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📎 Details: Legislative Audit Bureau Report 07-3: An Audit: Injured Patients and Families Compensation Fund, Office of the Commissioner of Insurance

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

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STATE OF WISCONSIN

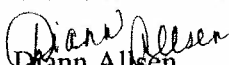
Legislative Audit Bureau

22 E. Mifflin St., Ste. 500
Madison, Wisconsin 53703
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Janice Mueller
State Auditor

DATE: March 21, 2007

TO: Lewis Rosser and Pamela Matthews
Clerks to the Joint Legislative Audit Committee

FROM: 
Diann Allsen
Financial Audit Director

SUBJECT: Report 07-3: An Audit of the Injured Patients and Families Compensation Fund

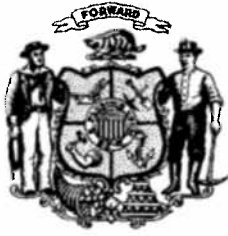
We are required by s. 13.94 (1)(de), Wis. Stats., to perform a financial audit at least once every three years of the Injured Patients and Families Compensation Fund, which insures health care providers in Wisconsin against medical malpractice claims that exceed the primary malpractice insurance levels established in statutes. We are able to provide an unqualified or "clean" auditor's report on the Injured Patients and Families Compensation Fund's financial statements for fiscal years 2003-04, 2004-05, and 2005-06.

The Fund continues to maintain a sound financial position. Its audited financial statements show net assets of \$59.8 million as of June 30, 2006. However, we caution that a proposed transfer of \$175 million included in the Governor's 2007-09 Biennial Budget Proposal would place the Fund in a deficit accounting position. We also note that the Legislature will need to evaluate whether the proposed uses of the transfer meet the purposes of the Fund as set forth in s. 655.27 (6), Wis. Stats., which establishes the Fund as an irrevocable trust for the sole benefit of participating health care providers and proper claimants.

During the past several years, interest groups representing patients and medical malpractice attorneys raised concerns about the conservative nature of the Fund's actuarial estimates. In light of these concerns, our 2001 and 2004 audit reports recommended a comprehensive review of the methods and assumptions used in estimating the liabilities. A review completed by another actuarial firm in July 2005 concluded that the actuarial estimates of the Fund's liabilities were reasonable, although conservative. The firm recommended two changes to the process for estimating the loss liabilities. Another actuarial audit is expected to be completed by the end of 2007.

This audit again reports the problems the Office of the Commissioner of Insurance is experiencing with the Fund's aging computer system, which maintains the accounts of participating health care providers. Staff must manually review and correct errors that are regularly occurring in the system. The condition of the system presents increased risks to the Fund's financial operations. The Governor's 2007-09 Biennial Budget Proposal recommends additional funding of \$600,000 for the development and implementation of a new provider system.

The report will be released on Thursday, March 22nd, at 9:00 a.m. Please let us know if you have any questions.

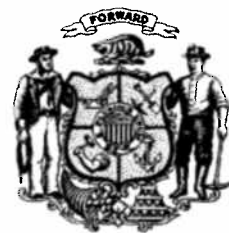


The following document was too large to scan into the committee record. The cover and table of contents, if available, have been scanned for your convenience.

Most large publications have been added to the Dr. H. Rupert Theobald Legislative Library collection. Search the LRB library catalog (LRBCat) (<http://lrbcatalog.legis.wisconsin.gov/>) for availability.

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An Audit

Injured Patients and Families Compensation Fund

Office of the Commissioner of Insurance

2007-2008 Joint Legislative Audit Committee Members

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Julie Lassa
Russell Decker
Alan Lasee
Robert Cowles

Assembly Members:

Suzanne Jeskewitz, Co-chairperson
Samantha Kerkman
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David Cullen
Joe Parisi

LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau. For more information, write the Bureau at 22 E. Mifflin Street, Suite 500, Madison, WI 53703, call (608) 266-2818, or send e-mail to leg.audit.info@legis.wisconsin.gov. Electronic copies of current reports are available on line at www.legis.wisconsin.gov/lab.

