



**Medical Care Availability and  
Reduction of Error Fund**

**2023  
Annual Report**

## **Table of Contents**

I.	Executive Summary	2
II.	Mcare Background	3
III.	Mcare Financial Highlights	4
IV.	Mcare Program Review	5
	A. Claims Program	5
	B. Coverage Program	8
	C. Compliance Program	10
V.	Mcare Unfunded Liability	11
VI.	Limits Step Up and Podiatrists Exit	12
VII.	Appendices	13

## I. Executive Summary

During 2023, the Medical Care Availability and Reduction of Error Fund (Mcare) continued to serve the Commonwealth health care provider community and injured persons by providing coverage and claims payments for medical malpractice. Mcare also communicated with insurers, self-insurers, and health care providers about Mcare operations and the medical malpractice insurance market.

### **2023 Operational Highlights**

#### Paid Claims

Mcare's 2023 paid claims totaled \$241,855,785. This is a \$69.5 million increase over paid claims in 2022.

#### Catastrophic Loss Benefit Continuation Fund (AutoCAT Fund) Loan

For the first time since 2004, Mcare was required to borrow \$60 million in funds due to its claims payment obligations. Funds were borrowed from the AutoCAT Fund in October 2023 with a repayment date on or before June 30, 2025.

#### IT Modernization Project

Mcare continued its efforts to modernize its operating system. The project's goal is to replace Mcare's legacy system that was implemented in 1999. The legacy system is highly customized and is written in outdated programming language. In addition, the new cloud-based operating system will provide Mcare with an integrated reporting and electronic document management system.

Mcare can be reached at 717-783-3770, via e-mail at [ra-in-mcare-exec-web@pa.gov](mailto:ra-in-mcare-exec-web@pa.gov), or by visiting the website at <https://www.insurance.pa.gov/SpecialFunds/MCARE/Pages/default.aspx>.

## II. Mcare Background

A patient compensation fund has been part of the Commonwealth's medical malpractice insurance landscape since 1975. At that time, when insurers were seeking triple-digit rate increases or leaving the medical professional liability insurance market, the legislature developed a solution that required participating health care providers to purchase \$1.2 million of medical malpractice coverage. This consisted of insurance from the private market and excess coverage from the Medical Professional Liability Catastrophe Loss Fund (CAT Fund).

The CAT Fund legislation was repealed in 2002 by the Medical Care Availability and Reduction of Error Act (Act 13 of 2002), which created Mcare as a special fund within the Pennsylvania Insurance Department. Act 13 of 2002 mandates participation in Mcare for hospitals, nursing homes, birth centers, and primary health centers, and for licensed physicians, podiatrists and certified nurse midwives conducting 50% or more of their health care business within this Commonwealth. Professional corporations, professional associations and partnerships owned entirely by health care providers may elect to insure or self-insure their primary liability. If they elect to purchase basic primary liability coverage, then their participation in Mcare is mandatory.

Health care providers required to obtain excess professional liability coverage from Mcare must first obtain primary coverage from a Pennsylvania Insurance Department licensed primary insurer or approved self-insurance plan. The primary insurer invoices, collects and remits the assessment to Mcare on behalf of each health care provider they insure. The assessment paid to Mcare is a specified percentage of the prevailing primary premium (PPP) that the Pennsylvania Professional Liability Joint Underwriting Association (JUA) would have charged if each health care provider had obtained primary coverage from the JUA. This assessment percentage varies from year to year and is determined under a formula that considers the prior year's annual Mcare claims payments, annual operating expenses, a 10% buffer, any projected year-end balance, and whether Mcare has any loan repayment obligations.

While efforts began in the mid-1990s to phase-out Mcare's predecessor and have all mandatory professional liability coverage provided by medical malpractice insurance entities, this has not yet occurred. Pursuant to Act 13 of 2002, after a phase-out of Mcare, health care providers obligated to participate in Mcare would obtain 100% of their mandatory medical malpractice coverage from a private insurance entity, but still continue to pay annual Mcare assessments to pay for Mcare's incurred liabilities at the time of the phase-out (i.e., Mcare's unfunded liability or tail). In the past, Pennsylvania provider organizations have opposed stepping-up primary medical malpractice limits, as provided in Act 13 of 2002. In 2007 and 2008, they made their support of a step-up conditional on a commitment of public funds both to pay off Mcare's unfunded liabilities and to cap annual increases in private medical malpractice premium increases. The estimate of Mcare's unfunded liability was \$1.134 billion as of December 31, 2022.

### III. Mcare Financial Highlights

Appendix A.1 is the Cash Basis Statement of Operations as of December 31, 2023. The reporting is consistent with the Settlement Agreement that required Mcare to separately account for the Reserve Fund.

For the first time since 2004, Mcare was required to borrow funds due to its claims payment obligations. In addition to exhausting the Reserve Fund with a transfer of \$14.8 million, Mcare borrowed \$60 million from the AutoCAT Fund in October 2023. Mcare will repay the AutoCAT Fund the entire principal amount of the loan and all interest due on or before June 30, 2025. After claims and operational expenditures were paid, Mcare ended the 2023 calendar year with a balance of \$27 million. Mcare's 2023 year-end balance was carried over into calendar year 2024 for the purpose of paying claims and operational expenditures.

Appendix A.2 is the Cash Basis Statement of Reserve Fund as of December 31, 2023. The balance in the Reserve Fund of \$14.8 million was used to pay claims and operating expenses in 2023. The Reserve Fund has been exhausted and as defined in Section II.2.G of the Settlement Agreement, will not be replenished.

Appendix A.3 is the Summary of Financials from Calendar Years 2014 to 2023. This document reflects the variability of Mcare's claims payments with a range of payments from \$141 million in 2021 to \$242 million in 2023.

Additional information on financials can be found in Appendix A.

## IV. Mcare Program Review

### A. Claims Program

Mcare has a fully functional claims administration unit comprised of geographic territory managers, examiners, and support personnel. Claims are submitted by primary insurers on behalf of health care providers as notice of potential triggering of Mcare excess indemnity coverage. In these claims, the primary insurer is responsible for providing the defense and the first \$500,000 of indemnity. Mcare also has a declining number of claims submitted for defense and first dollar indemnity coverage based upon an occurrence date of incidents prior to January 1, 2006, under Section 715 of the Mcare Act.

#### Excess Claims Opened/Closed

Mcare opened 2,581 claims reported by primary insurers between September 1, 2022 and August 31, 2023 (the 2023 statutory claims period). This compares to 2,612 claims opened in the prior claims period. Mcare closed 2,604 claims in the 2023 claims period compared to 2,444 claims closed in the prior claims period. These numbers include claims closed with and without Mcare indemnity payment. A total of 125 primary insurers reported claims to Mcare in the 2023 claims period, compared to 116 in 2022.

#### Section 715 Claims Opened/Closed

Section 715 of the Mcare Act is a remnant from the 1975 original compensation fund legislation. The purpose of Section 715 was to insulate primary insurers writing in Pennsylvania from the impact of claims filed four or more years after the medical care was rendered. The Mcare Act provided for an end to these claims by requiring that application be restricted to occurrences on or before December 31, 2005. For medical malpractice incidents occurring January 1, 2006 and subsequent, primary insurers are responsible for defense and indemnity, as they are for other claims. In the 2023 claims period, Mcare opened 9 and closed 18 Section 715 claims. This compares to 13 opened and 13 closed in the 2022 claims period. There are 25 active claims as of August 31, 2023. Newly established claims are dependent on incidents that occurred prior to January 1, 2006 and other qualifying factors. Therefore, claims continue to diminish based on the time period that has elapsed.

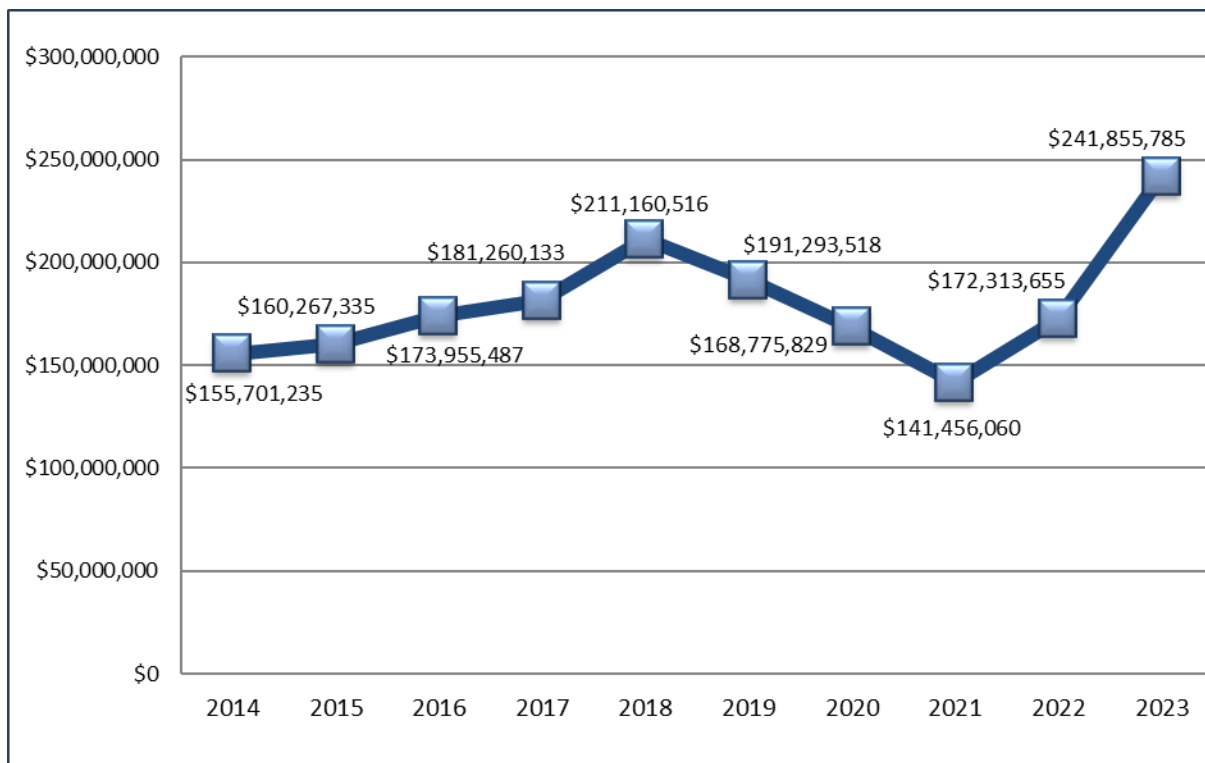
#### Alternative Dispute Resolution (ADR)

Claims examiners and managers provide full investigation and disposition of reported claims. Within these functions and as appropriate, Mcare has actively promoted global resolution through settlement, arbitration, and mediation, to the benefit of the involved health care providers and plaintiffs. The unique position of Mcare allows for fair and objective analysis of the entire case and, when appropriate, can facilitate bringing parties to consensus. In the 2023 claims period, 157

ADR processes were completed. This is comprised of 51 arbitrations, 100 mediations, and 6 monetary cap trial agreements. Since the Mcare ADR program's inception in 2003, it has been used in over 2,500 medical malpractice matters.

Chart 1 below shows Mcare's total claims payments for the ten most recent years.

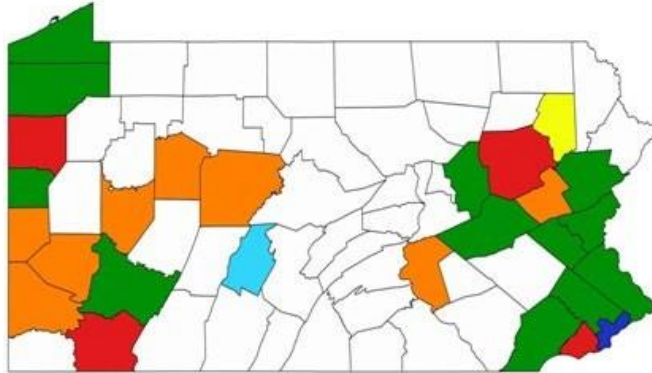
**Chart 1: Ten Most Recent Claims Payments by Claims Year**



### Regional Statistics

Mcare claims payments also vary by JUA territory. Chart 2 below shows the 2023 claims payments allocated by territory.

**Chart 2: 2023 Mcare Paid Claims by JUA Territory**



<b>Territory</b>	<b>Territory Total</b>	<b>County(ies) Within Territory</b>
<b>Territory 1</b>	\$63,610,875	Philadelphia
<b>Territory 2</b>	\$40,099,640	Remainder of State
<b>Territory 3</b>	\$35,550,000	Allegheny
<b>Territory 3</b>	\$8,525,000	Armstrong, Beaver, Carbon, Clearfield, Dauphin, Jefferson, Washington
<b>Territory 3</b>	\$44,075,000	Territory 3 Total
<b>Territory 4</b>	\$13,850,000	Delaware, Fayette, Luzerne, Mercer
<b>Territory 5</b>	\$9,275,000	Lackawanna
<b>Territory 6</b>	\$68,095,270	Bucks, Chester, Columbia, Crawford, Erie, Lawrence, Lehigh, Monroe, Montgomery, Northampton, Schuylkill, Westmoreland
<b>Territory 7</b>	\$2,850,000	Blair
<b>Total Paid</b>	<b>\$241,855,785</b>	

Additional information on claims can be found in Appendix B.



## **B. Coverage Program**

The Mcare Coverage Program consists of two major components. The first is the collection of assessments from health care providers to generate funding for claims indemnity and expense payments for Mcare operations. The second is the processing of coverage submitted by insurers or self-insurers on behalf of health care providers. This information assists Mcare in applying the Commonwealth's mandatory medical malpractice insurance laws.

### Assessment Collection

Mcare coverage is funded by assessments collected from health care providers as defined in the Mcare Act and interest earned on these funds. In calendar year 2023, Mcare collected \$195 million in assessment revenue as compared to \$129 million in calendar year 2022. This is a result of an assessment rate of 19% in 2023 as compared to 12% in 2022. Prior to 2022, and as shown in Chart 3, the 19% assessment rate was consistent from 2017 through 2021.

When the Department announced the lower rate of 12% for the 2022 assessment year, it advised that the lower rate may be short-lived as the full impact of suppressed claims payments, due in part to the pandemic, could cause the rate to return to or even surpass the previous rate within a few years.

The collection of the assessment is based on the PPP as defined in the schedule of occurrence rates approved for use by the JUA. The statutory assessment formula, as modified by the settlement of Hospital & Healthsystem of Pennsylvania, Pennsylvania Medical Society and Pennsylvania Podiatric Medical Association, 5 MAP 2014 (Pa. Supreme Ct.) ("Settlement Agreement"), is to produce an amount sufficient to do all of the following:

1. Reimburse Mcare for paid claims,
2. Pay expenses Mcare incurred,
3. Pay principal and interest on any funds borrowed,
4. Provide a 10% buffer of the sum of items 1-3, and
5. Minus the projected starting balance, which includes interest income.

Chart 3 reflects the assessment percentage over the last ten years and the impact of the Settlement Agreement wherein Mcare agreed to recalculate the assessment percentage for the years in which there were projected funds remaining at year end. It was the difference between the original percentages and settlement adjusted percentages that was refunded to health care providers. Starting in the 2015 assessment year, the projected remaining funds were included in the calculation of the assessment percentage.

**Chart 3: Assessment Percentage for Ten Most Recent Years**

Assessment Year	Original Percentage	Settlement Adjusted Percentage
2014	23%	19%
2015	12%	
2016	17%	
2017	19%	
2018	19%	
2019	19%	
2020	19%	
2021	19%	
2022	12%	
2023	19%	

**Hospital Experience Modification (HEM)**

The Mcare Act provides for adjustments to the Mcare assessments paid by hospitals based upon loss experience. The maximum range as provided for by statute is a 20% decrease to a 20% increase.

Additional information on HEM can be found in Appendix C.2.

**Coverage Analysis**

Mcare receives reports of coverage from licensed insurers and approved self-insurance entities on behalf of physicians, podiatrists, and nurse midwives practicing in the Commonwealth, as well as their specialty and location of practice. It also receives reports of coverage on hospitals, nursing homes, primary health centers, birth centers and medical corporations. Under the Mcare Act, insurers have 60 days from when coverage begins to report coverage and submit the assessment to Mcare on behalf of the health care provider.

Additional information on the Mcare Coverage Program can be found in Appendix C.

### **C. Compliance Program**

Mcare is responsible for receiving and analyzing reports of coverage from insurers and self-insurers regarding health care providers' medical professional liability insurance coverage. These reports include the type of coverage, periods of coverage, whether tail coverage or prior acts has been issued upon the termination of a claims made policy, and the assessment paid per health care provider.

