Informational Paper **86**

Injured Patients and Families Compensation Fund

Wisconsin Legislative Fiscal Bureau
January, 2011

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Prepared by

Sam Austin

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703

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The Injured Patients and Families Compensation Fund ("the fund") provides secondary medical malpractice insurance to Wisconsin health care providers. Injured patients or their families whose malpractice claims exceed the provider's primary coverage may be compensated by the fund. Created in 1975, the fund is codified under Chapter 655 of the Wisconsin Statutes, and Insurance Administrative Rule 17.

State statutes require most physicians practicing full-time in Wisconsin to participate in the fund. All fund participants must have primary medical malpractice insurance coverage at least equal to the minimum set by law. The fund provides participating providers with unlimited medical malpractice insurance for claims in excess of this primary layer of coverage. Assessments paid by participating providers finance the fund's operation, and payment of claims.

This paper provides an overview of the fund's management, participation, provider fees, and the process by which patients make claims against the fund. Finally, the paper provides information about the fund's finances, including a discussion of the transfer from the fund under the 2007-09 biennial budget, and the subsequent Wisconsin Supreme Court reversal of that transfer.

Management of the Fund

A 13-member Board of Governors ("the Board") manages the fund, and is comprised of the following representatives:

- The Commissioner of Insurance (or his or her delegate) who serves as Chairperson of the Board;
- Three representatives of the insurance industry appointed by the Commissioner of Insurance;
- One person named by the State Bar Association, and one person named by the Wisconsin Association for Justice (formerly the Wisconsin Academy of Trial Lawyers);
- Two people named by the Wisconsin Medical Society, and one person named by the Wisconsin Hospital Association; and
- Four members of the public appointed by the Governor, at least two of whom are not lawyers, doctors, or professionally associated with any hospital or insurance company.

The Board's duties include approving the annual provider fee schedule and contracting for services provided to the fund, such as actuarial services. The Board receives support from staff in the Office of the Commissioner of Insurance (OCI), various Board committees, and outside entities. By March 1 of each year, the Board must present fund members and the standing committees on insurance in each house of the Legislature with a summary of fund activities in the previous calendar year. The State of Wisconsin Investment Board manages the fund's investments.

Participation in the Fund

Certain Wisconsin health care providers must participate in the fund, some providers have the option of participating, and some are exempted from participation. In order to participate, the provider must hold a primary layer of medical malpractice coverage, and pay an annual fee to the fund.

Participating Providers. Statutes require certain health care providers to participate in the fund. In general, physicians, certified registered nurse anesthetists (CRNAs), hospitals, corporations, and other organizations based in Wisconsin must participate in the fund. Statutes also designate groups of health care providers who have the option of participating in the fund, or are exempt from participation. Most of the health care providers who have the option of participating in the fund are either part-time practitioners or providers not based in Wisconsin. Appendix I lists the types of providers for whom participation in the fund is mandatory, optional, or not required.

For participating providers, the fund's excess medical malpractice insurance covers not only the health care provider, but also their employees acting within the scope of their employment while providing health care services, with some exceptions. For exempted providers, the exemptions apply only to professional activities covered by the exemption, and not to activities performed outside the scope of that employment. Fund participation is required for all non-exempt activities that meet the mandatory participation criteria. In such cases, the fund's coverage applies only to malpractice claims arising from the provider's non-exempt activities.

Table 1 summarizes the number of health care providers who were actively participating in the fund, and Wisconsin providers who were exempted from participation, at the end of 2009. The number of health care providers participating in the fund has steadily increased over the past decade, growing from 11,485 participants in 1996, to 15,138 participants in 2009. At the end of 2009, 9,735 health care providers were exempted from participating in the fund. Most of those exemptions arose either because the provider did not practice mainly in Wisconsin, or because the provider practiced less than 240 hours during the fiscal year.

Primary Medical Malpractice Insurance. To benefit from the fund's excess medical malpractice insurance, providers must maintain the statutorily required minimum level of primary medical malpractice insurance. Currently, those minimum coverage amounts are $1 million per occurrence or claim and $3 million for all occurrences or claims in any policy or reporting year. If the provider's primary coverage exceeds the statutory minimum, the fund's excess coverage triggers when the provider's primary layer of coverage is exhausted.