State Auditor - Janice Mueller

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December 31, 2006

Response

From the Office of the Commissioner of Insurance



STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
State Auditor

March 22, 2007

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

As required by s. 13.94(1)(de), Wis. Stats., we have completed a financial audit of the Injured Patients and Families Compensation Fund, which insures health care providers in Wisconsin against medical malpractice claims that exceed the primary malpractice insurance thresholds established in statutes. We have provided an unqualified auditor's report on the Fund's financial statements for the fiscal years ending June 30, 2006, 2005, and 2004.

The Fund continues to maintain a sound financial position. Its audited financial statements show net assets of \$59.8 million as of June 30, 2006, the highest year-end balance reported since the Fund's inception. The Governor's 2007-09 Biennial Budget Proposal would transfer \$175.0 million from the Fund to a newly created health care quality fund. Although the Injured Patients and Families Compensation Fund has accumulated cash and investments of \$737.4 million to pay estimated loss liabilities of \$685.0 million as of June 30, 2006, a transfer of \$175.0 million would place it in a deficit accounting position. In addition, 2003 Wisconsin Act 111 established the Fund as an irrevocable trust for the sole benefit of participating health care providers and proper claimants.

The Fund's computerized provider system, which tracks and accounts for its operations, is aging and experiencing errors that require regular manual reviews and adjustments to correct. The condition of the system presents increased risks to the Fund's financial operations. The Governor's 2007-09 Biennial Budget Proposal recommends additional funding of \$600,000 for the development and implementation of a new system.

We appreciate the courtesy and cooperation extended to us by the staff of the Office of the Commissioner of Insurance and the contractors who assist in administering the Injured Patients and Families Compensation Fund program. A response from the Office of the Commissioner of Insurance follows the appendices.

Respectfully submitted,

Janice Mueller
State Auditor

JM/DA/ss

Report Highlights ■

The Fund maintains a sound financial position.

Recent court decisions and legislative action changed limits on noneconomic damages the Fund may be required to pay.

A 2005 actuarial audit concluded the Fund's loss liability estimates were reasonable, although conservative.

An aging computer system that maintains provider accounts is experiencing operational problems.

The Injured Patients and Families Compensation Fund insures participating physicians and other health care providers in Wisconsin against medical malpractice claims that exceed the coverage limits of their primary malpractice insurance. Statutes require most health care providers that operate or have permanent practices in Wisconsin to maintain primary malpractice coverage of \$1 million for each incident and \$3 million per policy year, and to participate in the Fund by paying assessments that help to fund claims.

The Fund has paid more than \$633.6 million in claims from its inception through December 31, 2006. There is no limit to the compensation it will pay on behalf of participating providers for economic damages, such as medical costs and loss of income. Noneconomic damages, which include compensation for suffering, mental distress, and loss of companionship and affections, are limited by statutes.

Statutes require the Legislative Audit Bureau to perform financial audits of the Fund at least once every three years. Our audit report contains our unqualified opinion on the Fund's financial statements and related notes as of and for the years ending June 30, 2006, 2005, and 2004. In light of ongoing interest in the Fund's financial position, we also reviewed changes in provider assessments, annual claims payments, and the Fund's accumulated cash and investments; recent legislation and court decisions affecting the Fund; and the results of an actuarial audit completed in 2005. In addition, we reviewed the condition of the Fund's computer system for maintaining the accounts of participating providers.

Financial Position

Since its creation in 1975, the Fund has typically taken in more provider assessments and investment income than it has paid out in claims and administrative expenses. As a result, it has accumulated \$737.4 million in cash and investments as of June 30, 2006.

However, the Fund's financial position is also significantly affected by its loss liabilities, which are based on estimates of what it may be required to pay for malpractice incidents that have occurred but may not yet have been settled or even reported. Both the uncertainty and the long-term nature of medical malpractice claims make it difficult to predict the size and timing of claims that will be settled and paid from the Fund. The Board of Governors, which manages the Fund, relies on a consulting actuarial firm to estimate the Fund's claims experience and related loss liabilities.