Mcare reviews these reports for compliance with Pennsylvania's mandatory insurance laws to address concerns with a focus on the compliance of hospitals and nursing homes.

## V. Mcare Unfunded Liability

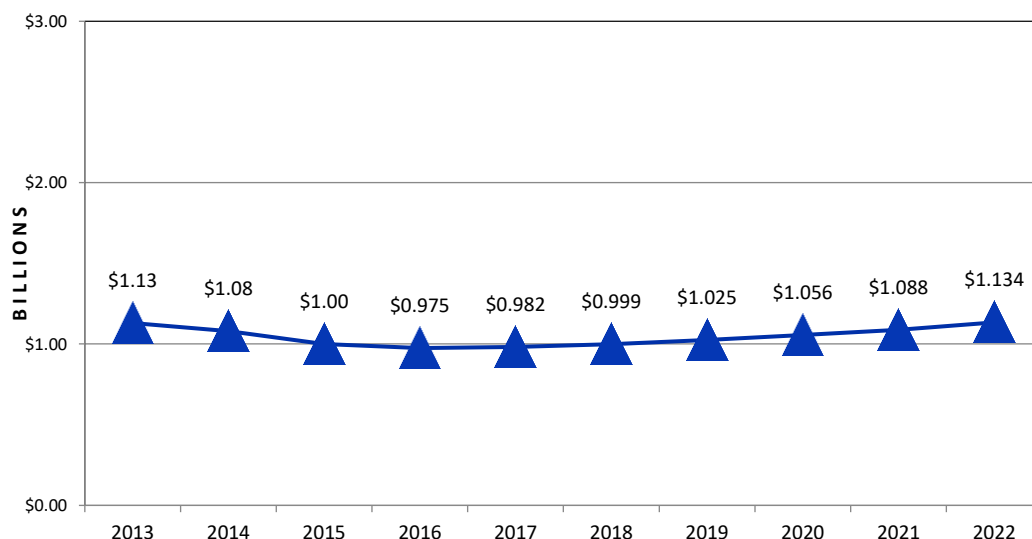
Mcare operates on a funding scheme characterized as a pay-as-you-go system since it holds no reserves, unlike a traditional insurance company. Mcare does not maintain a reserve dedicated to support the liability or claims that have been incurred but not yet paid. This constitutes the unfunded liability of Mcare.

One step taken in 2002 to reduce Mcare's unfunded liability was the change in the Mcare Act to place the responsibility for claims reported more than four (4) years from the incident back on the insurers or self-insureds effective January 1, 2006. This long tail portion of the medical professional liability exposure had been the responsibility of Mcare and its predecessor since 1975. This change, coupled with the limits being provided by insurers increasing to \$500,000 and the overall coverage limit reduced from \$1.2 million to \$1 million, has previously resulted in the Mcare unfunded liability projection trending downward.

The annual actuarial study, prepared in 2023 by Deloitte Consulting LLP (Deloitte), concludes that an unfunded liability of \$1.134 billion exists as of December 31, 2022. According to Deloitte, the unfunded liability projection as of December 31, 2022, has increased when compared to December 31, 2021, due to a lower level of payment activity on excess claims in recent years relative to historical experience, potentially due to the COVID-19 pandemic. Also, industry data indicates that the suppression of litigation has resulted in delayed proceedings and lower than expected settlements.

Below is a chart reflecting the projected unfunded liability for the ten most recent years.

**Chart 4: Mcare Projected Unfunded Liability as of 12/31**



Additional information on the Mcare Unfunded Liability can be found in Appendix D.

## VI. Limits Step Up and Podiatrists Exit

### Limits Step Up

The Mcare Act has a provision that requires a study of the private insurance market's capacity to write increased coverage limits with a corresponding decrease in the coverage limits provided by Mcare. The statute further provides that unless the Insurance Commissioner finds that additional basic insurance coverage capacity is not available, the limits written by the market will increase.

The first time this analysis was conducted in 2005, the Commissioner did not approve to increase or step-up the limits. Subsequent studies on a two-year cycle as provided for in the Mcare Act have made similar findings such that the limits remain unchanged.

The study conducted in 2023 found that it cannot be determined that additional basic insurance capacity was currently available. Reasons for this determination included the large market share of risk retention groups, the changing health care landscape, and the financial impact on health care providers. Thus, there was no increase to the current basic primary insurance limits for calendar years 2023 and 2024. The next capacity study will be conducted in 2025 for a potential step up in limits effective January 1, 2026.

### Podiatrist Exit

Another provision of the Mcare Act provides for the exit of the podiatrist class of health care providers from Mcare upon the satisfaction of an arrangement for the class to retire the fund's liabilities associated with podiatrists. Until a mutually desirable plan to retire their Mcare liabilities is identified, podiatrists continue to participate in Mcare.

## VII. Appendices

### Additional Financials

### Appendix A

- A.1 Cash Basis Statement of Operations
- A.2 Cash Basis Statement of Reserve Fund
- A.3 Summary of Financials – Ten Most Recent Years

### Additional Claims Information

### Appendix B

- B.1 Paid Claims by Region – Five Most Recent Years
- B.2 Average Claim and Case Payments – Ten Most Recent Years
- B.3 Summary of Annual Fund Claims Payments by Health Care Provider Group – Ten Most Recent Years
- B.4 Claims Payments by Self-Insurer and Primary Insurer – Five Most Recent Years

### Additional Coverage Information

### Appendix C

- C.1 2023 Assessment Rate Calculation
- C.2 2023 Hospital Experience Modification Factor Calculation
- C.3 Amount of Assessment Received by Provider Type and Assessment Year – Ten Most Recent Years
- C.4 Yearly Average Assessment by Provider Group – Ten Most Recent Years
- C.5 Assessment Remitted by Self-Insurer and Primary Insurer – Ten Most Recent Years
- C.6 Count of Unique Health Care Providers by Provider Type by Assessment Year – Ten Most Recent Years

### Additional Mcare Unfunded Liability Information

### Appendix D

- D.1 Pennsylvania Medical Care Availability and Reduction of Error Fund Analysis as of 12/31/2022 prepared by Deloitte Consulting LLP – Summary of Results

# MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND

## CASH BASIS STATEMENT OF OPERATIONS

JANUARY 1, 2023 TO DECEMBER 31, 2023

<b><u>MCARE FUND BALANCE JANUARY 1, 2023</u></b>		<b>\$ 4,233,758</b>
<b>Receipts:</b>		
ASSESSMENT REVENUE	\$ 194,903,465	
INVESTMENT INCOME ON ASSESSMENTS	\$ 5,447,673	
MISCELLANEOUS REVENUE	\$ 25,000	
TRANSFER FROM RESERVE FUND	\$ 14,793,158 <sup>#1</sup>	
TRANSFER FROM AUTOCAT FUND	\$ 60,000,000 <sup>#2</sup>	
TRANSIT & PAYABLES SUMMARY	\$ (359,352)	
TOTAL RECEIPTS	<b><u>\$ 274,809,944</u></b>	<b>\$ 274,809,944</b>
<b>TOTAL FUNDS AVAILABLE:</b>		<b>\$ 279,043,702</b>
<b>Claims Deductions:</b>		
2023 CLAIM PAYMENTS	\$ 241,855,785	
CLAIMS DEDUCTIONS	<b><u>\$ 241,855,785</u></b>	
<b>Operating Expenses:</b>		
SALARIES	\$ 3,060,998	
PAYROLL TAXES & BENEFITS	\$ 2,079,830	
DATA PROCESSING SERVICES	\$ 227,843	
LEGAL FEES & EXPENSES	\$ 601,225 <sup>#3</sup>	
COMMONWEALTH SHARED SERVICES	\$ 627,574	
CONSULTANTS	\$ 724,602	
TELECOMMUNICATIONS	\$ 25,211	
REAL ESTATE	\$ 331,966	
IT MODERNIZATION	\$ 2,345,471 <sup>#4</sup>	
OTHER OPERATIONAL EXPENSES	\$ 67,701	
TOTAL OPERATING EXPENSES	<b><u>\$ 10,092,421</u></b>	
<b>TOTAL DEDUCTIONS AND EXPENSES:</b>		<b>\$ (251,948,206)</b>
<b><u>MCARE FUND BALANCE DECEMBER 31, 2023</u></b>		<b><u>\$ 27,095,496</u></b>

### **FINANCIAL FOOTNOTES:**

<sup>#1</sup> Reserve Fund Balance 01/01/2023	\$ 14,089,158
Reserve Fund Investment Income	\$ 704,000
Funds transferred to Mcare Operations per HAP/PAMED/PPMA Settlement Agreement paragraph II.4.A.	\$ (14,793,158)
Reserve Fund Balance 12/31/2023	<u>\$ 0</u>
<sup>#2</sup> Transfer from Catastrophic Loss Benefit Continuation Fund (AutoCAT Fund)	\$ 60,000,000
Funds transferred to Mcare per §713 (c). Mcare will repay the AutoCAT Fund the entire principal amount of the loan and all interest due on or before June 30, 2025	
<sup>#3</sup> Legal Fees & Expenses	\$ 601,225
Amount paid to defend Health Care Providers under §715	
<sup>#4</sup> IT Modernization	\$ 2,345,471
IT vendor expense only	

**MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND**  
**CASH BASIS STATEMENT OF RESERVE FUND**  
JANUARY 1, 2023 TO DECEMBER 31, 2023

**RESERVE FUND BALANCE JANUARY 1, 2023** **\$ 14,089,158**

Monthly Receipts:	Investment Income:	Month End Balance:
JANUARY	\$ 47,573	\$ 14,136,731
FEBRUARY	\$ 51,037	\$ 14,187,768
MARCH	\$ 48,551	\$ 14,236,319
APRIL	\$ 55,319	\$ 14,291,638
MAY	\$ 56,010	\$ 14,347,648
JUNE	\$ 61,149	\$ 14,408,798
JULY	\$ 60,056	\$ 14,468,854
AUGUST	\$ 63,223	\$ 14,532,076
SEPTEMBER	\$ 65,195	\$ 14,597,271
OCTOBER	\$ 63,733	\$ 14,661,004
NOVEMBER	\$ 66,761	\$ 14,727,765
DECEMBER	\$ 65,393	\$ 14,793,158
TOTAL INVESTMENT INCOME	<u><u>\$ 704,000</u></u> <sup>#1</sup>	

**TOTAL FUNDS AVAILABLE:** **\$ 14,793,158**

**Claims Deductions:**  
TRANSFER FOR CLAIMS PAYMENTS **\$ (14,793,158)** <sup>#2</sup>

**RESERVE FUND BALANCE DECEMBER 31, 2023** \$ 0 <sup>#3</sup>

**FINANCIAL FOOTNOTES:**

<sup>#1</sup> Total Investment Income	\$ 704,000
Replenishment per HAP/PAMED/PPMA Settlement Agreement paragraph II.4.E.	
<sup>#2</sup> Transfer for 2023 Claims Payments	\$ 14,793,158
Transfer to Mcare Operations in lieu of borrowing per	
HAP/PAMED/PPMA Settlement Agreement paragraph II.4.A.	
<sup>#3</sup> Reserve Fund Balance Exhausted	\$ 0
Replenishment per HAP/PAMED/PPMA Settlement Agreement paragraph II.2.G	

Source:  
COMMONWEALTH'S SAP ACCOUNTING RECORDS AND BUREAU OF FISCAL MANAGEMENT MONTHLY REPORTS.



Mcare Fund											
Summary of Financials - Ten Most Recent Years											
* In Millions *											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	Beginning Balance	169	73	28	12	17	0	0	13	57	4
2	Settlement Agreement <sup>1</sup>	(169)	0	0	0	0	0	0	0	0	0
3	<b>ADJUSTED BEGINNING BALANCE</b>	0	73	28	12	17	0	0	13	57	4
	<b>Receipts:</b>										
4	Assessment Revenue	233	124	165	192	184	195	190	192	129	195
5	Investment Income Earned	2	2	1	2	3	3	0	0	2	5
6	Transfer from Other Funds <sup>2</sup>	0	0	0	0	15	1	0	0	0	15
7	Loan from Other Funds <sup>3</sup>	0	0	0	0	0	0	0	0	0	60
8	Misc. Other	1	0	1	1	(1)	0	0	1	0	0
9	Net +/- in Fair Value of Investments	4	(1)	0	0	0	0	0	0	0	0
10	Subtotal Receipts without Beginning Balance (4+5+6+7+8+9)	240	125	167	195	201	199	190	193	131	275
11	<b>Grand Total Receipts with Beginning Balance (3+10)</b>	240	198	195	207	218	199	190	206	188	279
	<b>Expenditures:</b>										
12	Salaries & Benefits	4	4	4	4	4	4	4	4	5	5
13	Loan Repayment	0	0	0	0	0	0	0	0	0	0
14	Legal Fees & Expenses	6	4	3	2	2	2	2	1	1	1
15	Liability Claims Paid	156	160	174	181	211	191	170	141	172	242
16	IT Modernization	0	0	0	0	0	0	0	1	3	2
17	Misc. Other <sup>4</sup>	1	2	2	3	1	2	1	2	3	2
18	<b>Grand Total Expenditures (12+13+14+15+16+17)</b>	167	170	183	190	218	199	177	149	184	252
19	<b>Year End Balance (11-18)</b>	<b>73</b>	<b>28</b>	<b>12</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>57</b>	<b>4</b>	<b>27</b>
<sup>1</sup> Settlement Agreement - pursuant to the Settlement Agreement effective October 3, 2014 between the Pennsylvania Medical Society, the Hospital & Healthsystem Association of Pennsylvania and the Pennsylvania Podiatric Medical Association, \$139 million (Relief Fund) of the 2013 Year End Balance is to be returned to the Eligible Health Care Providers who paid assessments during the years of 2009, 2010, 2011, 2012 and 2014. The return of funds was completed by year-end 2017. The remaining \$30 million (Reserve Fund) is to be held by Mcare separately and only used to pay claims or other Mcare expenses where other Mcare revenues, including statutory buffer, are insufficient and in lieu of borrowing.											
<sup>2</sup> Transfer from Other Funds - transferred \$15.1 and \$1.4 million from Reserve Fund in lieu of borrowing in 2018 and 2019, respectively. Transferred the remaining balance of \$14.8 million from Reserve Fund in 2023, thus exhausting Reserve Fund.											
<sup>3</sup> Loan from Other Funds - transferred \$60 million to Mcare per §713 (c). Mcare will repay the Catastrophic Loss Benefit Continuation Fund (AutoCAT Fund) the entire principal amount of the loan and all interest due on or before June 30, 2025.											
<sup>4</sup> Misc. Other - includes rounding adjustments.											

# Pennsylvania Insurance Department

## Mcare Fund

### Paid Claims by Region - Five Most Recent Years<sup>1</sup>

Year	Total Annual Claim Payment	Eastern		Central		Western		Other	
		Region Paid Claims	Percent of Region to Total Paid Claims	Region Paid Claims	Percent of Region to Total Paid Claims	Region Paid Claims	Percent of Region to Total Paid Claims	Region Paid Claims	Percent of Region to Total Paid Claims
2019	\$191,293,518	\$84,718,761	44.28%	\$51,225,982	26.77%	\$54,848,775	28.67%	\$500,000	0.26%
2020	\$168,775,829	\$68,850,708	40.79%	\$49,724,000	29.46%	\$49,736,121	29.46%	\$465,000	0.27%
2021	\$141,456,060	\$63,089,060	44.60%	\$40,822,000	28.86%	\$37,195,000	26.29%	\$350,000	0.25%
2022	\$172,313,655	\$70,957,621	41.18%	\$47,465,375	27.55%	\$53,415,659	31.00%	\$475,000	0.28%
2023	\$241,855,785	\$114,082,830	47.17%	\$59,227,955	24.49%	\$68,045,000	28.13%	\$500,000	0.21%

#### Regional County Definition:

**Eastern** Bucks, Chester, Delaware, Lehigh, Montgomery, Northampton, Philadelphia, United State Eastern District Court

**Central** Adams, Berks, Bradford, Carbon, Centre, Clinton, Columbia, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Lycoming, Mifflin, Monroe, Montour, Northumberland, Perry, Pike, Schuylkill, Snyder, Sullivan, Susquehanna, Tioga, Union, Wayne, Wyoming, York, United States Middle District Court

**Western** Allegheny, Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Fayette, Forest, Greene, Indiana, Jefferson, Lawrence, McKean, Mercer, Potter, Somerset, Venango, Warren, Washington, Westmoreland, United States Western District Court

**Other** Includes all other states where an Mcare defendant was involved.

<sup>1</sup> County designation within region is for Mcare claims handling purposes only.

