

# NEW MEXICO PATIENT'S COMPENSATION FUND

**Actuarial Analysis as of December 31, 2021**

September 2022



P.O. Box 63  
Biltmore Lake, NC 28715  
309.807.2320  
[pinnacleactuarial.com](http://pinnacleactuarial.com)

**Commitment Beyond Numbers**



P.O. Box 63  
Biltmore Lake, NC 28715  
309.807.2320  
pinnacleactuaries.com

Robert J. Walling III, FCAS, MAAA, CERA  
Principal and Consulting Actuary  
rwalling@pinnacleactuaries.com

September 9, 2022

Ms. Debbie Luera  
Director of Operations  
Integrion Group  
5201 Balloon Fiesta Pkwy NE  
Albuquerque, NM 87113

Re: 2021 Actuarial Analysis of the New Mexico Patient's Compensation Fund

Dear Debbie,

Enclosed are copies of our report analyzing a variety of issues related to the New Mexico Patient's Compensation Fund (PCF) as of December 31, 2021. This includes a review of the indicated unpaid claims liabilities and prospective surcharges.

I am a member in good standing of the Casualty Actuarial Society and the American Academy of Actuaries and meet the qualification standards to render the actuarial opinion contained herein.

Please give me a call at your earliest convenience so that we can discuss this report. We have enjoyed working with you on this assignment.

Sincerely,

A handwritten signature in black ink that reads "Robert J. Walling III". The signature is written in a cursive, flowing style.

Robert J. Walling III, FCAS, MAAA, CERA  
Principal and Consulting Actuary

# Table of Contents

<b>SECTION</b>	<b>PAGE</b>
Executive Summary .....	1
Unpaid Claims Liabilities .....	1
PCF Surplus/Deficit .....	2
Expected Surcharge Levels – Independent Physicians & Surgeons.....	2
Expected Surcharge Levels – Hospitals.....	3
Expected Deficit Surcharge Levels .....	3
Hospital/OHCF Rating Plan .....	3
Background .....	4
Data Sources .....	5
PCF Financial Statement Data.....	5
Industry Rate Filings.....	6
PCF Claims Data .....	6
PCF Current Class Plan and Exposure Data.....	7
Discussion and Analysis.....	8
Estimated Unpaid Claims Liabilities as of December 31, 2021.....	8
Methodology.....	8
PCF Surplus/Deficit .....	11
PCF Coverage Limits and Expected Surcharge Levels.....	12
Hospital/OHCF Rating Plan .....	13
Class Plan and Entity Coverage Review .....	14
Glossary of Terms & Abbreviations .....	16
Legal Disclosures.....	18
Distribution and Use .....	18
Reliances and Limitations .....	19

## EXHIBITS

# New Mexico Patient's Compensation Fund

Actuarial Analysis as of December 31, 2021

## EXECUTIVE SUMMARY <sup>1</sup>

The New Mexico Patient's Compensation Fund (PCF) serves a vital role in supporting the overall health of the medical professional liability insurance (MPLI) system in New Mexico. The PCF provides excess coverage that stabilizes the operating results of participating insurers and encourages competition which leads to greater availability and affordability of coverage. In New Mexico and other states, a competitive MPLI market tends to attract new physicians leading to greater access to care. The coverage provided by the PCF requires the use of an occurrence coverage form, preferred by healthcare providers, with limits that provide comprehensive coverage to ensure that injured patients receive appropriate compensation for their injuries. As a result, all stakeholders in the New Mexico healthcare system benefit in some way from a healthy PCF.

One way that the New Mexico Office of Superintendent of Insurance (OSI) ensures the ongoing health of the PCF is to conduct a periodic actuarial review. This review examines several aspects of the PCF including analyses of indicated reserves for unpaid losses and appropriate surcharges for upcoming policy periods.

Through a review of a variety of both publicly available and proprietary data sources, Pinnacle has come to a number of key conclusions regarding several aspects of the PCF. The highlights of our findings regarding the various issues include:

### Unpaid Claims Liabilities

- Pinnacle estimates the amount of losses still to be paid for all claims occurring prior to December 31, 2021, to be approximately \$203.7 million on a nominal basis, \$196.8 million on a discounted basis using a 3.5% discount rate on invested assets, and \$213.3 million when the discounted reserves reflect a risk margin to increase the statistical confidence to 75%. These reflect increases from the values calculated by Milliman in the prior report as of

---

<sup>1</sup> Third parties receiving only this Executive Summary should recognize that the furnishing of this summary is not a substitute for their own due diligence and should place no reliance on this summary that would result in the creation of any duty or liability by Pinnacle to the third party. Pinnacle is available to answer any questions regarding the information contained in the Executive Summary.

December 31, 2020, of \$187.6 million (nominal) and \$171.1 million (discounted). The prior report calculated the discounted reserves at the 90% confidence level: \$219.0 million.

### PCF Surplus/Deficit

- The current PCF Fund balance of approximately \$95.0 million as of December 31, 2021, when compared to Pinnacle's estimate of indicated nominal loss reserves of approximately \$203.7 million, suggests a Fund deficit position of \$108.7 million, or \$78.7 million after reflection of the \$30.0 million legislative fund infusion. The \$78.7 million is about 62.9% of the current Fund balance (including the legislative infusion). This reflects a deficit increase of \$11.8 million since the prior analysis as of December 31, 2020.
- Reflecting reserves on a present value basis, using a 3.5% discount rate on invested assets, results in a Fund deficit of approximately \$71.7 million, after reflection of the legislative infusion. This is an increase of \$21.4 million since the prior analysis as of December 31, 2020 and reflects the change in discounting methodology.
- If discounted loss reserves are increased to the 75% confidence level, the resulting reserves indicate a \$88.3 million PCF surplus deficit, after reflection of the legislative infusion.

### Expected Surcharge Levels – Independent Physicians & Surgeons

- Pinnacle's prospective rate level indication for independent physicians & surgeons suggests an overall increase of +11.1% on an expected value basis. If adjusted to a 75% level of statistical confidence, an indicated increase of +20.4% results. This estimate only reflects expected future losses and does not contemplate funding to reduce the indicated Fund deficit.
- If proposed changes in class relativities are approved, base rates would need to be increased by +2.1% to offset the resulting surcharge decreases for specific classes.
- We have made use of the Consumer Price Index (CPI) for all urban consumers to calculate the increase to the per occurrence limit. Evaluating the index as of year-end produces an adjustment factor of 7.10%. The result is an increase to the per occurrence limit from \$750,000 to \$803,224 – widening the PCF's exposed layer from \$500,000 to \$553,224. Our analysis of MPLI increased limits factors (ILF's) indicate that rates should be increased +4.9% to support the additional exposure.
- Prior to considering the deficit surcharge, the overall rate impact is an increase of +19.0% at the expected level and +28.0% at the 75% confidence level.
- We estimate a deficit surcharge load of 57.6% producing an overall rate increase of 87.6% at the expected level and 103.4% at the 75% confidence level. Considering a second \$30,000,000 legislative infusion adjusts produces a deficit surcharge load of 2.3% producing an overall rate indication of 21.8% and 32.0%, respectively.

### Expected Surcharge Levels – Hospitals

- Pinnacle's rate level indication for hospitals suggests an increase of +11.0% on an expected value basis. At a 75% level of statistical confidence, the indicated increase is +20.3%.
- Our analysis of MPLI ILF's for hospitals indicate rates should be increased +4.3% to support the widening of the exposed layer from \$500,000 to \$553,224.
- Prior to the considering of the deficit surcharge, the overall rate impact is an increase of +15.8% at the expected level and +25.5% at the 75% confidence level.
- We estimate a deficit surcharge load of 19.8% producing an overall rate increase of 38.6% at the expected level and 50.3% at the 75% confidence level.

### Expected Deficit Surcharge Levels

- Pinnacle has allocated 56.4%, or, \$61.3 million, of the fund deficit to independent physicians & surgeons. We have then adjusted this amount by \$30 million to reflect the funds allocated to physicians and surgeons by the New Mexico legislature resulting in a net deficit allocation of \$31.3 million. For 2023, we estimate an indicated 57.6% load to the 2023 surcharges. Including the deficit surcharge produces an overall rate increase of +87.6% at the expected level and +103.4% at the 75% confidence level.
- Should the New Mexico Legislature allocate a second \$30 million infusion to the independent physicians & surgeons, the indicated deficit surcharge load is decreased from 57.6% to 2.3%. The overall rate indications are reduced to +21.8% at the expected level and +32.0% at the 75% confidence level.
- The allocated deficit to hospitals is \$47.4 million. This results in a 19.8% load to 2023 surcharges. Including the load for the deficit surcharge increase the overall rate indication to +38.6% at the expected level and +50.3% at the 75% confidence level.
- These load factors were derived so that the PCF fund deficit is eliminated as of January 1, 2027.

### Hospital/OHCF Rating Plan

Pinnacle agrees with the prior recommendation made by Milliman to discontinue the use of an experience rating plan for the hospitals that meet the qualification criteria. We find that the rate level indications and additional deficit surcharges provide adequate reflection of historical experience. In addition, the hospitals that have been eligible for experience rating constitute the majority of the hospital program surcharges and therefore are directly impacted by the overall hospital rate indications.

## BACKGROUND

The PCF was established in 1976 to provide for the payment of claims in excess of a primary limit of \$100,000 per incident which was provided by private insurers. This resulted in the PCF providing coverage with a non-medical indemnity limit of \$400,000 per incident (to reach the state damage cap on non-medical damages), plus unlimited medical benefits. Effective July 1, 1991, the primary limit was increased to \$150,000 on new and renewal policies, thereby reducing the PCF's liability limit to \$350,000 non-medical indemnity, plus unlimited medical. The PCF's liability was further reduced to \$300,000 effective April 1, 1992, when the primary limit was increased to \$200,000. Effective April 1, 1995, the maximum non-medical indemnity amount was increased to \$600,000 increasing the PCF liability retention to \$400,000 non-medical, plus unlimited medical. The PCF's primary limit and maximum non-medical amount was increased to \$250,000 and \$750,000, respectively, on January 1, 2022, resulting in the PCF's liability limit of \$500,000 non-medical, plus unlimited medical. For years subsequent to 2022, the per occurrence limit will be increased annually by the CPI for all urban consumers.

The unlimited medical feature of the New Mexico PCF presents significant risk for the PCF and additional variability in estimating the current liabilities and prospective rates. Since the detailed data available to estimate the unpaid claims liabilities and indicated surcharge levels only goes back to accident year 2000, some adjustments are required to this data. These adjustments, as well as the methods and assumptions used to estimate indicated loss reserves and PCF surcharges are detailed later in the report and in the attached exhibits.

Pinnacle Actuarial Resources, Inc. (Pinnacle) has been retained by the New Mexico Office of Superintendent of Insurance (OSI) to conduct a comprehensive actuarial analysis of the New Mexico Patients Compensation Fund (PCF). This analysis will contain several components including evaluation of:

- the estimated ultimate liabilities for losses incurred by the PCF as of December 31, 2021,
- recommended PCF assessment surcharges to fund the operations of the PCF for the effective date of January 1, 2023,
- recommend deficit surcharges to eliminate the fund deficit by January 1, 2027,
- Hospital/OHCF Rating Plan, and
- Independent physicians' classification plan and specialty relativities

Pinnacle is an Illinois corporation that has been in property and casualty actuarial consulting since 1984. Our actuarial consultants make Pinnacle one of the largest property/casualty actuarial consulting firms in the U.S. We specialize in insurance pricing, loss reserving, alternative markets, legislative costing, market analysis and financial risk modeling.

Pinnacle has established a reputation as a provider of unbiased, independent, actuarially sound analyses and reports. This reputation is demonstrated in the variety of clients that have engaged us for projects similar to this one. Clients that have engaged Pinnacle in areas of medical professional liability include governmental insurance programs, legislative costing and market evaluations for healthcare industry associations (e.g. American Medical Association, Oregon Medical Association, Medical Society of Virginia), insurance departments and governmental panels (e.g. Florida, Illinois, Indiana, Maine, Michigan, New York, Ohio, Oregon), and government insurance programs, (e.g. Florida Neurological Injury Compensation Association, New Mexico Patient Compensation Fund, New York Medical Indemnity Fund, Virginia Birth Related Neurological Injury Compensation Program, Wisconsin Patients Compensation Fund). Pinnacle may be unique in the breadth of parties involved in the medical professional liability insurance system that have engaged us.

## DATA SOURCES

Our analyses use a number of data sources. The data sources are categorized as follows:

1. PCF Financial Statement Data
2. Industry Rate Filings
3. PCF Claims Data
4. PCF Current Class Plan and Exposure Data

A brief description of the data sources utilized in each area along with a description of the key data elements and potential limitations of the data follows for each category.

### PCF Financial Statement Data

Unlike insurance companies who are required to provide extensive, detailed financial information annually that complies with a standardized format prescribed by the National Association of Insurance Commissioners (NAIC), most governmental insurance programs, such as the PCF, have much simpler financial reporting requirements.

Pinnacle was provided a single document, one page in length, related to and supporting the financial statements of the PCF. While in analyses prior to 2015, monthly cash flows in and out of the PCF were provided dating back to 1996 (including surcharge collections, loss payments, interest earned, underwriting expenses and claims handling expenses), for this analysis as well as the 2015 through 2019 analyses we were provided only with loss, expense and operating payments, surcharges, and the total PCF funds for calendar years 2014 through 2021. We were also provided with categories of operating expenses to consider in the surcharge evaluation as well as revised PCF total funds.



### Industry Rate Filings

Insurance company rate filings provide valuable insights into individual insurance company perceptions of prospective claim trends. Many of these filings include rigorous actuarial analyses of claim frequency, severity and pure premium trends. Due to data limitations, these trend analyses are often performed on countrywide data to increase statistical credibility. Pinnacle reviewed several publicly available filings for medical professional liability insurance (MPLI) providers and government insurance programs in New Mexico and other states to assess trends in the MPLI marketplace and for MPLI excess insurance programs in particular. Pinnacle relied on this information without independent review or verification. However, given that information had been through regulatory scrutiny, we are comfortable that the information is appropriate for the limited role it plays in our analysis.

The PCF loss data is not credible enough to calculate new relativities by ISO class. In order to review these relativities, we compiled data from The Doctors Company (TDC, filing submitted 8/27/2021) and The Medical Protective Company (MedPro, filing submitted 7/30/2021), two of the largest medical professional liability carriers in the state of New Mexico. These carrier relativities are based on the underlying coverage required by the PCF (\$250,000 per occurrence, \$750,000 in aggregate occurrence policies). We also compare to the Wisconsin and Indiana patient compensation funds which cover excess layers of medical professional liability similar to the PCF. These relativities are shown on Exhibit 18 and Exhibit 20, Page 1.

### PCF Claims Data

The enabling statute for the PCF (41-5-25) requires that the PCF surcharges be based on data obtained from New Mexico experience if available. When Pinnacle began performing these studies for OSI, credible New Mexico loss data in the PCF layer was only available on a calendar year basis which is not appropriate for reserving or ratemaking. As a result, prior analyses relied on New Mexico data for losses limited to \$100,000 from the two major primary insurers in New Mexico that participate in the PCF.

Starting with our 2010 study, OSI has been able to provide detailed claim data for most claims paid since 2000. Most of this data had valid loss dates and payment dates as well. In addition, a table of open claims with loss date information was also provided. These databases enabled Pinnacle to develop a much more direct approach to estimating indicated loss reserves as well as prospective assessment surcharge levels. However, for the 2015 analysis, only calendar year 2014 and 2015 aggregate loss payments were provided. We were again provided with detailed claim data for the 2017 through 2019 and current analyses, which show that the prior estimated calendar year 2014 and 2015 payments were much too high. We have relied upon the individual claim data provided to us for the current analysis and prior analyses.

Starting with the 2017 analysis and continuing in the current analyses, significant effort has gone into improving the loss database provided to us by OSI. These improvements now allow us to sort payments by hospital/provider more precisely. We anticipate that this improvement to the database going forward will provide material insights into the PCF payments.

We were also provided with specific information regarding two large groups of claims. For the first group (Batch #1), we understand that early in 2012, a group of approximately 69 claims associated with a single physician and medical center were all settled. Most of these claims occurred in the 2007-2009 period. It has been represented to us that the settlement paid by the PCF on Batch #1 claims is \$11.7 million. We were provided the approximate number of claims per accident year by the department and have reflected this settlement across accident years 2006-2009, allocating the settlement by the number of claims falling in each accident year.

The second group of claims (Batch #2) were made for a single physician and associated corporations for a total of 31 incidents in accident years 2005-2010. These claims were settled for \$10,182,000. We have allocated this amount based on the claim counts in each accident year from 2005 through 2010.

Please note that for the purposes of this report, the accounting date and the valuation date was December 31, 2021. The review date (the cutoff date for including information to the actuary) was August 30, 2022.

### PCF Current Class Plan and Exposure Data

Pinnacle was provided with the PCF current class plan including base surcharges by class and assignment of Insurance Services Office (ISO) codes to PCF class. This information is publicly available on the PCF's website. At the PCF's request, we have eliminated the use of ISO codes. A list of the NM PCF specific physician codes, their current and selected classes, and the corresponding current and selected relativities are shown in Exhibit 18. Class relativities are the ratio of the surcharge for a given class and a selected base class. They allow for an easier comparison of how different rating plans reflect the risk potential of a given specialty by normalizing for differences in base rates. For the PCF surcharges, Class 2 has been selected as the base class. Classes and relativities for allied health providers (physician assistants, nurse anesthetists, CRNAs, and chiropractors) are shown on Exhibit 21, Page 2.

In addition, we were provided with the number of health care providers with PCF coverage by ISO specialty (for physicians and surgeons) or class (for allied health providers and business entities). These exposure counts enable us to determine the impact of any changes in classes or relativities on the PCF's surcharge levels. Exposures can be found on Exhibit 19 (for physicians and surgeons), Exhibit 21, Page 2 (for allied health providers), and Exhibit 22 (for business entities).

## DISCUSSION AND ANALYSIS

### Estimated Unpaid Claims Liabilities as of December 31, 2021

Pinnacle estimates the amount of losses still to be paid for all claims occurring prior to December 31, 2021 to be approximately \$203.7 million on a nominal basis, \$196.8 million on a discounted basis using a 3.5% discount rate on invested assets, and \$213.3 million when the discounted reserves reflect a risk margin to increase to the statistical confidence to 75%. These results are summarized in Exhibit 1. These amounts represent estimates of the losses that remain to be paid from the current Fund balance if the PCF had ceased operations as of December 31, 2021. These reflect increases from the values calculated by Milliman in the prior report as of December 31, 2020, of \$187.6 million (nominal) and \$171.1 million (discounted). The prior report calculated the discounted reserves at the 90% confidence level: \$219.0 million.

The present value as of December 31, 2021, assuming a 3.5% annual discount rate of unpaid losses on claims occurring through December 31, 2021 is estimated as \$196.8 million. The \$71.7 million difference between the discounted losses and the estimated December 31, 2021, PCF Fund balance (\$125.0 million), after reflecting the legislative funds infusion, represents the present value of the expected deficit between the currently available funds and the funds needed to meet all outstanding claim obligations as of December 31, 2021. The current PCF Fund balance is also \$78.7 million lower than the nominal reserve estimate. If discounted loss reserves are increased to the 75% confidence level, the resulting reserves indicate a \$88.3 million PCF surplus deficit.

### Methodology

Pinnacle's estimates of ultimate losses for the PCF were developed based on four actuarial methods for the physician data and three methods for the hospital data. The methods used are paid loss development, expected loss ratio method, paid loss Bornhuetter-Ferguson (B-F) method, and average paid claim development (also known as a frequency and severity or counts and averages method; this method was not used with the hospital data). These methods are among the most commonly used methods and would be considered generally accepted actuarial methods. The intended measure of this approach is an actuarial central estimate of the ultimate losses and indicated loss reserves. The calculations and assumptions underpinning these methods are documented in Exhibits 3 through 8 for the physician data and Exhibits 12 through 13 for the hospital data.

The paid loss development method uses historical loss payment patterns to project actual payments to an ultimate settlement basis. Estimates of the percentage of additional development expected during a given interval between valuations (link ratios or age-to-age factors) based on historical development of the combined physician and hospital experience are used to estimate the expected amount of ultimate loss that is paid as of a given valuation. These factors "to ultimate" are applied to the latest paid loss

data for each accident year to compute an estimate of ultimate losses. Estimates produced using this method are not affected by changes in case reserve adequacy or open claim frequency that might have occurred during the review period. The inability to respond to the presence or absence of large outstanding claims is a significant weakness of this method. This method may also be susceptible to changes in claims settlement philosophy and/or payment speed. The results of the paid loss development method are summarized in Exhibits 4 and 13. The paid loss development triangles and selected age-to-age factors are shown in Exhibit 15.

The expected loss ratio method assumes that over the long run the ratio of ultimate losses to earned premiums, or in this case assessment surcharges, will remain stable. The long-term loss ratio for the physician segment is assumed to be 115.0% for the 2000 and subsequent years based on the historical experience of the program, up from 109.8% in the 2020 analysis prepared by Milliman, and the loss ratio for the hospital segment is assumed to be 114.0%, which is decreased from the assumed loss rate derived in the Milliman report (119.8%). The estimates of ultimate losses are computed as the assessments for each year times this long-term average loss ratio. The results of this method are shown in Exhibits 3 and 12, Page 2.

The B-F method estimates ultimate losses using a combination of a priori expected losses and loss development techniques. If we define:

- A = Paid Losses
- B = Expected Percentage of Ultimate Losses Reported
- C = *a priori* Expected Losses, equal to historical assessments times long term loss ratio of 115.0% or 114.0% depending on the segment

then the estimated ultimate losses using the B-F technique are:

$$A + [C \times (1 - B)].$$

B-F ultimate loss estimates have the advantage of stability. This is important for coverages with long periods of loss development like MPLI. This stability means the method's estimates do not over-react to short term or one-time changes in development patterns that do not impact long-term development expectations. They also do not overreact to the presence or absence of large losses early in the development of a portfolio of claims. Conversely, B-F estimates have the disadvantage of being slow to respond to real changes in underlying loss development behavior. The *a priori* losses were based on the expected loss ratio method previously described. This method is summarized in Exhibits 3 and 12, Page 1.

The counts and averages method estimates ultimate losses by multiplying an estimate of the ultimate number of claims by a selected average cost per claim. This method was only used on the physician segment as the hospital data is not yet robust enough to support the method. The results of this method are contained in Exhibits 5 through 8 and summarized in Exhibit 5, Page 1. The supporting development patterns are contained in Exhibit 16.

The estimated number of claims has been selected based on three methods: a closed claim development method, a B-F method, and a frequency method looking at the long-term ratio of claims closed with payment to assessment revenues. Similarly, average claim costs (severities) have been estimated using paid claim severity development and applying a smoothing approach to adjust for volatility between years.

These four methods are standard actuarial reserving techniques for estimating claim liabilities. Selected ultimate loss estimates for the PCF layer of coverage by year were then made based on the results of these four methods for each segment (three methods for the hospitals segment). These estimates rely heavily on the B-F method and expected loss ratio method in the more recent years. Exhibit 1, Page 3 contains a detailed comparison of the selected ultimate losses compared to the results of the 2020 study. Estimates for 2006 through 2014 all decreased. There were some significant increases to the estimated ultimate losses in a handful of years subsequent to 2014, most notably the 2017 year in which estimated ultimate losses increased \$10.0 million.