In the past, the Fund had reported accounting deficits because estimated loss liabilities exceeded the cash and investments available to pay them. However, it has maintained a positive accounting balance since June 30, 1999. The net asset balance reported in the audited financial statements for June 30, 2006, is \$59.8 million. That is the highest year-end balance reported by the Fund since its inception.

Table 1

Audited Net Asset Balance¹
As of June 30

Year	Amount (In Millions)
1997	\$(38.4)
1998	(22.2)
1999	8.6
2000	27.2
2001	28.4
2002	6.6
2003	7.9
2004	24.6
2005	31.7
2006	59.8

¹ Represents the Fund's assets less its liabilities.

The Governor's 2007-09 Biennial Budget Proposal includes a one-time transfer of \$175.0 million from the Fund to a newly created health care quality fund. This new fund would support a variety of health care quality improvement activities, including the Governor's E-Health initiative.

However, we caution that such a transfer would place the Fund in a deficit accounting position and may result in future increases in provider assessment rates. The Legislature will also need to evaluate whether the proposed uses of the transfer meet the purposes and uses of the Fund set forth in s. 655.27(6), Wis. Stats., which states that the Fund is "held in irrevocable trust for the sole benefit of health care providers participating in the fund and proper claimants."

Noneconomic Damages

Legislative changes and legal challenges to statutory limits on noneconomic damages have affected the Fund's loss liabilities and provider assessment rates. Legislation enacted in 1985 limited noneconomic damages to \$1 million from June 14, 1986, through December 31, 1990, when that limit expired. In 1995, the Legislature re-established a limit on noneconomic damages for incidents that occurred after May 25, 1995. That limit was initially \$350,000 and was adjusted at least annually to reflect changes in the consumer price index.

The constitutionality of the limits on noneconomic damages has been challenged in many court cases. In July 2005, the Wisconsin Supreme Court ruled that the \$350,000 inflation-adjusted limit was unconstitutional because it violated equal protection guarantees. Subsequently, 2005 Wisconsin Act 183 limited noneconomic damages to \$750,000 for occurrences on or after April 6, 2006. However, as a result of the July 2005 court decision, there are no limits on noneconomic damages for incidents occurring from January 1, 1991, through April 5, 2006. The Fund's consulting actuary has estimated that undiscounted loss liabilities will increase by approximately \$173.0 million for unsettled claims for this period. In response, provider assessment rates have been increased by 25.0 percent for fiscal year (FY) 2006-07.

Actuarial Audit

Estimating the Fund's loss liabilities is challenging because:

- a claim may be filed years after an incident occurs;
- there is no limit on the amount of economic damages the Fund may be required to pay; and
- limits on noneconomic damages have changed in response to changes in legislation and court decisions.

Over the past several years, the Fund's consulting actuary, Milliman, Inc., has regularly reduced past estimates of the Fund's loss liabilities because claims experience has been more favorable than originally expected. Consequently, some interested parties have expressed concerns that Milliman has been overly conservative in estimating the Fund's liabilities. We therefore recommended in 2001, and again in 2004, a comprehensive review of the methods and assumptions used by Milliman in estimating the Fund's loss liabilities. Such actuarial reviews or audits have become fairly common for critical and complex actuarial analyses, such as those completed for the Fund.

In July 2005, another actuarial firm reviewed Milliman's actuarial estimates of the Fund's liabilities and concluded they were reasonable, although conservative. That firm also recommended two changes to the process for estimating the Fund's loss liabilities. The first was for Milliman to develop best estimates and then explicitly specify a risk margin that would be added to address the risk of actual losses being higher than predicted. In the past, Milliman's actuarial estimates had included an implicit risk margin of 33.0 percent that had not been separately identified.

On Milliman's advice, the Board of Governors has approved an explicit risk margin of 5.0 percent. As a result, the Fund's estimated loss liabilities as of June 30, 2006, were approximately \$240.4 million less than they would have been if the 33.0 percent implicit risk margin had again been used in the calculation. The new 5.0 percent risk margin will also make loss liability estimates less conservative in the future.

