

# NEW MEXICO PATIENT'S COMPENSATION FUND

Actuarial Analysis as of December 31, 2022

August 2023



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**Commitment Beyond Numbers**

August 4, 2023

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

Re: 2022 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, 2022. 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,



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

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## APPENDIX

# New Mexico Patient's Compensation Fund

Actuarial Analysis as of December 31, 2022

## 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, 2022, to be approximately \$266.8 million on a nominal basis, \$260.3 million on a discounted basis using a 3.5% discount rate on invested assets, and \$281.3 million when the discounted reserves reflect a risk margin to increase the statistical confidence to 75%. These reflect increases from the values calculated in the prior report as of December 31, 2021, of

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<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.

\$203.7 million (nominal) and \$196.8 million (discounted). The prior report calculated the discounted reserves at the 75% confidence level: \$213.3 million.

- These results are summarized in the table below and are broken out between independent physicians & surgeons and hospitals and outpatient healthcare facilities (OHFC's).

|                    | Reserves as of 12/31/2022   |                               |                                     | Reserves as of 12/31/2021   |                               |                                     | Difference                  |                               |                                     |
|--------------------|-----------------------------|-------------------------------|-------------------------------------|-----------------------------|-------------------------------|-------------------------------------|-----------------------------|-------------------------------|-------------------------------------|
|                    | Estimated Ultimate Reserves | Estimated Discounted Reserves | Estimated Discounted Reserves @ 75% | Estimated Ultimate Reserves | Estimated Discounted Reserves | Estimated Discounted Reserves @ 75% | Estimated Ultimate Reserves | Estimated Discounted Reserves | Estimated Discounted Reserves @ 75% |
|                    | Indep. Physician & Surgeons | 71,553,665                    | 69,835,320                          | 75,491,981                  | 57,258,584                    | 55,389,413                          | 60,042,123                  | 14,295,081                    | 14,445,908                          |
| Hospitals & OHCF's | 195,280,537                 | 190,431,123                   | 205,856,044                         | 146,450,665                 | 141,372,579                   | 153,247,876                         | 48,829,872                  | 49,058,544                    | 52,608,169                          |
| <b>Total</b>       | <b>266,834,202</b>          | <b>260,266,444</b>            | <b>281,348,026</b>                  | <b>203,709,250</b>          | <b>196,761,992</b>            | <b>213,289,999</b>                  | <b>63,124,952</b>           | <b>63,504,452</b>             | <b>68,058,027</b>                   |

PCF Surplus/Deficit

- The current PCF Fund balance of approximately \$135.9 million as of December 31, 2022, when compared to Pinnacle's estimate of indicated nominal loss reserves of approximately \$266.8 million, suggests a Fund deficit position of \$130.9 million, or \$98.4 million after reflection of the \$32.5 million legislative fund infusion in 2023. The \$98.4 million deficit is about 58.4% of the current Fund balance (including the legislative infusion). This reflects a deficit increase of \$19.8 million since the prior analysis as of December 31, 2021.
- Reflecting reserves on a present value basis, using a 3.5% discount rate on invested assets, results in a Fund deficit of approximately \$91.9 million, after reflection of the legislative infusion. This is an increase of \$20.1 million since the prior analysis as of December 31, 2021.
- If discounted loss reserves are increased to the 75% confidence level, the resulting reserves indicate a \$112.9 million PCF surplus deficit, after reflection of the legislative infusion.
- An additional \$15.4M was appropriated by the legislature in 2023 to address the medical malpractice insurance subsidy costs for individual providers and independent group practices, but because at this time it is not clear how that money will be spent or allocated, it is not included in the deficit projections in this report.
- These results are summarized in the following table:

|                                  | Indicated Deficit incl Fund Allocation as of 12/31/2021 |                   |                   | Indicated Deficit incl Fund Allocation as of 12/31/2022 |                   |                    |
|----------------------------------|---------------------------------------------------------|-------------------|-------------------|---------------------------------------------------------|-------------------|--------------------|
|                                  | Undiscounted                                            | Discounted        | Discounted @ 75%  | Undiscounted                                            | Discounted        | Discounted @ 75%   |
| Independent Physician & Surgeons | 31,264,468                                              | 27,347,818        | 36,665,800        | 31,645,242                                              | 28,834,960        | 37,855,572         |
| Hospitals & OHCF's               | 47,404,936                                              | 44,374,329        | 51,584,354        | 66,776,617                                              | 63,019,141        | 75,080,111         |
| <b>Total</b>                     | <b>78,669,404</b>                                       | <b>71,722,146</b> | <b>88,250,154</b> | <b>98,421,859</b>                                       | <b>91,854,101</b> | <b>112,935,683</b> |
| <b>Difference</b>                |                                                         |                   |                   | <b>19,752,455</b>                                       | <b>20,131,955</b> | <b>24,685,529</b>  |

Expected Surcharge Levels

- Pinnacle’s prospective rate level indication for independent physicians & surgeons suggests an overall increase of +10.0% on an expected value basis. If adjusted to a 75% level of statistical confidence, an indicated increase of +18.9% 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 an additional 2.3% 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 6.44%. The result is an increase to the per occurrence limit from \$803,224 to \$854,991 – widening the PCF’s exposed layer from \$553,224 to \$604,991. Our analysis of MPLI increased limits factors (ILF’s) indicate that rates should be increased +5.7% to support the additional exposure.
- Prior to considering the deficit surcharge, the overall rate impact is an increase of +18.9% at the expected level and +28.5% at the 75% confidence level. These indications are summarized in the table below. More information regarding these indications can be found on Exhibit 4, Page 1.

**Independent Physicians & Surgeons**

|                 | Indicated Assessment<br>Level Change on<br>January 1, 2024 | Offset Due<br>to Changes in<br>Class Plan | Increased Limits<br>Factor to<br>\$604,991 xs<br>\$250,000 | Indicated<br>Rate<br>Change |
|-----------------|------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------|-----------------------------|
| w/o Risk Margin | 10.0%                                                      | 2.3%                                      | 5.7%                                                       | 18.9%                       |
| w/ Risk Margin  | 18.9%                                                      | 2.3%                                      | 5.7%                                                       | 28.5%                       |

- Pinnacle’s rate level indication for hospitals suggests an increase of +11.8% on an expected value basis. At a 75% level of statistical confidence, the indicated increase is +20.9%. Exhibit 6, Page 1, provides more detail surrounding these indications.

**Hospitals**

|                 | Indicated Assessment<br>Level Change on<br>January 1, 2024<br>(1) |
|-----------------|-------------------------------------------------------------------|
| w/o Risk Margin | 11.8%                                                             |
| w/ Risk Margin  | 20.9%                                                             |

- The PCF is no longer securing reinsurance coverage for batch claims. These claims arise over many years and tend to result from the actions of a single provider or hospital. The rate indications for both the independent physicians & surgeons as well as the hospitals include a provision for batch claims.

#### Expected Deficit Surcharge Levels

- Pinnacle has allocated 42.8%, or, \$56.0 million, of the fund deficit to independent physicians & surgeons. In the prior study, the proportion of the fund deficit allocated to independent physicians & surgeons was 56.4%. The reduction is driven by better-than-expected claim experience in calendar year 2022 for the physicians and surgeons. We have then adjusted this amount by \$24.4 million, or 75% of \$32.5 million, to reflect the funds allocated to physicians and surgeons by the New Mexico legislature resulting in a net deficit allocation of \$31.6 million. For 2024, we estimate an indicated 32.7% load to the 2024 surcharges for independent physicians & surgeons. The indicated deficit surcharge load was calculated so that the fund deficit was eliminated within five years (i.e., by January 1, 2029). Including the deficit surcharge produces an overall rate increase of +57.7% at the expected level and +70.4% at the 75% confidence level.
- Pinnacle has allocated 57.2%, or \$74.9 million, of the fund deficit to hospitals. In the prior study, the proportion of the fund deficit allocated to hospitals was 43.6%. The increase is driven by higher-than-expected claim experience in calendar year 2022 for the hospitals. The higher-than-expected development for the hospitals is primarily driven by 2016 and 2018 and we note that the 2018 claim payments exceed the payments for the independent physicians & surgeons for all years combined. These changes are summarized in the following table.

Changes from 12/31/2021 to 12/31/2022

| Accident Year | Independent Physicians & Surgeons |             |                       | Hospitals       |             |                       |
|---------------|-----------------------------------|-------------|-----------------------|-----------------|-------------|-----------------------|
|               | Ultimate Losses                   | Paid Losses | Undiscounted Reserves | Ultimate Losses | Paid Losses | Undiscounted Reserves |
| (1)           | (2)                               | (3)         | (4)                   | (5)             | (6)         | (7)                   |
| 2000          | 0                                 | 0           | 0                     |                 |             |                       |
| 2001          | 0                                 | 0           | 0                     |                 |             |                       |
| 2002          | 0                                 | 0           | 0                     |                 |             |                       |
| 2003          | 0                                 | 0           | 0                     |                 |             |                       |
| 2004          | 0                                 | 0           | 0                     |                 |             |                       |
| 2005          | 0                                 | 0           | 0                     |                 |             |                       |
| 2006          | 0                                 | 0           | 0                     |                 |             |                       |
| 2007          | 0                                 | 0           | 0                     |                 |             |                       |
| 2008          | 0                                 | 0           | 0                     |                 |             |                       |
| 2009          | 0                                 | 0           | 0                     |                 |             |                       |
| 2010          | 0                                 | 0           | 0                     | 400,000         | 400,000     | 0                     |
| 2011          | 28,819                            | 0           | 28,819                | (5,708)         | 0           | (5,708)               |
| 2012          | (52,520)                          | 0           | (52,520)              | (14,978)        | 0           | (14,978)              |
| 2013          | (123,709)                         | 0           | (123,709)             | (30,297)        | 0           | (30,297)              |
| 2014          | (186,867)                         | 0           | (186,867)             | (33,703)        | 0           | (33,703)              |
| 2015          | (110,353)                         | 0           | (110,353)             | 1,086,352       | 1,131,617   | (45,265)              |
| 2016          | (2,321,023)                       | 0           | (2,321,023)           | 5,731,308       | 6,542,679   | (811,371)             |
| 2017          | (461,228)                         | 910,000     | (1,371,228)           | (1,723,355)     | 2,527,652   | (4,251,007)           |
| 2018          | 5,420,574                         | 5,302,186   | 118,388               | 5,342,771       | 9,745,958   | (4,403,187)           |
| 2019          | 3,875,040                         | 3,159,000   | 716,040               | 5,051,133       | 3,046,000   | 2,005,133             |
| 2020          | 0                                 | 0           | 0                     | 4,803,261       | 3,050,500   | 1,752,761             |
| 2021          | 0                                 | 0           | 0                     | 4,401,426       | 0           | 4,401,426             |
| 2022          | 17,597,536                        | 0           | 17,597,536            | 50,266,068      | 0           | 50,266,068            |
| Total         | 23,666,267                        | 9,371,186   | 14,295,081            | 75,274,277      | 26,444,406  | 48,829,872            |

We have then reduced the deficit by \$8.1 million, or 25% of \$32.5 million, to reflect the funds allocated to hospitals by the New Mexico legislature resulting in a net deficit allocation of \$66.8 million. For 2024, we estimate an indicated 49.1% load to the 2024 surcharges for hospitals. The indicated deficit surcharge load was calculated so that the fund deficit was eliminated within three years (i.e., by January 1, 2027). This date is chosen because hospitals will no longer be allowed to participate in the PCF as of January 1, 2027. Including the deficit surcharge produces an overall rate increase of +66.7% at the expected level and +80.2% at the 75% confidence level.

- The following table shows the underwriting performance of the independent physicians and surgeons alongside that for hospitals. This information shows the overall underwriting loss related to the independent physicians & surgeons is 21.9%; for hospitals the underwriting loss is 33.1%. It is from this data that we determine the allocation percentages between the independent physicians & surgeons and the hospitals.



**Historical Underwriting Performance**

| Accident Year | Independent Physician & Surgeons |                          |                                      | Hospitals           |                          |                        |
|---------------|----------------------------------|--------------------------|--------------------------------------|---------------------|--------------------------|------------------------|
|               | Practitioner Surcharges          | Selected Ultimate Losses | Gain/(Loss)                          | Hospital Surcharges | Selected Ultimate Losses | Gain/(Loss)            |
| 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           | 2,005,000                | (324,772)              |
| 2011          | 11,380,891                       | 19,360,225               | (7,979,334)                          | 1,825,004           | 2,560,238                | (735,234)              |
| 2012          | 9,765,990                        | 8,381,670                | 1,384,320                            | 1,817,812           | 3,509,837                | (1,692,025)            |
| 2013          | 9,596,773                        | 7,069,450                | 2,527,324                            | 1,992,604           | 2,657,075                | (664,471)              |
| 2014          | 10,065,996                       | 14,314,507               | (4,248,512)                          | 2,146,331           | 6,897,901                | (4,751,570)            |
| 2015          | 10,535,218                       | 6,426,705                | 4,108,513                            | 2,224,828           | 5,888,312                | (3,663,484)            |
| 2016          | 9,039,070                        | 9,142,262                | (103,193)                            | 6,374,245           | 10,809,843               | (4,435,598)            |
| 2017          | 12,725,963                       | 22,332,795               | (9,606,831)                          | 21,561,182          | 26,581,286               | (5,020,104)            |
| 2018          | 9,835,929                        | 17,059,494               | (7,223,564)                          | 31,292,438          | 42,352,568               | (11,060,130)           |
| 2019          | 10,170,463                       | 16,188,669               | (6,018,206)                          | 31,872,010          | 37,951,377               | (6,079,367)            |
| 2020          | 10,236,009                       | 11,771,411               | (1,535,401)                          | 31,731,360          | 41,175,801               | (9,444,441)            |
| 2021          | 11,585,186                       | 13,322,964               | (1,737,778)                          | 32,655,867          | 41,558,559               | (8,902,692)            |
| 2022          | 15,302,205                       | 17,597,536               | (2,295,331)                          | 39,498,050          | 50,266,068               | (10,768,018)           |
| Total         | 234,750,665                      | 286,131,567              | (51,380,902)<br>-21.9%               | 207,590,257         | 276,288,864              | (68,698,607)<br>-33.1% |
|               |                                  |                          |                                      |                     | Prior                    | Current                |
|               |                                  |                          | (8) Physicians Allocation Percentage |                     | 56.4%                    | 42.8%                  |
|               |                                  |                          | (9) Hospital Allocation Percentage   |                     | 43.6%                    | 57.2%                  |

- Should the New Mexico Legislature allocate the \$32.5 million infusion 50% to the independent physicians & surgeons and 50% to hospitals, the indicated deficit surcharge load is changed from 32.7% to 41.0% for independent physicians & surgeons and 49.1% to 43.1% for hospitals. The overall rate indications are thus +67.6% and +60.0% at the expected level and +81.2% and +73.0% at the 75% confidence level for independent physicians & surgeons and hospitals, respectively.
- We have also shown additional indications considering 7-, 10-, and 15-year time horizons for the independent physicians & surgeons. The table below summarizes the deficit surcharge loads and indicated rate changes inclusive of these loads. More detail regarding the indications for the 7-, 10-, and 15- year time horizons can be found in Appendix 16 through Appendix 18.

**Independent Physicians & Surgeons**

| Allocation of Legislative Infusion | 5 Years           |                       | 7 Years           |                       | 10 Years          |                       | 15 Year           |                       |
|------------------------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|
|                                    | Deficit Surcharge | Indicated Rate Change | Deficit Surcharge | Indicated Rate Change | Deficit Surcharge | Indicated Rate Change | Deficit Surcharge | Indicated Rate Change |
| 75%                                | 32.7%             | 57.7%                 | 24.1%             | 47.5%                 | 17.7%             | 39.9%                 | 12.8%             | 34.1%                 |
| 50%                                | 41.0%             | 67.6%                 | 30.3%             | 54.9%                 | 22.3%             | 45.3%                 | 16.1%             | 38.0%                 |

**Allocation of Ultimate & Outstanding Losses by Hospital**

- We have allocated the estimated ultimate and outstanding losses by evaluating each hospital’s level of surcharges and paid loss experience. We have compared the estimated ultimate losses to the corresponding surcharges to evaluate the underwriting performance for each hospital. These results are summarized below.

**Allocation of Ultimate & Outstanding Losses by Hospital**

| Hospital                          | Estimate Hospital Surcharges | Paid Losses | Estimated Ultimate Losses | Undiscounted Reserves | Discounted Reserves | Gain/(Loss)  | Ultimate Loss Ratio |
|-----------------------------------|------------------------------|-------------|---------------------------|-----------------------|---------------------|--------------|---------------------|
| (1)                               | (2)                          | (3)         | (4)                       | (5)                   | (6)                 | (7)          | (8)                 |
| Christus St. Vincent Hospital     | 34,477,254                   | 32,666,821  | 51,930,672                | 19,263,851            | 18,784,137          | (17,453,418) | 151%                |
| Community Health Systems          | 29,466,031                   | 4,744,569   | 33,943,458                | 29,198,890            | 28,391,413          | (4,477,427)  | 115%                |
| LifePoint Health Group            | 16,343,604                   | 5,740,000   | 22,353,563                | 16,613,563            | 16,221,047          | (6,009,959)  | 137%                |
| Lovelace Health System LLC        | 23,095,483                   | 17,848,513  | 45,218,178                | 27,369,665            | 26,760,274          | (22,122,695) | 196%                |
| Quorum Health Corporation         | 5,796,104                    | 400,000     | 4,987,392                 | 4,587,392             | 4,474,769           | 808,713      | 86%                 |
| HealthSouth Corporation           | 1,487,323                    | 1,725,000   | 3,074,787                 | 1,349,787             | 1,317,850           | (1,587,464)  | 207%                |
| Otero County Hospital Association | 3,177,740                    | 4,374,495   | 9,314,957                 | 4,940,462             | 4,846,545           | (6,137,218)  | 293%                |
| Presbyterian Health Systems LLC   | 93,746,718                   | 12,113,930  | 104,070,857               | 91,956,928            | 89,635,089          | (10,324,139) | 111%                |
| Total                             | 207,590,258                  | 79,613,327  | 274,893,864               | 195,280,537           | 190,431,123         | (67,303,606) | 132%                |

**Impact of Alleged Illusory Coverage for Hospitals**

- There have been allegations that the coverage purchased by some of the hospitals in order to be eligible for PCF coverage is “illusory.” This concern has been raised due to portions of the insurance coverage for some of the hospitals being self-insured, that is a large deductible policy is issued where a commercial insurance carrier is responsible for losses above a per claim deductible. Some of the hospitals then insure reimbursement of the deductible layer using a captive insurance company. This suggest that some hospitals may not have met the coverage requirements for eligibility in the PCF. First, it is extremely important that parties realize that a large deductible insurance policy from an admitted insurance carrier and self-insurance are markedly different risk financing and risk transfer mechanisms. The large deductible insurance policy obligates the insurer to satisfy the claim even if the insured (i.e. the hospital in this case) refuses to reimburse the insurer for the deductible. For purposes of patient protection and protection of the PCF, this makes the large deductible policies indistinguishable from the

regular policies. Furthermore, there is no prohibition of underlying medical professional liability policies required for PCF eligibility containing deductibles or self-insured retentions.

It is also important to recognize the practical complications that would arise from retroactively voiding hospital PCF eligibility. If hospital coverage is deemed to be retroactively void, then that raises questions of whether the PCF would have to return surcharges to the hospitals and whether it would be required to recover past claims payments, either from hospitals through subrogation or directly from patients. These are questions that likely would have to be resolved through litigation. If these actions are determined to be required, the sheer mechanics of attempting to administer surcharge refunds from the PCF to the hospitals and recoup PCF claims payments are extraordinarily complex, and these represent only the most basic elements of this change.

## 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 for the independent physicians & surgeons will be increased annually by the CPI for all urban consumers. The per occurrence limit for the hospitals will remain at \$500,000 excess of \$250,000.

Effective January 1, 2024, the limits on non-medical indemnity for independent (non-hospital owned) outpatient healthcare facilities will be \$500,000 excess of \$500,000 plus unlimited medical benefits. The PCF's limit on non-medical indemnity will be increased each year based on the 3-year average 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, 2022,
- Recommended PCF assessment surcharges to fund the operations of the PCF for the effective date of January 1, 2024,
- Recommend deficit surcharges to eliminate the fund deficit by January 1, 2029, January 1, 2031, January 1, 2034, and January 1, 2039,
- The impact of the notion of illusory coverage for hospitals, 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 and 2021 analyses we were provided only with loss, expense and operating payments, surcharges, and the total PCF funds for calendar years 2014 through 2022. 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 08/29/2022) and The Medical Protective Company (MedPro, filing submitted 09/07/2022), two of the largest medical professional liability carriers in the state of New Mexico. These carrier relativities are closely 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 Appendix 11 and Appendix 13, 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, 2021, 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 is December 31, 2022. The review date (the cutoff date for including information to the actuary) is July 25, 2023.

### 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 Appendix 11. 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 Appendix 14, 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 Appendix 12 (for physicians and surgeons), Appendix 14, Page 2 (for allied health providers), and Appendix 15 (for business entities).

## DISCUSSION AND ANALYSIS

### Estimated Unpaid Claims Liabilities as of December 31, 2022

Pinnacle estimates the amount of losses still to be paid for all claims occurring prior to December 31, 2022, to be approximately \$266.8 million on a nominal basis, \$260.3 million on a discounted basis using a 3.5% discount rate on invested assets, and \$281.3 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, 2022. These reflect increases from the values calculated in the prior report as of December 31, 2021, of \$203.7 million (nominal) and \$196.8 million (discounted). The prior report calculated the discounted reserves at the 75% confidence level to be \$213.3 million.

The present value as of December 31, 2022, assuming a 3.5% annual discount rate of unpaid losses on claims occurring through December 31, 2022, is estimated as \$260.3 million. The \$91.9 million difference between the discounted losses and the estimated December 31, 2022, PCF Fund balance

(\$168.4 million), after reflecting the \$32.5 million 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, 2022. The current PCF Fund balance (including the \$32.5 million legislative infusion) is also \$98.4 million lower than the nominal reserve estimate. If discounted loss reserves are increased to the 75% confidence level, the resulting reserves indicate a \$112.9 million PCF surplus deficit, after reflecting the \$32.5 million legislative infusion.

### 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 Appendix 1 through Appendix 6 for the physician data and Appendix 7 through Appendix 8 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 Appendix 2 and Appendix 8. The paid loss development triangles and selected age-to-age factors are shown in Appendix 9.

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, consistent with the 2021 analysis, and the loss ratio for the hospital segment is assumed to be 127.3%, which is an increase from the assumed loss rate derived in the 2021 analysis (114.0%). 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 Appendix 1, Page 2 and Appendix 7, 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 127.3% 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 overreact 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 Appendix 1, Page 1 and Appendix 7, 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 Appendix 3 through Appendix 6 and summarized in Appendix 3, Page 1. The supporting development patterns are contained in Appendix 10.

The 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 2021 study. There were some significant increases to the estimated ultimate losses in a handful of years subsequent to 2015, most notably the 2018 year in which estimated ultimate losses increased \$10.8 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 75<sup>th</sup> 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, 2022. 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 Coverage Limits and Expected Surcharge Levels

A table of current and recommended PCF surcharges by physician class is shown in Exhibit 3. 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 4, Page 1. On an expected value basis, the indicated surcharge change is an increase of +10.0%, while at the 75% confidence level an increase of +18.9% is indicated. If proposed changes in class relativities are approved, base rates would need to be increased by +2.3% 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<br>All Urban Consumers |       |        |
|---------------------------------------------|-------|--------|
| Year                                        | Index | % Chg. |
| (1)                                         | (2)   | (3)    |
| 2013                                        | 234.7 |        |
| 2014                                        | 236.3 | 0.65%  |
| 2015                                        | 237.8 | 0.64%  |
| 2016                                        | 242.6 | 2.05%  |
| 2017                                        | 247.8 | 2.13%  |
| 2018                                        | 252.8 | 2.00%  |
| 2019                                        | 258.6 | 2.31%  |
| 2020                                        | 262.0 | 1.32%  |
| 2021                                        | 280.9 | 7.19%  |
| 2022                                        | 299.0 | 6.44%  |

\*Source: bls.gov  
 Series ID: CUSR0000SA0

Evaluating the index as of year-end 2022 produces an adjustment factor of 6.44%. The result is an increase to the per occurrence limit from \$803,224 to \$854,991 – widening the PCF’s exposed layer from \$553,224 to \$604,991. Our analysis of MPLI increased limits factors (ILF’s) indicate that rates should be increased +5.7% to support the additional exposure. Aggregating these elements produces an indicated rate change of +18.9% at the expected level and +28.5% at the 75% confidence level.

Exhibit 6, Page 1, provides the indicated percentage rate level changes for the hospitals. On an expected value basis, the indicated change is +11.8%; at the 75% confidence level the indicated change is increased to +20.9%.

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 7 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.

### PCF Surplus/Deficit

The current PCF Fund balance is approximately \$168.4 million as of December 31, 2022, after reflection of the \$32.5 million legislative infusion. When compared to Pinnacle's estimate of indicated loss reserves of approximately \$266.8 million, this would suggest a Fund deficit position of \$98.4 million as of December 31, 2022. The indicated Fund position remains a deficit of approximately \$91.9 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 \$281.3 million indicate a \$112.9 million PCF surplus deficit.

For 2024, we estimate an overall 44.1% load to the 2024 surcharges. This assumes the \$32.5 million legislative infusions is allocated 75% to the physicians & surgeons and 25% to the hospitals. The allocated deficit to hospitals is \$66.8 million and \$31.6 million for independent physicians and surgeons. This results in a 32.7% load to 2024 surcharges for independent physicians and surgeons and 49.1% for the hospitals. These load factors were derived so that the PCF fund deficit is eliminated as of January 1, 2027, for the hospitals and January 1, 2029, for the physicians & surgeons. See Exhibit 3 for more detail. Exhibit 3, Page 1, shows deficit surcharge loads with the \$32.5 million legislative infusion allocated 75% to physician & surgeons and 25% to hospitals. Exhibit 3, Page 2, shows deficit surcharge

loads with the \$32.5 million legislative infusion allocated 50% to physician & surgeons and 50% to hospitals. We have also shown the impact to the deficit surcharge load at 7-, 10-, and 15- year time horizons for the physicians & surgeons. These indications and the corresponding rate changes inclusive of the deficit surcharge are summarized in the table below and can be found in the Appendix 16 through Appendix 18.