Administrative rules adopted by the Commissioner of Insurance specify that an insurance policy must contain certain provisions to satisfy a provider's insurance obligations under Chapter 655. A provider can satisfy the primary insurance requirement by purchasing coverage from an insurer licensed to do business in Wisconsin, or by qualifying as a self-insurer. While most providers buy

Table 1: Participating and Exempted Providers, as of December 31, 2009

Participating Providers			Exempted Providers		
Provider Category	Number	% of Total Participants	Basis for Exemption	Number	% of Total Exemptions
Physicians	12,952	85.6%	Practicing less than 240 hours	2,473	25.4%
Corporations	1,308	8.6	Practicing Outside of Wisconsin	2,415	24.8
Certified Registered Nurse Anesthetists	625	4.1	Not Yet Practicing or Never Practiced	1,528	15.7
Hospitals	129	0.9	State, County or Municipal Employees	1,417	14.6
Ambulatory Surgery Centers	45	0.3	Retired Providers	1,207	12.4
Partnerships	34	0.2	Federal Employees	505	5.2
Hospital-affiliated Nursing Homes	25	0.2	Temporarily Ceased Practice	190	2.0
Hospital-owned or -controlled Entities	19	0.1			
Cooperatives	1	<0.1			
Total	15,138	100%	Total	9,735	100%

primary coverage from a private insurer, some purchase coverage from the Wisconsin health care liability plan, a separately-licensed health care liability insurer created by statute and governed by the fund's Board of Governors. As of June 30, 2010, the plan provided primary medical malpractice coverage to 340 providers.

While state law allows health care providers to obtain either occurrence coverage or claims-made coverage to satisfy their statutory obligations, the fund itself provides occurrence coverage. That means the fund offers excess medical malpractice insurance coverage for incidents of medical malpractice that occur during a year in which the participating health care provider has coverage under the fund, regardless of when the patient or family makes the a claim.

Annual Fee. Health care providers must pay an annual assessment to participate in the fund. The Board of Governors sets the assessment amount, and the Commissioner of Insurance promulgates the associated administrative rule (under Insurance Chapter 17.28(6)). The base fee amount is based on factors such as the risk level of a participating physician's area of practice, and the past and prospective loss experience of the fund. Pinnacle Actuarial Resources Inc., the fund's actuary, analyzes the fund's estimated liabilities and financial position to help determine the assessment amounts.

The fund's fee schedule establishes four physician payment classes grouped by types of practice that are similar in their degree of exposure to loss. For example, family or general practitioners are in Class 1, while OB/GYN surgeons are in Class 4. Chapter 655 states that no more than four payment categories can exist based on the amount of surgery performed and the risk of services provided by the physician. Within these four payment classes, fees vary based on factors such as the number of hours the physician practices during the fiscal year, and primary place of residence.

The Board also sets fees for participating organizations, based on the size of the organization and the types of health care professionals it employs. A participating corporation is subject to a base assessment plus per-provider fees for each health care provider employed.

Appendix II identifies the major annual fees for fiscal year 2010-11. Table 2 shows fees for physicians and CRNAs for whom Wisconsin was a principal place of practice, for fiscal years 2000-01 through 2010-11.

Table 2: Fees for Physicians/Surgeons and CRNAs, FY 2000-01 to FY 2010-11

	Physicians/Surgeons				
Year	Class 1	Class 2	Class 3	Class 4	CRNAs
2000-01	$1,898	$3,606	$7,877	$11,388	$475
2001-02	1,538	2,769	6,384	9,231	378
2002-03	1,461	2,630	6,063	8,766	359
2003-04	1,534	2,761	6,366	9,204	377
2004-05	1,227	2,209	5,092	7,362	302
2005-06	859	1,546	3,565	5,154	211
2006-07	1,074	1,933	4,457	6,444	264
2007-08	1,128	2,030	4,681	6,768	277
2008-09	1,128	2,030	4,681	6,768	277
2009-10	1,240	2,231	5,144	7,438	304
2010-11	1,347	2,423	5,387	8,888	330

In addition to these base fees, the provider's medical malpractice loss and expense experience may affect the provider's assessment level. Statutes require every insurer that writes medical malpractice insurance in Wisconsin and every self-insurer to report to the fund all claims paid for damages from the rendering of health care services. The Board of Governors, along with a board-appointed five-member peer review council, reviews those claims to determine if a surcharge should be added to that provider's annual fund assessment. Two providers have been assessed a surcharge under these provisions since the peer review council was established in 1986, through December 31, 2009.