The actuarial audit also recommended reducing the Fund's investment return assumption, suggesting it be no more than 4.0 percent. However, with the Board of Governors' approval, the Fund's loss liabilities as of June 30, 2006, were estimated using a 5.7 percent return on a market-value basis.

Another actuarial audit is expected to be completed by the end of 2007. If the Governor's proposed transfer of \$175.0 million from the Fund is approved as part of the State's 2007-09 biennial budget, closely monitoring actuarial assumptions will become increasingly important.

Provider System

A continuing challenge for the Fund is the decreasing effectiveness of an aging computer system that maintains the accounts of participating health care providers. The provider system was

developed in the early 1990s to track medical malpractice claims. Since then, it was expanded for billing and maintaining information about health care providers' compliance with primary liability coverage requirements.

The system has not been able to easily accommodate these increasing demands. As a result, errors occur in provider accounts, including incorrect billing and noncompliance notices. Staff have implemented manual procedures to detect system problems but note that other errors may not be detected until providers contact the Fund.

The issues with the provider system have also limited the Fund's ability to ensure that data cannot be viewed or changed by unauthorized users. Staff indicate that making changes to address these concerns could result in system integrity issues or other unintended consequences. The regular occurrence of errors and the control weaknesses noted in the system increase the risk associated with the Fund's operations and, consequently, also require additional audit effort.

In light of the critical nature of the provider system, OCI has taken steps to begin developing a new provider system. The Governor's 2007-09 Biennial Budget Proposal recommends additional funding of \$600,000 over the biennium for the services of two contract programmers, hardware, and software. If the additional funding is not approved, it is not clear when a new system could be implemented.

Recommendations

Our recommendations address the need for the Fund's Board of Governors to:

- require the next actuarial audit to again evaluate the appropriateness of the Fund's loss liability risk margin and investment return assumption, and report on the results in its annual report to the Legislature (*p. 20*).

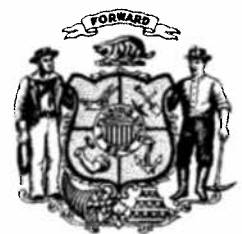
We also include a recommendation for the Office of the Commissioner of Insurance to:

- closely monitor access to and the integrity of the data and processing of the Fund's provider system until a new system has been fully implemented (*p. 22*).

■ ■ ■ ■



WISCONSIN STATE LEGISLATURE





Wisconsin Medical Society

Your Doctor. Your Health.

For Immediate release

March 22, 2007

For Information Contact:

Mark Grapentine, JD

(608) 575-2514

State Study Raises Alarm on Patient Fund Taking

Proposal to Take \$175 million from Fund Raises Accounting, Legality Questions

An audit released today by the respected Legislative Audit Bureau (LAB) casts doubt on the Governor's controversial biennial budget proposal to take \$175 million from the Injured Patients and Families Compensation Fund (IPFCF). According to the nonpartisan LAB, removing such a large amount from the Fund "would place the Fund in a deficit accounting position."

State statutes require an audit of the Fund's financial statements at least every three years.

"Today's audit makes it very clear that simply removing money from the Fund could upset the delicate balance of ensuring enough assets are there to cover all potential losses," said Society President Bradley Manning, Jr., MD. "We urge the Legislature and the Joint Finance Committee to carefully consider the Audit Bureau's excellent work and remove this proposal from the budget."

The audit reports that the Fund holds \$737.4 million in cash and investments to help offset \$685 million in estimated liabilities, although the audit cautions that those liabilities are difficult to predict and could be much higher.

"Both the uncertainty and the long-term nature of medical malpractice claims make it difficult to predict the size and timing of claims that will be settled and paid from the Fund," says the LAB. Estimating the potential losses is "challenging," the LAB continues, due to lag time in claims making their way through the legal system, the unlimited nature of paying economic damages and uncertainty regarding the state's current \$750,000 cap on noneconomic damages.