Pennsylvania Insurance Department

Mcare Fund

**Average Claim and Case Payments - Ten Most Recent Years**

Year	Fund Money	<b>Claim Count</b>	Average <b>Claim Value</b>	<b>Case Count</b>	Average <b>Case Value</b>
2014	\$155,701,235	346	\$450,004	255	\$610,593
2015	\$160,267,335	352	\$455,305	268	\$598,012
2016	\$173,955,487	372	\$467,622	290	\$599,847
2017	\$181,260,133	402	\$450,896	295	\$614,441
2018	\$211,160,516	439	\$481,003	296	\$713,380
2019	\$191,293,518	413	\$463,180	290	\$659,633
2020	\$168,775,829	352	\$479,477	254	\$664,472
2021	\$141,456,060	316	\$447,645	236	\$599,390
2022	\$172,313,655	367	\$469,519	257	\$670,481
2023	\$241,855,785	498	\$485,654	342	\$707,180

Note: One “case” consists of 1 to many “claims”.

Pennsylvania Insurance Department

Mcare Fund

**Summary of Annual Fund Claims Payments by Health Care Provider Group**  
**Ten Most Recent Years**

<b>Individuals</b> MDs, DOs, Podiatrists Certified Nurse Midwives					<b>Medical Corporations</b>				<b>Institutions</b> Hospitals, Nursing Homes Birth Centers, Primary Care Centers				<b>Totals</b>	
Year	Count of Claims	% of Total Claims	Amount of Fund Payment	% of Annual Fund Claims Payment	Count of Claims	% of Total Claims	Amount of Fund Payment	% of Annual Fund Claims Payment	Count of Claims	% of Total Claims	Amount of Fund Payment	% of Annual Fund Claims Payment	Total Claim Count	Total Annual Fund Claims Payment
2014	225	65%	\$103,366,679	66%	12	3%	\$6,050,000	4%	109	32%	\$46,284,556	30%	346	\$155,701,235
2015	241	68%	\$108,303,790	68%	5	1%	\$2,675,000	2%	106	30%	\$49,288,545	31%	352	\$160,267,335
2016	229	62%	\$106,235,581	61%	12	3%	\$6,112,500	4%	131	35%	\$61,607,406	35%	372	\$173,955,487
2017	244	61%	\$113,657,457	63%	19	5%	\$9,179,486	5%	139	35%	\$58,423,190	32%	402	\$181,260,133
2018	269	61%	\$132,674,414	63%	23	5%	\$12,485,866	6%	147	33%	\$66,000,236	31%	439	\$211,160,516
2019	255	62%	\$117,731,905	62%	17	4%	\$7,975,000	4%	141	34%	\$65,586,613	34%	413	\$191,293,518
2020	208	59%	\$99,461,246	59%	9	3%	\$5,250,000	3%	135	38%	\$64,064,583	38%	352	\$168,775,829
2021	178	56%	\$84,222,111	60%	12	4%	\$6,300,000	4%	126	40%	\$50,933,949	36%	316	\$141,456,060
2022	216	59%	\$103,454,281	60%	18	5%	\$8,350,000	5%	133	36%	\$60,509,374	35%	367	\$172,313,655
2023	321	64%	\$158,202,223	65%	23	5%	\$11,025,235	5%	154	31%	\$72,628,327	30%	498	\$241,855,785

Pennsylvania Insurance Department

Mcare Fund

**Claims Payments by Self-Insurer and Primary Insurer  
Five Most Recent Years**

<b>Insurer Code</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
S01	\$ -	\$ -	\$ -	\$ -	\$ -
S10	\$ 3,500,000	\$ 3,000,000	\$ 500,000	\$ 500,000	\$ 1,000,000
S12	\$ 500,000	\$ 500,000	\$ 475,000	\$ -	\$ 3,094,205
S23	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 895,000
S35	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
S40	\$ 1,000,000	\$ -	\$ 500,000	\$ 3,500,000	\$ 2,000,000
S41	\$ -	\$ 500,000	\$ -	\$ -	\$ -
S43	\$ -	\$ -	\$ -	\$ -	\$ -
S45	\$ -	\$ -	\$ -	\$ -	\$ -
S48	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
S49	\$ -	\$ -	\$ -	\$ -	\$ -
S51	\$ 500,000	\$ 500,000	\$ 500,000	\$ -	\$ -
S53	\$ -	\$ -	\$ -	\$ -	\$ -
S54	\$ -	\$ -	\$ 400,000	\$ -	\$ 1,000,000
S57	\$ -	\$ -	\$ -	\$ -	\$ -
S60	\$ -	\$ 750,000	\$ -	\$ 1,450,000	\$ 1,500,000
S62	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
S63	\$ -	\$ -	\$ -	\$ -	\$ -
S66	\$ -	\$ -	\$ -	\$ -	\$ -
S67	\$ -	\$ -	\$ 500,000	\$ -	\$ -
S68	\$ 3,100,000	\$ -	\$ 250,000	\$ 1,500,000	\$ 5,000,000
S69	\$ -	\$ 1,000,000	\$ 2,800,000	\$ 3,329,875	\$ 5,870,125
003	\$ 11,718,077	\$ 11,922,246	\$ 6,565,000	\$ 11,650,000	\$ 9,744,327
011	\$ 2,950,000	\$ 4,024,000	\$ 3,275,000	\$ 1,000,000	\$ 1,400,000
031	\$ 13,856,800	\$ 9,400,000	\$ 4,300,000	\$ 15,650,500	\$ 19,333,219
032	\$ 1,000,000	\$ 900,000	\$ -	\$ 1,000,000	\$ 1,500,000
039	\$ -	\$ -	\$ -	\$ -	\$ -
045	\$ -	\$ -	\$ -	\$ -	\$ -
052	\$ -	\$ -	\$ -	\$ 453,242	\$ 1,150,000
067	\$ 14,126,801	\$ 8,355,000	\$ 10,972,000	\$ 12,491,555	\$ 10,140,881
086	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
090	\$ -	\$ -	\$ -	\$ -	\$ -
093	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
103	\$ 750,000	\$ 1,000,000	\$ -	\$ 250,000	\$ 1,000,000
112	\$ -	\$ -	\$ -	\$ -	\$ 26,685
119	\$ -	\$ 55,000	\$ -	\$ -	\$ -
121	\$ 500,000	\$ 1,000,000	\$ 2,400,000	\$ 1,000,000	\$ 2,775,000
124	\$ -	\$ -	\$ 500,000	\$ -	\$ -
126	\$ -	\$ -	\$ -	\$ -	\$ -
127	\$ 500,000	\$ 1,725,000	\$ 1,500,000	\$ 2,525,003	\$ 425,000
129	\$ 3,600,000	\$ 6,300,000	\$ 2,900,000	\$ 2,500,000	\$ 500,000
130	\$ -	\$ -	\$ -	\$ -	\$ -
135	\$ -	\$ -	\$ -	\$ -	\$ -
136	\$ 100,000	\$ 1,000,000	\$ 380,000	\$ 1,100,000	\$ -

Pennsylvania Insurance Department

Mcare Fund

**Claims Payments by Self-Insurer and Primary Insurer  
Five Most Recent Years**

<b>Insurer Code</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
137	\$ -	\$ 500,000	\$ -	\$ 675,000	\$ -
138	\$ 1,000,000	\$ 400,000	\$ 997,500	\$ -	\$ 500,000
139	\$ -	\$ -	\$ -	\$ -	\$ -
143	\$ -	\$ -	\$ -	\$ -	\$ -
144	\$ 20,895,000	\$ 19,075,000	\$ 19,755,000	\$ 17,915,000	\$ 24,900,000
145	\$ 6,825,000	\$ 3,100,000	\$ 3,000,000	\$ 5,625,000	\$ 2,500,000
155	\$ 10,150,000	\$ 7,250,000	\$ 8,680,000	\$ 6,300,000	\$ 16,860,667
156	\$ 5,638,000	\$ 5,260,000	\$ 3,350,000	\$ 6,912,104	\$ 7,350,000
159	\$ -	\$ -	\$ -	\$ -	\$ -
160	\$ -	\$ -	\$ -	\$ -	\$ 175,000
161	\$ -	\$ -	\$ -	\$ -	\$ -
162	\$ -	\$ 2,000,000	\$ -	\$ 1,300,000	\$ -
173	\$ 500,000	\$ -	\$ -	\$ -	\$ -
179	\$ -	\$ -	\$ -	\$ -	\$ -
181	\$ -	\$ -	\$ -	\$ -	\$ -
184	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
185	\$ -	\$ -	\$ -	\$ -	\$ -
186	\$ -	\$ -	\$ 375,000	\$ -	\$ -
194	\$ -	\$ -	\$ -	\$ -	\$ -
196	\$ -	\$ -	\$ -	\$ 900,000	\$ 1,000,000
197	\$ 3,000,000	\$ 6,350,000	\$ 5,425,000	\$ 5,000,000	\$ 7,500,000
199	\$ 3,100,000	\$ 500,000	\$ 2,500,000	\$ 3,125,000	\$ 3,500,000
202	\$ 4,000,000	\$ 600,000	\$ 895,000	\$ 135,000	\$ -
203	\$ 2,000,000	\$ 500,000	\$ 1,500,000	\$ 3,000,000	\$ 1,500,000
206	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
207	\$ 5,000,000	\$ 4,250,000	\$ 6,073,949	\$ 6,817,718	\$ 9,100,000
208	\$ -	\$ -	\$ 300,000	\$ -	\$ 1,200,000
210	\$ -	\$ -	\$ -	\$ -	\$ -
211	\$ 8,800,000	\$ 6,000,000	\$ 3,000,000	\$ 1,650,247	\$ 6,000,000
212	\$ 1,500,000	\$ 950,000	\$ -	\$ 1,000,000	\$ -
217	\$ -	\$ -	\$ -	\$ -	\$ -
218	\$ 500,000	\$ -	\$ -	\$ -	\$ -
219	\$ 2,475,000	\$ 500,000	\$ 1,900,000	\$ 1,000,000	\$ 3,518,625
220	\$ 1,000,000	\$ 195,000	\$ -	\$ 1,000,000	\$ 1,000,000
221	\$ 4,150,000	\$ 1,750,000	\$ 500,000	\$ 3,400,000	\$ 1,400,000
222	\$ 5,275,982	\$ 2,509,583	\$ 1,000,000	\$ 4,109,980	\$ 5,931,645
223	\$ 1,000,000	\$ 1,500,000	\$ 1,750,000	\$ 6,550,000	\$ 7,385,406
224	\$ -	\$ -	\$ 2,925,000	\$ 2,300,000	\$ 4,500,000
228	\$ -	\$ -	\$ -	\$ -	\$ -
229	\$ -	\$ -	\$ -	\$ -	\$ -
232	\$ -	\$ 300,000	\$ -	\$ -	\$ 650,000
234	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ 500,000
239	\$ 2,363,093	\$ 1,500,000	\$ 2,475,000	\$ 2,700,000	\$ 4,150,000
241	\$ 1,100,000	\$ -	\$ 2,400,000	\$ 1,000,000	\$ 1,000,000
243	\$ -	\$ -	\$ -	\$ -	\$ -

Pennsylvania Insurance Department

Mcare Fund

**Claims Payments by Self-Insurer and Primary Insurer  
Five Most Recent Years**

<b>Insurer Code</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
245	\$ 10,050,000	\$ 18,875,000	\$ 7,650,000	\$ 8,725,000	\$ 8,000,000
246	\$ -	\$ 500,000	\$ -	\$ 500,000	\$ -
250	\$ -	\$ -	\$ -	\$ -	\$ -
253	\$ 2,233,333	\$ 4,600,000	\$ 2,450,000	\$ -	\$ 3,500,000
258	\$ 695,000	\$ 925,000	\$ -	\$ -	\$ -
261	\$ 2,775,000	\$ 1,150,000	\$ 2,000,000	\$ 1,000,000	\$ 1,500,000
262	\$ 500,000	\$ -	\$ -	\$ -	\$ 425,000
270					\$ 985,000
271	\$ 4,275,000	\$ 1,950,000	\$ 3,500,000	\$ 6,900,000	\$ 5,620,000
275	\$ -	\$ -	\$ -	\$ -	\$ -
276	\$ 1,725,000	\$ 380,000	\$ 1,075,000	\$ 500,000	\$ -
277	\$ -	\$ 500,000	\$ -	\$ -	\$ -
279	\$ -	\$ -	\$ -	\$ 500,000	\$ 1,000,000
285	\$ -	\$ -	\$ -	\$ -	\$ -
286	\$ -	\$ 250,000	\$ -	\$ 500,000	\$ -
289	\$ -	\$ 500,000	\$ -	\$ -	\$ 500,000
290	\$ -	\$ -	\$ -	\$ 68,588	\$ -
297	\$ -	\$ -	\$ -	\$ -	\$ -
308	\$ -	\$ 250,000	\$ 1,000,000	\$ -	\$ 500,000
310	\$ 6,066,432	\$ 6,860,000	\$ 3,362,611	\$ 2,204,843	\$ 4,650,000
312	\$ -	\$ -	\$ -	\$ -	\$ -
314	\$ -	\$ -	\$ -	\$ -	\$ 500,000
320	\$ -	\$ -	\$ -	\$ -	\$ -
324	\$ 1,500,000	\$ 500,000	\$ 2,725,000	\$ 500,000	\$ 1,875,000
326	\$ -	\$ -	\$ -	\$ -	\$ 500,000
327	\$ -	\$ -	\$ -	\$ -	\$ 500,000
329	\$ 1,400,000	\$ -	\$ 500,000	\$ -	\$ -
331	\$ 800,000	\$ -	\$ -	\$ -	\$ -
333	\$ -	\$ -	\$ -	\$ -	\$ -
334	\$ -	\$ 1,500,000	\$ -	\$ 1,000,000	\$ 500,000
337	\$ -	\$ -	\$ -	\$ 500,000	\$ -
338	\$ 3,900,000	\$ 6,700,000	\$ 875,000	\$ 3,000,000	\$ 12,500,000
341	\$ 1,500,000	\$ 950,000	\$ 500,000	\$ -	\$ 1,750,000
344	\$ -	\$ -	\$ 500,000	\$ 350,000	\$ 350,000
345	\$ -	\$ -	\$ -	\$ -	\$ 500,000
346	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -
347	\$ -	\$ -	\$ 1,800,000	\$ -	\$ 500,000
350	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ 325,000
351	\$ 2,400,000	\$ 965,000	\$ 1,500,000	\$ 500,000	\$ 6,900,000
355	\$ -	\$ -	\$ -	\$ 500,000	\$ 1,500,000
358	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
359	\$ -	\$ -	\$ 2,000,000	\$ 500,000	\$ 1,500,000
365	\$ -	\$ -	\$ -	\$ 1,250,000	\$ 2,000,000
Total	\$ 191,293,518	\$ 168,775,829	\$ 141,456,060	\$ 172,313,655	\$ 241,855,785



# **Medical Care Availability and Reduction of Error Fund**

# **2023**

## **Assessment Rate Calculation**

## **19%**



## Executive Summary

As required by Act 13 of 2002 (the Act), the Pennsylvania Medical Care Availability and Reduction of Error Fund (Mcare) calculates the annual assessment rate to be used on behalf of eligible Pennsylvania health care providers. In addition, the 2023 assessment calculation reflects the provisions prescribed by the 2014 Settlement Agreement.<sup>1</sup>

## 2023 Assessment Rate

Section 712(d)(1) of the Act requires “the assessment shall be based on the prevailing primary premium (PPP) for each participating health care provider and shall, in the aggregate, produce an amount sufficient to do all the following:

- (i) Reimburse the fund for the payment of reported claims which became final during the preceding claims period.
- (ii) Pay expenses of the fund incurred during the preceding claims period.
- (iii) Pay principal and interest on moneys transferred into the fund in accordance with Section 713(c).
- (iv) Provide a reserve that shall be 10% of the sum of subparagraphs (i), (ii), and (iii).”

In addition, the Settlement Agreement required that “beginning with the 2015 Mcare Assessment and for each annual Assessment thereafter, the Mcare Fund shall compute the Assessment by subtracting the full amount of the Projected Starting Balance from the sum of” items (i) through (iv) above.

Pursuant to the above-referenced subsections, the resulting amount of \$197.6 million was applied to the selected PPP of \$1.016 billion, producing an assessment rate of 19% (see Exhibit 1), which will be used to calculate the assessment for 2023 coverage. The assessment rate is levied against the Pennsylvania Professional Liability Joint Underwriting Association (JUA’s) filed occurrence rates at \$500,000 per claim, reflecting no change from the prior year.