Because of the significant delay between the occurrence of a PCF claim and its payment, a discount to bring the ultimate claim payments to a present value reflecting the time value of money exists. Exhibit 1, Page 2 contains the analysis developing estimates of the PCF present value factors based on a 3.5% rate of return on invested assets and the estimated PCF excess payment pattern. This analysis assumes claim payments are made mid-year on average.

The financial operations of the PCF are similar to a commercial insurer, but one major difference is that the PCF does not maintain a large capital/surplus account. However, in any given year, the actual experience of the PCF can deviate widely from the expected experience. Unanticipated changes in the social, legal or economic environments can also adversely affect PCF experience. An insurer's capital/surplus can assist in withstanding such deviations in experience. By adding a margin for the risk of adverse deviation to indicated loss reserve (and also funding levels), the PCF can be protected in a similar manner.

There are various rules of thumb used in the insurance industry (some mandated by state regulations) that specify the size of the required risk margin (surplus). One state, for example, requires a margin sufficient to assure that funds will be sufficient to meet all claims obligations under 90% of all claims

scenarios on a discounted basis. While there are a number of methods for estimating a risk margin, a reasonable margin can be estimated via a simulation model.

We constructed a simulation model that randomly generated possible aggregate loss outcomes for each of the PCF's projected unpaid claims that will ultimately result in payments. Each random outcome generated by a model is called a trial. A trial consists of simulating the individual and aggregate claim results for the PCF for the coming years. We generated 10,000 trials for each model and produced a distribution of aggregate PCF losses. We then compared the average outcome with the outcome at the 75th percentile to compute the risk margin for the 75% confidence level.

Exhibit 1, Page 1 summarizes Pinnacle's selected ultimate losses and ultimate loss reserves as of December 31, 2021. These selected reserves are then adjusted for discounting at 3.5% annually and a risk margin to increase statistical confidence to the 75% level. A similar simulation model was created for the risk margin applied to the prospective rate level indication and a similar approach was used to develop the rate indication at the 75% confidence level.

### PCF Surplus/Deficit

The current PCF Fund balance is approximately \$125.0 million as of December 31, 2021, after reflection of the \$30.0 million legislative infusion. When compared to Pinnacle's estimate of indicated loss reserves of approximately \$203.7 million, this would suggest a Fund deficit position of \$78.7 million as of December 31, 2021. The indicated Fund position remains a deficit of approximately \$71.7 million when losses are considered on a discounted basis using a 3.5% discount rate on invested assets.

However, it is imperative to understand that the application of discounting to these unpaid claims liabilities strongly indicates the need to add an explicit risk margin. For example, section 3.6 of Actuarial Standard of Practice No. 20 promulgated by the Actuarial Standards Board entitled, "Discounting of Property/Casualty Unpaid Claim Estimates" states that, "The actuary should be aware of the relationship between discounting unpaid claim estimates and risk margins. Discounting an unpaid claim estimate diminishes the [implicit] margin in an undiscounted unpaid claim estimate."

The standard allows both implicit margins (such as the nominal reserve estimate) and explicit margins (such as the 75% risk margin developed by Pinnacle). If discounted reserves are increased to the 75% confidence level, the resulting reserves of \$213.3 million indicate an \$88.3 million PCF surplus deficit.

For 2023, we estimate a 57.6% load to the 2023 surcharges. Should the New Mexico Legislature allocate a second \$30 million infusion to the independent physicians & surgeons, the indicated load is decreased from 57.6% to 2.3%. The allocated deficit to hospitals is \$47.4 million. This results in a 19.8% load to 2023 surcharges. These load factors were derived so that the PCF fund deficit is eliminated as of January 1, 2027. See Exhibit 9 for more detail. Exhibit 9, Page 1, shows deficit surcharge loads net of

the first \$30 million legislative infusion. Exhibit 9, Page 2, shows the deficit surcharge loads if a second \$30 million legislative infusion is approved.

PCF Coverage Limits and Expected Surcharge Levels

A table of current and recommended PCF surcharges by physician class is shown in Exhibit 9. Recommended surcharges were computed based on both an expected value basis and a 75% confidence level.

For the independent physicians & surgeons, the indicated percentage rate level changes are derived in Exhibit 10, Page 1. On an expected value basis, the indicated surcharge change is an increase of +11.1%, while at the 75% confidence level an indicated increase of +20.4% is indicated. If proposed changes in class relativities are approved, base rates would need to be increased by +2.1% to offset the resulting surcharge decreases for specific classes. We have made use of the CPI for all urban consumers to calculate the increase to the per occurrence limit:

Consumer Price Index All Urban Consumers		
Year	Index	% Chg.
(1)	(2)	(3)
2012	231.2	
2013	234.7	1.51%
2014	236.3	0.65%
2015	237.8	0.64%
2016	242.6	2.05%
2017	247.8	2.13%
2018	252.6	1.92%
2019	258.3	2.26%
2020	261.6	1.28%
2021	280.1	7.10%

*\*Source: bls.gov  
 Series ID: CUSR0000SA0*

Evaluating the index as of year-end 2021 produces an adjustment factor of 7.10%. The result is an increase to the per occurrence limit from \$750,000 to \$803,224 – widening the PCF’s exposed layer from \$500,000 to \$553,224. Our analysis of MPLI increased limits factors (ILF’s) indicate that rates should be increased +4.9% to support the additional exposure. Aggregating these elements produces an indicated rate change of +19.0% at the expected level and +29.0% at the 75% confidence level. Incorporating a deficit surcharge load of 57.6% increases the indicated rate change to +87.6% at the

expected level and +103.4% at the 75% confidence level. Incorporating a second \$30 million legislative infusion would reduce the deficit load to 2.3% producing an indicated rate change of +21.8% at expected and +32.0% at the 75% confidence level (see Exhibit 10, Page 1).

Exhibit 14, Page 1, provides the indicated percentage rate level changes for the hospitals. On an expected value basis, the indicated change is +11.0%; at the 75% confidence level the indicated change is increased to +20.3%. Our evaluation of industry ILF's indicate the rates need to be increased +4.3% to cover the additional exposure to the PCF's widened layer in 2023. The result is an overall indicated rate change of +15.8% at expected and +25.5% at the 75% confidence level. Incorporating the load for the deficit surcharge of +19.8% produces an overall indicated rate change of +38.6% at expected and +50.3% at the 75% confidence level.

Including the risk margin at the 75% confidence level improves the likelihood that rates will be sufficient to cover all claims liabilities for the upcoming exposure year.

Investment income as an offset to the otherwise required revenue is recognized in both sets of rates using a 3.5% annual discount rate, assuming all surcharge income will be available for investment. Loss ratios were selected based on historical results and reflect recent loss ratio deterioration. The rates include provisions for other expenses, such as administration and medical/legal panels, as well as losses. However, since allocated loss adjustment expenses (ALAE) have historically been paid by the primary carrier, no ALAE provision is included in the PCF rates. Exhibit 17 shows selected ratios of expenses to either losses or surcharge revenues based on the PCF's historical paid expenses and losses. There is also no provision for profit and contingencies in the rate level indications, other than the risk margin.

### Hospital/OHCF Rating Plan

Pinnacle agrees with the prior recommendation made by Milliman to discontinue the use of an experience rating plan for the hospitals that meet the qualification criteria. We find that the rate level indications derived for all hospital participants produce reasonable indicated rate changes for the hospitals in total. We further note that the hospitals that have been eligible for experience rating make up the majority of the surcharge and claim volume for the hospital program and therefore drive the overall rate indications. The addition of deficit surcharges for the operating results of the hospital risks in the PCF add an additional adjustment to surcharges reflecting historical claims experience and further reduce the need for the experience rating plan.



Class Plan and Entity Coverage Review

Pinnacle’s class plan review was based on two parts: reviewing class assignments by ISO code, and evaluating overall relativities by class. We then calculated the indicated surcharge impact to the PCF based on each suggested change on Exhibit 19.

To review the ISO code class assignments, we compared the current PCF relativities to the other patient compensation funds and primary carrier relativities to determine if any classes appeared to be significantly lower or higher than the industry would indicate and selected new relativities as appropriate. These ISO codes (converted to NM PCF specific codes) and relativities are found on Exhibit 18, while new class assignments are shown on Exhibit 19.

Based on the class assignment review, we recommend the following adjustments. All NM PCF specific codes shown in the following list are for M.D. physicians and surgeons; the same adjustments apply to the corresponding codes for D.O. physicians and surgeons. More detail regarding these numbers is shown in Exhibits 19 through 21.

NM Class	Current	Proposed		Current	Proposed	Proposed	Indicated	% of
<u>Code</u> <u>Specialty</u>	<u>Class</u>	<u>Class</u>	<u>Exposures</u>	<u>Rate</u>	<u>Rate</u>	<u>Factor</u>	<u>Surcharge</u>	<u>Surcharge</u>
							<u>Impact</u>	<u>Impact</u>
10001 Acupuncture - Other than Acupuncture Anesthesia	1	2	0	\$3,935	\$5,246	1.00	\$0	0.0%
10167 Urology - No Surgery	1	2	0	3,935	5,246	1.00	0	0.0%
10007 Anesthesiology - Pain Management	2	3	30	5,246	6,295	1.20	31,470	20.0%
10113 Physical Medicine and Rehabilitation - Pain Management	2	3	5	5,246	6,295	1.20	5,245	20.0%
10009 Broncho-Esophagology	3	4A	2	6,295	7,869	1.50	3,148	25.0%
10166 Urology - Minor Surgery	3	4A	7	6,295	7,869	1.50	11,018	25.0%
10070 Neonatal/Perinatal Medicine	5	4	18	11,542	9,443	1.80	(37,782)	-18.2%
10064 Laryngology Surgery	6	7A	1	13,640	15,739	3.00	2,099	15.4%
10073 Neoplastic Surgery	6	7A	0	13,640	15,739	3.00	0	0.0%
10077 Nephrology Surgery	6	7A	1	13,640	15,739	3.00	2,099	15.4%
10097 Otology Surgery	6	7A	0	13,640	15,739	3.00	0	0.0%
10152 Rhinology Surgery	6	7A	0	13,640	15,739	3.00	0	0.0%
10048 Geriatrics Surgery	9	8	0	30,166	24,919	4.75	0	0.0%
10013 Cardiovascular Disease Surgery	10	9	15	34,100	30,166	5.75	(59,010)	-11.5%
10110 Pediatrics - No Surgery	4A	3	131	7,869	6,295	1.20	(206,194)	-20.0%
Total Surcharge Impact							(247,907)	

Once the class assignments were adjusted, we reviewed the overall weighted relativities by class to determine whether the class relativities remained appropriate. Our analysis concluded that no changes to the class relativities are required at this time. Further details regarding these recommendations are on Exhibit 20.

The total impact of the class assignment changes and class relativity changes on the indicated surcharge is -\$247,907. See Exhibit 19 for more detail regarding this impact.

We also compared PCF relativities for the allied provider types to the other patient compensation fund and insurer relativities and concluded no changes are necessary at this time. More details of this recommendation may be found on Exhibit 21, Page 1.

The final piece of our analysis was a review of the entity coverage charge for business entities covered by the PCF. Based on our review of industry rate filings, we found that a typical entity charge is 10% of

the premium for each covered provider in the entity. Because individual analysis of practice groups to calculate an appropriate rate would be inefficient, and because there is no indication that the industry standard is unreasonable, we believe that following the industry practice is appropriate. The actual surcharge will therefore vary based on the individual provider specialty. In order to estimate the funding impact, we assumed the distribution of specialty by entity class aligns with the distribution of NM PCF-covered physician & surgeons by ISO class code. This change results in an estimated surcharge impact of -\$11,849. More details of this calculation are available in Exhibit 22.

## GLOSSARY OF TERMS & ABBREVIATIONS

The definitions included in this glossary are intended to be practical definitions to assist non-technical readers in understanding the key technical contents of this report.

Accident Year – A method of organizing insurance loss and loss adjustment expense data according to the year in which the accident or event occurred.

Annual Statement – A detailed financial report of an insurance company, required to be filed with state insurance regulators in a specified format using insurance-specific accounting rules.

Calendar Year – A method of organizing insurance loss and loss adjustment expense data according to the year in which the financial transaction (e.g., a loss payment or reserve increase) occurred.

Case Reserves – A financial provision for the potential liability associated with known, unpaid claims.

Claims-Made Coverage – An insurance coverage form that provides reimbursement for claims reported during the coverage period.

Damage Cap – An amount imposed as a limit on claim damages. In New Mexico, this cap applies only to non-medical indemnity payments.

DCC – Defense and Cost Containment, loss adjustment expenses specifically attributable to the defense of a claim or cost containment procedures. Also called DCCE.

Deficit Surcharge - Assessments in addition to base surcharges designed to reduce the fund deficit

Earned Premium – The portion of an insurance policy's premium for which the coverage has been provided.

Experience Rating – A method of adjusting insured premium derived from manual rates for insured historical loss experience to the extent that it is predictive of future loss results.

Fund Deficit – The amount by which the calculated reserves exceed the fund balance.

Frequency – The number of claims per unit of exposure, such as physicians or beds.

Incurred but not Reported (IBNR) reserves – A provision for unpaid claims liabilities intended to provide a provision for both unknown/unreported claims events and additional development on known claims.

Incurred Loss – Paid losses plus Case Reserves.

Indemnity – The sum paid by the insurer to the insured by way of compensation for a particular loss suffered by the insured.

LAE – Loss Adjustment Expenses; insurance company expenses associated with settling claims. LAE includes both unallocated loss adjustment expenses (ULAE, which is similar to Adjusting and Other Expense, AOE) and allocated loss adjustment expenses (ALAE, which is similar to DCC).

Limit – The most the insurer is obligated to pay for loss in any one occurrence.

Loss Cost – The ratio of actual losses to a company's subject matter exposure for the same period.

Loss Ratio – The ratio of some measure of losses (typically paid or incurred) to some measure of premium.

Patient Compensation Fund (PCF) - a medical malpractice insurance mechanism, created by state law, designed to increase professional liability coverage availability and/or affordability primarily by providing coverage for a specific type of injury or an excess layer of coverage.

Primary Carrier – The insurance company issuing the insurance policy to the insured and typically providing the lowest or primary layer of coverage. This is compared to a reinsurer or excess carrier providing coverage to the primary insurer for higher loss limits.

Pure Premium – The provision in the rate per exposure unit to pay losses.

Rate – The price per exposure unit for insurance coverage.

Reinsurance – A mechanism by which an insurance company can transfer some of their insurance risk to another insurer.

Report Year – A method of organizing insurance loss and loss adjustment expense data according to the year in which the accident or event was reported to the insurer, regardless of when it occurred.

Risk Margin – A factor added to indicated ultimate losses, loss reserves or funding estimates to increase statistical confidence to a higher level.

Severity – The average cost or payment amount of a claim.

Surcharges – For the PCF, assessments paid by insureds to fund benefits payments. Akin to premiums, these surcharges are added to the premiums charged by primary insurers so insureds can make a single payment for both primary and PCF coverage.

Territory – The geographic area within which a carrier provides coverage.

Trend – The direction and amount that rates, premium, or losses tend to move over time.

Written Premium – The entire amount of premium on a policy contract.

## LEGAL DISCLOSURES

### Distribution and Use

This report is being provided to the OSI solely for their internal use. It is understood that this report may also be distributed to representatives of the New Mexico Medical Society, New Mexico Bar Association, as well as other makers of public policy and various stakeholders in the healthcare industry in the State of New Mexico. Distribution to these parties is granted on the conditions that the entire report be distributed rather than any excerpts and that all recipients be made aware that Pinnacle is available to answer any questions regarding the report. In the event our report is distributed to other parties due to statute or regulations, or by agreement of Pinnacle and the OSI, we require that the report and supporting exhibits be distributed in their entirety. Pinnacle advises that any recipient have their own actuary review the work. Pinnacle does not intend to benefit any third party recipient of its work product or create any legal duty from Pinnacle to a third party even if Pinnacle consents to the release of its work product to such third party.

In addition, the OSI may desire to distribute the Executive Summary separately to summarize key findings for broader distribution. This distribution is also granted. Individual findings may also be referenced in press releases and other public communications along with proper citation of the report.

Third party users of any of the elements of this report should recognize that the furnishing of this report is not a substitute for their own due diligence and should place no reliance on this report or the data, computations, or interpretations contained herein that would result in the creation of any duty or liability by Pinnacle to the third party.

Any reference to Pinnacle in relation to this report in any reports, accounts, or other published documents or any verbal reference issued by PCF is not authorized without prior written consent and then only if the complete report is provided.

### Reliances and Limitations

Judgments as to conclusions, recommendations, methods and data contained in this report should be made only after studying the report in its entirety. It should be understood that the exhibits, graphs and figures are integral elements of the report. These sections have been prepared so that our actuarial assumptions and judgments are documented. Pinnacle is available to answer any questions that may arise regarding this report. We assume that the user of this report will seek such explanation on any matter in question.

We have relied upon a great deal of publicly available and proprietary data, without audit or verification. Pinnacle reviewed as many elements of this data and information as practical for reasonableness and consistency with our knowledge of the insurance industry. It is possible that the historical data used to make our estimates may not be predictive of future experience in New Mexico. We have not anticipated any extraordinary changes to the legal, social or economic environment which might affect the size or frequency of medical malpractice claims beyond those contemplated in the proposed legislative changes.

Our analysis is based on closed and open claims information provided by OSI. In the data provided for prior analyses, there were a small number of claims that did not contain accurate loss dates. In addition, there were a small number of claims handled in 2000-2001 by a secondary third party administrator (TPA) that were not contained in the data we were provided. However, we believe the methods and assumptions incorporated into our analysis effectively recognize these shortcomings in the data. If it is subsequently discovered that the underlying data or information provided to us is materially in error, the calculations and conclusions herein will not be correct and will need to be revised. We expect OSI to notify us promptly if any such data issues are subsequently discovered.

The payment pattern used in our analysis for deriving PCF's present value factor and estimated unpaid losses is based on the data available from PCF claims payments for most claims since 2000 through 2020. We also reviewed a variety of external databases for other PCFs and MPLI reinsurance to validate the reasonableness of the payment pattern for the PCF excess layer. The volatility of the payment patterns for this layer of coverage on a relatively small portfolio of claims introduces additional risk into the estimation process.

Many actuarial estimates, including loss and loss adjustment expense reserves, future premium level estimates and potential legislative impacts, are subject to potential errors of estimation due to the fact

that the ultimate liability for claims is subject to the outcome of events yet to occur, e.g., jury decisions, judicial interpretations of statutory changes and attitudes of claimants with respect to settlements. Pinnacle has employed techniques and assumptions that we believe are appropriate, and we believe the conclusions presented herein are reasonable, given the information currently available. It should be recognized that future loss emergence will likely deviate, perhaps substantially, from our estimates.

A source of variation is introduced in estimating outstanding liabilities on a discounted basis. That is, besides the risk of underestimating or overestimating the overall amount of nominal loss liabilities, there is the additional risk that the future yield on the underlying assets will differ from our assumed discount rate. Actual loss payments could occur materially more rapidly or more slowly than projected, due to random variations and the timing of large claim payments. The yield on assets supporting the liabilities may be affected by capital gains or losses, or significant changes in economic conditions. The 3.5% interest rate used in the discounting calculation was provided to us by the OSI and we are expressing no opinion on the appropriateness of this interest rate. We note that the discount factors used in this analysis assume that only the invested assets as shown in the PCF's financials will generate investment income to offset the nominal reserves.

The mathematical techniques underlying our estimate of the risk margin are intended to provide an approximation of the potential variation in loss costs. It should be noted that this estimate reflects only the potential "process" variation (i.e., the random variation inherent in the claim process) based on the assumed loss distributions and the selected parameters. Additional "parameter" variation exists due to the risk that the selected theoretical loss distributions and their parameters will not be predictive of the actual loss distributions. Of particular concern is the potential for unexpected increases in the inflation of the losses.

A substantial source of uncertainty relates to the emergence of the COVID-19 pandemic and its ongoing impact. This uncertainty could impact the projection of unpaid claim and future funding estimates in several different ways including, but not limited to:

- Claim reporting patterns and the risk of longer claim durations as claims handling and settlement are impacted and claimants behave differently
- Changes in exposure to specific coverages
- Emerging exposure to losses not contained in the source data for certain coverages
- Material changes in underlying loss exposures as COVID-19 impacts businesses
- Potential legal disputes regarding the applicability of specific coverages to COVID-19-related claims

- Changes associated with ongoing medical care of current claimants due to the virus for lines of business with a medical coverage component, and
- Changes in economic environments that could affect the cost of future claims.

Some of these uncertainties may affect the settlement of claims that occurred prior to COVID-19 being declared a pandemic. The COVID-19 pandemic may have a material impact on our reserve and funding estimates as its effects emerge over time.

A simulation model of this type cannot possibly capture all or completely describe any of the dynamic forces that impact medical professional liability losses. Such a model, however, can provide considerable insight into the range of potential fluctuation of losses.

Pinnacle is not qualified to provide formal legal interpretations of state legislation. The elements of this report that require legal interpretation should be recognized as reasonable interpretations of the available statutes, regulations, and administrative rules. State governments and courts are also constantly in the process of changing and reinterpreting these statutes.