Claims Procedure

Chapter 655 establishes the process individuals must follow to assert medical malpractice claims in Wisconsin, including claims against the fund. These provisions apply to any patient, or a patient's representative, spouse, parent, minor sibling or child who has a derivative claim for injury or death on account of medical malpractice.

From July 1, 1975, through December 31, 2009, 5,657 claims were filed in which the fund was named a party. Of that total, the fund paid 665 claims totaling approximately $772 million. Of the remaining claims, 4,800 were closed with no indemnity payment.

Mediation Process. Before seeking damages for medical malpractice through court action, claimants may participate in the mediation system created in Chapter 655. The legislative intent behind this mediation process is to provide an informal, inexpensive, and expedient means for resolving disputes without litigation. While Chapter 655 initially established mediation as mandatory, subsequent court cases have ruled that the mediation process be voluntary.

To initiate mediation, the claimant submits a written request for mediation to the Director of State Courts identifying the claimant and patient, and the allegedly negligent health care provider. The mediation request must also describe the condition or disease that was treated and the injury allegedly caused by provider negligence. The Director of State Courts sends a copy of the mediation request to all health care providers identified in the request, and to the fund. The Director of State Courts then appoints a three-person mediation panel comprised of a health care provider, a lawyer, and a member of the public who is neither a health care provider nor a lawyer, to hear the dispute. The mediation period generally expires 90 days after the Director of State Courts receives the request for mediation if the request is delivered in person, unless the parties agree to extend these periods.

The mediation process is designed to be relatively informal and inexpensive, and is conducted without a stenographic record, other transcript, or the administration of any oaths. Statutes also prohibit the order of physical examinations, the production of records, the subpoena of witnesses, and the use of expert witnesses, opinions or reports. However, mediation participants must provide to each other and to the mediation panel all patient health records of the claimant. The statute also allows participants, including the fund, to be represented by a lawyer.

Legal Representation. Chapter 655 generally limits the contingency fees a claimant's legal counsel can collect to a maximum of one-third of the first $1 million recovered. If liability is found within 180 days after the filing of the original complaint and at least 60 days before the first day of trial, the fee cannot exceed 25% of the first $1 million recovered. The contingency fee on any portion of a recovery that exceeds $1 million is limited to 20%. A court may approve contingency fees in excess of these amounts under exceptional circumstances. In addition, an attorney can charge the client on an hourly or per diem basis, in which case the fees are not subject to these limitations.

The fund retains and pays for its own legal counsel to appear and actively defend the fund on each claim.

Court Actions. A person filing a malpractice claim can recover from the fund only if the allegedly negligent health care provider has coverage under the fund, the fund is named as a party in the court action, and the action against the fund commences within the same time limitation in which the action against the provider must commence.

Damages Available to the Plaintiff. Plaintiffs in medical malpractice cases often seek both eco-

nomic and non-economic damages. Economic damages can include past and future medical costs and lost income. Chapter 655 does not place any explicit limits on the amount of economic damages plaintiffs can recover in a medical malpractice case. As a result, there is no statutory limit to the liability the fund may incur for economic damages if a participating health care provider commits medical malpractice.

Chapter 655 defines noneconomic damages as compensation for pain and suffering, humiliation, embarrassment, worry, mental distress, loss of consortium, society and companionship, or loss of love and affection. Non-economic effects of disability include the loss of enjoyment of the normal activities, benefits and pleasures of life and the loss of mental or physical health, well-being, or bodily functions.

Prior to 2005, Wisconsin law limited the recovery of non-economic damages for certain types of claims in medical malpractice cases to $350,000, adjusted annually for inflation. In 2005 the Wisconsin Supreme Court struck down that limit in Ferdon v. Wisconsin Patients Compensation Fund, holding that it violated the equal protection guarantees of the Wisconsin Constitution. Wisconsin law also limits non-economic damages for wrongful death claims in cases of medical malpractice. Those limits of $500,000 per occurrence in the case of a deceased minor and $350,000 per occurrence in the case of a deceased adult were not addressed in Ferdon and remain in effect.