Mcare’s 2023 year-end balance is determined by the extent that 2023 claims payments and operational expenses differ from the assessment revenue collected. This balance may be impacted by other variables including, but not limited to, any supplemental funding made available to Mcare during 2023, and the difference between the selected and actual 2023 PPP. Use of the Reserve Fund and/or supplemental funding would be required if the assessment revenue collected is insufficient to meet Mcare’s 2023 obligations.

---

<sup>1</sup> Settlement Agreement effective October 3, 2014 with the Pennsylvania Medical Society, the Hospital & Healthsystem Association of Pennsylvania and the Pennsylvania Podiatric Medical Association.

## Basis of the Calculation

Section 712(d)(1) of the Act mandates that the aggregate assessment for 2023 produces an amount sufficient to reimburse the fund for the preceding year's obligations that include claims payments, operating expenses, payment of principal and interest on moneys transferred into Mcare, and 10% buffer amount. In addition, the Settlement Agreement requires Mcare to reduce the Assessment Costs by the Projected Starting Balance.

### Claims Payments

The claim year ended August 31, 2022. Claims payments in the amount of \$172.3 million is the principal component of the 2023 assessment rate calculation.

### Operating Expenses

The operating expenses for claim year ending August 31, 2022 is \$10 million. These expenses include Mcare administrative costs, as well as legal expenditures related to the defense of Section 715 claims.

### Principal and Interest on Money Transferred, if Any

It was not necessary for Mcare to borrow money to meet its 2022 obligations.

### Buffer Amount

The Act requires that the assessment rate calculation include a reserve amount equal to 10% of the sum of all the above.

### Projected Starting Balance

The Settlement Agreement defines the Projected Starting Balance to be the "balance in the Mcare Fund as of January 1 of the applicable assessment year, as projected as of on or about October 15 of the prior calendar year, including interest and other income in the Assessment Relief Fund. The Assessment Relief Fund and the Reserve Fund shall not be included in the calculation of the Projected Starting Balance." Mcare's January 1, 2023 Projected Starting Balance is \$3 million.

### Settlement Reserve Fund

The Settlement Agreement defines the Reserve Fund as "the portion of the Settlement Funds that Mcare is permitted to retain as a one-time, non-replenishing reserve.... The starting balance of the Reserve Fund as of the effective date of the Settlement (October 3, 2014) is \$30 million, and the Reserve Fund shall never exceed that amount. Interest and other income earned on the amounts in the Reserve Fund may be retained in the Reserve Fund unless retention of such interest and other income would result in the Reserve Fund exceeding \$30 million...." The Insurance Commissioner may choose to reduce the Assessment Amount for a given year using all or a portion of the remaining Reserve Fund. The Reserve Fund balance as of August 31, 2022 is \$14 million.

### **Prevailing Primary Premium (PPP)**

The assessment and policy count data for policies effective in 2019, 2020, and 2021 is used to select the 2023 PPP. This data includes primary policy type (claims-made or occurrence), product code, county code, and specialty code.

#### Product Code

The product code is one of eight as listed below:

1. BC Birth Center
2. HS Hospital
3. MC Professional Corporation
4. MD Physician, Resident, or Fellow
5. MW Nurse Midwife
6. NC Nursing Home
7. PC Primary Health Center
8. SC Podiatrist

#### County Code

The JUA assigned rating county of the exposure in one of the 67 Pennsylvania counties.

#### Specialty Code

The specialty code is provided in the annual JUA rating schedule.

#### Rate Change

The JUA made no rating changes effective January 1, 2023. Therefore, the projected 2022 PPP did not require Mcare to factor in any adjustments to the JUA class, county/territory, or specialty code.

### **Selected 2023 PPP**

Mcare selected \$1.016 billion as the 2023 PPP based on remittances received and processed by Mcare. This PPP may vary from the actual 2023 PPP due to numerous factors including, but not limited to:

- Possible changes in the relative size of Pennsylvania's health care industry during 2023 relative to recent years;
- Possible changes in the specialty and/or territory of a health care provider's exposure during 2022 and 2023;
- Possible changes in the effective date of primary policies (i.e., cancel/rewrite distortions) during 2022 and 2023; and
- Additional data, such as policy adjustments, late reported assessment, and mergers and closings that will cause the assessment data to change.

## 2023 Assessment Rate

After applying the statutory formula, Assessment Costs total \$200.6 million. The Projected Starting Balance amount of \$3 million is then used to offset Assessment Costs as prescribed by the Settlement Agreement. The remaining balance of \$197.6 million is applied to the 2023 selected PPP of \$1.016 billion, producing an Assessment Rate of 19%.

Assessment Rate Factors	2023
(1) Claim Year Ending 08/31/2022 Claims Payments	\$172,313,655
(2) Claim Year Ending 08/31/2022 Operating Expenses	\$10,085,704
(3) Principal and Interest on Money Transferred	\$0
(4) Buffer of 10% (1) + (2) + (3)	\$18,239,936
(5) 2022 Assessment Costs (1) + (2) + (3) + (4)	\$200,639,295
(6) Projected Starting Balance 01/01/2023	\$3,051,087
(7) Settlement Reserve Fund	\$0
(8) 2023 Assessment Amount (5) - (6) - (7)	\$197,588,208
(9) Selected 2023 Prevailing Primary Premium (PPP)	\$1,015,797,264
(10) Calculated Assessment Rate (8) ÷ (9) Rounded	19%

## Exhibit 1

### Prior Year Comparison

A comparison of the 2023 and 2022 assessment rate calculation is summarized below:

<b>Assessment Rate Factors</b>	<b>2023</b>	<b>2022</b>
(1) Claim Year Ending 08/31 Claims Payments	\$172,313,655	\$141,456,060
(2) Claim Year Ending 08/31 Operating Expenses	\$10,085,704	\$6,956,408
(3) Principal and Interest on Money Transferred	\$0	\$0
(4) Buffer of 10% (1) + (2) + (3)	\$18,239,936	\$14,841,247
(5) Assessment Costs (1) + (2) + (3) + (4)	\$200,639,295	\$163,253,715
(6) Projected Starting Balance 01/01	\$3,051,087	\$51,145,718
(7) Settlement Reserve Fund	\$0	\$0
(8) Assessment Amount (5) - (6) - (7)	\$197,588,208	\$112,107,997
(9) Selected Prevailing Primary Premium (PPP)	\$1,015,797,264	\$972,020,175
(10) Calculated Assessment Rate (8) ÷ (9) Rounded	19%	12%

\* \* \*



# **Medical Care Availability and Reduction of Error Fund**

# **2023**

## **Hospital Experience Modification Factor Calculation**

## Executive Summary

As per Section 712(g)(4) of Act 13 of 2002 (the Act), Mcare experience rates each eligible hospital through its Hospital Experience Modification (HEM) program. The purpose of the HEM program is to provide appropriate financial incentives to encourage effective risk management practices and to promote quality care. The Act requires:

The applicable prevailing primary premium of a hospital may be adjusted through an increase or decrease in the individual hospital's prevailing primary premium not to exceed 20%. Any adjustment shall be based upon the frequency and severity of claims paid by the fund on behalf of other hospitals of similar class, size, risk and kind within the same defined region during the past five most recent claims periods.

The HEM factor calculation provides hospitals with an understandable methodology of how the factor is determined.

## HEM Factor Calculation

Each year, the Mcare HEM factor calculation directly correlates the hospital's claims experience at the Mcare layer of coverage with what the hospital has paid into Mcare, similar to a paid loss retrospective rating plan. The first step in calculating the HEM factors is to identify those hospitals which hold a current license with the PA Department of Health and have at least five years of claims experience.

New hospitals that do not meet the five-year claims experience requirement may not be rated, and, therefore, will have an annual HEM factor of 1.0 or 100%. Hospitals that surrendered their license, but are still providing services under a merged license, will be rated under the merged hospital's active license. Closed hospitals are excluded from participating in Mcare as they are no longer recognized as a health care provider under the Act.

Once a hospital is eligible to be rated, the individual Mcare loss ratio is calculated (loss ratio). As required by the Act, five years of claims and assessment data is used to calculate the loss ratio. The aggregate of five years of claims payments is divided by the aggregate of five years of assessment payments. For the 2023 HEM calculation, the following data was used in the calculation.

## Claims Payments

Claims payments made in years 2017 through 2021 were used in the calculation.

## Assessment Payments

Assessments received and processed as of October 7, 2022 for years 2018 through 2022 were used in the calculation. Historically, most hospital's assessment payments are for coverage effective either in January or July. Any hospital whose assessment has not been received and processed prior to October 7, 2022 must be advance calculated. The advance calculation is based on the hospital's most recent bed and visit counts, assessment rate, and related HEM year factor.

## Band and Loss Ratio Analysis

To compare a hospital's Mcare Loss Ratio to its peers, hospitals are placed in one of five bands. A hospital's band is determined by its Annualized Prevailing Primary Premium (APPP). The APPP is calculated by taking the hospital's annual bed and visit counts and multiplying them by the unadjusted Prevailing Primary Premium as defined in the Mcare Act. The bands are as follows:

Band	Band Range
1	\$0 to \$330,000
2	\$330,001 to \$640,000
3	\$640,001 to \$1,300,000
4	\$1,300,001 to \$2,760,000
5	\$2,760,001 and greater

Each Band Loss Ratio is developed by taking the aggregate five years of claims payments on behalf of all the hospitals in the band and dividing it by the aggregate five years of assessments paid by all hospitals in the band. This produces the Band Loss Ratio. Each hospital's loss ratio is compared to its applicable Band Loss Ratio to determine whether the hospital's loss ratio is better, the same or worse. It is this difference that forms the foundation of the HEM factor. The results of this comparison may indicate a HEM factor that is outside the +/-20% allowed by the statute. Accordingly, the result of this initial analysis is called the Uncapped HEM Factor.

## Revenue Neutral and Off-Balance Analysis

Since its inception, the HEM program has been "revenue neutral". Revenue neutral in this context means that the hospitals, as a provider group, will pay the same with the HEM program as they would have without it. By doing so, other health care providers do not benefit from reduced assessment payments, nor do they subsidize the hospital provider group assessment payments. To determine whether the HEM program is revenue neutral, Mcare calculates how much hospitals as a group would pay into Mcare if there was not a HEM program (Baseline Assessment). Then the amount the hospitals would pay once the HEM factors are applied (Modified Assessment) is calculated. The Baseline Assessment is compared to the Modified Assessment and the difference is the Off-Balance Target. The Off-Balance Target is generally a positive number, which means the initial HEM factor calculation generates less assessment than if there was no HEM program.



Thus, a factor (Off-Balance Factor) is applied to the Modified Assessment so that it is increased to generate the additional assessment needed to match the Baseline Assessment. The use of the Off-Balance Factor on the Uncapped HEM Factor must be done together with the application of the +/- 20% statutory restriction.

Multiple calculations are needed because as a hospital's HEM factor is increased with the application of the Off-Balance Factor, it has the possible impact of taking the factor to the statutory maximum of 120% (Max Rate). Once this happens, no additional assessment may be collected from the hospital. Successive calculations limit the hospital's new HEM Factor at the maximum adjustment until the Off-Balance Target is reached. The Mcare Act requires that frequency be incorporated into the HEM calculation. Mcare addresses this mandate by including all hospitals with one or more Mcare paid claims in calculating the Off-Balance Factor. It is possible for a hospital to have one or more Mcare paid claims and still be under the statutory minimum of 80%. For these hospitals, the loss ratio is brought to 80% and then the Off-Balance Factor is applied (Off Balance Only).

If a hospital has no Mcare paid claims during the five-year evaluation period, the HEM factor is 80% (Claims Free). This is the maximum discount allowed by the Mcare Act.

### 2023 HEM Breakdown

Below is a breakdown of the HEM factor calculation for the 2023 assessment year.

Count	Factor	Description
73	80.0%	Claims Free
44	86.9%	Off Balance Only
16	86.9% - 119.9%	Middle Rated
54	120.0%	Max Rate
187 Rated		

### Distribution of HEM Factor

Mcare emails the HEM factor to each individual hospital's contact. In addition, Mcare's contact information is provided should there be any questions regarding the calculation of the hospital's HEM factor or to request additional information.

\* \* \*

Pennsylvania Insurance Department

Mcare Fund

Amount of Assessment Received by Provider Type and Assessment Year - Ten Most Recent Years									
Assessment Year	Rate <sup>2</sup>	Physicians (MD/DO)	Podiatrists	Nurse Midwives	Hospitals	Nursing Homes	Primary Health Centers	Birth Centers	Medical Corporations
2014	23%	\$ 169,376,086	\$ 3,939,049	\$ 1,309,370	\$ 41,779,456	\$ 4,816,426	\$ 917,792	\$ 35,630	\$ 4,381,340
2015	12%	\$ 89,370,910	\$ 2,067,654	\$ 689,888	\$ 22,274,479	\$ 2,520,883	\$ 492,162	\$ 18,676	\$ 2,310,269
2016	17%	\$ 127,218,113	\$ 2,943,664	\$ 984,511	\$ 31,234,379	\$ 3,580,112	\$ 726,980	\$ 27,829	\$ 3,264,523
2017	19%	\$ 134,939,231	\$ 3,254,795	\$ 1,138,199	\$ 32,851,526	\$ 3,975,380	\$ 865,740	\$ 31,919	\$ 3,421,968
2018	19%	\$ 145,684,397	\$ 3,238,544	\$ 1,285,544	\$ 36,050,463	\$ 3,927,294	\$ 940,752	\$ 32,633	\$ 3,165,093
2019	19%	\$ 146,973,937	\$ 3,140,634	\$ 1,320,875	\$ 35,883,895	\$ 3,930,396	\$ 931,536	\$ 27,294	\$ 3,121,441
2020	19%	\$ 144,749,745	\$ 3,036,867	\$ 1,304,659	\$ 34,486,641	\$ 3,697,349	\$ 971,516	\$ 24,030	\$ 2,903,474
2021	19%	\$ 147,350,183	\$ 3,120,558	\$ 1,414,077	\$ 33,554,143	\$ 3,633,735	\$ 930,975	\$ 27,132	\$ 2,824,324
2022	12%	\$ 94,881,531	\$ 1,940,410	\$ 895,603	\$ 22,746,111	\$ 2,353,101	\$ 728,312	\$ 17,966	\$ 1,740,428
2023 <sup>1</sup>	19%	\$ 148,648,265	\$ 2,826,751	\$ 1,465,468	\$ 36,053,351	\$ 3,350,554	\$ 1,054,970	\$ 29,197	\$ 2,438,992

<sup>1</sup> Coverage for policies that incept or renew during the month of December is due to Mcare on or before March 1, 2024. Coverage for 2023 policies that have been reported and processed as of January 26, 2024, is included in the amounts and is subject to additional development.

<sup>2</sup> For year 2014, the assessment rate and assessment received reflects the pre-settlement percentage and the actual dollars collected.

Pennsylvania Insurance Department

Mcare Fund

**Yearly Average Assessment by Provider Group - Ten Most Recent Years**

Assessment Year	Assessment Rate <sup>1</sup>	Physicians			Podiatrists			Hospitals			Nursing Homes		
		Yearly Average <sup>2</sup>	% Change over Prior Year <sup>2</sup>	% Change from 2014 to 2023 <sup>2</sup>	Yearly Average <sup>2</sup>	% Change over Prior Year <sup>2</sup>	% Change from 2014 to 2023 <sup>2</sup>	Yearly Average <sup>2</sup>	% Change over Prior Year <sup>2</sup>	% Change from 2014 to 2023 <sup>2</sup>	Yearly Average <sup>2</sup>	% Change over Prior Year <sup>2</sup>	% Change from 2014 to 2023 <sup>2</sup>
2014	23%	\$3,916			\$3,176			\$187,351			\$6,960		
2015	12%	\$2,047			\$1,679			\$100,789			\$3,642		
2016	17%	\$2,887			\$2,412			\$141,974			\$5,181		
2017	19%	\$3,061			\$2,631			\$150,695			\$5,761		
2018	19%	\$3,221			\$2,639			\$166,900			\$5,699		
2019	19%	\$3,193			\$2,565			\$173,352			\$5,721		
2020	19%	\$3,145			\$2,530			\$169,884			\$5,397		
2021	19%	\$3,152			\$2,596			\$165,291			\$5,367		
2022	12%	\$1,997			\$1,675			\$114,879			\$3,470		
2023	19%	\$3,268	63%	-17%	\$2,707	61%	-15%	\$194,882	69%	4%	\$5,210	50%	-26%

<sup>1</sup> For 2014, the assessment rate reflects the pre-settlement percentages and the yearly average is based on the actual dollars collected.

<sup>2</sup> The reporting of coverage adjustments may impact the yearly average and percent change.