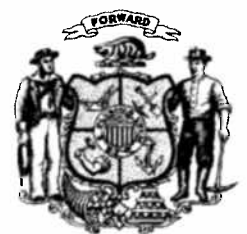
"It's very difficult to predict how much the Fund will pay to patients each year," said Manning. "The audit makes it very clear that the Fund should be allowed to continue the work it has done the past 30 years to ensure that patients get every penny they deserve."

The Fund, established in 1975, ensures monies are available to support patients injured due to a negligent medical act. Fund payments cover medical bills, replace lost income and make injured patients economically whole. No taxpayer dollars are in the Fund; instead, most physicians, hospitals and other health care providers are required to pay annual fees. Also, 2003 Act 111 established the Fund as an "irrevocable trust," placing the legality of taking \$175 million into doubt.

The Wisconsin Medical Society is the largest association of medical doctors in the state with more than 11,500 members dedicated to the best interests of their patients. The Wisconsin Medical Society has been a trusted source for health policy leadership since 1841.



WISCONSIN STATE LEGISLATURE



THE WHEELER REPORT
111 W. Wilson St. #UL-11 - Madison, WI 53703 - 608-287-0130
E-Mail: wheeler@thewheelerreport.com

Thursday, March 22, 2007

AUDIT BUREAU WARNING ON TRANSFER FROM PATIENTS COMPENSATION FUND.

The Legislative Audit Bureau said today Gov. Doyle's proposed transfer of \$175 million from the Injured Patients and Families Compensation Fund "would place the Fund in a deficit accounting position and may result in future increases in provider assessment rates." The Audit Bureau said the Legislature will also need to evaluate whether the proposed uses of the transfer meet the purposes and uses of the Fund set forth statutorily.

The report also noted as a result of the July 2005 court decision striking the limits on non-economic damages and later enactment of a \$750,000 limit, "there are no limits on non-economic damages for incidents occurring from January 1, 1991 through April 5, 2006." The report said the Fund's actuary "has estimated that undiscounted loss liabilities will increase by approximately \$173.0 million for unsettled claims for this period."

The Fund has accumulated cash and investments of \$737.4 million to pay "incurred, but not reported claims" estimated at \$685 million, leaving a surplus of \$59.8 million, according to the audit report.

DOYLE CREATES PANEL ON RACIAL DISPARITY IN STATE'S CRIMINAL JUSTICE SYSTEM.

Gov. Doyle today created a 24-member Commission on Reducing Racial Disparity in Wisconsin's Criminal Justice System which he charged with determining if discrimination is built into the system and to develop strategies aimed at reducing racial disparities at each state of the state's justice system.

The commission will be co-chaired by State Sen. Spencer Coggs of Milwaukee and Madison Police Chief Noble Wray.

INTRODUCED IN THE SENATE

SJR-29. Undocumented Residents (Lasee) Constitutional amendment prohibiting release of illegal residents prior to trial on a felony. (1st Consideration). *To Judiciary and Corrections.*

SB-104. Milwaukee Firearms Restrictions (Coggs) Requires firearms restrictions record search for certain transfers of handguns involving residents of Milwaukee County. *To Labor, Elections and Urban Affairs.*

SB-105. Inattentive Driving (Grothman) Modifies inattentive driving statutes and adds watching a monitor. *To Transportation, Tourism and Insurance.*

SB-106. Felons – Lobbying (Lasee) Makes convicted felons ineligible to lobby; retroactive. *To Ethics Reform and Government Operations.*

SB-107. Video Franchising (Plale) Regulation of cable TV and video service providers. *To Commerce, Utilities and Rail.*

NOTICE

Senate Small Business, Emergency Preparedness, Workforce Development, Technical Colleges and Consumer Protection, 10 am, Wed, April 11, 400-SE.

Hearing on:

The appointment of Mary Cuene to the Wisconsin Technical College System Board.

SB-79. (Lassa) Prohibits sale and distribution of elastic yo-yos.