In response to the Ferdon decision, the Legislature raised the limit on noneconomic damages for medical malpractice claims to $750,000 for occurrences on or after April 6, 2006. As a result, this limit applies to noneconomic damages for medical malpractice claims arising from occurrences after April 6, 2006, but no limit applies to the recovery of such damages for claims arising from occurrences prior to that date.

Chapter 655 also defines the manner and timing in which certain claimants receive money from the fund. First, if a settlement or judgment provides for more than $100,000 in future medical expenses, the portion of such damages in excess of $100,000 is paid into the fund and disbursed for those expenses until the money is exhausted or the patient dies. Second, if a settlement or judgment causes the fund to incur liability for future payments in excess of $1 million to any person under a single claim, the fund pays the full medical expenses each year, plus an amount not to exceed $500,000 per year that will pay the remaining liability over the person's anticipated lifetime, or until the liability is paid in full.

Transfers from the Fund

In the 2007-2009 biennial budget bill, Governor Jim Doyle proposed a transfer from the fund to a health care quality fund (HCQF), a provision that the Assembly deleted. However, the Conference Committee on the budget restored the provision, but allocated the transfer of funds to the Medical Assistance (MA) trust fund and deleted provisions in the bill that would have created the HCQF. These provisions were included in the final 2007-09 biennial budget act (2007 Wisconsin Act 20). The transfer totaled $200 million over the biennium ($71,500,000 in 2007-08, and $128,500,000 in 2008-09). Act 20 also established a sum sufficient GPR appropriation, limited to $100 million, to fund any claim that the fund must pay but has insufficient monies for the payment.

In October, 2007, the Wisconsin Medical Society (WMS) filed suit in Dane County Circuit Court, challenging the legality of this transfer. WMS asserted that the transfer constituted an "unconstitutional taking without just compensation" from health care providers and injured patients and families, represented an unconstitutional impairment of contract, violated equal protection under the law, violated statute, deprived constitutional

rights outside the authority of state law, and was an invalid tax.

The Circuit Court dismissed the WMS lawsuit in December, 2008, finding that the transfer from the fund was legal. All of the claims made by WMS with the exception of the unconstitutional takings claim were found to be barred by the doctrine of sovereign immunity, which prevents the state from being sued in certain circumstances. The judge also dismissed the unconstitutional takings claim on the basis that the plaintiffs did not have a "protectable property interest in the Fund," even though the doctrine of sovereign immunity did not apply to that claim.

In March, 2009, WMS appealed the Circuit Court decision, and the Wisconsin Supreme Court accepted the appeal for consideration. On July 20, 2010, the Supreme Court reversed the Circuit Court ruling by a vote of 5 to 2. In the majority opinion, the Court ruled that participating health care providers have a protected property interest in the fund, and that the Act 20 transfer was an unconstitutional taking of private property without just compensation.

The Court ordered that the state replace the $200 million removed from the fund, as well as lost earnings and interest charged to the fund. Additionally, the Court issued a permanent injunction prohibiting the transfer of money out of the fund under the provisions of Act 20. The case was sent back to the Circuit Court to determine the final interest and lost earnings amount. As of the writing of this paper, the lost earnings, interest amount, and the timetable for repayment have not yet been finalized.

Financial Operations

This section reviews the fund's recent financial operations and financial position. The financial statements provided in the appendices are the statement of net equity, showing the fund's assets and liabilities at the end of a given fiscal year, and the statement of revenues and expenses, showing the total income or loss over the course of a given fiscal year. Additional information and explanatory notes regarding these statements are available in the Wisconsin Legislative Audit Bureau (LAB) audit of the fund and the fund's annual Functional and Progress Report. (Citations of these reports are listed at the conclusion of this paper.)

The annual statement of net equity estimates the fund's total assets, total liabilities, and total net equity as of the end of each fiscal year. Appendix III provides full statements of net equity as of June 30 for fiscal years 2007-08, 2008-09 and 2009-10, and Table 3 summarizes the fund's statement of net equity at the end of 2009-10. As of June 30, 2010, the fund reported total assets of $855.1 million and total liabilities of $722.3 million, resulting in a surplus of $132.8 million. Most of the fund's assets are invested in fixed-income securities, with a substantially smaller percentage invested in equities (limited to 20% of the total portfolio).