## Exhibits

<b>EXHIBIT</b>	<b>DESCRIPTION</b>
Summary	Estimated Unpaid Claims Liabilities & Surcharge Levels
1	Reserve Summary (Page 1) Calculation of Discount Factor (Page 2) Comparison to Prior Analysis (pages 3-5)
2	Physicians & Surgeons - Selected Ultimate Losses
3	Physicians & Surgeons - B-F and Expected Loss Ratio Methods
4	Physicians & Surgeons - Paid Loss Development Method
5	Physicians & Surgeons - Frequency and Severity Method
6	Physicians & Surgeons - Paid Claim Projection Based on B-F Method
7	Physicians & Surgeons - Paid Claim Projection Based on Frequency Method
8	Physicians & Surgeons - Paid Claim Development Method
9	Development of Physician Surcharge Estimates
10	Physicians & Surgeons – Indicated Rate Change
11	Hospitals - Selected Ultimate Losses
12	Hospitals - B-F and Expected Loss Ratio Methods
13	Hospitals - Paid Loss Development Method
14	Hospitals - Indicated Rate Change
15	Historical Paid Loss Development - Combined
16	Historical Claim Count Development - Combined
17	Expense Analysis
18	Development of Classification Assignments
19	Surcharge Impact of Classification Assignments
20	Review of Classification Factors
21	Surcharge Impact of New Relativities by Allied Class
22	Entity Coverage Evaluation

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Estimated Financial Position**

	Estimated Ultimate Reserves (1)	Estimated Discounted Reserves (2)	Estimated Discounted Reserves @ 75% (3)	Fund Balance (4)	Indicated Deficit excl. Fund Allocation			Funds Allocated by 2022 Legislature (8)	Indicated Deficit incl Fund Allocation		
					Undiscounted (5)	Discounted (6)	Discounted @ 75% (7)		Undiscounted (9)	Discounted (10)	Discounted @ 75% (11)
<b>Estimated Financial Position as of 12/31/2021</b>											
Independent Physician & Surgeons	57,258,584	55,389,413	60,042,123	-4,005,884	61,264,468	57,347,818	66,665,800	30,000,000	31,264,468	27,347,818	36,665,800
Hospitals & OHFC's	146,450,665	141,372,579	153,247,876	99,045,729	47,404,936	44,374,329	51,584,354	0	47,404,936	44,374,329	51,584,354
<b>Total</b>	<b>203,709,250</b>	<b>196,761,992</b>	<b>213,289,999</b>	<b>95,039,846</b>	<b>108,669,404</b>	<b>101,722,146</b>	<b>118,250,154</b>	<b>30,000,000</b>	<b>78,669,404</b>	<b>71,722,146</b>	<b>88,250,154</b>

**Amortization of Deficit Surcharge**

	Calendar Year					Total
	2022	2023	2024	2025	2026	
<b>Independent Physician &amp; Surgeons</b>						
(12) Deficit Surcharge		8,659,462	8,659,462	8,659,462	8,659,462	34,637,849
(13) Discounted Deficit Surcharge		8,223,949	7,945,844	7,677,144	7,417,531	31,264,468
(14) Surcharge		14,276,443	14,990,265	15,739,779	16,526,767	61,533,254
(15) Deficit Surcharge as a % of Surcharge		57.6%	53.0%	48.8%	44.9%	50.8%
<b>Hospitals &amp; OHFC's</b>						
(12) Deficit Surcharge	1,754,105	12,644,119	12,644,119	12,644,119	12,644,119	52,330,580
(13) Discounted Deficit Surcharge	1,754,105	12,008,204	11,602,129	11,209,787	10,830,712	47,404,936
(14) Surcharge		60,774,895	63,813,640	67,004,322	70,354,538	261,947,396
(15) Deficit Surcharge as a % of Surcharge		19.8%	18.2%	16.7%	15.4%	18.1%
<b>Combined</b>						
(12) Deficit Surcharge	1,754,105	21,303,581	21,303,581	21,303,581	21,303,581	86,968,429
(13) Discounted Deficit Surcharge	1,754,105	20,232,152	19,547,973	18,886,931	18,248,242	78,669,404
(14) Surcharge		75,051,338	78,803,905	82,744,101	86,881,306	323,480,650
(15) Deficit Surcharge as a % of Surcharge		27.0%	24.8%	22.8%	21.0%	24.3%

Column/Row	Note
(1)	Exhibit 1, Page 1, Col (8)
(2)	Exhibit 1, Page 1, Col (10)
(3)	Exhibit 1, Page 1, Col (12)
(4)	Total provided by client; allocated between independent physicians & surgeons and hospitals based on Fund Summary, Page 2
(5)	Col (5), Total = Col (1) - Col (4); Allocation between Physicians & Surgeons/Hospitals based on Fund Summary, Page 2, Row (8) & (9), respectively
(6)	Col (6), Total = Col (2) - Col (4); Allocation between Physicians & Surgeons/Hospitals based on Fund Summary, Page 2, Row (8) & (9), respectively
(7)	Col (7), Total = Col (3) - Col (4); Allocation between Physicians & Surgeons/Hospitals based on Fund Summary, Page 2, Row (8) & (9), respectively
(8)	Provided by client
(9)	Col (5) - Col (8)
(10)	Col (6) - Col (9)
(11)	Col (7) - Col (10)
(12), (13)	Amortized deficit surcharge over a 5-year period at 3.5% per annum; 2022 deficit surcharge based on data provided by client
(14)	For 2023: Physicians & Surgeons Exhibit 1 for Physicians & Surgeons; Hospitals & Outpatient Facilities Exhibit 1 for Hospitals & OHFC's All other years trended at 5.0% per annum
(15)	Row (13) / Row (14)

**New Mexico Patients' Compensation Fund**

**Reserves as of 12/31/2021**

**Estimated Financial Position (Reflects Second \$30,000,000 Legislative Infusion)**

	Estimated Ultimate Reserves (1)	Estimated Discounted Reserves (2)	Estimated Discounted Reserves @ 75% (3)	Fund Balance (4)	Indicated Deficit excl. Fund Allocation			Funds Allocated by Legislature (8)	Indicated Deficit incl Fund Allocation		
					Undiscounted (5)	Discounted (6)	Discounted @ 75% (7)		Undiscounted (9)	Discounted (10)	Discounted @ 75% (11)
<b>Estimated Financial Position as of 12/31/2021</b>											
Independent Physician & Surgeons	57,258,584	55,389,413	60,042,123	-4,005,884	61,264,468	57,347,818	66,665,800	<b>60,000,000</b>	1,264,468	-2,652,182	6,665,800
Hospitals & OHFC's	146,450,665	141,372,579	153,247,876	99,045,729	47,404,936	44,374,329	51,584,354	<b>0</b>	47,404,936	44,374,329	51,584,354
<b>Total</b>	<b>203,709,250</b>	<b>196,761,992</b>	<b>213,289,999</b>	<b>95,039,846</b>	<b>108,669,404</b>	<b>101,722,146</b>	<b>118,250,154</b>	<b>60,000,000</b>	<b>48,669,404</b>	<b>41,722,146</b>	<b>58,250,154</b>

**Amortization of Deficit Surcharge**

	Calendar Year					Total
	2022	2023	2024	2025	2026	
<b>Independent Physician &amp; Surgeons</b>						
(12) Deficit Surcharge		350,225	350,225	350,225	350,225	1,400,902
(13) Discounted Deficit Surcharge		332,611	321,364	310,496	299,996	1,264,468
(14) Surcharge		14,276,443	14,990,265	15,739,779	16,526,767	61,533,254
(15) Deficit Surcharge as a % of Surcharge		2.3%	2.1%	2.0%	1.8%	2.1%
<b>Hospitals &amp; OHFC's</b>						
(12) Deficit Surcharge	1,754,105	12,644,119	12,644,119	12,644,119	12,644,119	52,330,580
(13) Discounted Deficit Surcharge	1,754,105	12,008,204	11,602,129	11,209,787	10,830,712	47,404,936
(14) Surcharge		60,774,895	63,813,640	67,004,322	70,354,538	261,947,396
(15) Deficit Surcharge as a % of Surcharge		19.8%	18.2%	16.7%	15.4%	18.1%
<b>Combined</b>						
(12) Deficit Surcharge	1,754,105	12,994,344	12,994,344	12,994,344	12,994,344	53,731,482
(13) Discounted Deficit Surcharge	1,754,105	12,340,815	11,923,493	11,520,283	11,130,708	48,669,404
(14) Surcharge		75,051,338	78,803,905	82,744,101	86,881,306	323,480,650
(15) Deficit Surcharge as a % of Surcharge		16.4%	15.1%	13.9%	12.8%	15.0%

Column/Row	Note
(1)	Exhibit 1, Page 1, Col (8)
(2)	Exhibit 1, Page 1, Col (10)
(3)	Exhibit 1, Page 1, Col (12)
(4)	Total provided by client; allocated between independent physicians & surgeons and hospitals based on Fund Summary, Page 2
(5)	Col (5), Total = Col (1) - Col (4); Allocation between Physicians & Surgeons/Hospitals based on Fund Summary, Page 2, Row (8) & (9), respectively
(6)	Col (6), Total = Col (2) - Col (4); Allocation between Physicians & Surgeons/Hospitals based on Fund Summary, Page 2, Row (8) & (9), respectively
(7)	Col (7), Total = Col (3) - Col (4); Allocation between Physicians & Surgeons/Hospitals based on Fund Summary, Page 2, Row (8) & (9), respectively
(8)	Provided by client
(9)	Col (5) - Col (8)
(10)	Col (6) - Col (9)
(11)	Col (7) - Col (10)
(12), (13)	Amortized deficit surcharge over a 5-year period at 3.5% per annum; 2022 deficit surcharge based on data provided by client
(14)	For 2023: Physicians & Surgeons Exhibit 1 for Physicians & Surgeons; Hospitals & Outpatient Facilities Exhibit 1 for Hospitals & OHFC's All other years trended at 5.0% per annum
(15)	Row (13) / Row (14)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Calculation of Fund Deficit Allocation**

Fund Summary  
Page 2

Accident Year	Physician & Surgeons			Hospitals		
	Practitioner Surcharges	Selected Ultimate Losses	Gain/(Loss)	Hospital Surcharges	Selected Ultimate Losses	Gain/(Loss)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2000	8,238,309	6,560,000	1,678,309			
2001	9,181,946	9,261,652	(79,706)			
2002	9,421,675	9,309,500	112,175			
2003	9,924,688	6,596,189	3,328,499			
2004	9,283,270	5,482,500	3,800,770			
2005	9,151,210	9,776,657	(625,447)			
2006	9,067,465	8,140,629	926,836			
2007	8,810,595	19,005,969	(10,195,374)			
2008	9,696,249	19,398,176	(9,701,927)			
2009	11,325,257	11,817,704	(492,446)	918,297	2,075,000	(1,156,703)
2010	10,410,307	17,814,906	(7,404,598)	1,680,228	1,605,000	75,228
2011	11,380,891	19,331,405	(7,950,515)	1,825,004	2,565,946	(740,942)
2012	9,765,990	8,434,190	1,331,799	1,817,812	3,524,815	(1,707,003)
2013	9,596,773	7,193,159	2,403,615	1,992,604	2,687,372	(694,768)
2014	10,065,996	14,501,374	(4,435,379)	2,146,331	6,931,603	(4,785,273)
2015	10,535,218	6,537,058	3,998,160	2,224,828	4,801,961	(2,577,133)
2016	9,039,070	11,463,286	(2,424,216)	6,374,245	5,078,535	1,295,710
2017	12,725,963	22,794,023	(10,068,060)	21,561,182	28,304,641	(6,743,459)
2018	9,835,929	11,638,920	(1,802,990)	31,292,438	37,009,797	(5,717,359)
2019	10,639,580	12,313,629	(1,674,049)	31,872,010	32,900,244	(1,028,234)
2020	10,236,009	11,771,411	(1,535,401)	31,731,360	36,372,540	(4,641,180)
2021	11,585,186	13,322,964	(1,737,778)	32,655,867	37,157,133	(4,501,266)
Total	219,917,577	262,465,300	(42,547,723) -19.3%	168,092,207	201,014,586	(32,922,380) -19.6%
				(8) Physicians Allocation Percentage		56.4%
				(9) Hospital Allocation Percentage		43.6%

Column/Row	Note
(2), (5)	Based on data provided by client
(3)	Exhibit 2, Col (8)
(4)	Col (2) - Col (3)
(6)	Exhibit 11, Col (7)
(7)	Col (5) - Col (6)
(8)	Col (4) Total / [Col (4) Total + Col (7) Total]
(9)	Col (7) Total / [Col (4) Total + Col (7) Total]

**New Mexico Patients' Compensation Fund**

**Reserves as of 12/31/2021**

**Reserve Summary**

Accident Year	Physician & Surgeons			Hospitals			Combined Selected Ultimate Reserves	Discount Factor	Estimated Discounted Reserves	Indicated Risk Margin @ 75%	Estimated Discounted Reserves @ 75%
	Selected Ultimate Losses	Paid Losses	Selected Ultimate Reserves	Selected Ultimate Losses	Paid Losses	Selected Ultimate Reserves					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2000	6,560,000	6,560,000	0				0	0.000	0	1.084	0
2001	9,261,652	9,261,652	0				0	0.000	0	1.084	0
2002	9,309,500	9,309,500	0				0	0.000	0	1.084	0
2003	6,596,189	6,596,189	0				0	0.000	0	1.084	0
2004	5,482,500	5,482,500	0				0	0.000	0	1.084	0
2005	9,776,657	9,776,657	0				0	0.000	0	1.084	0
2006	8,140,629	8,140,629	0				0	0.000	0	1.084	0
2007	19,005,969	19,005,969	0				0	0.000	0	1.084	0
2008	19,398,176	19,398,176	0				0	0.000	0	1.084	0
2009	11,817,704	11,817,704	0	2,075,000	2,075,000	0	0	0.000	0	1.084	0
2010	17,814,906	17,814,906	0	1,605,000	1,605,000	0	0	0.000	0	1.084	0
2011	19,331,405	19,279,469	51,937	2,565,946	2,547,500	18,446	70,383	0.994	69,931	1.084	75,805
2012	8,434,190	8,284,408	149,782	3,524,815	3,475,000	49,815	199,597	0.988	197,201	1.084	213,766
2013	7,193,159	6,900,000	293,159	2,687,372	2,607,237	80,134	373,293	0.984	367,220	1.084	398,066
2014	14,501,374	13,920,435	580,940	6,931,603	6,688,260	243,343	824,283	0.980	807,560	1.084	875,395
2015	6,537,058	6,015,000	522,058	4,801,961	4,493,363	308,597	830,656	0.978	812,037	1.084	880,248
2016	11,463,286	8,345,000	3,118,286	5,078,535	3,382,500	1,696,035	4,814,321	0.985	4,743,953	1.084	5,142,445
2017	22,794,023	14,600,000	8,194,023	28,304,641	14,542,497	13,762,144	21,956,167	0.983	21,588,542	1.084	23,401,979
2018	11,638,920	3,186,023	8,452,897	37,009,797	9,318,064	27,691,733	36,144,630	0.977	35,326,538	1.084	38,293,967
2019	12,313,629	1,512,500	10,801,129	32,900,244	2,643,500	30,256,744	41,057,873	0.969	39,798,786	1.084	43,141,884
2020	11,771,411	0	11,771,411	36,372,540	1,186,000	35,186,540	46,957,950	0.960	45,100,761	1.084	48,889,225
2021	13,322,964	0	13,322,964	37,157,133	0	37,157,133	50,480,097	0.950	47,949,463	1.084	51,977,218
Total	262,465,300	205,206,716	57,258,584	201,014,586	54,563,921	146,450,665	203,709,250		196,761,992		213,289,999

Column/Row

- (2) Exhibit 2, Col (8)
- (3), (6) Provided by client
- (4) Col (2) - Col (3)
- (5) Exhibit 11, Col (7)
- (7) Col (5) - Col (6)
- (8) Col (4) + Col (7)
- (9) Exhibit 1, Page 2
- (10) Col (8) x Col (9)
- (11) Based on simulation analysis of future closed claims
- (12) Col (10) x Col (11)

New Mexico Patients' Compensation Fund  
 Reserves as of 12/31/2021  
 Calculation of Discount Factor

Accident Year	Indicated Reserve	Months	Unpaid Percentage	Payments made at:																	Discount	Disc. on Invested Assets						
				0.5 07/01/22	1.5 07/01/23	2.5 07/01/24	3.5 07/01/25	4.5 07/01/26	5.5 07/01/27	6.5 07/01/28	7.5 07/01/29	8.5 07/01/30	9.5 07/01/31	10.5 07/01/32	11.5 07/01/33	12.5 07/01/34	13.5 07/01/35	14.5 07/01/36	15.5 07/01/37	16.5 07/01/38			17.5 07/01/39	18.5 07/01/40				
2000	-	264	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2001	-	252	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2002	-	240	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2003	-	228	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2004	-	216	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2005	-	204	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2006	-	192	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2007	-	180	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2008	-	168	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2009	-	156	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2010	-	144	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
2011	70,383	132	0.8%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.983	0.994	
2012	199,597	120	1.8%	55.3%	44.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.968	0.988	
2013	373,293	108	3.2%	45.0%	30.4%	24.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.957	0.984	
2014	824,283	96	5.1%	37.0%	28.3%	19.2%	15.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.946	0.980	
2015	830,656	84	8.3%	38.3%	22.9%	17.5%	11.8%	9.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.940	0.978	
2016	4,814,321	72	28.3%	70.7%	11.2%	6.7%	5.1%	3.5%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.961	0.985	
2017	21,956,167	60	56.0%	49.4%	35.7%	5.7%	3.4%	2.6%	1.8%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.955	0.983	
2018	36,144,630	48	77.6%	27.9%	35.7%	25.8%	4.1%	2.4%	1.9%	1.3%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.940	0.977	
2019	41,057,873	36	90.2%	13.9%	24.0%	30.7%	22.2%	3.5%	2.1%	1.6%	1.1%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.918	0.969	
2020	46,957,950	24	97.8%	7.8%	12.8%	22.1%	28.3%	20.4%	3.2%	1.9%	1.5%	1.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.895	0.960	
2021	50,480,097	12	99.6%	1.8%	7.7%	12.6%	21.7%	27.8%	20.1%	3.2%	1.9%	1.5%	1.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.867	0.950	
Total	203,709,250			35,600,213	41,649,154	40,634,418	36,055,460	26,776,376	13,720,422	3,948,963	2,475,016	1,568,360	878,709	402,160	0	0	0	0	0	0	0	0	0	0	0	0		

(1)	Annual Discount Factors	Interest Rate		Interest Rate																	Discount	Disc. on Invested Assets								
				3.5%	4.5%	5.5%	0.983	0.978	0.974	0.950	0.936	0.923	0.918	0.896	0.875	0.887	0.857	0.828	0.800	0.773			0.746	0.721	0.697	0.673	0.650	0.628	0.607	0.587
(2)	Discounted Values	3.5%	34,993,100	39,554,478	37,285,775	31,965,376	22,936,134	11,355,219	3,157,700	1,912,165	1,170,719	633,741	280,237	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		4.5%	34,825,267	38,988,071	36,400,162	30,907,510	21,964,862	10,770,301	2,966,383	1,779,122	1,078,840	578,416	253,325	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		5.5%	34,659,825	38,435,054	35,543,722	29,894,234	21,043,391	10,220,660	2,788,317	1,656,474	994,947	528,380	229,218	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(3)	Discounted Totals	3.5%	185,244,644	(4)						(5)	Discounted on Invested Assets	3.5%	196,761,992																	
		4.5%	180,512,260									4.5%	194,981,445																	
		5.5%	175,994,220									5.5%	193,281,545																	

Note  
 (1) 1 / (1 + Discount Factor) ^ (Payments made at date - 12/31/21) Assumes payments are made uniformly throughout the policy period, starting six months subsequent to the loss evaluation date.  
 (2) Annual Discount Factor x Payments made at date  
 (3) Sum across all years  
 (4) (3) / Total Reserves; discount on invested assets is a based on information provided by client.  
 We have assumed the \$30 million allocated to physicians is an invested asset  
 (5) (4), Discount on invested assets x undiscounted reserves

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**2020 and 2021 Comparison - Combined**

Accident Year	as of 12/31/21				Milliman Report as of 12/31/20				Difference							
	NMPCF Ultimate	NMPCF Paid	NMPCF Undiscounted	NMPCF Discounted	NMPCF Ultimate	NMPCF Paid	NMPCF Undiscounted	NMPCF Discounted	NMPCF Ultimate	NMPCF Paid	NMPCF Undiscounted	NMPCF Discounted				
	Losses	Losses	Reserves	Reserves	Losses	Losses	Reserves	Reserves	Losses	Losses	Reserves	Reserves				
2000	6,560,000	6,560,000	0	0	N/A	N/A	N/A	N/A								
2001	9,261,652	9,261,652	0	0	N/A	N/A	N/A	N/A								
2002	9,309,500	9,309,500	0	0	N/A	N/A	N/A	N/A								
2003	6,596,189	6,596,189	0	0	N/A	N/A	N/A	N/A								
2004	5,482,500	5,482,500	0	0	N/A	N/A	N/A	N/A								
2005	9,776,657	9,776,657	0	0	N/A	N/A	N/A	N/A								
2006	8,140,629	8,140,629	0	0	8,140,629	8,140,629	0	0	(0)	0%	(0)	0				
2007	19,005,969	19,005,969	0	0	19,072,298	19,045,969	26,329	26,329	(66,329)	0%	(40,000)	0%	(26,329)	-100%	(26,329)	-100%
2008	19,398,176	19,398,176	0	0	19,468,242	19,398,176	70,066	70,066	(70,066)	0%	(0)	0%	(70,066)	-100%	(70,066)	-100%
2009	13,892,704	13,892,704	0	0	14,003,828	13,892,704	111,124	111,124	(111,124)	-1%	(0)	0%	(111,124)	-100%	(111,124)	-100%
2010	19,419,906	19,419,906	0	0	19,708,970	19,369,906	339,064	333,281	(289,064)	-1%	50,000	0%	(339,064)	-100%	(333,281)	-100%
2011	21,897,351	21,826,969	70,383	69,931	22,466,883	21,826,969	639,915	618,366	(569,532)	-3%	(0)	0%	(569,532)	-89%	(548,435)	-89%
2012	11,959,005	11,759,408	199,597	197,201	12,389,557	11,809,408	580,149	555,955	(430,552)	-3%	(50,000)	0%	(380,552)	-66%	(358,754)	-65%
2013	9,880,530	9,507,237	373,293	367,220	10,251,829	9,507,237	744,592	703,572	(371,299)	-4%	0	0%	(371,299)	-50%	(336,352)	-48%
2014	21,432,978	20,608,695	824,283	807,560	22,642,326	20,608,695	2,033,631	1,913,549	(1,209,348)	-5%	(0)	0%	(1,209,348)	-59%	(1,105,989)	-58%
2015	11,339,019	10,508,363	830,656	812,037	8,655,849	5,465,368	3,190,481	3,088,727	2,683,170	31%	5,042,995	92%	(2,359,825)	-74%	(2,276,690)	-74%
2016	16,541,821	11,727,500	4,814,321	4,743,953	18,603,734	7,850,000	10,753,734	10,333,799	(2,061,913)	-11%	3,877,500	49%	(5,939,413)	-55%	(5,589,846)	-54%
2017	51,098,665	29,142,497	21,956,167	21,588,542	41,104,857	12,447,184	28,657,673	27,010,429	9,993,808	24%	16,695,313	134%	(6,701,506)	-23%	(5,421,887)	-20%
2018	48,648,716	12,504,086	36,144,630	35,326,538	48,791,624	5,093,523	43,698,101	40,363,461	(142,908)	0%	7,410,563	145%	(7,553,471)	-17%	(5,036,923)	-12%
2019	45,213,873	4,156,000	41,057,873	39,798,786	47,000,102	1,270,000	45,730,101	41,204,094	(1,786,229)	-4%	2,886,000	227%	(4,672,228)	-10%	(1,405,308)	-3%
2020	48,143,950	1,186,000	46,957,950	45,100,761	45,850,228	300,000	45,550,228	39,766,028	2,293,722	5%	886,000	295%	1,407,722	3%	5,334,733	13%
Subtotal	412,999,789	259,770,637	153,229,153	148,812,529	358,150,956	176,025,768	182,125,188	166,098,780	7,862,336	2%	36,758,371	21%	(28,896,035)	-16%	(17,286,251)	-10%
On-Going Medical Payments Unpaid Amounts							5,463,756	4,982,963								
2021	50,480,097	0	50,480,097	47,949,463					50,480,097		0		50,480,097		47,949,463	
Total	463,479,887	259,770,637	203,709,250	196,761,992	358,150,956	176,025,768	187,588,944	171,081,743	58,342,433		36,758,371		21,584,062		30,663,212	

**Reconciliation of Undiscounted Reserves from 12/31/20 to 12/31/21**

Undiscounted Reserves as of 12/31/20	187,588,944
Ultimate Excess Losses for 2021	50,480,097
Paid Losses from 12/31/20 to 12/31/21	36,758,371
Change in Estimated Ultimate Excess Losses for 2020 & Prior	2,398,580
Undiscounted Reserves as of 12/31/21	203,709,250

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**2020 and 2021 Comparison - Independent Physicians**

