Trust Fund an additional amount of up to \$20 million.

(c)1. Taking into account the assessments collected pursuant to subsection (4) and appropriations from the Insurance Regulatory Trust Fund, if required to maintain the plan on an actuarially sound basis, the Office of Insurance Regulation shall require each entity licensed to issue casualty insurance as defined in s. [624.605\(1\)\(b\)](#), (k), and (q) to pay into the association an annual assessment in an amount determined by the office pursuant to paragraph (7)(a), in the manner required by the plan of operation.

2. All annual assessments shall be made on the basis of net direct premiums written for the business activity which forms the basis for each such entity's inclusion as a funding source for the plan in the state during the prior year ending December 31, as reported to the Office of Insurance Regulation, and shall be in the proportion that the net direct premiums written by each carrier on account of the business activity forming the basis for its inclusion in the plan bears to the aggregate net direct premiums for all such business activity written in this state by all such entities.

3. No entity listed in this paragraph shall be individually liable for an annual assessment in excess of 0.25 percent of that entity's net direct premiums written.

4. Casualty insurance carriers shall be entitled to recover their initial and annual assessments through a surcharge on future policies, a rate increase applicable prospectively, or a combination of the two.

(6)(a) The association shall make all assessments required by this section, except initial assessments of physicians licensed by the Department of Health, and except assessments of casualty insurers pursuant to subparagraph (5)(c)1., which assessments will be made by the Office of Insurance Regulation. The Department of Health shall provide the association, in an electronic format, with a monthly report of the names and license numbers of all physicians licensed under chapter 458 or chapter 459.

(b)1. The association may enforce collection of assessments required to be paid pursuant to ss. [766.301-766.316](#) by suit filed in county court, or in circuit court if the amount due could exceed the jurisdictional limits of county court. The association is entitled to an award of attorney fees, costs, and interest upon the entry of a judgment against a physician for failure to pay such assessment, with such interest accruing until paid. Notwithstanding chapters 47 and 48, the

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association may file such suit in either Leon County or the county of the residence of the defendant. The association shall notify the Department of Health and the applicable board of any unpaid final judgment against a physician within 7 days after the entry of final judgment.

2. The Department of Health, upon notification by the association that an assessment has not been paid and that there is an unsatisfied judgment against a physician, shall refuse to renew any license issued to such physician under chapter 458 or chapter 459 until the association notifies the Department of Health that the judgment is satisfied in full.

(c) The Agency for Health Care Administration shall, upon notification by the association that an assessment has not been timely paid, enforce collection of such assessments required to be paid by hospitals pursuant to ss. [766.301-766.316](#). Failure of a hospital to pay such assessment is grounds for disciplinary action pursuant to s. [395.1065](#) notwithstanding any law to the contrary.

(7)(a) The Office of Insurance Regulation shall undertake an actuarial investigation of the requirements of the plan based on the plan's experience in the first year of operation and any additional relevant information, including without limitation the assets and liabilities of the plan. Pursuant to such investigation, the Office of Insurance Regulation shall establish the rate of contribution of the entities listed in paragraph (5)(c) for the tax year beginning January 1, 1990. Following the initial valuation, the Office of Insurance Regulation shall cause an actuarial valuation to be made of the assets and liabilities of the plan no less frequently than biennially. Pursuant to the results of such valuations, the Office of Insurance Regulation shall prepare a statement as to the contribution rate applicable to the entities listed in paragraph (5)(c). However, at no time shall the rate be greater than 0.25 percent of net direct premiums written.

(b) If the Office of Insurance Regulation finds that the plan cannot be maintained on an actuarially sound basis based on the assessments and appropriations listed in subsections (4) and (5), the office shall increase the assessments specified in subsection (4) on a proportional basis as needed.

(8) The association shall report to the Legislature its determination as to the annual cost of maintaining the fund on an actuarially sound basis. In making its determination, the association shall consider the recommendations of all hospitals, physicians, casualty insurers, attorneys, consumers, and any associations representing any such person or entity. Notwithstanding the provisions of s. [395.3025](#), all hospitals, casualty insurers, departments, boards, commissions, and legislative committees shall provide the association with all relevant records and information upon request to assist the association in making its determination. All hospitals shall, upon request by the association, provide the association with information from their records regarding any live birth. Such information shall not include the name of any physician, the name of any hospital employee or agent, the name of the patient, or any other information which will identify the infant involved in the birth. Such information thereby obtained shall be utilized solely for the purpose of assisting the association and shall not subject the hospital to any civil or criminal liability for the release thereof. Such information shall otherwise be confidential and exempt from the provisions of s. [119.07\(1\)](#) and s. 24(a), Art. I of the State Constitution.

(9)(a) Within 60 days after a claim is filed, the association shall estimate the present value of the total cost of the claim, including the estimated amount to be paid to the claimant, the claimant's

ATTACHMENT 4

attorney, the attorney's fees of the association incident to the claim, and any other expenses that are reasonably anticipated to be incurred by the association in connection with the adjudication and payment of the claim. For purposes of this estimate, the association should include the maximum benefits for noneconomic damages.

(b) The association shall revise these estimates quarterly based upon the actual costs incurred and any additional information that becomes available to the association since the last review of this estimate. The estimate shall be reduced by any amounts paid by the association that were included in the current estimate.

(c) If the total of all current estimates equals or exceeds 100 percent of the funds on hand and the funds that will become available to the association within the next 12 months from all sources described in subsection (4) and paragraph (5)(a), the association may not accept any new claims without express authority from the Legislature. This section does not preclude the association from accepting any claim if the injury occurred 18 months or more before the effective date of this suspension. Within 30 days after the effective date of this suspension, the association shall notify the Governor, the Speaker of the House of Representatives, the President of the Senate, the Office of Insurance Regulation, the Agency for Health Care Administration, and the Department of Health of this suspension.

(d) If any person is precluded from asserting a claim against the association because of paragraph (c), the plan shall not constitute the exclusive remedy for such person, his or her personal representative, parents, dependents, or next of kin.

ATTACHMENT 5

9/30/2023 Threshold Calculation

	Current	Rev Language	Explanation
Reserves	1,386,121	1,386,121	These are the reserves calculated by NICA's actuaries excluding risk margin
Less Family Care	(135,960)		This had statutorily been excluded from liabilities for purposes of the threshold calculation. With the 2024 legislative changes, this exclusion was eliminated as family care represents a valid liability and has always been included in the actuarial reserves.
Less AAA IBNR	(138,260)	(138,260)	Due to the nature of the calculation in that the program would be suspended if the threshold is breached, it is not appropriate to include IBNR
Less DA IBNR	(3,837)	(3,837)	See above
Liabilities for Threshold	1,108,064	1,244,024	
Invested Assets			
Invested Assets	1,238,467	1,238,467	Fair market value of investments
Cash	2,709	2,709	
Income on Invested Funds	61,198	61,198	Estimated as 5% of invested assets
Future Assessments	36,000	36,000	Including this is specified in statute
Potential; Assessments against Ins Companies	28,815		Removed with 2024 legislative changes
Transfer from OIR	20,000		Removed with 2024 legislative changes
	1,387,189	1,338,374	
Times 80%	1,109,751		In old threshold calculation, assets were discounted by 80% before comparing to liabilities
Times 100% (no discount)		1,338,374	The new threshold calculation contemplates 100% of assets defined above compared to liabilities. Program suspension would only occur if liabilities exceeded assets.
Assets in Excess of Liabilities	1,687	94,350	In old threshold calculation, NICA was within \$1.687 million of breaching which would require program suspension even though funding ratio was actually 89.5%.
Funding Ratio Based on Above Data			
Assets		1,241,176	
Liabilities		1,386,121	
Funding Ratio		89.5%	

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ATTACHMENT 6

Balance Sheet Recon

June 30, 2024

Investments per Financial Statements	1,385,525,417
Add:	
Receivable for Securities Sold	2,264,993
Investment Income Receivable	5,903,043
Unrealized Loss - SPIA	-
Deduct:	
Payable for Securities Purchased	(6,518,680)
Structured Settlement Annuities	(3,342,599)
Interest Receivable SPIA	
Unrealized Gain - SPIA	
Other receivables-closed accounts	
Reconciled to Investment Report	<u>1,383,832,174</u>
Investments per Investment Reports	1,383,832,174
Difference	-
Add back annuities	3,342,599
Add cash and cash equivalents	1,166,658
Total for Funding Ratio	1,388,341,431
Reconciliation of Claims Reserve	
June 30, 2024	<u>6/30/24</u>
Total Outstanding Exhibit 5, Sheet 2	1,488,252,865 (1)
Add:	
Additional 6 Months of current year IBNR	41,313,000
Sub-total	<u>1,529,565,865</u>
Round Up to Next Million	434,135
Total Before Risk Margin	<u>1,530,000,000</u>
Risk Margin	78,580,000
Claims Reserve per Financial Statements	<u>1,608,580,000</u>

(1) Includes estimated Medicaid liability and estimated Unallocated Loss Adjustment Expense.

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ATTACHMENT 7

Investment Performance Since Inception

	Market Value \$ as of 6/30/2024	% of Fund	Return Since Inception	Inception Date
Total Fund Composite	1,383,832,174.00	100	7.17	2/1/09
Total Fund Composite x Cash	1,308,157,069.00	94.53	5.85	12/1/97
US Equity Composite	270,069,514.00	19.52	8.95	7/1/98
Non-US Equity Composite	223,694,546.00	16.16	4.95	6/1/05
Global Minimum Volatility Equity Composite	41,217,565.00	2.98	3.11	5/1/24
Core Bond Composite	209,222,449.00	15.12	4.03	12/1/97
Long Duration Composite	379,040,114.00	27.39	4.55	4/1/10
High Yield Composite	128,806,405.00	9.31	4.93	3/1/11
TIPS Composite	56,106,476.00	4.05	2.27	3/1/14
SPIA-NICA Fund 1 Composite	75,675,104.00	5.47	3.03	7/1/99

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ATTACHMENT 8

Life-to-Date Census

Calendar Year	New Program Participants	Participant Deaths	Ending Census	Change
1991	5		5	
1992	3		8	3
1993	4		12	4
1994	11	2	21	9
1995	15		36	15
1996	6		42	6
1997	10		52	10
1998	7	1	58	6
1999	12	2	68	10
2000	6	3	71	3
2001	6		77	6
2002	6	4	79	2
2003	10	3	86	7
2004	6		92	6
2005	6	1	97	5
2006	7	4	100	3
2007	9	4	105	5
2008	10		115	10
2009	8	2	121	6
2010	16	1	136	15
2011	11	1	146	10
2012	5	1	150	4
2013	14	1	163	13
2014	6	5	164	1
2015	14	2	176	12
2016	6	3	179	3
2017	7	5	181	2
2018	7	1	187	6
2019	12	3	196	9
2020	19	2	213	17
2021	12	4	221	8
2022	12	1	232	11
2023	16	5	243	11
2024	5	3	245	2

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ATTACHMENT 9

History of Claims by Type

Year (Calendar)	DA (1)	PA (1)	Grand Total
1990	3	3	6
1991	2	16	18
1992	1	25	26
1993	3	30	33
1994	8	34	42
1995	13	47	60
1996	7	25	32
1997	6	23	29
1998	6	28	34
1999	11	27	38
2000	12	37	49
2001	10	35	45
2002	10	24	34
2003	13	33	46
2004	3	35	38
2005	7	22	29
2006	7	23	30
2007	9	31	40
2008	4	28	32
2009	5	36	41
2010	5	33	38
2011	6	37	43
2012	3	38	41
2013	7	41	48
2014	8	49	57
2015	1	39	40
2016	5	42	47
2017	10	36	46
2018	5	45	50
2019	9	40	49
2020	6	44	50
2021	11	59	70
2022	7	42	49
2023	17	67	84
2024	2	35	37
Grand Total	242	1209	1451

(1) Terms used by actuary – DA means that the child was deceased prior to adjudication, PA means the child was living at adjudication.

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ATTACHMENT 10

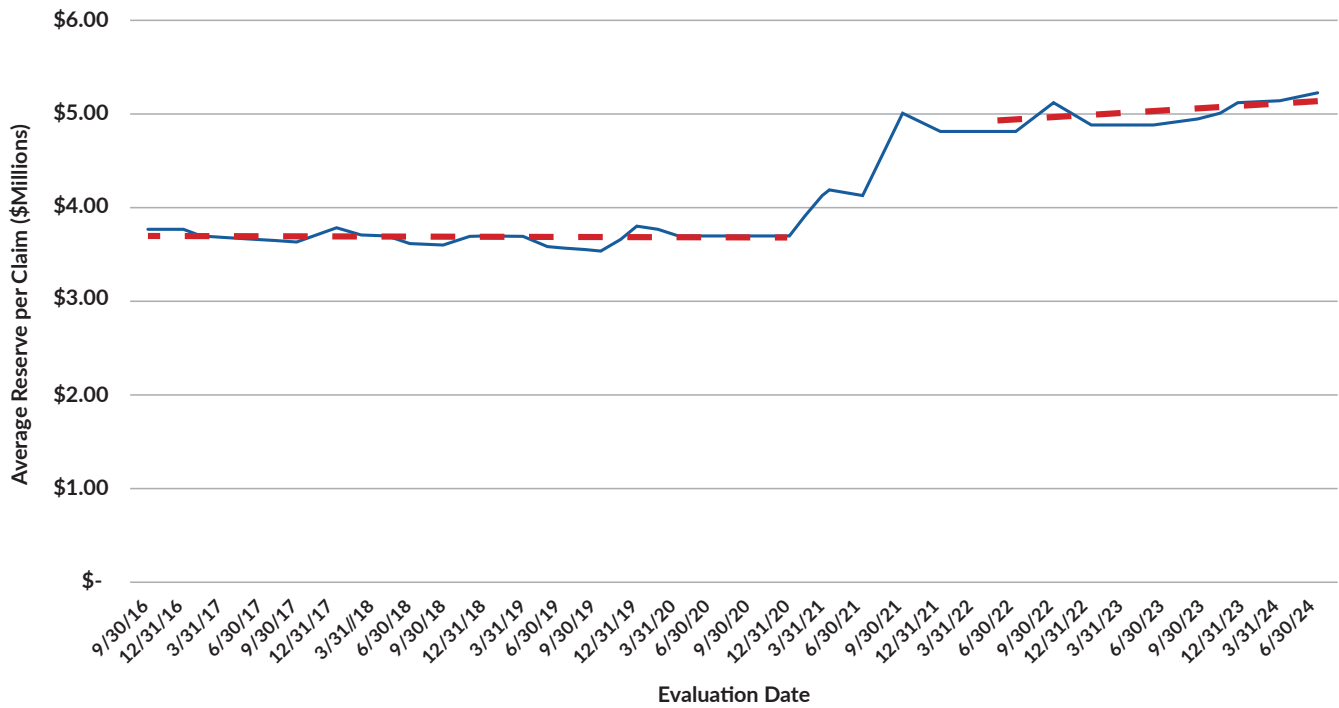
History of Claims by Disposition

Year (Calendar)	Dismissed by DOAH	Approved by DOAH			Rejected NICA	Grand Total
		DA (1)	Entered Program	Pending		
1990		3	3			6
1991	8	2	8			18
1992	19	1	6			26
1993	24	2	7			33
1994	24	5	13			42
1995	40	10	10			60
1996	24	3	4		1	32
1997	16	5	8			29
1998	19	6	9			34
1999	19	10	9			38
2000	35	7	6		1	49
2001	27	9	9			45
2002	17	7	10			34
2003	31	9	6			46
2004	31	2	5			38
2005	17	5	7			29
2006	16	7	7			30
2007	21	8	9		2	40
2008	19	2	10		1	32
2009	23	4	14			41
2010	21	4	12		1	38
2011	26	6	8		3	43
2012	28		12		1	41
2013	36	5	4		3	48
2014	40	6	9		2	57
2015	27	1	12			40
2016	35	4	8			47
2017	31	7	7		1	46
2018	35	2	11	1	1	50
2019	22	8	17	2		49
2020	31	5	12	2		50
2021	45	8	14	3		70
2022	32	6	11			49
2023	50	14	12	8		84
2024	7	1		29		37
Grand Total	896	184	309	45	17	1451

(1) DA indicates that child was deceased when DOAH decision was made so was approved for parent award and death benefit but did not enter program.

Average Liability Per Claim

NICA Summary of Average Reserve per AAA Claim



Actuarial Soundness Letter



August 26, 2024

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

Re: Actuarial Soundness

Dear Ms. Jaacks:

At your request, FTI Consulting, Inc. has prepared this letter discussing the meaning of “actuarial soundness” in the Florida statute concerning the NICA program. We have also included suggestions of the strategies NICA should follow, and oversight that the Florida Office of Insurance Regulation (OIR) should provide, to ensure NICA remains actuarially sound over the long term.

Authors

This letter was prepared by 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.

Distribution and Use

This letter has been prepared for management of NICA to assist their oversight of NICA and in developing proposed revisions to the NICA statutes.

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Actuarial Soundness Letter

Melissa Jaacks
The Florida Birth-Related Neurological Injury
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BACKGROUND

Actuarial Soundness in the NICA Statute

The term “actuarially sound” appears in the NICA statute (Florida Statute 766.314) in the following sections:

1. Section (5)(b): If the assessments collected pursuant to subsection (4) and the appropriation of funds provided by s. 76, chapter 88-1, Laws of Florida, as amended by s. 41, chapter 88-277, Laws of Florida, to the plan from the Insurance Regulatory Trust Fund are insufficient to maintain the plan on an **actuarially sound** basis, there is hereby appropriated for transfer to the association from the Insurance Regulatory Trust Fund an additional amount of up to \$20 million.
2. Section (5)(c)(1): Taking into account the assessments collected pursuant to subsection (4) and appropriations from the Insurance Regulatory Trust Fund, if required to maintain the plan on an **actuarially sound** basis, the Office of Insurance Regulation shall require each entity licensed to issue casualty insurance as defined in s. 624.605(1)(b),(k), and (q) to pay into the association an annual assessment in an amount determined by the office pursuant to paragraph (7)(a), in the manner required by the plan of operation.
3. Section (7)(b): If the Office of Insurance Regulation finds that the plan cannot be maintained on an **actuarially sound** basis based on the assessments and appropriations listed in subsections (4) and (5), the office shall increase the assessments specified in subsection (4) on a proportional basis as needed.
4. Section (8)(b): The association shall report to the Legislature its determination as to the annual cost of maintaining the fund on an **actuarially sound** basis.

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Technical Meaning of “Actuarial Soundness”

In the actuarial profession, there is no generally accepted definition of the terms “actuarially sound” or “actuarial soundness.”¹ The Actuarial Standards of Practice (ASOP) provides actuaries with a framework for performing professional assignments. ASOP No. 1 – Introductory Actuarial Standard of Practice states the following:

The phrase “actuarial soundness” can have different meanings in different contexts. The evaluation of actuarial soundness involves the application of ASOPs in conjunction with professional knowledge, judgment, and experience. In rendering actuarial services, if the actuary identifies the process or result as “actuarially sound,” the actuary should define the meaning of “actuarially sound” in that context.

In the context of the NICA statute, we interpret “actuarial soundness” to mean that at any point in time, (a) NICA has sufficient assets to reasonably provide for its liabilities (i.e., the costs of providing lifetime benefits to claimants born on or before that time) and (b) NICA has in place an ongoing funding strategy (i.e., assessments) to maintain this situation into the foreseeable future.²

¹ The Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves, adopted by the Casualty Actuarial Society in May, 1998 and later rescinded defined an actuarially sound loss reserve: *An actuarially sound loss reserve for a defined group of claims as of a given valuation date is a provision, based on estimates derived from reasonable assumptions and appropriate actuarial methods for the unpaid amount required to settle all claims, whether reported or not, for which liability exists on a particular accounting date.*

² We note that the actuaries and others involved with the Virginia Birth Related Neurological Injury Compensation Program have similarly interpreted “actuarial soundness” in their statutes to mean assets should be 100% or more of liabilities.

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Evaluation of NICA's Liabilities

NICA's liabilities largely consist of the cost of providing future benefits to its claimants, sometimes referred to a "loss reserves" or "unpaid claims." The actuarial literature provides extensive guidance in estimating those liabilities.

The term "reasonableness" as it relates to the adequacy of loss reserves is used throughout the actuarial standards of practice (ASOP). For example,

ASOP No. 36- Statements of Actuarial Opinion Regarding Property/Casualty Loss, Loss Adjustment Expense, or Other Reserves

Section 3.8.1: Determination of Reasonable Provision - The reserves make a reasonable provision for the liabilities associated with the specified reserves when the reserves are within a range of estimates that could be produced and that the actuary considers reasonable, consistent with the applicable ASOPs, and consistent with the identified stated basis of the reserves.

ASOP No. 43 - Property/Casualty Unpaid Claim Estimates

Section 3.7.1: Reasonableness - The actuary should assess the reasonableness of the unpaid claim estimate, using appropriate indicators or tests that, in the actuary's professional judgment, provide a validation that the unpaid claim estimate is reasonable. The reasonableness of an unpaid claim estimate should be determined based on facts known to, and circumstances known to or reasonably foreseeable by, the actuary at the time of estimation.

From its inception, NICA's consulting actuaries have determined reasonable reserves for unpaid claims. For many years, these reserves have been determined based on the life expectancies of the claimants and the future benefits expected to be paid in accordance with the NICA statute, discounted to present-value at a rate that is 1.5% in excess of the future annual rate of inflation (whatever that might be). The 1.5% differential has been selected based on a review of historical investment returns and inflation rates.

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Meaning of “Funding Ratio”

For the purpose of this discussion, it is useful to speak of NICA’s “**funding ratio**.” Here funding ratio is defined as the ratio of NICA’s cash and invested assets to the actuarially determined liabilities (as determined in its actuarial reports), all valued at the same point in time.