**Independent Physicians & Surgeons**

| Allocation of Legislative Infusion | 5 Years Indicated |             | 7 Years Indicated |             | 10 Years Indicated |             | 15 Year Indicated |             |
|------------------------------------|-------------------|-------------|-------------------|-------------|--------------------|-------------|-------------------|-------------|
|                                    | Deficit Surcharge | Rate Change | Deficit Surcharge | Rate Change | Deficit Surcharge  | Rate Change | Deficit Surcharge | Rate Change |
| 75%                                | 32.7%             | 57.7%       | 24.1%             | 47.5%       | 17.7%              | 39.9%       | 12.8%             | 34.1%       |
| 50%                                | 41.0%             | 67.6%       | 30.3%             | 54.9%       | 22.3%              | 45.3%       | 16.1%             | 38.0%       |

**Class Plan and Entity Coverage Review**

Pinnacle’s class plan review was based on two parts: reviewing class assignments by PCF class code and evaluating overall relativities by class. We then calculated the indicated surcharge impact to the PCF based on each suggested change on Appendix 12.

To review the PCF class code 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. The NM PCF class codes and relativities are found on Appendix 11, while new class assignments are shown on Appendix 12.

Once the class assignments were adjusted, we reviewed the overall weighted relativities by class to determine whether the class relativities remained appropriate. The findings of this analysis indicate an adjustment in the relativity factors, specifically an increase from 1.70 to 1.80 for Class 5A, and a decrease from 5.75 to 5.50 for Class 9. Further details regarding these recommendations are on Appendix 13.

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 Appendix 11 through Appendix 15.

| NM Class               |                                                                                        | Current | Proposed |           | Current | Proposed | Proposed | Indicated        | % of             |
|------------------------|----------------------------------------------------------------------------------------|---------|----------|-----------|---------|----------|----------|------------------|------------------|
| Code                   | Specialty                                                                              | Class   | Class    | Exposures | Rate    | Rate     | Factor   | Surcharge Impact | Surcharge Impact |
| 10144                  | Radiology - Diagnostic - No Surgery                                                    | 2       | 3        | 144       | 5,771   | 6,925    | 1.20     | 166,176          | 20.0%            |
| 10044                  | General/Family Practitioners - No Major Surgery - < 40 Non-High-Risk Deliveries Yearly | 5A      | 5A       | 9         | 9,811   | 10,388   | 1.80     | 5,193            | 5.9%             |
| 10088                  | Oncology - Minor Surgery                                                               | 5       | 5A       | 5         | 12,696  | 10,388   | 1.80     | (11,540)         | -18.2%           |
| 10142                  | Radiation Therapy / Lasers - Used in Therapy                                           | 5       | 5A       | 4         | 12,696  | 10,388   | 1.80     | (9,232)          | -18.2%           |
| 10028                  | Emergency Medicine - Including Major Surgery                                           | 6       | 7A       | 6         | 15,004  | 17,313   | 3.00     | 13,854           | 15.4%            |
| 10038                  | General Practice or Family Practice Surgery                                            | 6       | 5        | 5         | 15,004  | 12,696   | 2.20     | (11,540)         | -15.4%           |
| 10053                  | Head and Neck Surgery                                                                  | 6       | 7A       | 1         | 15,004  | 17,313   | 3.00     | 2,309            | 15.4%            |
| 10165                  | Urological Surgery                                                                     | 6       | 5        | 26        | 15,004  | 12,696   | 2.20     | (60,008)         | -15.4%           |
| 10013                  | Cardiovascular Disease Surgery                                                         | 9       | 9        | 12        | 33,183  | 31,741   | 5.50     | (17,304)         | -4.3%            |
| 10043                  | General Surgery                                                                        | 9       | 9        | 108       | 33,183  | 31,741   | 5.50     | (155,736)        | -4.3%            |
| 10094                  | Orthopedic Surgery                                                                     | 9       | 9        | 93        | 33,183  | 31,741   | 5.50     | (134,106)        | -4.3%            |
| 10162                  | Thoracic Surgery                                                                       | 9       | 9        | 12        | 33,183  | 31,741   | 5.50     | (17,304)         | -4.3%            |
| 10163                  | Traumatic Surgery                                                                      | 9       | 9        | 2         | 33,183  | 31,741   | 5.50     | (2,884)          | -4.3%            |
| 10168                  | Vascular Surgery                                                                       | 9       | 9        | 8         | 33,183  | 31,741   | 5.50     | (11,536)         | -4.3%            |
| Total Surcharge Impact |                                                                                        |         |          |           |         |          |          | (243,658)        |                  |

The total impact of the class assignment changes and class relativity changes on the indicated surcharge is -\$243,658. See Appendix 12 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 recommended several changes. The overall impact of these changes is -\$124,457. More details of this recommendation may be found on Appendix 14, Page 2.

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 PCF class code. This change results in an estimated surcharge impact of -\$28,922. More details of this calculation are available in Appendix 15.

### Allocation of Ultimate & Outstanding Losses by Hospital

We have allocated the estimated ultimate and outstanding losses by evaluating each hospital’s level of surcharges and paid loss experience. We have compared the estimated ultimate losses to the corresponding surcharges to evaluate the underwriting performance for each hospital. These results are summarized below.

**Allocation of Ultimate & Outstanding Losses by Hospital**

| Hospital<br>(1)                   | Estimate<br>Hospital<br>Surcharges<br>(2) | Paid<br>Losses<br>(3) | Estimated<br>Ultimate<br>Losses<br>(4) | Undiscounted<br>Reserves<br>(5) | Discounted<br>Reserves<br>(6) | Gain/(Loss)<br>(7)  | Ultimate<br>Loss<br>Ratio<br>(8) |
|-----------------------------------|-------------------------------------------|-----------------------|----------------------------------------|---------------------------------|-------------------------------|---------------------|----------------------------------|
| Christus St. Vincent Hospital     | 34,477,254                                | 32,666,821            | 51,930,672                             | 19,263,851                      | 18,784,137                    | (17,453,418)        | 151%                             |
| Community Health Systems          | 29,466,031                                | 4,744,569             | 33,943,458                             | 29,198,890                      | 28,391,413                    | (4,477,427)         | 115%                             |
| LifePoint Health Group            | 16,343,604                                | 5,740,000             | 22,353,563                             | 16,613,563                      | 16,221,047                    | (6,009,959)         | 137%                             |
| Lovelace Health System LLC        | 23,095,483                                | 17,848,513            | 45,218,178                             | 27,369,665                      | 26,760,274                    | (22,122,695)        | 196%                             |
| Quorum Health Corporation         | 5,796,104                                 | 400,000               | 4,987,392                              | 4,587,392                       | 4,474,769                     | 808,713             | 86%                              |
| HealthSouth Corporation           | 1,487,323                                 | 1,725,000             | 3,074,787                              | 1,349,787                       | 1,317,850                     | (1,587,464)         | 207%                             |
| Otero County Hospital Association | 3,177,740                                 | 4,374,495             | 9,314,957                              | 4,940,462                       | 4,846,545                     | (6,137,218)         | 293%                             |
| Presbyterian Health Systems LLC   | 93,746,718                                | 12,113,930            | 104,070,857                            | 91,956,928                      | 89,635,089                    | (10,324,139)        | 111%                             |
| <b>Total</b>                      | <b>207,590,258</b>                        | <b>79,613,327</b>     | <b>274,893,864</b>                     | <b>195,280,537</b>              | <b>190,431,123</b>            | <b>(67,303,606)</b> | <b>132%</b>                      |

**Impact of Alleged Illusory Coverage for Hospitals**

There have been allegations that the coverage purchased by some of the hospitals in order to be eligible for PCF coverage is “illusory.” This concern has been raised due to portions of the insurance coverage for some of the hospitals being self-insured, that is a large deductible policy is issued where a commercial insurance carrier is responsible for losses above a per claim deductible. Some of the hospitals then insure reimbursement of the deductible layer using a captive insurance company. This suggest that some hospitals may not have met the coverage requirements for eligibility in the PCF. First, it is extremely important that parties realize that a large deductible insurance policy from an admitted insurance carrier and self-insurance are markedly different risk financing and risk transfer mechanisms. The large deductible insurance policy obligates the insurer to satisfy the claim even if the insured (i.e. the hospital in this case) refuses to reimburse the insurer for the deductible. For purposes of patient protection and protection of the PCF, this makes the large deductible policies indistinguishable from the regular policies. Furthermore, there is no prohibition of underlying medical professional liability policies required for PCF eligibility containing deductibles or self-insured retentions.

It is also important to recognize the practical complications that would arise from retroactively voiding hospital PCF eligibility. If hospital coverage is deemed to be retroactively void, then that raises questions of whether the PCF would have to return surcharges to the hospitals and whether it would be required to recover past claims payments, either from hospitals through subrogation or directly from patients. These are questions that likely would have to be resolved through litigation. If these actions are determined to be required, the sheer mechanics of attempting to administer surcharge refunds from the PCF to the hospitals and recoup PCF claims payments are extraordinarily complex, and these represent only the most basic elements of this change.

## 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

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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.

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### 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 surcharge 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)<br>Calculation of Discount Factor (Page 2)<br>Comparison to Prior Analysis (pages 3-5) |
| 2              | Physicians & Surgeons - Selected Ultimate Losses                                                                |
| 3              | Development of Physician Surcharge Estimates                                                                    |
| 4              | Physicians & Surgeons – Indicated Rate Change                                                                   |
| 5              | Hospitals - Selected Ultimate Losses                                                                            |
| 6              | Hospitals - Indicated Rate Change                                                                               |
| 7              | Expense Analysis                                                                                                |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**

Fund Summary

Page 1a

**Estimated Financial Position**

**32.5M Infusion allocated 75% to Independent Physician & Surgeons and 25% to Hospitals & OHCF's**

|                                                      | Estimated Ultimate Reserves<br>(1) | Estimated Discounted Reserves<br>(2) | Estimated Discounted Reserves @ 75%<br>(3) | Fund Balance<br>(4) | Indicated Deficit excl. Fund Allocation |                    |                         | Funds Allocated by 2023 Legislature<br>(8) | Indicated Deficit incl Fund Allocation |                    |                          |
|------------------------------------------------------|------------------------------------|--------------------------------------|--------------------------------------------|---------------------|-----------------------------------------|--------------------|-------------------------|--------------------------------------------|----------------------------------------|--------------------|--------------------------|
|                                                      |                                    |                                      |                                            |                     | Undiscounted<br>(5)                     | Discounted<br>(6)  | Discounted @ 75%<br>(7) |                                            | Undiscounted<br>(9)                    | Discounted<br>(10) | Discounted @ 75%<br>(11) |
|                                                      |                                    |                                      |                                            |                     |                                         |                    |                         |                                            |                                        |                    |                          |
| <b>Estimated Financial Position as of 12/31/2022</b> |                                    |                                      |                                            |                     |                                         |                    |                         |                                            |                                        |                    |                          |
| Independent Physician & Surgeons                     | 71,553,665                         | 69,835,320                           | 75,491,981                                 | 15,533,423          | 56,020,242                              | 53,209,960         | 62,230,572              | 24,375,000                                 | 31,645,242                             | 28,834,960         | 37,855,572               |
| Hospitals & OHCF's                                   | 195,280,537                        | 190,431,123                          | 205,856,044                                | 120,378,920         | 74,901,617                              | 71,144,141         | 83,205,111              | 8,125,000                                  | 66,776,617                             | 63,019,141         | 75,080,111               |
| <b>Total</b>                                         | <b>266,834,202</b>                 | <b>260,266,444</b>                   | <b>281,348,026</b>                         | <b>135,912,343</b>  | <b>130,921,859</b>                      | <b>124,354,101</b> | <b>145,435,683</b>      | <b>32,500,000</b>                          | <b>98,421,859</b>                      | <b>91,854,101</b>  | <b>112,935,683</b>       |

**Amortization of Deficit Surcharge**

|                                             | Calendar Year |            |            |            |            |            | Total       |
|---------------------------------------------|---------------|------------|------------|------------|------------|------------|-------------|
|                                             | 2023          | 2024       | 2025       | 2026       | 2027       | 2028       |             |
| <b>Independent Physician &amp; Surgeons</b> |               |            |            |            |            |            |             |
| (12) Deficit Surcharge                      |               | 7,130,431  | 7,130,431  | 7,130,431  | 7,130,431  | 7,130,431  | 35,652,157  |
| (13) Discounted Deficit Surcharge           |               | 6,771,818  | 6,542,819  | 6,321,565  | 6,107,792  | 5,901,248  | 31,645,242  |
| (14) Surcharge                              |               | 20,738,664 | 21,775,598 | 22,864,377 | 24,007,596 | 25,207,976 | 114,594,211 |
| (15) Deficit Surcharge as a % of Surcharge  |               | 32.7%      | 30.0%      | 27.6%      | 25.4%      | 23.4%      | 27.6%       |
| <b>Hospitals &amp; OHCF's</b>               |               |            |            |            |            |            |             |
| (12) Deficit Surcharge                      |               | 24,248,380 | 24,248,380 | 24,248,380 |            |            | 72,745,140  |
| (13) Discounted Deficit Surcharge           |               | 23,028,847 | 22,250,094 | 21,497,675 |            |            | 66,776,617  |
| (14) Surcharge                              |               | 46,898,952 | 49,243,899 | 51,706,094 |            |            | 147,848,945 |
| (15) Deficit Surcharge as a % of Surcharge  |               | 49.1%      | 45.2%      | 41.6%      |            |            | 45.2%       |
| <b>Combined</b>                             |               |            |            |            |            |            |             |
| (12) Deficit Surcharge                      |               | 31,378,811 | 31,378,811 | 31,378,811 | 7,130,431  | 7,130,431  | 108,397,296 |
| (13) Discounted Deficit Surcharge           |               | 29,800,665 | 28,792,913 | 27,819,240 | 6,107,792  | 5,901,248  | 98,421,859  |
| (14) Surcharge                              |               | 67,637,616 | 71,019,497 | 74,570,471 | 24,007,596 | 25,207,976 | 262,443,156 |
| (15) Deficit Surcharge as a % of Surcharge  |               | 44.1%      | 40.5%      | 37.3%      | 25.4%      | 23.4%      | 37.5%       |

| 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; 2023 deficit surcharge based on data provided by client                                                          |
| (14)       | For 2024: Physicians & Surgeons Exhibit 1 for Physicians & Surgeons; Hospitals & Outpatient Facilities Exhibit 1 for Hospitals & OHCF's<br>All other years trended at 5.0% per annum |
| (15)       | Row (13) / Row (14)                                                                                                                                                                  |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**

Fund Summary

Page 1b

**Estimated Financial Position**

**32.5M Infusion allocated 50% to Independent Physician & Surgeons and 50% to Hospitals & OHCF's**

|                                                      | Estimated Ultimate Reserves<br>(1) | Estimated Discounted Reserves<br>(2) | Estimated Discounted Reserves @ 75%<br>(3) | Fund Balance<br>(4) | Indicated Deficit excl. Fund Allocation |                    |                         | Funds Allocated by 2023 Legislature<br>(8) | Indicated Deficit incl Fund Allocation |                    |                          |
|------------------------------------------------------|------------------------------------|--------------------------------------|--------------------------------------------|---------------------|-----------------------------------------|--------------------|-------------------------|--------------------------------------------|----------------------------------------|--------------------|--------------------------|
|                                                      |                                    |                                      |                                            |                     | Undiscounted<br>(5)                     | Discounted<br>(6)  | Discounted @ 75%<br>(7) |                                            | Undiscounted<br>(9)                    | Discounted<br>(10) | Discounted @ 75%<br>(11) |
|                                                      |                                    |                                      |                                            |                     |                                         |                    |                         |                                            |                                        |                    |                          |
| <b>Estimated Financial Position as of 12/31/2022</b> |                                    |                                      |                                            |                     |                                         |                    |                         |                                            |                                        |                    |                          |
| Independent Physician & Surgeons                     | 71,553,665                         | 69,835,320                           | 75,491,981                                 | 15,533,423          | 56,020,242                              | 53,209,960         | 62,230,572              | 16,250,000                                 | 39,770,242                             | 36,959,960         | 45,980,572               |
| Hospitals & OHCF's                                   | 195,280,537                        | 190,431,123                          | 205,856,044                                | 120,378,920         | 74,901,617                              | 71,144,141         | 83,205,111              | 16,250,000                                 | 58,651,617                             | 54,894,141         | 66,955,111               |
| <b>Total</b>                                         | <b>266,834,202</b>                 | <b>260,266,444</b>                   | <b>281,348,026</b>                         | <b>135,912,343</b>  | <b>130,921,859</b>                      | <b>124,354,101</b> | <b>145,435,683</b>      | <b>32,500,000</b>                          | <b>98,421,859</b>                      | <b>91,854,101</b>  | <b>112,935,683</b>       |

**Amortization of Deficit Surcharge**

|                                             | Calendar Year |            |            |            |            |            | Total       |
|---------------------------------------------|---------------|------------|------------|------------|------------|------------|-------------|
|                                             | 2023          | 2024       | 2025       | 2026       | 2027       | 2028       |             |
| <b>Independent Physician &amp; Surgeons</b> |               |            |            |            |            |            |             |
| (12) Deficit Surcharge                      |               | 8,961,189  | 8,961,189  | 8,961,189  | 8,961,189  | 8,961,189  | 44,805,943  |
| (13) Discounted Deficit Surcharge           |               | 8,510,500  | 8,222,706  | 7,944,643  | 7,675,984  | 7,416,409  | 39,770,242  |
| (14) Surcharge                              |               | 20,738,664 | 21,775,598 | 22,864,377 | 24,007,596 | 25,207,976 | 114,594,211 |
| (15) Deficit Surcharge as a % of Surcharge  |               | 41.0%      | 37.8%      | 34.7%      | 32.0%      | 29.4%      | 34.7%       |
| <b>Hospitals &amp; OHCF's</b>               |               |            |            |            |            |            |             |
| (12) Deficit Surcharge                      |               | 21,297,975 | 21,297,975 | 21,297,975 |            |            | 63,893,924  |
| (13) Discounted Deficit Surcharge           |               | 20,226,828 | 19,542,829 | 18,881,960 |            |            | 58,651,617  |
| (14) Surcharge                              |               | 46,898,952 | 49,243,899 | 51,706,094 |            |            | 147,848,945 |
| (15) Deficit Surcharge as a % of Surcharge  |               | 43.1%      | 39.7%      | 36.5%      |            |            | 39.7%       |
| <b>Combined</b>                             |               |            |            |            |            |            |             |
| (12) Deficit Surcharge                      |               | 30,259,163 | 30,259,163 | 30,259,163 | 8,961,189  | 8,961,189  | 108,699,866 |
| (13) Discounted Deficit Surcharge           |               | 28,737,328 | 27,765,534 | 26,826,603 | 7,675,984  | 7,416,409  | 98,421,859  |
| (14) Surcharge                              |               | 67,637,616 | 71,019,497 | 74,570,471 | 24,007,596 | 25,207,976 | 262,443,156 |
| (15) Deficit Surcharge as a % of Surcharge  |               | 42.5%      | 39.1%      | 36.0%      | 32.0%      | 29.4%      | 37.5%       |

| Column/Row | Note                                                                                                                                                                                 |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1)        | Exhibit 1, Page 1, Col (8)                                                                                                                                                           |
| (2)        | Exhibit 1, Page 1, Col (10)                                                                                                                                                          |
| (3)        | Exhibit 1, Page 1, Col (12)                                                                                                                                                          |
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| (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 2024: Physicians & Surgeons Exhibit 1 for Physicians & Surgeons; Hospitals & Outpatient Facilities Exhibit 1 for Hospitals & OHCF's<br>All other years trended at 5.0% per annum |
| (15)       | Row (13) / Row (14)                                                                                                                                                                  |



**New Mexico Patients' Compensation Fund**

Fund Summary

Reserves as of 12/31/2022

Page 2

**Calculation of Fund Deficit Allocation**

| Accident<br>Year | Independent Physician & Surgeons |                                |                        | Hospitals              |                                |                        |
|------------------|----------------------------------|--------------------------------|------------------------|------------------------|--------------------------------|------------------------|
|                  | Practitioner<br>Surcharges       | Selected<br>Ultimate<br>Losses | Gain/(Loss)            | Hospital<br>Surcharges | Selected<br>Ultimate<br>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              | 2,005,000                      | (324,772)              |
| 2011             | 11,380,891                       | 19,360,225                     | (7,979,334)            | 1,825,004              | 2,560,238                      | (735,234)              |
| 2012             | 9,765,990                        | 8,381,670                      | 1,384,320              | 1,817,812              | 3,509,837                      | (1,692,025)            |
| 2013             | 9,596,773                        | 7,069,450                      | 2,527,324              | 1,992,604              | 2,657,075                      | (664,471)              |
| 2014             | 10,065,996                       | 14,314,507                     | (4,248,512)            | 2,146,331              | 6,897,901                      | (4,751,570)            |
| 2015             | 10,535,218                       | 6,426,705                      | 4,108,513              | 2,224,828              | 5,888,312                      | (3,663,484)            |
| 2016             | 9,039,070                        | 9,142,262                      | (103,193)              | 6,374,245              | 10,809,843                     | (4,435,598)            |
| 2017             | 12,725,963                       | 22,332,795                     | (9,606,831)            | 21,561,182             | 26,581,286                     | (5,020,104)            |
| 2018             | 9,835,929                        | 17,059,494                     | (7,223,564)            | 31,292,438             | 42,352,568                     | (11,060,130)           |
| 2019             | 10,170,463                       | 16,188,669                     | (6,018,206)            | 31,872,010             | 37,951,377                     | (6,079,367)            |
| 2020             | 10,236,009                       | 11,771,411                     | (1,535,401)            | 31,731,360             | 41,175,801                     | (9,444,441)            |
| 2021             | 11,585,186                       | 13,322,964                     | (1,737,778)            | 32,655,867             | 41,558,559                     | (8,902,692)            |
| 2022             | 15,302,205                       | 17,597,536                     | (2,295,331)            | 39,498,050             | 50,266,068                     | (10,768,018)           |
| Total            | 234,750,665                      | 286,131,567                    | (51,380,902)<br>-21.9% | 207,590,257            | 276,288,864                    | (68,698,607)<br>-33.1% |

|                                      | Prior | Current |
|--------------------------------------|-------|---------|
| (8) Physicians Allocation Percentage | 56.4% | 42.8%   |
| (9) Hospital Allocation Percentage   | 43.6% | 57.2%   |

Column/Row

- (2), (5) Based on data provided by client
- (3) Exhibit 2, Col (8)
- (4) Col (2) - Col (3)
- (6) Exhibit 5, 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 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

Fund Summary

Page 3

| Hospital<br>(1)                   | Estimate<br>Hospital<br>Surcharges<br>(2) | Paid<br>Losses<br>(3) | Estimated<br>Ultimate<br>Losses<br>(4) | Undiscounted<br>Reserves<br>(5) | Discounted<br>Reserves<br>(6) | Gain/(Loss)<br>(7)  | Ultimate<br>Loss<br>Ratio<br>(8) |
|-----------------------------------|-------------------------------------------|-----------------------|----------------------------------------|---------------------------------|-------------------------------|---------------------|----------------------------------|
| Christus St. Vincent Hospital     | 34,477,254                                | 32,666,821            | 51,930,672                             | 19,263,851                      | 18,784,137                    | (17,453,418)        | 151%                             |
| Community Health Systems          | 29,466,031                                | 4,744,569             | 33,943,458                             | 29,198,890                      | 28,391,413                    | (4,477,427)         | 115%                             |
| LifePoint Health Group            | 16,343,604                                | 5,740,000             | 22,353,563                             | 16,613,563                      | 16,221,047                    | (6,009,959)         | 137%                             |
| Lovelace Health System LLC        | 23,095,483                                | 17,848,513            | 45,218,178                             | 27,369,665                      | 26,760,274                    | (22,122,695)        | 196%                             |
| Quorum Health Corporation         | 5,796,104                                 | 400,000               | 4,987,392                              | 4,587,392                       | 4,474,769                     | 808,713             | 86%                              |
| HealthSouth Corporation           | 1,487,323                                 | 1,725,000             | 3,074,787                              | 1,349,787                       | 1,317,850                     | (1,587,464)         | 207%                             |
| Otero County Hospital Association | 3,177,740                                 | 4,374,495             | 9,314,957                              | 4,940,462                       | 4,846,545                     | (6,137,218)         | 293%                             |
| Presbyterian Health Systems LLC   | 93,746,718                                | 12,113,930            | 104,070,857                            | 91,956,928                      | 89,635,089                    | (10,324,139)        | 111%                             |
| <b>Total</b>                      | <b>207,590,258</b>                        | <b>79,613,327</b>     | <b>274,893,864</b>                     | <b>195,280,537</b>              | <b>190,431,123</b>            | <b>(67,303,606)</b> | <b>132%</b>                      |

Column

- (2), (3) Based on data provided by client
- (4) Based on Pinnacle analysis of loss history by hospital
- (5) Col (4) - Col (3)
- (6) Col (5) x Exhibit 1, Page 1, Col (9)
- (7) Col (2) - Col (4)
- (8) Col (4) / Col (2)