Accident Year	as of 12/31/21				Milliman Report as of 12/31/20				Difference				
	NMPCF Ultimate Losses	NMPCF Paid Losses	NMPCF Undiscounted Reserves	NMPCF Discounted Reserves	NMPCF Ultimate Losses	NMPCF Paid Losses	NMPCF Undiscounted Reserves	NMPCF Discounted Reserves	NMPCF Ultimate Losses	NMPCF Paid Losses	NMPCF Undiscounted Reserves	NMPCF Discounted Reserves	
2000	6,560,000	6,560,000	0	0	N/A	N/A	N/A	N/A					
2001	9,261,652	9,261,652	0	0	N/A	N/A	N/A	N/A					
2002	9,309,500	9,309,500	0	0	N/A	N/A	N/A	N/A					
2003	6,596,189	6,596,189	0	0	N/A	N/A	N/A	N/A					
2004	5,482,500	5,482,500	0	0	N/A	N/A	N/A	N/A					
2005	9,776,657	9,776,657	0	0	N/A	N/A	N/A	N/A					
2006	8,140,629	8,140,629	0	0	8,140,629	8,140,629	0	0	(0)	0%	0	0%	
2007	19,005,969	19,005,969	0	0	19,072,298	19,045,969	26,329	26,329	(66,329)	0%	(40,000)	0%	
2008	19,398,176	19,398,176	0	0	19,468,242	19,398,176	70,066	70,066	(70,066)	0%	0	0%	
2009	11,817,704	11,817,704	0	0	11,706,962	11,817,703	(110,741)	(110,741)	110,742	1%	0	0%	
2010	17,814,906	17,814,906	0	0	17,978,225	17,764,906	213,319	209,681	(163,319)	-1%	50,000	0%	
2011	19,331,405	19,279,469	51,937	51,603	19,831,475	19,279,469	552,006	533,417	(500,070)	-3%	(0)	0%	
2012	8,434,190	8,284,408	149,782	147,984	8,796,169	8,334,408	461,761	442,504	(361,979)	-4%	(50,000)	-1%	
2013	7,193,159	6,900,000	293,159	288,389	7,504,267	6,900,000	604,267	570,978	(311,108)	-4%	0	0%	
2014	14,501,374	13,920,435	580,940	569,154	15,216,865	13,920,435	1,296,430	1,219,878	(715,491)	-5%	(0)	0%	
2015	6,537,058	6,015,000	522,058	510,357	6,275,243	3,815,000	2,460,243	2,381,778	261,815	4%	2,200,000	58%	
2016	11,463,286	8,345,000	3,118,286	3,072,708	12,047,793	5,165,000	6,882,793	6,614,019	(584,507)	-5%	3,180,000	62%	
2017	22,794,023	14,600,000	8,194,023	8,056,826	17,894,875	8,900,000	8,994,875	8,477,849	4,899,148	27%	5,700,000	64%	
2018	11,638,920	3,186,023	8,452,897	8,261,575	13,748,977	1,668,523	12,080,454	11,158,584	(2,110,057)	-15%	1,517,500	91%	
2019	12,313,629	1,512,500	10,801,129	10,469,900	14,119,951	720,000	13,399,951	12,073,729	(1,806,322)	-13%	792,500	110%	
2020	11,771,411	0	11,771,411	11,305,851	13,930,977	0	13,930,977	12,161,951	(2,159,566)	-16%	0	(2,159,566)	
Subtotal	249,142,336	205,206,716	43,935,621	42,734,346	205,732,948	144,870,218	60,862,730	55,830,022	(3,577,109)	-2%	13,350,000	9%	
On-Going Medical Payments Unpaid Amounts							1,825,882	1,674,901					
2021	13,322,964	0	13,322,964	12,655,066					13,322,964	0	13,322,964	12,655,066	
Total	262,465,300	205,206,716	57,258,584	55,389,413	205,732,948	144,870,218	62,688,612	57,504,923	9,745,855		13,350,000	(3,604,146)	

**Reconciliation of Undiscounted Reserves from 12/31/20 to 12/31/21**

Undiscounted Reserves as of 12/31/20	62,688,612
Ultimate Excess Losses for 2021	13,322,964
Paid Losses from 12/31/20 to 12/31/21	13,350,000
Change in Estimated Ultimate Excess Losses for 2020 & Prior	(5,402,991)
Undiscounted Reserves as of 12/31/21	57,258,584



**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**2020 and 2021 Comparison - Hospitals**  
**Compare**

Accident Year	as of 12/31/21				Milliman Report as of 12/31/20				Difference							
	NMPCF Ultimate Losses	NMPCF Paid Losses	NMPCF Undiscounted Reserves	NMPCF Discounted Reserves	NMPCF Ultimate Losses	NMPCF Paid Losses	NMPCF Undiscounted Reserves	NMPCF Discounted Reserves	NMPCF Ultimate Losses	NMPCF Paid Losses	NMPCF Undiscounted Reserves	NMPCF Discounted Reserves	NMPCF Ultimate Losses	NMPCF Paid Losses	NMPCF Undiscounted Reserves	NMPCF Discounted Reserves
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009	2,075,000	2,075,000	0	0	2,296,866	2,075,000	221,866	221,866	(221,866)	-10%	0	0%	(221,866)	-100%	(221,866)	-100%
2010	1,605,000	1,605,000	0	0	1,730,745	1,605,000	125,745	123,600	(125,745)	-7%	0	0%	(125,745)	-100%	(123,600)	-100%
2011	2,565,946	2,547,500	18,446	18,328	2,635,408	2,547,500	87,908	84,948	(69,462)	-3%	0	0%	(69,462)	-79%	(66,620)	-78%
2012	3,524,815	3,475,000	49,815	49,217	3,593,388	3,475,000	118,388	113,451	(68,573)	-2%	0	0%	(68,573)	-58%	(64,234)	-57%
2013	2,687,372	2,607,237	80,134	78,831	2,747,562	2,607,238	140,324	132,593	(60,190)	-2%	(1)	0%	(60,190)	-43%	(53,763)	-41%
2014	6,931,603	6,688,260	243,343	238,407	7,425,461	6,688,260	737,201	693,671	(493,858)	-7%	0	0%	(493,858)	-67%	(455,264)	-66%
2015	4,801,961	4,493,363	308,597	301,680	2,380,606	1,650,368	730,238	706,949	2,421,355	102%	2,842,995	172%	(421,641)	-58%	(405,268)	-57%
2016	5,078,535	3,382,500	1,696,035	1,671,245	6,555,941	2,685,000	3,870,941	3,719,780	(1,477,406)	-23%	697,500	26%	(2,174,906)	-56%	(2,048,535)	-55%
2017	28,304,641	14,542,497	13,762,144	13,531,716	23,209,982	3,547,184	19,662,798	18,532,580	5,094,659	22%	10,995,313	310%	(5,000,863)	-30%	(5,000,863)	-27%
2018	37,009,797	9,318,064	27,691,733	27,064,963	35,042,647	3,425,000	31,617,647	29,204,877	1,967,150	6%	5,893,064	172%	(3,925,914)	-12%	(2,139,914)	-7%
2019	32,900,244	2,643,500	30,256,744	29,328,886	32,880,151	550,000	32,330,151	29,130,366	20,093	0%	2,093,500	381%	(2,073,407)	-6%	198,520	1%
2020	36,372,540	1,186,000	35,186,540	33,794,910	31,919,251	300,000	31,619,251	27,604,077	4,453,289	14%	886,000	295%	3,567,289	11%	6,190,833	22%
Subtotal	163,857,453	54,563,921	109,293,532	106,078,183	152,418,008	31,155,550	121,262,458	110,268,758	11,439,445	8%	23,408,371	75%	(11,968,926)	-10%	(4,190,575)	-4%
On-Going Medical Payments Unpaid Amounts							3,637,874	3,308,063								
2021	37,157,133	0	37,157,133	35,294,397					37,157,133		0		37,157,133		35,294,397	
Total	201,014,586	54,563,921	146,450,665	141,372,579	152,418,008	31,155,550	124,900,332	113,576,821	48,596,578		23,408,371		25,188,207		31,103,821	

**Reconciliation of Undiscounted Reserves from 12/31/20 to 12/31/21**

Undiscounted Reserves as of 12/31/20	124,900,332
Ultimate Excess Losses for 2021	37,157,133
Paid Losses from 12/31/20 to 12/31/21	23,408,371
Change in Estimated Ultimate Excess Losses for 2020 & Prior	7,801,572
Undiscounted Reserves as of 12/31/21	146,450,665

**New Mexico Patients' Compensation Fund**

Exhibit 2

**Reserves as of 12/31/2021**

**Physicians & Surgeons**

**Including Batch Claims**

**Selected Ultimate Losses**

Accident Year	Practitioner Surcharges	Paid Losses	Indicated Ultimate Losses				Selected Ultimate Losses	Loss Ratio
			B-F Method	Expected Loss Ratio Method	Paid Development Method	Frequency/ Severity Method		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2000	8,238,309	6,560,000	6,560,000	9,474,056	6,560,000	4,580,001	6,560,000	79.6%
2001	9,181,946	9,261,652	9,261,652	10,559,238	9,261,652	8,099,370	9,261,652	100.9%
2002	9,421,675	9,309,500	9,309,500	10,834,926	9,309,500	6,909,775	9,309,500	98.8%
2003	9,924,688	6,596,189	6,596,189	11,413,391	6,596,189	7,255,264	6,596,189	66.5%
2004	9,283,270	5,482,500	5,482,500	10,675,761	5,482,500	6,739,024	5,482,500	59.1%
2005	9,151,210	9,776,657	9,776,657	10,523,892	9,776,657	9,844,835	9,776,657	106.8%
2006	9,067,465	8,140,629	8,140,629	10,427,585	8,140,629	7,429,774	8,140,629	89.8%
2007	8,810,595	19,005,969	19,005,969	10,132,184	19,005,969	20,011,934	19,005,969	215.7%
2008	9,696,249	19,398,176	19,398,176	11,150,686	19,398,176	26,354,699	19,398,176	200.1%
2009	11,325,257	11,817,704	11,817,704	13,024,046	11,817,704	13,836,217	11,817,704	104.3%
2010	10,410,307	17,814,906	17,814,906	11,971,853	17,814,906	18,847,171	17,814,906	171.1%
2011	11,380,891	19,279,469	19,383,342	13,088,024	19,433,704	12,368,456	19,331,405	169.9%
2012	9,765,990	8,284,408	8,483,857	11,230,888	8,434,190	8,657,919	8,434,190	86.4%
2013	9,596,773	6,900,000	7,256,194	11,036,289	7,130,123	6,363,571	7,193,159	75.0%
2014	10,065,996	13,920,435	14,513,697	11,575,895	14,672,392	14,318,034	14,501,374	144.1%
2015	10,535,218	6,015,000	7,020,549	12,115,501	6,559,411	6,514,705	6,537,058	62.0%
2016	9,039,070	8,345,000	11,287,169	10,394,930	11,639,403	16,838,008	11,463,286	126.8%
2017	12,725,963	14,600,000	22,794,023	14,634,858	33,174,104	20,442,394	22,794,023	179.1%
2018	9,835,929	3,186,023	11,966,521	11,311,319	14,239,695	15,083,172	11,638,920	118.3%
2019	10,639,580	1,512,500	12,547,966	12,235,517	15,421,191	15,837,330	12,313,629	115.7%
2020	10,236,009	0	11,514,848	11,771,411	0	15,350,028	11,771,411	115.0%
2021	11,585,186	0	13,272,463	13,322,964	0	16,789,093	13,322,964	115.0%
Total	219,917,577	205,206,716	263,204,509	252,905,214	253,868,095	278,470,773	262,465,300	119.3%
2009-21	137,142,170	111,675,444	169,673,238	157,713,495	160,336,824	181,246,099	168,934,029	123.2%

Column Note

- (2), (3) Based on data provided by client
- (4) Exhibit 3, Page 1, Col (6)
- (5) Exhibit 3, Page 2, Col (6)
- (6) Exhibit 4, Col (5)
- (7) Exhibit 5, Page 1, Col (4)
- (8) Judgmental selection based on Cols (4) - (7)
- (9) Col (8) / Col (2)

# New Mexico Patients' Compensation Fund

Exhibit 3

Reserves as of 12/31/2021

Page 1

Physicians & Surgeons

Including Batch Claims

Bornhuetter-Ferguson Method

Accident Year	Practitioner Surcharges	Expected Loss Ratio	Paid Loss	Percentage of Ultimate Paid	Indicated Ultimate Losses
(1)	(2)	(3)	(4)	(5)	(6)
2000	8,238,309	115.0%	6,560,000	100.0%	6,560,000
2001	9,181,946	115.0%	9,261,652	100.0%	9,261,652
2002	9,421,675	115.0%	9,309,500	100.0%	9,309,500
2003	9,924,688	115.0%	6,596,189	100.0%	6,596,189
2004	9,283,270	115.0%	5,482,500	100.0%	5,482,500
2005	9,151,210	115.0%	9,776,657	100.0%	9,776,657
2006	9,067,465	115.0%	8,140,629	100.0%	8,140,629
2007	8,810,595	115.0%	19,005,969	100.0%	19,005,969
2008	9,696,249	115.0%	19,398,176	100.0%	19,398,176
2009	11,325,257	115.0%	11,817,704	100.0%	11,817,704
2010	10,410,307	115.0%	17,814,906	100.0%	17,814,906
2011	11,380,891	115.0%	19,279,469	99.2%	19,383,342
2012	9,765,990	115.0%	8,284,408	98.2%	8,483,857
2013	9,596,773	115.0%	6,900,000	96.8%	7,256,194
2014	10,065,996	115.0%	13,920,435	94.9%	14,513,697
2015	10,535,218	115.0%	6,015,000	91.7%	7,020,549
2016	9,039,070	115.0%	8,345,000	71.7%	11,287,169
2017	12,725,963	115.0%	14,600,000	44.0%	22,794,023
2018	9,835,929	115.0%	3,186,023	22.4%	11,966,521
2019	10,639,580	115.0%	1,512,500	9.8%	12,547,966
2020	10,236,009	115.0%	0	2.2%	11,514,848
2021	11,585,186	115.0%	0	0.4%	13,272,463
Total	219,917,577		205,206,716		263,204,509
2010-21	125,816,912		99,857,741		157,855,534

Column	Note
(2), (4)	Based on data provided by client
(3)	Exhibit 3, Page 2, Col (5)
(5)	Exhibit 15
(6)	Col (2) x Col (3) x [1 - Col (5)] + Col (4)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Physicians & Surgeons**  
**Including Batch Claims**  
**Expected Loss Ratio Method**

<u>Accident Year</u> (1)	<u>Practitioner Surcharges</u> (2)	<u>Indicated Ultimate Losses From Paid Loss Dev Method</u> (3)	<u>Indicated Loss Ratio</u> (4)	<u>Expected Loss Ratio</u> (5)	<u>Indicated Ultimate Losses</u> (6)
2000	8,238,309	6,560,000	79.6%		9,474,056
2001	9,181,946	9,261,652	100.9%		10,559,238
2002	9,421,675	9,309,500	98.8%		10,834,926
2003	9,924,688	6,596,189	66.5%		11,413,391
2004	9,283,270	5,482,500	59.1%		10,675,761
2005	9,151,210	9,776,657	106.8%		10,523,892
2006	9,067,465	8,140,629	89.8%		10,427,585
2007	8,810,595	19,005,969	215.7%		10,132,184
2008	9,696,249	19,398,176	200.1%		11,150,686
2009	11,325,257	11,817,704	104.3%		13,024,046
2010	10,410,307	17,814,906	171.1%		11,971,853
2011	11,380,891	19,433,704	170.8%		13,088,024
2012	9,765,990	8,434,190	86.4%		11,230,888
2013	9,596,773	7,130,123	74.3%		11,036,289
2014	10,065,996	14,672,392	145.8%		11,575,895
2015	10,535,218	6,559,411	62.3%		12,115,501
2016	9,039,070	11,639,403	128.8%		10,394,930
2017	12,725,963	33,174,104	260.7%		14,634,858
2018	9,835,929	14,239,695	144.8%		11,311,319
2019	10,639,580	15,421,191	144.9%		12,235,517
2020	10,236,009	0	0.0%		11,771,411
2021	11,585,186	0	0.0%		13,322,964
Total	219,917,577	253,868,095	115.4%	115.0%	252,905,214
2000-16	164,894,909	191,033,105	115.9%		
2012-18	71,564,939	95,849,319	133.9%		

<u>Column</u>	<u>Note</u>
(2)	Based on data provided by client
(3)	Exhibit 4, Col (5)
(4)	Col (3) / Col (2)
(5)	Judgment
(6)	Col (2) x Col (5)

# New Mexico Patients' Compensation Fund

Exhibit 4

## Reserves as of 12/31/2021

### Physicians & Surgeons

#### Including Batch Claims

#### Paid Loss Development Method

Accident Year	Paid Losses	Month of Development	Cumulative Development Factor	Indicated Ultimate Losses
(1)	(2)	(3)	(4)	(5)
2000	6,560,000	264	1.000	6,560,000
2001	9,261,652	252	1.000	9,261,652
2002	9,309,500	240	1.000	9,309,500
2003	6,596,189	228	1.000	6,596,189
2004	5,482,500	216	1.000	5,482,500
2005	9,776,657	204	1.000	9,776,657
2006	8,140,629	192	1.000	8,140,629
2007	19,005,969	180	1.000	19,005,969
2008	19,398,176	168	1.000	19,398,176
2009	11,817,704	156	1.000	11,817,704
2010	17,814,906	144	1.000	17,814,906
2011	19,279,469	132	1.008	19,433,704
2012	8,284,408	120	1.018	8,434,190
2013	6,900,000	108	1.033	7,130,123
2014	13,920,435	96	1.054	14,672,392
2015	6,015,000	84	1.091	6,559,411
2016	8,345,000	72	1.395	11,639,403
2017	14,600,000	60	2.272	33,174,104
2018	3,186,023	48	4.469	14,239,695
2019	1,512,500	36	10.196	15,421,191
2020	0	24	45.881	0
2021	0	12	263.817	0
Total	205,206,716			253,868,095

<u>Column</u>	<u>Note</u>
(2)	Based on data provided by client
(4)	Exhibit 15
(5)	Col (2) x Col (4)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Physicians & Surgeons**  
**Including Batch Claims**  
**Frequency and Severity Method**

Exhibit 5

Page 1

Accident Year	Selected Ultimate Claims Closed with Payment	Selected Ultimate Severity	Indicated Ultimate Losses
(1)	(2)	(3)	(4)
2000	19	241,053	4,580,001
2001	32	253,105	8,099,370
2002	26	265,761	6,909,775
2003	26	279,049	7,255,264
2004	23	293,001	6,739,024
2005	32	307,651	9,844,835
2006	23	323,034	7,429,774
2007	59	339,185	20,011,934
2008	74	356,145	26,354,699
2009	37	373,952	13,836,217
2010	48	392,649	18,847,171
2011	30	412,282	12,368,456
2012	20	432,896	8,657,919
2013	14	454,541	6,363,571
2014	30	477,268	14,318,034
2015	13	501,131	6,514,705
2016	32	526,188	16,838,008
2017	37	552,497	20,442,394
2018	26	580,122	15,083,172
2019	26	609,128	15,837,330
2020	24	639,584	15,350,028
2021	25	671,564	16,789,093
Total	676		278,470,773

<u>Column</u>	<u>Note</u>
(2)	Exhibit 5, Page 3, Col (6)
(3)	Exhibit 5, Page 2, Col (10)
(4)	Col (2) x Col (3)

**New Mexico Patients' Compensation Fund**

**Reserves as of 12/31/2021**

**Physicians & Surgeons**

**Including Batch Claims**

**Severity Trend for Paid Losses Excess of Retention**

Exhibit 5

Page 2

Accident Year	Paid Loss	Claims Closed With Payment	Paid Severity	Indicated Trend	R <sup>2</sup>	Selected Trend	Trended Severity to 2021	Selected Severity	Detrended Severity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2000	6,560,000	19	345,263				961,890		241,053
2001	9,261,652	32	289,427				767,935		253,105
2002	9,309,500	26	358,058				904,794		265,761
2003	6,596,189	26	253,700				610,558		279,049
2004	5,482,500	23	238,370				546,347		293,001
2005	9,776,657	32	305,521				666,913		307,651
2006	8,140,629	23	353,940				735,817		323,034
2007	19,005,969	59	322,135				637,805		339,185
2008	19,398,176	74	262,138				494,299		356,145
2009	11,817,704	37	319,397				573,592		373,952
2010	17,814,906	48	371,144				634,782		392,649
2011	19,279,469	30	642,649				1,046,807		412,282
2012	8,284,408	20	414,220				642,592		432,896
2013	6,900,000	14	492,857				728,174		454,541
2014	13,920,435	29	480,015				675,429		477,268
2015	6,015,000	12	501,250				671,723		501,131
2016	8,345,000	25	333,800				426,023		526,188
2017	14,600,000	22	663,636				806,654		552,497
2018	3,186,023	10	318,602				368,822		580,122
2019	1,512,500	3	504,167				555,844		609,128
2020	0	0	0				0		639,584
2021	0	0	0				0		671,564
Total	205,206,716	564	363,842				664,596		372,501
2009-18	110,162,944	247	446,004	0.8%	0.008	5.0%	671,564	671,564	449,549

Column   Note

- (2), (3) Based on data provided by client
- (4) Col (2) / Col (3)
- (7) Client data does not produce a good fit; trend factor selected based on industry data
- (8) Col (4) trended forward with selected trend in Col (7)
- (10) Selected severity in Col (9) detrended with selected trend in Col (7)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Physicians & Surgeons**  
**Including Batch Claims**  
**Closed With Payment Projection Summary**

Exhibit 5

Page 3

Accident Year	Claims Closed With Payment	Indicated Ultimate Claims Closed With Payment			Selected Ultimate Closed With Payment
		B-F Method	Frequency Method	Claim Development Method	
(1)	(2)	(3)	(4)	(5)	(6)
2000	19	19	31	19	19
2001	32	32	32	32	32
2002	26	26	32	26	26
2003	26	26	34	26	26
2004	23	23	32	23	23
2005	32	32	31	32	32
2006	23	23	31	23	23
2007	59	59	30	59	59
2008	74	74	30	74	74
2009	37	37	35	37	37
2010	48	48	30	48	48
2011	30	30	32	30	30
2012	20	20	28	20	20
2013	14	15	27	14	14
2014	29	30	29	30	30
2015	12	14	30	13	13
2016	25	31	26	32	32
2017	22	37	34	39	37
2018	10	26	24	30	26
2019	3	25	26	19	26
2020	0	23	24	0	24
2021	0	25	25	0	25
Total	564	675	653	626	676

<u>Column</u>	<u>Note</u>
(2)	Based on data provided by client
(3)	Exhibit 6, Col (5)
(4)	Exhibit 7, Col (7)
(5)	Exhibit 8, Col (5)
(6)	Judgmental selection based on Cols (3) - (5)