NICA’s actuarial reports have included a separately and explicitly identified “risk margin.” In the discussion above, the actuarially determined liabilities for unpaid claims should be understood to exclude this margin.

Past Practice

For most of its existence, the assets of NICA have exceeded its liabilities, often by a large amount, and its annual assessment revenue substantially exceeded its cash outgoes. On this basis, NICA appeared “actuarially sound.”

An exception to this situation occurred during the financial crisis of 2008 when NICA’s portfolio of invested assets experienced market losses of more than 25% in a single year. This caused NICA’s assets to fall in value and become less than its liabilities. However, the difference between the liabilities and assets was not large enough to trigger the “threshold” safeguard in the statute that if breached would have precluded NICA from accepting new cases. In addition, the assessment revenue substantially exceeded NICA’s annual cash outgo. In effect, NICA continued in operation and waited for the market to bounce back to bring its assets and liabilities into better balance.

Senate Bill 1786, passed in 2021, resulted in significant increases to the financial obligations of NICA. In 2022, NICA paid a substantial Medicaid settlement. Also in 2022, NICA’s investment portfolio experienced a loss of about 30% as interest rates increased. As a result of these and other events:

1. NICA’s invested assets are currently less than its liability for unpaid claims. As of June 30, 2024 the funding ratio (i.e., invested assets to unpaid claims) was about 93%.

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2. NICA's annual cash outgo for benefits is currently over \$60 million per year (and growing) or more than triple its outgo prior to 2021. This cash outflow now substantially exceeds its annual assessment revenue (about \$36 million).
3. Unlike the situation in 2008, NICA's cash outgo is now substantially greater than its assessment revenue and NICA's funding ratio cannot be expected to return to 100% (or higher) by a bounce back in the market. Rather a substantial increase in assessment rates (or other funding arrangement) is required to keep the funding ratio close to 100% and for NICA to remain "actuarially sound" into the foreseeable future.

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RECOMMENDATIONS

Assets, Liabilities and “Actuarial Soundness”

As discussed above, in the context of the NICA statute, we interpret “actuarial soundness” to mean that at any point in time, NICA has sufficient assets to reasonably provide for its liabilities (i.e., funding ratio at or near 100%). This is important because:

1. The liabilities of NICA are discounted to present value at a rate that is 1.5% greater than inflation. Thus, for example, if inflation is 3.5%, then the assumed discount rate is 5.0% (= 1.5% + 3.5%). This means that even, if there is no growth in the number of unpaid claims (which is highly unlikely), the reserve will grow at 5.0% per year as the present-value discount unwinds.
 - a. If the assets are approximately equal to the liabilities, then this growth can reasonably be funded by a relatively modest and realistic investment return on the assets.
 - b. If the assets are substantially less than the liabilities, then it is unrealistic to suppose that the investment return can fund this growth and the NICA program would spiral downward unless future funding amounts were sharply increased.
2. If, at a point in time, the assets are approximately equal to the liabilities, then through that time, the assessments received combined with the investment return are in balance with the growth of the liabilities. In this sense the program has “paid its way,” can honor commitments to its claimants and has not shifted its costs to a future generation of healthcare providers, taxpayers etc. On the other hand, if assets get to be substantially less than liabilities, the shortfall will eventually fall onto claimants, future healthcare providers, taxpayers or others.
3. For the reasons above, if assets do not reasonably provide for liabilities, the long-term viability and fairness of NICA would be questionable.

Based on this discussion, we recommend that “actuarial soundness” be evaluated by considering the ratio of cash and invested assets to the actuarially determined liabilities (a.k.a., “funding

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ratio”). NICA should then strive to manage this “funding ratio” to remain within a reasonable range.

Reasonable Range for a Funding Ratio

The actuarial estimation of NICA’s liabilities involves consideration of the differential between future inflation and a reasonable interest discount rate. As explained previously, NICA has historically used a differential (i.e., interest discount less inflation) of 1.5% per year based on comparisons of historical inflation to investment returns. We believe this is a reasonable, mid-range estimate considering the volatility in this historical economic data. There are, however, other more optimistic assumptions (e.g., a 2.5% differential) that are plausible based on this historical data that would produce liability estimates up to 15% lower than under the 1.5% assumption. In other words, the funding ratio could be as low as 85%, yet still conceivably prove sufficient.

The viability and long term actuarial soundness of NICA also depends on the level of ongoing assessments. If the ongoing assessments exceed the cash outgo, then NICA is more able to weather periods of poor investment returns and wait for the market to bounce back. If, on the other hand, the cash outgo exceeds the ongoing assessments (as is the case presently), then NICA has to liquidate part of its investment portfolio to pay ongoing benefits, with the result that there are less invested assets and therefore lower investment return when the market bounces back.

We note that, in the most unfavorable years (2008 and 2022), NICA has experienced investment losses in a single year of between 25% and 30% of invested assets. In other words, it is quite likely that there will be some years in the future where NICA may experience a 25% or more drop in the funding ratio.

We note that the threshold standard in the current statute is roughly equivalent to a funding ratio of 82%. In our opinion, this (or something a little lower – e.g., 75%) is a reasonable trigger for policymakers and regulators to conclude assets are so low relative to liabilities that NICA may require major changes to ensure its long-term viability. On the other hand, at this trigger, there would still be an opportunity to act before NICA is in deep financial difficulty.

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Risk Margin

NICA's actuarial reports have included a separately and explicitly identified "risk margin." In the discussion above, the actuarially determined liabilities for unpaid claims and funding ratio should be understood to exclude this margin. We note that the risk margin approximates 5% of unpaid claim liabilities and accounts for uncertainties in the number and dollar amounts of unreported claims and the like. The items accounted for in this risk margin are likely to manifest themselves over a short time horizon and average out over the longer term, are relatively small in the context of NICA's liabilities, and likely can reasonably be dealt with if and when they arise by small changes to the funding strategy.

We note that in addition to the explicit risk margin, NICA's actuarially determined liabilities include an implicit risk margin in the selection of the rate used to discount liabilities to present-value. This margin is necessary based on actuarial standards of practice and considering the likely volatility of future investment returns.

NICA's Management of the Funding Ratio

Based on the discussion above, we suggest NICA adopt a strategy to determine future assessments as follows:

1. NICA should target a funding ratio of 100%.
2. NICA should determine a time horizon to reach the target funding ratio. We suggest five to ten years.
3. NICA should determine a funding strategy that is projected to reach the target funding ratio during the time horizon.
4. NICA should review and, if necessary, update and adjust the funding strategy on an annual basis to reflect differences between actual and projected outcomes (e.g., unexpected investment gains or losses, fluctuations in the number of claims, etc.)

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5. In the current situation, this strategy will result in increases to the assessment revenue required to keep NICA actuarially sound. In the future, it is possible that the funding ratio may exceed 100%. We suggest that, if this occurs, NICA should revise its funding strategy so that the funding ratio does not become too large. We suggest a funding ratio of 130% be considered a reasonable trigger to make this determination.

Oversight of the Funding Ratio

We suggest that the current threshold requirement in the statute (roughly equivalent to an 82% funding ratio) or something a little more liberal (e.g., 75%), reasonably defines the trigger for major review of NICA by public policy makers and regulators. If the funding ratio falls below this level, there is already a mechanism for a thorough regulatory and/or legislative review of NICA and/or development of remediation plans.

We suggest that some intermediate standard – such as a 90% funding ratio – that if breached should compel NICA to adjust assessment rates or take other actions to remedy this situation over a five-year horizon. At this level, the Florida Office of Insurance Regulation (OIR) should play an active oversight role.

If the funding ratio is between 90% and 100%, NICA should have in place a funding strategy to get the funding ratio to 100% over a 5-to-10-year horizon. This should be subject to periodic examination and review by OIR.

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If the funding ratio is above 100%, NICA should have in place a funding strategy to keep the funding ratio within a reasonable range over the following five years. Considering the explicit risk margins calculated in recent actuarial reports has been about 5% of liabilities and that investment losses of up to 25% in a single year can be expected to occur, we suggest a reasonable range is 100% to 130%. This strategy should be subject to periodic examination and review by OIR.

Sincerely,

**Choya
Everett**

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VA & NY Program Summary



August 16, 2024

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

Re: Virginia and New York Program Summary

Dear Ms. Jaacks:

At your request, FTI Consulting, Inc. has prepared this letter summarizing the Virginia Birth-Related Neurological Injury Compensation Program and the New York Medical Indemnity Fund.

[Virginia Birth-Related Neurological Injury Compensation Program](#)

In 1987, Virginia established a birth-related neurological injury compensation program, similar to the Florida program, designed to provide no-fault compensation to children who suffer from severe birth-related neurological injuries. This program aims to reduce the number of malpractice lawsuits against obstetricians and hospitals by providing a streamlined alternative for compensating affected families. As in Florida, the Virginia program is funded by assessments paid by physicians and hospitals that operate within the Commonwealth with the ability to assess insurance companies as needed. Between 85 and 95 percent of all practicing obstetricians in the Commonwealth participate in the program.

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VA & NY Program Summary

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Eligibility

The eligibility requirement for admission into the Virginia program is similar to NICA. However, in Virginia's program, there is a ten-year statute of limitations on filing claims, and there does not appear to be a weight requirement.

Chapter 50, Section 38.2-5001 of the Code of Virginia reads "eligible participants have suffered a birth-related injury to the brain or spinal cord caused by oxygen deprivation that occurred during the course of delivery in a hospital which renders the infant permanently motorically disable and developmentally or cognitively disabled."

Benefits

Benefit awards are listed in Chapter 50, Section 38.2-5009 of the Code of Virginia as follows:

- Actual medically necessary and reasonable expenses of medical and hospital, rehabilitative, therapeutic, nursing, attendant, residential and custodial care and service, medications, supplies, special equipment or facilities, and related travel.
- Loss of earnings from the age of 18 are to be paid in regular installments beginning on the eighteenth birthday of the infant. An infant found to have sustained a birth-related neurological injury shall be conclusively presumed to have been able to earn income from work from the age of 18 through the age of 65, if he had not been injured, in the amount of 50 percent of the average weekly wage in the Commonwealth of workers in the private, nonfarm sector.
- Reimbursement may be provided for nursing and attendant care that is provided by a relative or legal guardian of a program beneficiary so long as that care is beyond the scope of child care duties and services normally and gratuitously provided by family members to uninjured children.
- Reasonable expenses incurred by the claimant in connection with the filing of a claim, including reasonable attorneys' fees of the claimant's attorney.
- Regarding infants dying shortly after birth, if the Commission determines that an infant has sustained a birth-related neurological injury and that obstetrical services were delivered by a participating physician at the birth or that the birth occurred in a

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participating hospital, the Commission, in its discretion, may make an award in an amount not exceeding \$100,000 to the infant's family.

Funding

The assessments that help to fund the program are detailed in Section 38.2-5020 of Chapter 50 of the Code of Virginia.

- At the inception of the program, participating physicians paid an annual assessment in the amount of \$5,000. Effective January 1, 2009, the total annual assessment increased to \$5,600, and increased by \$300 for the 2010 assessment and by \$100 each year thereafter, to a maximum of \$6,200 per year, the current assessment amount.¹
- At the inception of the program, participating hospitals paid assessments amounting to \$50 per live birth for the prior year. Effective January 1, 2009, the annual participating hospital assessment increased by \$2.50 per live birth, and increased at that rate each year thereafter to a maximum of \$55 per live birth, the current assessment amount, with a maximum of \$200,000 in any 12-month period.²
- At the inception of the program, all licensed physicians practicing in the Commonwealth on September 30 of a particular year, other than participating physicians, shall paid an annual assessment of \$250. Effective January 1, 2005, the total annual assessment increased to \$260, and by \$10 each year thereafter to a maximum of \$300 per year,³ the current assessment amount.
- Virginia has the ability to assess all insurance carriers licensed to write and engaged in writing liability insurance in the Commonwealth of a particular year, in the amount no greater than 0.25% of net direct premiums written, if required to maintain the fund on an actuarially sound basis. We believe that this assessment is shown as 'Insurance Fees' in the income statement under operating revenues. Based on the annual audited financial statements, this assessment began in 2002. As of December 31, 2019, the income

¹ Providers in a residency training program at a participating hospital shall be considered a participating physician in the Program and neither the resident nor the hospital shall be required to pay any assessment for such participation.

² We were not able to find any evidence of exemptions for hospitals, public or otherwise, in the Code.

³ Whenever the State Corporation Commission determines the Fund is actuarially sound in conjunction with actuarial investigations conducted pursuant to § 38.2-5021, it shall enter an order suspending the assessment required for all licensed physicians who do not participate in the program.

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statement shows \$15.6 million in Insurance Fees. This is the most current income statement that we are able to access at this time.

Financial Health

An actuarial valuation of the assets and liabilities of the fund are to be performed at least every other year. The code states that, in the event that the fund cannot be maintained on an actuarially sound basis subject to the maximum assessments allowable, the State Corporation Commission is to notify the Speaker of the House of Delegates, the President of the Senate, the board of directors of the Program, and the Virginia Workers' Compensation Commission (Section 38.2-5021 of Chapter 50 of the Code).

The latest actuarial report to which we have access is evaluated as of December 31, 2019. According to the actuarial report, the Virginia Fund was not actuarially sound and had not been for several years. The Virginia Fund was not actuarially sound as of December 31, 2002, according to the earliest actuarial report that we are able to access.

The following statistics are shown in the actuarial report as of December 31, 2019:

- The number of living participants was 166, and the number of claimants yet to be admitted was 54.
- The estimated amount of future claims payments, including claim administration expenses was \$569.1 million (\$431.9 million for admitted claimants and \$137.2 million for the yet to be admitted claimants.)
- The future claim payments per living participant (including those yet to be admitted) was about \$2.6 million per claim. This compares to an average liability of \$3.8 million per open claim in the NICA program at the same point in time (as of December 31, 2019), prior to the passing of SB 1786. After the provisions of SB 1786 were implemented, the average liability increased to roughly \$5 million per claim.
- Payments through December 31, 2019 totaled \$249.5 million. The top three expense categories were Nursing (66%), Housing (9.6%) and Loss Wages (5.5%).

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VA & NY Program Summary

Melissa Jaacks, CPA
Florida Birth-Related Neurological Injury
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- Payments during calendar year 2019 were \$23.8 million, compared to \$17.7 million in the NICA program during the same period. The top expense categories in the Virginia program are Nursing (67%), Lost Wages (9.2%), Incidental (3.8%) and Prescription Drugs (3.6%).
- A discount rate of 5.25% was assumed in the actuarial analysis, and the inflation rate averaged 2.36%, for an interest-inflation rate differential of 2.89%. This differential is aggressive compared to the 1.5% interest-inflation rate differential assumed in the NICA actuarial analyses.
- The remaining life expectancies were about 29 years at age 3. This compares to a remaining life expectancy of about 40 years in the NICA program. We note that both programs used Dr. Shavelle to advise on life expectancies.

New York Medical Indemnity Fund

The Medical Indemnity Fund (MIF), established in 2011, was designed to provide a funding source for future health care costs of plaintiffs in medical malpractice actions who have suffered birth-related neurological injuries as the result of medical malpractice during a delivery admission, and are qualified plaintiffs as defined in the law. The purpose of the MIF is to pay or reimburse qualifying costs necessary to meet the health care needs of a plaintiff throughout his or her lifetime and to lower the cost of medical malpractice insurance for obstetrical providers.

Eligibility

A qualified plaintiff is a plaintiff or claimant who has been found by a jury or court to have sustained a birth-related neurological injury as the result of medical malpractice, or has sustained a birth-related injury as the result of actual or alleged medical malpractice and has settled his/her lawsuit or claim and has been ordered to be enrolled in the fund by a court in New York state.

A "birth-related neurological injury" is an injury to the brain or spinal cord as the result of a deprivation of oxygen or mechanical injury that occurred in the course of labor, delivery or resuscitation, or by the provision or non-provision of other medical services during delivery admission that rendered the infant with a permanent and substantial motor impairment or a developmental disability.

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Benefits

The Fund will pay or reimburse "qualifying health care costs" necessary to meet the health care needs of a plaintiff as determined by a physician, physician assistant or nurse practitioner. Health insurers are primary payers of qualifying health care costs over the MIF.

Qualifying health care costs includes the future medical, hospital, surgical, nursing, dental, rehabilitation, custodial, durable medical equipment, home and vehicle modifications, assistive technology, transportation for the purposes of health care related appointments, medications, etc.

Funding

Beginning April 1, 2014 and annually thereafter, the administrator "shall cause to be deposited into the fund, subject to available appropriations, an amount equal to the difference between the amount appropriated to the fund in the preceding fiscal year, as increased by the adjustment factor ... and the assets of the fund at the conclusion of that fiscal year."⁴

The adjustment factor is defined as the ten-year rolling average medical component of the consumer price index.

According to the 2017 Legislative Report from the New York State Department of Financial Services, the MIF receives an annual appropriation in the amount of \$52 million from Health Care Reform Act pools which are funded by surcharges imposed on health care services.⁵

New York Public Health Law reads "the commissioner shall conduct an actuarial calculation of the estimated liabilities of the fund for the coming year resulting from the qualified plaintiffs enrolled in the fund ... If the total of all estimates of the current liabilities equals or exceeds eighty percent of the fund's assets, then the fund shall not accept any new enrollments until a new deposit has been made..."⁶

⁴ New York Public Health Law, Chapter 45, Article 29-D, Title 4 Section 2999-I, Part 5.

⁵ Based on the December 31, 2023 actuarial report, the amount of the appropriation is expected to increase based on the ten-year rolling average of the medical component of the CPI.

⁶ New York Public Health Law, Chapter 45, Article 29-D, Title 4 Section 2999-I, Part 6(a).

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The law further states that the suspension of enrollment should not impact payment under the fund for any qualified plaintiffs already enrolled.

Financial Health

The MIF was suspended on May 2, 2024 but reopened on June 5, 2024 as noted on the fund's website. (See the New York Times article, "A State Fund That Helps Children Hurt at Birth Is Quietly Suspended," May 2, 2024.)

According to the actuarial report as of December 31, 2023:

- The MIF has 992 living participants with expected future benefit payments of approximately \$3.277 billion and future administrative expenses of \$328.0 million.
- The unfunded liability is approximately \$3.458 billion as there are assets (fund balance) of approximately \$146.9 million as of December 31, 2023.
- The average liability per participant is \$3.6 million, similar to the average liability per claim in the NICA program, prior to the passing of SB 1786. After SB 1786, the average liability increased to roughly \$5 million per claim in the NICA program.
- The fund paid \$108.5 million in benefits in calendar year 2023.
- The actuarial analysis assumes a discount rate of 2.0% and future medical inflation of 3.0%.

Sincerely,

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Reserve Liability Process

Description of NICA's Reserve Requirement Process

NICA begins its reserve process with data as of 12/31. A spreadsheet is prepared including each participant projecting annual expenses for 4 different timeframes:

- The first timeframe is the next 2 years – it is expected that spending for the next 2 years will closely mimic most recent spending
- The second is the period until the participant is no longer eligible for current insurance coverage such as Florida KidCare, a parent's employer plan, etc. Spending in this period will also generally mimic recent spending except that there may be an expectation of increased caregiver hours.
- The third is from the time insurance ends to the time that the participant turns 40. Insurance premiums will change in this time period and there may be additional increases in caregiver hours.
- The final timeframe assumes that parent caregivers are no longer able to provide care so maximum caregiver hours are budgeted here (if they have not already been).

For the smaller categories of expenses, the most recent average for all participants is used. For other categories, adjustments are made at the participant level. For example:

- Current actual health insurance premiums are individualized by participant
- Travel expenses are individualized by participant based on recent history
- The balance remaining in fixed benefits is individualized by participant (parent award, housing)
- Some categories of spending are adjusted by the type of insurance a participant has
- Caregiver hours and costs are individualized by participant

The final piece of information adjusted on the spreadsheet is life expectancy. This is provided to NICA by Dr. Robert Shavelle and is updated annually based on information for each participant provided and updated by the case manager. Dr. Shavelle is a Fellow of the American Academy for Cerebral Palsy and Developmental Medicine and Technical Director of the Life Expectancy Project. He researches life expectancy of persons with developmental disabilities and those who have suffered anoxic, hypoxic, traumatic brain, or spinal cord injuries.

Once the spreadsheet is complete, it is provided to NICA's actuaries for further analysis. Their process is described in detail in their quarterly reports to NICA – relevant excerpts start on the next page that were taken from the report for 6/30/2024 reserves.

The remaining 3 quarters reserves (3/31, 6/30, and 9/30) are adjustments to those initial 12/31 numbers. New participants are added to the spreadsheet and actual spending is deducted from the reserve requirement.

Reserve Liability Process

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.

Reserve Liability Process

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.