**Excludes Losses Related to Southwest and NM Heart Institute**

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Reserve Summary**

Exhibit 1

Page 1

| 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                                   |                 |                               | 1.081                       |                                     |
| 2001          | 9,261,652                | 9,261,652   | 0                          |                          |             |                            | 0                                   |                 |                               | 1.081                       |                                     |
| 2002          | 9,309,500                | 9,309,500   | 0                          |                          |             |                            | 0                                   |                 |                               | 1.081                       |                                     |
| 2003          | 6,596,189                | 6,596,189   | 0                          |                          |             |                            | 0                                   |                 |                               | 1.081                       |                                     |
| 2004          | 5,482,500                | 5,482,500   | 0                          |                          |             |                            | 0                                   |                 |                               | 1.081                       |                                     |
| 2005          | 9,776,657                | 9,776,657   | 0                          |                          |             |                            | 0                                   |                 |                               | 1.081                       |                                     |
| 2006          | 8,140,629                | 8,140,629   | 0                          |                          |             |                            | 0                                   |                 |                               | 1.081                       |                                     |
| 2007          | 19,005,969               | 19,005,969  | 0                          |                          |             |                            | 0                                   |                 |                               | 1.081                       |                                     |
| 2008          | 19,398,176               | 19,398,176  | 0                          |                          |             |                            | 0                                   |                 |                               | 1.081                       |                                     |
| 2009          | 11,817,704               | 11,817,704  | 0                          | 2,075,000                | 2,075,000   | 0                          | 0                                   |                 |                               | 1.081                       |                                     |
| 2010          | 17,814,906               | 17,814,906  | 0                          | 2,005,000                | 2,005,000   | 0                          | 0                                   |                 |                               | 1.081                       |                                     |
| 2011          | 19,360,225               | 19,279,469  | 80,756                     | 2,560,238                | 2,547,500   | 12,737                     | 93,493                              | 0.730           | 68,271                        | 1.081                       | 73,801                              |
| 2012          | 8,381,670                | 8,284,408   | 97,262                     | 3,509,837                | 3,475,000   | 34,837                     | 132,099                             | 0.991           | 130,897                       | 1.081                       | 141,500                             |
| 2013          | 7,069,450                | 6,900,000   | 169,450                    | 2,657,075                | 2,607,237   | 49,838                     | 219,288                             | 0.988           | 216,734                       | 1.081                       | 234,290                             |
| 2014          | 14,314,507               | 13,920,435  | 394,072                    | 6,897,901                | 6,688,260   | 209,641                    | 603,713                             | 0.986           | 595,059                       | 1.081                       | 643,259                             |
| 2015          | 6,426,705                | 6,015,000   | 411,705                    | 5,888,312                | 5,624,980   | 263,332                    | 675,037                             | 0.983           | 663,503                       | 1.081                       | 717,247                             |
| 2016          | 9,142,262                | 8,345,000   | 797,262                    | 10,809,843               | 9,925,179   | 884,663                    | 1,681,926                           | 0.984           | 1,654,859                     | 1.081                       | 1,788,902                           |
| 2017          | 22,332,795               | 15,510,000  | 6,822,795                  | 26,581,286               | 17,070,149  | 9,511,137                  | 16,333,932                          | 0.991           | 16,182,852                    | 1.081                       | 17,493,663                          |
| 2018          | 17,059,494               | 8,488,209   | 8,571,284                  | 42,352,568               | 19,064,021  | 23,288,547                 | 31,859,831                          | 0.987           | 31,442,747                    | 1.081                       | 33,989,609                          |
| 2019          | 16,188,669               | 4,671,500   | 11,517,169                 | 37,951,377               | 5,689,500   | 32,261,877                 | 43,779,046                          | 0.983           | 43,048,295                    | 1.081                       | 46,535,207                          |
| 2020          | 11,771,411               | 0           | 11,771,411                 | 41,175,801               | 4,236,500   | 36,939,301                 | 48,710,711                          | 0.977           | 47,611,998                    | 1.081                       | 51,468,570                          |
| 2021          | 13,322,964               | 0           | 13,322,964                 | 41,558,559               | 0           | 41,558,559                 | 54,881,523                          | 0.971           | 53,282,419                    | 1.081                       | 57,598,295                          |
| 2022          | 17,597,536               | 0           | 17,597,536                 | 50,266,068               | 0           | 50,266,068                 | 67,863,603                          | 0.963           | 65,368,810                    | 1.081                       | 70,663,684                          |
| Total         | 286,131,567              | 214,577,902 | 71,553,665                 | 276,288,864              | 81,008,327  | 195,280,537                | 266,834,202                         |                 | 260,266,444                   |                             | 281,348,026                         |

Column/Row

- (2) Exhibit 2, Col (8)
- (3), (6) Provided by client
- (4) Col (2) - Col (3)
- (5) Exhibit 5, 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 12/31/2022**  
**2021 and 2022 Comparison - Combined**

| Accident Year | as of 12/31/22        |                   |                             |                           | as of 12/31/21        |                   |                             |                           | 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                           |                           | 6,560,000             | 6,560,000         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2001          | 9,261,652             | 9,261,652         | 0                           |                           | 9,261,652             | 9,261,652         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2002          | 9,309,500             | 9,309,500         | 0                           |                           | 9,309,500             | 9,309,500         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2003          | 6,596,189             | 6,596,189         | 0                           |                           | 6,596,189             | 6,596,189         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2004          | 5,482,500             | 5,482,500         | 0                           |                           | 5,482,500             | 5,482,500         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2005          | 9,776,657             | 9,776,657         | 0                           |                           | 9,776,657             | 9,776,657         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2006          | 8,140,629             | 8,140,629         | 0                           |                           | 8,140,629             | 8,140,629         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2007          | 19,005,969            | 19,005,969        | 0                           |                           | 19,005,969            | 19,005,969        | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2008          | 19,398,176            | 19,398,176        | 0                           |                           | 19,398,176            | 19,398,176        | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2009          | 13,892,704            | 13,892,704        | 0                           |                           | 13,892,704            | 13,892,704        | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           |      |             |      |
| 2010          | 19,819,906            | 19,819,906        | 0                           |                           | 19,819,906            | 19,819,906        | 0                           | 0                         | 400,000               | 2%                | 400,000                     | 2%                        | 0           |      |             |      |
| 2011          | 21,920,462            | 21,826,969        | 93,493                      | 68,271                    | 21,897,351            | 21,826,969        | 70,383                      | 69,931                    | 23,111                | 0%                | 0                           | 0%                        | 23,111      | 33%  | (1,660)     | -2%  |
| 2012          | 11,891,507            | 11,759,408        | 132,099                     | 130,897                   | 11,959,005            | 11,759,408        | 199,597                     | 197,201                   | (67,499)              | -1%               | 0                           | 0%                        | (67,499)    | -34% | (66,304)    | -34% |
| 2013          | 9,726,525             | 9,507,237         | 219,288                     | 216,734                   | 9,880,530             | 9,507,237         | 373,293                     | 367,220                   | (154,006)             | -2%               | 0                           | 0%                        | (154,006)   | -41% | (150,486)   | -41% |
| 2014          | 21,212,408            | 20,608,695        | 603,713                     | 595,059                   | 21,432,978            | 20,608,695        | 824,283                     | 807,560                   | (220,570)             | -1%               | 0                           | 0%                        | (220,570)   | -27% | (212,501)   | -26% |
| 2015          | 12,315,017            | 11,639,980        | 675,037                     | 663,503                   | 11,339,019            | 10,508,363        | 830,656                     | 812,037                   | 975,999               | 9%                | 1,131,617                   | 11%                       | (155,618)   | -19% | (148,533)   | -18% |
| 2016          | 19,952,105            | 18,270,179        | 1,681,926                   | 1,654,859                 | 16,541,821            | 11,727,500        | 4,814,321                   | 4,743,953                 | 3,410,285             | 21%               | 6,542,679                   | 56%                       | (3,132,395) | -65% | (3,089,095) | -65% |
| 2017          | 48,914,081            | 32,580,149        | 16,333,932                  | 16,182,852                | 51,098,665            | 29,142,497        | 21,956,167                  | 21,588,542                | (2,184,584)           | -4%               | 3,437,652                   | 12%                       | (5,622,236) | -26% | (5,405,690) | -25% |
| 2018          | 59,412,061            | 27,552,231        | 31,859,831                  | 31,442,747                | 48,648,716            | 12,504,086        | 36,144,630                  | 35,326,538                | 10,763,345            | 22%               | 15,048,144                  | 120%                      | (4,284,799) | -12% | (3,883,791) | -11% |
| 2019          | 54,140,046            | 10,361,000        | 43,779,046                  | 43,048,295                | 45,213,873            | 4,156,000         | 41,057,873                  | 39,798,786                | 8,926,172             | 20%               | 6,205,000                   | 149%                      | 2,721,172   | 7%   | 3,249,509   | 8%   |
| 2020          | 52,947,211            | 4,236,500         | 48,710,711                  | 47,611,998                | 48,143,950            | 1,186,000         | 46,957,950                  | 45,100,761                | 4,803,261             | 10%               | 3,050,500                   | 257%                      | 1,752,761   | 4%   | 2,511,237   | 6%   |
| 2021          | 54,881,523            | 0                 | 54,881,523                  | 53,282,419                | 50,480,097            | 0                 | 50,480,097                  | 47,949,463                | 4,401,426             | 9%                | 0                           | 0                         | 4,401,426   | 9%   | 5,332,956   | 11%  |
| Subtotal      | 494,556,828           | 295,586,229       | 198,970,599                 | 194,897,634               | 463,479,887           | 259,770,637       | 203,709,250                 | 196,761,992               | 31,076,941            | 7%                | 35,815,592                  | 14%                       | (4,738,651) | -2%  | (1,864,358) | -1%  |
| 2022          | 67,863,603            | 0                 | 67,863,603                  | 65,368,810                |                       |                   |                             |                           | 67,863,603            |                   | 0                           |                           | 67,863,603  |      | 65,368,810  |      |
| Total         | 562,420,431           | 295,586,229       | 266,834,202                 | 260,266,444               | 463,479,887           | 259,770,637       | 203,709,250                 | 196,761,992               | 98,940,545            |                   | 35,815,592                  |                           | 63,124,952  |      | 63,504,452  |      |

**Reconciliation of Undiscounted Reserves from 12/31/21 to 12/31/22**

|                                                             |             |
|-------------------------------------------------------------|-------------|
| Undiscounted Reserves as of 12/31/21                        | 203,709,250 |
| Ultimate Excess Losses for 2022                             | 67,863,603  |
| Paid Losses from 12/31/21 to 12/31/22                       | 35,815,592  |
| Change in Estimated Ultimate Excess Losses for 2021 & Prior | 31,076,941  |
| Undiscounted Reserves as of 12/31/22                        | 266,834,202 |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**2021 and 2022 Comparison - Independent Physicians & Surgeons**

| Accident Year | as of 12/31/22        |                   |                             |                           | as of 12/31/21        |                   |                             |                           | 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                         | 6,560,000             | 6,560,000         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2001          | 9,261,652             | 9,261,652         | 0                           | 0                         | 9,261,652             | 9,261,652         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2002          | 9,309,500             | 9,309,500         | 0                           | 0                         | 9,309,500             | 9,309,500         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2003          | 6,596,189             | 6,596,189         | 0                           | 0                         | 6,596,189             | 6,596,189         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2004          | 5,482,500             | 5,482,500         | 0                           | 0                         | 5,482,500             | 5,482,500         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2005          | 9,776,657             | 9,776,657         | 0                           | 0                         | 9,776,657             | 9,776,657         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2006          | 8,140,629             | 8,140,629         | 0                           | 0                         | 8,140,629             | 8,140,629         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2007          | 19,005,969            | 19,005,969        | 0                           | 0                         | 19,005,969            | 19,005,969        | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2008          | 19,398,176            | 19,398,176        | 0                           | 0                         | 19,398,176            | 19,398,176        | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2009          | 11,817,704            | 11,817,704        | 0                           | 0                         | 11,817,704            | 11,817,704        | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2010          | 17,814,906            | 17,814,906        | 0                           | 0                         | 17,814,906            | 17,814,906        | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0    |             |      |
| 2011          | 19,360,225            | 19,279,469        | 80,756                      | 58,970                    | 19,331,405            | 19,279,469        | 51,937                      | 51,603                    | 28,819                | 0%                | 0                           | 0%                        | 28,819      | 55%  | 7,367       | 14%  |
| 2012          | 8,381,670             | 8,284,408         | 97,262                      | 96,377                    | 8,434,190             | 8,284,408         | 149,782                     | 147,984                   | (52,520)              | -1%               | 0                           | 0%                        | (52,520)    | -35% | (51,607)    | -35% |
| 2013          | 7,069,450             | 6,900,000         | 169,450                     | 167,477                   | 7,193,159             | 6,900,000         | 293,159                     | 288,389                   | (123,709)             | -2%               | 0                           | 0%                        | (123,709)   | -42% | (120,913)   | -42% |
| 2014          | 14,314,507            | 13,920,435        | 394,072                     | 388,424                   | 14,501,374            | 13,920,435        | 580,940                     | 569,154                   | (186,867)             | -1%               | 0                           | 0%                        | (186,867)   | -32% | (180,730)   | -32% |
| 2015          | 6,426,705             | 6,015,000         | 411,705                     | 404,671                   | 6,537,058             | 6,015,000         | 522,058                     | 510,357                   | (110,353)             | -2%               | 0                           | 0%                        | (110,353)   | -21% | (105,686)   | -21% |
| 2016          | 9,142,262             | 8,345,000         | 797,262                     | 784,432                   | 11,463,286            | 8,345,000         | 3,118,286                   | 3,072,708                 | (2,321,023)           | -20%              | 0                           | 0%                        | (2,321,023) | -74% | (2,288,276) | -74% |
| 2017          | 22,332,795            | 15,510,000        | 6,822,795                   | 6,759,687                 | 22,794,023            | 14,600,000        | 8,194,023                   | 8,056,826                 | (461,228)             | -2%               | 910,000                     | 6%                        | (1,371,228) | -17% | (1,297,138) | -16% |
| 2018          | 17,059,494            | 8,488,209         | 8,571,284                   | 8,459,076                 | 11,638,920            | 3,186,023         | 8,452,897                   | 8,261,575                 | 5,420,574             | 47%               | 5,302,186                   | 166%                      | 118,388     | 1%   | 197,501     | 2%   |
| 2019          | 16,188,669            | 4,671,500         | 11,517,169                  | 11,324,927                | 12,313,629            | 1,512,500         | 10,801,129                  | 10,469,900                | 3,875,040             | 31%               | 3,159,000                   | 209%                      | 716,040     | 7%   | 855,027     | 8%   |
| 2020          | 11,771,411            | 0                 | 11,771,411                  | 11,505,896                | 11,771,411            | 0                 | 11,771,411                  | 11,305,851                | 0                     | 0%                | 0                           | 0%                        | 0           | 0%   | 200,045     | 2%   |
| 2021          | 13,322,964            | 0                 | 13,322,964                  | 12,934,768                | 13,322,964            | 0                 | 13,322,964                  | 12,655,066                | 0                     | 0%                | 0                           | 0%                        | 0           | 0%   | 279,702     | 2%   |
| Subtotal      | 268,534,032           | 214,577,902       | 53,956,130                  | 52,884,703                | 262,465,300           | 205,206,716       | 57,258,584                  | 55,389,413                | 6,068,732             | 2%                | 9,371,186                   | 5%                        | (3,302,455) | -6%  | (2,504,709) | -5%  |
| 2022          | 17,597,536            | 0                 | 17,597,536                  | 16,950,617                |                       |                   |                             |                           | 17,597,536            |                   | 0                           |                           | 17,597,536  |      | 16,950,617  |      |
| Total         | 286,131,567           | 214,577,902       | 71,553,665                  | 69,835,320                | 262,465,300           | 205,206,716       | 57,258,584                  | 55,389,413                | 23,666,267            |                   | 9,371,186                   |                           | 14,295,081  |      | 14,445,908  |      |

**Reconciliation of Undiscounted Reserves from 12/31/21 to 12/31/22**

|                                                             |            |
|-------------------------------------------------------------|------------|
| Undiscounted Reserves as of 12/31/21                        | 57,258,584 |
| Ultimate Excess Losses for 2022                             | 17,597,536 |
| Paid Losses from 12/31/21 to 12/31/22                       | 9,371,186  |
| Change in Estimated Ultimate Excess Losses for 2021 & Prior | 6,068,732  |
| Undiscounted Reserves as of 12/31/22                        | 71,553,665 |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**2021 and 2022 Comparison - Hospitals**

Exhibit 1

Page 5

| Accident Year | as of 12/31/22        |                   |                             |                           | as of 12/31/21        |                   |                             |                           | 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 |             |             |      |
| 2009          | 2,075,000             | 2,075,000         | 0                           | 0                         | 2,075,000             | 2,075,000         | 0                           | 0                         | 0                     | 0%                | 0                           | 0%                        | 0           | 0           |      |
| 2010          | 2,005,000             | 2,005,000         | 0                           | 0                         | 1,605,000             | 1,605,000         | 0                           | 0                         | 400,000               | 25%               | 400,000                     | 25%                       | 0           | 0           |      |
| 2011          | 2,560,238             | 2,547,500         | 12,737                      | 9,301                     | 2,565,946             | 2,547,500         | 18,446                      | 18,328                    | (5,708)               | 0%                | 0                           | 0%                        | (5,708)     | (9,026)     | -49% |
| 2012          | 3,509,837             | 3,475,000         | 34,837                      | 34,520                    | 3,524,815             | 3,475,000         | 49,815                      | 49,217                    | (14,978)              | 0%                | 0                           | 0%                        | (14,978)    | (14,697)    | -30% |
| 2013          | 2,657,075             | 2,607,237         | 49,838                      | 49,258                    | 2,687,372             | 2,607,237         | 80,134                      | 78,831                    | (30,297)              | -1%               | 0                           | 0%                        | (30,297)    | (29,573)    | -38% |
| 2014          | 6,897,901             | 6,688,260         | 209,641                     | 206,636                   | 6,931,603             | 6,688,260         | 243,343                     | 238,407                   | (33,703)              | 0%                | 0                           | 0%                        | (33,703)    | (31,771)    | -13% |
| 2015          | 5,888,312             | 5,624,980         | 263,332                     | 258,833                   | 4,801,961             | 4,493,363         | 308,597                     | 301,680                   | 1,086,352             | 23%               | 1,131,617                   | 25%                       | (45,265)    | (42,847)    | -14% |
| 2016          | 10,809,843            | 9,925,179         | 884,663                     | 870,427                   | 5,078,535             | 3,382,500         | 1,696,035                   | 1,671,245                 | 5,731,308             | 113%              | 6,542,679                   | 193%                      | (811,371)   | (800,819)   | -48% |
| 2017          | 26,581,286            | 17,070,149        | 9,511,137                   | 9,423,164                 | 28,304,641            | 14,542,497        | 13,762,144                  | 13,531,716                | (1,723,355)           | -6%               | 2,527,652                   | 17%                       | (4,251,007) | (4,108,552) | -30% |
| 2018          | 42,352,568            | 19,064,021        | 23,288,547                  | 22,983,671                | 37,009,797            | 9,318,064         | 27,691,733                  | 27,064,963                | 5,342,771             | 14%               | 9,745,958                   | 105%                      | (4,403,187) | (4,081,292) | -15% |
| 2019          | 37,951,377            | 5,689,500         | 32,261,877                  | 31,723,368                | 32,900,244            | 2,643,500         | 30,256,744                  | 29,328,886                | 5,051,133             | 15%               | 3,046,000                   | 115%                      | 2,005,133   | 2,394,482   | 8%   |
| 2020          | 41,175,801            | 4,236,500         | 36,939,301                  | 36,106,102                | 36,372,540            | 1,186,000         | 35,186,540                  | 33,794,910                | 4,803,261             | 13%               | 3,050,500                   | 257%                      | 1,752,761   | 2,311,192   | 7%   |
| 2021          | 41,558,559            | 0                 | 41,558,559                  | 40,347,651                | 37,157,133            | 0                 | 37,157,133                  | 35,294,397                | 4,401,426             | 12%               | 0                           | 0%                        | 4,401,426   | 5,053,255   | 14%  |
| Subtotal      | 226,022,796           | 81,008,327        | 145,014,469                 | 142,012,931               | 201,014,586           | 54,563,921        | 146,450,665                 | 141,372,579               | 25,008,210            | 12%               | 26,444,406                  | 48%                       | (1,436,196) | 640,351     | 0%   |
| 2022          | 50,266,068            | 0                 | 50,266,068                  | 48,418,193                |                       |                   |                             |                           | 50,266,068            |                   | 0                           |                           | 50,266,068  | 48,418,193  |      |
| Total         | 276,288,864           | 81,008,327        | 195,280,537                 | 190,431,123               | 201,014,586           | 54,563,921        | 146,450,665                 | 141,372,579               | 75,274,277            |                   | 26,444,406                  |                           | 48,829,872  | 49,058,544  |      |

**Reconciliation of Undiscounted Reserves from 12/31/21 to 12/31/22**

|                                                             |             |
|-------------------------------------------------------------|-------------|
| Undiscounted Reserves as of 12/31/21                        | 146,450,665 |
| Ultimate Excess Losses for 2022                             | 50,266,068  |
| Paid Losses from 12/31/21 to 12/31/22                       | 26,444,406  |
| Change in Estimated Ultimate Excess Losses for 2021 & Prior | 25,008,210  |
| Undiscounted Reserves as of 12/31/22                        | 195,280,537 |

**New Mexico Patients' Compensation Fund**

Exhibit 2

**Reserves as of 12/31/2022**

**Independent 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               | 4,456,742                 | 6,560,000                | 79.6%      |
| 2001          | 9,181,946               | 9,261,652   | 9,261,652                 | 10,559,238                 | 9,261,652               | 7,881,396                 | 9,261,652                | 100.9%     |
| 2002          | 9,421,675               | 9,309,500   | 9,309,500                 | 10,834,926                 | 9,309,500               | 6,723,816                 | 9,309,500                | 98.8%      |
| 2003          | 9,924,688               | 6,596,189   | 6,596,189                 | 11,413,391                 | 6,596,189               | 7,060,007                 | 6,596,189                | 66.5%      |
| 2004          | 9,283,270               | 5,482,500   | 5,482,500                 | 10,675,761                 | 5,482,500               | 6,557,660                 | 5,482,500                | 59.1%      |
| 2005          | 9,151,210               | 9,776,657   | 9,776,657                 | 10,523,892                 | 9,776,657               | 9,579,886                 | 9,776,657                | 106.8%     |
| 2006          | 9,067,465               | 8,140,629   | 8,140,629                 | 10,427,585                 | 8,140,629               | 7,229,820                 | 8,140,629                | 89.8%      |
| 2007          | 8,810,595               | 19,005,969  | 19,005,969                | 10,132,184                 | 19,005,969              | 19,473,363                | 19,005,969               | 215.7%     |
| 2008          | 9,696,249               | 19,398,176  | 19,398,176                | 11,150,686                 | 19,398,176              | 25,645,429                | 19,398,176               | 200.1%     |
| 2009          | 11,325,257              | 11,817,704  | 11,817,704                | 13,024,046                 | 11,817,704              | 13,463,850                | 11,817,704               | 104.3%     |
| 2010          | 10,410,307              | 17,814,906  | 17,814,906                | 11,971,853                 | 17,814,906              | 18,339,948                | 17,814,906               | 171.1%     |
| 2011          | 11,380,891              | 19,279,469  | 19,344,583                | 13,088,024                 | 19,375,866              | 12,035,591                | 19,380,225               | 170.1%     |
| 2012          | 9,765,990               | 8,284,408   | 8,395,880                 | 11,230,888                 | 8,367,459               | 8,424,913                 | 8,381,670                | 85.8%      |
| 2013          | 9,596,773               | 6,900,000   | 7,107,004                 | 11,036,289                 | 7,031,895               | 6,192,311                 | 7,069,450                | 73.7%      |
| 2014          | 10,065,996              | 13,920,435  | 14,272,249                | 11,575,895                 | 14,356,766              | 13,932,701                | 14,314,507               | 142.2%     |
| 2015          | 10,535,218              | 6,015,000   | 6,556,819                 | 12,115,501                 | 6,296,591               | 5,851,734                 | 6,426,705                | 61.0%      |
| 2016          | 9,039,070               | 8,345,000   | 9,195,708                 | 10,394,930                 | 9,088,817               | 13,824,722                | 9,142,262                | 101.1%     |
| 2017          | 12,725,963              | 15,510,000  | 20,681,003                | 14,634,858                 | 23,984,586              | 17,741,727                | 22,332,795               | 175.5%     |
| 2018          | 9,835,929               | 8,488,209   | 14,823,584                | 11,311,319                 | 19,295,403              | 18,064,304                | 17,059,494               | 173.4%     |
| 2019          | 10,170,463              | 4,671,500   | 13,974,425                | 11,696,033                 | 22,831,402              | 19,560,254                | 16,188,669               | 159.2%     |
| 2020          | 10,236,009              | 0           | 10,767,856                | 11,771,411                 | 0                       | 14,936,921                | 11,771,411               | 115.0%     |
| 2021          | 11,585,186              | 0           | 13,070,557                | 13,322,964                 | 0                       | 17,644,238                | 13,322,964               | 115.0%     |
| 2022          | 15,302,205              | 0           | 17,539,555                | 17,597,536                 | 0                       | 21,271,109                | 17,597,536               | 115.0%     |
| Total         | 234,750,665             | 214,577,902 | 278,893,105               | 269,963,265                | 253,792,666             | 295,892,443               | 286,131,567              | 121.9%     |
| 2009-22       | 151,975,258             | 121,046,631 | 185,361,833               | 174,771,547                | 160,261,395             | 201,284,324               | 192,600,296              | 126.7%     |