Coupon Fraud. The committee will take testimony regarding the issue of coupon fraud, the scope of the problem, and the experience of retailers, manufacturers and consumers.

APPEALS COURT DECISION RECOMMENDED FOR PUBLICATION.

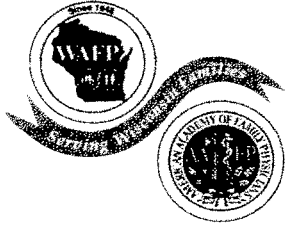
State v. Dawn R. Dartez. When a vehicle is involved in a collision, the term "accident" in s. 346.67(1) includes, at a minimum, an operator's loss of control of the vehicle that results in the collision. In the case at hand, because the loss of control of the vehicle occurred on the highway, even though the resulting collision occurred off the highway, the court concluded the driver was "involved in an accident" "upon a highway" within the meaning of s.

346.67(1) and s. 346.02(1). The driver was charged with hit and run after losing control of her car and hitting a house, causing a fatality.

[Link to Releases.](#)

(END)





Wisconsin Academy of Family Physicians

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For More Information Contact:

Larry Pheifer, Executive Director

Wisconsin Academy of Family Physicians

800-272-WAFP (800-272-9237)

AUDIT BUREAU REPORT VALIDATES PHYSICIAN CONCERN FOR PATIENTS

Family physicians urge legislators to protect Patient Compensation Fund

(Thiensville) March 22, 2007 – The Wisconsin Academy of Family Physicians today said a report from the Legislative Audit Bureau confirms the Academy's concerns that tampering with the Injured Patient and Families Compensation Fund will take money from patients while jeopardizing access to health care.

"Funding reserved explicitly for injured patients and their families should not be used to balance the state budget," said Alan Schwartzstein, MD, a director of the organization. "Wisconsin law clearly states the Patient Compensation Fund is to be '... held in irrevocable trust for the sole benefit of health care providers... and proper claimants.' It's patient money - clear and simple."

Governor Doyle has proposed taking \$175 million dollars from the Fund to balance the state budget. It is the third effort by the governor to divert patient compensation money for state spending.

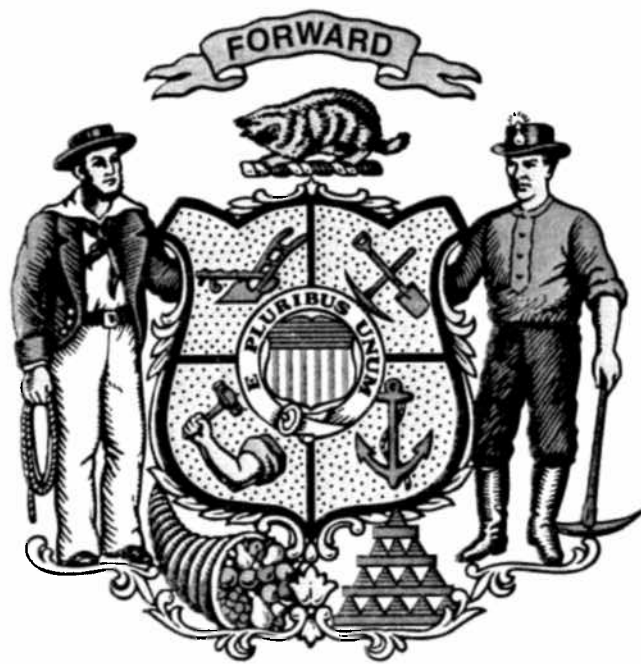
"By keeping the proper reserve available, patients are assured money is available to pay liability claims not covered by insurance," Schwartzstein added. "The audit bureau report confirms the Fund is at the optimum level required to provide critical protection for patients. Taking money out of the Fund would jeopardize that patient protection."

A secondary issue of reducing the Injured Patients and Family Compensation Fund is the potential impact on the quality and cost of Wisconsin health care. Because the existence of a healthy Fund results in lower medical liability premiums, reduction of the Fund would trigger higher liability premiums, resulting in a decrease of physician services, a sharp reduction in the quality of health care and an increase in health care cost.

