



February 27, 2015

Honorable Donald White, Chair
Banking and Insurance Committee
Senate of Pennsylvania
286 Main Capitol
Harrisburg, PA 17120

Honorable Matt Smith, Minority Chair
Banking and Insurance Committee
Senate of Pennsylvania
366 Main Capitol
Harrisburg, PA 17120

Honorable Tina Pickett, Chair
Insurance Committee
Pennsylvania House of Representatives
315-A Main Capitol
Harrisburg, PA 17120

Honorable Anthony DeLuca, Minority Chair
Insurance Committee
Pennsylvania House of Representatives
115 Irvis Office Building
Harrisburg, PA 17120

Dear Senators and Representatives:

We are pleased to provide this Annual Report on the Medical Care Availability and Reduction of Error Fund which includes information on Pennsylvania's patient compensation fund from inception through December 31, 2014.

Newly reported claims decreased during the calendar year from those reported in 2013. During 2014, 2,855 new excess claims and 82 new Section 715 claims were reported. In 2013, 3,399 new excess claims and 76 new Section 715 claims were reported. Total payments for claims finalized during claims year 2014 were \$156 million as compared to \$194 million for claims finalized in claims year 2013.

During 2014, litigation involving the calculation of the assessments from 2009 to 2014 was settled. As a result of the settlement, \$61 million in projected year end surplus was used in calculating the 2015 assessment percentage. This, coupled with a decrease in paid claims, resulted in the 2015 assessment dropping 50 percent as compared to the 2014 assessment.

The annual actuarial study, prepared by PricewaterhouseCoopers LLP, concludes that an unfunded liability of \$1.13 billion exists as of December 31, 2013. This amount is a decrease over the prior two years from \$1.16 billion.

February 27, 2015

Page 2

If you have any questions about this report, please feel free to contact me, Deputy Insurance Commissioner Joseph DiMemmo at 717-787-6009, or Mcare Acting Executive Director Theodore Otto at 717-783-7657.

Sincerely,

A handwritten signature in blue ink, appearing to read "Teresa D. Miller". The signature is fluid and cursive, with the first name being the most prominent.

Teresa D. Miller
Acting Insurance Commissioner
Pennsylvania Insurance Department

Enclosure