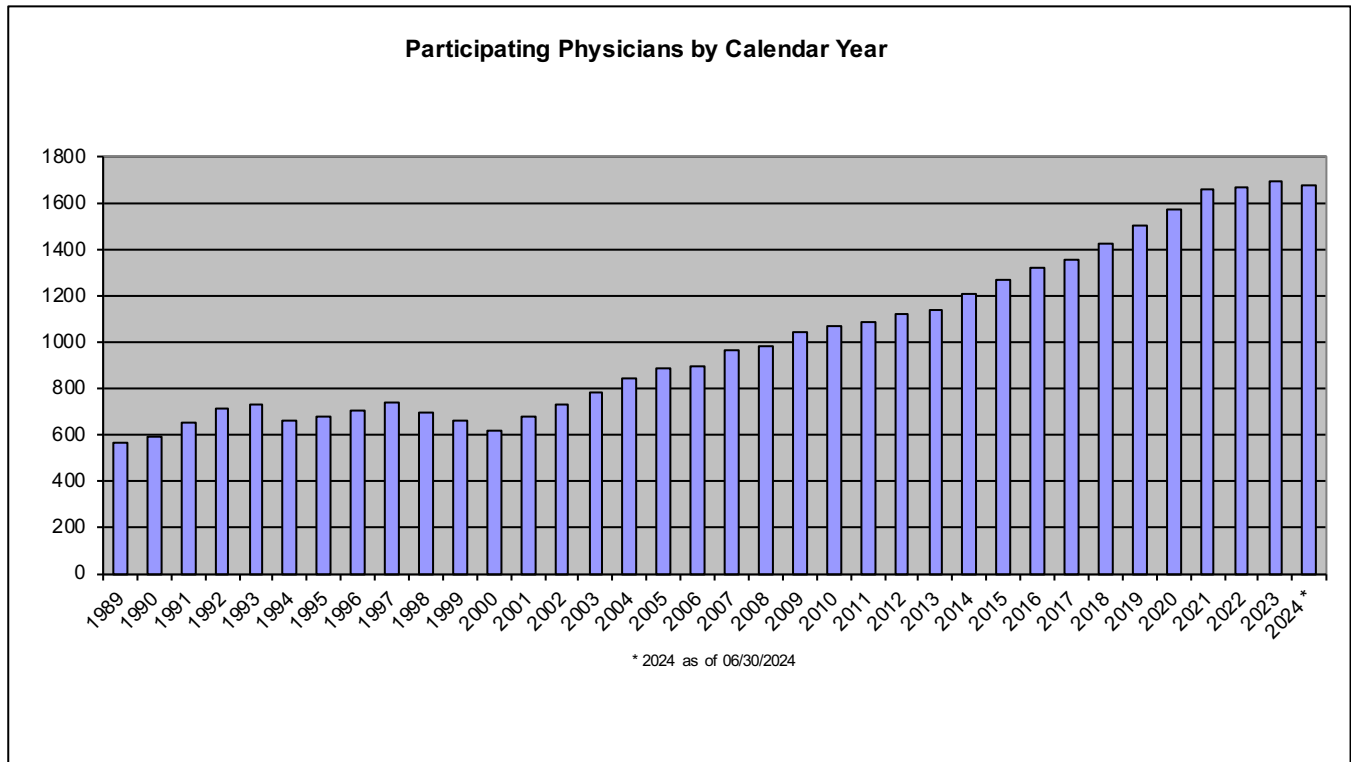
As of December 31, 2023, there were 240 open claims with AAA-Worksheets. Two former AAA claimants deceased since December 31, 2023. As of June 30, 2024, the AAA-Worksheets for 238 claims are included in the analysis.

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.

History of Participating Physicians



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2022 Hospital Assessments

AHCA Unique Identifier	Hospital Name	Type of Exclusion (M, P, T)	Total Births	Excusions	Net Assessable Births	Total Assessment \$		Amount Paid
						Exclusion	Exclusion \$	
100001	UF Health Jacksonville	T	3,243	(3,243)	-	\$ 162,150	(\$162,150)	\$ -
100002	Bethesda Hospital	M	2,898	(2,110)	788	\$ 144,900	(\$105,500)	\$ 39,400
100004	MADISON COUNTY HOSPITAL	N/A*						\$ -
100006	ORLANDO REGIONAL MEDICAL CENTER	N/A*						\$ -
100007	AdventHealth Orlando	T	5,231	(5,231)	-	\$ 261,550	(\$261,550)	\$ -
100008	Baptist Hospital of Miami, Inc.	None	3,898	0	3,898	\$ 194,900	\$0	\$ 194,900
100009	CEDARS MEDICAL CENTER	N/A*						\$ -
100010	Saint Mary's Medical Center	M	2,681	(2,321)	360	\$ 134,050	(\$116,050)	\$ 18,000
100012	Lee Memorial Hospital	P	2	(2)	-	\$ 100	(\$100)	\$ -
100014	BERT FISH MEDICAL CENTER	N/A*						\$ -
100015	SUN COAST HOSPITAL	N/A*						\$ -
100017	Halifax Health Medical Center	P	1,806	(1,806)	-	\$ 90,300	(\$90,300)	\$ -
100018	NAPLES COMMUNITY HOSPITAL	N/A*						\$ -
100019	Holmes Regional Medical Center	M	3,017	(1,175)	1,842	\$ 150,850	(\$58,750)	\$ 92,100
100020	HEALTHSOUTH DOCTOR'S HOSPITAL	N/A*						\$ -
100021	Florida Hospital East Orlando	N/A*						\$ -
100022	Jackson Memorial Hospital	T	4,164	(4,164)	-	\$ 208,200	(\$208,200)	\$ -
100023	Citrus Memorial Hospital	None	504	0	504	\$ 25,200	\$0	\$ 25,200
100024	Fisherman's Hospital	N/A*						\$ -
100025	Sacred Heart Hospital	M	4,744	(2,241)	2,503	\$ 237,200	(\$112,050)	\$ 125,150
100026	BAY MEDICAL CENTER SACRED HEART HEALTH S	N/A*						\$ -
100028	Parrish Medical Center	P	554	(554)	-	\$ 27,700	(\$27,700)	\$ -
100029	North Shore Medical Center	M	1,655	(1,105)	550	\$ 82,750	(\$55,250)	\$ 27,500
100030	HEALTH CENTRAL	N/A*						\$ -
100032	Bayfront Health St Petersburg	M	3,311	(1,541)	1,770	\$ 165,550	(\$77,050)	\$ 88,500
100033	North Miami Medical Center	N/A*						\$ -
100034	Mount Sinai Medical Center	T	2,267	(2,267)	-	\$ 113,350	(\$113,350)	\$ -
100035	Manatee Memorial Hospital	M	1,817	(1,475)	342	\$ 90,850	(\$73,750)	\$ 17,100
100036	AMI SOUTHEASTERN MEDICAL CENTER	N/A*						\$ -
100038	Memorial Regional Hospital	P	5,150	(5,150)	-	\$ 257,500	(\$257,500)	\$ -
100039	Broward Health Medical Center	P	3,859	(3,859)	-	\$ 192,950	(\$192,950)	\$ -
100040	Saint Vincent's Medical Center Riverside	None	1,037	0	1,037	\$ 51,850	\$0	\$ 51,850
100043	MEASE HOSPITAL AND CLINIC	N/A*						\$ -
100044	Martin Memorial Medical Center	M	637	(407)	230	\$ 31,850	(\$20,350)	\$ 11,500
100045	AdventHealth Deland	N/A*						\$ -
100046	AdventHealth Zephyrhills	M	605	(457)	148	\$ 30,250	(\$22,850)	\$ 7,400
100049	HIGHLANDS REGIONAL MEDICAL CENTER	N/A*						\$ -
100051	South Lake Hospital	M	878	(528)	350	\$ 43,900	(\$26,400)	\$ 17,500
100052	Winter Haven Hospital	N/A*						\$ -
100053	Hialeah Hospital	N/A*						\$ -
100054	TWIN CITIES HOSPITAL	N/A*						\$ -
100055	ADVENTHEALTH NORTH PINELLAS	N/A*						\$ -
100056	North Beach Hospital	N/A*						\$ -
100057	AdventHealth Waterman	M	533	(300)	233	\$ 26,650	(\$15,000)	\$ 11,650
100059	ST. FRANCIS HOSPITAL	N/A*						\$ -
100060	COLUMBIA MIAMI HEART INSTITUTE	N/A*						\$ -
100061	Mercy Hospital A Campus of Plantation General Hospital	M	3,184	(950)	2,234	\$ 159,200	(\$47,500)	\$ 111,700
100062	AdventHealth Ocala	M	2,237	(1,589)	648	\$ 111,850	(\$79,450)	\$ 32,400
100063	NORTH BAY MEDICAL CENTER	N/A*						\$ -
100067	ST. ANTHONYS HOSPITAL	N/A*						\$ -
100070	Venice Hospital	N/A*						\$ -
100071	BROOKSVILLE REGIONAL HOSPITAL	N/A*						\$ -
100072	AdventHealth Fish Memorial	M	665	(563)	102	\$ 33,250	(\$28,150)	\$ 5,100
100073	Holy Cross Hospital Inc.	None	85	0	85	\$ 4,250	\$0	\$ 4,250
100075	Saint Joseph's Hospital	M	4,399	(1,063)	3,336	\$ 219,950	(\$53,150)	\$ 166,800
100076	The Miami Medical Center	N/A*						\$ -
100077	Bayfront Health Port Charlotte	None	724	0	724	\$ 36,200	\$0	\$ 36,200
100078	DOCTORS MEMORIAL HOSPITAL,	N/A*						\$ -
100080	JFK MEDICAL CENTER	N/A*						\$ -
100082	SHANDS AT AGH	N/A*						\$ -
100083	RIVERSIDE HOSPITAL CLOSED	N/A*						\$ -
100084	Leesburg Regional Medical Center	None	1,029	0	1,029	\$ 51,450	\$0	\$ 51,450
100085	FLORIDA MEDICAL CENTER SOUTH	N/A*						\$ -
100086	NORTH BROWARD MEDICAL CENTER	N/A*						\$ -
100087	Sarasota Memorial Hospital	P	4,218	(4,218)	-	\$ 210,900	(\$210,900)	\$ -

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2022 Hospital Assessments

AHCA Unique Identifier	Hospital Name	Type of Exclusion (M, P, T)	Total Births	Excusions	Net Assessable Births	Total Assessment \$		Amount Paid
						Exclusion	Exclusion \$	
100088	Baptist Medical Center Downtown	None	1,122	0	1,122	\$ 56,100	\$ 0	\$ 56,100
100089	FLORIDA HOSPITAL KISSIMMEE	N/A*						\$ -
100092	Steward Rockledge Hospital	None	521	0	521	\$ 26,050	\$ 0	\$ 26,050
100093	Baptist Hospital Inc.	M	558	(183)	375	\$ 27,900	(\$9,150)	\$ 18,750
100099	LAKE WALES HOSPITAL	N/A*						\$ -
100102	SHANDS LAKE SHORE REGIONAL MEDICAL CENTER	N/A*						\$ -
100103	Bradford Hospital	N/A*						\$ -
100105	Indian River Memorial Center	M	820	(314)	506	\$ 41,000	(\$15,700)	\$ 25,300
100106	DOCTORS' MEMORIAL HOSPITAL, INC	N/A*						\$ -
100107	LEHIGH REGIONAL MEDICAL CENTER	N/A*						\$ -
100108	COLUMBIA HAMILTON MEDICAL CENTER	N/A*						\$ -
100109	AdventHealth Sebring	M	1,074	(824)	250	\$ 53,700	(\$41,200)	\$ 12,500
100110	Osceola Regional Medical Center	T	1,312	(1,312)	-	\$ 65,600	(\$65,600)	\$ -
100112	CALHOUN LIBERTY HOSPITAL	N/A*						\$ -
100113	UF Health Shands Hospital	T	3,034	(3,034)	-	\$ 151,700	(\$151,700)	\$ -
100114	Jackson North Medical Center	P	1,383	(1,383)	-	\$ 69,150	(\$69,150)	\$ -
100117	Baptist Medical Center - Beaches	None	740	0	740	\$ 37,000	\$ 0	\$ 37,000
100121	BARTOW REGIONAL MEDICAL CENTER	N/A*						\$ -
100122	North Okaloosa Medical Center	M	584	(303)	281	\$ 29,200	(\$15,150)	\$ 14,050
100124	Santa Rosa Medical Center	M	284	(141)	143	\$ 14,200	(\$7,050)	\$ 7,150
100125	Homestead Hospital	M	816	(673)	143	\$ 40,800	(\$33,650)	\$ 7,150
100127	Morton Plant Hospital	M	2,368	(980)	1,388	\$ 118,400	(\$49,000)	\$ 69,400
100128	Tampa General Hospital	T	7,201	(7,201)	-	\$ 360,050	(\$360,050)	\$ -
100129	PRINCETON HOSPITAL	N/A*						\$ -
100130	Lakeside Medical Center	P	132	(132)	-	\$ 6,600	(\$6,600)	\$ -
100131	AVENTURA HOSPITAL & MEDICAL CNTR	N/A*						\$ -
100132	South Florida Baptist Hospital	M	440	(318)	122	\$ 22,000	(\$15,900)	\$ 6,100
100135	Tallahassee Memorial Hospital	M	3,280	(1,666)	1,614	\$ 164,000	(\$83,300)	\$ 80,700
100137	AdventHealth Heart of Florida	M	736	(597)	139	\$ 36,800	(\$29,850)	\$ 6,950
100138	CAMPBELLTON-GRACEVILLE HOSPITAL	N/A*						\$ -
100140	Baptist Medical Center	None	91	0	91	\$ 4,550	\$ 0	\$ 4,550
100142	Jackson Hospital	P	389	(389)	-	\$ 19,450	(\$19,450)	\$ -
100146	SUWANNEE HOSPITAL	N/A*						\$ -
100147	NORTHWEST FLORIDA COMMUNITYHOSP	N/A*						\$ -
100151	MAYO CLINIC	N/A*						\$ -
100154	South Miami Hospital Inc	M	3,473	(983)	2,490	\$ 173,650	(\$49,150)	\$ 124,500
100157	Lakeland Regional Medical Center	M	4,140	(2,340)	1,800	\$ 207,000	(\$117,000)	\$ 90,000
100159	GADSDEN COMMUNITY HOSPITAL	N/A*						\$ -
100160	Mariners Hospital	N/A*						\$ -
100161	CENTRAL FLORIDA REGIONAL HOSPITAL	N/A*						\$ -
100162	AdventHealth Winter Park	T	3,473	(3,473)	-	\$ 173,650	(\$173,650)	\$ -
100166	DOCTORS' HOSPITAL, SARASOTA	N/A*						\$ -
100167	Plantation General Hospital	M	1,896	(854)	1,042	\$ 94,800	(\$42,700)	\$ 52,100
100168	Boca Raton Regional Hospital	None	2,682	0	2,682	\$ 134,100	\$ 0	\$ 134,100
100169	AdventHealth Daytona Beach	M	1,275	(704)	571	\$ 63,750	(\$35,200)	\$ 28,550
100170	Methodist Hospital	N/A*						\$ -
100173	AdventHealth Tampa	M	2,539	(1,155)	1,384	\$ 126,950	(\$57,750)	\$ 69,200
100175	DESOTO MEMORIAL HOSPITAL	N/A*						\$ -
100176	PALM BEACH GARDENS MEDICAL CTR	N/A*						\$ -
100177	Cape Canaveral Hospital	M	769	(280)	489	\$ 38,450	(\$14,000)	\$ 24,450
100179	Memorial Hospital Jacksonville	M	763	(524)	239	\$ 38,150	(\$26,200)	\$ 11,950
100180	Saint Petersburg General Hospital	M	398	(243)	155	\$ 19,900	(\$12,150)	\$ 7,750
100187	Palmetto General Hospital	M	1,434	(908)	526	\$ 71,700	(\$45,400)	\$ 26,300
100189	Northwest Medical Center	M	1,631	(806)	825	\$ 81,550	(\$40,300)	\$ 41,250
100191	Medical Center of Trinity	M	1,506	(902)	604	\$ 75,300	(\$45,100)	\$ 30,200
100194	HUMANA HOSPITAL, S. BROWARD	N/A*						\$ -
100195	Lower Keys Medical Center	M	508	(279)	229	\$ 25,400	(\$13,950)	\$ 11,450
100203	UNIVERSITY GENERAL HOSPITAL	N/A*						\$ -
100204	North Florida Regional Medical Center	T	3,656	(3,656)	-	\$ 182,800	(\$182,800)	\$ -
100207	PALM BEACH REGIONAL HOSPITAL	N/A*						\$ -
100208	Jackson South Community Hospital	P	994	(994)	-	\$ 49,700	(\$49,700)	\$ -
100209	Kendall Regional Medical Center	T	2,113	(2,113)	-	\$ 105,650	(\$105,650)	\$ -
100211	ADVENTHEALTH DADE CITY	N/A*						\$ -
100212	OCALA REGIONAL MEDICAL CENTER	N/A*						\$ -
100213	BLAKE MEDICAL CENTER	N/A*						\$ -

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2022 Hospital Assessments

AHCA Unique Identifier	Hospital Name	Type of Exclusion (M, P, T)	Total Births	Exclusions	Net Assessable		Total Assessment \$ Before		Exclusion \$	Amount Paid
					Births		Exclusion			
100214	LAKE COMMUNITY HOSPITAL	N/A*							\$	-
100217	SEBASTIAN HOSPITAL	N/A*							\$	-
100219	Flagler Hospital	None	1,423	0	1,423	\$	71,150	\$0	\$	71,150
100220	GULF COAST MEDICAL CENTER LEE MEMORIAL H	N/A*							\$	-
100221	ORLANDO REGIONAL LUCERNE HOSP	N/A*							\$	-
100222	GOLDEN GLADES REGIONAL MED CTR	N/A*							\$	-
100223	Fort Walton Beach Medical Center	M	704	(304)	400	\$	35,200	(\$15,200)	\$	20,000
100225	HOLLYWOOD MEDICAL CENTER	N/A*							\$	-
100226	Orange Park Medical Center	M	1,733	(1,171)	562	\$	86,650	(\$58,550)	\$	28,100
100227	HUMANA WOMENS HOSPITAL, TAMPA	N/A*							\$	-
100228	WESTSIDE REGIONAL MEDICAL CENTER	N/A*							\$	-
100230	MEMORIAL HOSPITAL PEMBROKE	N/A*							\$	-
100231	West Florida Hospital	M	490	(284)	206	\$	24,500	(\$14,200)	\$	10,300
100232	PUTNAM COMMUNITY MEDICAL CENTER	N/A*							\$	-
100233	PUTMAN COMMUNITY HOSPITAL	N/A*							\$	-
100234	COLUMBIA HOSPITAL	N/A*							\$	-
100237	NORTH RIDGE MEDICAL CENTER	N/A*							\$	-
100238	Humana Hospital Northside	N/A*							\$	-
100242	Gulf Coast Medical Center	M	2,512	(1,519)	993	\$	125,600	(\$75,950)	\$	49,650
100243	Brandon Regional Hospital	T	2,067	(2,067)	-	\$	103,350	(\$103,350)	\$	-
100244	Cape Coral Hospital	P	1,558	(1,558)	-	\$	77,900	(\$77,900)	\$	-
100246	Lawnwood Regional Medical Center & Heart Institute	M	1,356	(1,052)	304	\$	67,800	(\$52,600)	\$	15,200
100248	LARGO MEDICAL CENTER	N/A*							\$	-
100249	Seven Rivers Regional Medical Center	None	12	0	12	\$	600	\$0	\$	600
100250	All Children's Hospital, Inc.	N/A*							\$	-
100252	RAULERSON HOSPITAL	N/A*							\$	-
100253	Jupiter Medical Center	None	2,245	0	2,245	\$	112,250	\$0	\$	112,250
100254	Capital Regional Medical Center	M	939	(621)	318	\$	46,950	(\$31,050)	\$	15,900
100255	TOWN & COUNTRY HOSPITAL	N/A*							\$	-
100256	REGIONAL MEDICAL CENTER BAYONET	N/A*							\$	-
100258	DELRAY MEDICAL CENTER	N/A*							\$	-
100260	St. Lucie Medical Center	M	996	(628)	368	\$	49,800	(\$31,400)	\$	18,400
100263	South Seminole Hospital	N/A*							\$	-
100264	Oak Hill Hospital	T	1,412	(1,412)	-	\$	70,600	(\$70,600)	\$	-
110001	Mease Countryside Hospital	None	1,874	0	1,874	\$	93,700	\$0	\$	93,700
110003	GULF BREEZE HOSPITAL	N/A*							\$	-
110006	Palms West Hospital	M	2,141	(1,333)	808	\$	107,050	(\$66,650)	\$	40,400
110008	West Boca Medical Center	M	1,954	(629)	1,325	\$	97,700	(\$31,450)	\$	66,250
110010	Wellington Regional Medical Center	M	2,887	(1,425)	1,462	\$	144,350	(\$71,250)	\$	73,100
110019	Broward Health Coral Springs	P	1,665	(1,665)	-	\$	83,250	(\$83,250)	\$	-
110199	Nicklaus Children's Hospital	N/A*							\$	-
110403	Good Samaritan Medical Center	M	498	(108)	390	\$	24,900	(\$5,400)	\$	19,500
111522	GULF COAST HOSPITAL	N/A*							\$	-
111525	Bayfront Health Spring Hill	None	553	0	553	\$	27,650	\$0	\$	27,650
111527	Memorial Hospital West	P	3,628	(3,628)	-	\$	181,400	(\$181,400)	\$	-
120001	Arnold Palmer Medical Center	T	14,598	(14,598)	-	\$	729,900	(\$729,900)	\$	-
120004	AdventHealth Altamonte Springs	T	2,124	(2,124)	-	\$	106,200	(\$106,200)	\$	-
120005	Health Park Medical Center	P	6,098	(6,098)	-	\$	304,900	(\$304,900)	\$	-
120006	NCH Healthcare Systems North Naples Hospital Campus	M	3,591	(2,183)	1,408	\$	179,550	(\$109,150)	\$	70,400
120007	Palm Bay Hospital	N/A*							\$	-
120008	JACKSON MEMORIAL HOSP-NORTH	N/A*							\$	-
120010	Winter Haven Women's Hospital	M	1,685	(1,070)	615	\$	84,250	(\$53,500)	\$	30,750
120013	FLORIDA HOSPITAL LAKE PLACID	N/A*							\$	-
23960017	AdventHealth Celebration	T	3,752	(3,752)	-	\$	187,600	(\$187,600)	\$	-
23960034	WUESTHOFF MEDICAL CENTER-MELBOURNE	N/A*							\$	-
23960041	Sacred Heart Hospital of The Emerald Coast	M	1,405	(625)	780	\$	70,250	(\$31,250)	\$	39,000
23960046	Lakewood Ranch Medical Center	None	564	0	564	\$	28,200	\$0	\$	28,200
23960050	Memorial Hospital Miramar	P	4,184	(4,184)	-	\$	209,200	(\$209,200)	\$	-
23960052	Baptist Medical Center South	None	2,966	0	2,966	\$	148,300	\$0	\$	148,300
23960057	PHYSICIANS REGIONAL MEDICAL CENTER - COL	N/A*							\$	-
23960064	West Kendall Baptist Hospital	M	1,126	(692)	434	\$	56,300	(\$34,600)	\$	21,700
23960088	St. Vincent's Medical Center Southside	M	1,932	(94)	1,838	\$	96,600	(\$4,700)	\$	91,900
23960096	NEMOURS CHILDREN'S HOSPITAL, FLORIDA	M	1	(1)	0	\$	50	(\$50)	\$	0
23960099	AdventHealth Wesley Chapel	None	913	0	913	\$	45,650	\$0	\$	45,650
23960100	St. Joseph's Hospital North	M	423	(32)	391	\$	21,150	(\$1,600)	\$	19,550