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



**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2022

Development of Physician Surcharge Estimates; Reflects 32.5M Infusion allocated 75% to Independent Physician & Surgeons and 25% to Hospitals & OHCF's

| Class | NMPCF Indicated Surcharge<br>Physicians and Surgeons |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      | Deficit Surcharge Rates |                                           |                                 |                                           |       |       |
|-------|------------------------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------|----------------------|------------------------|----------------------|------------------------------|----------------------|-------------------------|-------------------------------------------|---------------------------------|-------------------------------------------|-------|-------|
|       | NMPCF Current Surcharge                              |                                       | Discounted Estimated Surcharges |                      |                                 |                      |                        |                      |                              |                      | Independent Providers   |                                           | Hosp. & OHCF Employed Providers |                                           |       |       |
|       | Independent<br>Providers                             | Hosp. & OHCF<br>Employed<br>Providers | 1/1/24-25 Rate Level            |                      |                                 |                      |                        |                      |                              |                      | Expected<br>Value       | Deficit<br>Surcharge as<br>% of Surcharge | Expected<br>Value               | Deficit<br>Surcharge as<br>% of Surcharge |       |       |
|       |                                                      |                                       | Independent Providers           |                      | Hosp. & OHCF Employed Providers |                      | Indep. - 500x500 Rates |                      | Hosp. & OHCF - 500x500 Rates |                      |                         |                                           |                                 |                                           |       |       |
| (1)   | (2a)                                                 | (2b)                                  | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value      | Risk Loaded<br>Value | Expected<br>Value            | Risk Loaded<br>Value | (9)                     | (10)                                      | (11a)                           | (11b)                                     | (11c) | (11d) |
| 1     | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              | 3,139                  | \$3,393              | \$3,632                      | \$3,926              | 32.7%                   | 1,680                                     | 49.1%                           | 3,353                                     |       |       |
| 2     | 5,771                                                | 8,145                                 | 6,859                           | 7,415                | 9,107                           | 9,845                | 4,184                  | 4,523                | 4,843                        | 5,236                | 32.7%                   | 2,240                                     | 49.1%                           | 4,472                                     |       |       |
| 3     | 6,925                                                | 9,773                                 | 8,231                           | 8,898                | 10,927                          | 11,812               | 5,021                  | 5,428                | 5,811                        | 6,282                | 32.7%                   | 2,688                                     | 49.1%                           | 5,366                                     |       |       |
| 4A    | 8,656                                                | 12,218                                | 10,289                          | 11,122               | 13,661                          | 14,767               | 6,276                  | 6,784                | 7,265                        | 7,854                | 32.7%                   | 3,360                                     | 49.1%                           | 6,708                                     |       |       |
| 4     | 10,387                                               | 14,661                                | 12,346                          | 13,346               | 16,392                          | 17,720               | 7,531                  | 8,141                | 8,718                        | 9,424                | 32.7%                   | 4,031                                     | 49.1%                           | 8,049                                     |       |       |
| 5A    | 9,811                                                | 13,846                                | 11,661                          | 12,606               | 15,481                          | 16,735               | 7,113                  | 7,689                | 8,233                        | 8,900                | 32.7%                   | 3,808                                     | 49.1%                           | 7,602                                     |       |       |
| 5     | 12,696                                               | 17,918                                | 15,091                          | 16,313               | 20,034                          | 21,657               | 9,205                  | 9,951                | 10,655                       | 11,518               | 32.7%                   | 4,928                                     | 49.1%                           | 9,837                                     |       |       |
| 6     | 15,004                                               | 21,177                                | 17,834                          | 19,278               | 23,678                          | 25,596               | 10,878                 | 11,760               | 12,593                       | 13,613               | 32.7%                   | 5,823                                     | 49.1%                           | 11,627                                    |       |       |
| 7A    | 17,313                                               | 24,434                                | 20,578                          | 22,245               | 27,320                          | 29,532               | 12,553                 | 13,569               | 14,529                       | 15,706               | 32.7%                   | 6,719                                     | 49.1%                           | 13,415                                    |       |       |
| 7     | 20,198                                               | 28,507                                | 24,008                          | 25,952               | 31,874                          | 34,455               | 14,644                 | 15,830               | 16,951                       | 18,324               | 32.7%                   | 7,839                                     | 49.1%                           | 15,651                                    |       |       |
| 8     | 27,411                                               | 38,689                                | 32,581                          | 35,220               | 43,258                          | 46,762               | 19,874                 | 21,484               | 23,006                       | 24,869               | 32.7%                   | 10,639                                    | 49.1%                           | 21,241                                    |       |       |
| 9     | 33,183                                               | 46,833                                | 39,442                          | 42,636               | 52,364                          | 56,605               | 24,059                 | 26,008               | 27,848                       | 30,104               | 32.7%                   | 12,879                                    | 49.1%                           | 25,712                                    |       |       |
| 10    | 37,510                                               | 52,942                                | 44,585                          | 48,196               | 59,194                          | 63,989               | 27,196                 | 29,399               | 31,481                       | 34,031               | 32.7%                   | 14,558                                    | 49.1%                           | 29,066                                    |       |       |
| 51    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 52    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 53    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 99    | 3,463                                                | 4,887                                 | 4,116                           | 4,450                | 5,464                           | 5,907                | 2,511                  | 2,714                | 2,906                        | 3,141                | 32.7%                   | 1,344                                     | 49.1%                           | 2,683                                     |       |       |
| CRNA  | 1,443                                                | 2,037                                 | 1,715                           | 1,854                | 2,278                           | 2,462                | 1,046                  | 1,131                | 1,211                        | 1,309                | 32.7%                   | 560                                       | 49.1%                           | 1,118                                     |       |       |
| CN    | 924                                                  | 1,304                                 | 1,098                           | 1,187                | 1,458                           | 1,576                | 670                    | 724                  | 775                          | 838                  |                         |                                           |                                 |                                           |       |       |
| PA-1  | 1,962                                                | 2,769                                 | 2,332                           | 2,521                | 3,096                           | 3,347                | 1,423                  | 1,538                | 1,647                        | 1,780                | 32.7%                   | 761                                       | 49.1%                           | 1,520                                     |       |       |
| PA-2  | 2,597                                                | 3,665                                 | 3,087                           | 3,337                | 4,098                           | 4,430                | 1,883                  | 2,035                | 2,179                        | 2,356                | 32.7%                   | 1,008                                     | 49.1%                           | 2,012                                     |       |       |
| PA-3  | 3,116                                                | 4,398                                 | 3,704                           | 4,004                | 4,917                           | 5,316                | 2,259                  | 2,442                | 2,615                        | 2,827                | 32.7%                   | 1,209                                     | 49.1%                           | 2,415                                     |       |       |
| Total |                                                      |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (12)  | Class 1 Rate                                         | \$4,329                               | \$6,108                         | \$5,145              | \$5,562                         | \$6,829              | \$7,383                |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (13)  | Indicated Percent of Change                          |                                       |                                 | 18.9%                | 28.5%                           | 11.8%                | 20.9%                  |                      |                              |                      |                         |                                           |                                 |                                           |       |       |

| Column/Row | Note                                                           |
|------------|----------------------------------------------------------------|
| (2)        | Provided by NMPCF                                              |
| (3)-(6)    | Based on indicated surcharge changes in Exhibit 4 & Exhibit 6  |
| (7)        | Col (3) x 61%; 61% based on Pinnacle analysis of industry data |
| (8)        | Col (4) x 61%; 61% based on Pinnacle analysis of industry data |
| (9)        | Col (5) x 53%; 53% based on Pinnacle analysis of industry data |
| (10)       | Col (6) x 53%; 53% based on Pinnacle analysis of industry data |
| (11a)      | From Fund Summary, Page 1a, Row (15) for 2024                  |
| (11b)      | Col (3) x Col (11a)                                            |
| (11c)      | From Fund Summary, Page 1a, Row (15) for 2024                  |
| (11d)      | Col (5) x Col (11c)                                            |

**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2022

Development of Physician Surcharge Estimates; Reflects 32.5M Infusion allocated 50% to Independent Physician & Surgeons and 50% to Hospitals & OHCF's

| Class | NMPCF Indicated Surcharge<br>Physicians and Surgeons |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      | Deficit Surcharge Rates |                                           |                                 |                                           |       |       |
|-------|------------------------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------|----------------------|------------------------|----------------------|------------------------------|----------------------|-------------------------|-------------------------------------------|---------------------------------|-------------------------------------------|-------|-------|
|       | NMPCF Current Surcharge                              |                                       | Discounted Estimated Surcharges |                      |                                 |                      |                        |                      |                              |                      | Independent Providers   |                                           | Hosp. & OHCF Employed Providers |                                           |       |       |
|       | Independent<br>Providers                             | Hosp. & OHCF<br>Employed<br>Providers | 1/1/24-25 Rate Level            |                      |                                 |                      |                        |                      |                              |                      | Expected<br>Value       | Deficit<br>Surcharge as<br>% of Surcharge | Expected<br>Value               | Deficit<br>Surcharge as<br>% of Surcharge |       |       |
|       |                                                      |                                       | Independent Providers           |                      | Hosp. & OHCF Employed Providers |                      | Indep. - 500x500 Rates |                      | Hosp. & OHCF - 500x500 Rates |                      |                         |                                           |                                 |                                           |       |       |
| (1)   | (2a)                                                 | (2b)                                  | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value      | Risk Loaded<br>Value | Expected<br>Value            | Risk Loaded<br>Value | (9)                     | (10)                                      | (11a)                           | (11b)                                     | (11c) | (11d) |
| 1     | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              | 3,139                  | \$3,393              | \$3,632                      | \$3,926              | 41.0%                   | 2,112                                     | 43.1%                           | 2,945                                     |       |       |
| 2     | 5,771                                                | 8,145                                 | 6,859                           | 7,415                | 9,107                           | 9,845                | 4,184                  | 4,523                | 4,843                        | 5,236                | 41.0%                   | 2,815                                     | 43.1%                           | 3,928                                     |       |       |
| 3     | 6,925                                                | 9,773                                 | 8,231                           | 8,898                | 10,927                          | 11,812               | 5,021                  | 5,428                | 5,811                        | 6,282                | 41.0%                   | 3,378                                     | 43.1%                           | 4,713                                     |       |       |
| 4A    | 8,656                                                | 12,218                                | 10,289                          | 11,122               | 13,661                          | 14,767               | 6,276                  | 6,784                | 7,265                        | 7,854                | 41.0%                   | 4,222                                     | 43.1%                           | 5,892                                     |       |       |
| 4     | 10,387                                               | 14,661                                | 12,346                          | 13,346               | 16,392                          | 17,720               | 7,531                  | 8,141                | 8,718                        | 9,424                | 41.0%                   | 5,066                                     | 43.1%                           | 7,070                                     |       |       |
| 5A    | 9,811                                                | 13,846                                | 11,661                          | 12,606               | 15,481                          | 16,735               | 7,113                  | 7,689                | 8,233                        | 8,900                | 41.0%                   | 4,785                                     | 43.1%                           | 6,677                                     |       |       |
| 5     | 12,696                                               | 17,918                                | 15,091                          | 16,313               | 20,034                          | 21,657               | 9,205                  | 9,951                | 10,655                       | 11,518               | 41.0%                   | 6,193                                     | 43.1%                           | 8,640                                     |       |       |
| 6     | 15,004                                               | 21,177                                | 17,834                          | 19,278               | 23,678                          | 25,596               | 10,878                 | 11,760               | 12,593                       | 13,613               | 41.0%                   | 7,318                                     | 43.1%                           | 10,212                                    |       |       |
| 7A    | 17,313                                               | 24,434                                | 20,578                          | 22,245               | 27,320                          | 29,532               | 12,553                 | 13,569               | 14,529                       | 15,706               | 41.0%                   | 8,445                                     | 43.1%                           | 11,783                                    |       |       |
| 7     | 20,198                                               | 28,507                                | 24,008                          | 25,952               | 31,874                          | 34,455               | 14,644                 | 15,830               | 16,951                       | 18,324               | 41.0%                   | 9,852                                     | 43.1%                           | 13,747                                    |       |       |
| 8     | 27,411                                               | 38,689                                | 32,581                          | 35,220               | 43,258                          | 46,762               | 19,874                 | 21,484               | 23,006                       | 24,869               | 41.0%                   | 13,370                                    | 43.1%                           | 18,657                                    |       |       |
| 9     | 33,183                                               | 46,833                                | 39,442                          | 42,636               | 52,364                          | 56,605               | 24,059                 | 26,008               | 27,848                       | 30,104               | 41.0%                   | 16,186                                    | 43.1%                           | 22,584                                    |       |       |
| 10    | 37,510                                               | 52,942                                | 44,585                          | 48,196               | 59,194                          | 63,989               | 27,196                 | 29,399               | 31,481                       | 34,031               | 41.0%                   | 18,296                                    | 43.1%                           | 25,530                                    |       |       |
| 51    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 52    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 53    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 99    | 3,463                                                | 4,887                                 | 4,116                           | 4,450                | 5,464                           | 5,907                | 2,511                  | 2,714                | 2,906                        | 3,141                | 41.0%                   | 1,689                                     | 43.1%                           | 2,357                                     |       |       |
| CRNA  | 1,443                                                | 2,037                                 | 1,715                           | 1,854                | 2,278                           | 2,462                | 1,046                  | 1,131                | 1,211                        | 1,309                | 41.0%                   | 704                                       | 43.1%                           | 982                                       |       |       |
| CN    | 924                                                  | 1,304                                 | 1,098                           | 1,187                | 1,458                           | 1,576                | 670                    | 724                  | 775                          | 838                  |                         |                                           |                                 |                                           |       |       |
| PA-1  | 1,962                                                | 2,769                                 | 2,332                           | 2,521                | 3,096                           | 3,347                | 1,423                  | 1,538                | 1,647                        | 1,780                | 41.0%                   | 957                                       | 43.1%                           | 1,335                                     |       |       |
| PA-2  | 2,597                                                | 3,665                                 | 3,087                           | 3,337                | 4,098                           | 4,430                | 1,883                  | 2,035                | 2,179                        | 2,356                | 41.0%                   | 1,267                                     | 43.1%                           | 1,767                                     |       |       |
| PA-3  | 3,116                                                | 4,398                                 | 3,704                           | 4,004                | 4,917                           | 5,316                | 2,259                  | 2,442                | 2,615                        | 2,827                | 41.0%                   | 1,520                                     | 43.1%                           | 2,121                                     |       |       |
| Total |                                                      |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (12)  | Class 1 Rate                                         | \$4,329                               | \$6,108                         | \$5,145              | \$5,562                         | \$6,829              | \$7,383                |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (13)  | Indicated Percent of Change                          |                                       |                                 | 18.9%                | 28.5%                           | 11.8%                | 20.9%                  |                      |                              |                      |                         |                                           |                                 |                                           |       |       |

| Column/Row | Note                                                           |
|------------|----------------------------------------------------------------|
| (2)        | Provided by NMPCF                                              |
| (3)-(6)    | Based on indicated surcharge changes in Exhibit 4 & Exhibit 6  |
| (7)        | Col (3) x 61%; 61% based on Pinnacle analysis of industry data |
| (8)        | Col (4) x 61%; 61% based on Pinnacle analysis of industry data |
| (9)        | Col (5) x 53%; 53% based on Pinnacle analysis of industry data |
| (10)       | Col (6) x 53%; 53% based on Pinnacle analysis of industry data |
| (11a)      | From Fund Summary, Page 1b, Row (15) for 2024                  |
| (11b)      | Col (3) x Col (11a)                                            |
| (11c)      | From Fund Summary, Page 1b, Row (15) for 2024                  |
| (11d)      | Col (5) x Col (11c)                                            |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Indicated Rate Change Effective 1/1/24 through 1/1/25**  
**Independent Physicians & Surgeons**

**Reflects 32.5M Infusion allocated 75% to Independent Physician & Surgeons and 25% to Hospitals & OHCF's**

|                 | Indicated Assessment<br>Level Change on<br>January 1, 2024 | Offset Due<br>to Changes in<br>Class Plan | Increased Limits<br>Factor to<br>\$604,991 xs<br>\$250,000 | Indicated<br>Rate<br>Change | Deficit<br>Surcharge<br>as a % of<br>Surcharge | Indicated<br>Rate<br>Change<br>w/ Deficit<br>Surcharge |
|-----------------|------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------|-----------------------------|------------------------------------------------|--------------------------------------------------------|
|                 | (1)                                                        | (2)                                       | (3)                                                        | (4)                         | (5)                                            | (6)                                                    |
| w/o Risk Margin | 10.0%                                                      | 2.3%                                      | 5.7%                                                       | 18.9%                       | 32.7%                                          | 57.7%                                                  |
| w/ Risk Margin  | 18.9%                                                      | 2.3%                                      | 5.7%                                                       | 28.5%                       | 32.7%                                          | 70.4%                                                  |

**Reflects 32.5M Infusion allocated 50% to Independent Physician & Surgeons and 50% to Hospitals & OHCF's**

|                 | Indicated Assessment<br>Level Change on<br>January 1, 2024 | Offset Due<br>to Changes in<br>Class Plan | Increased Limits<br>Factor to<br>\$604,991 xs<br>\$250,000 | Indicated<br>Rate<br>Change | Deficit<br>Surcharge<br>as a % of<br>Surcharge | Indicated<br>Rate<br>Change<br>w/ Deficit<br>Surcharge |
|-----------------|------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------|-----------------------------|------------------------------------------------|--------------------------------------------------------|
|                 | (7)                                                        | (8)                                       | (9)                                                        | (10)                        | (11)                                           | (12)                                                   |
| w/o Risk Margin | 10.0%                                                      | 2.3%                                      | 5.7%                                                       | 18.9%                       | 41.0%                                          | 67.6%                                                  |
| w/ Risk Margin  | 18.9%                                                      | 2.3%                                      | 5.7%                                                       | 28.5%                       | 41.0%                                          | 81.2%                                                  |

Column

- (1) Exhibit 4, Pages 2-3, Row (14) & (15), 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 (15) for 2024
- (6)  $[(1 + \text{Col (4)}) \times (1 + \text{Col (5)})] - 1$

Column

- (7) Exhibit 4, Pages 2-3, Row (14) & (15), 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 (15) for 2024
- (12)  $[(1 + \text{Col (10)}) \times (1 + \text{Col (11)})] - 1$

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Indicated Rate Change Effective 1/1/24 through 1/1/25**  
**Using Expected Value Losses**  
**Independent Physicians & Surgeons**

| Accident Year | Practitioner Surcharges @ 01/01/23 Level                                | Projected Ultimate Losses @ Historical Levels | Increased Limits Factor | Trended Ultimate Losses @ 01/01/23 Level | Trended Ultimate Loss Ratio |
|---------------|-------------------------------------------------------------------------|-----------------------------------------------|-------------------------|------------------------------------------|-----------------------------|
| (1)           | (2)                                                                     | (3)                                           | (4)                     | (5)                                      | (6)                         |
| 2013          | 16,974,101                                                              | 7,069,450                                     | 1.124                   | 12,091,158                               | 71.2%                       |
| 2014          | 17,648,761                                                              | 14,314,507                                    | 1.124                   | 23,316,824                               | 132.1%                      |
| 2015          | 18,471,450                                                              | 6,426,705                                     | 1.124                   | 9,969,929                                | 54.0%                       |
| 2016          | 15,805,275                                                              | 9,142,262                                     | 1.124                   | 13,507,285                               | 85.5%                       |
| 2017          | 20,941,133                                                              | 22,332,795                                    | 1.124                   | 31,424,485                               | 150.1%                      |
| 2018          | 14,742,822                                                              | 17,059,494                                    | 1.124                   | 22,861,353                               | 155.1%                      |
| 2019          | 15,091,734                                                              | 16,188,669                                    | 1.124                   | 20,661,300                               | 136.9%                      |
| 2020          | 14,679,298                                                              | 11,771,411                                    | 1.124                   | 14,308,223                               | 97.5%                       |
| 2021          | 15,157,857                                                              | 13,322,964                                    | 1.124                   | 15,422,996                               | 101.7%                      |
| 2022          | 17,844,892                                                              | 17,597,536                                    | 1.068                   | 19,401,283                               | 108.7%                      |
| All Years     | 167,357,324                                                             | 135,225,792                                   |                         | 182,964,836                              | 109.3%                      |
| 2013 - 2020   | 134,354,574                                                             | 104,305,292                                   |                         | 148,140,557                              | 110.3%                      |
| 2016 - 2020   | 81,260,262                                                              | 76,494,630                                    |                         | 102,762,646                              | 126.5%                      |
| 2018 - 2020   | 44,513,853                                                              | 45,019,573                                    |                         | 57,830,876                               | 129.9%                      |
| (7)           | Projected 2023-2024 Undiscounted Loss Ratio (Selected Based on Col (6)) |                                               |                         |                                          | 119.0%                      |
| (8)           | Projected 2023-2024 Surcharges at Current Fee Level                     |                                               |                         |                                          | 17,844,892                  |
| (9)           | Projected 2023-2024 Undiscounted Losses                                 |                                               |                         |                                          | 21,233,836                  |
| (10)          | Projected Loss Adjustment Expenses as a Percentage of Losses Paid       |                                               |                         |                                          | 8.3%                        |
| (11)          | Discount Factor at 3.5% Yield                                           |                                               |                         |                                          | 0.835                       |
| (12)          | Projected Office Expenses as a Percentage of Surcharges Collected       |                                               |                         |                                          | 2.1%                        |
| (13)          | Projected 2024-2025 Income Requirements                                 |                                               |                         |                                          | 19,623,084                  |
| (14)          | Indicated Assessment Level Change on January 1, 2024                    |                                               |                         |                                          | 10.0%                       |

| Column / Row | Note                                                                       |
|--------------|----------------------------------------------------------------------------|
| (2)          | Based on data provided by client                                           |
| (3)          | Exhibit 2, Col (8)                                                         |
| (4)          | Based on industry data                                                     |
| (5)          | [Col (3) x Col (4)] x [1 + selected trend rate of 5.0%] ^ (2024 - Col (1)) |
| (6)          | Col (5) / Col (2)                                                          |
| (8)          | Most current surcharge                                                     |
| (9)          | Row (7) x Row (8)                                                          |
| (10)         | From Exhibit 7                                                             |
| (11)         | Based on data provided by client                                           |
| (12)         | From Exhibit 7                                                             |
| (13)         | [Row (9) x [1 + Row (10)] x Row (11)] / [1 - Row (12)]                     |
| (14)         | Row (13) / Row (8) - 1                                                     |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Indicated Rate Change Effective 1/1/24 through 1/1/25**  
**Using Expected Value Losses with Risk Load**  
**Independent Physicians & Surgeons**

| Accident Year | Practitioner Surcharges @ 01/01/23 Level                                | Projected Ultimate Losses @ Historical Levels | Increased Limits Factor | Trended Ultimate Losses @ 01/01/23 Level | Trended Ultimate Loss Ratio |
|---------------|-------------------------------------------------------------------------|-----------------------------------------------|-------------------------|------------------------------------------|-----------------------------|
| (1)           | (2)                                                                     | (3)                                           | (4)                     | (5)                                      | (6)                         |
| 2013          | 16,974,101                                                              | 7,069,450                                     | 1.124                   | 12,091,158                               | 71.2%                       |
| 2014          | 17,648,761                                                              | 14,314,507                                    | 1.124                   | 23,316,824                               | 132.1%                      |
| 2015          | 18,471,450                                                              | 6,426,705                                     | 1.124                   | 9,969,929                                | 54.0%                       |
| 2016          | 15,805,275                                                              | 9,142,262                                     | 1.124                   | 13,507,285                               | 85.5%                       |
| 2017          | 20,941,133                                                              | 22,332,795                                    | 1.124                   | 31,424,485                               | 150.1%                      |
| 2018          | 14,742,822                                                              | 17,059,494                                    | 1.124                   | 22,861,353                               | 155.1%                      |
| 2019          | 15,091,734                                                              | 16,188,669                                    | 1.124                   | 20,661,300                               | 136.9%                      |
| 2020          | 14,679,298                                                              | 11,771,411                                    | 1.124                   | 14,308,223                               | 97.5%                       |
| 2021          | 15,157,857                                                              | 13,322,964                                    | 1.124                   | 15,422,996                               | 101.7%                      |
| 2022          | 17,844,892                                                              | 17,597,536                                    | 1.068                   | 19,401,283                               | 108.7%                      |
| All Years     | 167,357,324                                                             | 135,225,792                                   |                         | 182,964,836                              | 109.3%                      |
| 2013 - 2020   | 134,354,574                                                             | 104,305,292                                   |                         | 148,140,557                              | 110.3%                      |
| 2016 - 2020   | 81,260,262                                                              | 76,494,630                                    |                         | 102,762,646                              | 126.5%                      |
| 2018 - 2020   | 44,513,853                                                              | 45,019,573                                    |                         | 57,830,876                               | 129.9%                      |
| (7)           | Projected 2023-2024 Undiscounted Loss Ratio (Selected Based on Col (6)) |                                               |                         |                                          | 119.0%                      |
| (8)           | Projected 2023-2024 Surcharges at Current Fee Level                     |                                               |                         |                                          | 17,844,892                  |
| (9)           | Projected 2023-2024 Undiscounted Losses                                 |                                               |                         |                                          | 21,233,836                  |
| (10)          | Projected Loss Adjustment Expenses as a Percentage of Losses Paid       |                                               |                         |                                          | 8.3%                        |
| (11)          | Discount Factor at 3.5% Yield                                           |                                               |                         |                                          | 0.835                       |
| (12)          | Risk Margin Factor at 75% Confidence Level                              |                                               |                         |                                          | 1.081                       |
| (13)          | Projected Office Expenses as a Percentage of Surcharges Collected       |                                               |                         |                                          | 2.1%                        |
| (14)          | Projected 2024-2025 Income Requirements @ 75%                           |                                               |                         |                                          | 21,212,554                  |
| (15)          | Indicated Assessment Level Change on January 1, 2024                    |                                               |                         |                                          | 18.9%                       |

| Column / Row | Note                                                                       |
|--------------|----------------------------------------------------------------------------|
| (2)          | Based on data provided by client                                           |
| (3)          | Exhibit 2, Col (8)                                                         |
| (4)          | Based on industry data                                                     |
| (5)          | [Col (3) x Col (4)] x [1 + selected trend rate of 5.0%] ^ (2024 - Col (1)) |
| (6)          | Col (5) / Col (2)                                                          |
| (8)          | Most current surcharge                                                     |
| (9)          | Row (7) x Row (8)                                                          |
| (10)         | From Exhibit 7                                                             |
| (11)         | Based on data provided by client                                           |
| (12)         | Based on stochastic modeling using client data                             |
| (13)         | From Exhibit 7                                                             |
| (14)         | [Row (9) x [1 + Row (10)] x Row (11) x Row (12)] / [1 - Row (13)]          |
| (15)         | Row (14) / Row (8) - 1                                                     |