Pennsylvania Insurance Department

Mcare Fund

**Assessment Remitted by Self-Insurer and Primary Insurer - Ten Most Recent Years**

Insurer Code	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 <sup>1</sup>
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
S10	\$ 4,883,519	\$ 2,596,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S12	\$ 2,127,826	\$ 1,071,266	\$ 1,640,799	\$ 1,878,052	\$ 441,070	\$ -	\$ -	\$ -	\$ -	\$ -
S40	\$ 548,488	\$ 290,538	\$ 444,667	\$ 519,132	\$ 541,188	\$ 551,911	\$ 580,086	\$ 593,635	\$ 367,741	\$ 591,783
S41	\$ 77,831	\$ 40,570	\$ 58,952	\$ 79,101	\$ 96,066	\$ 41,916	\$ -	\$ -	\$ -	\$ -
S54	\$ 455,416	\$ 260,685	\$ 410,403	\$ 478,947	\$ 475,057	\$ 485,811	\$ 465,421	\$ -	\$ -	\$ -
S58	\$ 15,492	\$ 8,881	\$ 9,245	\$ 10,262	\$ 12,761	\$ 8,529	\$ 6,461	\$ 5,612	\$ 4,380	\$ 6,937
S60	\$ 538,397	\$ 307,302	\$ 185,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S61	\$ 11,943	\$ 6,231	\$ 8,900	\$ 9,947	\$ 9,785	\$ 9,785	\$ 9,623	\$ 8,330	\$ 4,699	\$ 7,844
S63	\$ 216,499	\$ 67,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S64	\$ 16,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S67	\$ 10,671	\$ 8,634	\$ 24,771	\$ 28,574	\$ 28,574	\$ 28,574	\$ 28,574	\$ 28,574	\$ 18,047	\$ 28,574
S68	\$ 1,586,947	\$ 843,000	\$ 1,128,109	\$ 1,149,585	\$ 1,183,689	\$ 632,667	\$ 103,354	\$ 88,397	\$ 61,978	\$ 98,662
S69	\$ -	\$ -	\$ 4,165,559	\$ 4,889,933	\$ 5,030,397	\$ 5,306,238	\$ 6,083,187	\$ 6,551,384	\$ 4,287,990	\$ 7,126,520
001	\$ 15,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
003	\$ 16,345,638	\$ 8,300,304	\$ 10,762,154	\$ 10,690,547	\$ 10,134,079	\$ 9,742,103	\$ 10,092,443	\$ 9,850,899	\$ 6,674,567	\$ 11,102,175
011	\$ 3,715,982	\$ 1,591,228	\$ 2,580,532	\$ 3,222,590	\$ 2,920,397	\$ 1,946,397	\$ 1,847,337	\$ 844,474	\$ 570,346	\$ 813,764
023	\$ 95,281	\$ 38,811	\$ 30,345	\$ 28,636	\$ 29,011	\$ 26,296	\$ 24,452	\$ 22,462	\$ 12,203	\$ 18,905
031	\$ 17,418,519	\$ 8,481,896	\$ 11,764,172	\$ 12,095,255	\$ 11,515,981	\$ 10,547,289	\$ 9,713,753	\$ 9,258,647	\$ 5,935,725	\$ 8,619,294
032	\$ 681,267	\$ 331,629	\$ 379,835	\$ 408,819	\$ 342,835	\$ 372,321	\$ 531,856	\$ 624,392	\$ 346,514	\$ 514,729
035	\$ -	\$ -	\$ 45,583	\$ -	\$ 3,262	\$ 308	\$ -	\$ -	\$ -	\$ -
038	\$ -	\$ 21,082	\$ 30,021	\$ 33,750	\$ 29,109	\$ 30,629	\$ 30,304	\$ 21,854	\$ 9,921	\$ 16,274
052	\$ 64,126	\$ 22,820	\$ 36,368	\$ 116,122	\$ 136,186	\$ 285,298	\$ 382,900	\$ 401,905	\$ 173,199	\$ 272,128
055	\$ 89,425	\$ 41,805	\$ 55,682	\$ 62,238	\$ 60,227	\$ 64,201	\$ 62,776	\$ 67,654	\$ 36,178	\$ 57,209
056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,124	\$ -	\$ -	\$ -
067	\$ 13,531,061	\$ 6,910,188	\$ 9,306,870	\$ 11,033,274	\$ 9,841,746	\$ 9,288,397	\$ 8,272,246	\$ 7,442,405	\$ 3,803,035	\$ 4,507,871
090	\$ 80,774	\$ 40,778	\$ 57,267	\$ 65,423	\$ 41,311	\$ -	\$ -	\$ -	\$ -	\$ -
103	\$ 1,212,383	\$ 682,114	\$ 2,206,637	\$ 1,319,642	\$ 306,461	\$ 239,168	\$ 170,366	\$ 156,157	\$ 27,401	\$ 22,700
110	\$ 39,896	\$ 1,291	\$ 1,828	\$ 2,043	\$ 31,114	\$ 16,276	\$ 74,030	\$ 83,077	\$ 42,654	\$ 73,423
112	\$ 9,573	\$ 4,995	\$ 7,076	\$ 7,908	\$ 7,908	\$ 163,268	\$ 162,681	\$ 169,839	\$ 106,405	\$ 206,646
113	\$ 17,432	\$ 7,030	\$ 14,166	\$ 12,845	\$ 18,656	\$ 43,988	\$ 24,204	\$ 44,442	\$ 38,969	\$ 71,459
118	\$ 8,738	\$ 8,918	\$ 12,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
121	\$ 453,832	\$ 292,655	\$ 567,915	\$ 506,590	\$ 478,914	\$ 3,726,918	\$ 4,739,804	\$ 5,022,796	\$ 3,242,113	\$ 4,776,509
124	\$ 783,419	\$ 375,219	\$ 503,243	\$ 1,769,309	\$ 1,926,942	\$ 1,776,384	\$ 1,677,851	\$ 1,677,583	\$ 1,030,239	\$ 1,486,072
127	\$ 541,574	\$ 611,060	\$ 939,628	\$ 999,787	\$ 890,154	\$ 1,118,611	\$ 1,772,802	\$ 1,722,576	\$ 1,015,769	\$ 1,633,333
129	\$ 4,458,579	\$ 2,199,986	\$ 2,827,020	\$ 3,173,850	\$ 3,346,188	\$ 238,298	\$ 626,860	\$ 6,394	\$ 2,231	\$ -
130	\$ 43,833	\$ 6,160	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
137	\$ 277,059	\$ 145,743	\$ 206,289	\$ 48,100	\$ 37,632	\$ 33,538	\$ 26,967	\$ 26,572	\$ 16,783	\$ 13,609
138	\$ 934,882	\$ 499,036	\$ 745,370	\$ 1,045,122	\$ 1,081,823	\$ 1,086,571	\$ 1,094,134	\$ 1,138,413	\$ 728,466	\$ 1,244,148
144	\$ 22,370,815	\$ 11,610,202	\$ 17,156,773	\$ 8,576,732	\$ 20,219,128	\$ 20,562,708	\$ 19,588,027	\$ 20,049,995	\$ 15,888,823	\$ 25,358,733
145	\$ 5,133,275	\$ 2,770,722	\$ 2,945,947	\$ 2,412,948	\$ 3,311,554	\$ 2,798,570	\$ 1,887,245	\$ 1,596,672	\$ 897,078	\$ 937,925
155	\$ 15,399,833	\$ 8,127,065	\$ 11,681,500	\$ 14,886,076	\$ 15,190,457	\$ 16,239,702	\$ 17,180,624	\$ 17,563,001	\$ 11,367,471	\$ 19,550,495
156	\$ 7,590,570	\$ 5,166,860	\$ 5,513,846	\$ 6,255,865	\$ 6,129,213	\$ 6,102,938	\$ 6,518,372	\$ 6,710,367	\$ 4,338,277	\$ 6,214,840
162	\$ 118,044	\$ 80,415	\$ 178,877	\$ 195,235	\$ 504,935	\$ 395,931	\$ 381,123	\$ 376,589	\$ 225,802	\$ 326,739
165	\$ 76,134	\$ 70,766	\$ 87,281	\$ 103,888	\$ 92,699	\$ 49,523	\$ 22,395	\$ 22,799	\$ 17,854	\$ 6,277
173	\$ -	\$ -	\$ 405,704	\$ 503,423	\$ 457,670	\$ 515,495	\$ 240,010	\$ 255,344	\$ 165,924	\$ 183,546
179	\$ 36,917	\$ 19,318	\$ 24,830	\$ 51,423	\$ 67,154	\$ 70,579	\$ 38,718	\$ 22,652	\$ 8,446	\$ 14,091
194	\$ 10,750	\$ 6,430	\$ 7,001	\$ 8,058	\$ 2,673	\$ 2,305	\$ 321	\$ 8,015	\$ 85,858	\$ 105,587
196	\$ 898,586	\$ 425,636	\$ 543,060	\$ 629,943	\$ 400,840	\$ 258,817	\$ 257,036	\$ 21,855	\$ -	\$ -
197	\$ 5,961,345	\$ 2,983,701	\$ 4,003,266	\$ 4,410,037	\$ 4,275,519	\$ 4,221,062	\$ 4,118,229	\$ 3,285,687	\$ 2,147,222	\$ 3,731,694
199	\$ 5,329,903	\$ 2,901,373	\$ 4,271,121	\$ 5,027,183	\$ 5,242,478	\$ 5,494,778	\$ 5,563,833	\$ 5,734,495	\$ 4,234,787	\$ 7,586,616
203	\$ 1,794,847	\$ 932,436	\$ 1,416,924	\$ 1,934,620	\$ 2,429,903	\$ 2,720,648	\$ 2,857,765	\$ 3,097,939	\$ -	\$ -
206	\$ -	\$ -	\$ -	\$ 124,441	\$ 131,544	\$ 94,225	\$ 71,025	\$ 38,752	\$ 31,428	\$ 56,788

Pennsylvania Insurance Department

Mcare Fund

**Assessment Remitted by Self-Insurer and Primary Insurer - Ten Most Recent Years**

Insurer Code	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 <sup>1</sup>
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
207	\$ 15,263,721	\$ 6,651,781	\$ 9,649,099	\$ 10,942,758	\$ 11,209,480	\$ 11,844,668	\$ 12,049,019	\$ 12,542,987	\$ 11,465,795	\$ 18,309,054
208	\$ 2,033,025	\$ 1,045,518	\$ 1,387,829	\$ 286,584	\$ 12,624	\$ 4,356	\$ 3,733	\$ 3,019	\$ 2,357	\$ 3,733
210	\$ 892,463	\$ 444,621	\$ 128,062	\$ 732	\$ 2,576	\$ -	\$ -	\$ -	\$ -	\$ -
211	\$ 7,357,292	\$ 1,548,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
212	\$ 649,370	\$ 427,633	\$ 769,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
217	\$ 289,646	\$ 145,666	\$ 246,912	\$ 353,284	\$ 217,192	\$ 199,049	\$ 196,089	\$ 163,194	\$ 106,236	\$ 139,609
218	\$ 376,913	\$ 213,513	\$ 325,227	\$ 420,094	\$ 436,101	\$ 450,312	\$ 450,578	\$ 396,046	\$ 246,231	\$ 308,999
219	\$ 3,809,186	\$ 2,013,599	\$ 2,739,925	\$ 3,046,379	\$ 2,836,663	\$ 2,717,048	\$ 2,756,147	\$ 2,543,406	\$ 1,524,930	\$ 2,321,328
220	\$ 1,367,918	\$ 449,037	\$ 626,915	\$ 571,862	\$ 617,846	\$ 694,868	\$ 758,155	\$ 2,002,897	\$ 1,556,205	\$ 2,377,744
221	\$ 4,468,210	\$ 2,417,018	\$ 2,216,260	\$ 1,348,271	\$ 1,138,019	\$ 494,164	\$ -	\$ -	\$ -	\$ -
222	\$ 4,716,792	\$ 2,597,229	\$ 4,013,352	\$ 5,096,548	\$ 5,330,007	\$ 5,460,900	\$ 5,983,650	\$ 6,078,656	\$ 4,252,109	\$ 7,413,522
223	\$ 3,742,316	\$ 2,104,535	\$ 3,150,576	\$ 4,092,319	\$ 4,761,084	\$ 5,067,636	\$ 5,697,198	\$ 6,136,490	\$ 4,175,277	\$ 6,861,386
224	\$ 2,548,582	\$ 1,498,596	\$ 2,330,169	\$ 2,856,033	\$ 2,892,251	\$ 2,879,755	\$ 2,980,004	\$ 3,752,421	\$ 2,528,946	\$ 4,409,061
225	\$ 77,034	\$ 40,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
226	\$ 75,123	\$ 39,308	\$ 1,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
232	\$ 174,369	\$ 154,431	\$ 193,866	\$ 245,750	\$ 184,143	\$ 99,047	\$ 96,513	\$ 113,487	\$ 93,456	\$ 141,943
234	\$ 226,605	\$ 128,959	\$ 171,953	\$ 177,735	\$ 193,055	\$ 214,939	\$ 162,702	\$ -	\$ -	\$ -
235	\$ 76,906	\$ 39,742	\$ 57,102	\$ 65,495	\$ 69,533	\$ 68,563	\$ 66,875	\$ 58,933	\$ 35,813	\$ 55,594
236	\$ 58,055	\$ 28,097	\$ 17,643	\$ 14,270	\$ 14,503	\$ 16,945	\$ 16,945	\$ 16,945	\$ 9,159	\$ 14,503
237	\$ 18,694	\$ 10,590	\$ 17,505	\$ 23,638	\$ 26,570	\$ 24,505	\$ 15,163	\$ 13,135	\$ 8,465	\$ -
239	\$ 2,321,204	\$ 1,440,787	\$ 2,083,780	\$ 2,408,588	\$ 2,161,565	\$ 2,623,650	\$ 3,377,154	\$ 2,954,732	\$ 1,834,598	\$ 2,248,057
241	\$ 974,321	\$ 484,333	\$ 768,631	\$ 885,717	\$ 874,363	\$ 892,341	\$ 921,985	\$ 1,052,393	\$ 694,021	\$ 1,123,536
242	\$ 39,879	\$ 20,806	\$ 29,476	\$ 32,944	\$ 27,162	\$ 27,162	\$ 26,874	\$ 26,874	\$ 16,973	\$ 26,874
243	\$ 26,156	\$ 13,873	\$ 21,605	\$ 21,723	\$ 20,877	\$ 26,028	\$ 27,812	\$ 21,402	\$ 14,883	\$ 22,790
244	\$ 67,363	\$ 34,033	\$ 5,652	\$ 6,318	\$ 6,842	\$ 6,318	\$ 11,010	\$ -	\$ -	\$ 506
245	\$ 7,923,153	\$ 4,526,535	\$ 7,064,405	\$ 8,341,353	\$ 9,267,371	\$ 9,783,277	\$ 9,404,137	\$ 9,802,452	\$ 6,608,434	\$ 10,277,354
246	\$ 610,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
247	\$ 56,479	\$ 36,329	\$ 68,260	\$ 79,262	\$ 80,440	\$ 62,712	\$ 48,347	\$ 37,915	\$ 41,750	\$ 79,626
248	\$ 405,018	\$ 209,820	\$ 82,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
249	\$ 6,897	\$ 4,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,192	\$ 30,127
252	\$ 20,063	\$ 10,632	\$ 14,341	\$ 18,017	\$ 19,158	\$ 22,340	\$ 22,607	\$ 21,460	\$ 11,817	\$ 18,498
253	\$ 4,568,471	\$ 2,265,702	\$ 3,254,773	\$ 2,235,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,133	\$ 2,537	\$ 11,951	\$ 411
258	\$ 1,493,302	\$ 767,745	\$ 935,301	\$ 951,349	\$ 877,381	\$ 529,558	\$ -	\$ -	\$ -	\$ -
261	\$ 851,200	\$ 451,974	\$ 680,371	\$ 672,122	\$ 728,490	\$ 699,919	\$ 852,211	\$ 189,587	\$ 630,452	\$ 1,027,233
262	\$ 59,482	\$ 25,075	\$ 28,238	\$ 38,403	\$ 39,998	\$ 36,276	\$ 36,230	\$ 33,186	\$ 19,451	\$ 30,961
264	\$ 1,207	\$ 630	\$ 892	\$ 997	\$ 997	\$ 997	\$ 997	\$ 1,994	\$ -	\$ 997
265	\$ 138,607	\$ 70,567	\$ 122,108	\$ 125,178	\$ 144,308	\$ 230,530	\$ 266,263	\$ 265,252	\$ 191,650	\$ 295,804
266	\$ 44,295	\$ 1,675	\$ 2,374	\$ 28,808	\$ 33,213	\$ 40,122	\$ 37,780	\$ -	\$ -	\$ -
267	\$ 741	\$ 387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,329	\$ 41,120	\$ -	\$ -	\$ 10,817
270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,637	\$ 43,954	\$ 189,935	\$ 266,628	\$ 493,282
271	\$ 4,079,942	\$ 2,583,294	\$ 3,285,807	\$ 4,328,740	\$ 4,912,702	\$ 4,100,392	\$ 2,294,323	\$ 2,499,803	\$ 907,017	\$ 940,986
274	\$ 167,227	\$ 83,804	\$ 112,520	\$ 121,652	\$ 120,635	\$ 117,221	\$ 109,859	\$ 104,140	\$ 60,523	\$ 91,630
275	\$ 21,501	\$ 33,860	\$ 25,686	\$ 26,007	\$ 32,139	\$ 5,454	\$ 4,293	\$ 3,724	\$ 4,835	\$ 7,402
276	\$ 563,886	\$ 290,947	\$ 368,373	\$ 287,662	\$ 272,926	\$ 268,383	\$ 270,216	\$ 281,217	\$ 133,046	\$ 22,838
277	\$ 138,806	\$ 90,233	\$ 36,433	\$ 33,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
279	\$ 136,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 673,926	\$ 658,654	\$ 335,783	\$ 526,182
280	\$ -	\$ -	\$ -	\$ 2,797	\$ 4,427	\$ 4,427	\$ -	\$ -	\$ -	\$ -
286	\$ 124,559	\$ 80,914	\$ 115,655	\$ 161,621	\$ 212,812	\$ 302,444	\$ 396,632	\$ 657,280	\$ 380,969	\$ 639,222
289	\$ 55,548	\$ 31,937	\$ 68,495	\$ 39,688	\$ 37,435	\$ 49,748	\$ 182,007	\$ 333,482	\$ 326,044	\$ 620,437