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ATTACHMENT 16

2022 Hospital Assessments

AHCA Unique Identifier	Hospital Name	Type of Exclusion (M, P, T)	Total Births	Exclusions	Net Assessable		Total Assessment \$ Before		Amount Paid
					Births	Exclusion	Exclusion \$	Amount Paid	
23960105	St. Joseph's Hospital South	M	1,825	(671)	1,154	\$ 91,250	(\$33,550)	\$ 57,700	
23960108	Tradition Medical Center	M	1,441	(518)	923	\$ 72,050	(\$25,900)	\$ 46,150	
23960117	St. Vincent's Medical Center Clay County	None	1,115	0	1,115	\$ 55,750	\$0	\$ 55,750	
23960121	Oviedo Medical Center	M	433	(222)	211	\$ 21,650	(\$11,100)	\$ 10,550	
23960123	UF HEALTH NORTH	T	867	(867)	0	\$43,350	(\$43,350)	\$0	
23960144	Jackson West Medical Center	P	446	(446)	0	\$22,300	(\$22,300)	\$0	
23960157	Wolfson Children's Hospital	M	444	(76)	368	\$ 22,200	(\$3,800)	\$ 18,400	
23960158	Ucf Lake Nona Hospital	M	1,042	(580)	462	\$ 52,100	(\$29,000)	\$ 23,100	
23960161	Sarasota Memorial Hospital - Venice	P	247	(247)	0	\$12,350	(\$12,350)	\$0	
23960168	Baptist Medical Center Clay	None	5	0	5	\$ 250	\$0	\$ 250	
N/A	Not born in hospital							\$ -	
Totals			217,041	(146,467)	70,574	\$10,852,050	(\$7,323,350)	\$3,528,700	

Exclusions:				
M	Medicaid/charity			
P	Hospital owned or operated by the state or a county, special taxing district, or other political subdivision of the state			
T	Teaching hospital as defined in s. 408.07			

* N/A indicates that hospital was not assessed for 2022 births

ATTACHMENT 16

Hospital LTD Data

AHCA Unique Identifier	Hospital Name	Type of Exclusion (M, P, T)*	Life-to-Date Claims							Incurred (1)	Life-to-date assessments paid
			Compensable but rejected NICA	Compensable, current participant	Compensable, deceased after program entry	Compensable, deceased before adjudication	Dismissed	Pending	Grand Total		
100176	PALM BEACH GARDENS MEDICAL CTR	N/A*					1.00		1.00	\$47,591	\$630,100
100177	Cape Canaveral Hospital	M		2.00	1.00	2.00	5.00		10.00	\$16,997,400	\$1,213,450
100178	Memorial Hospital Jacksonville	M		5.00	1.00	4.00	15.00		25.00	\$33,179,352	\$3,002,450
100180	Saint Petersburg General Hospital	M	1.00	3.00	1.00	1.00	5.00	1.00	12.00	\$30,681,180	\$947,100
100187	Palmetto General Hospital	M				2.00	8.00		10.00	\$897,552	\$1,935,715
100189	Northwest Medical Center	M			1.00		4.00		5.00	\$459,613	\$1,802,162
100191	Medical Center of Trinity	M		1.00		1.00	3.00		5.00	\$8,718,630	\$552,900
100194	HUMANA HOSPITAL, S. BROWARD	N/A*							-	\$0	\$123,450
100195	Lower Keys Medical Center	M					1.00	1.00	2.00	\$506,511	\$486,150
100203	UNIVERSITY GENERAL HOSPITAL	N/A*							-	\$0	\$167,400
100204	North Florida Regional Medical Center	T	1.00	2.00	1.00	4.00	13.00	2.00	23.00	\$22,997,805	\$2,611,850
100207	PALM BEACH REGIONAL HOSPITAL	N/A*							-	\$0	\$10,800
100208	Jackson South Community Hospital	P					1.00	4.00	5.00	\$339,927	\$352,752
100209	Kendall Regional Medical Center	T	1.00				2.00		3.00	\$21,677	\$894,050
100211	ADVENTHEALTH DADE CITY	N/A*				2.00	1.00		3.00	\$616,460	\$273,600
100212	Ocala Regional Medical Center	N/A*		1.00	1.00	1.00	1.00		4.00	\$6,771,328	\$414,150
100213	BLAKE MEDICAL CENTER	N/A*					3.00		3.00	\$15,866	\$426,050
100214	LAKE COMMUNITY HOSPITAL	N/A*							-	\$0	\$19,500
100217	SEBASTIAN HOSPITAL	N/A*							-	\$0	\$82,900
100219	Flagler Hospital	None		4.00		1.00	5.00		10.00	\$23,096,388	\$1,122,050
100220	GULF COAST MEDICAL CENTER LEE MEMORIAL H	N/A*							-	\$0	\$6,350
100221	ORLANDO REGIONAL LUCERNE HOSP	N/A*							-	\$0	\$499,250
100222	GOLDEN GLADES REGIONAL MED CTR	N/A*							-	\$0	\$50
100223	Fort Walton Beach Medical Center	M		3.00			3.00		6.00	\$17,807,539	\$1,424,150
100225	HOLLYWOOD MEDICAL CENTER	N/A*							-	\$0	\$150,850
100226	Orange Park Medical Center	M		3.00	2.00	4.00	23.00	1.00	33.00	\$23,302,823	\$1,896,350
100227	HUMANA WOMENS HOSPITAL TAMPA	N/A*			1.00	1.00	2.00		4.00	\$1,820,460	\$1,279,400
100228	WESTSIDE REGIONAL MEDICAL CENTER	N/A*				1.00	2.00		3.00	\$331,428	\$330,850
100230	MEMORIAL HOSPITAL PEMBROKE	N/A*		1.00	1.00		1.00		3.00	\$8,446,286	\$98,750
100231	West Florida Hospital	N/A*		1.00			2.00		3.00	\$3,572,786	\$910,900
100232	PUTNAM COMMUNITY MEDICAL CENTER	N/A*			1.00		3.00		4.00	\$611,733	\$94,200
100233	PUTNAM COMMUNITY HOSPITAL	N/A*							-	\$0	\$172,200
100234	COLUMBIA HOSPITAL	N/A*							-	\$0	\$171,800
100237	NORTH RIDGE MEDICAL CENTER	N/A*					1.00		1.00	\$31,926	\$63,500
100238	Humana Hospital Northside	N/A*							-	\$0	\$51
100242	Gulf Coast Medical Center	M		2.00		2.00	3.00	1.00	8.00	\$15,893,361	\$976,650
100243	Brandon Regional Hospital	T		4.00		2.00	16.00		22.00	\$26,884,445	\$3,232,150
100244	Cape Coral Hospital	P		1.00					1.00	\$5,857,256	\$343,200
100246	Lawnwood Regional Medical Center & Heart Institute	M			1.00		5.00		6.00	\$393,312	\$842,950
100248	LARGO MEDICAL CENTER	N/A*					1.00		1.00	\$14,315	\$0
100249	Seven Rivers Regional Medical Center	None		1.00	1.00	2.00	3.00		7.00	\$6,168,812	\$331,300
100250	All Children's Hospital, Inc.	N/A*							-	\$0	\$50
100252	RAULKERSON HOSPITAL	N/A*							-	\$0	\$1,100
100253	Jupiter Medical Center	None						2.00	2.00	\$15,186	\$1,401,650
100254	Capital Regional Medical Center	M			1.00	2.00	1.00		4.00	\$1,416,974	\$1,170,550
100255	TOWN & COUNTRY HOSPITAL	N/A*							-	\$0	\$14,800
100256	REGIONAL MEDICAL CENTER BAYONET	N/A*							-	\$0	\$150
100258	DELRAY MEDICAL CENTER	N/A*							-	\$0	\$50
100260	St. Lucie Medical Center	M		3.00		1.00	3.00		7.00	\$19,548,150	\$807,901
100263	South Seminole Hospital	N/A*		1.00	2.00	4.00	5.00		12.00	\$10,737,152	\$440,350
100264	Oak Hill Hospital	T		1.00		1.00	2.00	2.00	6.00	\$6,723,662	\$244,750
110001	Mease Countryside Hospital	None			2.00		2.00	1.00	5.00	\$20,748,443	\$1,218,750
110003	GULF BREEZE HOSPITAL	N/A*							-	\$0	\$300
110006	Palms West Hospital	M	1.00				1.00		2.00	\$67,898	\$1,125,950
110008	West Boca Medical Center	M		1.00			4.00		5.00	\$10,128,376	\$2,642,700
110010	Wellington Regional Medical Center	M	1.00	2.00			4.00		7.00	\$8,015,291	\$1,713,550
110016	Broward Health Coral Springs	P		3.00			4.00		7.00	\$19,140,141	\$0
110199	Nicklaus Children's Hospital	N/A*							-	\$0	\$950
110403	Good Samaritan Medical Center	M		1.00		1.00	3.00	1.00	6.00	\$3,825,997	\$1,504,150
111522	GULF COAST HOSPITAL	N/A*							-	\$0	\$1,385,950
111525	Bayfront Health Spring Hill	None		1.00	1.00	2.00	5.00		9.00	\$8,108,071	\$799,700
111527	Memorial Hospital West	P		3.00		7.00	11.00		21.00	\$21,251,280	\$0
120001	Arnold Palmer Medical Center	T		12.00	1.00	6.00	57.00	4.00	80.00	\$93,608,037	\$0
120004	AdventHealth Altamonte Springs	T		1.00	1.00	2.00	5.00		9.00	\$8,451,320	\$0
120005	Health Park Medical Center	P		3.00			7.00	1.00	11.00	\$21,208,625	\$0
120006	NCH Healthcare Systems North Naples Hospital Campus	M		2.00			3.00		5.00	\$19,433,087	\$3,472,500
120007	Palms Bay Hospital	N/A*							-	\$0	\$50
120008	JACKSON MEMORIAL HOSP-NORTH	N/A*					3.00		3.00	\$9,350	\$0
120010	Winter Haven Women's Hospital	M		3.00			5.00		8.00	\$18,665,953	\$672,350
120013	FLORIDA HOSPITAL LAKE PLACID	N/A*							-	\$0	\$50
23960017	AdventHealth Celebration	T		3.00		1.00	8.00		12.00	\$15,996,822	\$0
23960034	WUESTHOFF MEDICAL CENTER-MELBOURNE	N/A*				1.00	1.00		2.00	\$302,045	\$208,150
23960041	Sacred Heart Hospital of The Emerald Coast	M					1.00		1.00	\$942	\$603,750
23960046	Lakewood Ranch Medical Center	None					2.00		2.00	\$24,052	\$622,000
23960050	Memorial Hospital Miramar	P		1.00			3.00		6.00	\$4,665,878	\$0
23960052	Baptist Medical Center South	None		3.00			10.00	2.00	15.00	\$15,326,428	\$1,654,050
23960057	PHYSICIANS REGIONAL MEDICAL CENTER - COL	N/A*							-	\$0	\$127,200
23960064	West Kendall Baptist Hospital	M					3.00		3.00	\$8,811	\$167,800
23960088	St. Vincent's Medical Center Southside	M		2.00		1.00	4.00		7.00	\$9,137,662	\$1,044,450
23960096	NEMOURS CHILDREN'S HOSPITAL, FLORIDA	M							-	\$0	\$0
23960099	AdventHealth Wesley Chapel	None						1.00	1.00	\$40,000	\$269,550
23960101	St. Joseph's Hospital North	M					4.00		4.00	\$15,430	\$234,093
23960105	St. Joseph's Hospital South	M					2.00		2.00	\$7,110	\$284,750
23960108	Tradition Medical Center	M					5.00	1.00	6.00	\$397,188	\$347,000
23960117	St. Vincent's Medical Center Clay County	None		2.00		1.00	1.00	1.00	5.00	\$17,165,671	\$248,950
23960121	Oviedo Medical Center	M							-	\$0	\$55,550
23960123	UF HEALTH NORTH	T							-	\$0	\$0
23960144	Jackson West Medical Center	P							-	\$0	\$0
23960157	Wolfson Children's Hospital	M							-	\$0	\$70,050
23960158	Ucf Lake Nona Hospital	M				2.00			2.00	\$1,011,441	\$36,900
23960161	Sarasota Memorial Hospital - Venice	P							-	\$0	\$0
23960168	Baptist Medical Center Clay	None					4.00		4.00	\$0	\$250
N/A	Not born in hospital								-	\$7,648	\$0
Totals			17.00	245.00	64.00	184.00	896.00	45.00	1,451.00	\$1,936,443,973	\$157,453,248

* Key on previous chart

(1) Incurred is the total paid for each claim to date, plus the future liability for the rest of the life of the claim. Note that the future liability is in today's dollars - for purposes of the reserve liability, the actuaries report this amount at present value.

ATTACHMENT 17

Physician Exemption Data

Number of Licenses

CLEAR/ACTIVE	92,306
CLEAR/INACTIVE	792
	<u>93,098</u>

Exemption Type	2023	Amount
Military	177	\$ 44,250
State	98	\$ 24,500
Student	1,896	\$ 474,000
VA	1,879	\$ 469,750
Retired	4,819	\$ 1,204,750
Total Exempt	<u>8,869</u>	<u>\$ 2,217,250</u>

Percent Exempt 9.53%

Percent by Exempt Type

Military	0.19%
State	0.11%
Student	2.04%
VA	2.02%
Retired	5.18%

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ATTACHMENT 18

Cash Flow Projections - page 1 of 5

SUMMARY OF OUTPUT BY FYE:

	2025	2026	2027	2028
(1) Cash Received From Hospitals and Physicians (a)	36,000	36,000	36,000	36,000
(2) Cash Received from Reinsurance	-	-	-	-
(3) Cash Received	36,000	36,000	36,000	36,000
Parental Award and Burial				
(4) Expense	(6,019)	(6,924)	(7,440)	(7,356)
(5) Custodial Care	(40,916)	(45,600)	(48,602)	(53,893)
(6) Other	(13,638)	(15,200)	(16,201)	(17,965)
(7) Cash Outlay For Benefits	(60,572)	(67,724)	(72,243)	(79,213)
(8) Cash Paid For Administration	(4,000)	(4,070)	(4,213)	(4,360)
(9) Purchase of Property	(1,000)	(1,018)	(1,053)	(1,090)
(10) Total Cash Outlay	(65,572)	(72,812)	(77,508)	(84,663)
Net Cash Provided by				
(11) Operating Activities	(29,572)	(36,812)	(41,508)	(48,663)
Funding Requirements (assumes no shock from new Medicaid billing process)				
(12) Reserve Increase	110,665	113,492	118,693	122,029
(13) Cash Outlay	65,572	72,812	77,508	84,663
(14) Funding Requirement	176,237	186,303	196,201	206,691
(15) - Funded by Assessments	(36,000)	(36,000)	(36,000)	(36,000)
(16) Remaining to be Funded	140,237	150,303	160,201	170,691
Unpaid Claim Amounts (Excludes Amounts Due Medicaid)				
(17) Loss Reserves at Fiscal Year End	1,564,918	1,678,409	1,797,102	1,919,131
(18) Outstanding AA Claims at Fiscal Year End	292	302	313	323
(19) Loss Reserve Per Outstanding AA Claim [(12)/(13)]	5,359	5,558	5,751	5,942
(20) Growth Rates:				
(20) Loss Reserves at Fiscal Year End	7.6%	7.3%	7.1%	6.8%
(21) Outstanding AA Claims at Fiscal Year End	2.9%	3.4%	3.5%	3.4%
(22) Loss Reserve Per Outstanding AA Claim	4.6%	3.7%	3.5%	3.3%

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ATTACHMENT 18

Cash Flow Projections - page 2 of 5

SUMMARY OF OUTPUT BY FYE:

	2029	2030	2031	2032
(1) Cash Received From Hospitals and Physicians (a)	36,000	36,000	36,000	36,000
(2) Cash Received from Reinsurance	-	-	-	-
(3) Cash Received	36,000	36,000	36,000	36,000
Parental Award and Burial				
(4) Expense	(7,248)	(7,690)	(7,998)	(8,220)
(5) Custodial Care	(58,543)	(61,814)	(65,086)	(68,755)
(6) Other	(19,515)	(20,605)	(21,695)	(22,918)
(7) Cash Outlay For Benefits	(85,305)	(90,108)	(94,779)	(99,892)
(8) Cash Paid For Administration	(4,513)	(4,671)	(4,834)	(5,003)
(9) Purchase of Property	(1,128)	(1,167)	(1,208)	(1,251)
(10) Total Cash Outlay	(90,945)	(95,946)	(100,821)	(106,146)
Net Cash Provided by				
(11) Operating Activities	(54,945)	(59,946)	(64,821)	(70,146)
Funding Requirements (assumes no shock from new Medicaid billing process)				
(12) Reserve Increase	126,374	132,628	139,453	146,453
(13) Cash Outlay	90,945	95,946	100,821	106,146
(14) Funding Requirement	217,319	228,573	240,274	252,598
(15) - Funded by Assessments	(36,000)	(36,000)	(36,000)	(36,000)
(16) Remaining to be Funded	181,319	192,573	204,274	216,598
Unpaid Claim Amounts (Excludes Amounts Due Medicaid)				
(17) Loss Reserves at Fiscal Year End	2,045,504	2,178,132	2,317,585	2,464,037
(18) Outstanding AA Claims at Fiscal Year End	333	343	354	364
(19) Loss Reserve Per Outstanding AA Claim [(12)/(13)]	6,143	6,350	6,556	6,769
(20) Growth Rates:				
(20) Loss Reserves at Fiscal Year End	6.6%	6.5%	6.4%	6.3%
(21) Outstanding AA Claims at Fiscal Year End	3.1%	3.0%	3.1%	3.0%
(22) Loss Reserve Per Outstanding AA Claim	3.4%	3.4%	3.2%	3.3%

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ATTACHMENT 18

Cash Flow Projections - page 3 of 5

SUMMARY OF OUTPUT BY FYE:

	2033	2034	2035	2036
(1) Cash Received From Hospitals and Physicians (a)	36,000	36,000	36,000	36,000
(2) Cash Received from Reinsurance	-	-	-	-
(3) Cash Received	36,000	36,000	36,000	36,000
(4) Parental Award and Burial Expense	(8,527)	(8,846)	(9,177)	(9,520)
(5) Custodial Care	(73,680)	(78,604)	(83,549)	(88,926)
(6) Other	(24,560)	(26,201)	(27,849)	(29,642)
(7) Cash Outlay For Benefits	(106,766)	(113,650)	(120,575)	(128,087)
(8) Cash Paid For Administration	(5,178)	(5,359)	(5,547)	(5,741)
(9) Purchase of Property	(1,295)	(1,340)	(1,387)	(1,436)
(10) Total Cash Outlay	(113,238)	(120,349)	(127,509)	(135,263)
(11) Net Cash Provided by Operating Activities	(77,238)	(84,349)	(91,509)	(99,263)
Funding Requirements (assumes no shock from new Medicaid billing process)				
(12) Reserve Increase	152,649	159,310	166,489	173,824
(13) Cash Outlay	113,238	120,349	127,509	135,263
(14) Funding Requirement	265,887	279,659	293,997	309,087
(15) - Funded by Assessments	(36,000)	(36,000)	(36,000)	(36,000)
(16) Remaining to be Funded	229,887	243,659	257,997	273,087
Unpaid Claim Amounts (Excludes Amounts Due Medicaid)				
(17) Loss Reserves at Fiscal Year End	2,616,686	2,775,996	2,942,484	3,116,308
(18) Outstanding AA Claims at Fiscal Year End	375	385	395	406
(19) Loss Reserve Per Outstanding AA Claim [(12)/(13)]	6,987	7,210	7,449	7,685
Growth Rates:				
(20) Loss Reserves at Fiscal Year End	6.2%	6.1%	6.0%	5.9%
(21) Outstanding AA Claims at Fiscal Year End	2.9%	2.8%	2.6%	2.7%
(22) Loss Reserve Per Outstanding AA Claim	3.2%	3.2%	3.3%	3.2%

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ATTACHMENT 18

Cash Flow Projections - page 4 of 5

SUMMARY OF OUTPUT BY FYE:

	2037	2038	2039	2040
(1) Cash Received From Hospitals and Physicians (a)	36,000	36,000	36,000	36,000
(2) Cash Received from Reinsurance	-	-	-	-
(3) Cash Received	36,000	36,000	36,000	36,000
(4) Parental Award and Burial Expense	(9,878)	(10,251)	(10,636)	(11,038)
(5) Custodial Care	(94,790)	(100,697)	(106,837)	(113,164)
(6) Other	(31,597)	(33,566)	(35,612)	(37,721)
(7) Cash Outlay For Benefits	(136,265)	(144,513)	(153,084)	(161,922)
(8) Cash Paid For Administration	(5,941)	(6,149)	(6,365)	(6,588)
(9) Purchase of Property	(1,486)	(1,538)	(1,592)	(1,648)
(10) Total Cash Outlay	(143,691)	(152,200)	(161,040)	(170,157)
(11) Net Cash Provided by Operating Activities	(107,691)	(116,200)	(125,040)	(134,157)
Funding Requirements (assumes no shock from new Medicaid billing process)				
(12) Reserve Increase	181,179	189,046	197,322	206,031
(13) Cash Outlay	143,691	152,200	161,040	170,157
(14) Funding Requirement	324,870	341,245	358,362	376,188
(15) - Funded by Assessments	(36,000)	(36,000)	(36,000)	(36,000)
(16) Remaining to be Funded	288,870	305,245	322,362	340,188
Unpaid Claim Amounts (Excludes Amounts Due Medicaid)				
(17) Loss Reserves at Fiscal Year End	3,297,487	3,486,532	3,683,854	3,889,885
(18) Outstanding AA Claims at Fiscal Year End	416	427	437	448
(19) Loss Reserve Per Outstanding AA Claim [(12)/(13)]	7,927	8,175	8,430	8,693
(20) Growth Rates:				
(20) Loss Reserves at Fiscal Year End	5.8%	5.7%	5.7%	5.6%
(21) Outstanding AA Claims at Fiscal Year End	2.6%	2.5%	2.5%	2.4%
(22) Loss Reserve Per Outstanding AA Claim	3.1%	3.1%	3.1%	3.1%

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ATTACHMENT 18

Cash Flow Projections - page 5 of 5

SUMMARY OF OUTPUT BY FYE:

	2041	2042	2043	2044
(1) Cash Received From Hospitals and Physicians (a)	36,000	36,000	36,000	36,000
(2) Cash Received from Reinsurance	-	-	-	-
(3) Cash Received	36,000	36,000	36,000	36,000
(4) Parental Award and Burial Expense	(11,457)	(11,888)	(12,338)	(12,789)
(5) Custodial Care	(119,683)	(126,693)	(134,016)	(140,173)
(6) Other	(39,895)	(42,231)	(44,672)	(46,725)
(7) Cash Outlay For Benefits	(171,034)	(180,812)	(191,026)	(199,687)
(8) Cash Paid For Administration	(6,819)	(7,058)	(7,305)	(7,560)
(9) Purchase of Property	(1,706)	(1,766)	(1,828)	(1,892)
(10) Total Cash Outlay	(179,558)	(189,635)	(200,158)	(209,138)
(11) Net Cash Provided by Operating Activities	(143,558)	(153,635)	(164,158)	(173,138)

Funding Requirements (assumes no shock from new Medicaid billing process)

(12) Reserve Increase	215,196	224,620	234,439	250,152
(13) Cash Outlay	179,558	189,635	200,158	209,138
(14) Funding Requirement	394,754	414,254	434,596	459,290
(15) - Funded by Assessments	(36,000)	(36,000)	(36,000)	(36,000)
(16) Remaining to be Funded	358,754	378,254	398,596	423,290

Unpaid Claim Amounts (Excludes Amounts Due Medicaid)

(17) Loss Reserves at Fiscal Year End	4,105,080	4,329,700	4,564,138	4,814,290
(18) Outstanding AA Claims at Fiscal Year End	459	469	480	491
(19) Loss Reserve Per Outstanding AA Claim [(12)/(13)]	8,953	9,232	9,519	9,813
(20) Growth Rates:				
(20) Loss Reserves at Fiscal Year End	5.5%	5.5%	5.4%	5.5%
(21) Outstanding AA Claims at Fiscal Year End	2.5%	2.3%	2.2%	2.3%
(22) Loss Reserve Per Outstanding AA Claim	3.0%	3.1%	3.1%	3.1%

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ATTACHMENT 19

Funding Ratios Pro Forma - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,401,793	1,444,526	1,484,885
Cash In	36,000	36,000	36,000	36,000
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)
Net (Use of Cash) / Incr Investment	(29,572)	(36,812)	(41,508)	(48,663)
End Cash / Inv Balance b4 Change in Market Value	1,324,769	1,364,981	1,403,018	1,436,222
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555	1,383,387	1,423,772	1,460,553
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	77,024	79,545	81,867	83,982
End Cash / Inv Balance	1,401,793	1,444,526	1,484,885	1,520,204

Fiscal Year End Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Estimated Funding Ratio	89.6%	86.1%	82.6%	79.2%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,401,793	1,444,526	1,484,885	1,520,204
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	70,090	72,226	74,244	76,010
Total Assets for Calculation	1,507,883	1,552,753	1,595,129	1,632,214

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786

Excess of Assets over Liabilities	117,069	52,033	(18,065)	(96,572)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 19

Funding Ratios Pro Forma - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	1,520,204	1,551,091	1,578,610	1,602,695
Cash In	36,000	36,000	36,000	36,000
Cash Out	(90,945)	(95,946)	(100,821)	(106,146)
Net (Use of Cash) / Incr Investment	(54,945)	(59,946)	(64,821)	(70,146)
End Cash / Inv Balance b4 Change in Market Value	1,465,259	1,491,145	1,513,789	1,532,550
Avg Cash / Inv Balance b4 Change in Market Value	1,492,731	1,521,118	1,546,199	1,567,623
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	85,832	87,464	88,906	90,138
End Cash / Inv Balance	1,551,091	1,578,610	1,602,695	1,622,688

Fiscal Year End Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Estimated Funding Ratio	75.8%	72.5%	69.2%	65.9%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,551,091	1,578,610	1,602,695	1,622,688
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	77,555	78,930	80,135	81,134
Total Assets for Calculation	1,664,645	1,693,540	1,718,830	1,739,823

Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Less IBNR	(197,007)	(203,902)	(211,039)	(218,425)
Total Liabilities for Calculation	1,848,498	1,974,230	2,106,546	2,245,613

Excess of Assets over Liabilities	(183,852)	(280,689)	(387,716)	(505,790)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 19

Funding Ratios Pro Forma - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	1,622,688	1,636,534	1,643,861	1,647,120
Cash In	36,000	36,000	36,000	36,000
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	(77,238)	(84,349)	(91,509)	(99,263)
End Cash / Inv Balance b4 Change in Market Value	1,545,450	1,552,185	1,552,352	1,547,857
Avg Cash / Inv Balance b4 Change in Market Value	1,584,069	1,594,360	1,598,107	1,597,489
Estimated Annual Market Value Change %	5.75%	5.75%	5.93%	5.93%
Estimated Annual Market Value Change \$	91,084	91,676	94,768	94,731
End Cash / Inv Balance	1,636,534	1,643,861	1,647,120	1,642,588

Fiscal Year End Reserve Requirement* 2,616,686 2,775,996 2,942,484 3,116,308

Estimated Funding Ratio 62.5% 59.2% 56.0% 52.7%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,636,534	1,643,861	1,647,120	1,642,588
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	81,827	82,193	82,356	82,129
Total Assets for Calculation	1,754,361	1,762,054	1,765,476	1,760,718

Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662

Excess of Assets over Liabilities (636,256) (779,960) (934,838) (1,104,944)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 19

Funding Ratios Pro Forma - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	1,642,588	1,629,110	1,606,071	1,572,564
Cash In	36,000	36,000	36,000	36,000
Cash Out	(143,691)	(152,200)	(161,040)	(170,157)
Net (Use of Cash) / Incr Investment	(107,691)	(116,200)	(125,040)	(134,157)
End Cash / Inv Balance b4 Change in Market Value	1,534,897	1,512,910	1,481,031	1,438,407
Avg Cash / Inv Balance b4 Change in Market Value	1,588,743	1,571,010	1,543,551	1,505,485
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	94,212	93,161	91,533	89,275
End Cash / Inv Balance	1,629,110	1,606,071	1,572,564	1,527,682

Fiscal Year End Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Estimated Funding Ratio	49.4%	46.1%	42.7%	39.3%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,629,110	1,606,071	1,572,564	1,527,682
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	81,455	80,304	78,628	76,384
Total Assets for Calculation	1,746,565	1,722,375	1,687,192	1,640,066

Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Less IBNR	(259,419)	(268,498)	(277,896)	(287,622)
Total Liabilities for Calculation	3,038,068	3,218,034	3,405,959	3,602,263

Excess of Assets over Liabilities	(1,291,503)	(1,495,659)	(1,718,767)	(1,962,196)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 19

Funding Ratios Pro Forma - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	1,527,682	1,470,459	1,399,467
Cash In	36,000	36,000	36,000
Cash Out	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	(143,558)	(153,635)	(164,158)
End Cash / Inv Balance b4 Change in Market Value	1,384,124	1,316,825	1,235,310
Avg Cash / Inv Balance b4 Change in Market Value	1,455,903	1,393,642	1,317,389
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	86,335	82,643	78,121
End Cash / Inv Balance	1,470,459	1,399,467	1,313,431
Fiscal Year End Reserve Requirement*	4,105,080	4,329,700	4,564,138
Estimated Funding Ratio	35.8%	32.3%	28.8%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,470,459	1,399,467	1,313,431
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	73,523	69,973	65,672
Total Assets for Calculation	1,579,982	1,505,441	1,415,103
Reserve Requirement*	4,105,080	4,329,700	4,564,138
Less IBNR	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	3,807,391	4,021,592	4,245,247
Excess of Assets over Liabilities	(2,227,409)	(2,516,151)	(2,830,144)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 20

20240630 10 Yr Investment Return Projections

To: Melissa Jaacks, Tim Daughtry
 From: Katy Wojciechowski
 Felicia Bennett
 Subject: Investment Fund Asset Allocation
 Date: 8/13/2024

Melissa,

Our Investment Fund is structured with careful consideration of both return requirements/risk tolerance and cash flow needs. As those change, we will adjust the asset allocation of our portfolio. NICA conducts an asset allocation study periodically to ensure we are using the appropriate asset allocation and resulting expected return with an acceptable level of volatility. From this study we construct an asset allocation that best meets our needs. Our most recent study was completed and a revised asset allocation plan adopted in August, 2023. The expected return coming out of this study is used in cash flow projections to ensure we have adequate funds for current and future needs. Just as the actuarial cash outflows and updated periodically, so too are the capital market expectations for the portfolio. In the attached document (Asset Allocation Review), Wilshire lays out our process in detail. Their modeling produces expected future returns – both intermediate and long term – and risk (measured as standard deviation) for various asset classes. Wilshire updates these forward-looking estimates quarterly even though the horizon is long. These updates are based on recent capital market experience.

NICA Target Allocations (10-Year)

Estimated as of June 30, 2024, with June 30 Capital Markets Assumptions

Asset Classes	IPS Target Allocation	10-Year Expected Return	10-Year Expected Risk
US Public Equity	14.00%	4.50%	17.00%
Non-US Public Equity	14.00%	5.85%	19.00%
Global Low Vol Equity	9.00%	5.91%	13.84%
High Yield Bonds	9.00%	6.50%	10.00%
Core Bonds	25.00%	5.25%	4.70%
Long Duration Credit Bonds	20.00%	5.65%	9.50%
Short Duration Credit Bonds	3.00%	4.90%	3.00%
TIPS	4.00%	4.60%	6.00%
Cash	2.00%	4.00%	0.75%
	100%		
Expected Return (Beta)	5.75%		
Expected Risk	8.01%		

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ATTACHMENT 21

Projections with \$194m in Revenue - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,564,336	1,778,957	2,001,088
Cash In	194,000	194,000	194,000	194,000
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)
Net (Use of Cash) / Incr Investment	128,428	121,188	116,492	109,337
End Cash / Inv Balance b4 Change in Market Value	1,482,769	1,685,524	1,895,449	2,110,425
Avg Cash / Inv Balance b4 Change in Market Value	1,418,555	1,624,930	1,837,203	2,055,757
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	81,567	93,433	105,639	118,206
End Cash / Inv Balance	1,564,336	1,778,957	2,001,088	2,228,631

Fiscal Year End Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Estimated Funding Ratio	100.0%	106.0%	111.4%	116.1%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,564,336	1,778,957	2,001,088	2,228,631
Add Annual Assessment Amount	194,000	194,000	194,000	194,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	78,217	88,948	100,054	111,432
Total Assets for Calculation	1,836,553	2,061,905	2,295,143	2,534,063

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786

Excess of Assets over Liabilities	445,738	561,185	681,949	805,277
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 21

Projections with \$194m in Revenue - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	2,228,631	2,462,796	2,705,280	2,956,692
Cash In	194,000	194,000	194,000	194,000
Cash Out	(90,945)	(95,946)	(100,821)	(106,146)
Net (Use of Cash) / Incr Investment	103,055	98,055	93,180	87,855
End Cash / Inv Balance b4 Change in Market Value	2,331,686	2,560,850	2,798,459	3,044,546
Avg Cash / Inv Balance b4 Change in Market Value	2,280,159	2,511,823	2,751,870	3,000,619
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	131,109	144,430	158,233	172,536
End Cash / Inv Balance	2,462,796	2,705,280	2,956,692	3,217,082

Fiscal Year End Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
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Estimated Funding Ratio	120.4%	124.2%	127.6%	130.6%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	2,462,796	2,705,280	2,956,692	3,217,082
Add Annual Assessment Amount	194,000	194,000	194,000	194,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	123,140	135,264	147,835	160,854
Total Assets for Calculation	2,779,935	3,034,544	3,298,526	3,571,936

Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Less IBNR	(197,007)	(203,902)	(211,039)	(218,425)
Total Liabilities for Calculation	1,848,498	1,974,230	2,106,546	2,245,613

Excess of Assets over Liabilities	931,438	1,060,314	1,191,980	1,326,324
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 21

Projections with \$194m in Revenue - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	3,217,082	3,485,148	3,761,313	4,052,821
Cash In	194,000	194,000	194,000	194,000
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	80,762	73,651	66,492	58,737
End Cash / Inv Balance b4 Change in Market Value	3,297,844	3,558,799	3,827,804	4,111,558
Avg Cash / Inv Balance b4 Change in Market Value	3,257,463	3,521,974	3,794,558	4,082,190
Estimated Annual Market Value Change %	5.75%	5.75%	5.93%	5.93%
Estimated Annual Market Value Change \$	187,304	202,513	225,017	242,074
End Cash / Inv Balance	3,485,148	3,761,313	4,052,821	4,353,632

Fiscal Year End Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
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Estimated Funding Ratio	133.2%	135.5%	137.7%	139.7%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	3,485,148	3,761,313	4,052,821	4,353,632
Add Annual Assessment Amount	194,000	194,000	194,000	194,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	174,257	188,066	202,641	217,682
Total Assets for Calculation	3,853,405	4,143,378	4,449,462	4,765,314

Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662

Excess of Assets over Liabilities	1,462,788	1,601,364	1,749,148	1,899,652
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 21

Projections with \$194m in Revenue - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	4,353,632	4,663,603	4,983,195	5,312,636
Cash In	194,000	194,000	194,000	194,000
Cash Out	(143,691)	(152,200)	(161,040)	(170,157)
Net (Use of Cash) / Incr Investment	50,309	41,801	32,960	23,843
End Cash / Inv Balance b4 Change in Market Value	4,403,941	4,705,404	5,016,155	5,336,479
Avg Cash / Inv Balance b4 Change in Market Value	4,378,787	4,684,504	4,999,675	5,324,557
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	259,662	277,791	296,481	315,746
End Cash / Inv Balance	4,663,603	4,983,195	5,312,636	5,652,225

Fiscal Year End Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
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Estimated Funding Ratio	141.4%	142.9%	144.2%	145.3%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	4,663,603	4,983,195	5,312,636	5,652,225
Add Annual Assessment Amount	194,000	194,000	194,000	194,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	233,180	249,160	265,632	282,611
Total Assets for Calculation	5,090,783	5,426,355	5,772,267	6,128,836

Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Less IBNR	(259,419)	(268,498)	(277,896)	(287,622)
Total Liabilities for Calculation	3,038,068	3,218,034	3,405,959	3,602,263

Excess of Assets over Liabilities	2,052,715	2,208,321	2,366,309	2,526,573
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 21

Projections with \$194m in Revenue - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	5,652,225	6,002,272	6,362,702
Cash In	194,000	194,000	194,000
Cash Out	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	14,442	4,366	(6,158)
End Cash / Inv Balance b4 Change in Market Value	5,666,667	6,006,637	6,356,544
Avg Cash / Inv Balance b4 Change in Market Value	5,659,446	6,004,455	6,359,623
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	335,605	356,064	377,126
End Cash / Inv Balance	6,002,272	6,362,702	6,733,670

Fiscal Year End Reserve Requirement* 4,105,080 4,329,700 4,564,138

Estimated Funding Ratio 146.2% 147.0% 147.5%

Current Threshold Requirement Calculation

End Cash / Inv Balance	6,002,272	6,362,702	6,733,670
Add Annual Assessment Amount	194,000	194,000	194,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	300,114	318,135	336,683
Total Assets for Calculation	6,496,385	6,874,837	7,264,353

Reserve Requirement*	4,105,080	4,329,700	4,564,138
Less IBNR	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	3,807,391	4,021,592	4,245,247

Excess of Assets over Liabilities 2,688,994 2,853,245 3,019,107

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 22

Projections Eliminating Cash Flow Deficit - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,432,216	1,514,568	1,601,656
Cash In	65,572	72,812	77,508	84,663
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)
Net (Use of Cash) / Incr Investment	-	-	-	-
End Cash / Inv Balance b4 Change in Market Value	1,354,341	1,432,216	1,514,568	1,601,656
Avg Cash / Inv Balance b4 Change in Market Value	1,354,341	1,432,216	1,514,568	1,601,656
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	77,875	82,352	87,088	92,095
End Cash / Inv Balance	1,432,216	1,514,568	1,601,656	1,693,751

Fiscal Year End Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Estimated Funding Ratio	91.5%	90.2%	89.1%	88.3%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,432,216	1,514,568	1,601,656	1,693,751
Add Annual Assessment Amount	65,572	72,812	77,508	84,663
Add Additional Year of Earnings @ 5% (return used by actuaries)	71,611	75,728	80,083	84,688
Total Assets for Calculation	1,569,398	1,663,108	1,759,247	1,863,101

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786

Excess of Assets over Liabilities	178,584	162,388	146,053	134,315
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 22

Projections Eliminating Cash Flow Deficit - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	1,693,751	1,791,142	1,894,132	2,003,045
Cash In	90,945	95,946	100,821	106,146
Cash Out	(90,945)	(95,946)	(100,821)	(106,146)
Net (Use of Cash) / Incr Investment	-	-	-	-
End Cash / Inv Balance b4 Change in Market Value	1,693,751	1,791,142	1,894,132	2,003,045
Avg Cash / Inv Balance b4 Change in Market Value	1,693,751	1,791,142	1,894,132	2,003,045
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	97,391	102,991	108,913	115,175
End Cash / Inv Balance	1,791,142	1,894,132	2,003,045	2,118,220

Fiscal Year End Reserve Requirement* 2,045,504 2,178,132 2,317,585 2,464,037

Estimated Funding Ratio 87.6% 87.0% 86.4% 86.0%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,791,142	1,894,132	2,003,045	2,118,220
Add Annual Assessment Amount	90,945	95,946	100,821	106,146
Add Additional Year of Earnings @ 5% (return used by actuaries)	89,557	94,707	100,152	105,911
Total Assets for Calculation	1,971,644	2,084,784	2,204,018	2,330,276

Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Less IBNR	(197,007)	(203,902)	(211,039)	(218,425)
Total Liabilities for Calculation	1,848,498	1,974,230	2,106,546	2,245,613

Excess of Assets over Liabilities 123,146 110,555 97,472 84,664

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 22

Projections Eliminating Cash Flow Deficit - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	2,118,220	2,240,017	2,368,819	2,509,289
Cash In	113,238	120,349	127,509	135,263
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	-	-	-	-
End Cash / Inv Balance b4 Change in Market Value	2,118,220	2,240,017	2,368,819	2,509,289
Avg Cash / Inv Balance b4 Change in Market Value	2,118,220	2,240,017	2,368,819	2,509,289
Estimated Annual Market Value Change %	5.75%	5.75%	5.93%	5.93%
Estimated Annual Market Value Change \$	121,798	128,801	140,471	148,801
End Cash / Inv Balance	2,240,017	2,368,819	2,509,289	2,658,090

Fiscal Year End Reserve Requirement* 2,616,686 2,775,996 2,942,484 3,116,308

Estimated Funding Ratio 85.6% 85.3% 85.3% 85.3%

Current Threshold Requirement Calculation

End Cash / Inv Balance	2,240,017	2,368,819	2,509,289	2,658,090
Add Annual Assessment Amount	113,238	120,349	127,509	135,263
Add Additional Year of Earnings @ 5% (return used by actuaries)	112,001	118,441	125,464	132,905
Total Assets for Calculation	2,465,256	2,607,608	2,762,262	2,926,258

Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662

Excess of Assets over Liabilities 74,639 65,594 61,948 60,596

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 22

Projections Eliminating Cash Flow Deficit - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	2,658,090	2,815,715	2,982,687	3,159,560
Cash In	143,691	152,200	161,040	170,157
Cash Out	(143,691)	(152,200)	(161,040)	(170,157)
Net (Use of Cash) / Incr Investment	-	-	-	-
End Cash / Inv Balance b4 Change in Market Value	2,658,090	2,815,715	2,982,687	3,159,560
Avg Cash / Inv Balance b4 Change in Market Value	2,658,090	2,815,715	2,982,687	3,159,560
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	157,625	166,972	176,873	187,362
End Cash / Inv Balance	2,815,715	2,982,687	3,159,560	3,346,922

Fiscal Year End Reserve Requirement* 3,297,487 3,486,532 3,683,854 3,889,885

Estimated Funding Ratio 85.4% 85.5% 85.8% 86.0%

Current Threshold Requirement Calculation

End Cash / Inv Balance	2,815,715	2,982,687	3,159,560	3,346,922
Add Annual Assessment Amount	143,691	152,200	161,040	170,157
Add Additional Year of Earnings @ 5% (return used by actuaries)	140,786	149,134	157,978	167,346
Total Assets for Calculation	3,100,192	3,284,021	3,478,578	3,684,425

Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Less IBNR	(259,419)	(268,498)	(277,896)	(287,622)
Total Liabilities for Calculation	3,038,068	3,218,034	3,405,959	3,602,263

Excess of Assets over Liabilities 62,124 65,987 72,620 82,163

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 22

Projections Eliminating Cash Flow Deficit - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	3,346,922	3,545,395	3,755,637
Cash In	179,558	189,635	200,158
Cash Out	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	-	-	-
End Cash / Inv Balance b4 Change in Market Value	3,346,922	3,545,395	3,755,637
Avg Cash / Inv Balance b4 Change in Market Value	3,346,922	3,545,395	3,755,637
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	198,472	210,242	222,709
End Cash / Inv Balance	3,545,395	3,755,637	3,978,346

Fiscal Year End Reserve Requirement* 4,105,080 4,329,700 4,564,138

Estimated Funding Ratio 86.4% 86.7% 87.2%

Current Threshold Requirement Calculation

End Cash / Inv Balance	3,545,395	3,755,637	3,978,346
Add Annual Assessment Amount	179,558	189,635	200,158
Add Additional Year of Earnings @ 5% (return used by actuaries)	177,270	187,782	198,917
Total Assets for Calculation	3,902,222	4,133,053	4,377,421

Reserve Requirement*	4,105,080	4,329,700	4,564,138
Less IBNR	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	3,807,391	4,021,592	4,245,247

Excess of Assets over Liabilities 94,831 111,461 132,174

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 23

Projections of 2% Diff - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,402,076	1,445,446	1,486,868
Cash In	36,000	36,000	36,000	36,000
Cash Out	(65,297)	(72,208)	(76,526)	(83,203)
Net (Use of Cash) / Incr Investment	(29,297)	(36,208)	(40,526)	(47,203)
End Cash / Inv Balance b4 Change in Market Value	1,325,044	1,365,868	1,404,920	1,439,666
Avg Cash / Inv Balance b4 Change in Market Value	1,339,692	1,383,972	1,425,183	1,463,267
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	77,032	79,578	81,948	84,138
End Cash / Inv Balance	1,402,076	1,445,446	1,486,868	1,523,803

Fiscal Year End Reserve Requirement*	1,553,668	1,658,442	1,767,299	1,878,344
Estimated Funding Ratio	90.2%	87.2%	84.1%	81.1%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,402,076	1,445,446	1,486,868	1,523,803
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	70,104	72,272	74,343	76,190
Total Assets for Calculation	1,508,180	1,553,719	1,597,212	1,635,994

Reserve Requirement*	1,553,668	1,658,442	1,767,299	1,878,344
Less IBNR	(173,031)	(175,545)	(180,811)	(186,235)
Total Liabilities for Calculation	1,380,637	1,482,897	1,586,488	1,692,109

Excess of Assets over Liabilities	127,543	70,822	10,724	(56,115)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections of 2% Diff - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	1,523,803	1,556,927	1,587,353	1,615,096
Cash In	36,000	36,000	36,000	36,000
Cash Out	(88,973)	(93,445)	(97,755)	(102,446)
Net (Use of Cash) / Incr Investment	(52,973)	(57,445)	(61,755)	(66,446)
End Cash / Inv Balance b4 Change in Market Value	1,470,831	1,499,482	1,525,599	1,548,650
Avg Cash / Inv Balance b4 Change in Market Value	1,497,317	1,528,204	1,556,476	1,581,873
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	86,096	87,872	89,497	90,958
End Cash / Inv Balance	1,556,927	1,587,353	1,615,096	1,639,608
Fiscal Year End Reserve Requirement*	1,992,508	2,111,597	2,236,081	2,366,047
Estimated Funding Ratio	78.1%	75.2%	72.2%	69.3%
Current Threshold Requirement Calculation				
End Cash / Inv Balance	1,556,927	1,587,353	1,615,096	1,639,608
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	77,846	79,368	80,755	81,980
Total Assets for Calculation	1,670,773	1,702,721	1,731,851	1,757,588
Reserve Requirement*	1,992,508	2,111,597	2,236,081	2,366,047
Less IBNR	(191,822)	(197,577)	(203,505)	(209,610)
Total Liabilities for Calculation	1,800,686	1,914,020	2,032,576	2,156,437
Excess of Assets over Liabilities	(129,913)	(211,298)	(300,725)	(398,849)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 23

Projections of 2% Diff - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	2,118,220	2,240,017	2,368,819	2,509,289
Cash In	113,238	120,349	127,509	135,263
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	-	-	-	-
End Cash / Inv Balance b4 Change in Market Value	2,118,220	2,240,017	2,368,819	2,509,289
Avg Cash / Inv Balance b4 Change in Market Value	2,118,220	2,240,017	2,368,819	2,509,289
Estimated Annual Market Value Change %	5.75%	5.75%	5.93%	5.93%
Estimated Annual Market Value Change \$	121,798	128,801	140,471	148,801
End Cash / Inv Balance	2,240,017	2,368,819	2,509,289	2,658,090

Fiscal Year End Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
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Estimated Funding Ratio	85.6%	85.3%	85.3%	85.3%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	2,240,017	2,368,819	2,509,289	2,658,090
Add Annual Assessment Amount	113,238	120,349	127,509	135,263
Add Additional Year of Earnings @ 5% (return used by actuaries)	112,001	118,441	125,464	132,905
Total Assets for Calculation	2,465,256	2,607,608	2,762,262	2,926,258

Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662

Excess of Assets over Liabilities	74,639	65,594	61,948	60,596
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 23

Projections of 2% Diff - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	1,689,292	1,686,982	1,676,952	1,658,501
Cash In	36,000	36,000	36,000	36,000
Cash Out	(135,533)	(142,899)	(150,500)	(158,286)
Net (Use of Cash) / Incr Investment	(99,533)	(106,899)	(114,500)	(122,286)
End Cash / Inv Balance b4 Change in Market Value	1,589,759	1,580,084	1,562,452	1,536,215
Avg Cash / Inv Balance b4 Change in Market Value	1,639,525	1,633,533	1,619,702	1,597,358
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	97,224	96,869	96,048	94,723
End Cash / Inv Balance	1,686,982	1,676,952	1,658,501	1,630,939

Fiscal Year End Reserve Requirement* 3,091,457 3,253,059 3,420,725 3,594,754

Estimated Funding Ratio 54.6% 51.6% 48.5% 45.4%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,686,982	1,676,952	1,658,501	1,630,939
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	84,349	83,848	82,925	81,547
Total Assets for Calculation	1,807,332	1,796,800	1,777,426	1,748,486

Reserve Requirement*	3,091,457	3,253,059	3,420,725	3,594,754
Less IBNR	(242,995)	(250,285)	(257,794)	(265,528)
Total Liabilities for Calculation	2,848,462	3,002,774	3,162,931	3,329,226

Excess of Assets over Liabilities (1,041,130) (1,205,974) (1,385,505) (1,580,740)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 23

Projections of 2% Diff - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	1,630,939	1,593,534	1,545,142
Cash In	36,000	36,000	36,000
Cash Out	(166,258)	(174,774)	(183,615)
Net (Use of Cash) / Incr Investment	(130,258)	(138,774)	(147,615)
End Cash / Inv Balance b4 Change in Market Value	1,500,681	1,454,760	1,397,527
Avg Cash / Inv Balance b4 Change in Market Value	1,565,810	1,524,147	1,471,335
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	92,853	90,382	87,250
End Cash / Inv Balance	1,593,534	1,545,142	1,484,777

Fiscal Year End Reserve Requirement* 3,775,462 3,962,979 4,157,551

Estimated Funding Ratio 42.2% 39.0% 35.7%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,593,534	1,545,142	1,484,777
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	79,677	77,257	74,239
Total Assets for Calculation	1,709,210	1,658,399	1,595,016

Reserve Requirement*	3,775,462	3,962,979	4,157,551
Less IBNR	(273,494)	(281,699)	(290,150)
Total Liabilities for Calculation	3,501,968	3,681,280	3,867,401

Excess of Assets over Liabilities (1,792,758) (2,022,880) (2,272,385)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 24

Projections of 2.5% Diff - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,402,359	1,446,363	1,488,838
Cash In	36,000	36,000	36,000	36,000
Cash Out	(65,022)	(71,608)	(75,554)	(81,765)
Net (Use of Cash) / Incr Investment	(29,022)	(35,608)	(39,554)	(45,765)
End Cash / Inv Balance b4 Change in Market Value	1,325,319	1,366,751	1,406,809	1,443,073
Avg Cash / Inv Balance b4 Change in Market Value	1,339,830	1,384,555	1,426,586	1,465,956
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	77,040	79,612	82,029	84,292
End Cash / Inv Balance	1,402,359	1,446,363	1,488,838	1,527,366
Fiscal Year End Reserve Requirement*	1,542,456	1,638,632	1,737,869	1,838,260
Estimated Funding Ratio	90.9%	88.3%	85.7%	83.1%
Current Threshold Requirement Calculation				
End Cash / Inv Balance	1,402,359	1,446,363	1,488,838	1,527,366
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	70,118	72,318	74,442	76,368
Total Assets for Calculation	1,508,477	1,554,681	1,599,280	1,639,734
Reserve Requirement*	1,542,456	1,638,632	1,737,869	1,838,260
Less IBNR	(171,967)	(173,416)	(177,752)	(182,196)
Total Liabilities for Calculation	1,370,489	1,465,216	1,560,117	1,656,064
Excess of Assets over Liabilities	137,988	89,466	39,163	(16,330)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 24

Projections of 2.5% Diff - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	1,527,366	1,562,684	1,595,954	1,627,257
Cash In	36,000	36,000	36,000	36,000
Cash Out	(87,038)	(91,003)	(94,775)	(98,870)
Net (Use of Cash) / Incr Investment	(51,038)	(55,003)	(58,775)	(62,870)
End Cash / Inv Balance b4 Change in Market Value	1,476,328	1,507,681	1,537,179	1,564,387
Avg Cash / Inv Balance b4 Change in Market Value	1,501,847	1,535,183	1,566,567	1,595,822
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	86,356	88,273	90,078	91,760
End Cash / Inv Balance	1,562,684	1,595,954	1,627,257	1,656,147

Fiscal Year End Reserve Requirement*	1,940,675	2,046,833	2,157,126	2,271,579
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Estimated Funding Ratio	80.5%	78.0%	75.4%	72.9%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	1,562,684	1,595,954	1,627,257	1,656,147
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	78,134	79,798	81,363	82,807
Total Assets for Calculation	1,676,819	1,711,752	1,744,620	1,774,954

Reserve Requirement*	1,940,675	2,046,833	2,157,126	2,271,579
Less IBNR	(186,751)	(191,419)	(196,205)	(201,110)
Total Liabilities for Calculation	1,753,924	1,855,414	1,960,922	2,070,469

Excess of Assets over Liabilities	(77,105)	(143,661)	(216,302)	(295,515)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 24

Projections of 2.5% Diff - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	1,656,147	1,680,890	1,701,346	1,720,326
Cash In	36,000	36,000	36,000	36,000
Cash Out	(104,515)	(110,067)	(115,551)	(121,456)
Net (Use of Cash) / Incr Investment	(68,515)	(74,067)	(79,551)	(85,456)
End Cash / Inv Balance b4 Change in Market Value	1,587,632	1,606,824	1,621,795	1,634,870
Avg Cash / Inv Balance b4 Change in Market Value	1,621,889	1,643,857	1,661,570	1,677,598
Estimated Annual Market Value Change %	5.75%	5.75%	5.93%	5.93%
Estimated Annual Market Value Change \$	93,259	94,522	98,531	99,482
End Cash / Inv Balance	1,680,890	1,701,346	1,720,326	1,734,352
Fiscal Year End Reserve Requirement*	2,389,300	2,510,579	2,635,747	2,764,794
Estimated Funding Ratio	70.4%	67.8%	65.3%	62.7%
Current Threshold Requirement Calculation				
End Cash / Inv Balance	1,680,890	1,701,346	1,720,326	1,734,352
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	84,045	85,067	86,016	86,718
Total Assets for Calculation	1,800,935	1,822,413	1,842,342	1,857,069
Reserve Requirement*	2,389,300	2,510,579	2,635,747	2,764,794
Less IBNR	(206,138)	(211,292)	(216,574)	(221,989)
Total Liabilities for Calculation	2,183,162	2,299,288	2,419,173	2,542,805
Excess of Assets over Liabilities	(382,227)	(476,875)	(576,831)	(685,736)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 24

Projections of 2.5% Diff - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	1,734,352	1,742,638	1,744,900	1,740,616
Cash In	36,000	36,000	36,000	36,000
Cash Out	(127,838)	(134,166)	(140,653)	(147,251)
Net (Use of Cash) / Incr Investment	(91,838)	(98,166)	(104,653)	(111,251)
End Cash / Inv Balance b4 Change in Market Value	1,642,514	1,644,472	1,640,247	1,629,366
Avg Cash / Inv Balance b4 Change in Market Value	1,688,433	1,693,555	1,692,573	1,684,991
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	100,124	100,428	100,370	99,920
End Cash / Inv Balance	1,742,638	1,744,900	1,740,616	1,729,286
Fiscal Year End Reserve Requirement*	2,897,588	3,034,428	3,175,514	3,321,051
Estimated Funding Ratio	60.1%	57.5%	54.8%	52.1%
Current Threshold Requirement Calculation				
End Cash / Inv Balance	1,742,638	1,744,900	1,740,616	1,729,286
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	87,132	87,245	87,031	86,464
Total Assets for Calculation	1,865,770	1,868,145	1,863,647	1,851,750
Reserve Requirement*	2,897,588	3,034,428	3,175,514	3,321,051
Less IBNR	(227,538)	(233,227)	(239,058)	(245,034)
Total Liabilities for Calculation	2,670,050	2,801,202	2,936,457	3,076,017
Excess of Assets over Liabilities	(804,280)	(933,057)	(1,072,809)	(1,224,267)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections of 2.5% Diff - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	1,729,286	1,710,379	1,683,001
Cash In	36,000	36,000	36,000
Cash Out	(153,956)	(161,095)	(168,464)
Net (Use of Cash) / Incr Investment	(117,956)	(125,095)	(132,464)
End Cash / Inv Balance b4 Change in Market Value	1,611,330	1,585,284	1,550,537
Avg Cash / Inv Balance b4 Change in Market Value	1,670,308	1,647,832	1,616,769
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	99,049	97,716	95,874
End Cash / Inv Balance	1,710,379	1,683,001	1,646,411

Fiscal Year End Reserve Requirement* 3,471,255 3,626,166 3,785,932

Estimated Funding Ratio 49.3% 46.4% 43.5%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,710,379	1,683,001	1,646,411
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	85,519	84,150	82,321
Total Assets for Calculation	1,831,898	1,803,151	1,764,732

Reserve Requirement*	3,471,255	3,626,166	3,785,932
Less IBNR	(251,160)	(257,439)	(263,875)
Total Liabilities for Calculation	3,220,096	3,368,728	3,522,057

Excess of Assets over Liabilities (1,388,197) (1,565,577) (1,757,325)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 1.5% Differential with 7.17% Interest - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,420,815	1,484,556	1,548,002
Cash In	36,000	36,000	36,000	36,000
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)
Net (Use of Cash) / Incr Investment	(29,572)	(36,812)	(41,508)	(48,663)
End Cash / Inv Balance b4 Change in Market Value	1,324,769	1,384,003	1,443,048	1,499,339
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555	1,402,409	1,463,802	1,523,671
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	96,046	100,553	104,955	109,247
End Cash / Inv Balance	1,420,815	1,484,556	1,548,002	1,608,586
Fiscal Year End Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Estimated Funding Ratio	90.8%	88.5%	86.1%	83.8%
Current Threshold Requirement Calculation				
End Cash / Inv Balance	1,420,815	1,484,556	1,548,002	1,608,586
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	71,041	74,228	77,400	80,429
Total Assets for Calculation	1,527,856	1,594,784	1,661,402	1,725,016
Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786
Excess of Assets over Liabilities	137,041	94,064	48,208	(3,770)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 1.5% Differential with 7.17% Interest - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	1,608,586	1,667,007	1,724,437	1,780,935
Cash In	36,000	36,000	36,000	36,000
Cash Out	(90,945)	(95,946)	(100,821)	(106,146)
Net (Use of Cash) / Incr Investment	(54,945)	(59,946)	(64,821)	(70,146)
End Cash / Inv Balance b4 Change in Market Value	1,553,641	1,607,062	1,659,617	1,710,789
Avg Cash / Inv Balance b4 Change in Market Value	1,581,114	1,637,035	1,692,027	1,745,862
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	113,366	117,375	121,318	125,178
End Cash / Inv Balance	1,667,007	1,724,437	1,780,935	1,835,968

Fiscal Year End Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
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Estimated Funding Ratio	81.5%	79.2%	76.8%	74.5%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	1,667,007	1,724,437	1,780,935	1,835,968
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	83,350	86,222	89,047	91,798
Total Assets for Calculation	1,786,358	1,846,659	1,905,982	1,963,766

Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Less IBNR	(197,007)	(203,902)	(211,039)	(218,425)
Total Liabilities for Calculation	1,848,498	1,974,230	2,106,546	2,245,613

Excess of Assets over Liabilities	(62,140)	(127,571)	(200,564)	(281,846)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 1.5% Differential with 7.17% Interest - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	1,835,968	1,887,600	1,935,568	1,979,559
Cash In	36,000	36,000	36,000	36,000
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	(77,238)	(84,349)	(91,509)	(99,263)
End Cash / Inv Balance b4 Change in Market Value	1,758,730	1,803,251	1,844,059	1,880,296
Avg Cash / Inv Balance b4 Change in Market Value	1,797,349	1,845,425	1,889,813	1,929,927
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	128,870	132,317	135,500	138,376
End Cash / Inv Balance	1,887,600	1,935,568	1,979,559	2,018,672
Fiscal Year End Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Estimated Funding Ratio	72.1%	69.7%	67.3%	64.8%
Current Threshold Requirement Calculation				
End Cash / Inv Balance	1,887,600	1,935,568	1,979,559	2,018,672
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	94,380	96,778	98,978	100,934
Total Assets for Calculation	2,017,980	2,068,346	2,114,537	2,155,605
Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662
Excess of Assets over Liabilities	(372,637)	(473,668)	(585,777)	(710,057)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 1.5% Differential with 7.17% Interest - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	2,018,672	2,051,859	2,078,612	2,098,125
Cash In	36,000	36,000	36,000	36,000
Cash Out	(143,691)	(152,200)	(161,040)	(170,157)
Net (Use of Cash) / Incr Investment	(107,691)	(116,200)	(125,040)	(134,157)
End Cash / Inv Balance b4 Change in Market Value	1,910,981	1,935,659	1,953,572	1,963,968
Avg Cash / Inv Balance b4 Change in Market Value	1,964,826	1,993,759	2,016,092	2,031,047
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	140,878	142,953	144,554	145,626
End Cash / Inv Balance	2,051,859	2,078,612	2,098,125	2,109,594

Fiscal Year End Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
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Estimated Funding Ratio	62.2%	59.6%	57.0%	54.2%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	2,051,859	2,078,612	2,098,125	2,109,594
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	102,593	103,931	104,906	105,480
Total Assets for Calculation	2,190,452	2,218,542	2,239,032	2,251,074

Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Less IBNR	(259,419)	(268,498)	(277,896)	(287,622)
Total Liabilities for Calculation	3,038,068	3,218,034	3,405,959	3,602,263

Excess of Assets over Liabilities	(847,616)	(999,492)	(1,166,927)	(1,351,188)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 1.5% Differential with 7.17% Interest - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	2,109,594	2,112,148	2,104,447
Cash In	36,000	36,000	36,000
Cash Out	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	(143,558)	(153,635)	(164,158)
End Cash / Inv Balance b4 Change in Market Value	1,966,036	1,958,513	1,940,289
Avg Cash / Inv Balance b4 Change in Market Value	2,037,815	2,035,331	2,022,368
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	146,111	145,933	145,004
End Cash / Inv Balance	2,112,148	2,104,447	2,085,293

Fiscal Year End Reserve Requirement* 4,105,080 4,329,700 4,564,138

Estimated Funding Ratio 51.5% 48.6% 45.7%

Current Threshold Requirement Calculation

End Cash / Inv Balance	2,112,148	2,104,447	2,085,293
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	105,607	105,222	104,265
Total Assets for Calculation	2,253,755	2,245,669	2,225,557

Reserve Requirement*	4,105,080	4,329,700	4,564,138
Less IBNR	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	3,807,391	4,021,592	4,245,247

Excess of Assets over Liabilities (1,553,636) (1,775,923) (2,019,689)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 2% Differential with 7.17% Interest - page 1 of 5

Projected SFY End	2025	2026	2027
Beg Cash / Inv Balance*	1,354,341	1,421,100	1,485,486
Cash In	36,000	36,000	36,000
Cash Out	(65,297)	(72,208)	(76,526)
Net (Use of Cash) / Incr Investment	(29,297)	(36,208)	(40,526)
End Cash / Inv Balance b4 Change in Market Value	1,325,044	1,384,891	1,444,960
Avg Cash / Inv Balance b4 Change in Market Value	1,339,692	1,402,996	1,465,223
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	96,056	100,595	105,057
End Cash / Inv Balance	1,421,100	1,485,486	1,550,017

Fiscal Year End Reserve Requirement* 1,553,668 1,658,442 1,767,299

Estimated Funding Ratio 91.5% 89.6% 87.7%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,421,100	1,485,486	1,550,017
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	71,055	74,274	77,501
Total Assets for Calculation	1,528,155	1,595,761	1,663,518

Reserve Requirement*	1,553,668	1,658,442	1,767,299
Less IBNR	(173,031)	(175,545)	(180,811)
Total Liabilities for Calculation	1,380,637	1,482,897	1,586,488