**New Mexico Patients' Compensation Fund  
Reserves as of 12/31/2022**

Exhibit 5

**Hospitals  
Selected Ultimate Losses**

| Accident<br>Year | Hospital<br>Surcharges | Paid<br>Losses | Indicated Ultimate Losses |                                  |                               | Selected<br>Ultimate<br>Losses | Loss<br>Ratio |
|------------------|------------------------|----------------|---------------------------|----------------------------------|-------------------------------|--------------------------------|---------------|
|                  |                        |                | B-F Method                | Expected<br>Loss Ratio<br>Method | Paid<br>Development<br>Method |                                |               |
| (1)              | (2)                    | (3)            | (4)                       | (5)                              | (6)                           | (7)                            | (8)           |
| 2009             | 918,297                | 2,075,000      | 2,075,000                 | 1,168,644                        | 2,075,000                     | 2,075,000                      | 226.0%        |
| 2010             | 1,680,228              | 2,005,000      | 2,005,000                 | 2,138,294                        | 2,005,000                     | 2,005,000                      | 119.3%        |
| 2011             | 1,825,004              | 2,547,500      | 2,559,055                 | 2,322,539                        | 2,560,238                     | 2,560,238                      | 140.3%        |
| 2012             | 1,817,812              | 3,475,000      | 3,497,962                 | 2,313,387                        | 3,509,837                     | 3,509,837                      | 193.1%        |
| 2013             | 1,992,604              | 2,607,237      | 2,654,801                 | 2,535,831                        | 2,657,075                     | 2,657,075                      | 133.3%        |
| 2014             | 2,146,331              | 6,688,260      | 6,771,275                 | 2,731,466                        | 6,897,901                     | 6,897,901                      | 321.4%        |
| 2015             | 2,224,828              | 5,624,980      | 5,751,602                 | 2,831,364                        | 5,888,312                     | 5,888,312                      | 264.7%        |
| 2016             | 6,374,245              | 9,925,179      | 10,589,055                | 8,112,002                        | 10,809,843                    | 10,809,843                     | 169.6%        |
| 2017             | 21,561,182             | 17,070,149     | 26,765,379                | 27,439,224                       | 26,397,193                    | 26,581,286                     | 123.3%        |
| 2018             | 31,292,438             | 19,064,021     | 41,368,790                | 39,823,429                       | 43,336,345                    | 42,352,568                     | 135.3%        |
| 2019             | 31,872,010             | 5,689,500      | 37,951,377                | 40,561,005                       | 27,806,756                    | 37,951,377                     | 119.1%        |
| 2020             | 31,731,360             | 4,236,500      | 41,175,801                | 40,382,011                       | 49,692,939                    | 41,175,801                     | 129.8%        |
| 2021             | 32,655,867             | 0              | 40,771,222                | 41,558,559                       | 0                             | 41,558,559                     | 127.3%        |
| 2022             | 39,498,050             | 0              | 50,100,450                | 50,266,068                       | 0                             | 50,266,068                     | 127.3%        |
| Total            | 207,590,257            | 81,008,327     | 274,036,768               | 264,183,824                      | 183,636,439                   | 276,288,864                    | 133.1%        |

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

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Indicated Rate Change Effective 1/1/24 through 1/1/25**  
**Hospitals**

**Reflects 32.5M Infusion allocated 75% to Independent Physician & Surgeons and 25% to Hospitals & OHCF's**

|                 | Indicated Assessment<br>Level Change on<br>January 1, 2024<br>(1) | Increased Limits<br>Factor to<br>\$500,000 xs<br>\$250,000<br>(2) | Indicated<br>Rate<br>Change<br>(3) | Deficit<br>Surcharge<br>as a % of<br>Surcharge<br>(4) | Indicated<br>Rate<br>Change<br>w/ Deficit<br>Surcharge<br>(5) |
|-----------------|-------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------|-------------------------------------------------------|---------------------------------------------------------------|
| w/o Risk Margin | 11.8%                                                             | 0.0%                                                              | 11.8%                              | 49.1%                                                 | 66.7%                                                         |
| w/ Risk Margin  | 20.9%                                                             | 0.0%                                                              | 20.9%                              | 49.1%                                                 | 80.2%                                                         |

**Reflects 32.5M Infusion allocated 50% to Independent Physician & Surgeons and 50% to Hospitals & OHCF's**

|                 | Indicated Assessment<br>Level Change on<br>January 1, 2024<br>(6) | Increased Limits<br>Factor to<br>\$500,000 xs<br>\$250,000<br>(7) | Indicated<br>Rate<br>Change<br>(8) | Deficit<br>Surcharge<br>as a % of<br>Surcharge<br>(9) | Indicated<br>Rate<br>Change<br>w/ Deficit<br>Surcharge<br>(10) |
|-----------------|-------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|
| w/o Risk Margin | 11.8%                                                             | 0.0%                                                              | 11.8%                              | 43.1%                                                 | 60.0%                                                          |
| w/ Risk Margin  | 20.9%                                                             | 0.0%                                                              | 20.9%                              | 43.1%                                                 | 73.0%                                                          |

Column

- (1) Exhibit 6, Pages 2-3, Row (14) & (15), 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 1a, Row (15) for 2024
- (5)  $[(1 + \text{Col (3)}) \times (1 + \text{Col (4)}) - 1]$

Column

- (6) Exhibit 6, Pages 2-3, Row (14) & (15), respectively
- (7) Based on Pinnacle analysis of industry data
- (8)  $[(1 + \text{Col (6)}) \times (1 + \text{Col (7)}) - 1]$
- (9) From Fund Summary, Page 1b, Row (15) for 2024
- (10)  $[(1 + \text{Col (8)}) \times (1 + \text{Col (9)}) - 1]$

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Indicated Rate Change Effective 1/1/24 through 1/1/25**  
**Using Expected Value Losses**  
**Hospitals**

Exhibit 6

Page 2

| Accident Year | Hospital Surcharges @ 01/01/23 Level                                    | Projected Ultimate Losses @ Historical Levels | Increased Limits Factor | Trended Ultimate Losses @ 01/01/23 Level | Trended Ultimate Loss Ratio |
|---------------|-------------------------------------------------------------------------|-----------------------------------------------|-------------------------|------------------------------------------|-----------------------------|
| (1)           | (2)                                                                     | (3)                                           | (4)                     | (5)                                      | (6)                         |
| 2013          | 3,115,406                                                               | 2,657,075                                     | 0.958                   | 4,355,230                                | 139.8%                      |
| 2014          | 3,330,656                                                               | 6,897,901                                     | 0.958                   | 10,767,996                               | 323.3%                      |
| 2015          | 3,451,651                                                               | 5,888,312                                     | 0.958                   | 8,754,261                                | 253.6%                      |
| 2016          | 9,817,332                                                               | 10,809,843                                    | 0.958                   | 15,305,894                               | 155.9%                      |
| 2017          | 32,196,633                                                              | 26,581,286                                    | 0.958                   | 35,844,789                               | 111.3%                      |
| 2018          | 42,414,150                                                              | 42,352,568                                    | 0.958                   | 54,392,683                               | 128.2%                      |
| 2019          | 41,200,806                                                              | 37,951,377                                    | 0.958                   | 46,419,341                               | 112.7%                      |
| 2020          | 39,617,543                                                              | 41,175,801                                    | 0.958                   | 47,964,972                               | 121.1%                      |
| 2021          | 37,157,440                                                              | 41,558,559                                    | 0.958                   | 46,105,562                               | 124.1%                      |
| 2022          | 41,945,327                                                              | 50,266,068                                    | 1.000                   | 55,418,340                               | 132.1%                      |
| All Years     | 254,246,945                                                             | 266,138,790                                   |                         | 325,329,066                              | 128.0%                      |
| 2013 - 2020   | 175,144,177                                                             | 174,314,163                                   |                         | 223,805,165                              | 127.8%                      |
| 2016 - 2020   | 165,246,464                                                             | 158,870,875                                   |                         | 199,927,679                              | 121.0%                      |
| 2018 - 2020   | 123,232,499                                                             | 121,479,745                                   |                         | 148,776,996                              | 120.7%                      |
| (7)           | Projected 2023-2024 Undiscounted Loss Ratio (Selected Based on Col (6)) |                                               |                         |                                          | 121.0%                      |
| (8)           | Projected 2023-2024 Surcharges at Current Fee Level                     |                                               |                         |                                          | 41,945,327                  |
| (9)           | Projected 2023-2024 Undiscounted Losses                                 |                                               |                         |                                          | 50,748,632                  |
| (10)          | Projected Loss Adjustment Expenses as a Percentage of Losses Paid       |                                               |                         |                                          | 8.3%                        |
| (11)          | Discount Factor at 3.5% Yield                                           |                                               |                         |                                          | 0.835                       |
| (12)          | Projected Office Expenses as a Percentage of Surcharges Collected       |                                               |                         |                                          | 2.1%                        |
| (13)          | Projected 2024-2025 Income Requirements                                 |                                               |                         |                                          | 46,898,952                  |
| (14)          | Indicated Assessment Level Change on January 1, 2024                    |                                               |                         |                                          | 11.8%                       |

| Column / Row | Note                                                                       |
|--------------|----------------------------------------------------------------------------|
| (2)          | Based on data provided by client                                           |
| (3)          | Exhibit 5, Col (7)                                                         |
| (4)          | Based on industry data                                                     |
| (5)          | [Col (3) x Col (4)] x [1 + selected trend rate of 5.0%] ^ (2024 - Col (1)) |
| (6)          | Col (5) / Col (2)                                                          |
| (8)          | Most current surcharge                                                     |
| (9)          | Row (7) x Row (8)                                                          |
| (10)         | From Exhibit 7                                                             |
| (11)         | Based on data provided by client                                           |
| (12)         | From Exhibit 7                                                             |
| (13)         | [Row (9) x [1 + Row (10)] x Row (11)] / [1 - Row (12)]                     |
| (14)         | Row (13) / Row (8) - 1                                                     |



**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Indicated Rate Change Effective 1/1/24 through 1/1/25**  
**Using Expected Value Losses with Risk Load**  
**Hospitals**

| Accident Year                                                               | Hospital Surcharges @ 01/01/23 Level | Projected Ultimate Losses @ Historical Levels | Increased Limits Factor | Trended Ultimate Losses @ 01/01/23 Level | Trended Ultimate Loss Ratio |
|-----------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------|-------------------------|------------------------------------------|-----------------------------|
| (1)                                                                         | (2)                                  | (3)                                           | (4)                     | (5)                                      | (6)                         |
| 2013                                                                        | 3,115,406                            | 2,657,075                                     | 0.958                   | 4,355,230                                | 139.8%                      |
| 2014                                                                        | 3,330,656                            | 6,897,901                                     | 0.958                   | 10,767,996                               | 323.3%                      |
| 2015                                                                        | 3,451,651                            | 5,888,312                                     | 0.958                   | 8,754,261                                | 253.6%                      |
| 2016                                                                        | 9,817,332                            | 10,809,843                                    | 0.958                   | 15,305,894                               | 155.9%                      |
| 2017                                                                        | 32,196,633                           | 26,581,286                                    | 0.958                   | 35,844,789                               | 111.3%                      |
| 2018                                                                        | 42,414,150                           | 42,352,568                                    | 0.958                   | 54,392,683                               | 128.2%                      |
| 2019                                                                        | 41,200,806                           | 37,951,377                                    | 0.958                   | 46,419,341                               | 112.7%                      |
| 2020                                                                        | 39,617,543                           | 41,175,801                                    | 0.958                   | 47,964,972                               | 121.1%                      |
| 2021                                                                        | 37,157,440                           | 41,558,559                                    | 0.958                   | 46,105,562                               | 124.1%                      |
| 2022                                                                        | 41,945,327                           | 50,266,068                                    | 1.000                   | 55,418,340                               | 132.1%                      |
| All Years                                                                   | 254,246,945                          | 266,138,790                                   |                         | 325,329,066                              | 128.0%                      |
| 2013 - 2020                                                                 | 175,144,177                          | 174,314,163                                   |                         | 223,805,165                              | 127.8%                      |
| 2016 - 2020                                                                 | 165,246,464                          | 158,870,875                                   |                         | 199,927,679                              | 121.0%                      |
| 2018 - 2020                                                                 | 123,232,499                          | 121,479,745                                   |                         | 148,776,996                              | 120.7%                      |
| (7) Projected 2023-2024 Undiscounted Loss Ratio (Selected Based on Col (6)) |                                      |                                               |                         |                                          | 121.0%                      |
| (8) Projected 2023-2024 Surcharges at Current Fee Level                     |                                      |                                               |                         |                                          | 41,945,327                  |
| (9) Projected 2023-2024 Undiscounted Losses                                 |                                      |                                               |                         |                                          | 50,748,632                  |
| (10) Projected Loss Adjustment Expenses as a Percentage of Losses Paid      |                                      |                                               |                         |                                          | 8.3%                        |
| (11) Discount Factor at 3.5% Yield                                          |                                      |                                               |                         |                                          | 0.835                       |
| (12) Risk Margin Factor at 75% Confidence Level                             |                                      |                                               |                         |                                          | 1.081                       |
| (13) Projected Office Expenses as a Percentage of Surcharges Collected      |                                      |                                               |                         |                                          | 2.1%                        |
| (14) Projected 2024-2025 Income Requirements @ 75%                          |                                      |                                               |                         |                                          | 50,697,767                  |
| (15) Indicated Assessment Level Change on January 1, 2024                   |                                      |                                               |                         |                                          | 20.9%                       |

| Column / Row | Note                                                                       |
|--------------|----------------------------------------------------------------------------|
| (2)          | Based on data provided by client                                           |
| (3)          | Exhibit 5, Col (7)                                                         |
| (4)          | Based on industry data                                                     |
| (5)          | [Col (3) x Col (4)] x [1 + selected trend rate of 5.0%] ^ (2024 - Col (1)) |
| (6)          | Col (5) / Col (2)                                                          |
| (8)          | Most current surcharge                                                     |
| (9)          | Row (7) x Row (8)                                                          |
| (10)         | From Exhibit 7                                                             |
| (11)         | Based on data provided by client                                           |
| (12)         | Based on stochastic modeling using client data                             |
| (13)         | From Exhibit 7                                                             |
| (14)         | [Row (9) x [1 + Row (10)] x Row (11) x Row (12)] / [1 - Row (13)]          |
| (15)         | Row (14) / Row (8) - 1                                                     |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Expense Analysis**

Exhibit 7  
Page 1

Loss Adjustment Expenses as a Percentage of Losses Paid

| Calendar Year | NM Med Soc/<br>Medical Panel<br>Expenses | Directors | Contracts and<br>Consultants | Batch Claim<br>Expected Loss* | Paid<br>Losses |
|---------------|------------------------------------------|-----------|------------------------------|-------------------------------|----------------|
| (1)           | (2)                                      | (3)       | (4)                          | (5)                           | (6)            |
| 2018          | 276,751                                  | 0         | 537,317                      | 1,487,723                     | 15,469,183     |
| 2019          | 313,667                                  | 0         | 244,314                      | 934,087                       | 23,265,051     |
| 2020          | 401,706                                  | 44,422    | 413,385                      | 1,036,126                     | 33,473,168     |
| 2021          | 300,543                                  | 19,434    | 525,416                      | 1,291,180                     | 46,578,556     |
| 2022          | 283,967                                  | 0         | 1,165,086                    | 1,503,824                     | 36,285,592     |
| Total         | 1,576,634                                | 63,856    | 2,885,518                    | 6,252,940                     | 155,071,550    |

Loss Adjustment Expenses as a Percentage of Losses Paid

|       |      |      |      |      |      |
|-------|------|------|------|------|------|
| 2018  | 1.8% | 0.0% | 3.5% | 9.6% |      |
| 2019  | 1.3% | 0.0% | 1.1% | 4.0% |      |
| 2020  | 1.2% | 0.1% | 1.2% | 3.1% |      |
| 2021  | 0.6% | 0.0% | 1.1% | 2.8% |      |
| 2022  | 0.8% | 0.0% | 3.2% | 4.1% |      |
| Total | 1.0% | 0.0% | 1.9% | 4.0% | 7.0% |

Selected Ratio of Expenses to Losses Paid

|                     |      |      |      |      |      |
|---------------------|------|------|------|------|------|
| Average 2018 - 2022 | 1.2% | 0.0% | 2.0% | 4.7% | 7.9% |
| Average 2018 - 2021 | 1.2% | 0.0% | 1.7% | 4.9% | 7.9% |

Selected (Reflects changes in planned expenses) 8.3%

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

\* Based on Batch Claim Reinsurance paid and n judgemental ELR of 50%; 2021 and 2022 are annualized

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Expense Analysis**

Exhibit 7

Page 2

Office Expenses as a Percentage of Surcharges collected

| Calendar Year | IT Services | PCF Employee Services | Rent   | Intra-Agency Transfer | Misc. & Prior Year | Participant Surcharges |
|---------------|-------------|-----------------------|--------|-----------------------|--------------------|------------------------|
| (1)           | (2)         | (3)                   | (4)    | (5)                   | (6)                | (7)                    |
| 2018          | 30,785      | 76,662                | 6,749  | 689,000               | 0                  | 41,128,367             |
| 2019          | (15,186)    | 156,425               | 6,225  | 616,700               | 0                  | 42,042,473             |
| 2020          | 0           | 265,951               | 12,837 | 816,500               | 0                  | 41,967,369             |
| 2021          | 36,043      | 175,356               | 17,852 | (129,400)             | 0                  | 28,467,389             |
| 2022          | 0           | 50,373                | 7,438  | 816,500               | 140,877            | 54,800,255             |
| Total         | 51,642      | 724,767               | 51,101 | 2,809,300             | 140,877            | 208,405,854            |

Operating Expenses as a Percentage of Premiums

|       |      |      |      |       |      |      |
|-------|------|------|------|-------|------|------|
| 2018  | 0.1% | 0.2% | 0.0% | 1.7%  | 0.0% |      |
| 2019  | 0.0% | 0.4% | 0.0% | 1.5%  | 0.0% |      |
| 2020  | 0.0% | 0.6% | 0.0% | 1.9%  | 0.0% |      |
| 2021  | 0.1% | 0.6% | 0.1% | -0.5% | 0.0% |      |
| 2022  | 0.0% | 0.1% | 0.0% | 1.5%  | 0.3% |      |
| Total | 0.0% | 0.3% | 0.0% | 1.3%  | 0.1% | 1.8% |

Selected Ratio of Expenses to Premiums

|                     |      |      |      |      |      |      |
|---------------------|------|------|------|------|------|------|
| Average 2018 - 2022 | 0.0% | 0.4% | 0.0% | 1.2% | 0.1% | 1.7% |
| Average 2018 - 2021 | 0.0% | 0.5% | 0.0% | 1.2% | 0.0% | 1.7% |
| Selected            |      |      |      |      |      | 2.1% |

Notes: (2) - (7) Based on data provided by client

## Appendix

| <b>APPENDIX</b> | <b>DESCRIPTION</b>                                                        |
|-----------------|---------------------------------------------------------------------------|
| 1               | Physicians & Surgeons - B-F and Expected Loss Ratio Methods               |
| 2               | Physicians & Surgeons - Paid Loss Development Method                      |
| 3               | Physicians & Surgeons - Frequency and Severity Method                     |
| 4               | Physicians & Surgeons - Paid Claim Projection Based on B-F Method         |
| 5               | Physicians & Surgeons - Paid Claim Projection Based on Frequency Method   |
| 6               | Physicians & Surgeons - Paid Claim Development Method                     |
| 7               | Hospitals - B-F and Expected Loss Ratio Methods                           |
| 8               | Hospitals - Paid Loss Development Method                                  |
| 9               | Historical Paid Loss Development - Combined                               |
| 10              | Historical Claim Count Development - Combined                             |
| 11              | Development of Classification Assignments                                 |
| 12              | Surcharge Impact of Classification Assignments                            |
| 13              | Review of Classification Factors                                          |
| 14              | Surcharge Impact of New Relativities by Allied Class                      |
| 15              | Entity Coverage Evaluation                                                |
| 16              | Physicians & Surgeons – Indicated Rates 7-Year Fund Deficit Amortization  |
| 17              | Physicians & Surgeons – Indicated Rates 10-Year Fund Deficit Amortization |
| 18              | Physicians & Surgeons – Indicated Rates 15-Year Fund Deficit Amortization |
| 19              | Allocation of Estimated Ultimate & Outstanding Losses by Hospital         |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Independent Physicians & Surgeons**  
**Including Batch Claims**  
**Bornhuetter-Ferguson Method**

Appendix 1

Page 1

| <u>Accident Year</u> | <u>Practitioner Surcharges</u> | <u>Expected Loss Ratio</u> | <u>Paid Loss</u> | <u>Percentage of Ultimate Paid</u> | <u>Indicated Ultimate Losses</u> |
|----------------------|--------------------------------|----------------------------|------------------|------------------------------------|----------------------------------|
| (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       | 99.5%                              | 19,344,583                       |
| 2012                 | 9,765,990                      | 115.0%                     | 8,284,408        | 99.0%                              | 8,395,880                        |
| 2013                 | 9,596,773                      | 115.0%                     | 6,900,000        | 98.1%                              | 7,107,004                        |
| 2014                 | 10,065,996                     | 115.0%                     | 13,920,435       | 97.0%                              | 14,272,249                       |
| 2015                 | 10,535,218                     | 115.0%                     | 6,015,000        | 95.5%                              | 6,556,819                        |
| 2016                 | 9,039,070                      | 115.0%                     | 8,345,000        | 91.8%                              | 9,195,708                        |
| 2017                 | 12,725,963                     | 115.0%                     | 15,510,000       | 64.7%                              | 20,681,003                       |
| 2018                 | 9,835,929                      | 115.0%                     | 8,488,209        | 44.0%                              | 14,823,584                       |
| 2019                 | 10,170,463                     | 115.0%                     | 4,671,500        | 20.5%                              | 13,974,425                       |
| 2020                 | 10,236,009                     | 115.0%                     | 0                | 8.5%                               | 10,767,856                       |
| 2021                 | 11,585,186                     | 115.0%                     | 0                | 1.9%                               | 13,070,557                       |
| 2022                 | 15,302,205                     | 115.0%                     | 0                | 0.3%                               | 17,539,555                       |
| Total                | 234,750,665                    |                            | 214,577,902      |                                    | 278,893,105                      |
| 2010-22              | 140,650,001                    |                            | 109,228,927      |                                    | 173,544,130                      |

| <u>Column</u> | <u>Note</u>                                 |
|---------------|---------------------------------------------|
| (2), (4)      | Based on data provided by client            |
| (3)           | Appendix 1, Page 2, Col (5)                 |
| (5)           | Appendix 9                                  |
| (6)           | Col (2) x Col (3) x [1 - Col (5)] + Col (4) |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Independent Physicians & Surgeons**  
**Including Batch Claims**  
**Expected Loss Ratio Method**

| <u>Accident Year</u><br>(1) | <u>Practitioner Surcharges</u><br>(2) | <u>Indicated Ultimate Losses From Paid Loss Dev Method</u><br>(3) | <u>Indicated Loss Ratio</u><br>(4) | <u>Expected Loss Ratio</u><br>(5) | <u>Indicated Ultimate Losses</u><br>(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                            | 19,375,866                                                        | 170.2%                             |                                   | 13,088,024                              |
| 2012                        | 9,765,990                             | 8,367,459                                                         | 85.7%                              |                                   | 11,230,888                              |
| 2013                        | 9,596,773                             | 7,031,895                                                         | 73.3%                              |                                   | 11,036,289                              |
| 2014                        | 10,065,996                            | 14,356,766                                                        | 142.6%                             |                                   | 11,575,895                              |
| 2015                        | 10,535,218                            | 6,296,591                                                         | 59.8%                              |                                   | 12,115,501                              |
| 2016                        | 9,039,070                             | 9,088,817                                                         | 100.6%                             |                                   | 10,394,930                              |
| 2017                        | 12,725,963                            | 23,984,586                                                        | 188.5%                             |                                   | 14,634,858                              |
| 2018                        | 9,835,929                             | 19,295,403                                                        | 196.2%                             |                                   | 11,311,319                              |
| 2019                        | 10,170,463                            | 22,831,402                                                        | 224.5%                             |                                   | 11,696,033                              |
| 2020                        | 10,236,009                            | 0                                                                 | 0.0%                               |                                   | 11,771,411                              |
| 2021                        | 11,585,186                            | 0                                                                 | 0.0%                               |                                   | 13,322,964                              |
| 2022                        | 15,302,205                            | 0                                                                 | 0.0%                               |                                   | 17,597,536                              |
| Total                       | 234,750,665                           | 253,792,666                                                       | 108.1%                             | 115.0%                            | 269,963,265                             |
| 2000-16                     | 164,894,909                           | 187,681,275                                                       | 113.8%                             |                                   |                                         |
| 2012-19                     | 81,735,402                            | 111,252,919                                                       | 136.1%                             |                                   |                                         |

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

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Independent Physicians & Surgeons**  
**Including Batch Claims**  
**Paid Loss Development Method**

Appendix 2

| <u>Accident<br/>Year</u><br>(1) | <u>Paid<br/>Losses</u><br>(2) | <u>Month of<br/>Development</u><br>(3) | <u>Cumulative<br/>Development<br/>Factor</u><br>(4) | <u>Indicated<br/>Ultimate<br/>Losses</u><br>(5) |
|---------------------------------|-------------------------------|----------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| 2000                            | 6,560,000                     | 276                                    | 1.000                                               | 6,560,000                                       |
| 2001                            | 9,261,652                     | 264                                    | 1.000                                               | 9,261,652                                       |
| 2002                            | 9,309,500                     | 252                                    | 1.000                                               | 9,309,500                                       |
| 2003                            | 6,596,189                     | 240                                    | 1.000                                               | 6,596,189                                       |
| 2004                            | 5,482,500                     | 228                                    | 1.000                                               | 5,482,500                                       |
| 2005                            | 9,776,657                     | 216                                    | 1.000                                               | 9,776,657                                       |
| 2006                            | 8,140,629                     | 204                                    | 1.000                                               | 8,140,629                                       |
| 2007                            | 19,005,969                    | 192                                    | 1.000                                               | 19,005,969                                      |
| 2008                            | 19,398,176                    | 180                                    | 1.000                                               | 19,398,176                                      |
| 2009                            | 11,817,704                    | 168                                    | 1.000                                               | 11,817,704                                      |
| 2010                            | 17,814,906                    | 156                                    | 1.000                                               | 17,814,906                                      |
| 2011                            | 19,279,469                    | 144                                    | 1.005                                               | 19,375,866                                      |
| 2012                            | 8,284,408                     | 132                                    | 1.010                                               | 8,367,459                                       |
| 2013                            | 6,900,000                     | 120                                    | 1.019                                               | 7,031,895                                       |
| 2014                            | 13,920,435                    | 108                                    | 1.031                                               | 14,356,766                                      |
| 2015                            | 6,015,000                     | 96                                     | 1.047                                               | 6,296,591                                       |
| 2016                            | 8,345,000                     | 84                                     | 1.089                                               | 9,088,817                                       |
| 2017                            | 15,510,000                    | 72                                     | 1.546                                               | 23,984,586                                      |
| 2018                            | 8,488,209                     | 60                                     | 2.273                                               | 19,295,403                                      |
| 2019                            | 4,671,500                     | 48                                     | 4.887                                               | 22,831,402                                      |
| 2020                            | 0                             | 36                                     | 11.730                                              | 0                                               |
| 2021                            | 0                             | 24                                     | 52.784                                              | 0                                               |
| 2022                            | 0                             | 12                                     | 303.506                                             | 0                                               |
| Total                           | 214,577,902                   |                                        |                                                     | 253,792,666                                     |

| <u>Column</u> | <u>Note</u>                      |
|---------------|----------------------------------|
| (2)           | Based on data provided by client |
| (4)           | Appendix 9                       |
| (5)           | Col (2) x Col (4)                |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Independent Physicians & Surgeons**  
**Including Batch Claims**  
**Frequency and Severity Method**