# New Mexico Patients' Compensation Fund

Exhibit 6

Reserves as of 12/31/2021

Physicians & Surgeons

Including Batch Claims

Bornhuetter-Ferguson Method

Accident Year	Claims Closed With Payment	Frequency Mtd. Indicated Ultimate Claims Closed With Payment	Percent of Ultimate Closed With Payment	Indicated Ultimate Closed With Payment
(1)	(2)	(3)	(4)	(5)
2000	19	31	100.0%	19
2001	32	32	100.0%	32
2002	26	32	100.0%	26
2003	26	34	100.0%	26
2004	23	32	100.0%	23
2005	32	31	100.0%	32
2006	23	31	100.0%	23
2007	59	30	100.0%	59
2008	74	30	100.0%	74
2009	37	35	100.0%	37
2010	48	30	100.0%	48
2011	30	32	100.0%	30
2012	20	28	99.0%	20
2013	14	27	97.8%	15
2014	29	29	96.7%	30
2015	12	30	92.5%	14
2016	25	26	78.4%	31
2017	22	34	56.0%	37
2018	10	24	32.9%	26
2019	3	26	15.7%	25
2020	0	24	3.8%	23
2021	0	25	1.0%	25
Total	564	653		675

Column	Note
(2)	Based on data provided by client
(3)	Exhibit 7, Col (7)
(4)	Exhibit 16
(5)	Col (2) + Col (3) x [ 1 - Col (4) ]

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Physicians & Surgeons**  
**Including Batch Claims**  
**Paid Claim Projection Based on Frequency Method**

Exhibit 7

Accident Year	Claims Closed With Payment	Development Mtd. Indicated Ultimate Claims Closed With Payment	Practitioner Surcharges at Current Rate Level	Indicated Ultimate Claim Frequency Per \$1M in Surcharges	Selected Frequency	Indicated Ultimate Claims Closed With Payment
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2000	19	19	15,483,447	1.23		31
2001	32	32	16,173,564	1.98		32
2002	26	26	16,048,272	1.62		32
2003	26	26	16,905,072	1.54		34
2004	23	23	15,812,522	1.45		32
2005	32	32	15,587,581	2.05		31
2006	23	23	15,444,934	1.49		31
2007	59	59	14,831,277	3.98		30
2008	74	74	15,248,438	4.85		30
2009	37	37	17,524,598	2.11		35
2010	48	48	15,079,615	3.18		30
2011	30	30	16,167,698	1.86		32
2012	20	20	13,873,569	1.44		28
2013	14	14	13,633,180	1.03		27
2014	29	30	14,299,758	2.10		29
2015	12	13	14,966,335	0.87		30
2016	25	32	12,806,089	2.50		26
2017	22	39	16,967,374	2.30		34
2018	10	30	11,945,245	2.51		24
2019	3	19	12,791,967	1.49		26
2020	0	0	11,893,776	0.00		24
2021	0	0	12,281,524	0.00		25
Total	564	626	325,765,836	1.92	2.00	653
2012-18	132	178	98,491,551	1.81		
2014-18	98	144	70,984,801	2.03		

Column	Note
(2)	Exhibit 8, Col (2)
(3)	Exhibit 8, Col (5)
(4)	Based on data provided by client
(5)	Col (3) / Col (4) x 1,000,000
(6)	Judgmentally selected based on Col (5)
(7)	Col (4) x Col (6) / 1,000,000

# New Mexico Patients' Compensation Fund

Exhibit 8

## Reserves as of 12/31/2021

### Physicians & Surgeons

#### Including Batch Claims

#### Closed With Payment Claim Development Method

Accident Year	Claims Closed With Payment	Month of Development	Cumulative Development Factor	Indicated Ultimate Claims Closed With Payment
(1)	(2)	(3)	(4)	(5)
2000	19	264	1.000	19
2001	32	252	1.000	32
2002	26	240	1.000	26
2003	26	228	1.000	26
2004	23	216	1.000	23
2005	32	204	1.000	32
2006	23	192	1.000	23
2007	59	180	1.000	59
2008	74	168	1.000	74
2009	37	156	1.000	37
2010	48	144	1.000	48
2011	30	132	1.000	30
2012	20	120	1.010	20
2013	14	108	1.023	14
2014	29	96	1.035	30
2015	12	84	1.081	13
2016	25	72	1.276	32
2017	22	60	1.786	39
2018	10	48	3.036	30
2019	3	36	6.376	19
2020	0	24	26.143	0
2021	0	12	104.574	0
Total	564			626

<u>Column</u>	<u>Note</u>
(2)	Based on data provided by client
(4)	Exhibit 16
(5)	Col (2) x Col (4)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Development of Physician Surcharge Estimates**

Exhibit 9

Page 1

Class (1)	NMPCF Current Surcharge		Discounted Estimated Surcharges 1/1/23-24 Rate Level				Deficit Surcharge Rates			
	Independent Providers (2a)	Hosp. & OHCF Employed Providers (2b)	Independent Providers		Hosp. & OHCF Employed Providers		Independent Providers		Hosp. & OHCF Employed Providers	
			Expected Value (3)	Risk Loaded Value (4)	Expected Value (5)	Risk Loaded Value (6)	Deficit Surcharge as % of Surcharge (7a)	Expected Value (7b)	Deficit Surcharge as % of Surcharge (7c)	Expected Value (7d)
	(1)	(2a)	(2b)	(3)	(4)	(5)	(6)	(7a)	(7b)	(7c)
1	\$3,935	\$4,403	\$4,684	\$5,077	\$4,888	\$5,299	57.6%	2,698	19.8%	966
2	5,246	5,871	6,244	6,769	6,518	7,066	57.6%	3,597	19.8%	1,288
3	6,295	7,045	7,493	8,122	7,822	8,479	57.6%	4,316	19.8%	1,545
4A	7,869	8,807	9,366	10,153	9,778	10,599	57.6%	5,396	19.8%	1,932
4	9,443	10,568	11,240	12,184	11,733	12,718	57.6%	6,475	19.8%	2,318
5A	8,919	9,981	10,616	11,508	11,081	12,012	57.6%	6,116	19.8%	2,189
5	11,542	12,916	13,738	14,892	14,340	15,544	57.6%	7,914	19.8%	2,833
6	13,640	15,265	16,236	17,599	16,948	18,371	57.6%	9,353	19.8%	3,349
7A	15,739	17,613	18,734	20,308	19,554	21,197	57.6%	10,792	19.8%	3,864
7	18,362	20,549	21,856	23,692	22,814	24,730	57.6%	12,590	19.8%	4,508
8	24,919	27,888	29,661	32,153	30,962	33,563	57.6%	17,086	19.8%	6,118
9	30,166	33,759	35,907	38,923	37,480	40,628	57.6%	20,684	19.8%	7,405
10	34,100	38,162	40,589	43,999	42,368	45,927	57.6%	23,381	19.8%	8,371
51	10%	10%	10%	10%	10%	10%				
52	10%	10%	10%	10%	10%	10%				
53	10%	10%	10%	10%	10%	10%				
99	3,148	3,523	3,747	4,062	3,911	4,240	57.6%	2,158	19.8%	773
CRNA	1,312	1,468	1,562	1,693	1,630	1,767	57.6%	900	19.8%	322
CN	840	940	1,000	1,084	1,044	1,131				
PA-1	1,784	1,996	2,123	2,302	2,216	2,402	57.6%	1,223	19.8%	438
PA-2	2,361	2,642	2,810	3,046	2,933	3,180	57.6%	1,619	19.8%	580
PA-3	2,833	3,170	3,372	3,655	3,519	3,815	57.6%	1,943	19.8%	695
Total										
(9)	Class 1 Rate									
	\$3,935	\$4,403	\$4,684	\$5,077	\$4,888	\$5,299				
(10)	Indicated Percent of Change									
			19.0%	29.0%	11.0%	20.3%				

Column/Row	Note
(2)	Provided by NMPCF
(3)-(6)	Based on indicated surcharge changes in Exhibit 10
(7a)	From Fund Summary, Page 1a, Row (12) for 2023
(7b)	Col (3) x Col (5a)
(7c)	From Fund Summary, Page 1a, Row (12) for 2023
(7d)	Col (5) x Col (5c)

**New Mexico Patients' Compensation Fund**

**Reserves as of 12/31/2021**

**Development of Physician Surcharge Estimates (Reflects Second \$30,000,000 Legislative Infusion)**

Class (1)	NMPCF Current Surcharge		NMPCF Indicated Surcharge Physicians and Surgeons				Deficit Surcharge Rates			
	Independent Providers (2a)	Hosp. & OHCF Employed Providers (2b)	Discounted Estimated Surcharges 1/1/23-24 Rate Level				Independent Providers		Hosp. & OHCF Employed Providers	
			Independent Providers		Hosp. & OHCF Employed Providers		Deficit	Expected	Deficit	Expected
	Expected Value (3)	Risk Loaded Value (4)	Expected Value (5)	Risk Loaded Value (6)	Surcharge as % of Surcharge (7a)	Value (7b)	Surcharge as % of Surcharge (7c)	Value (7d)		
1	\$3,935	\$4,403	\$4,684	\$5,077	\$4,888	\$5,299	2.3%	109	19.8%	966
2	5,246	5,871	6,244	6,769	6,518	7,066	2.3%	145	19.8%	1,288
3	6,295	7,045	7,493	8,122	7,822	8,479	2.3%	175	19.8%	1,545
4A	7,869	8,807	9,366	10,153	9,778	10,599	2.3%	218	19.8%	1,932
4	9,443	10,568	11,240	12,184	11,733	12,718	2.3%	262	19.8%	2,318
5A	8,919	9,981	10,616	11,508	11,081	12,012	2.3%	247	19.8%	2,189
5	11,542	12,916	13,738	14,892	14,340	15,544	2.3%	320	19.8%	2,833
6	13,640	15,265	16,236	17,599	16,948	18,371	2.3%	378	19.8%	3,349
7A	15,739	17,613	18,734	20,308	19,554	21,197	2.3%	436	19.8%	3,864
7	18,362	20,549	21,856	23,692	22,814	24,730	2.3%	509	19.8%	4,508
8	24,919	27,888	29,661	32,153	30,962	33,563	2.3%	691	19.8%	6,118
9	30,166	33,759	35,907	38,923	37,480	40,628	2.3%	837	19.8%	7,405
10	34,100	38,162	40,589	43,999	42,368	45,927	2.3%	946	19.8%	8,371
51	10%	10%	10%	10%	10%	10%				
52	10%	10%	10%	10%	10%	10%				
53	10%	10%	10%	10%	10%	10%				
99	3,148	3,523	3,747	4,062	3,911	4,240	2.3%	87	19.8%	773
CRNA	1,312	1,468	1,562	1,693	1,630	1,767	2.3%	36	19.8%	322
CN	840	940	1,000	1,084	1,044	1,131				
PA-1	1,784	1,996	2,123	2,302	2,216	2,402	2.3%	49	19.8%	438
PA-2	2,361	2,642	2,810	3,046	2,933	3,180	2.3%	65	19.8%	580
PA-3	2,833	3,170	3,372	3,655	3,519	3,815	2.3%	79	19.8%	695
Total										
(9)	Class 1 Rate									
	\$3,935	\$4,403	\$4,684	\$5,077	\$4,888	\$5,299				
(10)	Indicated Percent of Change									
			19.0%	29.0%	11.0%	20.3%				

Column/Row	Note
(2)	Provided by NMPCF
(3)-(6)	Based on indicated surcharge changes in Exhibit 10
(7a)	From Fund Summary, Page 1b, Row (12) for 2023
(7b)	Col (3) x Col (5a)
(7c)	From Fund Summary, Page 1b, Row (12) for 2023
(7d)	Col (5) x Col (5c)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Indicated Rate Change Effective 1/1/23 through 1/1/24**  
**Physicians & Surgeons**

**Does Not Reflect Second \$30,000,000 Legislative Infusion**

	Indicated Assessment Level Change on January 1, 2023 <u>(1)</u>	Offset Due to Changes in Class Plan <u>(2)</u>	Increased Limits Factor to \$553,224 xs \$250,000 <u>(3)</u>	Indicated Rate Change <u>(4)</u>	Deficit Surcharge as a % of Surcharge <u>(5)</u>	Indicated Rate Change w/ Deficit Surcharge <u>(6)</u>
w/o Risk Margin	11.1%	2.1%	4.9%	19.0%	57.6%	87.6%
w/ Risk Margin	20.4%	2.1%	4.9%	29.0%	57.6%	103.4%

**Reflects Second \$30,000,000 Legislative Infusion**

	Indicated Assessment Level Change on January 1, 2023 <u>(7)</u>	Offset Due to Changes in Class Plan <u>(8)</u>	Increased Limits Factor to \$553,224 xs \$250,000 <u>(9)</u>	Indicated Rate Change <u>(10)</u>	Deficit Surcharge as a % of Surcharge <u>(11)</u>	Indicated Rate Change w/ Deficit Surcharge <u>(12)</u>
w/o Risk Margin	11.1%	2.1%	4.9%	19.0%	2.3%	21.8%
w/ Risk Margin	20.4%	2.1%	4.9%	29.0%	2.3%	32.0%

Column

- (1) Exhibit 10, Pages 2-3, Row (15) & (16), respectively
- (2) Based on class plan review provided by Pinnacle
- (3) Based on Pinnacle analysis of industry data
- (4)  $[(1 + \text{Col (1)}) \times (1 + \text{Col (2)}) \times (1 + \text{Col (3)})] - 1$
- (5) From Fund Summary, Page 1a, Row (12) for 2023
- (6)  $[(1 + \text{Col (4)}) \times (1 + \text{Col (5)})] - 1$

Column

- (7) Exhibit 10, Pages 2-3, Row (15) & (16), respectively
- (8) Based on class plan review provided by Pinnacle
- (9) Based on Pinnacle analysis of industry data
- (10)  $[(1 + \text{Col (7)}) \times (1 + \text{Col (8)}) \times (1 + \text{Col (9)})] - 1$
- (11) From Fund Summary, Page 1b, Row (12) for 2023
- (12)  $[(1 + \text{Col (10)}) \times (1 + \text{Col (11)})] - 1$

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Indicated Rate Change Effective 1/1/23 through 1/1/24**  
**Using Expected Value Losses**  
**Physicians & Surgeons**

Exhibit 10

Page 2

Accident Year	Practitioner Surcharges @ 12/31/21 Level	Projected Ultimate Losses	Trended Ultimate Loss	Trended Ultimate Loss Ratio
(1)	(2)	(3)	(4)	(5)
2012	13,873,569	8,434,190	14,425,328	104.0%
2013	13,633,180	7,193,159	11,716,897	85.9%
2014	14,299,758	14,501,374	22,496,391	157.3%
2015	14,966,335	6,537,058	9,658,212	64.5%
2016	12,806,089	11,463,286	16,129,994	126.0%
2017	16,967,374	22,794,023	30,546,171	180.0%
2018	11,945,245	11,638,920	14,854,539	124.4%
2019	12,791,967	12,313,629	14,967,293	117.0%
2020	11,893,776	11,771,411	13,626,879	114.6%
2021	12,281,524	13,322,964	14,688,568	119.6%
All Years	135,458,818	119,970,014	163,110,273	120.4%
2012 - 2019	111,283,518	94,875,639	134,794,826	121.1%
2015 - 2019	69,477,011	64,746,916	86,156,209	124.0%
2017 - 2019	41,704,587	46,746,572	60,368,003	144.8%
(6)	Projected 2023-2024 Undiscounted Loss Ratio (Selected Based on Col (4))			120.4%
(7)	Increased Limits Factor from 200/600 to 250/750			1.007
(8)	Projected 2023-2024 Surcharges at Current Fee Level			12,372,207
(9)	Projected 2023-2024 Undiscounted Losses			14,897,768
(10)	Projected Loss Adjustment Expenses as a Percentage of Losses Paid			3.5%
(11)	Discount Factor at 3.5% Yield			0.838
(12)	Projected Office Expenses as a Percentage of Surcharges Collected			0.5%
(13)	Projected Reinsurance Expense as a Percentage of Surcharges Collected			5.5%
(14)	Projected 2023-2024 Income Requirements			13,746,051
(15)	Indicated Assessment Level Change on January 1, 2023			11.1%

Column / Row	Note
(2)	Based on data provided by client
(3)	Exhibit 2, Col (9)
(4)	Col (3) x [1 + selected trend rate of 5.0%] ^ (2023 - Col (1))
(5)	Col (4) / Col (2)
(7)	Based on industry data
(8)	Most current surcharge x Row (7)
(9)	Row (6) x Row (8)
(10)	From Exhibit 17
(11)	Based on data provided by client
(12) - (13)	From Exhibit 17
(14)	[Row (9) x [1 + Row (10)] x Row (11)] / [1 - Row (12) - Row (13)]
(15)	Row (14) / Row (8) - 1

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Indicated Rate Change Effective 1/1/23 through 1/1/24**  
**Using Expected Value Losses with Risk Load**  
**Physicians & Surgeons**

Exhibit 10

Page 3

Accident Year	Practitioner Surcharges @ 12/31/21 Level	Projected Ultimate Losses	Trended Ultimate Loss	Trended Ultimate Loss Ratio
(1)	(2)	(3)	(4)	(5)
2012	13,873,569	8,434,190	14,425,328	104.0%
2013	13,633,180	7,193,159	11,716,897	85.9%
2014	14,299,758	14,501,374	22,496,391	157.3%
2015	14,966,335	6,537,058	9,658,212	64.5%
2016	12,806,089	11,463,286	16,129,994	126.0%
2017	16,967,374	22,794,023	30,546,171	180.0%
2018	11,945,245	11,638,920	14,854,539	124.4%
2019	12,791,967	12,313,629	14,967,293	117.0%
2020	11,893,776	11,771,411	13,626,879	114.6%
2021	12,281,524	13,322,964	14,688,568	119.6%
All Years	135,458,818	119,970,014	163,110,273	120.4%
2012 - 2019	111,283,518	94,875,639	134,794,826	121.1%
2015 - 2019	69,477,011	64,746,916	86,156,209	124.0%
2017 - 2019	41,704,587	46,746,572	60,368,003	144.8%
(6) Projected 2023-2024 Undiscounted Loss Ratio (Selected Based on Col (4))				120.4%
(7) Increased Limits Factor from 200/600 to 250/750				1.007
(8) Projected 2023-2024 Surcharges at Current Fee Level				12,372,207
(9) Projected 2023-2024 Undiscounted Losses				14,897,768
(10) Projected Loss Adjustment Expenses as a Percentage of Losses Paid				3.5%
(11) Discount Factor at 3.5% Yield				0.838
(12) Risk Margin Factor at 75% Confidence Level				1.084
(13) Projected Office Expenses as a Percentage of Surcharges Collected				0.5%
(14) Projected Reinsurance Expense as a Percentage of Surcharges Collected				5.5%
(15) Projected 2023-2024 Income Requirements @ 75%				14,900,719
(16) Indicated Assessment Level Change on January 1, 2023				20.4%

Column / Row	Note
(2)	Based on data provided by client
(3)	Exhibit 2, Col (9)
(4)	Col (3) x [1 + selected trend rate of 5.0%] ^ (2023 - Col (1))
(5)	Col (4) / Col (2)
(7)	Based on industry data
(8)	Most current surcharge x Row (7)
(9)	Row (6) x Row (8)
(10)	From Exhibit 17
(11)	Based on data provided by client
(12)	Based on stochastic modeling using client data
(13) - (14)	From Exhibit 17
(15)	[Row (9) x [1 + Row (10)] x Row (11) x Row (12)] / [1 - Row (13) - Row (14)]
(16)	Row (15) / Row (8) - 1



# New Mexico Patients' Compensation Fund

Exhibit 11

## Reserves as of 12/31/2021

### Hospitals

#### Selected Ultimate Losses

Accident Year	Hospital Surcharges	Paid Losses	Indicated Ultimate Losses			Selected Ultimate Losses	Loss Ratio
			B-F Method	Expected Loss Ratio Method	Paid Development Method		
2009	918,297	2,075,000	2,075,000	1,046,858	2,075,000	2,075,000	226.0%
2010	1,680,228	1,605,000	1,605,000	1,915,460	1,605,000	1,605,000	95.5%
2011	1,825,004	2,547,500	2,564,012	2,080,505	2,567,880	2,565,946	140.6%
2012	1,817,812	3,475,000	3,511,802	2,072,306	3,537,828	3,524,815	193.9%
2013	1,992,604	2,607,237	2,680,552	2,271,569	2,694,192	2,687,372	134.9%
2014	2,146,331	6,688,260	6,813,659	2,446,817	7,049,548	6,931,603	323.0%
2015	2,224,828	4,493,363	4,703,869	2,536,304	4,900,052	4,801,961	215.8%
2016	6,374,245	3,382,500	5,439,241	7,266,640	4,717,829	5,078,535	79.7%
2017	21,561,182	14,542,497	28,304,641	24,579,748	33,043,447	28,304,641	131.3%
2018	31,292,438	9,318,064	37,009,797	35,673,379	41,646,399	37,009,797	118.3%
2019	31,872,010	2,643,500	35,413,968	36,334,091	26,952,673	32,900,244	103.2%
2020	31,731,360	1,186,000	36,571,329	36,173,751	54,415,137	36,372,540	114.6%
2021	32,655,867	0	37,086,577	37,227,689	0	37,157,133	113.8%
Total	168,092,207	54,563,921	203,779,446	191,625,115	185,204,985	201,014,586	119.6%

Column    Note

- (2), (3) Based on data provided by client
- (4) Exhibit 12, Page 1, Col (6)
- (5) Exhibit 12, Page 2, Col (6)
- (6) Exhibit 13, Col (5)
- (7) Judgmental selection based on Cols (4) - (6)
- (8) Col (8) / Col (2)

# New Mexico Patients' Compensation Fund

Reserves as of 12/31/2021

Hospitals

Bornhuetter-Ferguson Method

Exhibit 12

Page 1

Accident Year	Hospital Surcharges	Expected Loss Ratio	Paid Loss	Percentage Of Ultimate Paid	Indicated Ultimate Losses
(1)	(2)	(3)	(4)	(5)	(6)
2009	918,297	114.0%	2,075,000	100.0%	2,075,000
2010	1,680,228	114.0%	1,605,000	100.0%	1,605,000
2011	1,825,004	114.0%	2,547,500	99.2%	2,564,012
2012	1,817,812	114.0%	3,475,000	98.2%	3,511,802
2013	1,992,604	114.0%	2,607,237	96.8%	2,680,552
2014	2,146,331	114.0%	6,688,260	94.9%	6,813,659
2015	2,224,828	114.0%	4,493,363	91.7%	4,703,869
2016	6,374,245	114.0%	3,382,500	71.7%	5,439,241
2017	21,561,182	114.0%	14,542,497	44.0%	28,304,641
2018	31,292,438	114.0%	9,318,064	22.4%	37,009,797
2019	31,872,010	114.0%	2,643,500	9.8%	35,413,968
2020	31,731,360	114.0%	1,186,000	2.2%	36,571,329
2021	32,655,867	114.0%	0	0.4%	37,086,577
Total	168,092,207		54,563,921		203,779,446

Column    Note

- (2), (4) Based on data provided by client
- (3) Exhibit 12, Page 2, Col (5)
- (5) Exhibit 15
- (6)  $\text{Col (2)} \times \text{Col (3)} \times [1 - \text{Col (5)}] + \text{Col (4)}$