Excess of Assets over Liabilities 147,518 112,864 77,030

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 2% Differential with 7.17% Interest - page 2 of 5

Projected SFY End	2028	2029	2030
Beg Cash / Inv Balance*	1,550,017	1,612,258	1,672,985
Cash In	36,000	36,000	36,000
Cash Out	(83,203)	(88,973)	(93,445)
Net (Use of Cash) / Incr Investment	(47,203)	(52,973)	(57,445)
End Cash / Inv Balance b4 Change in Market Value	1,502,814	1,559,286	1,615,540
Avg Cash / Inv Balance b4 Change in Market Value	1,526,416	1,585,772	1,644,263
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	109,444	113,700	117,894
End Cash / Inv Balance	1,612,258	1,672,985	1,733,434

Fiscal Year End Reserve Requirement* 1,878,344 1,992,508 2,111,597

Estimated Funding Ratio 85.8% 84.0% 82.1%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,612,258	1,672,985	1,733,434
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	80,613	83,649	86,672
Total Assets for Calculation	1,728,871	1,792,635	1,856,106

Reserve Requirement*	1,878,344	1,992,508	2,111,597
Less IBNR	(186,235)	(191,822)	(197,577)
Total Liabilities for Calculation	1,692,109	1,800,686	1,914,020

Excess of Assets over Liabilities 36,762 (8,051) (57,914)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 2% Differential with 7.17% Interest - page 3 of 5

Projected SFY End	2031	2032	2033
Beg Cash / Inv Balance*	1,733,434	1,793,753	1,853,537
Cash In	36,000	36,000	36,000
Cash Out	(97,755)	(102,446)	(108,792)
Net (Use of Cash) / Incr Investment	(61,755)	(66,446)	(72,792)
End Cash / Inv Balance b4 Change in Market Value	1,671,680	1,727,307	1,780,745
Avg Cash / Inv Balance b4 Change in Market Value	1,702,557	1,760,530	1,817,141
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	122,073	126,230	130,289
End Cash / Inv Balance	1,793,753	1,853,537	1,911,034
Fiscal Year End Reserve Requirement*	2,236,081	2,366,047	2,500,637
Estimated Funding Ratio	80.2%	78.3%	76.4%
Current Threshold Requirement Calculation			
End Cash / Inv Balance	1,793,753	1,853,537	1,911,034
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	89,688	92,677	95,552
Total Assets for Calculation	1,919,441	1,982,214	2,042,586
Reserve Requirement*	2,236,081	2,366,047	2,500,637
Less IBNR	(203,505)	(209,610)	(215,898)
Total Liabilities for Calculation	2,032,576	2,156,437	2,284,739
Excess of Assets over Liabilities	(113,135)	(174,223)	(242,153)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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Projections at 2% Differential with 7.17% Interest - page 4 of 5

Projected SFY End	2034	2035	2036
Beg Cash / Inv Balance*	1,911,034	1,966,124	2,018,650
Cash In	36,000	36,000	36,000
Cash Out	(115,096)	(121,385)	(128,174)
Net (Use of Cash) / Incr Investment	(79,096)	(85,385)	(92,174)
End Cash / Inv Balance b4 Change in Market Value	1,831,939	1,880,740	1,926,476
Avg Cash / Inv Balance b4 Change in Market Value	1,871,487	1,923,432	1,972,563
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	134,186	137,910	141,433
End Cash / Inv Balance	1,966,124	2,018,650	2,067,909

Fiscal Year End Reserve Requirement* 2,640,216 2,785,195 2,935,633

Estimated Funding Ratio 74.5% 72.5% 70.4%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,966,124	2,018,650	2,067,909
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	98,306	100,933	103,395
Total Assets for Calculation	2,100,431	2,155,583	2,207,304

Reserve Requirement*	2,640,216	2,785,195	2,935,633
Less IBNR	(222,375)	(229,046)	(235,918)
Total Liabilities for Calculation	2,417,841	2,556,149	2,699,715

Excess of Assets over Liabilities (317,410) (400,566) (492,411)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 26

Projections at 2% Differential with 7.17% Interest - page 5 of 5

Projected SFY End	2037	2038
Beg Cash / Inv Balance*	2,067,909	2,113,077
Cash In	36,000	36,000
Cash Out	(135,533)	(142,899)
Net (Use of Cash) / Incr Investment	(99,533)	(106,899)
End Cash / Inv Balance b4 Change in Market Value	1,968,376	2,006,178
Avg Cash / Inv Balance b4 Change in Market Value	2,018,142	2,059,627
Estimated Annual Market Value Change %	7.17%	7.17%
Estimated Annual Market Value Change \$	144,701	147,675
End Cash / Inv Balance	2,113,077	2,153,853

Fiscal Year End Reserve Requirement*	3,091,457	3,253,059
Estimated Funding Ratio	68.4%	66.2%

Current Threshold Requirement Calculation

End Cash / Inv Balance	2,113,077	2,153,853
Add Annual Assessment Amount	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	105,654	107,693
Total Assets for Calculation	2,254,730	2,297,546

Reserve Requirement*	3,091,457	3,253,059
Less IBNR	(242,995)	(250,285)
Total Liabilities for Calculation	2,848,462	3,002,774

Excess of Assets over Liabilities	(593,732)	(705,228)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 27

Projections at 2.5% Differential with 7.17% Interest - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,421,385	1,486,414	1,552,018
Cash In	36,000	36,000	36,000	36,000
Cash Out	(65,022)	(71,608)	(75,554)	(81,765)
Net (Use of Cash) / Incr Investment	(29,022)	(35,608)	(39,554)	(45,765)
End Cash / Inv Balance b4 Change in Market Value	1,325,319	1,385,777	1,446,860	1,506,253
Avg Cash / Inv Balance b4 Change in Market Value	1,339,830	1,403,581	1,466,637	1,529,135
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	96,066	100,637	105,158	109,639
End Cash / Inv Balance	1,421,385	1,486,414	1,552,018	1,615,892

Fiscal Year End Reserve Requirement*	1,542,456	1,638,632	1,737,869	1,838,260
Estimated Funding Ratio	92.2%	90.7%	89.3%	87.9%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,421,385	1,486,414	1,552,018	1,615,892
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	71,069	74,321	77,601	80,795
Total Assets for Calculation	1,528,454	1,596,734	1,665,618	1,732,686

Reserve Requirement*	1,542,456	1,638,632	1,737,869	1,838,260
Less IBNR	(171,967)	(173,416)	(177,752)	(182,196)
Total Liabilities for Calculation	1,370,489	1,465,216	1,560,117	1,656,064

Excess of Assets over Liabilities	157,965	131,519	105,501	76,622
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 27

Projections at 2.5% Differential with 7.17% Interest - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	1,615,892	1,678,884	1,742,285	1,806,325
Cash In	36,000	36,000	36,000	36,000
Cash Out	(87,038)	(91,003)	(94,775)	(98,870)
Net (Use of Cash) / Incr Investment	(51,038)	(55,003)	(58,775)	(62,870)
End Cash / Inv Balance b4 Change in Market Value	1,564,854	1,623,881	1,683,510	1,743,455
Avg Cash / Inv Balance b4 Change in Market Value	1,590,373	1,651,382	1,712,898	1,774,890
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	114,030	118,404	122,815	127,260
End Cash / Inv Balance	1,678,884	1,742,285	1,806,325	1,870,714

Fiscal Year End Reserve Requirement*	1,940,675	2,046,833	2,157,126	2,271,579
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Estimated Funding Ratio	86.5%	85.1%	83.7%	82.4%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	1,678,884	1,742,285	1,806,325	1,870,714
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	83,944	87,114	90,316	93,536
Total Assets for Calculation	1,798,828	1,865,399	1,932,641	2,000,250

Reserve Requirement*	1,940,675	2,046,833	2,157,126	2,271,579
Less IBNR	(186,751)	(191,419)	(196,205)	(201,110)
Total Liabilities for Calculation	1,753,924	1,855,414	1,960,922	2,070,469

Excess of Assets over Liabilities	44,904	9,986	(28,280)	(70,219)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 27

Projections at 2.5% Differential with 7.17% Interest - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	1,870,714	1,933,873	1,995,810	2,056,507
Cash In	36,000	36,000	36,000	36,000
Cash Out	(104,515)	(110,067)	(115,551)	(121,456)
Net (Use of Cash) / Incr Investment	(68,515)	(74,067)	(79,551)	(85,456)
End Cash / Inv Balance b4 Change in Market Value	1,802,199	1,859,807	1,916,259	1,971,052
Avg Cash / Inv Balance b4 Change in Market Value	1,836,457	1,896,840	1,956,035	2,013,779
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	131,674	136,003	140,248	144,388
End Cash / Inv Balance	1,933,873	1,995,810	2,056,507	2,115,439

Fiscal Year End Reserve Requirement*	2,389,300	2,510,579	2,635,747	2,764,794
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Estimated Funding Ratio	80.9%	79.5%	78.0%	76.5%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	1,933,873	1,995,810	2,056,507	2,115,439
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	96,694	99,791	102,825	105,772
Total Assets for Calculation	2,066,567	2,131,601	2,195,332	2,257,211

Reserve Requirement*	2,389,300	2,510,579	2,635,747	2,764,794
Less IBNR	(206,138)	(211,292)	(216,574)	(221,989)
Total Liabilities for Calculation	2,183,162	2,299,288	2,419,173	2,542,805

Excess of Assets over Liabilities	(116,594)	(167,687)	(223,840)	(285,594)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 27

Projections at 2.5% Differential with 7.17% Interest - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	2,115,439	2,171,986	2,226,032	2,277,234
Cash In	36,000	36,000	36,000	36,000
Cash Out	(127,838)	(134,166)	(140,653)	(147,251)
Net (Use of Cash) / Incr Investment	(91,838)	(98,166)	(104,653)	(111,251)
End Cash / Inv Balance b4 Change in Market Value	2,023,601	2,073,820	2,121,379	2,165,983
Avg Cash / Inv Balance b4 Change in Market Value	2,069,520	2,122,903	2,173,706	2,221,609
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	148,385	152,212	155,855	159,289
End Cash / Inv Balance	2,171,986	2,226,032	2,277,234	2,325,273
Fiscal Year End Reserve Requirement*	2,897,588	3,034,428	3,175,514	3,321,051
Estimated Funding Ratio	75.0%	73.4%	71.7%	70.0%
Current Threshold Requirement Calculation				
End Cash / Inv Balance	2,171,986	2,226,032	2,277,234	2,325,273
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	108,599	111,302	113,862	116,264
Total Assets for Calculation	2,316,585	2,373,334	2,427,096	2,477,536
Reserve Requirement*	2,897,588	3,034,428	3,175,514	3,321,051
Less IBNR	(227,538)	(233,227)	(239,058)	(245,034)
Total Liabilities for Calculation	2,670,050	2,801,202	2,936,457	3,076,017
Excess of Assets over Liabilities	(353,464)	(427,868)	(509,361)	(598,480)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 27

Projections at 2.5% Differential with 7.17% Interest - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	2,325,273	2,369,811	2,410,146
Cash In	36,000	36,000	36,000
Cash Out	(153,956)	(161,095)	(168,464)
Net (Use of Cash) / Incr Investment	(117,956)	(125,095)	(132,464)
End Cash / Inv Balance b4 Change in Market Value	2,207,317	2,244,716	2,277,682
Avg Cash / Inv Balance b4 Change in Market Value	2,266,295	2,307,263	2,343,914
Estimated Annual Market Value Change %	7.17%	7.17%	7.17%
Estimated Annual Market Value Change \$	162,493	165,431	168,059
End Cash / Inv Balance	2,369,811	2,410,146	2,445,741

Fiscal Year End Reserve Requirement*	3,471,255	3,626,166	3,785,932
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Estimated Funding Ratio	68.3%	66.5%	64.6%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	2,369,811	2,410,146	2,445,741
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	118,491	120,507	122,287
Total Assets for Calculation	2,524,301	2,566,654	2,604,028

Reserve Requirement*	3,471,255	3,626,166	3,785,932
Less IBNR	(251,160)	(257,439)	(263,875)
Total Liabilities for Calculation	3,220,096	3,368,728	3,522,057

Excess of Assets over Liabilities	(695,794)	(802,074)	(918,029)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 28

Projections at 1.5% Differential with S&P 500 - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,299,719	1,173,600	733,899
Cash In	36,000	36,000	36,000	36,000
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)
Net (Use of Cash) / Incr Investment	(29,572)	(36,812)	(41,508)	(48,663)
End Cash / Inv Balance b4 Change in Market Value	1,324,769	1,262,907	1,132,091	685,236
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555	1,281,313	1,152,846	709,567
Estimated Annual Market Value Change %	-1.87%	-6.97%	-34.54%	6.85%
Estimated Annual Market Value Change \$	(25,050)	(89,308)	(398,193)	48,605
End Cash / Inv Balance	1,299,719	1,173,600	733,899	733,841

Fiscal Year End Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Estimated Funding Ratio	83.1%	69.9%	40.8%	38.2%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,299,719	1,173,600	733,899	733,841
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	64,986	58,680	36,695	36,692
Total Assets for Calculation	1,400,705	1,268,280	806,594	806,533

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786

Excess of Assets over Liabilities	9,891	(232,440)	(806,600)	(922,253)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 28

Projections at 1.5% Differential with S&P 500 - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	733,841	698,745	780,111	743,105
Cash In	36,000	36,000	36,000	36,000
Cash Out	(90,945)	(95,946)	(100,821)	(106,146)
Net (Use of Cash) / Incr Investment	(54,945)	(59,946)	(64,821)	(70,146)
End Cash / Inv Balance b4 Change in Market Value	678,896	638,800	715,291	672,960
Avg Cash / Inv Balance b4 Change in Market Value	706,369	668,772	747,701	708,032
Estimated Annual Market Value Change %	2.81%	21.13%	3.72%	-5.62%
Estimated Annual Market Value Change \$	19,849	141,312	27,814	(39,791)
End Cash / Inv Balance	698,745	780,111	743,105	633,168

Fiscal Year End Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Estimated Funding Ratio	34.2%	35.8%	32.1%	25.7%

Current Threshold Requirement Calculation

End Cash / Inv Balance	698,745	780,111	743,105	633,168
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	34,937	39,006	37,155	31,658
Total Assets for Calculation	769,682	855,117	816,260	700,827

Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Less IBNR	(197,007)	(203,902)	(211,039)	(218,425)
Total Liabilities for Calculation	1,848,498	1,974,230	2,106,546	2,245,613

Excess of Assets over Liabilities	(1,078,815)	(1,119,113)	(1,290,286)	(1,544,786)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 28

Projections at 1.5% Differential with S&P 500 - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	633,168	357,589	343,167	323,186
Cash In	36,000	36,000	36,000	36,000
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	(77,238)	(84,349)	(91,509)	(99,263)
End Cash / Inv Balance b4 Change in Market Value	555,930	273,240	251,658	223,923
Avg Cash / Inv Balance b4 Change in Market Value	594,549	315,414	297,413	273,555
Estimated Annual Market Value Change %	-33.36%	22.17%	24.05%	5.45%
Estimated Annual Market Value Change \$	(198,342)	69,927	71,528	14,909
End Cash / Inv Balance	357,589	343,167	323,186	238,832

Fiscal Year End Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Estimated Funding Ratio	13.7%	12.4%	11.0%	7.7%

Current Threshold Requirement Calculation

End Cash / Inv Balance	357,589	343,167	323,186	238,832
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	17,879	17,158	16,159	11,942
Total Assets for Calculation	411,468	396,325	375,345	286,773

Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662

Excess of Assets over Liabilities	(1,979,149)	(2,145,689)	(2,324,969)	(2,578,889)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 28

Projections at 1.5% Differential with S&P 500 - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	238,832	156,595	66,654	(57,181)
Cash In	36,000	36,000	36,000	36,000
Cash Out	(143,691)	(152,200)	(161,040)	(170,157)
Net (Use of Cash) / Incr Investment	(107,691)	(116,200)	(125,040)	(134,157)
End Cash / Inv Balance b4 Change in Market Value	131,141	40,395	(58,386)	(191,338)
Avg Cash / Inv Balance b4 Change in Market Value	184,986	98,495	4,134	(124,260)
Estimated Annual Market Value Change %	13.76%	26.66%	29.14%	13.06%
Estimated Annual Market Value Change \$	25,454	26,259	1,205	(16,228)
End Cash / Inv Balance	156,595	66,654	(57,181)	(207,566)

Fiscal Year End Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Estimated Funding Ratio	4.7%	1.9%	-1.6%	-5.3%

Current Threshold Requirement Calculation

End Cash / Inv Balance	156,595	66,654	(57,181)	(207,566)
Add Annual Assessment Amount	36,000	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	7,830	3,333	(2,859)	(10,378)
Total Assets for Calculation	200,425	105,987	(24,040)	(181,945)

Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Less IBNR	(259,419)	(268,498)	(277,896)	(287,622)
Total Liabilities for Calculation	3,038,068	3,218,034	3,405,959	3,602,263

Excess of Assets over Liabilities	(2,837,643)	(3,112,047)	(3,429,999)	(3,784,207)
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 28

Projections at 1.5% Differential with S&P 500 - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	(207,566)	(394,786)	(581,810)
Cash In	36,000	36,000	36,000
Cash Out	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	(143,558)	(153,635)	(164,158)
End Cash / Inv Balance b4 Change in Market Value	(351,124)	(548,421)	(745,968)
Avg Cash / Inv Balance b4 Change in Market Value	(279,345)	(471,603)	(663,889)
Estimated Annual Market Value Change %	15.63%	7.08%	0.15%
Estimated Annual Market Value Change \$	(43,662)	(33,390)	(996)
End Cash / Inv Balance	(394,786)	(581,810)	(746,963)

Fiscal Year End Reserve Requirement* 4,105,080 4,329,700 4,564,138

Estimated Funding Ratio -9.6% -13.4% -16.4%

Current Threshold Requirement Calculation

End Cash / Inv Balance	(394,786)	(581,810)	(746,963)
Add Annual Assessment Amount	36,000	36,000	36,000
Add Additional Year of Earnings @ 5% (return used by actuaries)	(19,739)	(29,091)	(37,348)
Total Assets for Calculation	(378,525)	(574,901)	(748,312)

Reserve Requirement*	4,105,080	4,329,700	4,564,138
Less IBNR	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	3,807,391	4,021,592	4,245,247

Excess of Assets over Liabilities (4,185,916) (4,596,492) (4,993,558)

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 29

5% Annual Increases - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,401,793	1,482,397	1,568,908
Cash In	36,000	72,812	78,747	84,848
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)
Net (Use of Cash) / Incr Investment	(29,572)	0	1,238	185
End Cash / Inv Balance b4 Change in Market Value	1,324,769	1,401,793	1,483,635	1,569,093
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555	1,401,793	1,483,016	1,569,001
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	77,024	80,603	85,273	90,218
End Cash / Inv Balance	1,401,793	1,482,397	1,568,908	1,659,311

Fiscal Year End Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Estimated Funding Ratio	89.6%	88.3%	87.3%	86.5%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,401,793	1,482,397	1,568,908	1,659,311
Add Annual Assessment Amount	36,000	72,812	78,747	84,848
Add Additional Year of Earnings @ 5% (return used by actuaries)	70,090	74,120	78,445	82,966
Total Assets for Calculation	1,507,883	1,629,328	1,726,100	1,827,125

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786

Excess of Assets over Liabilities	117,069	128,608	112,906	98,339
Actual reserve increase			118,693	122,029
5% of the expected reserve increase			5,935	6,101
10% of the expected reserve increase			11,869	12,203
Increase to use			5,935	6,101
% increase			8.2%	7.7%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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5% Annual Increases - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	1,659,311	1,754,950	1,857,765	1,968,650
Cash In	91,167	97,798	104,771	112,093
Cash Out	(90,945)	(95,946)	(100,821)	(106,146)
Net (Use of Cash) / Incr Investment	222	1,853	3,950	5,948
End Cash / Inv Balance b4 Change in Market Value	1,659,533	1,756,802	1,861,715	1,974,598
Avg Cash / Inv Balance b4 Change in Market Value	1,659,422	1,755,876	1,859,740	1,971,624
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	95,417	100,963	106,935	113,368
End Cash / Inv Balance	1,754,950	1,857,765	1,968,650	2,087,967

Fiscal Year End Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
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Estimated Funding Ratio	85.8%	85.3%	84.9%	84.7%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	1,754,950	1,857,765	1,968,650	2,087,967
Add Annual Assessment Amount	91,167	97,798	104,771	112,093
Add Additional Year of Earnings @ 5% (return used by actuaries)	87,747	92,888	98,433	104,398
Total Assets for Calculation	1,933,864	2,048,451	2,171,854	2,304,458

Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Less IBNR	(197,007)	(203,902)	(211,039)	(218,425)
Total Liabilities for Calculation	1,848,498	1,974,230	2,106,546	2,245,613

Excess of Assets over Liabilities	85,366	74,222	65,308	58,846
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Actual reserve increase	126,374	132,628	139,453	146,453
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5% of the expected reserve increase	6,319	6,631	6,973	7,323
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10% of the expected reserve increase	12,637	13,263	13,945	14,645
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Increase to use	6,319	6,631	6,973	7,323
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% increase	7.4%	7.3%	7.1%	7.0%
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 29

5% Annual Increases - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	2,087,967	2,214,699	2,349,598	2,497,688
Cash In	119,726	127,691	136,016	144,707
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	6,488	7,342	8,507	9,444
End Cash / Inv Balance b4 Change in Market Value	2,094,454	2,222,041	2,358,105	2,507,132
Avg Cash / Inv Balance b4 Change in Market Value	2,091,211	2,218,370	2,353,851	2,502,410
Estimated Annual Market Value Change %	5.75%	5.75%	5.93%	5.93%
Estimated Annual Market Value Change \$	120,245	127,556	139,583	148,393
End Cash / Inv Balance	2,214,699	2,349,598	2,497,688	2,655,525