Table 3: Statement of Net Equity as of June 30, 2010

Assets	
Total Current Assets	$61,244,700
Total Non-Current Assets*	793,880,800
Total Assets	*$855,125,500*
Liabilities:	
Total Current Liabilities	$87,506,100
Total Non-Current Liabilities	634,816,600
Total Liabilities	*$722,322,700*
Total Net Equity	*$132,802,800*

* Includes approximately $202.6 million due from the MA Trust Fund, as described in the text.

The statement of net equity includes liabilities incurred by the fund that do not result in indemnity losses until some time in the future. In any

given year, the fund makes payments to injured patients and families who have filed successful claims against the fund. However, in that same year incidents of medical malpractice occur that will not result in losses to the fund until the malpractice is discovered, a claim is filed, and the case is resolved. These are called losses incurred but not reported (IBNR), and are the largest source of liabilities for the fund. The majority of the total liabilities stated in the statement of net equity reflect an actuarial estimate of these IBNR liabilities.

Estimating the fund's total liabilities is an important function, both for financial reporting purposes, and for establishing the level of annual assessments. Accurately estimating IBNR liabilities is difficult. The fund's estimated liabilities are continually reviewed and adjusted based on a number of factors such as the fund's evolving loss experience, changes in interest rates, and other economic and legal changes.

The current statement of net equity for 2009-10 includes an estimated $202,587,765 in moneys due from the MA trust fund as a result of the Supreme Court decision. This reflects the original $200 million transfer, and $2,585,765 in interest payments that the fund paid on negative balances in its portion of the state investment fund. This does not reflect the final amount to be credited to the fund, as the final decision on the total amount -- including lost earnings -- has yet to be determined.

The fund's primary sources of income include the assessments collected from fund participants and the investment income earned on assets held by the fund. The fund's main expenses are underwriting and administrative expenses. Appendix IV provides a statement of revenues, expenses and change in net assets for fiscal years 2007-08, 2008-09 and 2009-10. The transfers to the MA trust fund in the 2007-09 biennium, and the amount due to the fund after the reversal of these transfers are shown in these statements.

Additional Information

Additional information on the fund's operation and financial status can be found through the following sources.

Injured Patients and Families Compensation Fund Website, Office of the Commissioner of Insurance:
www.oci.wi.gov/pcf.htm

2009 Functional and Progress Report:
www.oci.wi.gov/pcf/progrpt2009.pdf

Wisconsin Legislative Audit Bureau, 2010 Audit Report:
www.legis.wisconsin.gov/lab/reports/10-4full.pdf

APPENDIX I

Mandatory, Optional, and Exempted Participation in the Fund

Providers That Are Required to Participate in the Fund

A physician or certified registered nurse anesthetist (CRNA) whose principal place of practice is Wisconsin, and who practices in Wisconsin for more than 240 hours in a fiscal year.

A physician or CRNA whose principal place of practice is Michigan, and who meets all the following criteria: (a) is a Wisconsin resident; (b) practices in Wisconsin, Michigan, or both for at least a combined 240 hours; and (c) performs most of his or her procedures in a Michigan hospital that is an affiliate of a Wisconsin corporation.

A corporation or other organization operated in Wisconsin for the primary purpose of providing the medical services of physicians or CRNAs.

A partnership of physicians or CRNAs organized and operated in Wisconsin for the primary purpose of providing the medical services of physicians or CRNAs.

A hospital that operates in Wisconsin.

A hospital-affiliated entity that operates in Wisconsin and that diagnoses, treats or cares for patients of the hospital.

An ambulatory surgery center that operates in Wisconsin.

A nursing home whose operations are combined with a hospital, whether or not the nursing home is physically separate from the hospital.

Providers That Have the Option of Participating in the Fund

A physician or CRNA whose principal place of practice is Wisconsin, but who practices for less than 241 hours in a fiscal year.

A physician or CRNA whose principal place of practice is not Wisconsin (except as provided for certain providers whose principal place of practice is Michigan). Only activities performed in this state are covered by the fund.

A graduate medical education program that operates in Wisconsin.