Appendix 3

Page 1

| Accident<br>Year | Selected<br>Ultimate<br>Claims Closed<br>with Payment | Selected<br>Ultimate<br>Severity | Indicated<br>Ultimate<br>Losses |
|------------------|-------------------------------------------------------|----------------------------------|---------------------------------|
| (1)              | (2)                                                   | (3)                              | (4)                             |
| 2000             | 19                                                    | 234,565                          | 4,456,742                       |
| 2001             | 32                                                    | 246,294                          | 7,881,396                       |
| 2002             | 26                                                    | 258,608                          | 6,723,816                       |
| 2003             | 26                                                    | 271,539                          | 7,060,007                       |
| 2004             | 23                                                    | 285,116                          | 6,557,660                       |
| 2005             | 32                                                    | 299,371                          | 9,579,886                       |
| 2006             | 23                                                    | 314,340                          | 7,229,820                       |
| 2007             | 59                                                    | 330,057                          | 19,473,363                      |
| 2008             | 74                                                    | 346,560                          | 25,645,429                      |
| 2009             | 37                                                    | 363,888                          | 13,463,850                      |
| 2010             | 48                                                    | 382,082                          | 18,339,948                      |
| 2011             | 30                                                    | 401,186                          | 12,035,591                      |
| 2012             | 20                                                    | 421,246                          | 8,424,913                       |
| 2013             | 14                                                    | 442,308                          | 6,192,311                       |
| 2014             | 30                                                    | 464,423                          | 13,932,701                      |
| 2015             | 12                                                    | 487,645                          | 5,851,734                       |
| 2016             | 27                                                    | 512,027                          | 13,824,722                      |
| 2017             | 33                                                    | 537,628                          | 17,741,727                      |
| 2018             | 32                                                    | 564,509                          | 18,064,304                      |
| 2019             | 33                                                    | 592,735                          | 19,560,254                      |
| 2020             | 24                                                    | 622,372                          | 14,936,921                      |
| 2021             | 27                                                    | 653,490                          | 17,644,238                      |
| 2022             | 31                                                    | 686,165                          | 21,271,109                      |
| Total            | 712                                                   |                                  | 295,892,443                     |

| <u>Column</u> | <u>Note</u>                  |
|---------------|------------------------------|
| (2)           | Appendix 3, Page 3, Col (6)  |
| (3)           | Appendix 3, Page 2, Col (10) |
| (4)           | Col (2) x Col (3)            |



**New Mexico Patients' Compensation Fund**

Appendix 3

**Reserves as of 12/31/2022**

Page 2

**Independent Physicians & Surgeons**

**Including Batch Claims**

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

| Accident Year | Paid Loss   | Claims Closed With Payment | Paid Severity | Indicated Trend | R <sup>2</sup> | Selected Trend | Trended Severity to 2022 | Selected Severity | Detrended Severity |
|---------------|-------------|----------------------------|---------------|-----------------|----------------|----------------|--------------------------|-------------------|--------------------|
| (1)           | (2)         | (3)                        | (4)           | (5)             | (6)            | (7)            | (8)                      | (9)               | (10)               |
| 2000          | 6,560,000   | 19                         | 345,263       |                 |                |                | 1,009,985                |                   | 234,565            |
| 2001          | 9,261,652   | 32                         | 289,427       |                 |                |                | 806,332                  |                   | 246,294            |
| 2002          | 9,309,500   | 26                         | 358,058       |                 |                |                | 950,034                  |                   | 258,608            |
| 2003          | 6,596,189   | 26                         | 253,700       |                 |                |                | 641,086                  |                   | 271,539            |
| 2004          | 5,482,500   | 23                         | 238,370       |                 |                |                | 573,665                  |                   | 285,116            |
| 2005          | 9,776,657   | 32                         | 305,521       |                 |                |                | 700,259                  |                   | 299,371            |
| 2006          | 8,140,629   | 23                         | 353,940       |                 |                |                | 772,607                  |                   | 314,340            |
| 2007          | 19,005,969  | 59                         | 322,135       |                 |                |                | 669,696                  |                   | 330,057            |
| 2008          | 19,398,176  | 74                         | 262,138       |                 |                |                | 519,014                  |                   | 346,560            |
| 2009          | 11,817,704  | 37                         | 319,397       |                 |                |                | 602,271                  |                   | 363,888            |
| 2010          | 17,814,906  | 48                         | 371,144       |                 |                |                | 666,521                  |                   | 382,082            |
| 2011          | 19,279,469  | 30                         | 642,649       |                 |                |                | 1,099,148                |                   | 401,186            |
| 2012          | 8,284,408   | 20                         | 414,220       |                 |                |                | 674,721                  |                   | 421,246            |
| 2013          | 6,900,000   | 14                         | 492,857       |                 |                |                | 764,583                  |                   | 442,308            |
| 2014          | 13,920,435  | 29                         | 480,015       |                 |                |                | 709,201                  |                   | 464,423            |
| 2015          | 6,015,000   | 12                         | 501,250       |                 |                |                | 705,309                  |                   | 487,645            |
| 2016          | 8,345,000   | 25                         | 333,800       |                 |                |                | 447,324                  |                   | 512,027            |
| 2017          | 15,510,000  | 25                         | 620,400       |                 |                |                | 791,805                  |                   | 537,628            |
| 2018          | 8,488,209   | 21                         | 404,200       |                 |                |                | 491,308                  |                   | 564,509            |
| 2019          | 4,671,500   | 15                         | 311,433       |                 |                |                | 360,523                  |                   | 592,735            |
| 2020          | 0           | 0                          | 0             |                 |                |                | 0                        |                   | 622,372            |
| 2021          | 0           | 0                          | 0             |                 |                |                | 0                        |                   | 653,490            |
| 2022          | 0           | 0                          | 0             |                 |                |                | 0                        |                   | 686,165            |
| Total         | 214,577,902 | 590                        | 363,691       |                 |                |                | 686,165                  |                   | 371,817            |
| 2009-19       | 121,046,631 | 276                        | 438,575       | -0.3%           | 0.001          | 5.0%           | 678,203                  | 686,165           | 452,042            |

**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 12/31/2022**  
**Independent Physicians & Surgeons**  
**Including Batch Claims**  
**Closed With Payment Projection Summary**

Appendix 3

Page 3

| Accident<br>Year | Claims<br>Closed With<br>Payment | Indicated Ultimate Claims Closed With Payment |                     |                                | Selected<br>Ultimate<br>Closed With<br>Payment |
|------------------|----------------------------------|-----------------------------------------------|---------------------|--------------------------------|------------------------------------------------|
|                  |                                  | B-F<br>Method                                 | Frequency<br>Method | Claim<br>Development<br>Method |                                                |
| (1)              | (2)                              | (3)                                           | (4)                 | (5)                            | (6)                                            |
| 2000             | 19                               | 19                                            | 35                  | 19                             | 19                                             |
| 2001             | 32                               | 32                                            | 36                  | 32                             | 32                                             |
| 2002             | 26                               | 26                                            | 36                  | 26                             | 26                                             |
| 2003             | 26                               | 26                                            | 38                  | 26                             | 26                                             |
| 2004             | 23                               | 23                                            | 35                  | 23                             | 23                                             |
| 2005             | 32                               | 32                                            | 35                  | 32                             | 32                                             |
| 2006             | 23                               | 23                                            | 34                  | 23                             | 23                                             |
| 2007             | 59                               | 59                                            | 33                  | 59                             | 59                                             |
| 2008             | 74                               | 74                                            | 34                  | 74                             | 74                                             |
| 2009             | 37                               | 37                                            | 39                  | 37                             | 37                                             |
| 2010             | 48                               | 48                                            | 34                  | 48                             | 48                                             |
| 2011             | 30                               | 30                                            | 36                  | 30                             | 30                                             |
| 2012             | 20                               | 20                                            | 31                  | 20                             | 20                                             |
| 2013             | 14                               | 14                                            | 30                  | 14                             | 14                                             |
| 2014             | 29                               | 30                                            | 31                  | 30                             | 30                                             |
| 2015             | 12                               | 13                                            | 32                  | 12                             | 12                                             |
| 2016             | 25                               | 27                                            | 28                  | 27                             | 27                                             |
| 2017             | 25                               | 33                                            | 37                  | 32                             | 33                                             |
| 2018             | 21                               | 32                                            | 26                  | 37                             | 32                                             |
| 2019             | 15                               | 33                                            | 26                  | 49                             | 33                                             |
| 2020             | 0                                | 22                                            | 26                  | 0                              | 24                                             |
| 2021             | 0                                | 26                                            | 27                  | 0                              | 27                                             |
| 2022             | 0                                | 31                                            | 31                  | 0                              | 31                                             |
| Total            | 590                              | 710                                           | 750                 | 650                            | 712                                            |

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

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Independent Physicians & Surgeons**  
**Including Batch Claims**  
**Bornhuetter-Ferguson Method**

Appendix 4

| <u>Accident Year</u> | <u>Claims Closed With Payment</u> | <u>Frequency Mtd. Indicated Ultimate Claims Closed With Payment</u> | <u>Percent of Ultimate Closed With Payment</u> | <u>Indicated Ultimate Closed With Payment</u> |
|----------------------|-----------------------------------|---------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------|
| (1)                  | (2)                               | (3)                                                                 | (4)                                            | (5)                                           |
| 2000                 | 19                                | 35                                                                  | 100.0%                                         | 19                                            |
| 2001                 | 32                                | 36                                                                  | 100.0%                                         | 32                                            |
| 2002                 | 26                                | 36                                                                  | 100.0%                                         | 26                                            |
| 2003                 | 26                                | 38                                                                  | 100.0%                                         | 26                                            |
| 2004                 | 23                                | 35                                                                  | 100.0%                                         | 23                                            |
| 2005                 | 32                                | 35                                                                  | 100.0%                                         | 32                                            |
| 2006                 | 23                                | 34                                                                  | 100.0%                                         | 23                                            |
| 2007                 | 59                                | 33                                                                  | 100.0%                                         | 59                                            |
| 2008                 | 74                                | 34                                                                  | 100.0%                                         | 74                                            |
| 2009                 | 37                                | 39                                                                  | 100.0%                                         | 37                                            |
| 2010                 | 48                                | 34                                                                  | 100.0%                                         | 48                                            |
| 2011                 | 30                                | 36                                                                  | 100.0%                                         | 30                                            |
| 2012                 | 20                                | 31                                                                  | 100.0%                                         | 20                                            |
| 2013                 | 14                                | 30                                                                  | 99.2%                                          | 14                                            |
| 2014                 | 29                                | 31                                                                  | 98.2%                                          | 30                                            |
| 2015                 | 12                                | 32                                                                  | 97.3%                                          | 13                                            |
| 2016                 | 25                                | 28                                                                  | 92.2%                                          | 27                                            |
| 2017                 | 25                                | 37                                                                  | 78.8%                                          | 33                                            |
| 2018                 | 21                                | 26                                                                  | 57.1%                                          | 32                                            |
| 2019                 | 15                                | 26                                                                  | 30.9%                                          | 33                                            |
| 2020                 | 0                                 | 26                                                                  | 14.0%                                          | 22                                            |
| 2021                 | 0                                 | 27                                                                  | 3.4%                                           | 26                                            |
| 2022                 | 0                                 | 31                                                                  | 0.9%                                           | 31                                            |
| Total                | 590                               | 750                                                                 |                                                | 710                                           |

| <u>Column</u> | <u>Note</u>                       |
|---------------|-----------------------------------|
| (2)           | Based on data provided by client  |
| (3)           | Appendix 5, Col (7)               |
| (4)           | Appendix 10                       |
| (5)           | Col (2) + Col (3) x [1 - Col (4)] |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Independent Physicians & Surgeons**  
**Including Batch Claims**  
**Paid Claim Projection Based on Frequency Method**

| 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                                                             | 19,721,180                                    | 0.96                                                      |                    | 35                                            |
| 2001          | 32                         | 32                                                             | 20,600,177                                    | 1.55                                                      |                    | 36                                            |
| 2002          | 26                         | 26                                                             | 20,440,595                                    | 1.27                                                      |                    | 36                                            |
| 2003          | 26                         | 26                                                             | 21,531,896                                    | 1.21                                                      |                    | 38                                            |
| 2004          | 23                         | 23                                                             | 20,140,321                                    | 1.14                                                      |                    | 35                                            |
| 2005          | 32                         | 32                                                             | 19,853,814                                    | 1.61                                                      |                    | 35                                            |
| 2006          | 23                         | 23                                                             | 19,672,126                                    | 1.17                                                      |                    | 34                                            |
| 2007          | 59                         | 59                                                             | 18,890,514                                    | 3.12                                                      |                    | 33                                            |
| 2008          | 74                         | 74                                                             | 19,421,850                                    | 3.81                                                      |                    | 34                                            |
| 2009          | 37                         | 37                                                             | 22,320,982                                    | 1.66                                                      |                    | 39                                            |
| 2010          | 48                         | 48                                                             | 19,206,821                                    | 2.50                                                      |                    | 34                                            |
| 2011          | 30                         | 30                                                             | 20,592,706                                    | 1.46                                                      |                    | 36                                            |
| 2012          | 20                         | 20                                                             | 17,653,034                                    | 1.13                                                      |                    | 31                                            |
| 2013          | 14                         | 14                                                             | 16,974,101                                    | 0.82                                                      |                    | 30                                            |
| 2014          | 29                         | 30                                                             | 17,648,761                                    | 1.70                                                      |                    | 31                                            |
| 2015          | 12                         | 12                                                             | 18,471,450                                    | 0.65                                                      |                    | 32                                            |
| 2016          | 25                         | 27                                                             | 15,805,275                                    | 1.71                                                      |                    | 28                                            |
| 2017          | 25                         | 32                                                             | 20,941,133                                    | 1.53                                                      |                    | 37                                            |
| 2018          | 21                         | 37                                                             | 14,742,822                                    | 2.51                                                      |                    | 26                                            |
| 2019          | 15                         | 49                                                             | 15,091,734                                    | 3.25                                                      |                    | 26                                            |
| 2020          | 0                          | 0                                                              | 14,679,298                                    | 0.00                                                      |                    | 26                                            |
| 2021          | 0                          | 0                                                              | 15,157,857                                    | 0.00                                                      |                    | 27                                            |
| 2022          | 0                          | 0                                                              | 17,844,892                                    | 0.00                                                      |                    | 31                                            |
| Total         | 590                        | 650                                                            | 427,403,341                                   | 1.52                                                      | 1.75               | 750                                           |
| 2012-19       | 161                        | 221                                                            | 137,328,310                                   | 1.61                                                      |                    |                                               |
| 2014-19       | 127                        | 187                                                            | 102,701,175                                   | 1.82                                                      |                    |                                               |

| Column | Note                                   |
|--------|----------------------------------------|
| (2)    | Appendix 6, Col (2)                    |
| (3)    | Appendix 6, 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**  
**Reserves as of 12/31/2022**  
**Independent Physicians & Surgeons**  
**Including Batch Claims**  
**Closed With Payment Claim Development Method**

Appendix 6

| <u>Accident Year</u> | <u>Claims Closed With Payment</u> | <u>Month of Development</u> | <u>Cumulative Development Factor</u> | <u>Indicated Ultimate Claims Closed With Payment</u> |
|----------------------|-----------------------------------|-----------------------------|--------------------------------------|------------------------------------------------------|
| (1)                  | (2)                               | (3)                         | (4)                                  | (5)                                                  |
| 2000                 | 19                                | 276                         | 1.000                                | 19                                                   |
| 2001                 | 32                                | 264                         | 1.000                                | 32                                                   |
| 2002                 | 26                                | 252                         | 1.000                                | 26                                                   |
| 2003                 | 26                                | 240                         | 1.000                                | 26                                                   |
| 2004                 | 23                                | 228                         | 1.000                                | 23                                                   |
| 2005                 | 32                                | 216                         | 1.000                                | 32                                                   |
| 2006                 | 23                                | 204                         | 1.000                                | 23                                                   |
| 2007                 | 59                                | 192                         | 1.000                                | 59                                                   |
| 2008                 | 74                                | 180                         | 1.000                                | 74                                                   |
| 2009                 | 37                                | 168                         | 1.000                                | 37                                                   |
| 2010                 | 48                                | 156                         | 1.000                                | 48                                                   |
| 2011                 | 30                                | 144                         | 1.000                                | 30                                                   |
| 2012                 | 20                                | 132                         | 1.000                                | 20                                                   |
| 2013                 | 14                                | 120                         | 1.008                                | 14                                                   |
| 2014                 | 29                                | 108                         | 1.018                                | 30                                                   |
| 2015                 | 12                                | 96                          | 1.028                                | 12                                                   |
| 2016                 | 25                                | 84                          | 1.085                                | 27                                                   |
| 2017                 | 25                                | 72                          | 1.269                                | 32                                                   |
| 2018                 | 21                                | 60                          | 1.752                                | 37                                                   |
| 2019                 | 15                                | 48                          | 3.240                                | 49                                                   |
| 2020                 | 0                                 | 36                          | 7.129                                | 0                                                    |
| 2021                 | 0                                 | 24                          | 29.228                               | 0                                                    |
| 2022                 | 0                                 | 12                          | 116.912                              | 0                                                    |
| Total                | 590                               |                             |                                      | 650                                                  |

| <u>Column</u> | <u>Note</u>                      |
|---------------|----------------------------------|
| (2)           | Based on data provided by client |
| (4)           | Appendix 10                      |
| (5)           | Col (2) x Col (4)                |

# New Mexico Patients' Compensation Fund

Reserves as of 12/31/2022

Hospitals

Bornhuetter-Ferguson Method

Appendix 7

Page 1

| Accident<br>Year | Hospital<br>Surcharges | Expected<br>Loss Ratio | Paid<br>Loss | Percentage<br>Of Ultimate<br>Paid | Indicated<br>Ultimate<br>Losses |
|------------------|------------------------|------------------------|--------------|-----------------------------------|---------------------------------|
| (1)              | (2)                    | (3)                    | (4)          | (5)                               | (6)                             |
| 2009             | 918,297                | 127.3%                 | 2,075,000    | 100.0%                            | 2,075,000                       |
| 2010             | 1,680,228              | 127.3%                 | 2,005,000    | 100.0%                            | 2,005,000                       |
| 2011             | 1,825,004              | 127.3%                 | 2,547,500    | 99.5%                             | 2,559,055                       |
| 2012             | 1,817,812              | 127.3%                 | 3,475,000    | 99.0%                             | 3,497,962                       |
| 2013             | 1,992,604              | 127.3%                 | 2,607,237    | 98.1%                             | 2,654,801                       |
| 2014             | 2,146,331              | 127.3%                 | 6,688,260    | 97.0%                             | 6,771,275                       |
| 2015             | 2,224,828              | 127.3%                 | 5,624,980    | 95.5%                             | 5,751,602                       |
| 2016             | 6,374,245              | 127.3%                 | 9,925,179    | 91.8%                             | 10,589,055                      |
| 2017             | 21,561,182             | 127.3%                 | 17,070,149   | 64.7%                             | 26,765,379                      |
| 2018             | 31,292,438             | 127.3%                 | 19,064,021   | 44.0%                             | 41,368,790                      |
| 2019             | 31,872,010             | 127.3%                 | 5,689,500    | 20.5%                             | 37,951,377                      |
| 2020             | 31,731,360             | 127.3%                 | 4,236,500    | 8.5%                              | 41,175,801                      |
| 2021             | 32,655,867             | 127.3%                 | 0            | 1.9%                              | 40,771,222                      |
| 2022             | 39,498,050             | 127.3%                 | 0            | 0.3%                              | 50,100,450                      |
| Total            | 207,590,257            |                        | 81,008,327   |                                   | 274,036,768                     |

Column    Note

- (2), (4) Based on data provided by client
- (3) Appendix 7, Page 2, Col (5)
- (5) Appendix 9
- (6)  $\text{Col (2)} \times \text{Col (3)} \times [1 - \text{Col (5)}] + \text{Col (4)}$

**New Mexico Patients' Compensation Fund  
Reserves as of 12/31/2022**

**Hospitals  
Expected Loss Ratio Method**

| Accident Year | Hospital Surcharges | Indicated Ultimate Losses From Paid Loss Dev Method | Indicated Loss Ratio | Expected Loss Ratio | Indicated Ultimate Losses |
|---------------|---------------------|-----------------------------------------------------|----------------------|---------------------|---------------------------|
| (1)           | (2)                 | (3)                                                 | (4)                  | (5)                 | (6)                       |
| 2009          | 918,297             | 2,075,000                                           | 226.0%               |                     | 1,168,644                 |
| 2010          | 1,680,228           | 2,005,000                                           | 119.3%               |                     | 2,138,294                 |
| 2011          | 1,825,004           | 2,560,238                                           | 140.3%               |                     | 2,322,539                 |
| 2012          | 1,817,812           | 3,509,837                                           | 193.1%               |                     | 2,313,387                 |
| 2013          | 1,992,604           | 2,657,075                                           | 133.3%               |                     | 2,535,831                 |
| 2014          | 2,146,331           | 6,897,901                                           | 321.4%               |                     | 2,731,466                 |
| 2015          | 2,224,828           | 5,888,312                                           | 264.7%               |                     | 2,831,364                 |
| 2016          | 6,374,245           | 10,809,843                                          | 169.6%               |                     | 8,112,002                 |
| 2017          | 21,561,182          | 26,397,193                                          | 122.4%               |                     | 27,439,224                |
| 2018          | 31,292,438          | 43,336,345                                          | 138.5%               |                     | 39,823,429                |
| 2019          | 31,872,010          | 27,806,756                                          | 87.2%                |                     | 40,561,005                |
| 2020          | 31,731,360          | 49,692,939                                          | 156.6%               |                     | 40,382,011                |
| 2021          | 32,655,867          | 0                                                   | 0.0%                 |                     | 41,558,559                |
| 2022          | 39,498,050          | 0                                                   | 0.0%                 |                     | 50,266,068                |
| Total         | 207,590,257         | 183,636,439                                         | 88.5%                | 127.3%              | 264,183,824               |
| 2009-18       | 71,832,969          | 106,136,744                                         | 147.8%               |                     |                           |
| 2009-20       | 135,436,339         | 183,636,439                                         | 135.6%               |                     |                           |
| 2016-19       | 91,099,876          | 108,350,138                                         | 118.9%               |                     |                           |

| Column | Note                             |
|--------|----------------------------------|
| (2)    | Based on data provided by client |
| (3)    | Appendix 8, Col (5)              |
| (4)    | Col (3) / Col (2)                |
| (5)    | Judgment                         |
| (6)    | Col (2) x Col (5)                |

# New Mexico Patients' Compensation Fund

Appendix 8

## Reserves as of 12/31/2022

### Hospitals

#### Paid Loss Development Method

| Accident<br>Year | Paid<br>Losses | Month of<br>Development | Cumulative<br>Development<br>Factor | Indicated<br>Ultimate<br>Losses |
|------------------|----------------|-------------------------|-------------------------------------|---------------------------------|
| (1)              | (2)            | (3)                     | (4)                                 | (5)                             |
| 2009             | 2,075,000      | 168                     | 1.000                               | 2,075,000                       |
| 2010             | 2,005,000      | 156                     | 1.000                               | 2,005,000                       |
| 2011             | 2,547,500      | 144                     | 1.005                               | 2,560,238                       |
| 2012             | 3,475,000      | 132                     | 1.010                               | 3,509,837                       |
| 2013             | 2,607,237      | 120                     | 1.019                               | 2,657,075                       |
| 2014             | 6,688,260      | 108                     | 1.031                               | 6,897,901                       |
| 2015             | 5,624,980      | 96                      | 1.047                               | 5,888,312                       |
| 2016             | 9,925,179      | 84                      | 1.089                               | 10,809,843                      |
| 2017             | 17,070,149     | 72                      | 1.546                               | 26,397,193                      |
| 2018             | 19,064,021     | 60                      | 2.273                               | 43,336,345                      |
| 2019             | 5,689,500      | 48                      | 4.887                               | 27,806,756                      |
| 2020             | 4,236,500      | 36                      | 11.730                              | 49,692,939                      |
| 2021             | 0              | 24                      | 52.784                              | 0                               |
| 2022             | 0              | 12                      | 303.506                             | 0                               |
| Total            | 81,008,327     |                         |                                     | 183,636,439                     |

| Column | Note                             |
|--------|----------------------------------|
| (2)    | Based on data provided by client |
| (4)    | Appendix 9                       |
| (5)    | Col (2) x Col (4)                |





**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Historical Paid Loss Development**  
**Paid Losses - 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             |                     |        |        |       |       |       |       |        |         |         | 1.351   | 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   | 1.023   | 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 | 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             |                     |        | 1.777  | 2.226 | 1.241 | 1.923 | 1.108 |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2016             |                     | 3.750  | 1.840  | 1.625 | 1.494 | 1.504 |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2017             |                     | 5.948  | 3.100  | 2.341 | 1.118 |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2018             |                     | 7.836  | 2.455  | 2.203 |       |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2019             |                     | 3.272  | 2.493  |       |       |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2020             |                     | 4.443  |        |       |       |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2021             |                     |        |        |       |       |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| Avg              | 3.649               | 4.896  | 2.257  | 1.977 | 1.435 | 1.227 | 1.040 | 1.009  | 1.005   | 1.012   | 1.031   | 1.001   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| W Avg            | 16.652              | 4.089  | 2.202  | 1.896 | 1.421 | 1.228 | 1.039 | 1.007  | 1.010   | 1.012   | 1.010   | 1.003   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| 5 yr W Avg       |                     | 4.742  | 2.477  | 2.085 | 1.316 | 1.539 | 1.040 | 1.000  | 1.023   | 1.026   | 1.000   | 1.007   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| 7 yr W Avg       |                     | 5.001  | 2.382  | 2.125 | 1.404 | 1.342 | 1.035 | 1.000  | 1.017   | 1.020   | 1.000   | 1.005   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| 5 yr Avg x Hi/Lo |                     | 4.714  | 2.263  | 2.018 | 1.379 | 1.511 | 1.032 | 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 |                     | 4.470  | 2.130  | 2.010 | 1.521 | 1.420 | 1.027 | 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            | 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     |
| Selected         | 5.750               | 4.500  | 2.400  | 2.150 | 1.470 | 1.420 | 1.040 | 1.015  | 1.012   | 1.009   | 1.005   | 1.005   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| LDF to Ultimate  | 303.506             | 52.784 | 11.730 | 4.887 | 2.273 | 1.546 | 1.089 | 1.047  | 1.031   | 1.019   | 1.010   | 1.005   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| % of Ultimate    | 0.3%                | 1.9%   | 8.5%   | 20.5% | 44.0% | 64.7% | 91.8% | 95.5%  | 97.0%   | 98.1%   | 99.0%   | 99.5%   | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%    |