Pennsylvania Insurance Department

Mcare Fund

**Assessment Remitted by Self-Insurer and Primary Insurer - Ten Most Recent Years**

Insurer Code	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 <sup>1</sup>
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
290	\$ 74,558	\$ 39,054	\$ 55,670	\$ 59,283	\$ 59,116	\$ 59,006	\$ 57,451	\$ 42,710	\$ 13,061	\$ -
292	\$ 19,965	\$ 4,999	\$ 5,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
293	\$ 17,178	\$ 7,260	\$ 843	\$ 942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
294	\$ 3,472	\$ 4,032	\$ 4,814	\$ 7,436	\$ 8,678	\$ 18,225	\$ 15,357	\$ 93,758	\$ 19,708	\$ 6,501
296	\$ 3,449	\$ 1,799	\$ 2,549	\$ 2,849	\$ 2,849	\$ -	\$ -	\$ -	\$ -	\$ -
298	\$ 32,527	\$ 18,997	\$ 26,913	\$ 30,080	\$ 30,080	\$ 22,511	\$ 64,465	\$ 65,236	\$ 40,507	\$ 77,714
300	\$ -	\$ -	\$ -	\$ 881	\$ 2,254	\$ 4,751	\$ 8,864	\$ 15,812	\$ 3,816	\$ 1,239
303	\$ 48,304	\$ 27,066	\$ 33,720	\$ 40,418	\$ 47,724	\$ 40,783	\$ 43,424	\$ 47,209	\$ 27,159	\$ 46,695
307	\$ 7,208	\$ 4,005	\$ 5,429	\$ 5,256	\$ 2,820	\$ 1,626	\$ 2,120	\$ 1,626	\$ 1,114	\$ -
308	\$ 525,385	\$ 581,522	\$ 94,101	\$ 62,101	\$ 7,793	\$ 29,919	\$ 12,472	\$ 29,465	\$ 23,047	\$ 30,675
310	\$ 5,392,049	\$ 3,049,220	\$ 4,433,843	\$ 4,904,963	\$ 5,034,341	\$ 5,199,680	\$ 5,268,610	\$ 5,433,137	\$ -	\$ -
311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,149	\$ 1,149	\$ -	\$ -
312	\$ 25,161	\$ 32,280	\$ 25,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
313	\$ 1,140	\$ 595	\$ 208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
314	\$ 218,223	\$ 112,271	\$ 129,076	\$ 19,279	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
315	\$ 43,491	\$ 8,309	\$ 21,250	\$ 34,926	\$ 39,773	\$ 4,776	\$ 514	\$ -	\$ -	\$ -
318	\$ 85	\$ -	\$ -	\$ -	\$ -	\$ 7,548	\$ 10,917	\$ 5,014	\$ 67,437	\$ 51,075
320	\$ 1,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
321	\$ 29,869	\$ 19,247	\$ 20,428	\$ 13,241	\$ 7,548	\$ 6,558	\$ 5,551	\$ 7,808	\$ 5,694	\$ 12,663
322	\$ 22,317	\$ 8,879	\$ 80,208	\$ 74,993	\$ 85,490	\$ -	\$ 234	\$ 107,252	\$ 88,362	\$ 113,630
323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,143	\$ 399,271	\$ 482,203
324	\$ 29,512	\$ 99,378	\$ 1,491,413	\$ 1,967,407	\$ 2,343,718	\$ 1,895,602	\$ 794,004	\$ 427,007	\$ 192,445	\$ 277,110
325	\$ 47,118	\$ 36,088	\$ 52,979	\$ 17,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
326	\$ 71,589	\$ 50,683	\$ 71,882	\$ 17,213	\$ 16,176	\$ 17,153	\$ 21,121	\$ 31,908	\$ 14,909	\$ 7,418
327	\$ 47,961	\$ 22,241	\$ 33,635	\$ 35,094	\$ 37,289	\$ 51,159	\$ 55,871	\$ 85,602	\$ 43,421	\$ 67,767
328	\$ 508,387	\$ 270,970	\$ 402,458	\$ 458,277	\$ 445,277	\$ 332,496	\$ 319,255	\$ 294,944	\$ 197,126	\$ 284,897
329	\$ 164,064	\$ 172,773	\$ 93,865	\$ 329,834	\$ 321,787	\$ 339,444	\$ 59,527	\$ -	\$ -	\$ -
330	\$ 485,036	\$ 80,249	\$ 128,072	\$ 49,451	\$ 40,395	\$ 1,223	\$ -	\$ -	\$ -	\$ -
331	\$ 78,726	\$ 52,795	\$ 49,976	\$ 42,040	\$ 24,970	\$ 36,044	\$ 735	\$ -	\$ -	\$ -
332	\$ 4,940	\$ 3	\$ 4,183	\$ 6,814	\$ 11,352	\$ 22,731	\$ 32,090	\$ 52,411	\$ 42,359	\$ 77,888
333	\$ 597,201	\$ 267,156	\$ 48,673	\$ 149,137	\$ 187,024	\$ 261,745	\$ 264,604	\$ 246,153	\$ 138,175	\$ 35,359
334	\$ 601,491	\$ 300,028	\$ 274,788	\$ 279,322	\$ 290,964	\$ 202,790	\$ 132,732	\$ 155,910	\$ 120,202	\$ 163,305
335	\$ -	\$ 2,245	\$ 10,222	\$ 11,424	\$ 16,791	\$ 58,657	\$ 62,061	\$ 42,907	\$ 21,311	\$ 28,322
336	\$ 3,564	\$ 1,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
337	\$ -	\$ -	\$ -	\$ 919	\$ 3,378	\$ 5,755	\$ 16,933	\$ 12,668	\$ 18,232	\$ 6,205
338	\$ 6,794,582	\$ 4,263,837	\$ 6,216,823	\$ 6,956,614	\$ 7,105,591	\$ 7,204,684	\$ 7,691,606	\$ 7,927,809	\$ 5,293,928	\$ 8,254,115
339	\$ 16,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
340	\$ 60,580	\$ 28,454	\$ 51,229	\$ 3,099	\$ 3,348	\$ -	\$ -	\$ -	\$ -	\$ -
341	\$ 1,403,904	\$ 780,560	\$ 1,168,563	\$ 1,368,826	\$ 1,365,765	\$ 1,253,813	\$ 1,304,547	\$ 1,348,387	\$ 856,365	\$ 1,346,743
342	\$ 2,391	\$ 5,095	\$ 7,217	\$ 8,067	\$ 5,984	\$ 3,483	\$ 3,447	\$ 8,120	\$ 5,111	\$ 8,820
343	\$ 14,795	\$ 9,012	\$ 12,767	\$ 4,668	\$ 9,810	\$ 48,172	\$ 65,784	\$ 78,372	\$ 37,478	\$ 52,686
344	\$ 2,943	\$ -	\$ -	\$ 188,697	\$ 223,860	\$ 31,061	\$ -	\$ -	\$ -	\$ -
345	\$ 2,074	\$ -	\$ 12,417	\$ 20,722	\$ 11,987	\$ 23,551	\$ 20,538	\$ 16,569	\$ 9,237	\$ 12,971
346	\$ -	\$ 26,462	\$ 57,467	\$ 56,044	\$ 100,826	\$ 131,206	\$ 111,999	\$ 129,882	\$ 96,764	\$ 48,766
347	\$ -	\$ 15,377	\$ 124,740	\$ 299,034	\$ 335,557	\$ 222,492	\$ 159,688	\$ 166,403	\$ 83,960	\$ 89,335
348	\$ -	\$ 3,233	\$ 8,317	\$ 100,593	\$ 108,477	\$ 117,666	\$ 131,034	\$ 41,747	\$ 22,131	\$ 5,394
349	\$ 836	\$ 56,984	\$ 33,506	\$ 31,896	\$ 48,375	\$ 89,649	\$ 17,603	\$ 19,829	\$ -	\$ -
350	\$ -	\$ 18,350	\$ 365,131	\$ 524,577	\$ 636,652	\$ 909,375	\$ 986,857	\$ 885,443	\$ 489,185	\$ 588,639
351	\$ -	\$ 2,489,481	\$ 5,350,272	\$ 5,643,898	\$ 4,592,897	\$ 5,042,823	\$ 4,748,969	\$ 4,725,898	\$ 2,825,832	\$ 3,962,097
353	\$ -	\$ -	\$ 30,991	\$ -	\$ 25,896	\$ 13,050	\$ 9,815	\$ 10,031	\$ -	\$ 160,911
354	\$ -	\$ -	\$ 219,523	\$ 350,542	\$ 350,767	\$ 341,864	\$ 330,282	\$ 326,311	\$ 207,678	\$ 329,301
355	\$ -	\$ -	\$ 1,972,111	\$ 2,417,153	\$ 2,443,919	\$ 2,876,583	\$ 2,367,743	\$ 2,134,715	\$ 1,359,405	\$ 1,807,862

# Pennsylvania Insurance Department

## Mcare Fund

### Assessment Remitted by Self-Insurer and Primary Insurer - Ten Most Recent Years

Insurer Code	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 <sup>1</sup>
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
357	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -
358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,858	\$ 7,276	\$ 3,028	\$ 4,361
359	\$ -	\$ -	\$ -	\$ 1,043,963	\$ 1,009,675	\$ 275,675	\$ 231,219	\$ 184,142	\$ 111,357	\$ 256,330
360	\$ -	\$ -	\$ 19,663	\$ 70,807	\$ 65,522	\$ 59,501	\$ -	\$ -	\$ -	\$ -
361	\$ 4,675	\$ 2,439	\$ 111,880	\$ 289,143	\$ 340,182	\$ 326,592	\$ 310,087	\$ 362,586	\$ 273,257	\$ 299,676
362	\$ -	\$ -	\$ 3,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
363	\$ -	\$ -	\$ -	\$ 6,699	\$ 8,025	\$ 8,774	\$ 8,774	\$ 6,780	\$ -	\$ -
364	\$ -	\$ -	\$ -	\$ -	\$ 249,824	\$ 378,026	\$ 388,773	\$ 457,329	\$ 289,632	\$ 443,413
365	\$ -	\$ -	\$ -	\$ 1,249,628	\$ 3,249,096	\$ 4,305,854	\$ 4,011,573	\$ 3,655,832	\$ 1,976,117	\$ 3,041,542
367	\$ -	\$ -	\$ -	\$ 28,433	\$ 21,067	\$ 14,783	\$ 24,149	\$ 25,263	\$ 9,583	\$ -
368	\$ -	\$ -	\$ -	\$ -	\$ 3,544,749	\$ 2,607,905	\$ -	\$ -	\$ -	\$ -
369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 787,285	\$ 231,380	\$ 241,141	\$ 313,395	\$ 1,453,283
370	\$ -	\$ -	\$ -	\$ -	\$ 10,637	\$ 12,525	\$ 154,684	\$ 136,308	\$ 90,685	\$ 306,103
371	\$ -	\$ -	\$ -	\$ -	\$ 105,467	\$ 16,670	\$ -	\$ -	\$ -	\$ -
372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 615,219	\$ 618,963	\$ 428,292	\$ 273,907	\$ 426,172
373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,748	\$ 20,397	\$ 12,445	\$ 9,001	\$ 10,804
374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,418,678	\$ 1,268,633	\$ 1,236,228	\$ 778,874	\$ -
375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,819	\$ 11,712	\$ 7,398	\$ -
376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,294	\$ 73,584	\$ 119,539	\$ -	\$ -
377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,834	\$ 108,864	\$ 96,580	\$ 155,437	\$ 64,843
378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,233	\$ 13,020	\$ 18,295	\$ 7,908
379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 862,305	\$ 925,875	\$ 597,918	\$ 962,158
380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,053	\$ 7,192	\$ 13,150	\$ 28,045
381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,765	\$ -	\$ -
382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,441	\$ 351,884	\$ 405,517
383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,354	\$ 1,360	\$ 1,268
385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,363	\$ 60,995	\$ 83,838
386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,354	\$ 64,751	\$ 75,468
387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 679,170	\$ 521,351	\$ 809,168
388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,065	\$ -	\$ -
389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,460	\$ 5,504	\$ 43,721
392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,628
393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,093	\$ 207,311
394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,581	\$ 169,504
395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,248
396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,960	\$ 1,552
397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,982
398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,454
Totals	\$ 226,555,149	\$ 119,744,921	\$ 169,980,111	\$ 180,478,758	\$ 194,324,720	\$ 195,330,008	\$ 191,174,281	\$ 192,855,127	\$ 125,303,462	\$ 195,867,548

<sup>1</sup> The Amount is based on the gross rated undiscounted assessment remitted and processed as of January 26, 2024 and is subject to additional development.

Pennsylvania Department of Insurance  
Mcare Fund

**Count of Unique Health Care Providers by Provider Type by Assessment Year**

**Ten Most Recent Years**

Assessment Year	Physicians (MD/DO)	Podiatrists	Nurse Midwives	Hospitals	Nursing Homes	Primary Health Centers	Birth Centers	Total Annual Count <sup>1, 2, 3</sup>
2014	43,249	1,240	316	223	692	5	5	45,730
2015	43,659	1,231	322	221	692	5	6	46,136
2016	44,065	1,220	335	220	691	5	6	46,542
2017	44,070	1,237	352	218	690	4	6	46,577
2018	45,221	1,227	366	216	689	4	5	47,728
2019	46,019	1,224	393	207	687	3	5	48,538
2020	46,019	1,200	385	203	685	3	5	48,500
2021	46,738	1,202	403	203	677	3	5	49,231
2022	47,493	1,158	414	198	678	3	5	49,949
2023	45,484	1,044	396	185	643	2	5	47,759

<sup>1</sup> Medical corporations are excluded as they are not health care providers.

<sup>2</sup> Coverage for policies that incept or renew during the month of December is due to Mcare on or before March 1, 2024. Coverage for 2023 policies that have been reported and processed as of January 26, 2024, is included in the counts and subject to additional development.

<sup>3</sup> Applying an experience based development factor of 1.08% to the current 2023 health care provider count results in a projected 2023 health care provider count of 51,822.





---

## PENNSYLVANIA MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND

---

Unfunded Liability Analysis as of December 31, 2022  
Rollforward Analysis to June 30, 2023 (based on actual payments)

---

Deloitte Consulting LLP  
August 2, 2023

August 2, 2023

Ms. Tawny Mummah  
Executive Director – Mcare Fund  
Pennsylvania Insurance Department  
Capitol Associates Building  
901 North 7<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Harrisburg, PA 17102

Dear Ms. Mummah:

Deloitte Consulting LLP is pleased to submit the actuarial report regarding our analysis of the Pennsylvania Insurance Department (“Department”) unfunded liability associated with the Medical Care Availability and Reduction of Error Fund as of June 30, 2023. This report is based on our independent actuarial analysis of data evaluated through December 31, 2022, including a rollforward to June 30, 2023 based on actual loss payments and claims emergence from January 1, 2023 to June 30, 2023. The report details our findings and conclusions and presents the detailed calculations underlying these findings.