"The Wisconsin Academy of Family Physicians is urging state legislators to do exactly what they have wisely done twice in the past, and that is to refuse to jeopardize the welfare of patients and their families by not allowing the governor to raid the Injured Patients and Family Compensation Fund," Schwartzstein said.

The Wisconsin Academy of Family Physicians was established in 1948 to promote and maintain high professional and ethical standards in the practice of Family Medicine, to encourage young people to prepare for active careers in Family Medicine and to help provide continuing education to family physicians. For additional information please visit <http://www.wafp.org>.

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Wisconsin Academy of Family Physicians: Audit Bureau Report Validates Physician Concern for Patients

3/23/2007

Contact:

Larry Pheifer, Executive Director
 Wisconsin Academy of Family Physicians
 800-272-WAFP (800-272-9237)

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Governor Doyle has proposed taking \$175 million dollars from the Fund to balance the state budget. It is the third effort by the governor to divert patient compensation money for state spending.

"By keeping the proper reserve available, patients are assured money is available to pay liability claims not covered by insurance," Schwartzstein added. "The audit bureau report confirms the Fund is at the optimum level required to provide critical protection for patients. Taking money out of the Fund would jeopardize that patient protection."

A secondary issue of reducing the Injured Patients and Family Compensation Fund is the potential impact on the quality and cost of Wisconsin health care. Because the existence of a healthy Fund results in lower medical liability premiums, reduction of the Fund would trigger higher liability premiums, resulting in a decrease of physician services, a sharp reduction in the quality of health care and an increase in health care cost.

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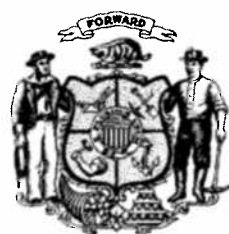
The Wisconsin Academy of Family Physicians was established in 1948 to promote and maintain high professional and ethical standards in the practice of Family Medicine, to encourage young people to prepare for active careers in Family Medicine and to help provide continuing education to family physicians. For additional information please visit <http://www.wafp.org>.

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WISCONSIN STATE LEGISLATURE



Matthews, Pam

From: Rep.Jeskewitz
Sent: Wednesday, March 28, 2007 3:13 PM
To: 'Noah S. Horowitz, MD'
Subject: RE: Injured Patients and Families Compensation Fund
Attachments: PCF Press Release v.2 - March 2007 .pdf

Dear Dr. Horowitz,

Thank you for writing to me on this important issue. I cannot agree with you more.

As Co-chair of the Joint Legislative Audit Committee I am very familiar with this topic. In fact, I don't know if you are aware of this, but the Legislative Audit Bureau (LAB) just released an audit of the Injured Patients and Families Compensation Fund last week. It is a financial audit, but the LAB actually makes an unusual comment regarding the Governor's proposal to transfer money from this fund. Here is a link to the full report (<http://www.legis.state.wi.us/lab/reports/07-3Full.pdf>). I have also attached a copy of the press release I and my Senate co-chair put out last week. I think you will agree with my comments.

I am currently in the process of putting together my comments on the budget and this is at the top of my list as something I certainly do not support. If an amendment to the budget to delete this has already been introduced I will certainly lend my support, if not I will submit one myself.

I hope you will continue to let me know your thoughts on issues that matter to you.

Sincerely,

Sue

Office of Representative Sue Jeskewitz

Madison: 608.266.3796

Toll free (in Wisconsin only): 888.529.0024

Rep.Jeskewitz@legis.wi.gov

From: Noah S. Horowitz, MD [mailto:nhorowitz@wi.rr.com]
Sent: Tuesday, March 27, 2007 1:54 PM
To: Rep.Jeskewitz
Subject: Injured Patients and Families Compensation Fund

Representative Jeskewitz,

I am very concerned about the Governor's recently announced plan to take \$175 million from the Injured Patients and Families Compensation Fund for purposes other than for what the Fund was established in 1975, and reaffirmed in 2003 Act 111.

