

PROPOSED RATE CHANGES FOR JANUARY 2010
LOUISIANA PATIENT'S COMPENSATION FUND
PCF 2009

On October 1, 2009, the Patient's Compensation Fund Oversight Board voted to recommend rate increases effective 1/1/10 in order that the unfunded accrued liability be reduced. This proposed rate increases have been submitted to the Department of Insurance for review and final approval.

As a result of the proposed changes, the overall rate increase will be 2.8% and the written premium change for this overall increase is approximately \$4,800,000. The overall deficit reduction load is 17.7% and results in approximately \$31,400,000 of collected surcharges going towards the reduction of the accrued liability. The estimated amount of the unfunded liability is currently about \$350,000,000.

Specific changes and number of HCPs involved are as follows:

Physicians All Classes (8055) - increase of 2.0%

All others – (6407) - increase of 2.0% - including but not limited to:

CRNAs, Registered Nurse Practitioners & Midwives
Registered Nurse Physician Assistants & Surgical Assistants
Dentists & Oral Surgeons, Home Health Agencies, Hospice Providers,
Ambulance Services
Chiropractors, Psychologists, Pharmacists

Hospitals (209) - increase of 5%

Nursing Homes (275) - increase of 5%

Dialysis Centers & Blood Centers (13) – increase of 5%

Surgery Centers (49) – increase of 5%

The approximate premium dollar impact for enrollments renewing in 2010 is an increase of \$4,800,000 for that calendar year. There are currently about 15,008 providers enrolled in the LPCF.

For the last six years, the actuarial calculations and rate increases have included a 5% deficit reduction load to address the unfunded liability. Last year the PCFOB incorporated a deficit reduction load of 18.8% for hospitals and nursing homes and 19.7% for physicians and other health care providers. This year, the overall deficit reduction load is 17.7%. The LPCF continues efforts to decrease the unfunded liability level, while also trying to limit the financial impact of rate increases on health care providers. This rate increase is necessary to ensure the future solvency and creditability of the Fund. The LPCF Oversight Board has an ultimate goal of being 100% funded, but will take time. This rate increase will enable the LPCF to continue to take appropriate steps to reduce the unfunded liability.