Providers that Are Exempt from Participating in the Fund

A physician or CRNA employed by the state, county, municipal, or federal government, or contractor covered under the federal tort claims act, who is acting within the scope of his or her employment or contractual duties.

A physician or a CRNA who provides professional health care services under the state's volunteer health care provider program, with respect to those professional services for which the provider covered by s. 165.25 of the statutes (regarding legal defense by the Attorney General) and considered an agent of the Department of Health Services.

A facility such as a county hospital, juvenile correctional facility, county home and infirmary, or public health dispensary that is exempt from certain hospital regulations under s. 50.39(3) of the statutes, or operated by any governmental agency.

APPENDIX II

Selected Provider Fees, Fiscal Year 2010-11*

Provider Fees

	Class 1	Class 2	Class 3	Class 4
Physician / Surgeon	$1,347	$2,423	$5,387	$8,888
Resident Physician / Surgeon	673	1,211	2,693	4,444
Full-time Faculty, Medical College of Wisconsin	542	969	2,168	3,577
Out-of-state Physician / Surgeon	673	1,211	2,693	4,444
Half-time Physician / Surgeon	808	1,455	3,232	5,333

Resident Practicing Outside Scope of Residency ("Moonlighter")	$808
Retired or Part-time Physician / Surgeon	337
Nurse Anesthetist	330
Out-of-state Nurse Anesthetist	165

Facility/Organization Fees

Partnership / Corporation Size	Flat Fee
2 to 10 Partners, Physicians and Nurse Anesthetists	$47
11 to 100 Partners, Physicians and Nurse Anesthetists	465
Over 100 Partners, Physicians and Nurse Anesthetists	1,157

Fee Per Employed Professional, Charged to a Facility/Organization (in addition to Flat Fee)

Surgical Podiatrist	$5,722
Advanced Nurse Midwife	3,096
Nurse Midwife	2,963
Oral Surgeon	2,020
Chiropractor	539
Advanced Nurse Practitioner	471
Advanced Practice Nurse Prescriber	471
Nurse Practitioner	337
Dentist	269
Optometrist	269
Physician Assistant	269

* See Insurance Chapter 17 of the Wisconsin Administrative Code for a complete fee schedule.

APPENDIX III

Statement of Net Equity*
As of June 30, Fiscal Years 2007-08, 2008-09, and 2009-10

Assets

	2007-08	2008-09	2009-10
Current Assets			
Cash	$0	$0	$88,481
State Investment Fund (SIF) Shares	0	0	18,267,861
SIF Shares Interest Receivable	0	0	8,908
Short-term Investments	$74,473,775	$65,930,462	35,682,131
Investment Income Receivable	9,792,789	9,208,849	7,146,038
Assessments Receivable	82,444	76,117	4,550
Other Receivables	29,465	22,757	35,993
Supplies and Other Current Assets	8,026	9,390	10,790
Total Current Assets	*$84,386,499*	*$75,247,575*	*$61,244,752*
Noncurrent Assets			
Long-term Investments	$686,685,486	$569,901,068	$555,906,309
Estimate of Amount Due From MA Trust Fund**	0	0	202,587,765
Restricted Assets -- Future Medical Expenses	0	0	35,059,139
Software (in use and in progress)	0	0	327,561
Total Noncurrent Assets	*$686,685,486*	*$569,901,068*	*$793,880,774*
Total Assets	*$771,071,985*	*$645,148,643*	*$855,125,526*