As a physician paying into the fund on a regular basis, I feel strongly that the fund is an important element in our relatively stable medical liability environment, and that the fund does not enjoy a "surplus." The Wisconsin Medical Society recently articulated these points at the Joint Finance Committee Hearings.

It is hard to provide high quality and cost-effective care when you are too worried about being sued.

Thank you for your consideration in this matter.

03/28/2007

Noah S. Horowitz, MD

N65W13581 Cobblestone Ct.
Menomonee Falls, WI 53051
262-703-0357



Matthews, Pam

To: Jim Jeskewitz
Attachments: Picture (Enhanced Metafile)

Appendix 1 Annual Provider Assessments¹

Provider Types	Fiscal Year						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Physician Class 1 ²	\$ 1,898	\$ 1,538	\$ 1,461	\$ 1,534	\$ 1,227	\$ 859	\$ 1,074
Physician Class 2 ³	3,606	2,769	2,630	2,761	2,209	1,546	1,933
Physician Class 3 ⁴	7,877	6,385	6,063	6,366	5,092	3,565	4,457
Physician Class 4 ⁵	11,388	9,231	8,766	9,204	7,362	5,154	6,444
Nurse Anesthetist	475	378	359	377	302	211	264
Hospital—per Occupied Bed	116	93	88	92	74	52	65
Nursing Home—per Occupied Bed	22	17	16	17	14	10	13
Employees of a Partnership or Corporation:							
Nurse Practitioner	475	385	365	384	307	215	269
Advanced Nurse Practitioner	664	538	511	537	429	301	376
Nurse Midwife	4,176	3,385	3,214	3,375	2,699	1,890	2,363
Advanced Nurse Midwife	4,365	3,538	3,360	3,528	2,822	1,976	2,470
Advanced Practice Nurse Prescriber	664	538	511	537	429	301	376
Chiropractor	759	615	584	614	491	344	430
Dentist	380	308	292	307	245	172	215
Oral Surgeon	2,847	2,308	2,192	2,301	1,841	1,289	1,611
Podiatrists—Surgical	8,067	6,538	6,209	6,520	5,215	3,651	4,565
Optometrist	380	308	292	307	245	172	215
Physician Assistant	380	308	292	307	245	172	215

¹ These rates apply to providers having Wisconsin as their primary place of practice. Other rates apply to providers for whom Wisconsin is not the primary place of practice.

² Includes family or general practice physicians not performing surgery, and nutritionists.

³ Includes family or general practice physicians performing minor surgery, and ophthalmologists performing surgery.

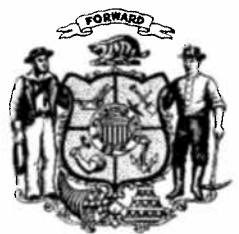
⁴ Includes most types of surgeons, such as plastic, hand, general, and orthopedic.

⁵ Includes obstetric and neurological surgeons.

Pamela B. Matthews
Research Assistant
Office of Representative Sue Jeskewitz



WISCONSIN STATE LEGISLATURE



Mtg w/ Hubsch - re: raising % to TC ~~to~~ recover on
LA credits

* Bill to require Videotaping of Board Proceedings
- committee & Board - Malcom - sue first

IPFLL

1979 - periodic cycles

- ins. co. pulling out

- created - mandatory

- Audit in the 1990's - not in fixed bal.

- Since 1999 in the black

→ can only est. the liabilities

- Dr. pay diff amounts depending

- 4 categories

- OB, Surg.

- {

- Family Practice

- Personal liab. ~~of this~~ ^{in addition to IPFLL} this can be 5 figures

- Margin for everybody

- Docs & patients

• Started by the legis - always a creature of the state

• Fund investment by SWIB

- PCF part so small that they don't spend alot of
time or investment so are too conservative

~~Org~~ - Create as an "authority" - board 7/8 majority ~~the~~ pays into fund