**New Mexico Patients' Compensation Fund  
Reserves as of 12/31/2021**

Exhibit 12

Page 2

**Hospitals**

**Expected Loss Ratio Method**

<u>Accident Year</u>	<u>Hospital Surcharges</u>	<u>Indicated Ultimate Losses From Paid Loss Dev Method</u>	<u>Indicated Loss Ratio</u>	<u>Expected Loss Ratio</u>	<u>Indicated Ultimate Losses</u>
(1)	(2)	(3)	(4)	(5)	(6)
2009	918,297	2,075,000	226.0%		1,046,858
2010	1,680,228	1,605,000	95.5%		1,915,460
2011	1,825,004	2,567,880	140.7%		2,080,505
2012	1,817,812	3,537,828	194.6%		2,072,306
2013	1,992,604	2,694,192	135.2%		2,271,569
2014	2,146,331	7,049,548	328.4%		2,446,817
2015	2,224,828	4,900,052	220.2%		2,536,304
2016	6,374,245	4,717,829	74.0%		7,266,640
2017	21,561,182	33,043,447	153.3%		24,579,748
2018	31,292,438	41,646,399	133.1%		35,673,379
2019	31,872,010	26,952,673	84.6%		36,334,091
2020	31,731,360	54,415,137	171.5%		36,173,751
2021	32,655,867	0	0.0%		37,227,689
Total	168,092,207	185,204,985	110.2%	114.0%	191,625,115
2009-18	71,832,969	103,837,175	144.6%		
2009-20	135,436,339	185,204,985	136.7%		
<b>2016-19</b>	<b>91,099,876</b>	<b>106,360,348</b>	<b>116.8%</b>		

<u>Column</u>	<u>Note</u>
(2)	Based on data provided by client
(3)	Exhibit 13, Col (5)
(4)	Col (3) / Col (2)
(5)	Judgment
(6)	Col (2) x Col (5)

# New Mexico Patients' Compensation Fund

Exhibit 13

## Reserves as of 12/31/2021

### Hospitals

#### Paid Loss Development Method

Accident Year	Paid Losses	Month of Development	Cumulative Development Factor	Indicated Ultimate Losses
(1)	(2)	(3)	(4)	(5)
2009	2,075,000	156	1.000	2,075,000
2010	1,605,000	144	1.000	1,605,000
2011	2,547,500	132	1.008	2,567,880
2012	3,475,000	120	1.018	3,537,828
2013	2,607,237	108	1.033	2,694,192
2014	6,688,260	96	1.054	7,049,548
2015	4,493,363	84	1.091	4,900,052
2016	3,382,500	72	1.395	4,717,829
2017	14,542,497	60	2.272	33,043,447
2018	9,318,064	48	4.469	41,646,399
2019	2,643,500	36	10.196	26,952,673
2020	1,186,000	24	45.881	54,415,137
2021	0	12	263.817	0
Total	54,563,921			185,204,985

<u>Column</u>	<u>Note</u>
(2)	Based on data provided by client
(4)	Exhibit 15
(5)	Col (2) x Col (4)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Indicated Rate Change Effective 1/1/23 through 1/1/24**  
**Hospitals**

	Indicated Assessment Level Change on January 1, 2023 <u>(1)</u>	Increased Limits Factor to \$553,224 xs \$250,000 <u>(2)</u>	Indicated Rate Change <u>(3)</u>	Deficit Surcharge as a % of Surcharge <u>(4)</u>	Indicated Rate Change w/ Deficit Surcharge <u>(5)</u>
w/o Risk Margin	11.0%	4.3%	15.8%	19.8%	38.6%
w/ Risk Margin	20.3%	4.3%	25.5%	19.8%	50.3%

Column

- (1) Exhibit 14, Pages 2-3, Row (15) & (16), respectively
- (2) Based on Pinnacle analysis of industry data
- (3)  $[(1 + \text{Col (1)}) \times (1 + \text{Col (2)}) - 1]$
- (4) From Fund Summary, Page 1, Row (12) for 2023
- (5)  $[(1 + \text{Col (3)}) \times (1 + \text{Col (4)}) - 1]$

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Indicated Rate Change Effective 1/1/23 through 1/1/24**  
**Using Expected Value Losses**  
**Hospitals**

Exhibit 14

Page 2

Accident Year	Hospital Surcharges @ 12/31/21 Level	Projected Ultimate Losses	Trended Ultimate Loss	Trended Ultimate Loss Ratio
(1)	(2)	(3)	(4)	(5)
2012	2,582,384	3,524,815	6,028,630	233.5%
2013	2,830,694	2,687,372	4,377,445	154.6%
2014	3,049,078	6,931,603	10,753,192	352.7%
2015	3,160,592	4,801,961	7,094,683	224.5%
2016	9,046,305	5,078,535	7,146,009	79.0%
2017	29,131,058	28,304,641	37,930,927	130.2%
2018	39,123,442	37,009,797	47,234,921	120.7%
2019	38,319,718	32,900,244	39,990,452	104.4%
2020	36,960,618	36,372,540	42,105,761	113.9%
2021	34,719,279	37,157,133	40,965,739	118.0%
All Years	198,923,169	194,768,641	243,627,759	122.5%
2012 - 2019	127,243,271	121,238,968	160,556,258	126.2%
2015 - 2019	118,781,114	108,095,178	139,396,992	117.4%
2017 - 2019	106,574,218	98,214,682	125,156,300	117.4%
(6) Projected 2023-2024 Undiscounted Loss Ratio (Selected Based on Col (4))				120.3%
(7) Increased Limits Factor from 200/600 to 250/750				1.007
(8) Projected 2023-2024 Surcharges at Current Fee Level				34,975,635
(9) Projected 2023-2024 Undiscounted Losses				42,084,148
(10) Projected Loss Adjustment Expenses as a Percentage of Losses Paid				3.5%
(11) Discount Factor at 122.5% Yield				0.838
(12) Projected Office Expenses as a Percentage of Surcharges Collected				0.5%
(13) Projected Reinsurance Expense as a Percentage of Surcharges Collected				5.5%
(14) Projected 2023-2024 Income Requirements				38,830,705
(15) Indicated Assessment Level Change on January 1, 2023				11.0%

Column / Row	Note
(2)	Based on data provided by client
(3)	Exhibit 11, Col (7)
(4)	Col (3) x [1 + selected trend rate of 5.0%] ^ (2023 - Col (1))
(5)	Col (4) / Col (2)
(7)	Based on industry data
(8)	Most current surcharge x Row (7)
(9)	Row (6) x Row (8)
(10)	From Exhibit 17
(11)	Based on data provided by client
(12) - (13)	From Exhibit 17
(14)	[Row (9) x [1 + Row (10)] x Row (11)] / [1 - Row (12) - Row (13)]
(15)	Row (14) / Row (8) - 1

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Indicated Rate Change Effective 1/1/23 through 1/1/24**  
**Using Expected Value Losses with Risk Load**  
**Hospitals**

Exhibit 14  
Page 3

Accident Year	Hospital Surcharges @ 12/31/21 Level	Projected Ultimate Losses	Trended Ultimate Loss	Trended Ultimate Loss Ratio
(1)	(2)	(3)	(4)	(4)
2012	2,582,384	3,524,815	6,028,630	233.5%
2013	2,830,694	2,687,372	4,377,445	154.6%
2014	3,049,078	6,931,603	10,753,192	352.7%
2015	3,160,592	4,801,961	7,094,683	224.5%
2016	9,046,305	5,078,535	7,146,009	79.0%
2017	29,131,058	28,304,641	37,930,927	130.2%
2018	39,123,442	37,009,797	47,234,921	120.7%
2019	38,319,718	32,900,244	39,990,452	104.4%
2020	36,960,618	36,372,540	42,105,761	113.9%
2021	34,719,279	37,157,133	40,965,739	118.0%
All Years	198,923,169	194,768,641	243,627,759	122.5%
2012 - 2019	127,243,271	121,238,968	160,556,258	126.2%
2015 - 2019	118,781,114	108,095,178	139,396,992	117.4%
2017 - 2019	106,574,218	98,214,682	125,156,300	117.4%
(6)	Projected 2023-2024 Undiscounted Loss Ratio (Selected Based on Col (4))			120.3%
(7)	Increased Limits Factor from 200/600 to 250/750			1.007
(8)	Projected 2023-2024 Surcharges at Current Fee Level			34,975,635
(9)	Projected 2023-2024 Undiscounted Losses			42,084,148
(10)	Projected Loss Adjustment Expenses as a Percentage of Losses Paid			3.5%
(11)	Discount Factor at 122.5% Yield			0.838
(12)	Risk Margin Factor at 75% Confidence Level			1.084
(13)	Projected Office Expenses as a Percentage of Surcharges Collected			0.5%
(14)	Projected Reinsurance Expense as a Percentage of Surcharges Collected			5.5%
(15)	Projected 2023-2024 Income Requirements @ 75%			42,092,484
(16)	Indicated Assessment Level Change on January 1, 2023			20.3%

Column / Row	Note
(2)	Based on data provided by client
(3)	Exhibit 11, Col (7)
(4)	Col (3) x [1 + selected trend rate of 5.0%] ^ (2023 - Col (1))
(5)	Col (4) / Col (2)
(7)	Based on industry data
(8)	Most current surcharge x Row (7)
(9)	Row (6) x Row (8)
(10)	From Exhibit 17
(11)	Based on data provided by client
(12)	Based on stochastic modeling using client data
(13) - (14)	From Exhibit 17
(15)	[Row (9) x [1 + Row (10)] x Row (11) x Row (12)] / [1 - Row (13) - Row (14)]
(16)	Row (15) / Row (8) - 1

**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2021

Historical Paid Loss Development

Paid Losses - Hospital & Practitioner Combined (Excluding Batch Claims)

Year	Months of Development																					
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	
1995	0	0	0	0	0	2,520,000	2,920,000	2,995,000	2,995,000	2,995,000	2,995,000	4,045,000	4,045,000	4,045,000	4,045,000	4,045,000	4,045,000	4,045,000	4,045,000	4,045,000	4,045,000	4,045,000
1996	0	0	0	0	925,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000
1997	0	0	0	2,060,000	4,360,000	5,162,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000	5,462,000
1998	0	0	600,000	1,255,000	1,895,000	2,005,000	2,305,000	2,305,000	2,305,000	2,305,000	2,305,000	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000
1999	0	125,000	993,000	1,530,500	2,437,000	3,462,000	4,887,000	5,187,000	5,187,000	5,282,000	5,282,000	5,284,209	5,285,956	5,285,956	5,285,956	5,285,956	5,285,956	5,285,956	5,285,956	5,285,956	5,285,956	5,285,956
2000	0	1,500,000	2,295,000	2,745,000	5,845,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000	6,560,000
2001	125,000	745,000	2,332,152	3,282,152	6,024,152	8,226,652	9,226,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652	9,261,652
2002	290,000	890,000	990,000	2,932,000	4,819,500	6,144,500	8,994,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500	9,309,500
2003	0	275,000	1,950,000	2,997,500	4,137,500	5,032,500	5,707,500	6,196,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189	6,596,189
2004	0	0	1,197,500	1,527,500	2,870,000	4,607,500	4,657,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500	5,482,500
2005	300,000	575,000	1,035,000	1,410,000	4,911,086	6,873,180	7,741,254	8,341,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254	8,791,254
2006	0	0	628,725	4,253,725	5,228,725	5,378,725	5,628,725	5,928,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725	6,328,725
2007	0	0	1,250,000	4,937,000	7,887,000	12,027,000	12,677,000	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500	13,124,500
2008	0	0	2,163,652	4,764,652	6,542,152	9,204,652	11,262,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152	11,662,152
2009	0	495,000	2,868,567	3,368,567	4,203,567	8,242,342	8,242,342	8,367,342	8,367,342	8,367,342	8,367,342	10,067,342	10,067,342	10,067,342	10,067,342	10,067,342	10,067,342	10,067,342	10,067,342	10,067,342	10,067,342	10,067,342
2010	0	775,000	3,511,000	6,138,000	9,688,000	16,177,567	16,502,567	16,902,567	16,902,567	16,902,567	16,902,567	17,727,567	17,727,567	17,727,567	17,727,567	17,727,567	17,727,567	17,727,567	17,727,567	17,727,567	17,727,567	17,727,567
2011	0	1,365,000	1,965,000	4,793,000	9,990,312	17,266,228	19,398,728	21,013,728	21,013,728	21,866,969	21,866,969	11,809,408	11,809,408	11,809,408	11,809,408	11,809,408	11,809,408	11,809,408	11,809,408	11,809,408	11,809,408	11,809,408
2012	0	50,000	850,000	2,614,408	4,324,408	7,529,408	11,629,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408	11,779,408
2013	0	450,000	750,000	875,000	4,575,000	6,407,148	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237	9,507,237
2014	0	480,000	2,370,000	4,945,000	7,573,260	14,280,445	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695	20,608,695
2015	0	0	1,112,868	1,977,868	4,402,868	5,465,368	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363	10,508,363
2016	0	700,000	2,625,000	4,830,000	7,850,000	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500	11,727,500
2017	0	675,000	4,015,000	12,447,184	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497	29,142,497
2018	0	650,000	5,093,523	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086	12,504,086
2019	0	1,270,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000	4,156,000
2020	0	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000	886,000
2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



**New Mexico Patients' Compensation Fund**

**Reserves as of 12/31/2021**

**Historical Paid Loss Development**

**Paid Losses - Hospital & Practitioner Combined (Excluding Batch Claims)**

Year	Development Factors																				
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252	252-Ult
1995						1.159	1.026	1.000	1.000	1.000	1.351	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996					1.719	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997				2.117	1.184	1.058	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998			2.092	1.510	1.058	1.150	1.000	1.000	1.000	1.000	1.184	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999		7.944	1.541	1.592	1.421	1.412	1.061	1.000	1.018	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000		1.530	1.196	2.129	1.122	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	5.960	3.130	1.407	1.835	1.366	1.122	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	3.069	1.112	2.962	1.644	1.275	1.464	1.035	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003		7.091	1.537	1.380	1.216	1.134	1.086	1.065	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004			1.276	1.879	1.605	1.011	1.177	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	1.917	1.800	1.362	3.483	1.400	1.126	1.078	1.054	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006			6.766	1.229	1.029	1.046	1.053	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007			3.950	1.598	1.525	1.054	1.035	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008			2.202	1.373	1.407	1.224	1.036	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009		5.795	1.174	1.248	1.961	1.000	1.015	1.000	1.000	1.203	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010		4.530	1.748	1.578	1.670	1.020	1.024	1.000	1.041	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011		1.440	2.439	2.084	1.728	1.124	1.083	1.000	1.041	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012		17.000	3.076	1.654	1.741	1.545	1.013	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013		1.667	1.167	5.229	1.400	1.484	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2014		4.938	2.086	1.531	1.886	1.443	1.000														
2015			1.777	2.226	1.241	1.923															
2016		3.750	1.840	1.625	1.494																
2017		5.948	3.100	2.341																	
2018		7.836	2.455																		
2019		3.272																			
2020																					
Avg	3.649	4.924	2.245	1.966	1.450	1.214	1.036	1.010	1.006	1.012	1.033	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
W Avg	16.652	4.061	2.172	1.845	1.501	1.207	1.035	1.008	1.011	1.013	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5 yr W Avg		5.160	2.412	2.135	1.581	1.406	1.028	1.000	1.022	1.025	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7 yr W Avg		4.763	2.390	2.089	1.629	1.279	1.028	1.000	1.017	1.021	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5 yr Avg x Hi/Lo		4.879	2.127	2.064	1.545	1.491	1.012	1.000	1.014	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7 yr Avg x Hi/Lo		5.149	2.247	1.986	1.607	1.323	1.018	1.000	1.008	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior*	6.000	5.208	2.323	1.885	1.651	1.259	1.036	1.020	1.015	1.010	1.008	1.005	1.004	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	5.750	4.500	2.281	1.967	1.629	1.279	1.035	1.020	1.015	1.010	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
LDF to Ultimate	263.817	45.881	10.196	4.469	2.272	1.395	1.091	1.054	1.033	1.018	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
% of Ultimate	0.4%	2.2%	9.8%	22.4%	44.0%	71.7%	91.7%	94.9%	96.8%	98.2%	99.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\* From Milliman's Reserves Report as of 12/31/2020

**New Mexico Patients' Compensation Fund**

**Reserves as of 12/31/2021**

**Historical Claim Count Development**

**Claims Closed With Payment - Hospital & Practitioner Combined (Excluding Batch Claims)**

Accident Year	Months of Development																				
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252
1995	0	0	0	0	0	3	4	5	5	5	5	6	6	6	6	6	6	6	6	6	6
1996	0	0	0	0	4	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9
1997	0	0	0	6	10	13	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14
1998	0	0	2	6	8	10	12	12	12	12	12	13	13	13	13	13	13	13	13	13	13
1999	0	1	3	6	11	15	18	19	19	20	20	20	20	20	20	20	20	20	20	20	20
2000	0	3	7	10	16	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
2001	1	5	10	14	22	28	31	32	32	32	32	32	32	32	32	32	32	32	32	32	32
2002	1	2	3	10	15	21	25	26	26	26	26	26	26	26	26	26	26	26	26	26	26
2003	0	1	7	12	18	20	22	25	26	26	26	26	26	26	26	26	26	26	26	26	26
2004	0	0	6	8	14	20	21	23	23	23	23	23	23	23	23	23	23	23	23	23	23
2005	1	2	4	7	16	23	26	27	29	29	29	29	29	29	29	29	29	29	29	29	29
2006	0	0	2	7	11	13	15	16	17	17	17	17	17	17	17	17	17	17	17	17	17
2007	0	0	2	13	20	25	27	29	29	29	29	29	29	29	29	29	29	29	29	29	29
2008	0	0	6	15	21	27	33	34	34	34	34	34	34	34	34	34	34	34	34	34	34
2009	0	2	7	9	13	20	20	21	21	21	22	22	22	22	22	22	22	22	22	22	22
2010	0	2	9	16	24	38	40	41	41	42	43	43									
2011	0	2	5	11	21	29	34	38	38	39	39										
2012	0	1	3	8	12	19	22	23	24	24											
2013	0	1	2	3	10	15	18	18	18												
2014	0	1	6	12	17	24	26	26													
2015	0	0	2	5	10	13	18														
2016	0	2	7	14	21	29															
2017	0	2	9	18	36																
2018	0	1	12	26																	
2019	0	2	9																		
2020	1	3																			
2021	0																				

**New Mexico Patients' Compensation Fund**

**Accident**

**Historical Claim Count Development**

**Claims Closed With Payment - Hospital & Practitioner Combined (Excluding Batch Claims)**

Accident Year	Development Factors																				
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252	252-Ult
1995						1.333	1.250	1.000	1.000	1.000	1.200	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996					2.250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997				1.667	1.300	1.077	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998			3.000	1.333	1.250	1.200	1.000	1.000	1.000	1.000	1.083	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999		3.000	2.000	1.833	1.364	1.200	1.056	1.000	1.053	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000		2.333	1.429	1.600	1.188	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	5.000	2.000	1.400	1.571	1.273	1.107	1.032	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	2.000	1.500	3.333	1.500	1.400	1.190	1.040	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003		7.000	1.714	1.500	1.111	1.100	1.136	1.040	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004			1.333	1.750	1.429	1.050	1.095	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	2.000	2.000	1.750	2.286	1.438	1.130	1.038	1.074	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006			3.500	1.571	1.182	1.154	1.067	1.063	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007			6.500	1.538	1.250	1.080	1.074	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008			2.500	1.400	1.286	1.222	1.030	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009		3.500	1.286	1.444	1.538	1.000	1.050	1.000	1.000	1.048	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010		4.500	1.778	1.500	1.583	1.053	1.025	1.000	1.024	1.024	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011		2.500	2.200	1.909	1.381	1.172	1.118	1.000	1.026	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012		3.000	2.667	1.500	1.583	1.158	1.045	1.043	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013		2.000	1.500	3.333	1.500	1.200	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2014		6.000	2.000	1.417	1.412	1.083	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2015			2.500	2.000	1.300	1.385	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2016		3.500	2.000	1.500	1.381	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2017		4.500	2.000	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2018		12.000	2.167	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2019		4.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2020	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg	3.000	3.990	2.312	1.722	1.400	1.138	1.053	1.012	1.006	1.004	1.018	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
W Avg	8.250	4.100	2.070	1.667	1.379	1.124	1.048	1.012	1.007	1.005	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5 yr W Avg		5.571	2.083	1.808	1.429	1.180	1.043	1.007	1.013	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7 yr W Avg		5.222	2.098	1.789	1.452	1.127	1.041	1.005	1.010	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5 yr Avg x Hi/Lo		5.000	2.056	1.833	1.431	1.177	1.023	1.000	1.008	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7 yr Avg x Hi/Lo		4.300	2.133	1.782	1.451	1.133	1.030	1.000	1.005	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior*	4.000	4.225	2.203	1.598	1.411	1.119	1.053	1.020	1.015	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	4.000	4.100	2.100	1.700	1.400	1.180	1.045	1.012	1.013	1.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
LDF to Ultimate	104.574	26.143	6.376	3.036	1.786	1.276	1.081	1.035	1.023	1.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
% of Ultimate	1.0%	3.8%	15.7%	32.9%	56.0%	78.4%	92.5%	96.7%	97.8%	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\* From Milliman's Reserves Report as of 12/31/2020

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Expense Analysis**

Exhibit 17

Page 1

Loss Adjustment Expenses as a Percentage of Losses Paid

Calendar Year	NM Med Soc/ Medical Panel Expenses	Directors	Contracts and Consultants	Paid Losses
(1)	(2)	(3)	(4)	(5)
2017	250,060	29,175	285,817	18,100,094
2018	276,751	0	537,317	15,469,183
2019	313,667	0	244,314	23,265,051
2020	401,706	44,422	413,385	33,473,168
2021	300,543	19,434	525,416	46,578,556
Total	1,542,727	93,031	2,006,249	136,886,052

Loss Adjustment Expenses as a Percentage of Losses Paid

2017	1.4%	0.2%	1.6%	
2018	1.8%	0.0%	3.5%	
2019	1.3%	0.0%	1.1%	
2020	1.2%	0.1%	1.2%	
2021	0.6%	0.0%	1.1%	
Total	1.1%	0.1%	1.5%	2.7%

Selected Ratio of Expenses to Losses Paid

Average 2017 - 2021	1.3%	0.1%	1.7%	3.0%
Average 2017 - 2020	1.4%	0.1%	1.8%	3.3%

Selected (Reflects changes in planned expenses) 3.5%

Notes: (2) - (4) Based on data provided by client

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Expense Analysis**

Exhibit 17

Page 2

Office Expenses as a Percentage of Surcharges collected

Calendar Year	IT Services	PCF Employee Services	Rent	Intra-Agency Transfer	Participant Surcharges
(1)	(2)	(3)	(4)	(5)	(6)
2017	44,191	73,653	6,000	665,100	34,287,146
2018	30,785	76,662	6,749	689,000	41,128,367
2019	(15,186)	156,425	6,225	616,700	42,042,473
2020	0	265,951	12,837	816,500	41,967,369
2021	36,043	175,356	17,852	(129,400)	28,467,389
Total	95,833	748,047	49,663	2,657,900	187,892,745

Operating Expenses as a Percentage of Premiums

2017	0.1%	0.2%	0.0%	1.9%	
2018	0.1%	0.2%	0.0%	1.7%	
2019	0.0%	0.4%	0.0%	1.5%	
2020	0.0%	0.6%	0.0%	1.9%	
2021	0.1%	0.6%	0.1%	-0.5%	
Total	0.1%	0.4%	0.0%	1.4%	1.9%