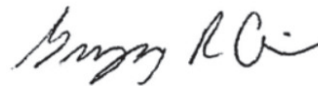
Michael Green and Greg Chrin are members of the Casualty Actuarial Society and the American Academy of Actuaries and meet the qualification standards to issue this actuarial report.

We have enjoyed working with the Pennsylvania Insurance Department on this analysis. If you have any questions after reviewing this report, please do not hesitate to contact us.

Sincerely,



Michael Green, ACAS, MAAA  
Principal  
Deloitte Consulting LLP  
+1 312 486 3075  
[micgreen@deloitte.com](mailto:micgreen@deloitte.com)



Greg Chrin, FCAS, MAAA  
Specialist Leader  
Deloitte Consulting LLP  
+1 860 725 3086  
[gchrin@deloitte.com](mailto:gchrin@deloitte.com)

# Table of Contents

	Page
<b>I. OVERVIEW</b>	<b>1</b>
Fund Background	1
Report Sections	3
<b>II. SCOPE</b>	<b>4</b>
<b>III. CONDITIONS AND LIMITATIONS</b>	<b>6</b>
Distribution and Use	6
Data Reliance	7
<b>IV. SUMMARY OF RESULTS</b>	<b>8</b>
Relevant Comments	9
<b>V. ACTUARIAL METHODOLOGY</b>	<b>12</b>
Unfunded Liability	12
Loss Methods	12
Selected Ultimate Loss and Unpaid Loss Calculation	14
Other Considerations	14
Roll-forward Analysis	14
Reinsurance Collectability	15
Pennsylvania Property and Casualty Insurance Guaranty Association (PPCIGA)	15
<b>VI. DISCLOSURES</b>	<b>16</b>
<b>VII. EXHIBITS</b>	<b>18</b>

# I. OVERVIEW

Deloitte Consulting LLP (“Deloitte Consulting”, “us”, “we” or “our”) was retained by the Pennsylvania Insurance Department (“Department”) to provide an independent actuarial analysis of the Department’s unfunded liability of the Medical Care Availability and Reduction of Error Fund (“Mcare” or “the Fund”) as of June 30, 2023. This report has been created to support and document the analysis.

This report discusses our approach and presents the results of our December 31, 2022 review, which was also rolled forward to June 30, 2023. Our unfunded liability estimates are presented on an undiscounted basis. All information presented in this report is as of December 31, 2022 and June 30, 2023, and displayed in thousands of US dollars unless otherwise stated.

## FUND BACKGROUND

The Medical Professional Liability Catastrophe Loss Fund (“CAT Fund”) was created on January 13, 1976 to ensure reasonable compensation for persons injured due to medical negligence. Since that time, the Commonwealth of Pennsylvania’s medical professional liability insurance landscape consisted of basic insurance from the private market and excess coverage from a patient compensation fund. As a successor to CAT Fund, the Medical Care Availability and Reduction of Error Fund was created by Act 13 of 2002 and signed into law on March 20, 2002.

The Fund provides excess coverage (at varying historical limits) to health care providers (“HCP”) who have exhausted their primary limits (“Excess Claims”), and previously provided first dollar coverage, including defense, for claims that are reported within the statute of limitations, but four or more years after the occurrence event (“Section 715 Claims”).

Per Section 715 of Act 13, a provision was created to eliminate the Fund's first-dollar coverage of late reported claims. Prior to Act 13, these late reported claims were known as Section 605 claims. All medical professional liability insurance policies issued on or after January 1, 2006 provide coverage within the primary policy limit for breach of contract or tort occurring after December 31, 2005 regardless of when reported. However, the Fund still provides first dollar coverage for certain late reported claims under Section 715, for example injuries to minors and for foreign objects, when the first date of occurrence was prior to January 1, 2006, the last date(s) of criticized treatment is more than four years before the claim, and the claim is reported to Mcare within 180 days of the claim being made.

The mandatory medical professional liability primary coverage limits are scheduled to increase (with corresponding decreases in the Fund coverage limits), subject to the Commissioner's assessment of the basic insurance coverage capacity. Per our discussions with the Department, the estimates contained in this report assume that the primary coverage limits will increase to \$750,000 in 2026 through 2028 and then to \$1 million in 2029, and that the Fund will provide no excess coverage beginning with policies issued or renewed in 2029.

Summary of Historical and Future Occurrence / Aggregate Limits (000's)				
Policy Year	Hospital Primary	Physician and Other HCP Primary	Mcare Fund Excess	Section 605/715
1996 & Prior	200 / 1,000	200 / 600	1,000 / 3,000	1,000
1997 - 1998	300 / 1,500	300 / 900	900 / 2,700	1,000
1999 - 2000	400 / 2,000	400 / 1,200	800 / 2,400	1,000
2001 - 2002	500 / 2,500	500 / 1,500	700 / 2,100	1,000
2003 - 2005	500 / 2,500	500 / 1,500	500 / 1,500	1,000
2006 - 2025	500 / 2,500	500 / 1,500	500 / 1,500	500 (excess)
2026 - 2028	750 / 3,750	750 / 2,250	250 / 750	250 (excess)
2029 & Sub.	1,000 / 4,500	1,000 / 3,000	0 / 0	0 (excess)

The Fund is supported by an assessment collected from each participating health care provider ("HCP"). The annual assessment percentage for calendar year 2022 is 12%.<sup>1</sup> Act 13 requires an assessment that will, in the aggregate, produce an amount sufficient to accomplish the following:

- 1) Reimburse the Fund for payments of reported claims which became final during the preceding claims period;<sup>2</sup>
- 2) Pay expenses of the Fund incurred during the preceding claims period;
- 3) Pay principal and interest on moneys transferred into the Fund; and
- 4) Provide a reserve that should be 10% of the sum of (1), (2) and (3).

Beginning with the 2015 assessment and for each annual assessment thereafter, the Fund computes the assessment by subtracting any projected starting balance from the sum of items (1) through (4) above.<sup>3</sup> The assessment is collected via the application of an assessment rate to the policy year prevailing primary

<sup>1</sup> <https://www.insurance.pa.gov/SpecialFunds/MCARE/Pages/2022.aspx>

<sup>2</sup> The Fund's fiscal year for claim payments ends on August 31<sup>st</sup>, with actual payments on the claims settled within the fiscal year being made on or about December 31<sup>st</sup>

<sup>3</sup> Per the "settlement agreement" effective October 3, 2014 between the Commonwealth of Pennsylvania and the "Petitioners" – the Hospital & Health System Association of Pennsylvania ("HAP"), the Pennsylvania Medical Society ("PAMED"), and the Pennsylvania Podiatric Medical Association ("PPMA").

premium, which is based on the Joint Underwriting Association (JUA) occurrence rates applicable to the health care provider. Given that the assessments are primarily designed to reimburse the Fund for claims and expenses paid during the preceding claims period, the Fund effectively operates on a pay-as-you-go basis. The Fund does not maintain a reserve dedicated to support the liability for claims that have been incurred but not yet paid; however, the fund does require regular actuarial evaluations of its projected unfunded liability.

## REPORT SECTIONS

This report is comprised of the following sections:

- Overview – provides a general introduction and overview of the engagement;
- Scope – describes the work and reports that Deloitte Consulting has performed and produced;
- Conditions and Limitations – details the limitations that apply to this engagement’s work product, report and results;
- Summary of Results – provides our estimates of the unpaid claims, including relevant comments that discuss the areas of note observed throughout our analysis;
- Actuarial Methodology – describes the approach underlying the results of our estimates of unpaid claims;
- Disclosures – discusses certain disclosures required by Actuarial Standards of Practice pertaining to the estimation of property/casualty unpaid claims;
- Exhibits – describes the contents of the exhibits included in this report.

## II. SCOPE

Deloitte Consulting serves as an independent consultant to the Pennsylvania Insurance Department under an agreement between the Department and Deloitte Consulting. Our role under such engagement is to provide an actuarial analysis of the Mcare's unfunded liability as of December 31, 2022 and June 30, 2023.

The scope of work is to provide the following:

- An estimate of the Department's unfunded liability as of December 31, 2022 for covered claims from January 1, 1976 through December 31, 2022.
- Considerations impacting the unfunded liability and future calendar year payment projections, including but not limited to the principal drivers of projections, typical time horizons over which experience is considered for projection purposes, and historical variability of these drivers.
- A roll-forward of the Department's unfunded liability from December 31, 2022 to June 30, 2023, calculated by adding the projected cost of newly covered claims minus actual claim commitments for 6 months of 2023 to the estimated unfunded liability as of December 31, 2022.

Greg Chrin is a Member of the American Academy of Actuaries (MAAA) and a Fellow of the Casualty Actuarial Society (FCAS). Greg Chrin prepared and supervised the various analyses contained in this report that supports the findings expressed in this report. Greg Chrin meets the definition of a Qualified Actuary per the NAIC Annual Statement Instructions – Property and Casualty, Actuarial Opinion. Michael Green, ACAS, MAAA performed a peer review of this work. Greg Chrin and Michael Green meet the qualification standards promulgated by the American Academy of Actuaries and are appropriately qualified to perform this analysis. Greg Chrin and Michael Green have attested compliance with the Casualty Actuarial Society's Continuing Education Policy as of December 31, 2022 to perform actuarial services in 2023. These organizations have professional standards that, among other provisions, require an actuary perform only assignments for which he or she is qualified.

The estimates contained in this report provide for loss and do not include any provisions for:

- Breast Implant and Pedicle Screw Claims
- Defense Costs

- Administrative expenses
- Brokerage or reinsurance costs including commissions
- Risk management fees
- Loss control fees
- Legal fees (other than claim defense costs)
- Actuarial fees
- Assessments

Our reasonable unfunded liability estimates provided in this report are intended to represent “actuarial central estimates”. “Actuarial central estimate” is defined by actuarial literature as “an estimate that represents an expected value over the range of reasonably possible outcomes.”

The services we performed in this actuarial analysis do not constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants (AICPA). Any use of the word “review” within this report should be interpreted in the common use of that term, and not the definition of “review” promulgated by the AICPA.

Deloitte Consulting affirms, to the best of our knowledge, that it presently has no interest, direct or indirect, which would conflict with the performance of services for this analysis.



### III. CONDITIONS AND LIMITATIONS

Due to the inherent uncertainty in projecting the ultimate costs of claims, no assurance can be offered that any particular estimate of unpaid claims will be adequate. We believe, however, that the actuarial techniques and assumptions used in our analysis are reasonable.

In estimating the unfunded liability, it is necessary to project the future payments of the unfunded liability. It is certain that actual future payments of the unfunded liability will not develop exactly as projected by any actuarial technique and may, in fact, vary significantly from the projections. No warranty is expressed or implied that such variance will not occur.

Further, our projections make no provision for the broadening of coverage by legislative action or judicial interpretation or for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in the Department's historical database or which are not yet quantifiable.

In particular, based on our review of the data provided by the Department, the effect of the COVID-19 pandemic on medical treatment, legal processes and business operations seems to have impacted the number and severity of future reported claims and the development of previously reported claims. However, we caution that the potential impact of COVID-19 pandemic on the medical professional liability experience, especially in the excess layer, is highly uncertain. The unprecedented nature of the pandemic, the numerous potential impacts on claims experience, and the uncertainty associated with activities and actions intended to temper the impact increase the uncertainty underlying the unfunded liability estimates contained in this report.

### DISTRIBUTION AND USE

This analysis has been prepared solely for the internal use of Pennsylvania Insurance Department and as documentation supporting our unfunded liability estimates as of December 31, 2022 and June 30, 2023. We understand that the Pennsylvania Insurance Department may release this report to the Pennsylvania Medical Society, the Hospital and Health System Association of Pennsylvania, and the Pennsylvania Podiatric Medical Association. In addition, the Fund may use this report as a part of the Mcare's Annual Report. Limited distribution of this report is also permitted to the Department's external auditors to support their audit process, provided that it is made available on a confidential basis and that any further distribution by auditors to third parties is prohibited without Deloitte Consulting's prior written consent.

This report may be made available to applicable state insurance regulatory agencies who shall use the report solely in connection with the discharge of their regulatory oversight responsibilities and for no other purpose.

Any other distribution of this report is not permitted without the prior written consent of Deloitte Consulting. The supporting data, analysis and tables contained in our exhibits are provided to clearly document the assumptions which support the results stated herein and are integral parts of this study. It is our intention that this report be used in its entirety, as a whole, and not segmented for other purposes.

Deloitte Consulting shall have no liability, regardless of form, to any person or entity other than the Pennsylvania Insurance Department for any action taken or omitted to be taken by such parties in respect of this report. Third parties should recognize that the furnishing of this report is not a substitute for their own due diligence and may not place any reliance on this report or data contained herein that would result in the creation of any duty or liability by Deloitte Consulting to any third party.

## DATA RELIANCE

Deloitte Consulting has relied upon data provided by the Department for this review. A specific audit to verify the accuracy or completeness of the data is beyond the scope of this engagement. While we have reviewed the data with regard to its reasonableness and consistency, we have relied on such data without audit or verification and our conclusions are based on the assumption that it is accurate and complete. If the underlying information provided is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

## IV. SUMMARY OF RESULTS

A summary of our estimated unfunded liability excluding breast implant and pedicle screw exposure as of December 31, 2022 is displayed in the table below. We have included a 0.8% load to account for the unfunded liability associated with the delay damages and post judgment interest (“DD & PJI”) costs.

Summary of Unfunded Liability (000's) as of December 31, 2022	
<u>Coverage</u>	<u>Undiscounted Estimates</u>
Excess Claims	\$984,055
Section 715 Claims (First Dollar Coverage)	\$7,955
Section 715 Claims (Excess Coverage)	\$133,590
<b>Total Excluding DD &amp; PJI</b>	<b>\$1,125,600</b>
DD & PJI Load	0.8%
<b>Total Including DD &amp; PJI</b>	<b>\$1,134,605</b>

Furthermore, a summary of our estimated unfunded liability excluding breast implant and pedicle screw exposure derived from data valued as of December 31, 2022 and rolled forward to June 30, 2023 based on actual payments from January 1, 2023 through June 30, 2023 is displayed in the table below.

Summary of Unfunded Liability (000's) as of June 30, 2023	
<u>Coverage</u>	<u>Undiscounted Estimates</u>
Excess Claims	\$986,500
Section 715 Claims (First Dollar Coverage)	\$6,600
Section 715 Claims (Excess Coverage)	\$135,492
<b>Total Excluding DD &amp; PJI (Based on Projected Claim Commitments)</b>	<b>\$1,128,592</b>
Estimated Claim Commitments (1/1/23 - 6/30/23)	\$107,160
Actual Claim Commitments (1/1/23 - 6/30/23)	\$115,459
<b>Total Excluding DD &amp; PJI (Based on Actual Claim Commitments)</b>	<b>\$1,120,294</b>
DD & PJI Load	0.8%
<b>Total Including DD &amp; PJI</b>	<b>\$1,129,256</b>

A more detailed display of our unfunded liability estimates is presented on the summary of the supporting exhibits.

The unfunded liability estimates provided above make provisions for:

- Case outstanding; claim adjusters' estimates of outstanding unpaid loss for known, reported claims.
- Incurred but not reported claims (IBNR); claims not yet reported and not recorded in the loss system, which are expected to arise from accidents that have already occurred.
- "Pipeline" claims; claims known but not yet recorded in the loss system.
- Case development; future development on known, recorded claims.
- Reopened claims; future reopened claims which should be coded to the year the claim was originally incurred.

The last four components listed above are commonly referred to collectively as bulk IBNR.

## RELEVANT COMMENTS

### Breast Implant and Pedicle Screw Claims

The Fund has been able to identify reported claims with exposure to breast implant or pedicle screw liability. These exposures have resulted in significant historical reported claim activity. However, nearly all breast implant and pedicle screw claims are closed with relatively minor historical Fund payment activity (less than \$10 million). Therefore, we have excluded these claims from the data used in our analysis to avoid the potential distortive effects on our projections. The unfunded liability estimates shown herein do not include a provision for these exposures.

### Delay Damages and Post Judgment Interest

Prior to Act 135 of 1996, delay damages and post-judgment interest costs were generally included within the limits of coverage provided by the Fund. Pursuant to Act 135, these costs are now shared with the other carriers in proportion to the share of loss and outside the Fund limits of coverage. Data for the most recent 15 calendar years indicate that Fund costs for delay damages and post-judgment interest have ranged from approximately 0.1% to 1.8%. We have selected 0.8% as the estimated ratio of these costs to loss and have increased our estimates of the unfunded liability projections accordingly.