Liabilities

Current Liabilities			
Loss Liabilities	$108,676,661	$84,275,655	$86,334,986
Due to the SIF	35,337,940	76,831,399	0
Advance Assessments	3,591	1,385,595	718,971
Provider Refunds Payable	227,436	325,167	370,658
General / Administrative Expenses Payable	470,344	94,241	80,639
Medical Mediation Fees Payable	4,128	19,431	159
Compensated Employee Absences	9,876	10,888	690
Total Current Liabilities	*$144,729,976*	*$162,942,376*	*$87,506,103*
Noncurrent Liabilities			
Losses Incurred But Not Reported	$738,591,094	$629,545,860	$655,652,804
Losses Reported	49,633,822	33,040,212	56,028,392
Loss Adjustment Expense	164,922,511	124,896,628	124,918,894
Estimated Loss Liabilities	953,147,427	787,482,700	836,600,090
Amount Representing Interest	-181,098,011	-148,046,748	-150,588,016
Discounted Loss Liabilities	772,049,416	639,435,952	686,012,074
Future Medical Expense Liabilities	23,415,191	34,970,448	35,059,139
Primary Insurer Contributions Held	1,000,000	1,000,000	0
Total Loss Liabilities	*$796,464,607*	*$675,406,400*	*$721,071,213*
Current Portion	-108,676,661	-84,275,655	-86,334,986
Total Noncurrent Loss Liabilities	*$687,787,946*	*$591,130,745*	*$634,736,227*
Compensated Absence and Retirement Liabilities	43,723	57,616	80,352
Total Noncurrent Liabilities	*$687,831,669*	*$591,188,361*	*$634,816,579*
Total Liabilities	*$832,561,645*	*$754,130,737*	*$722,322,682*
Total Net Assets (Assets minus Liabilities)	**-$61,489,660**	**-$108,982,094**	**$132,802,844**

* From LAB Audit Reports, and financial information provided by fund staff. See LAB Audits or Functional and Progress Reports for additional information and notes on these asset and liability categories.

** "Estimate of Amount due from the MA Trust Fund" represents the $200 million transfer overturned by the Wisconsin Supreme Court, and the amount of interest paid to the SIF. The final repayment amount has yet to be determined.

APPENDIX IV

Revenues, Expenses and Change in Net Assets
Fiscal Years 2007-08, 2008-09, and 2009-10

Operating Revenues/Expenses

	2007-08	2008-09	2009-10
Operating Revenues			
Assessments	$25,442,565	$26,184,712	$29,627,550
Assessment Interest	204,748	130,247	51,350
Assessment Administrative Fee	43,119	36,050	34,691
Total Operating Revenues	*$25,690,432*	*$26,351,009*	*$29,713,591*
Operating Expenses			
Net Losses	$34,038,634	$53,048,161	$3,879,618
Loss Adjustment Expenses (LAE)	5,710,751	5,362,789	4,585,068
Risk Management Expenses	85,911	104,541	90,072
Medical Expenses Paid	426,543	1,426,762	2,472,169
Change in Liability for Losses Incurred but not Reported	24,627,870	-109,045,234	26,106,944
Change in Liability for Reported Losses	514,671	-16,593,610	22,988,180
Change in Liability for LAE	8,133,612	-40,025,883	22,266
Change in Amount Representing Interest	45,701,638	33,051,263	-2,541,269
Change in Liability for Future Medical Expenses	16,488,121	11,555,257	88,691
Total Underwriting Expenses	135,727,751	-61,115,954	57,691,739
General, Administrative and Other Expenses	1,189,940	1,216,520	745,320
Total Operating Expenses	*$136,917,691*	*-$59,899,434*	*$58,437,059*
Total Operating Income/Loss	*-$111,227,259*	*$86,250,443*	*-$28,723,468*

Nonoperating Revenues/Expenses

Investment Income	$27,667,671	-$3,545,599	$67,999,399
Interest Expense	-826,331	-1,692,994	-68,440
Miscellaneous Revenue	0	8,756	3,730
Total Nonoperating Income/Loss	*$26,841,340*	*-$5,229,837*	*$67,934,689*
Operating and Nonoperating Income/Loss (Before Transfers)	**-$84,385,919**	**$81,020,606**	**$39,211,221**
Transfer to the MA Trust Fund	-$71,500,000	-$128,500,000	$0
Transfer to the General Fund	-12,266	-13,040	-14,046
Estimate of Amount Due from MA Trust Fund**	0	0	202,587,765
Net Assets -- Beginning of Year	**$94,408,525**	**-$61,489,660**	**-$108,982,094**
Net Assets -- End of Year	**-$61,489,660**	**-$108,982,094**	**$132,802,846**

* From LAB Audit Reports, and financial information provided by fund staff. See LAB Audits or Functional and Progress Reports for additional information and notes on these revenue and expense categories.

** "Estimate of Amount due from the MA Trust Fund" represents the $200 million transfer overturned by the Wisconsin Supreme Court, and the amount of interest paid to the State Investment Fund. The final repayment amount has yet to be determined.