Selected Ratio of Expenses to Premiums

Average 2017 - 2021	0.1%	0.4%	0.0%	1.3%	1.8%
Average 2017 - 2020	0.0%	0.4%	0.0%	1.8%	2.2%
Selected					0.5%

Notes: (2) - (6) Based on data provided by client

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2021**  
**Expense Analysis**

Exhibit 17

Page 3

Batch Claim Reinsurance as a Percentage of Surcharges Collected

Calendar Year	Batch Claim Reinsurance *	Participant Surcharges	Reinsurance as % of Surcharges
(1)	(2)	(3)	(4)
2017	1,399,296	34,287,146	4.1%
2018	2,975,445	41,128,367	7.2%
2019	1,868,175	42,042,473	4.4%
2020	2,072,251	41,967,369	4.9%
2021	2,582,359	28,467,389	9.1%
Total	10,897,527	187,892,745	5.8%
Average 2017 - 2021			6.0%
Average 2017 - 2020			5.2%
Selected			5.5%

Notes: (2) - (4) Based on data provided by client  
\* 2022 Batch Claim Reinsurance is annualized applies to both doctors and hospitals

**New Mexico Patient's Compensation Fund**  
Development of Classification Assignments by Specialty - Review of Assigned Factors

NM Class Code	Specialty	Current Class	Proposed Class	Current Rate Factors						Proposed Factor	Indicated Change
				Patient Compensation Funds			NM Primary Carriers				
				NM	IN	WI	TDC	MedPro			
<b>10001</b>	<b>Acupuncture - Other than Acupuncture Anesthesia</b>	<b>1</b>	<b>2</b>	<b>0.75</b>	<b>N/A</b>	<b>1.80</b>	<b>N/A</b>	<b>1.58</b>	<b>1.00</b>	<b>33.3%</b>	
10002	Aerospace Medicine / Medical Director	1	1	0.75	0.70	1.00	N/A	0.85	0.75	0.0%	
10003	Allergy/Immunology - No Surgery	1	1	0.75	0.70	1.00	0.50	0.44	0.75	0.0%	
10026	Diabetes - No Surgery	1	1	0.75	1.00	1.00	N/A	0.89	0.75	0.0%	
10031	Endocrinology - No Surgery	1	1	0.75	1.00	1.00	0.56	0.50	0.75	0.0%	
10033	Family Practitioners - No Ob/ No Surgery	1	1	0.75	1.00	N/A	0.75	0.89	0.75	0.0%	
10034	Forensic Medicine / Legal Medicine	1	1	0.75	0.70	1.00	N/A	0.69	0.75	0.0%	
10039	General Practitioners - No Ob/ No Major Surgery	1	1	0.75	1.00	N/A	1.04	1.19	0.75	0.0%	
10041	General Practitioners or Family Physicians - No Surgery - No Ob	1	1	0.75	1.00	1.00	0.75	0.89	0.75	0.0%	
10042	General Preventive Medicine - No Surgery / No Ob	1	1	0.75	0.70	1.00	0.74	0.81	0.75	0.0%	
10047	Geriatrics - No Surgery	1	1	0.75	1.00	1.00	N/A	0.85	0.75	0.0%	
10050	Gynecology - No Surgery	1	1	0.75	1.00	1.00	0.75	0.85	0.75	0.0%	
10055	Hematology - No Surgery	1	1	0.75	1.00	1.00	0.90	0.89	0.75	0.0%	
10057	Hypnosis	1	1	0.75	N/A	1.00	N/A	N/A	0.75	0.0%	
10059	Infectious Diseases - No Surgery	1	1	0.75	1.00	1.00	0.57	1.19	0.75	0.0%	
10066	Laryngology - No Surgery	1	1	0.75	1.00	1.00	N/A	N/A	0.75	0.0%	
10068	Manipulator	1	1	0.75	N/A	1.00	N/A	N/A	0.75	0.0%	
10072	Neoplastic Diseases - No Surgery	1	1	0.75	1.00	1.00	0.89	N/A	0.75	0.0%	
10082	Nuclear Medicine - Excluding Radiation Therapy	1	1	0.75	1.00	1.00	0.86	0.72	0.75	0.0%	
10084	Nutrition	1	1	0.75	0.70	1.00	N/A	0.85	0.75	0.0%	
10087	Occupational Medicine	1	1	0.75	0.70	1.00	0.56	0.59	0.75	0.0%	
10092	Ophthalmology - No Surgery	1	1	0.75	0.70	1.00	0.52	0.59	0.75	0.0%	
10096	Otology - No Surgery	1	1	0.75	1.00	1.00	N/A	N/A	0.75	0.0%	
10099	Otorhinolaryngology - No Surgery	1	1	0.75	1.00	1.00	N/A	0.81	0.75	0.0%	
10101	Pathology - All Other	1	1	0.75	1.00	1.00	0.80	0.89	0.75	0.0%	
10103	Pathology - Blood Banking/Transfusion Medicine - No Surgery	1	1	0.75	1.00	1.00	0.80	0.89	0.75	0.0%	
10105	Pathology - Cytopathology - No Surgery	1	1	0.75	1.00	1.00	0.80	0.89	0.75	0.0%	
10107	Pathology - No Surgery	1	1	0.75	1.00	1.00	0.80	0.89	0.75	0.0%	
10111	Pharmacology - Clinical	1	1	0.75	0.70	1.00	N/A	0.85	0.75	0.0%	
10112	Physical Medicine and Rehabilitation - All Other	1	1	0.75	N/A	N/A	0.83	N/A	0.75	0.0%	
10114	Physical Medicine and Rehabilitation / Physiatry	1	1	0.75	1.00	1.00	1.07	0.76	0.75	0.0%	
10125	Preventive Medicine - No Surgery - Aerospace Medicine	1	1	0.75	N/A	N/A	N/A	0.81	0.75	0.0%	
10126	Preventive Medicine - No Surgery - Medical Toxicology	1	1	0.75	N/A	N/A	N/A	0.81	0.75	0.0%	
10127	Preventive Medicine - No Surgery - Occupational Medicine	1	1	0.75	N/A	N/A	0.56	0.81	0.75	0.0%	
10128	Preventive Medicine - No Surgery - Public/General Health Medicine	1	1	0.75	N/A	N/A	0.74	0.81	0.75	0.0%	
10129	Preventive Medicine - No Surgery - Undersea/Hyperbaric Medicine	1	1	0.75	N/A	N/A	N/A	0.81	0.75	0.0%	
10130	Psychiatry - Addiction Psychiatry	1	1	0.75	0.70	1.00	0.83	0.59	0.75	0.0%	
10131	Psychiatry - All Other	1	1	0.75	0.70	1.00	0.83	0.59	0.75	0.0%	
10132	Psychiatry - Child and Adolescent Psychiatry	1	1	0.75	0.70	1.00	0.83	0.59	0.75	0.0%	
10133	Psychiatry - Forensic Psychiatry	1	1	0.75	0.70	1.00	0.83	0.59	0.75	0.0%	
10134	Psychiatry - Geriatric Psychiatry	1	1	0.75	0.70	1.00	0.83	0.59	0.75	0.0%	
10135	Psychiatry - Including Child	1	1	0.75	0.70	1.00	0.83	0.59	0.75	0.0%	
10136	Psychoanalysis	1	1	0.75	0.70	1.00	0.83	0.59	0.75	0.0%	
10137	Psychosomatic Medicine	1	1	0.75	0.70	1.00	0.83	0.59	0.75	0.0%	
10138	Public Health	1	1	0.75	0.70	1.00	N/A	0.69	0.75	0.0%	
10149	Rheumatology - No Surgery	1	1	0.75	1.00	1.00	0.57	0.59	0.75	0.0%	
10151	Rhinology - No Surgery	1	1	0.75	1.00	1.00	N/A	0.81	0.75	0.0%	
10155	Shock Therapy - by Insured Physicians or Surgeons Involved with Major Surgery	1	1	0.75	N/A	1.00	N/A	N/A	0.75	0.0%	
10156	Shock Therapy - by Employed Physicians or Surgeons Involved with Major Surgery	1	1	0.75	N/A	4.00	N/A	N/A	0.75	0.0%	
10160	Teaching Physicians - No Surgery	1	1	0.75	N/A	N/A	N/A	N/A	0.75	0.0%	
<b>10167</b>	<b>Urology - No Surgery</b>	<b>1</b>	<b>2</b>	<b>0.75</b>	<b>N/A</b>	<b>1.00</b>	<b>2.01</b>	<b>N/A</b>	<b>1.00</b>	<b>33.3%</b>	
<b>10007</b>	<b>Anesthesiology - Pain Management</b>	<b>2</b>	<b>3</b>	<b>1.00</b>	<b>N/A</b>	<b>1.80</b>	<b>1.70</b>	<b>1.29</b>	<b>1.20</b>	<b>20.0%</b>	
10012	Cardiovascular Disease - No Surgery	2	2	1.00	1.00	1.00	0.80	1.19	1.00	0.0%	
10024	Dermatology - No Surgery	2	2	1.00	0.70	1.00	0.52	0.59	1.00	0.0%	
10027	Discograms / Myelography / Pneumoencephalography	2	2	1.00	N/A	1.80	N/A	N/A	1.00	0.0%	
10056	Hospitalism	2	2	1.00	N/A	1.80	1.34	1.41	1.00	0.0%	
10062	Internal Medicine - No Surgery	2	2	1.00	1.00	1.00	1.00	1.00	1.00	0.0%	
10063	Laparoscopy (Peritonescopy)	2	2	1.00	N/A	1.80	N/A	N/A	1.00	0.0%	
10069	Needle Biopsy	2	2	1.00	N/A	1.80	N/A	N/A	1.00	0.0%	
10076	Nephrology - No Surgery	2	2	1.00	1.00	1.00	0.57	0.93	1.00	0.0%	
10078	Neurology - Including Child - No Surgery	2	2	1.00	1.30	1.00	1.13	1.29	1.00	0.0%	
10079	Neurology - Including Child - No Surgery - All Other	2	2	1.00	N/A	N/A	1.13	1.29	1.00	0.0%	
10080	Neurology - Including Child - No Surgery - Pain Management	2	2	1.00	N/A	1.80	1.13	1.19	1.00	0.0%	
10089	Oncology - No Surgery	2	2	1.00	N/A	1.00	0.89	N/A	1.00	0.0%	
10091	Ophthalmology - Minor Surgery	2	2	1.00	1.30	1.80	0.89	0.85	1.00	0.0%	
<b>10113</b>	<b>Physical Medicine and Rehabilitation - Pain Management</b>	<b>2</b>	<b>3</b>	<b>1.00</b>	<b>N/A</b>	<b>1.00</b>	<b>1.77</b>	<b>1.29</b>	<b>1.20</b>	<b>20.0%</b>	
10140	Radiation Therapy - by Employed Physicians or Surgeons Involved with Major Surgery	2	2	1.00	1.70	4.00	1.45	0.93	1.00	0.0%	
10141	Radiation Therapy - by Insured Physicians or Surgeons Involved with Major Surgery	2	2	1.00	N/A	1.80	1.45	0.93	1.00	0.0%	
10144	Radiology - Diagnostic - No Surgery	2	2	1.00	1.30	1.00	1.29	1.66	1.00	0.0%	
10147	Radiology - Therapeutic - No Surgery	2	2	1.00	N/A	N/A	1.45	0.93	1.00	0.0%	
10154	Shock Therapy	2	2	1.00	1.30	1.00	N/A	1.29	1.00	0.0%	
10158	Sports Medicine - No Surgery	2	2	1.00	N/A	N/A	N/A	N/A	1.00	0.0%	
10159	Teaching Physicians - Minor Surgery	2	2	1.00	N/A	N/A	N/A	N/A	1.00	0.0%	
<b>10009</b>	<b>Broncho-Esophagology</b>	<b>3</b>	<b>4A</b>	<b>1.20</b>	<b>2.00</b>	<b>1.80</b>	<b>N/A</b>	<b>N/A</b>	<b>1.50</b>	<b>25.0%</b>	
10018	Colonoscopy/ERP/CP/Pneumatic or Mechanical Esophageal Dilation	3	3	1.20	N/A	1.80	N/A	N/A	1.20	0.0%	
10020	Dermatology - All Other	3	3	1.20	N/A	N/A	1.18	0.81	1.20	0.0%	
10021	Dermatology - Clinical and Dermatological Immunology	3	3	1.20	N/A	N/A	1.18	0.81	1.20	0.0%	
10022	Dermatology - Dermatopathology	3	3	1.20	N/A	1.80	1.18	0.81	1.20	0.0%	
10023	Dermatology - including X-Ray Therapy / Radiation Therapy	3	3	1.20	1.30	1.80	1.18	0.81	1.20	0.0%	
10025	Diabetes - Minor Surgery	3	3	1.20	1.70	1.80	N/A	N/A	1.20	0.0%	
10030	Endocrinology - Minor Surgery	3	3	1.20	1.70	1.80	0.56	0.81	1.20	0.0%	
10036	Gastroenterology - No Surgery	3	3	1.20	1.00	1.00	1.38	1.41	1.20	0.0%	
10040	General Practitioners or Family Physicians - Minor Surgery - No Ob	3	3	1.20	1.70	1.80	1.04	1.76	1.20	0.0%	
10046	Geriatrics - Minor Surgery	3	3	1.20	1.70	1.80	N/A	0.93	1.20	0.0%	
10054	Hematology - Minor Surgery	3	3	1.20	1.70	1.80	0.90	0.93	1.20	0.0%	
10058	Infectious Diseases - Minor Surgery	3	3	1.20	1.70	1.80	0.57	1.19	1.20	0.0%	
10065	Laryngology - Minor Surgery	3	3	1.20	1.70	1.80	N/A	N/A	1.20	0.0%	
10071	Neoplastic Diseases - Minor Surgery	3	3	1.20	1.70	1.80	N/A	N/A	1.20	0.0%	
10093	Ophthalmology Surgery	3	3	1.20	1.70	1.80	1.07	0.89	1.20	0.0%	

**New Mexico Patient's Compensation Fund**

Development of Classification Assignments by Specialty - Review of Assigned Factors

NM Class	Code	Specialty	Current Class	Proposed Class	Current Rate Factors						Proposed Factor	Indicated Change
					Patient Compensation Funds			NM Primary Carriers				
					NM	IN	WI	TDC	MedPro			
10095	Otology - Minor Surgery	3	3	1.20	1.70	1.80	N/A	N/A	1.20	0.0%		
10102	Pathology - Blood Banking/Transfusion Medicine - Minor Surgery	3	3	1.20	N/A	N/A	0.80	1.19	1.20	0.0%		
10104	Pathology - Cytopathology - Minor Surgery	3	3	1.20	N/A	N/A	0.80	1.19	1.20	0.0%		
10106	Pathology - Minor Surgery	3	3	1.20	1.30	1.80	0.80	1.19	1.20	0.0%		
10109	Pediatrics - Minor Surgery	3	3	1.20	1.70	1.80	0.94	1.19	1.20	0.0%		
10115	Physicians - Minor Surgery - No Ob	3	3	1.20	1.70	1.80	N/A	1.29	1.20	0.0%		
10150	Rhinology - Minor Surgery	3	3	1.20	1.70	1.80	N/A	1.29	1.20	0.0%		
10153	Sclerotherapy	3	3	1.20	N/A	N/A	N/A	N/A	1.20	0.0%		
10164	Urgent Care - No Surgery - No Ob	3	3	1.20	1.00	1.00	N/A	1.19	1.20	0.0%		
10166	<b>Urology - Minor Surgery</b>	<b>3</b>	<b>4A</b>	<b>1.20</b>	<b>N/A</b>	<b>1.00</b>	<b>2.01</b>	<b>1.29</b>	<b>1.50</b>	<b>25.0%</b>		
10008	Angiography / Arteriography / Catheterization	4	4	1.80	1.70	1.80	N/A	N/A	1.80	0.0%		
10011	Cardiovascular Disease - Minor Surgery	4	4	1.80	1.70	1.80	N/A	1.51	1.80	0.0%		
10019	Cryosurgery	4	4	1.80	N/A	N/A	N/A	N/A	1.80	0.0%		
10049	Gynecology - Minor Surgery (including 1st trimester abortions)	4	4	1.80	2.00	1.80	2.72	1.51	1.80	0.0%		
10060	Intensive Care Medicine	4	4	1.80	1.70	1.80	N/A	1.51	1.80	0.0%		
10061	Internal Medicine - Minor Surgery	4	4	1.80	1.70	1.80	1.15	1.41	1.80	0.0%		
10074	Nephrology - Including Child / Minor Surgery	4	4	1.80	1.70	1.80	N/A	1.41	1.80	0.0%		
10075	Nephrology - Minor Surgery	4	4	1.80	1.70	1.80	N/A	1.29	1.80	0.0%		
10098	Otorhinolaryngology - Minor Surgery	4	4	1.80	1.70	1.80	N/A	1.29	1.80	0.0%		
10124	Podiatrists/Chiropracodists - No Surgery	4	4	1.80	0.93	N/A	0.67	N/A	1.80	0.0%		
10148	Radiopaque Dye Injections	4	4	1.80	N/A	1.00	N/A	1.96	1.80	0.0%		
10029	Emergency Medicine - No Major Surgery	5	5	2.20	2.75	1.80	2.17	2.28	2.20	0.0%		
10045	General/Family Practitioners - No Major Surgery - High-Risk or > 40 Deliveries Yearly	5	5	2.20	1.70	N/A	2.05	1.76	2.20	0.0%		
10070	<b>Neonatal/Perinatal Medicine</b>	<b>5</b>	<b>4</b>	<b>2.20</b>	<b>N/A</b>	<b>N/A</b>	<b>1.48</b>	<b>1.19</b>	<b>1.80</b>	<b>-18.2%</b>		
10088	Oncology - Minor Surgery	5	5	2.20	N/A	1.80	N/A	1.29	2.20	0.0%		
10142	Radiation Therapy / Lasers - Used in Therapy	5	5	2.20	1.30	1.80	1.45	0.93	2.20	0.0%		
10143	Radiology - Diagnostic - Minor Surgery	5	5	2.20	1.30	1.80	2.32	1.96	2.20	0.0%		
10145	Radiology - Interventional	5	5	2.20	N/A	N/A	2.32	1.96	2.20	0.0%		
10146	Radiology - Therapeutic - Minor Surgery	5	5	2.20	N/A	N/A	1.45	0.93	2.20	0.0%		
10017	Colon and Rectal Surgery	6	6	2.60	2.00	1.80	2.14	2.28	2.60	0.0%		
10028	Emergency Medicine - Including Major Surgery	6	6	2.60	4.25	4.00	2.17	2.92	2.60	0.0%		
10037	Gastroenterology Surgery	6	6	2.60	2.75	1.80	1.38	1.58	2.60	0.0%		
10038	General Practice or Family Practice Surgery	6	6	2.60	2.00	1.80	1.38	1.66	2.60	0.0%		
10052	Hand Surgery	6	6	2.60	4.25	4.00	2.63	1.96	2.60	0.0%		
10053	Head and Neck Surgery	6	6	2.60	4.25	4.00	4.16	2.28	2.60	0.0%		
10064	<b>Laryngology Surgery</b>	<b>6</b>	<b>7A</b>	<b>2.60</b>	<b>2.75</b>	<b>1.80</b>	<b>4.16</b>	<b>3.81</b>	<b>3.00</b>	<b>15.4%</b>		
10073	<b>Neoplastic Surgery</b>	<b>6</b>	<b>7A</b>	<b>2.60</b>	<b>2.75</b>	<b>1.80</b>	<b>4.16</b>	<b>3.81</b>	<b>3.00</b>	<b>15.4%</b>		
10077	<b>Nephrology Surgery</b>	<b>6</b>	<b>7A</b>	<b>2.60</b>	<b>2.00</b>	<b>1.80</b>	<b>4.16</b>	<b>3.81</b>	<b>3.00</b>	<b>15.4%</b>		
10097	<b>Otology Surgery</b>	<b>6</b>	<b>7A</b>	<b>2.60</b>	<b>2.75</b>	<b>4.00</b>	<b>4.16</b>	<b>3.81</b>	<b>3.00</b>	<b>15.4%</b>		
10100	Otorhinolaryngology Surgery	6	6	2.60	2.75	4.00	2.00	1.66	2.60	0.0%		
10152	<b>Rhinology Surgery</b>	<b>6</b>	<b>7A</b>	<b>2.60</b>	<b>2.75</b>	<b>4.00</b>	<b>4.16</b>	<b>3.81</b>	<b>3.00</b>	<b>15.4%</b>		
10165	Urological Surgery	6	6	2.60	2.00	1.80	4.16	1.76	2.60	0.0%		
10122	Podiatrists - Surgery	7	7	3.50	1.45	4.25	2.05	N/A	3.50	0.0%		
10010	Cardiac Surgery	8	8	4.75	6.00	4.00	4.10	3.81	4.75	0.0%		
10051	Gynecology Surgery	8	8	4.75	6.00	4.00	1.53	2.28	4.75	0.0%		
10086	Obstetrics Surgery (c-sections only)	8	8	4.75	7.50	6.60	4.86	4.19	4.75	0.0%		
10090	Oncology Surgery	8	8	4.75	N/A	N/A	4.16	3.81	4.75	0.0%		
10108	Pediatric Surgery	8	8	4.75	N/A	4.00	4.16	4.00	4.75	0.0%		
10120	Plastic Surgery	8	8	4.75	4.25	4.00	2.59	2.28	4.75	0.0%		
10121	Plastic-otorhino-laryngology Surgery	8	8	4.75	2.75	4.00	2.72	1.96	4.75	0.0%		
10000	Abdominal Surgery	9	9	5.75	4.25	4.00	4.16	4.00	5.75	0.0%		
10032	Endocrinology Surgery	9	9	5.75	2.75	1.80	4.16	3.81	5.75	0.0%		
10043	General Surgery	9	9	5.75	4.25	4.00	4.16	3.81	5.75	0.0%		
10048	<b>Geriatrics Surgery</b>	<b>9</b>	<b>8</b>	<b>5.75</b>	<b>2.75</b>	<b>1.80</b>	<b>4.16</b>	<b>1.58</b>	<b>4.75</b>	<b>-17.4%</b>		
10094	Orthopedic Surgery	9	9	5.75	6.00	4.00	2.86	3.22	5.75	0.0%		
10162	Thoracic Surgery	9	9	5.75	6.00	4.00	4.10	3.81	5.75	0.0%		
10163	Traumatic Surgery	9	9	5.75	6.00	4.00	4.16	4.00	5.75	0.0%		
10168	Vascular Surgery	9	9	5.75	6.00	4.00	4.16	4.00	5.75	0.0%		
10013	<b>Cardiovascular Disease Surgery</b>	<b>10</b>	<b>9</b>	<b>6.50</b>	<b>6.00</b>	<b>4.00</b>	<b>1.20</b>	<b>3.81</b>	<b>5.75</b>	<b>-11.5%</b>		
10081	Neurology Surgery - Including Child	10	10	6.50	8.50	6.60	6.56	5.51	6.50	0.0%		
10085	Obstetrics Surgery / Gynecology Surgery	10	10	6.50	7.50	6.60	4.13	4.19	6.50	0.0%		
10035	Gastroenterology - Minor Surgery	4A	4A	1.50	1.70	1.80	1.38	1.51	1.50	0.0%		
10067	Lymphangiography / Phlebography	4A	4A	1.50	N/A	1.80	N/A	1.19	1.50	0.0%		
10110	<b>Pediatrics - No Surgery</b>	<b>4A</b>	<b>3</b>	<b>1.50</b>	<b>1.00</b>	<b>1.00</b>	<b>0.94</b>	<b>0.69</b>	<b>1.20</b>	<b>-20.0%</b>		
10139	Pulmonary Diseases - No Surgery	4A	4A	1.50	1.00	1.00	0.92	1.58	1.50	0.0%		
10157	Sports Medicine - Minor Surgery	4A	4A	1.50	N/A	N/A	N/A	N/A	1.50	0.0%		
10044	General/Family Practitioners - No Major Surgery - < 40 Non-High-Risk Deliveries Yearly	5A	5A	1.70	1.70	N/A	2.05	1.76	1.70	0.0%		
10004	Anesthesiology	7A	7A	3.00	1.70	1.80	1.45	1.19	3.00	0.0%		
10005	Anesthesiology - All Other	7A	7A	3.00	1.70	1.80	1.45	1.19	3.00	0.0%		
10006	Anesthesiology - Critical Care Medicine	7A	7A	3.00	1.70	1.80	1.45	1.19	3.00	0.0%		
10161	Teaching Physicians or Surgeons - Major Surgery	7A	7A	3.00	N/A	N/A	N/A	N/A	3.00	0.0%		