### Defense and Other Costs

Our estimates do not include a provision for the costs of providing defense for Section 715 claims. These costs, which have averaged approximately 20% per year of the Section 715 claims paid over recent years, have historically been included in the Fund's operating (rather than claims) budget. Similarly, our estimates do not include a provision for the cost of claims administration nor for the Fund's other

operating costs. We understand that defense is provided by the primary insurers for those claims where the Fund's coverage is provided on an excess basis.

### Actual versus Expected Development

By using prior year assumptions and selections from our independent testing, we estimated expected paid losses to emerge since the prior valuation. We then compared these expectations by year to the actual loss activity and noted any adverse or favorable development. Details on actual versus expected emergence are displayed in the tables below:

Summary of Actual versus Expected Emergence – Paid Loss (000's) 12/31/2021 - 12/31/2022			
<u>Line of Business</u>	<u>Expected Emergence</u>	<u>Actual Emergence</u>	<u>Actual vs. Expected</u>
Excess Claims Statewide ("SW") excl. Philadelphia	128,814	124,674	(4,140)
Excess Claims Philadelphia	49,660	37,246	(12,413)
Section 715 Claims SW excl. Philadelphia (First Dollar)	2,981	4,300	1,319
Section 715 Claims Philadelphia (First Dollar)	667	1,000	333
Section 715 Claims SW excl. Philadelphia (Excess)	8,717	1,000	(7,717)
Section 715 Claims Philadelphia (Excess)	3,611	1,800	(1,811)
<b>Total</b>	<b>\$194,450</b>	<b>\$170,020</b>	<b>\$(24,430)</b>

It is important to note that variances between actual and expected losses are not unexpected due to the inherently random nature of the insurance claim process (both in timing and amount of payments). Our prior year estimates, as well as our expectation of loss development during the past 12 months, were based on the Department's history of data up through that point in time only. Therefore, the actual versus expected differences displayed above are intended to be construed as loss activity in the current year above and beyond (either positive or negative) what the previous historical loss development patterns had implied.

We do not consider these variances to necessarily indicate there was any error in the prior year estimated unfunded liability. We have considered the loss emergence described above (as well as the loss emergence for previous years) when reselecting our loss development pattern assumptions. We also consider this information when we reselect our ultimate loss estimates, as described below.

## Change in Ultimate Loss Estimates

In aggregate, we have held our ultimate selections flat for common accident years since the prior December 31, 2021 valuation. Details on changes in our ultimate loss selections by individual line of business are displayed in the table below:

Summary of Change in Ultimate Loss (000's)	
<u>Line of Business</u>	Ultimate Change
Excess Claims SW excl. Philadelphia	(4,955)
Excess Claims Philadelphia	13,378
Section 715 Claims SW excl. Philadelphia (First Dollar)	1,512
Section 715 Claims Philadelphia (First Dollar)	379
Section 715 Claims SW excl. Philadelphia (Excess)	(7,560)
Section 715 Claims Philadelphia (Excess)	(1,498)
<b>Total</b>	<b>\$1,256</b>

As displayed above in the “Actual versus Expected Development” section, the overall favorable emergence is primarily a result of the continued lower level of payment activity on excess claims belonging to the Philadelphia county across the 2017 and subsequent accident years, potentially as the court proceedings and settlement activities of insurers in Pennsylvania were curtailed due to the COVID-19 pandemic. By comparison, the older accident years (2016 and prior) reflected higher than expected payment activity, potentially suggesting a catch-up in claims development, however, the more recent experience still appears to be lagged. Industry data also indicates that the suppression of litigation has resulted in both delayed proceedings and lower than expected settlements, both of which would appear as favorable development. Our ultimate selections do not fully reflect the favorable experience observed since the prior analysis. We believe this experience may (at least in part) just be a delay in payments and not an actual decrease in the ultimate cost of claims.

## Runoff of Liabilities

We have estimated the unfunded liability as of December 31, 2022 for each of the future accident years by rolling forward our estimates based on the projected newly asserted claims and expected payment activity by calendar year. Refer to Summary Appendix, Sheet 2 for the respective calculations.

## V. ACTUARIAL METHODOLOGY

### UNFUNDED LIABILITY

During the course of our analysis, Deloitte Consulting considered the following:

- Historical paid loss development patterns by coverage and any recent changes in these patterns;
- Historical closed with payment claim count development patterns and any recent changes in these patterns; and
- Industry information where needed to supplement the Fund’s own data.

Several actuarial methods may be used for estimating ultimate losses. The methods used by each line of business are applied based on the credibility of the historical data, changes in Department operations affecting the historical data (e.g., changes in case reserving or claim reporting), the characteristics of that line of business (e.g., long versus short tail of development), and actuarial judgment. The paragraphs below describe the mechanics of the various methods and outline the underlying assumptions for each method.

General assumptions may include, but not be limited to, the following items:

- Loss development factors, including age-to-age, age-to-ultimate, and “tail” development factors
- Loss trends, including severity trend, frequency trend, and loss cost trend
- Loss cost amounts
- Exposure trends — primarily base premium

### LOSS METHODS

- **Paid Loss Development Method**

This method projects losses to ultimate based upon historical changes in the valuation of paid losses at given points in time (e.g., 12 months, 24 months). This method is particularly appropriate when:

- loss development patterns have been historically stable and can be predicted with reasonable accuracy.
- claim handling processes have been stable but are independent of the case reserving methods used by the company given the reliance only on paid losses.

- **Expected Loss Rate Method**

The expected loss rate method adjusts the historical loss rates to a current year on-level basis to reflect changes in the claim cost inflation, frequency, rate change and retention levels. Loss rates are defined as the estimated losses per unit of the base premium exposure. An on-level loss rate is selected and then unadjusted to each appropriate year. The selected unadjusted loss rates are then multiplied by the base premium exposure to calculate ultimate losses.

- **Paid Bornhuetter-Ferguson (B-F) Method**

This method is essentially a combination of two other reserving techniques: the paid loss development method and the expected loss rate method. The B-F method blends these two methods by splitting expected losses into two distinct pieces: expected paid losses and expected unpaid losses. As an accident year matures, the expected paid losses are replaced with actual paid losses plus expected unpaid losses to produce ultimate losses. Thus, as the accident year matures, the initial expected paid loss estimate becomes less important while the actual paid loss experience becomes more important. To calculate this method, one must estimate initial expected losses and a loss payment pattern. The initial expected losses are calculated by selecting an average loss rate and multiplying by the exposure. The payment pattern is taken from the paid loss development method.

- **Frequency-Severity Method**

The frequency-severity method begins with selecting initial expected loss severities, after consideration of the results from the loss development approaches. The initial loss severities are representative of the ultimate costs per claim. These expected loss severities are then applied to estimated ultimate claim counts to estimate ultimate losses.

We note that the Fund does not establish a provision for case reserves on open claims. Case reserves represent an estimate of the case value based on the claim adjuster's assessment of the relevant case-specific facts and circumstances. Therefore, we have not leveraged actuarial methods that rely upon case reserve estimates (e.g., reported loss development method, reported B-F method, etc.).

For our analysis of Section 715 excess claims (2006 and subsequent accident years) excluding breast implant and pedicle screw exposure (Section III of the analysis exhibits), we have relied upon the loss development factor selections for Excess claims (Section I of the analysis exhibits) assuming a lag of four years, considering the nature of Section 715 excess claims and since the Department's historical claims experience is not sufficiently statistically credible.



Base Premium estimates utilized in our procedures are updated based on periodic assessment studies and loss and exposure trends. We have reviewed these trends and held them flat in light of the market conditions.

## SELECTED ULTIMATE LOSS AND UNPAID LOSS CALCULATION

The estimates of ultimate loss by accident year are selected based on the indications of the methods described above. More weight is applied to the Bornhuetter-Ferguson and Frequency-Severity methods in more recent periods and the loss development methods in older periods. We calculated the unfunded liability by subtracting paid loss from these ultimate selections.

## OTHER CONSIDERATIONS

### ROLL-FORWARD ANALYSIS

The loss data that we used to estimate the unfunded liability amount was valued as of December 31, 2022. Therefore, in order to compute the estimated unfunded liability as of June 30, 2023, we had calculated a projection in June based on estimated claim commitments. We have now revisited our analysis and made certain adjustments for actual loss payments and claims emergence from January 1, 2023 to June 30, 2023, as described below.

To estimate the unfunded liability as of June 30, 2023, we added a provision for new occurrences from January 1, 2023 to June 30, 2023 by adding the pro-rated portion of the estimated ultimate loss exposed during this time period and subtracted actual claim commitments from January 1, 2023 to June 30, 2023. Our total estimated claim commitments from January 1, 2023 to June 30, 2023 are approximately \$107.2 million (\$73.8m for SW excl. Philadelphia and \$33.3m for Philadelphia only). The actual claim commitments for the same period and all segments combined are provided to be \$115.5 million (\$86.7m for SW excl. Philadelphia and \$28.7m for Philadelphia only). The actual claim commitments for SW excluding Philadelphia came in slightly higher than projected, while continue to be lower for Philadelphia only which is consistent with what we noted above in the “Change in Ultimate Loss Estimates” section based on the data provided to us as of December 31, 2022. Therefore, in light of the observed loss emergence and currently uncertain claims environment, we have held our ultimate loss selections and subtracted actual claim commitments of \$115.5 million which results in a slightly lower estimate of the unfunded liability as of June 30, 2023.

**REINSURANCE COLLECTABILITY**

The Fund has not purchased reinsurance for many years, and reinsurance recoveries over recent calendar years have been insignificant. Future reinsurance recoveries are also expected to be insignificant, and no adjustment for reinsurance recoverables has been made to our estimates of the unfunded liability.

**PENNSYLVANIA PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION (PPCIGA)**

For insurers who become insolvent, the PPCIGA provides coverage for primary policy limits up to \$300,000. The Fund currently provides coverage in excess of \$500,000. This could create a gap between the protection of the PPCIGA and the Fund which is not explicitly covered by the Fund. However, the gap may impact the amount of payments provided by the Fund which adds to the uncertainty of our unfunded liability estimates. We do not expect this uncertainty to materially impact our estimates.

## VI. DISCLOSURES

The following disclosures are applicable to our analysis of the Department's unfunded liability as of December 31, 2022 and June 30, 2023.

### ASOP 43

Actuarial Standard of Practice No. 43: *"Property/Casualty Unpaid Claim Estimates"* requires certain disclosures to accompany actuarial estimates of unpaid claims.

- **Terminology:** The terms "Unfunded Liability", "Estimates of Unpaid Claims", and "Unpaid Claim Estimates" are used interchangeably and are meant to convey the same meaning. The term "Reserve" is limited to its strict definition as an amount recorded in financial statements.
- **Purpose or Use of the Unpaid Claim Estimates:** The purpose of the unpaid claim estimates is to provide the Department's Management with an independent analysis and estimates of unfunded liability associated with the Department's Mcare programs.
- **Scope of the Unpaid Claim Estimates:** The intended measure of the unpaid claim estimates provided is an actuarial central estimate (an estimate that represents an expected value over the range of reasonably likely outcomes). Our estimates are shown on an undiscounted basis.
- **Constraints on the Unpaid Claim Estimates:** There were certain constraints in the performance of this actuarial analysis. These constraints stem from substantial uncertainties in estimating the loss for unpaid claims. Examples include but are not limited to the rate of inflation inherent in losses during observable development periods, the projected development for losses as they age beyond the observable development periods, and the inherent variability in losses over time.
- **Uncertainty:** We have not attempted to measure the uncertainty in the estimates.
- **Applicable Dates:** These unpaid claim estimates as of June 30, 2023 were based on data evaluated as of December 31, 2022 and June 30, 2023, as well as additional information provided to us through the date of this report.
- **Updates of Previous Estimates:** These unpaid claim estimates include updates of previous estimates. The assumptions underlying these estimates are generally based on our evaluation of

the Department’s historical experience, and these assumptions in some cases have changed since our last evaluation of the unpaid claims as of June 30, 2022.

- **Documentation:** This report, along with the accompanying exhibits, provides documentation supporting our unpaid claim estimates as of December 31, 2022 and June 30, 2023.

## ASOP 56

Actuarial Standard of Practice No. 56: “*Modeling*” requires disclosure of certain information regarding the actuary’s use of models. For this valuation, the unpaid claims estimate calculations were determined using Microsoft Excel based reserving models developed and maintained internally by Deloitte Consulting. The model was designed specifically for the measurement of property & casualty unpaid claim estimates and the actuary has updated the applicable parameters for the specific coverages reviewed and assumptions selected for this valuation.

## VII. EXHIBITS

**Total Excess and Section 715 Claims, Excluding Breast Implant & Pedicle Screw Claims**

**Unfunded Liability Analysis as of 12/31/2022  
(000)'s**

Summary Exhibit

	Selected Ultimate Loss @ 12/31/2022 (1)	Paid Loss @ 12/31/2022 (2)	Indicated Unpaid Loss @ 12/31/2022 (3)
<b>Excess Claims (1993 - 2022)</b>			
SW excl. Philadelphia	3,374,094	2,632,201	741,893
Philadelphia	2,157,308	1,915,147	242,162
<b>Excess Claims (1993 &amp; Prior)</b>	2,311,867	2,311,867	0
<b>Sub-Total (A)</b>	<b>7,843,270</b>	<b>6,859,215</b>	<b>984,055</b>
<b>Section 715 Claims (First Dollar Coverage: 2005 &amp; Prior)</b>			
SW excl. Philadelphia	606,154	599,335	6,820
Philadelphia	432,553	431,418	1,136
<b>Sub-Total (B)</b>	<b>1,038,708</b>	<b>1,030,753</b>	<b>7,955</b>
<b>Section 715 Claims (Excess Coverage: 2006 - 2022)</b>			
SW excl. Philadelphia	116,745	14,915	101,830
Philadelphia	37,030	5,270	31,760
<b>Sub-Total (C)</b>	<b>153,775</b>	<b>20,185</b>	<b>133,590</b>
<b>Total (D = A + B + C)</b>	<b>9,035,753</b>	<b>7,910,152</b>	<b>1,125,600</b>
<b>DD &amp; PJI Load (E)</b>			<b>0.8%</b>
<b>Total incl. DD &amp; PJI (D * (1+E))</b>			<b>1,134,605</b>

Footnotes:

- (1) Deloitte Selected Ultimate Loss @ 12/31/2022
- (2) Provided by Department @ 12/31/2022
- (3) Deloitte Indicated Unpaid Loss @ 12/31/2022

**Total Excess and Section 715 Claims, Excluding Breast Implant & Pedicle Screw Claims**

**Unfunded Liability Analysis as of 06/30/2023  
(000)'s**

Summary Exhibit

	Selected Ultimate Loss @ 06/30/2023 (1)	Paid Loss @ 06/30/2023 (2)	Indicated Unpaid Loss @ 06/30/2023 (3)
<b>Excess Claims (1993 - 2023)</b>			
SW excl. Philadelphia	3,530,544	2,700,279	752,041
Philadelphia	2,204,388	1,946,389	234,460
<b>Excess Claims (1993 &amp; Prior)</b>	2,311,867	2,311,867	0
<b>Sub-Total (A)</b>	8,046,800	6,958,534	986,500
<b>Section 715 Claims (First Dollar Coverage: 2005 &amp; Prior)</b>			
SW excl. Philadelphia	606,154	600,458	5,697
Philadelphia	432,553	431,650	903
<b>Sub-Total (B)</b>	1,038,708	1,032,108	6,600
<b>Section 715 Claims (Excess Coverage: 2006 - 2023)</b>			
SW excl. Philadelphia	129,840	19,537	103,755
Philadelphia	40,709	7,133	31,737
<b>Sub-Total (C)</b>	170,549	26,670	135,492
<b>Total (D = A + B + C)</b>	<b>9,256,056</b>	<b>8,017,312</b>	<b>1,128,592</b>
<b>Expected Claim Commitments 1/1/2023 - 6/30/2023 (E)</b>			107,160
<b>Actual Claim Commitments 1/1/2023 - 6/30/2023 (F)</b>			115,459
<b>Total (G = D + E - F)</b>			<b>1,120,294</b>
<b>DD &amp; PJI Load (H)</b>			<b>0.8%</b>
<b>Total incl. DD &amp; PJI (G * (1+H))</b>			<b>1,129,256</b>

Footnotes:

- (1) Deloitte Selected Ultimate Loss @ 06/30/2023
- (2) Provided by Entity @ 12/31/2022 + "Projected - Actual" Claim Commitments through 06/30/2023
- (3) Deloitte Indicated Unpaid Loss @ 06/30/2023; Latest Year Adjusted for Partial Period



\* \* \*

End of Report