**New Mexico Patients' Compensation Fund**

**Reserves as of 12/31/2022**

**Historical Claim Count Development**

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

| Accident<br>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  | 44  | 44  | 44  | 44  | 44  | 44  | 44  | 44  | 44  |
| 2011             | 0                     | 2  | 5  | 11 | 21 | 29 | 34 | 38 | 38  | 39  | 39  | 39  | 39  | 39  | 39  | 39  | 39  | 39  | 39  | 39  | 39  |
| 2012             | 0                     | 1  | 3  | 8  | 12 | 19 | 22 | 23 | 24  | 24  | 24  | 24  | 24  | 24  | 24  | 24  | 24  | 24  | 24  | 24  | 24  |
| 2013             | 0                     | 1  | 2  | 3  | 10 | 15 | 18 | 18 | 18  | 18  | 18  | 18  | 18  | 18  | 18  | 18  | 18  | 18  | 18  | 18  | 18  |
| 2014             | 0                     | 1  | 6  | 12 | 17 | 24 | 26 | 26 | 26  | 26  | 26  | 26  | 26  | 26  | 26  | 26  | 26  | 26  | 26  | 26  | 26  |
| 2015             | 0                     | 0  | 2  | 5  | 10 | 13 | 18 | 20 | 20  | 20  | 20  | 20  | 20  | 20  | 20  | 20  | 20  | 20  | 20  | 20  | 20  |
| 2016             | 0                     | 2  | 7  | 14 | 21 | 29 | 32 | 32 | 32  | 32  | 32  | 32  | 32  | 32  | 32  | 32  | 32  | 32  | 32  | 32  | 32  |
| 2017             | 0                     | 2  | 9  | 18 | 36 | 44 | 44 | 44 | 44  | 44  | 44  | 44  | 44  | 44  | 44  | 44  | 44  | 44  | 44  | 44  | 44  |
| 2018             | 0                     | 1  | 12 | 26 | 55 | 55 | 55 | 55 | 55  | 55  | 55  | 55  | 55  | 55  | 55  | 55  | 55  | 55  | 55  | 55  | 55  |
| 2019             | 0                     | 2  | 9  | 23 | 23 | 23 | 23 | 23 | 23  | 23  | 23  | 23  | 23  | 23  | 23  | 23  | 23  | 23  | 23  | 23  | 23  |
| 2020             | 1                     | 3  | 11 | 11 | 11 | 11 | 11 | 11 | 11  | 11  | 11  | 11  | 11  | 11  | 11  | 11  | 11  | 11  | 11  | 11  | 11  |
| 2021             | 0                     | 0  | 0  | 0  | 0  | 0  | 0  | 0  | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   |
| 2022             | 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 12/31/2022**

**Historical Claim Count Development**

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

| Accident<br>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   | 1.023   |         |         |         |         |         |         |         |         |           |
| 2011             |                     | 2.500  | 2.200 | 1.909 | 1.381 | 1.172 | 1.118 | 1.000  | 1.026   | 1.000   | 1.000   |         |         |         |         |         |         |         |         |         |           |
| 2012             |                     | 3.000  | 2.667 | 1.500 | 1.583 | 1.158 | 1.045 | 1.043  | 1.000   | 1.000   |         |         |         |         |         |         |         |         |         |         |           |
| 2013             |                     | 2.000  | 1.500 | 3.333 | 1.500 | 1.200 | 1.000 | 1.000  | 1.000   | 1.000   |         |         |         |         |         |         |         |         |         |         |           |
| 2014             |                     | 6.000  | 2.000 | 1.417 | 1.412 | 1.083 | 1.000 | 1.000  |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2015             |                     |        | 2.500 | 2.000 | 1.300 | 1.385 | 1.111 |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2016             |                     | 3.500  | 2.000 | 1.500 | 1.381 | 1.103 |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2017             |                     | 4.500  | 2.000 | 2.000 | 1.222 |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2018             |                     | 12.000 | 2.167 | 2.115 |       |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2019             |                     | 4.500  | 2.556 |       |       |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2020             | 3.000               | 3.667  |       |       |       |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 2021             |                     |        |       |       |       |       |       |        |         |         |         |         |         |         |         |         |         |         |         |         |           |
| Avg              | 3.000               | 3.971  | 2.323 | 1.740 | 1.392 | 1.136 | 1.056 | 1.011  | 1.005   | 1.004   | 1.017   | 1.001   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| W Avg            | 8.250               | 4.061  | 2.106 | 1.716 | 1.363 | 1.122 | 1.051 | 1.011  | 1.007   | 1.005   | 1.005   | 1.003   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| 5 yr W Avg       |                     | 4.800  | 2.205 | 1.853 | 1.330 | 1.160 | 1.059 | 1.007  | 1.014   | 1.013   | 1.000   | 1.007   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| 7 yr W Avg       |                     | 5.091  | 2.149 | 1.872 | 1.362 | 1.138 | 1.051 | 1.005  | 1.010   | 1.010   | 1.000   | 1.005   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| 5 yr Avg x Hi/Lo |                     | 4.222  | 2.222 | 1.833 | 1.364 | 1.154 | 1.052 | 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 |                     | 4.433  | 2.133 | 1.823 | 1.395 | 1.143 | 1.046 | 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               | 4.100  | 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     |
| Selected         | 4.000               | 4.100  | 2.200 | 1.850 | 1.380 | 1.170 | 1.055 | 1.010  | 1.010   | 1.008   | 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  | 116.912             | 29.228 | 7.129 | 3.240 | 1.752 | 1.269 | 1.085 | 1.028  | 1.018   | 1.008   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| % of Ultimate    | 0.9%                | 3.4%   | 14.0% | 30.9% | 57.1% | 78.8% | 92.2% | 97.3%  | 98.2%   | 99.2%   | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%    |



**New Mexico Patient's Compensation Fund**

Development of Classification Assignments by Specialty - Review of Assigned Factors

| NM Class<br>Code Specialty                                                                   | Current<br>Class | Proposed<br>Class | Current Rate Factors       |      |      |                     |        |      | Proposed<br>Factor | Indicated<br>Change |
|----------------------------------------------------------------------------------------------|------------------|-------------------|----------------------------|------|------|---------------------|--------|------|--------------------|---------------------|
|                                                                                              |                  |                   | Patient Compensation Funds |      |      | NM Primary Carriers |        |      |                    |                     |
|                                                                                              |                  |                   | NM                         | IN   | WI   | TDC                 | MedPro |      |                    |                     |
| 10095 Otolaryngology - 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  | 0.79                | 1.35   | 1.20 | 0.0%               |                     |
| 10104 Pathology - Cytopathology - Minor Surgery                                              | 3                | 3                 | 1.20                       | N/A  | N/A  | 0.79                | 1.35   | 1.20 | 0.0%               |                     |
| 10106 Pathology - Minor Surgery                                                              | 3                | 3                 | 1.20                       | 1.30 | 1.80 | 0.79                | 1.35   | 1.20 | 0.0%               |                     |
| 10109 Pediatrics - Minor Surgery                                                             | 3                | 3                 | 1.20                       | 1.70 | 1.80 | 0.92                | 1.19   | 1.20 | 0.0%               |                     |
| 10110 Pediatrics - No Surgery                                                                | 3                | 3                 | 1.20                       | 1.00 | 1.00 | 0.92                | 0.72   | 1.20 | 0.0%               |                     |
| 10113 Physical Medicine and Rehabilitation - Pain Management                                 | 3                | 3                 | 1.20                       | N/A  | 1.00 | 1.80                | 1.29   | 1.20 | 0.0%               |                     |
| 10115 Physicians - Minor Surgery - No Ob                                                     | 3                | 3                 | 1.20                       | 1.70 | 1.80 | N/A                 | 1.35   | 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                 | 1.19   | 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%               |                     |
| Certified Nurse Midwife                                                                      | 3                | 3                 | 1.20                       | N/A  | N/A  | N/A                 | N/A    | 1.20 | 0.0%               |                     |
| 10009 Broncho-Esophagology                                                                   | 4A               | 4A                | 1.50                       | 2.00 | 1.80 | N/A                 | N/A    | 1.50 | 0.0%               |                     |
| 10035 Gastroenterology - Minor Surgery                                                       | 4A               | 4A                | 1.50                       | 1.70 | 1.80 | 1.40                | 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%               |                     |
| 10139 Pulmonary Diseases - No Surgery                                                        | 4A               | 4A                | 1.50                       | 1.00 | 1.00 | 0.93                | 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%               |                     |
| 10166 Urology - Minor Surgery                                                                | 4A               | 4A                | 1.50                       | N/A  | 1.00 | 2.05                | 1.35   | 1.50 | 0.0%               |                     |
| 10008 Angiography / Arteriography / Catheterization                                          | 4                | 4                 | 1.80                       | 1.70 | 1.80 | N/A                 | 1.96   | 1.80 | 0.0%               |                     |
| 10011 Cardiovascular Disease - Minor Surgery                                                 | 4                | 4                 | 1.80                       | 1.70 | 1.80 | N/A                 | 1.81   | 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 | 2.66                | 1.51   | 1.80 | 0.0%               |                     |
| 10060 Intensive Care Medicine                                                                | 4                | 4                 | 1.80                       | 1.70 | 1.80 | N/A                 | 1.66   | 1.80 | 0.0%               |                     |
| 10061 Internal Medicine - Minor Surgery                                                      | 4                | 4                 | 1.80                       | 1.70 | 1.80 | 1.13                | 1.41   | 1.80 | 0.0%               |                     |
| 10070 Neonatal/Perinatal Medicine                                                            | 4                | 4                 | 1.80                       | N/A  | N/A  | 1.51                | 1.19   | 1.80 | 0.0%               |                     |
| 10074 Nephrology - Including Child - Minor Surgery                                           | 4                | 4                 | 1.80                       | 1.70 | 1.80 | N/A                 | 1.48   | 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/Chiropractists - No Surgery                                                | 4                | 3                 | 1.80                       | 0.93 | N/A  | 0.66                | N/A    | 1.20 | -33.3%             |                     |
| 10148 Radiopaque Dye Injections                                                              | 4                | 4                 | 1.80                       | N/A  | 1.00 | N/A                 | 1.66   | 1.80 | 0.0%               |                     |
| 10044 General/Family Practitioners - No Major Surgery - < 40 Non-High-Risk Deliveries Yearly | 5A               | 5A                | 1.70                       | 1.70 | N/A  | 2.09                | 1.76   | 1.80 | 5.9%               |                     |
| 10029 Emergency Medicine - No Major Surgery                                                  | 5                | 5                 | 2.20                       | 2.75 | 1.80 | 2.13                | 2.62   | 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  | 2.09                | 1.19   | 2.20 | 0.0%               |                     |
| 10088 Oncology - Minor Surgery                                                               | 5                | 5A                | 2.20                       | N/A  | 1.80 | 0.91                | 1.35   | 1.80 | -18.2%             |                     |
| 10142 Radiation Therapy / Lasers - Used in Therapy                                           | 5                | 5A                | 2.20                       | 1.30 | 1.80 | 1.42                | 0.93   | 1.80 | -18.2%             |                     |
| 10143 Radiology - Diagnostic - Minor Surgery                                                 | 5                | 5                 | 2.20                       | 1.30 | 1.80 | 2.36                | 2.05   | 2.20 | 0.0%               |                     |
| 10145 Radiology - Interventional                                                             | 5                | 5                 | 2.20                       | N/A  | N/A  | 2.36                | 2.05   | 2.20 | 0.0%               |                     |
| 10146 Radiology - Therapeutic - Minor Surgery                                                | 5                | 5A                | 2.20                       | N/A  | N/A  | 1.42                | 0.93   | 1.80 | -18.2%             |                     |
| 10017 Colon and Rectal Surgery                                                               | 6                | 6                 | 2.60                       | 2.00 | 1.80 | 2.18                | 2.85   | 2.60 | 0.0%               |                     |
| 10028 Emergency Medicine - Including Major Surgery                                           | 6                | 7A                | 2.60                       | 4.25 | 4.00 | 2.13                | 3.81   | 3.00 | 15.4%              |                     |
| 10037 Gastroenterology Surgery                                                               | 6                | 6                 | 2.60                       | 2.75 | 1.80 | 1.40                | 3.81   | 2.60 | 0.0%               |                     |
| 10038 General Practice or Family Practice Surgery                                            | 6                | 5                 | 2.60                       | 2.00 | 1.80 | 1.40                | 1.66   | 2.20 | -15.4%             |                     |
| 10052 Hand Surgery                                                                           | 6                | 6                 | 2.60                       | 4.25 | 4.00 | 2.58                | 1.96   | 2.60 | 0.0%               |                     |
| 10053 Head and Neck Surgery                                                                  | 6                | 7A                | 2.60                       | 4.25 | 4.00 | 4.24                | 3.81   | 3.00 | 15.4%              |                     |
| 10100 Otorhinolaryngology Surgery                                                            | 6                | 6                 | 2.60                       | 2.75 | 4.00 | 2.00                | 1.74   | 2.60 | 0.0%               |                     |
| 10165 Urological Surgery                                                                     | 6                | 5                 | 2.60                       | 2.00 | 1.80 | 2.05                | 2.03   | 2.20 | -15.4%             |                     |
| 10004 Anesthesiology                                                                         | 7A               | 7A                | 3.00                       | 1.70 | 1.80 | 1.42                | 1.25   | 3.00 | 0.0%               |                     |
| 10005 Anesthesiology - All Other                                                             | 7A               | 7A                | 3.00                       | 1.70 | 1.80 | 1.42                | 1.25   | 3.00 | 0.0%               |                     |
| 10006 Anesthesiology - Critical Care Medicine                                                | 7A               | 7A                | 3.00                       | 1.70 | 1.80 | 1.42                | 1.25   | 3.00 | 0.0%               |                     |
| 10064 Laryngology Surgery                                                                    | 7A               | 7A                | 3.00                       | 2.75 | 4.00 | 4.24                | 3.81   | 3.00 | 0.0%               |                     |
| 10073 Neoplastic Surgery                                                                     | 7A               | 7A                | 3.00                       | 2.75 | 1.80 | 4.24                | 3.81   | 3.00 | 0.0%               |                     |
| 10077 Nephrology Surgery                                                                     | 7A               | 7A                | 3.00                       | 2.00 | 1.80 | 4.24                | 3.81   | 3.00 | 0.0%               |                     |
| 10097 Otolaryngology Surgery                                                                 | 7A               | 7A                | 3.00                       | 2.75 | 4.00 | 4.24                | 3.81   | 3.00 | 0.0%               |                     |
| 10152 Rhinology Surgery                                                                      | 7A               | 7A                | 3.00                       | 2.75 | 4.00 | 4.24                | 1.74   | 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%               |                     |
| 10122 Podiatrists - Surgery                                                                  | 7                | 7                 | 3.50                       | 1.45 | 4.25 | 2.01                | N/A    | 3.50 | 0.0%               |                     |
| 10010 Cardiac Surgery                                                                        | 8                | 8                 | 4.75                       | 6.00 | 4.00 | 4.02                | 3.81   | 4.75 | 0.0%               |                     |
| 10048 Geriatrics Surgery                                                                     | 8                | 8                 | 4.75                       | 2.75 | 1.80 | 4.24                | 1.58   | 4.75 | 0.0%               |                     |
| 10051 Gynecology Surgery                                                                     | 8                | 8                 | 4.75                       | 6.00 | 4.00 | 1.56                | 2.28   | 4.75 | 0.0%               |                     |
| 10086 Obstetrics Surgery (c-sections only)                                                   | 8                | 8                 | 4.75                       | 7.50 | 6.60 | 4.76                | 4.38   | 4.75 | 0.0%               |                     |
| 10090 Oncology Surgery                                                                       | 8                | 8                 | 4.75                       | N/A  | N/A  | 4.24                | 3.81   | 4.75 | 0.0%               |                     |
| 10108 Pediatric Surgery                                                                      | 8                | 8                 | 4.75                       | N/A  | 4.00 | 4.24                | N/A    | 4.75 | 0.0%               |                     |
| 10120 Plastic Surgery                                                                        | 8                | 8                 | 4.75                       | 4.25 | 4.00 | 2.54                | 1.96   | 4.75 | 0.0%               |                     |
| 10121 Plastic-otorhino-laryngology Surgery                                                   | 8                | 8                 | 4.75                       | 2.75 | 4.00 | 2.66                | 1.96   | 4.75 | 0.0%               |                     |
| 10000 Abdominal Surgery                                                                      | 9                | 9                 | 5.75                       | 4.25 | 4.00 | 4.24                | 3.81   | 5.50 | -4.3%              |                     |
| 10013 Cardiovascular Disease Surgery                                                         | 9                | 9                 | 5.75                       | 6.00 | 4.00 | 1.23                | 3.81   | 5.50 | -4.3%              |                     |
| 10032 Endocrinology Surgery                                                                  | 9                | 9                 | 5.75                       | 2.75 | 1.80 | 4.24                | 3.81   | 5.50 | -4.3%              |                     |
| 10043 General Surgery                                                                        | 9                | 9                 | 5.75                       | 4.25 | 4.00 | 4.24                | 3.81   | 5.50 | -4.3%              |                     |
| 10094 Orthopedic Surgery                                                                     | 9                | 9                 | 5.75                       | 6.00 | 4.00 | 2.80                | 3.36   | 5.50 | -4.3%              |                     |
| 10162 Thoracic Surgery                                                                       | 9                | 9                 | 5.75                       | 6.00 | 4.00 | 4.02                | 3.81   | 5.50 | -4.3%              |                     |
| 10163 Traumatic Surgery                                                                      | 9                | 9                 | 5.75                       | 6.00 | 4.00 | 4.24                | 4.00   | 5.50 | -4.3%              |                     |
| 10168 Vascular Surgery                                                                       | 9                | 9                 | 5.75                       | 6.00 | 4.00 | 4.24                | 4.00   | 5.50 | -4.3%              |                     |
| 10081 Neurology Surgery - Including Child                                                    | 10               | 10                | 6.50                       | 8.50 | 6.60 | 6.69                | 5.76   | 6.50 | 0.0%               |                     |
| 10085 Obstetrics Surgery / Gynecology Surgery                                                | 10               | 10                | 6.50                       | 7.50 | 6.60 | 4.04                | 4.38   | 6.50 | 0.0%               |                     |

New Mexico Patient's Compensation Fund

Surcharge Impact of Classification Assignments

| NM Class | Code                                                                               | Specialty | Current | Proposed | Exposures | Current | Proposed | Proposed<br>Factor | Indicated           | % of                |
|----------|------------------------------------------------------------------------------------|-----------|---------|----------|-----------|---------|----------|--------------------|---------------------|---------------------|
|          |                                                                                    |           | Class   | Class    |           | Rate    | Rate     |                    | Surcharge<br>Impact | Surcharge<br>Impact |
| 10002    | Aerospace Medicine / Medical Director                                              |           | 1       | 1        | 0         | \$4,329 | \$4,329  | 0.75               | \$0                 | 0.0%                |
| 10003    | Allergy/Immunology - No Surgery                                                    |           | 1       | 1        | 14        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10026    | Diabetes - No Surgery                                                              |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10031    | Endocrinology - No Surgery                                                         |           | 1       | 1        | 13        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10033    | Family Practitioners - No Ob/ No Surgery                                           |           | 1       | 1        | 118       | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10034    | Forensic Medicine / Legal Medicine                                                 |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10039    | General Practitioners - No Ob/ No Major Surgery                                    |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10041    | General Practitioners or Family Physicians - No Surgery - No Ob                    |           | 1       | 1        | 285       | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10042    | General Preventive Medicine - No Surgery / No Ob                                   |           | 1       | 1        | 1         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10047    | Geriatrics - No Surgery                                                            |           | 1       | 1        | 5         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10050    | Gynecology - No Surgery                                                            |           | 1       | 1        | 3         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10055    | Hematology - No Surgery                                                            |           | 1       | 1        | 15        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10057    | Hypnosis                                                                           |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10059    | Infectious Diseases - No Surgery                                                   |           | 1       | 1        | 17        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10066    | Laryngology - No Surgery                                                           |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10068    | Manipulator                                                                        |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10072    | Neoplastic Diseases - No Surgery                                                   |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10082    | Nuclear Medicine - Excluding Radiation Therapy                                     |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10084    | Nutrition                                                                          |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10087    | Occupational Medicine                                                              |           | 1       | 1        | 3         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10092    | Ophthalmology - No Surgery                                                         |           | 1       | 1        | 12        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10096    | Otology - No Surgery                                                               |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10099    | Otorhinolaryngology - No Surgery                                                   |           | 1       | 1        | 5         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10101    | Pathology - All Other                                                              |           | 1       | 1        | 41        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10103    | Pathology - Blood Banking/Transfusion Medicine - No Surgery                        |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10105    | Pathology - Cytopathology - No Surgery                                             |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10107    | Pathology - No Surgery                                                             |           | 1       | 1        | 8         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10111    | Pharmacology - Clinical                                                            |           | 1       | 1        | 2         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10112    | Physical Medicine and Rehabilitation - All Other                                   |           | 1       | 1        | 15        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10114    | Physical Medicine and Rehabilitation / Physiatry                                   |           | 1       | 1        | 7         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10125    | Preventive Medicine - No Surgery - Aerospace Medicine                              |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10126    | Preventive Medicine - No Surgery - Medical Toxicology                              |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10127    | Preventive Medicine - No Surgery - Occupational Medicine                           |           | 1       | 1        | 6         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10128    | Preventive Medicine - No Surgery - Public/General Health Medicine                  |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10129    | Preventive Medicine - No Surgery - Undersea/Hyperbaric Medicine                    |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10130    | Psychiatry - Addiction Psychiatry                                                  |           | 1       | 1        | 2         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10131    | Psychiatry - All Other                                                             |           | 1       | 1        | 8         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10132    | Psychiatry - Child and Adolescent Psychiatry                                       |           | 1       | 1        | 3         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10133    | Psychiatry - Forensic Psychiatry                                                   |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10134    | Psychiatry - Geriatric Psychiatry                                                  |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10135    | Psychiatry - Including Child                                                       |           | 1       | 1        | 45        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10136    | Psychoanalysis                                                                     |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10137    | Psychosomatic Medicine                                                             |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10138    | Public Health                                                                      |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10149    | Rheumatology - No Surgery                                                          |           | 1       | 1        | 28        | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10151    | Rhinology - No Surgery                                                             |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10155    | Shock Therapy - by Insured Physicians or Surgeons Involved with Major Surgery      |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10156    | Shock Therapy - by Employed Physicians or Surgeons Involved with Major Surgery     |           | 1       | 1        | 0         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10160    | Teaching Physicians - No Surgery                                                   |           | 1       | 1        | 2         | 4,329   | 4,329    | 0.75               | 0                   | 0.0%                |
| 10001    | Acupuncture - Other than Acupuncture Anesthesia                                    |           | 2       | 3        | 0         | 5,771   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10012    | Cardiovascular Disease - No Surgery                                                |           | 2       | 2        | 30        | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10024    | Dermatology - No Surgery                                                           |           | 2       | 2        | 38        | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10027    | Discograms / Myelography / Pneumoencephalography                                   |           | 2       | 2        | 0         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10056    | Hospitalism                                                                        |           | 2       | 2        | 178       | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10062    | Internal Medicine - No Surgery                                                     |           | 2       | 2        | 259       | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10063    | Laparoscopy (Peritonescopy)                                                        |           | 2       | 2        | 0         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10069    | Needle Biopsy                                                                      |           | 2       | 2        | 0         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10076    | Nephrology - No Surgery                                                            |           | 2       | 2        | 36        | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10078    | Neurology - Including Child - No Surgery                                           |           | 2       | 2        | 16        | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10079    | Neurology - Including Child - No Surgery - All Other                               |           | 2       | 2        | 13        | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10080    | Neurology - Including Child - No Surgery - Pain Management                         |           | 2       | 2        | 15        | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10089    | Oncology - No Surgery                                                              |           | 2       | 2        | 17        | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10091    | Ophthalmology - Minor Surgery                                                      |           | 2       | 2        | 4         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10140    | Radiation Therapy - by Employed Physicians or Surgeons Involved with Major Surgery |           | 2       | 2        | 6         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10141    | Radiation Therapy - by Insured Physicians or Surgeons Involved with Major Surgery  |           | 2       | 2        | 0         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10144    | Radiology - Diagnostic - No Surgery                                                |           | 2       | 3        | 144       | 5,771   | 6,925    | 1.20               | 166,176             | 20.0%               |
| 10147    | Radiology - Therapeutic - No Surgery                                               |           | 2       | 2        | 1         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10154    | Shock Therapy                                                                      |           | 2       | 2        | 0         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10158    | Sports Medicine - No Surgery                                                       |           | 2       | 2        | 0         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10159    | Teaching Physicians - Minor Surgery                                                |           | 2       | 2        | 0         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10167    | Urology - No Surgery                                                               |           | 2       | 2        | 0         | 5,771   | 5,771    | 1.00               | 0                   | 0.0%                |
| 10007    | Anesthesiology - Pain Management                                                   |           | 3       | 3        | 25        | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10018    | Colonoscopy/ERCP/Pneumatic or Mechanical Esophageal Dilation                       |           | 3       | 3        | 0         | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10020    | Dermatology - All Other                                                            |           | 3       | 3        | 10        | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10021    | Dermatology - Clinical and Dermatological Immunology                               |           | 3       | 3        | 0         | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10022    | Dermatology - Dermatopathology                                                     |           | 3       | 3        | 0         | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10023    | Dermatology - including X-Ray Therapy / Radiation Therapy                          |           | 3       | 3        | 2         | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10025    | Diabetes - Minor Surgery                                                           |           | 3       | 3        | 0         | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10030    | Endocrinology - Minor Surgery                                                      |           | 3       | 3        | 9         | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10036    | Gastroenterology - No Surgery                                                      |           | 3       | 3        | 5         | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10040    | General Practitioners or Family Physicians - Minor Surgery - No Ob                 |           | 3       | 3        | 24        | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10046    | Geriatrics - Minor Surgery                                                         |           | 3       | 3        | 0         | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |
| 10054    | Hematology - Minor Surgery                                                         |           | 3       | 3        | 11        | 6,925   | 6,925    | 1.20               | 0                   | 0.0%                |