New Mexico Patient's Compensation Fund

Surcharge Impact of Classification Assignments

NM Class	Code	Specialty	Current	Proposed	Exposures	Current	Proposed	Proposed	Indicated	% of
			Class	Class		Rate	Rate	Factor	Surcharge	Surcharge
10001	Acupuncture - Other than Acupuncture Anesthesia	1	2	0	\$3,935	\$5,246	1.00	\$0	0.0%	
10002	Aerospace Medicine / Medical Director	1	1	0	3,935	3,935	0.75	0	0.0%	
10003	Allergy/Immunology - No Surgery	1	1	14	3,935	3,935	0.75	0	0.0%	
10026	Diabetes - No Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10031	Endocrinology - No Surgery	1	1	13	3,935	3,935	0.75	0	0.0%	
10033	Family Practitioners - No Ob/ No Surgery	1	1	120	3,935	3,935	0.75	0	0.0%	
10034	Forensic Medicine / Legal Medicine	1	1	0	3,935	3,935	0.75	0	0.0%	
10039	General Practitioners - No Ob/ No Major Surgery	1	1	1	3,935	3,935	0.75	0	0.0%	
10041	General Practitioners or Family Physicians - No Surgery - No Ob	1	1	302	3,935	3,935	0.75	0	0.0%	
10042	General Preventive Medicine - No Surgery / No Ob	1	1	1	3,935	3,935	0.75	0	0.0%	
10047	Geriatrics - No Surgery	1	1	1	3,935	3,935	0.75	0	0.0%	
10050	Gynecology - No Surgery	1	1	3	3,935	3,935	0.75	0	0.0%	
10055	Hematology - No Surgery	1	1	2	3,935	3,935	0.75	0	0.0%	
10057	Hypnosis	1	1	0	3,935	3,935	0.75	0	0.0%	
10059	Infectious Diseases - No Surgery	1	1	15	3,935	3,935	0.75	0	0.0%	
10066	Laryngology - No Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10068	Manipulator	1	1	0	3,935	3,935	0.75	0	0.0%	
10072	Neoplastic Diseases - No Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10082	Nuclear Medicine - Excluding Radiation Therapy	1	1	0	3,935	3,935	0.75	0	0.0%	
10084	Nutrition	1	1	0	3,935	3,935	0.75	0	0.0%	
10087	Occupational Medicine	1	1	1	3,935	3,935	0.75	0	0.0%	
10092	Ophthalmology - No Surgery	1	1	9	3,935	3,935	0.75	0	0.0%	
10096	Otology - No Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10099	Otorhinolaryngology - No Surgery	1	1	2	3,935	3,935	0.75	0	0.0%	
10101	Pathology - All Other	1	1	48	3,935	3,935	0.75	0	0.0%	
10103	Pathology - Blood Banking/Transfusion Medicine - No Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10105	Pathology - Cytopathology - No Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10107	Pathology - No Surgery	1	1	7	3,935	3,935	0.75	0	0.0%	
10111	Pharmacology - Clinical	1	1	0	3,935	3,935	0.75	0	0.0%	
10112	Physical Medicine and Rehabilitation - All Other	1	1	15	3,935	3,935	0.75	0	0.0%	
10114	Physical Medicine and Rehabilitation / Physiatry	1	1	10	3,935	3,935	0.75	0	0.0%	
10125	Preventive Medicine - No Surgery - Aerospace Medicine	1	1	0	3,935	3,935	0.75	0	0.0%	
10126	Preventive Medicine - No Surgery - Medical Toxicology	1	1	0	3,935	3,935	0.75	0	0.0%	
10127	Preventive Medicine - No Surgery - Occupational Medicine	1	1	6	3,935	3,935	0.75	0	0.0%	
10128	Preventive Medicine - No Surgery - Public/General Health Medicine	1	1	0	3,935	3,935	0.75	0	0.0%	
10129	Preventive Medicine - No Surgery - Undersea/Hyperbaric Medicine	1	1	0	3,935	3,935	0.75	0	0.0%	
10130	Psychiatry - Addiction Psychiatry	1	1	2	3,935	3,935	0.75	0	0.0%	
10131	Psychiatry - All Other	1	1	15	3,935	3,935	0.75	0	0.0%	
10132	Psychiatry - Child and Adolescent Psychiatry	1	1	2	3,935	3,935	0.75	0	0.0%	
10133	Psychiatry - Forensic Psychiatry	1	1	0	3,935	3,935	0.75	0	0.0%	
10134	Psychiatry - Geriatric Psychiatry	1	1	0	3,935	3,935	0.75	0	0.0%	
10135	Psychiatry - Including Child	1	1	49	3,935	3,935	0.75	0	0.0%	
10136	Psychoanalysis	1	1	0	3,935	3,935	0.75	0	0.0%	
10137	Psychosomatic Medicine	1	1	0	3,935	3,935	0.75	0	0.0%	
10138	Public Health	1	1	0	3,935	3,935	0.75	0	0.0%	
10149	Rheumatology - No Surgery	1	1	27	3,935	3,935	0.75	0	0.0%	
10151	Rhinology - No Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10155	Shock Therapy - by Insured Physicians or Surgeons Involved with Major Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10156	Shock Therapy - by Employed Physicians or Surgeons Involved with Major Surgery	1	1	0	3,935	3,935	0.75	0	0.0%	
10160	Teaching Physicians - No Surgery	1	1	3	3,935	3,935	0.75	0	0.0%	
10167	Urology - No Surgery	1	2	0	3,935	5,246	1.00	0	0.0%	
10007	Anesthesiology - Pain Management	2	3	30	5,246	6,295	1.20	31,470	20.0%	
10012	Cardiovascular Disease - No Surgery	2	2	27	5,246	5,246	1.00	0	0.0%	
10024	Dermatology - No Surgery	2	2	37	5,246	5,246	1.00	0	0.0%	
10027	Discograms / Myelography / Pneumoencephalography	2	2	0	5,246	5,246	1.00	0	0.0%	
10056	Hospitalism	2	2	137	5,246	5,246	1.00	0	0.0%	
10062	Internal Medicine - No Surgery	2	2	267	5,246	5,246	1.00	0	0.0%	
10063	Laparoscopy (Peritonoscopy)	2	2	0	5,246	5,246	1.00	0	0.0%	
10069	Needle Biopsy	2	2	0	5,246	5,246	1.00	0	0.0%	
10076	Nephrology - No Surgery	2	2	38	5,246	5,246	1.00	0	0.0%	
10078	Neurology - Including Child - No Surgery	2	2	16	5,246	5,246	1.00	0	0.0%	
10079	Neurology - Including Child - No Surgery - All Other	2	2	12	5,246	5,246	1.00	0	0.0%	
10080	Neurology - Including Child - No Surgery - Pain Management	2	2	20	5,246	5,246	1.00	0	0.0%	
10089	Oncology - No Surgery	2	2	45	5,246	5,246	1.00	0	0.0%	
10091	Ophthalmology - Minor Surgery	2	2	2	5,246	5,246	1.00	0	0.0%	
10113	Physical Medicine and Rehabilitation - Pain Management	2	3	5	5,246	6,295	1.20	5,245	20.0%	
10140	Radiation Therapy - by Employed Physicians or Surgeons Involved with Major Surgery	2	2	1	5,246	5,246	1.00	0	0.0%	
10141	Radiation Therapy - by Insured Physicians or Surgeons Involved with Major Surgery	2	2	0	5,246	5,246	1.00	0	0.0%	
10144	Radiology - Diagnostic - No Surgery	2	2	147	5,246	5,246	1.00	0	0.0%	
10147	Radiology - Therapeutic - No Surgery	2	2	1	5,246	5,246	1.00	0	0.0%	
10154	Shock Therapy	2	2	0	5,246	5,246	1.00	0	0.0%	
10158	Sports Medicine - No Surgery	2	2	1	5,246	5,246	1.00	0	0.0%	
10159	Teaching Physicians - Minor Surgery	2	2	0	5,246	5,246	1.00	0	0.0%	
10009	Broncho-Esophagology	3	4A	2	6,295	7,869	1.50	3,148	25.0%	
10018	Colonoscopy/ERCP/Pneumatic or Mechanical Esophageal Dilation	3	3	0	6,295	6,295	1.20	0	0.0%	
10020	Dermatology - All Other	3	3	13	6,295	6,295	1.20	0	0.0%	
10021	Dermatology - Clinical and Dermatological Immunology	3	3	0	6,295	6,295	1.20	0	0.0%	
10022	Dermatology - Dermatopathology	3	3	0	6,295	6,295	1.20	0	0.0%	
10023	Dermatology - including X-Ray Therapy / Radiation Therapy	3	3	1	6,295	6,295	1.20	0	0.0%	
10025	Diabetes - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%	
10030	Endocrinology - Minor Surgery	3	3	11	6,295	6,295	1.20	0	0.0%	
10036	Gastroenterology - No Surgery	3	3	6	6,295	6,295	1.20	0	0.0%	
10040	General Practitioners or Family Physicians - Minor Surgery - No Ob	3	3	30	6,295	6,295	1.20	0	0.0%	
10046	Geriatrics - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%	
10054	Hematology - Minor Surgery	3	3	11	6,295	6,295	1.20	0	0.0%	

New Mexico Patient's Compensation Fund

Surcharge Impact of Classification Assignments

NM Class		Current	Proposed		Current	Proposed	Proposed	Indicated	% of
Code	Specialty	Class	Class	Exposures	Rate	Rate	Factor	Surcharge Impact	Surcharge Impact
10058	Infectious Diseases - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%
10065	Laryngology - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%
10071	Neoplastic Diseases - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%
10093	Ophthalmology Surgery	3	3	52	6,295	6,295	1.20	0	0.0%
10095	Otology - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%
10102	Pathology - Blood Banking/Transfusion Medicine - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%
10104	Pathology - Cytopathology - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%
10106	Pathology - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%
10109	Pediatrics - Minor Surgery	3	3	52	6,295	6,295	1.20	0	0.0%
10115	Physicians - Minor Surgery - No Ob	3	3	15	6,295	6,295	1.20	0	0.0%
10150	Rhinology - Minor Surgery	3	3	0	6,295	6,295	1.20	0	0.0%
10153	Sclerotherapy	3	3	0	6,295	6,295	1.20	0	0.0%
10164	Urgent Care - No Surgery - No Ob	3	3	37	6,295	6,295	1.20	0	0.0%
10166	Urology - Minor Surgery	3	4A	7	6,295	7,869	1.50	11,018	25.0%
10008	Angiography / Arteriography / Catheterization	4	4	1	9,443	9,443	1.80	0	0.0%
10011	Cardiovascular Disease - Minor Surgery	4	4	58	9,443	9,443	1.80	0	0.0%
10019	Cryosurgery	4	4	0	9,443	9,443	1.80	0	0.0%
10049	Gynecology - Minor Surgery (including 1st trimester abortions)	4	4	17	9,443	9,443	1.80	0	0.0%
10060	Intensive Care Medicine	4	4	57	9,443	9,443	1.80	0	0.0%
10061	Internal Medicine - Minor Surgery	4	4	8	9,443	9,443	1.80	0	0.0%
10074	Nephrology - Including Child - Minor Surgery	4	4	1	9,443	9,443	1.80	0	0.0%
10075	Nephrology - Minor Surgery	4	4	4	9,443	9,443	1.80	0	0.0%
10098	Otorhinolaryngology - Minor Surgery	4	4	2	9,443	9,443	1.80	0	0.0%
10124	Podiatrists/Chiroprpodists - No Surgery	4	4	0	9,443	9,443	1.80	0	0.0%
10148	Radiopaque Dye Injections	4	4	0	9,443	9,443	1.80	0	0.0%
10029	Emergency Medicine - No Major Surgery	5	5	297	11,542	11,542	2.20	0	0.0%
10045	General/Family Practitioners - No Major Surgery - High-Risk or > 40 Deliveries Yearly	5	5	10	11,542	11,542	2.20	0	0.0%
10070	Neonatal/Perinatal Medicine	5	4	18	11,542	9,443	1.80	(37,782)	-18.2%
10088	Oncology - Minor Surgery	5	5	7	11,542	11,542	2.20	0	0.0%
10142	Radiation Therapy / Lasers - Used in Therapy	5	5	6	11,542	11,542	2.20	0	0.0%
10143	Radiology - Diagnostic - Minor Surgery	5	5	100	11,542	11,542	2.20	0	0.0%
10145	Radiology - Interventional	5	5	9	11,542	11,542	2.20	0	0.0%
10146	Radiology - Therapeutic - Minor Surgery	5	5	0	11,542	11,542	2.20	0	0.0%
10017	Colon and Rectal Surgery	6	6	3	13,640	13,640	2.60	0	0.0%
10028	Emergency Medicine - Including Major Surgery	6	6	2	13,640	13,640	2.60	0	0.0%
10037	Gastroenterology Surgery	6	6	31	13,640	13,640	2.60	0	0.0%
10038	General Practice or Family Practice Surgery	6	6	1	13,640	13,640	2.60	0	0.0%
10052	Hand Surgery	6	6	6	13,640	13,640	2.60	0	0.0%
10053	Head and Neck Surgery	6	6	1	13,640	13,640	2.60	0	0.0%
10064	Laryngology Surgery	6	7A	1	13,640	15,739	3.00	2,099	15.4%
10073	Neoplastic Surgery	6	7A	0	13,640	15,739	3.00	0	0.0%
10077	Nephrology Surgery	6	7A	1	13,640	15,739	3.00	2,099	15.4%
10097	Otology Surgery	6	7A	0	13,640	15,739	3.00	0	0.0%
10100	Otorhinolaryngology Surgery	6	6	23	13,640	13,640	2.60	0	0.0%
10152	Rhinology Surgery	6	7A	0	13,640	15,739	3.00	0	0.0%
10165	Urological Surgery	6	6	30	13,640	13,640	2.60	0	0.0%
10122	Podiatrists - Surgery	7	7	0	18,362	18,362	3.50	0	0.0%
10010	Cardiac Surgery	8	8	6	24,919	24,919	4.75	0	0.0%
10051	Gynecology Surgery	8	8	15	24,919	24,919	4.75	0	0.0%
10086	Obstetrics Surgery (c-sections only)	8	8	0	24,919	24,919	4.75	0	0.0%
10090	Oncology Surgery	8	8	5	24,919	24,919	4.75	0	0.0%
10108	Pediatric Surgery	8	8	14	24,919	24,919	4.75	0	0.0%
10120	Plastic Surgery	8	8	12	24,919	24,919	4.75	0	0.0%
10121	Plastic-otorhino-laryngology Surgery	8	8	2	24,919	24,919	4.75	0	0.0%
10000	Abdominal Surgery	9	9	0	30,166	30,166	5.75	0	0.0%
10032	Endocrinology Surgery	9	9	0	30,166	30,166	5.75	0	0.0%
10043	General Surgery	9	9	103	30,166	30,166	5.75	0	0.0%
10048	Geriatrics Surgery	9	8	0	30,166	24,919	4.75	0	0.0%
10094	Orthopedic Surgery	9	9	92	30,166	30,166	5.75	0	0.0%
10162	Thoracic Surgery	9	9	13	30,166	30,166	5.75	0	0.0%
10163	Traumatic Surgery	9	9	2	30,166	30,166	5.75	0	0.0%
10168	Vascular Surgery	9	9	8	30,166	30,166	5.75	0	0.0%
10013	Cardiovascular Disease Surgery	10	9	15	34,100	30,166	5.75	(59,010)	-11.5%
10081	Neurology Surgery - Including Child	10	10	10	34,100	34,100	6.50	0	0.0%
10085	Obstetrics Surgery / Gynecology Surgery	10	10	118	34,100	34,100	6.50	0	0.0%
10035	Gastroenterology - Minor Surgery	4A	4A	34	7,869	7,869	1.50	0	0.0%
10067	Lymphangiography / Phlebography	4A	4A	0	7,869	7,869	1.50	0	0.0%
10110	Pediatrics - No Surgery	4A	3	131	7,869	6,295	1.20	(206,194)	-20.0%
10139	Pulmonary Diseases - No Surgery	4A	4A	30	7,869	7,869	1.50	0	0.0%
10157	Sports Medicine - Minor Surgery	4A	4A	1	7,869	7,869	1.50	0	0.0%
10044	General/Family Practitioners - No Major Surgery - < 40 Non-High-Risk Deliveries Yearly	5A	5A	14	8,919	8,919	1.70	0	0.0%
10004	Anesthesiology	7A	7A	26	15,739	15,739	3.00	0	0.0%
10005	Anesthesiology - All Other	7A	7A	73	15,739	15,739	3.00	0	0.0%
10006	Anesthesiology - Critical Care Medicine	7A	7A	0	15,739	15,739	3.00	0	0.0%
10161	Teaching Physicians or Surgeons - Major Surgery	7A	7A	0	15,739	15,739	3.00	0	0.0%
Total Surcharge Impact								(247,907)	

# New Mexico Patient's Compensation Fund

Review of Classification Factors by Assigned Class

Exhibit 20

Page 1

Class	Current Factor	Current Rate Factors Evaluated Over Proposed Class*					Proposed Factor
		Patient Compensation Funds			NM Primary Carriers		
		NM	IN	WI	TDC	MedPro	
1	0.75	0.75	0.87	1.08	0.77	0.76	0.75
2	1.00	0.98	1.18	1.52	1.14	1.14	1.00
3	1.20	1.20	1.54	1.66	1.06	1.09	1.20
4A	1.50	1.40	1.57	1.48	1.44	1.39	1.50
4	1.80	1.83	1.65	1.71	1.51	1.45	1.80
5A	1.70	1.70	1.70		2.05	1.76	1.70
5	2.20	2.20	1.76	1.80	1.96	1.59	2.20
6	2.60	2.60	3.03	2.90	2.50	2.01	2.60
7A	3.00	2.78	2.26	2.63	3.14	2.83	3.00
7	3.50	3.50	1.45	4.25	2.05		3.50
8	4.75	4.88	4.88	4.06	3.54	2.99	4.75
9	5.75	5.84	5.16	3.73	3.62	3.81	5.75
10	6.50	6.50	8.00	6.60	5.35	4.85	6.50

\*Incorporates impact of changes in classification for physician classes

# New Mexico Patient's Compensation Fund

Development of Relativities by Allied Class

NM Class		Relativity to Internal Medicine					Proposed	Indicated	
		No Surgery - 80257							
		Class	Patient Compensation Funds			NM Primary Carrier			
NM	IN		WI	TDC	MedPro	Factor	Change		
10015	Chiropractors	99	0.60	N/A	0.40	0.85	N/A	0.60	0.0%
10083	Nurse Anesthetists	CRNA	0.25	0.45	0.25	0.58	N/A	0.25	0.0%
10014	Certified Nursing Practitioner/Clinical Nurse Specialist	CN	0.16	0.35	0.25	0.17	N/A	0.16	0.0%
10117	Physicians Assistants - Supervised by Non-Invasive Specialists	PA-1	0.34	0.35	0.20	0.25	N/A	0.34	0.0%
10119	Physicians Assistants - Supervised by Specialists Performing Minor Surgery	PA-2	0.45	0.35	0.20	0.25	N/A	0.45	0.0%
10118	Physicians Assistants - Supervised by Specialists Performing Major Surgery	PA-3	0.54	0.35	0.20	0.25	N/A	0.54	0.0%

# New Mexico Patient's Compensation Fund

Surcharge Impact of New Relativities by Allied Class

NM Class				Current	Proposed	Current	Proposed	Indicated	% of
<u>Code</u>	<u>Description</u>	<u>Class</u>	<u>Exposures</u>	<u>Factor</u>	<u>Factor</u>	<u>Rate</u>	<u>Rate</u>	<u>Surcharge Impact</u>	<u>Surcharge Impact</u>
10015	Chiropractors	99	2	0.60	0.60	3,148	3,148	0	0.0%
10083	Nurse Anesthetists	CRNA	248	0.25	0.25	1,312	1,312	0	0.0%
10014	Certified Nursing Practitioner/Clinical Nurse Specialist	CN	0	0.16	0.16	840	840	0	0.0%
10117	Physicians Assistants - Supervised by Non-Invasive Specialists	PA-1	355	0.34	0.34	1,784	1,784	0	0.0%
10119	Physicians Assistants - Supervised by Specialists Performing Minor Surgery	PA-2	39	0.45	0.45	2,361	2,361	0	0.0%
10118	Physicians Assistants - Supervised by Specialists Performing Major Surgery	PA-3	115	0.54	0.54	2,833	2,833	0	0.0%
Total								0	

# New Mexico Patient's Compensation Fund

Exhibit 22

## Entity Coverage Evaluation

NM Class	Code	Description	Class	Exposures (1)	Indicated	Current	Proposed	Weighted	Estimated	Estimated	Estimated	% of
					Rate Per Provider (2)	Surcharge (3)	Rate per Provider (4)	Average Provider Surcharge (5)	Rate Per Provider (6)	Surcharge (7)	Surcharge Impact (8)	Surcharge Impact (9)
10116		Physicians and Surgeons - Corporate or Partnership Liability	51	480	\$1,232	\$591,354	10% of provider surcharge	\$10,269	\$1,027	\$492,916	(\$11,849)	-2.0%
10123		Podiatrists/Chiropodists - Corporate or Partnership Liability	52	3	3,081	9,243	10% of provider surcharge	9,443	944	2,833	0	0.0%
10016		Chiropractors - Corporate or Partnership Liability	53	1	128	\$128	10% of provider surcharge	3,148	315	315	0	0.0%
					Total	\$600,725				Total	(11,849)	-2.0%

### Notes

- (1),(3),(4) Provided by New Mexico PCF
- (2) Col (3) / Col (1)
- (5) Weighted average of exposures and proposed rate on Exhibit 2 for physicians  
For podiatrists/chiropodists and chiropractors, using actual Proposed rate
- (6) Col (5) x 10% (note that actual rate will differ based on individual provider specialty)
- (7) Col (1) x Col (6)
- (8) Col (7) - Col (3)
- (9) Col (8) / Col (3)