Fiscal Year End Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
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Estimated Funding Ratio	84.6%	84.6%	84.9%	85.2%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	2,214,699	2,349,598	2,497,688	2,655,525
Add Annual Assessment Amount	119,726	127,691	136,016	144,707
Add Additional Year of Earnings @ 5% (return used by actuaries)	110,735	117,480	124,884	132,776
Total Assets for Calculation	2,445,160	2,594,769	2,758,589	2,933,008

Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662

Excess of Assets over Liabilities	54,543	52,754	58,275	67,346
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Actual reserve increase	152,649	159,310	166,489	173,824
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5% of the expected reserve increase	7,632	7,965	8,324	8,691
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10% of the expected reserve increase	15,265	15,931	16,649	17,382
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Increase to use	7,632	7,965	8,324	8,691
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% increase	6.8%	6.7%	6.5%	6.4%
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 29

5% Annual Increases - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	2,655,525	2,823,371	3,002,143	3,192,571
Cash In	153,766	163,218	173,084	183,386
Cash Out	(143,691)	(152,200)	(161,040)	(170,157)
Net (Use of Cash) / Incr Investment	10,075	11,019	12,044	13,229
End Cash / Inv Balance b4 Change in Market Value	2,665,600	2,834,390	3,014,187	3,205,800
Avg Cash / Inv Balance b4 Change in Market Value	2,660,563	2,828,881	3,008,165	3,199,186
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	157,771	167,753	178,384	189,712
End Cash / Inv Balance	2,823,371	3,002,143	3,192,571	3,395,512

Fiscal Year End Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
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Estimated Funding Ratio	85.6%	86.1%	86.7%	87.3%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	2,823,371	3,002,143	3,192,571	3,395,512
Add Annual Assessment Amount	153,766	163,218	173,084	183,386
Add Additional Year of Earnings @ 5% (return used by actuaries)	141,169	150,107	159,629	169,776
Total Assets for Calculation	3,118,306	3,315,468	3,525,284	3,748,673

Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Less IBNR	(259,419)	(268,498)	(277,896)	(287,622)
Total Liabilities for Calculation	3,038,068	3,218,034	3,405,959	3,602,263

Excess of Assets over Liabilities	80,238	97,434	119,325	146,411
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Actual reserve increase	181,179	189,046	197,322	206,031
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5% of the expected reserve increase	9,059	9,452	9,866	10,302
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10% of the expected reserve increase	18,118	18,905	19,732	20,603
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Increase to use	9,059	9,452	9,866	10,302
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% increase	6.3%	6.1%	6.0%	6.0%
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 29

5% Annual Increases - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	3,395,512	3,611,886	3,842,279
Cash In	194,146	205,377	216,608
Cash Out	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	14,588	15,742	16,450
End Cash / Inv Balance b4 Change in Market Value	3,410,099	3,627,628	3,858,729
Avg Cash / Inv Balance b4 Change in Market Value	3,402,805	3,619,757	3,850,504
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	201,786	214,652	228,335
End Cash / Inv Balance	3,611,886	3,842,279	4,087,064

Fiscal Year End Reserve Requirement* 4,105,080 4,329,700 4,564,138

Estimated Funding Ratio 88.0% 88.7% 89.5%

Current Threshold Requirement Calculation

End Cash / Inv Balance	3,611,886	3,842,279	4,087,064
Add Annual Assessment Amount	194,146	205,377	216,608
Add Additional Year of Earnings @ 5% (return used by actuaries)	180,594	192,114	204,353
Total Assets for Calculation	3,986,625	4,239,770	4,508,025

Reserve Requirement*	4,105,080	4,329,700	4,564,138
Less IBNR	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	3,807,391	4,021,592	4,245,247

Excess of Assets over Liabilities 179,234 218,178 262,778

Actual reserve increase 215,196 224,620
 5% of the expected reserve increase 10,760 11,231 11,231
 10% of the expected reserve increase 21,520 22,462 22,462
 Increase to use 10,760 11,231 11,231
 % increase 5.9% 5.8% 5.5%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 30

5% and 10% Annual Increases - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,401,793	1,482,397	1,575,014
Cash In	36,000	72,812	84,681	96,884
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)
Net (Use of Cash) / Incr Investment	(29,572)	0	7,173	12,221
End Cash / Inv Balance b4 Change in Market Value	1,324,769	1,401,793	1,489,570	1,587,235
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555	1,401,793	1,485,983	1,581,124
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	77,024	80,603	85,444	90,915
End Cash / Inv Balance	1,401,793	1,482,397	1,575,014	1,678,149

Fiscal Year End Reserve Requirement* 1,564,918 1,678,409 1,797,102 1,919,131

Estimated Funding Ratio 89.6% 88.3% 87.6% 87.4%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,401,793	1,482,397	1,575,014	1,678,149
Add Annual Assessment Amount	36,000	72,812	84,681	96,884
Add Additional Year of Earnings @ 5% (return used by actuaries)	70,090	74,120	78,751	83,907
Total Assets for Calculation	1,507,883	1,629,328	1,738,446	1,858,941

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786

Excess of Assets over Liabilities 117,069 128,608 125,252 130,155

Actual reserve increase 118,693 122,029

5% of the expected reserve increase 5,935 6,101

10% of the expected reserve increase 11,869 12,203

Increase to use 11,869 12,203

% increase 16.3% 14.4%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 30

5% and 10% Annual Increases - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	1,678,149	1,793,754	1,924,505	2,072,105
Cash In	109,522	122,784	136,730	151,375
Cash Out	(90,945)	(95,946)	(100,821)	(106,146)
Net (Use of Cash) / Incr Investment	18,577	26,839	35,909	45,229
End Cash / Inv Balance b4 Change in Market Value	1,696,726	1,820,592	1,960,414	2,117,335
Avg Cash / Inv Balance b4 Change in Market Value	1,687,438	1,807,173	1,942,459	2,094,720
Estimated Annual Market Value Change %	5.75%	5.75%	5.75%	5.75%
Estimated Annual Market Value Change \$	97,028	103,912	111,691	120,446
End Cash / Inv Balance	1,793,754	1,924,505	2,072,105	2,237,781

Fiscal Year End Reserve Requirement* 2,045,504 2,178,132 2,317,585 2,464,037

Estimated Funding Ratio 87.7% 88.4% 89.4% 90.8%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,793,754	1,924,505	2,072,105	2,237,781
Add Annual Assessment Amount	109,522	122,784	136,730	151,375
Add Additional Year of Earnings @ 5% (return used by actuaries)	89,688	96,225	103,605	111,889
Total Assets for Calculation	1,992,963	2,143,514	2,312,440	2,501,045

Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Less IBNR	(197,007)	(203,902)	(211,039)	(218,425)
Total Liabilities for Calculation	1,848,498	1,974,230	2,106,546	2,245,613

Excess of Assets over Liabilities 144,465 169,285 205,894 255,432

Actual reserve increase 126,374 132,628 139,453 146,453

5% of the expected reserve increase 6,319 6,631 6,973 7,323

10% of the expected reserve increase 12,637 13,263 13,945 14,645

Increase to use 12,637 13,263 13,945 14,645

% increase 13.0% 12.1% 11.4% 10.7%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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5% and 10% Annual Increases - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	2,237,781	2,413,539	2,600,281	2,803,683
Cash In	159,007	166,973	175,297	183,988
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	45,769	46,624	47,789	48,725
End Cash / Inv Balance b4 Change in Market Value	2,283,550	2,460,162	2,648,070	2,852,409
Avg Cash / Inv Balance b4 Change in Market Value	2,260,666	2,436,850	2,624,175	2,828,046
Estimated Annual Market Value Change %	5.75%	5.75%	5.93%	5.93%
Estimated Annual Market Value Change \$	129,988	140,119	155,614	167,703
End Cash / Inv Balance	2,413,539	2,600,281	2,803,683	3,020,112

Fiscal Year End Reserve Requirement* 2,616,686 2,775,996 2,942,484 3,116,308

Estimated Funding Ratio 92.2% 93.7% 95.3% 96.9%

Current Threshold Requirement Calculation

End Cash / Inv Balance	2,413,539	2,600,281	2,803,683	3,020,112
Add Annual Assessment Amount	159,007	166,973	175,297	183,988
Add Additional Year of Earnings @ 5% (return used by actuaries)	120,677	130,014	140,184	151,006
Total Assets for Calculation	2,693,223	2,897,268	3,119,165	3,355,106

Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662

Excess of Assets over Liabilities 302,606 355,253 418,851 489,444

Actual reserve increase 152,649 159,310 166,489 173,824

5% of the expected reserve increase 7,632 7,965 8,324 8,691

10% of the expected reserve increase 15,265 15,931 16,649 17,382

Increase to use 7,632 7,965 8,324 8,691

% increase 5.0% 5.0% 5.0% 5.0%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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5% and 10% Annual Increases - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	3,020,112	3,250,024	3,494,542	3,744,457
Cash In	193,047	202,500	202,500	202,500
Cash Out	(143,691)	(152,200)	(161,040)	(170,157)
Net (Use of Cash) / Incr Investment	49,356	50,300	41,460	32,343
End Cash / Inv Balance b4 Change in Market Value	3,069,468	3,300,324	3,536,002	3,776,800
Avg Cash / Inv Balance b4 Change in Market Value	3,044,790	3,275,174	3,515,272	3,760,629
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	180,556	194,218	208,456	223,005
End Cash / Inv Balance	3,250,024	3,494,542	3,744,457	3,999,805

Fiscal Year End Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
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Estimated Funding Ratio	98.6%	100.2%	101.6%	102.8%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	3,250,024	3,494,542	3,744,457	3,999,805
Add Annual Assessment Amount	193,047	202,500	202,500	202,500
Add Additional Year of Earnings @ 5% (return used by actuaries)	162,501	174,727	187,223	199,990
Total Assets for Calculation	3,605,573	3,871,769	4,134,180	4,402,295

Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Less IBNR	(259,419)	(268,498)	(277,896)	(287,622)
Total Liabilities for Calculation	3,038,068	3,218,034	3,405,959	3,602,263

Excess of Assets over Liabilities	567,505	653,735	728,221	800,032
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Actual reserve increase	181,179	189,046	197,322	206,031
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5% of the expected reserve increase	9,059	9,452	9,866	10,302
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10% of the expected reserve increase	18,118	18,905	19,732	20,603
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Increase to use	9,059	9,452	-	-
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% increase	4.9%	4.9%	0.0%	0.0%
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 30

5% and 10% Annual Increases - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	3,999,805	4,260,615	4,526,516
Cash In	202,500	202,500	202,500
Cash Out	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	22,942	12,865	2,342
End Cash / Inv Balance b4 Change in Market Value	4,022,747	4,273,480	4,528,858
Avg Cash / Inv Balance b4 Change in Market Value	4,011,276	4,267,048	4,527,687
Estimated Annual Market Value Change %	5.93%	5.93%	5.93%
Estimated Annual Market Value Change \$	237,869	253,036	268,492
End Cash / Inv Balance	4,260,615	4,526,516	4,797,350

Fiscal Year End Reserve Requirement*	4,105,080	4,329,700	4,564,138
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Estimated Funding Ratio	103.8%	104.5%	105.1%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	4,260,615	4,526,516	4,797,350
Add Annual Assessment Amount	202,500	202,500	202,500
Add Additional Year of Earnings @ 5% (return used by actuaries)	213,031	226,326	239,868
Total Assets for Calculation	4,676,146	4,955,342	5,239,717

Reserve Requirement*	4,105,080	4,329,700	4,564,138
Less IBNR	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	3,807,391	4,021,592	4,245,247

Excess of Assets over Liabilities	868,755	933,750	994,471
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Actual reserve increase	215,196	224,620	
5% of the expected reserve increase	10,760	11,231	11,231
10% of the expected reserve increase	21,520	22,462	22,462
Increase to use	-	-	-
% increase	0.0%	0.0%	0.0%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 31

5% and 10% Annual Increases with S&P 500 - page 1 of 5

Projected SFY End	2025	2026	2027	2028
Beg Cash / Inv Balance*	1,354,341	1,299,719	1,209,129	797,430
Cash In	36,000	72,812	84,681	96,884
Cash Out	(65,572)	(72,812)	(77,508)	(84,663)
Net (Use of Cash) / Incr Investment	(29,572)	0	7,173	12,221
End Cash / Inv Balance b4 Change in Market Value	1,324,769	1,299,719	1,216,302	809,651
Avg Cash / Inv Balance b4 Change in Market Value	1,339,555	1,299,719	1,212,715	803,541
Estimated Annual Market Value Change %	-1.87%	-6.97%	-34.54%	6.85%
Estimated Annual Market Value Change \$	(25,050)	(90,590)	(418,872)	55,043
End Cash / Inv Balance	1,299,719	1,209,129	797,430	864,694

Fiscal Year End Reserve Requirement* 1,564,918 1,678,409 1,797,102 1,919,131

Estimated Funding Ratio 83.1% 72.0% 44.4% 45.1%

Current Threshold Requirement Calculation

End Cash / Inv Balance	1,299,719	1,209,129	797,430	864,694
Add Annual Assessment Amount	36,000	72,812	84,681	96,884
Add Additional Year of Earnings @ 5% (return used by actuaries)	64,986	60,456	39,871	43,235
Total Assets for Calculation	1,400,705	1,342,397	921,983	1,004,813

Reserve Requirement*	1,564,918	1,678,409	1,797,102	1,919,131
Less IBNR	(174,103)	(177,689)	(183,908)	(190,345)
Total Liabilities for Calculation	1,390,815	1,500,720	1,613,194	1,728,786

Excess of Assets over Liabilities 9,891 (158,323) (691,211) (723,973)

Actual reserve increase 118,693 122,029
 5% of the expected reserve increase 5,935 6,101
 10% of the expected reserve increase 11,869 12,203
 Increase to use 11,869 12,203
 % increase 16.3% 14.4%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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ATTACHMENT 31

5% and 10% Annual Increases with S&P 500 - page 2 of 5

Projected SFY End	2029	2030	2031	2032
Beg Cash / Inv Balance*	864,694	907,829	1,129,328	1,207,916
Cash In	109,522	122,784	136,730	151,375
Cash Out	(90,945)	(95,946)	(100,821)	(106,146)
Net (Use of Cash) / Incr Investment	18,577	26,839	35,909	45,229
End Cash / Inv Balance b4 Change in Market Value	883,270	934,668	1,165,237	1,253,145
Avg Cash / Inv Balance b4 Change in Market Value	873,982	921,249	1,147,282	1,230,530
Estimated Annual Market Value Change %	2.81%	21.13%	3.72%	-5.62%
Estimated Annual Market Value Change \$	24,559	194,660	42,679	(69,156)
End Cash / Inv Balance	907,829	1,129,328	1,207,916	1,183,989

Fiscal Year End Reserve Requirement* 2,045,504 2,178,132 2,317,585 2,464,037

Estimated Funding Ratio 44.4% 51.8% 52.1% 48.1%

Current Threshold Requirement Calculation

End Cash / Inv Balance	907,829	1,129,328	1,207,916	1,183,989
Add Annual Assessment Amount	109,522	122,784	136,730	151,375
Add Additional Year of Earnings @ 5% (return used by actuaries)	45,391	56,466	60,396	59,199
Total Assets for Calculation	1,062,742	1,308,578	1,405,041	1,394,563

Reserve Requirement*	2,045,504	2,178,132	2,317,585	2,464,037
Less IBNR	(197,007)	(203,902)	(211,039)	(218,425)
Total Liabilities for Calculation	1,848,498	1,974,230	2,106,546	2,245,613

Excess of Assets over Liabilities (785,755) (665,651) (701,505) (851,049)

Actual reserve increase 126,374 132,628 139,453 146,453

5% of the expected reserve increase 6,319 6,631 6,973 7,323

10% of the expected reserve increase 12,637 13,263 13,945 14,645

Increase to use 12,637 13,263 13,945 14,645

% increase 13.0% 12.1% 11.4% 10.7%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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5% and 10% Annual Increases with S&P 500 - page 3 of 5

Projected SFY End	2033	2034	2035	2036
Beg Cash / Inv Balance*	1,183,989	833,505	1,087,412	1,429,268
Cash In	166,640	182,571	199,220	216,602
Cash Out	(113,238)	(120,349)	(127,509)	(135,263)
Net (Use of Cash) / Incr Investment	53,402	62,222	71,711	81,339
End Cash / Inv Balance b4 Change in Market Value	1,237,391	895,726	1,159,123	1,510,607
Avg Cash / Inv Balance b4 Change in Market Value	1,210,690	864,616	1,123,267	1,469,938
Estimated Annual Market Value Change %	-33.36%	22.17%	24.05%	5.45%
Estimated Annual Market Value Change \$	(403,886)	191,685	270,146	80,112
End Cash / Inv Balance	833,505	1,087,412	1,429,268	1,590,719

Fiscal Year End Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
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Estimated Funding Ratio	31.9%	39.2%	48.6%	51.0%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	833,505	1,087,412	1,429,268	1,590,719
Add Annual Assessment Amount	166,640	182,571	199,220	216,602
Add Additional Year of Earnings @ 5% (return used by actuaries)	41,675	54,371	71,463	79,536
Total Assets for Calculation	1,041,820	1,324,353	1,699,951	1,886,857

Reserve Requirement*	2,616,686	2,775,996	2,942,484	3,116,308
Less IBNR	(226,069)	(233,981)	(242,170)	(250,646)
Total Liabilities for Calculation	2,390,617	2,542,015	2,700,314	2,865,662

Excess of Assets over Liabilities	(1,348,797)	(1,217,662)	(1,000,363)	(978,805)
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Actual reserve increase	152,649	159,310	166,489	173,824
5% of the expected reserve increase	7,632	7,965	8,324	8,691
10% of the expected reserve increase	15,265	15,931	16,649	17,382
Increase to use	15,265	15,931	16,649	17,382
% increase	10.1%	9.6%	9.1%	8.7%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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5% and 10% Annual Increases with S&P 500 - page 4 of 5

Projected SFY End	2037	2038	2039	2040
Beg Cash / Inv Balance*	1,590,719	1,906,893	2,530,216	3,396,202
Cash In	234,720	253,624	273,357	293,960
Cash Out	(143,691)	(152,200)	(161,040)	(170,157)
Net (Use of Cash) / Incr Investment	91,029	101,425	112,317	123,803
End Cash / Inv Balance b4 Change in Market Value	1,681,748	2,008,318	2,642,532	3,520,004
Avg Cash / Inv Balance b4 Change in Market Value	1,636,233	1,957,606	2,586,374	3,458,103
Estimated Annual Market Value Change %	13.76%	26.66%	29.14%	13.06%
Estimated Annual Market Value Change \$	225,146	521,898	753,669	451,628
End Cash / Inv Balance	1,906,893	2,530,216	3,396,202	3,971,632

Fiscal Year End Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
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Estimated Funding Ratio	57.8%	72.6%	92.2%	102.1%
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Current Threshold Requirement Calculation

End Cash / Inv Balance	1,906,893	2,530,216	3,396,202	3,971,632
Add Annual Assessment Amount	234,720	253,624	273,357	293,960
Add Additional Year of Earnings @ 5% (return used by actuaries)	95,345	126,511	169,810	198,582
Total Assets for Calculation	2,236,958	2,910,351	3,839,368	4,464,174

Reserve Requirement*	3,297,487	3,486,532	3,683,854	3,889,885
Less IBNR	(259,419)	(268,498)	(277,896)	(287,622)
Total Liabilities for Calculation	3,038,068	3,218,034	3,405,959	3,602,263

Excess of Assets over Liabilities	(801,110)	(307,683)	433,410	861,911
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Actual reserve increase	181,179	189,046	197,322	206,031
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5% of the expected reserve increase	9,059	9,452	9,866	10,302
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10% of the expected reserve increase	18,118	18,905	19,732	20,603
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Increase to use	18,118	18,905	19,732	20,603
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% increase	8.4%	8.1%	7.8%	7.5%
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* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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5% and 10% Annual Increases with S&P 500 - page 5 of 5

Projected SFY End	2041	2042	2043
Beg Cash / Inv Balance*	3,971,632	4,715,741	5,157,633
Cash In	293,960	293,960	293,960
Cash Out	(179,558)	(189,635)	(200,158)
Net (Use of Cash) / Incr Investment	114,402	104,325	93,802
End Cash / Inv Balance b4 Change in Market Value	4,086,034	4,820,066	5,251,435
Avg Cash / Inv Balance b4 Change in Market Value	4,028,833	4,767,903	5,204,534
Estimated Annual Market Value Change %	15.63%	7.08%	0.15%
Estimated Annual Market Value Change \$	629,707	337,568	7,807
End Cash / Inv Balance	4,715,741	5,157,633	5,259,242

Fiscal Year End Reserve Requirement* 4,105,080 4,329,700 4,564,138

Estimated Funding Ratio 114.9% 119.1% 115.2%

Current Threshold Requirement Calculation

End Cash / Inv Balance	4,715,741	5,157,633	5,259,242
Add Annual Assessment Amount	293,960	293,960	293,960
Add Additional Year of Earnings @ 5% (return used by actuaries)	235,787	257,882	262,962
Total Assets for Calculation	5,245,487	5,709,474	5,816,164

Reserve Requirement*	4,105,080	4,329,700	4,564,138
Less IBNR	(297,689)	(308,108)	(318,892)
Total Liabilities for Calculation	3,807,391	4,021,592	4,245,247

Excess of Assets over Liabilities 1,438,096 1,687,883 1,570,917

Actual reserve increase	215,196	224,620	
5% of the expected reserve increase	10,760	11,231	11,231
10% of the expected reserve increase	21,520	22,462	22,462
Increase to use	-	-	-
% increase	0.0%	0.0%	0.0%

* Net of \$34 million owed to the Medicaid program as of 6/30/2024 for expenses from 8/31/2021 to 6/30/2024

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