**New Mexico Patient's Compensation Fund**

Surcharge Impact of Classification Assignments

| NM Class                                                                                     | Current Class | Proposed Class | Exposures | Current Rate | Proposed Rate | Proposed Factor | Indicated Surcharge Impact | % of Surcharge |
|----------------------------------------------------------------------------------------------|---------------|----------------|-----------|--------------|---------------|-----------------|----------------------------|----------------|
| 10058 Infectious Diseases - Minor Surgery                                                    | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10065 Laryngology - Minor Surgery                                                            | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10071 Neoplastic Diseases - Minor Surgery                                                    | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10093 Ophthalmology Surgery                                                                  | 3             | 3              | 51        | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10095 Otolaryngology - Minor Surgery                                                         | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10102 Pathology - Blood Banking/Transfusion Medicine - Minor Surgery                         | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10104 Pathology - Cytopathology - Minor Surgery                                              | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10106 Pathology - Minor Surgery                                                              | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10109 Pediatrics - Minor Surgery                                                             | 3             | 3              | 54        | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10110 Pediatrics - No Surgery                                                                | 3             | 3              | 109       | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10113 Physical Medicine and Rehabilitation - Pain Management                                 | 3             | 3              | 9         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10115 Physicians - Minor Surgery - No Ob                                                     | 3             | 3              | 17        | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10150 Rhinology - Minor Surgery                                                              | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10153 Sclerotherapy                                                                          | 3             | 3              | 0         | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10164 Urgent Care - No Surgery - No Ob                                                       | 3             | 3              | 35        | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| Certified Nurse Midwife                                                                      | 3             | 3              | 74        | 6,925        | 6,925         | 1.20            | 0                          | 0.0%           |
| 10009 Broncho-Esophagology                                                                   | 4A            | 4A             | 3         | 8,656        | 8,656         | 1.50            | 0                          | 0.0%           |
| 10035 Gastroenterology - Minor Surgery                                                       | 4A            | 4A             | 29        | 8,656        | 8,656         | 1.50            | 0                          | 0.0%           |
| 10067 Lymphangiography / Phlebography                                                        | 4A            | 4A             | 0         | 8,656        | 8,656         | 1.50            | 0                          | 0.0%           |
| 10139 Pulmonary Diseases - No Surgery                                                        | 4A            | 4A             | 32        | 8,656        | 8,656         | 1.50            | 0                          | 0.0%           |
| 10157 Sports Medicine - Minor Surgery                                                        | 4A            | 4A             | 0         | 8,656        | 8,656         | 1.50            | 0                          | 0.0%           |
| 10166 Urology - Minor Surgery                                                                | 4A            | 4A             | 3         | 8,656        | 8,656         | 1.50            | 0                          | 0.0%           |
| 10008 Angiography / Arteriography / Catheterization                                          | 4             | 4              | 1         | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10011 Cardiovascular Disease - Minor Surgery                                                 | 4             | 4              | 54        | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10019 Cryosurgery                                                                            | 4             | 4              | 0         | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10049 Gynecology - Minor Surgery (including 1st trimester abortions)                         | 4             | 4              | 20        | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10060 Intensive Care Medicine                                                                | 4             | 4              | 43        | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10061 Internal Medicine - Minor Surgery                                                      | 4             | 4              | 6         | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10070 Neonatal/Perinatal Medicine                                                            | 4             | 4              | 22        | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10074 Nephrology - Including Child - Minor Surgery                                           | 4             | 4              | 0         | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10075 Nephrology - Minor Surgery                                                             | 4             | 4              | 3         | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10098 Otorhinolaryngology - Minor Surgery                                                    | 4             | 4              | 3         | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10124 Podiatrists/Chiropractists - No Surgery                                                | 4             | 3              | 0         | 10,387       | 6,925         | 1.20            | 0                          | 0.0%           |
| 10148 Radiopaque Dye Injections                                                              | 4             | 4              | 0         | 10,387       | 10,387        | 1.80            | 0                          | 0.0%           |
| 10044 General/Family Practitioners - No Major Surgery - < 40 Non-High-Risk Deliveries Yearly | 5A            | 5A             | 9         | 9,811        | 10,388        | 1.80            | 5,193                      | 5.9%           |
| 10029 Emergency Medicine - No Major Surgery                                                  | 5             | 5              | 321       | 12,696       | 12,696        | 2.20            | 0                          | 0.0%           |
| 10045 General/Family Practitioners - No Major Surgery - High-Risk or > 40 Deliveries Yearly  | 5             | 5              | 10        | 12,696       | 12,696        | 2.20            | 0                          | 0.0%           |
| 10088 Oncology - Minor Surgery                                                               | 5             | 5A             | 5         | 12,696       | 10,388        | 1.80            | (11,540)                   | -18.2%         |
| 10142 Radiation Therapy / Lasers - Used in Therapy                                           | 5             | 5A             | 4         | 12,696       | 10,388        | 1.80            | (9,232)                    | -18.2%         |
| 10143 Radiology - Diagnostic - Minor Surgery                                                 | 5             | 5              | 157       | 12,696       | 12,696        | 2.20            | 0                          | 0.0%           |
| 10145 Radiology - Interventional                                                             | 5             | 5              | 8         | 12,696       | 12,696        | 2.20            | 0                          | 0.0%           |
| 10146 Radiology - Therapeutic - Minor Surgery                                                | 5             | 5A             | 0         | 12,696       | 10,388        | 1.80            | 0                          | 0.0%           |
| 10017 Colon and Rectal Surgery                                                               | 6             | 6              | 4         | 15,004       | 15,004        | 2.60            | 0                          | 0.0%           |
| 10028 Emergency Medicine - Including Major Surgery                                           | 6             | 7A             | 6         | 15,004       | 17,313        | 3.00            | 13,854                     | 15.4%          |
| 10037 Gastroenterology Surgery                                                               | 6             | 6              | 31        | 15,004       | 15,004        | 2.60            | 0                          | 0.0%           |
| 10038 General Practice or Family Practice Surgery                                            | 6             | 5              | 5         | 15,004       | 12,696        | 2.20            | (11,540)                   | -15.4%         |
| 10052 Hand Surgery                                                                           | 6             | 6              | 4         | 15,004       | 15,004        | 2.60            | 0                          | 0.0%           |
| 10053 Head and Neck Surgery                                                                  | 6             | 7A             | 1         | 15,004       | 17,313        | 3.00            | 2,309                      | 15.4%          |
| 10100 Otorhinolaryngology Surgery                                                            | 6             | 6              | 18        | 15,004       | 15,004        | 2.60            | 0                          | 0.0%           |
| 10165 Urological Surgery                                                                     | 6             | 5              | 26        | 15,004       | 12,696        | 2.20            | (60,008)                   | -15.4%         |
| 10004 Anesthesiology                                                                         | 7A            | 7A             | 27        | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10005 Anesthesiology - All Other                                                             | 7A            | 7A             | 51        | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10006 Anesthesiology - Critical Care Medicine                                                | 7A            | 7A             | 1         | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10064 Laryngology Surgery                                                                    | 7A            | 7A             | 1         | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10073 Neoplastic Surgery                                                                     | 7A            | 7A             | 0         | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10077 Nephrology Surgery                                                                     | 7A            | 7A             | 0         | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10097 Otolaryngology Surgery                                                                 | 7A            | 7A             | 0         | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10152 Rhinology Surgery                                                                      | 7A            | 7A             | 0         | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10161 Teaching Physicians or Surgeons - Major Surgery                                        | 7A            | 7A             | 0         | 17,313       | 17,313        | 3.00            | 0                          | 0.0%           |
| 10122 Podiatrists - Surgery                                                                  | 7             | 7              | 0         | 20,198       | 20,200        | 3.50            | 0                          | 0.0%           |
| 10010 Cardiac Surgery                                                                        | 8             | 8              | 14        | 27,411       | 27,411        | 4.75            | 0                          | 0.0%           |
| 10048 Geriatrics Surgery                                                                     | 8             | 8              | 0         | 27,411       | 27,411        | 4.75            | 0                          | 0.0%           |
| 10051 Gynecology Surgery                                                                     | 8             | 8              | 16        | 27,411       | 27,411        | 4.75            | 0                          | 0.0%           |
| 10086 Obstetrics Surgery (c-sections only)                                                   | 8             | 8              | 0         | 27,411       | 27,411        | 4.75            | 0                          | 0.0%           |
| 10090 Oncology Surgery                                                                       | 8             | 8              | 5         | 27,411       | 27,411        | 4.75            | 0                          | 0.0%           |
| 10108 Pediatric Surgery                                                                      | 8             | 8              | 10        | 27,411       | 27,411        | 4.75            | 0                          | 0.0%           |
| 10120 Plastic Surgery                                                                        | 8             | 8              | 11        | 27,411       | 27,411        | 4.75            | 0                          | 0.0%           |
| 10121 Plastic-otorhino-laryngology Surgery                                                   | 8             | 8              | 2         | 27,411       | 27,411        | 4.75            | 0                          | 0.0%           |
| 10000 Abdominal Surgery                                                                      | 9             | 9              | 0         | 33,183       | 31,741        | 5.50            | 0                          | 0.0%           |
| 10013 Cardiovascular Disease Surgery                                                         | 9             | 9              | 12        | 33,183       | 31,741        | 5.50            | (17,304)                   | -4.3%          |
| 10032 Endocrinology Surgery                                                                  | 9             | 9              | 0         | 33,183       | 31,741        | 5.50            | 0                          | 0.0%           |
| 10043 General Surgery                                                                        | 9             | 9              | 108       | 33,183       | 31,741        | 5.50            | (155,736)                  | -4.3%          |
| 10094 Orthopedic Surgery                                                                     | 9             | 9              | 93        | 33,183       | 31,741        | 5.50            | (134,106)                  | -4.3%          |
| 10162 Thoracic Surgery                                                                       | 9             | 9              | 12        | 33,183       | 31,741        | 5.50            | (17,304)                   | -4.3%          |
| 10163 Traumatic Surgery                                                                      | 9             | 9              | 2         | 33,183       | 31,741        | 5.50            | (2,884)                    | -4.3%          |
| 10168 Vascular Surgery                                                                       | 9             | 9              | 8         | 33,183       | 31,741        | 5.50            | (11,536)                   | -4.3%          |
| 10081 Neurology Surgery - Including Child                                                    | 10            | 10             | 11        | 37,510       | 37,510        | 6.50            | 0                          | 0.0%           |
| 10085 Obstetrics Surgery / Gynecology Surgery                                                | 10            | 10             | 135       | 37,510       | 37,510        | 6.50            | 0                          | 0.0%           |
| Total Surcharge Impact                                                                       |               |                |           |              |               |                 | (243,658)                  |                |



# New Mexico Patient's Compensation Fund

Review of Classification Factors by Assigned Class

Appendix 13

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| Class | Current<br>Factor | Current Rate Factors Evaluated Over Proposed Class* |      |      |                     |        | Proposed<br>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              | 1.00                                                | 1.16 | 1.54 | 1.13                | 1.05   | 1.00               |
| 3     | 1.20              | 1.21                                                | 1.50 | 1.63 | 1.02                | 1.26   | 1.20               |
| 4A    | 1.50              | 1.50                                                | 1.57 | 1.48 | 1.46                | 1.41   | 1.50               |
| 4     | 1.80              | 1.80                                                | 1.74 | 1.71 | 1.77                | 1.53   | 1.80               |
| 5A    | 1.70              | 2.08                                                | 1.50 | 1.80 | 1.46                | 1.24   | 1.80               |
| 5     | 2.20              | 2.33                                                | 1.95 | 1.80 | 2.07                | 1.93   | 2.20               |
| 6     | 2.60              | 2.60                                                | 2.94 | 2.90 | 2.04                | 2.59   | 2.60               |
| 7A    | 3.00              | 2.93                                                | 2.66 | 2.90 | 3.18                | 2.83   | 3.00               |
| 7     | 3.50              | 3.50                                                | 1.45 | 4.25 | 2.01                |        | 3.50               |
| 8     | 4.75              | 4.75                                                | 4.88 | 4.06 | 3.53                | 2.82   | 4.75               |
| 9     | 5.75              | 5.75                                                | 5.16 | 3.73 | 3.66                | 3.80   | 5.50               |
| 10    | 6.50              | 6.50                                                | 8.00 | 6.60 | 5.37                | 5.07   | 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              |           |           |                    |            |               |               |               |
|             |                                                                            | Patient Compensation Funds      |           |           | NM Primary Carrier |            |               |               |               |
| <u>Code</u> | <u>Description</u>                                                         | <u>Class</u>                    | <u>NM</u> | <u>IN</u> | <u>WI</u>          | <u>TDC</u> | <u>MedPro</u> | <u>Factor</u> | <u>Change</u> |
| 10015       | Chiropractor                                                               | 99                              | 0.60      | N/A       | 0.40               | 0.84       | 0.15          | 0.60          | 0.0%          |
| 10083       | Nurse Anesthetists                                                         | CRNA                            | 0.25      | 0.45      | 0.25               | 0.57       | 0.31          | 0.25          | 0.0%          |
| 10014       | Certified Nurse Specialist/Certified Nurse Practitioner                    | CN                              | 0.16      | 0.35      | 0.25               | 0.17       | 0.06          | 0.16          | 0.0%          |
| 10117       | Physicians Assistants - Supervised by Non-Invasive Specialist              | PA-1                            | 0.34      | 0.35      | 0.20               | 0.26       | 0.24          | 0.30          | -11.8%        |
| 10119       | Physicians Assistants - Supervised by Specialists Performing Minor Surgery | PA-2                            | 0.45      | 0.35      | 0.20               | 0.26       | 0.31          | 0.40          | -11.1%        |
| 10118       | Physicians Assistants - Supervised by Specialists Performing Major Surgery | PA-3                            | 0.54      | 0.35      | 0.20               | 0.26       | 0.31          | 0.50          | -7.4%         |

# 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</u> | <u>Surcharge</u> |
|             |                                                                            |              |                  |               |               |             |             | <u>Impact</u>    | <u>Impact</u>    |
| 10015       | Chiropractor                                                               | 99           | 2                | 0.60          | 0.60          | 3,463       | 3,463       | 0                | 0.0%             |
| 10083       | Nurse Anesthetists                                                         | CRNA         | 275              | 0.25          | 0.25          | 1,443       | 1,443       | 0                | 0.0%             |
| 10014       | Certified Nurse Specialist/Certified Nurse Practitioner                    | CN           | 888              | 0.16          | 0.16          | 924         | 924         | 0                | 0.0%             |
| 10117       | Physicians Assistants - Supervised by Non-Invasive Specialist              | PA-1         | 362              | 0.34          | 0.30          | 1,962       | 1,731       | -83,622          | -11.8%           |
| 10119       | Physicians Assistants - Supervised by Specialists Performing Minor Surgery | PA-2         | 45               | 0.45          | 0.40          | 2,597       | 2,308       | -13,005          | -11.1%           |
| 10118       | Physicians Assistants - Supervised by Specialists Performing Major Surgery | PA-3         | 121              | 0.54          | 0.50          | 3,116       | 2,886       | -27,830          | -7.4%            |
|             |                                                                            |              |                  |               |               |             | Total       | -124,457         |                  |

# New Mexico Patient's Compensation Fund

## Entity Coverage Evaluation

| NM Class    |                                                                |              |                  | Indicated                | Current          | Proposed                  | Weighted                          | Estimated                | Estimated                  | Estimated               | % of                    |
|-------------|----------------------------------------------------------------|--------------|------------------|--------------------------|------------------|---------------------------|-----------------------------------|--------------------------|----------------------------|-------------------------|-------------------------|
| <u>Code</u> | <u>Description</u>                                             | <u>Class</u> | <u>Exposures</u> | <u>Rate Per Provider</u> | <u>Surcharge</u> | <u>Rate per Provider</u>  | <u>Average Provider Surcharge</u> | <u>Rate Per Provider</u> | <u>Estimated Surcharge</u> | <u>Surcharge Impact</u> | <u>Surcharge Impact</u> |
|             |                                                                |              | (1)              | (2)                      | (3)              | (4)                       | (5)                               | (6)                      | (7)                        | (8)                     | (9)                     |
| 10116       | Physicians and Surgeons - Corporate or Partnership Liability   | 51           | 526              | \$2,665                  | \$1,402,020      | 10% of provider surcharge | \$11,360                          | \$1,136                  | \$597,556                  | (\$28,922)              | -2.1%                   |
| 10123       | Podiatrists/Chiropractors - Corporate or Partnership Liability | 52           | 3                | 9,218                    | \$27,654         | 10% of provider surcharge | 6,925                             | 693                      | 2,078                      | 0                       | 0.0%                    |
| 10016       | Chiropractors - Corporate or Partnership Liability             | 53           | 1                | 3                        | \$3              | 10% of provider surcharge | 3,463                             | 346                      | 346                        | 0                       | 0.0%                    |
|             |                                                                |              |                  | Total                    | \$1,429,677      |                           |                                   |                          | Total                      | (28,922)                | -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/chiropractors 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 (9) x Col (3)
- (9) Based on overall Indicated Rate Change

**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2022

Development of Physician Surcharge Estimates; Reflects 32.5M Infusion allocated 75% to Independent Physician & Surgeons and 25% to Hospitals & OHCF's  
7-Year Time Horizon

| Class | NMPCF Indicated Surcharge<br>Physicians and Surgeons |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      | Deficit Surcharge Rates |                                           |                                 |                                           |       |       |
|-------|------------------------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------|----------------------|------------------------|----------------------|------------------------------|----------------------|-------------------------|-------------------------------------------|---------------------------------|-------------------------------------------|-------|-------|
|       | NMPCF Current Surcharge                              |                                       | Discounted Estimated Surcharges |                      |                                 |                      |                        |                      |                              |                      | Independent Providers   |                                           | Hosp. & OHCF Employed Providers |                                           |       |       |
|       | Independent<br>Providers                             | Hosp. & OHCF<br>Employed<br>Providers | 1/1/24-25 Rate Level            |                      |                                 |                      |                        |                      |                              |                      | Expected<br>Value       | Deficit<br>Surcharge as<br>% of Surcharge | Expected<br>Value               | Deficit<br>Surcharge as<br>% of Surcharge |       |       |
|       |                                                      |                                       | Independent Providers           |                      | Hosp. & OHCF Employed Providers |                      | Indep. - 500x500 Rates |                      | Hosp. & OHCF - 500x500 Rates |                      |                         |                                           |                                 |                                           |       |       |
| (1)   | (2a)                                                 | (2b)                                  | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value      | Risk Loaded<br>Value | Expected<br>Value            | Risk Loaded<br>Value | (9)                     | (10)                                      | (11a)                           | (11b)                                     | (11c) | (11d) |
| 1     | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              | 3,139                  | \$3,393              | \$3,632                      | \$3,926              | 24.1%                   | 1,241                                     | 49.1%                           | 3,353                                     |       |       |
| 2     | 5,771                                                | 8,145                                 | 6,859                           | 7,415                | 9,107                           | 9,845                | 4,184                  | 4,523                | 4,843                        | 5,236                | 24.1%                   | 1,654                                     | 49.1%                           | 4,472                                     |       |       |
| 3     | 6,925                                                | 9,773                                 | 8,231                           | 8,898                | 10,927                          | 11,812               | 5,021                  | 5,428                | 5,811                        | 6,282                | 24.1%                   | 1,985                                     | 49.1%                           | 5,366                                     |       |       |
| 4A    | 8,656                                                | 12,218                                | 10,289                          | 11,122               | 13,661                          | 14,767               | 6,276                  | 6,784                | 7,265                        | 7,854                | 24.1%                   | 2,481                                     | 49.1%                           | 6,708                                     |       |       |
| 4     | 10,387                                               | 14,661                                | 12,346                          | 13,346               | 16,392                          | 17,720               | 7,531                  | 8,141                | 8,718                        | 9,424                | 24.1%                   | 2,977                                     | 49.1%                           | 8,049                                     |       |       |
| 5A    | 9,811                                                | 13,846                                | 11,661                          | 12,606               | 15,481                          | 16,735               | 7,113                  | 7,689                | 8,233                        | 8,900                | 24.1%                   | 2,812                                     | 49.1%                           | 7,602                                     |       |       |
| 5     | 12,696                                               | 17,918                                | 15,091                          | 16,313               | 20,034                          | 21,657               | 9,205                  | 9,951                | 10,655                       | 11,518               | 24.1%                   | 3,639                                     | 49.1%                           | 9,837                                     |       |       |
| 6     | 15,004                                               | 21,177                                | 17,834                          | 19,278               | 23,678                          | 25,596               | 10,878                 | 11,760               | 12,593                       | 13,613               | 24.1%                   | 4,300                                     | 49.1%                           | 11,627                                    |       |       |
| 7A    | 17,313                                               | 24,434                                | 20,578                          | 22,245               | 27,320                          | 29,532               | 12,553                 | 13,569               | 14,529                       | 15,706               | 24.1%                   | 4,962                                     | 49.1%                           | 13,415                                    |       |       |
| 7     | 20,198                                               | 28,507                                | 24,008                          | 25,952               | 31,874                          | 34,455               | 14,644                 | 15,830               | 16,951                       | 18,324               | 24.1%                   | 5,789                                     | 49.1%                           | 15,651                                    |       |       |
| 8     | 27,411                                               | 38,689                                | 32,581                          | 35,220               | 43,258                          | 46,762               | 19,874                 | 21,484               | 23,006                       | 24,869               | 24.1%                   | 7,856                                     | 49.1%                           | 21,241                                    |       |       |
| 9     | 33,183                                               | 46,833                                | 39,442                          | 42,636               | 52,364                          | 56,605               | 24,059                 | 26,008               | 27,848                       | 30,104               | 24.1%                   | 9,510                                     | 49.1%                           | 25,712                                    |       |       |
| 10    | 37,510                                               | 52,942                                | 44,585                          | 48,196               | 59,194                          | 63,989               | 27,196                 | 29,399               | 31,481                       | 34,031               | 24.1%                   | 10,750                                    | 49.1%                           | 29,066                                    |       |       |
| 51    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 52    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 53    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 99    | 3,463                                                | 4,887                                 | 4,116                           | 4,450                | 5,464                           | 5,907                | 2,511                  | 2,714                | 2,906                        | 3,141                | 24.1%                   | 992                                       | 49.1%                           | 2,683                                     |       |       |
| CRNA  | 1,443                                                | 2,037                                 | 1,715                           | 1,854                | 2,278                           | 2,462                | 1,046                  | 1,131                | 1,211                        | 1,309                | 24.1%                   | 414                                       | 49.1%                           | 1,118                                     |       |       |
| CN    | 924                                                  | 1,304                                 | 1,098                           | 1,187                | 1,458                           | 1,576                | 670                    | 724                  | 775                          | 838                  |                         |                                           |                                 |                                           |       |       |
| PA-1  | 1,962                                                | 2,769                                 | 2,332                           | 2,521                | 3,096                           | 3,347                | 1,423                  | 1,538                | 1,647                        | 1,780                | 24.1%                   | 562                                       | 49.1%                           | 1,520                                     |       |       |
| PA-2  | 2,597                                                | 3,665                                 | 3,087                           | 3,337                | 4,098                           | 4,430                | 1,883                  | 2,035                | 2,179                        | 2,356                | 24.1%                   | 744                                       | 49.1%                           | 2,012                                     |       |       |
| PA-3  | 3,116                                                | 4,398                                 | 3,704                           | 4,004                | 4,917                           | 5,316                | 2,259                  | 2,442                | 2,615                        | 2,827                | 24.1%                   | 893                                       | 49.1%                           | 2,415                                     |       |       |
| Total |                                                      |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (12)  | Class 1 Rate                                         |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
|       | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (13)  | Indicated Percent of Change                          |                                       | 18.9%                           | 28.5%                | 11.8%                           | 20.9%                |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |

| Column/Row | Note                                                            |
|------------|-----------------------------------------------------------------|
| (2)        | Provided by NMPCF                                               |
| (3)-(6)    | Based on indicated surcharge changes in Exhibit 10 & Exhibit 14 |
| (7)        | Col (3) x 61%; 61% based on Pinnacle analysis of industry data  |
| (8)        | Col (4) x 61%; 61% based on Pinnacle analysis of industry data  |
| (9)        | Col (5) x 53%; 53% based on Pinnacle analysis of industry data  |
| (10)       | Col (6) x 53%; 53% based on Pinnacle analysis of industry data  |
| (11a)      | From Fund Summary, Page 1a, Row (15) for 2024                   |
| (11b)      | Col (3) x Col (11a)                                             |
| (11c)      | From Fund Summary, Page 1a, Row (15) for 2024                   |
| (11d)      | Col (5) x Col (11c)                                             |

**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2022

Development of Physician Surcharge Estimates; Reflects 32.5M Infusion allocated 50% to Independent Physician & Surgeons and 50% to Hospitals & OHCF's  
7-Year Time Horizon

| Class | NMPCF Indicated Surcharge<br>Physicians and Surgeons |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      | Deficit Surcharge Rates |                                           |                                 |                                           |       |       |
|-------|------------------------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------|----------------------|------------------------|----------------------|------------------------------|----------------------|-------------------------|-------------------------------------------|---------------------------------|-------------------------------------------|-------|-------|
|       | NMPCF Current Surcharge                              |                                       | Discounted Estimated Surcharges |                      |                                 |                      |                        |                      |                              |                      | Independent Providers   |                                           | Hosp. & OHCF Employed Providers |                                           |       |       |
|       | Independent<br>Providers                             | Hosp. & OHCF<br>Employed<br>Providers | 1/1/24-25 Rate Level            |                      |                                 |                      |                        |                      |                              |                      | Expected<br>Value       | Deficit<br>Surcharge as<br>% of Surcharge | Expected<br>Value               | Deficit<br>Surcharge as<br>% of Surcharge |       |       |
|       |                                                      |                                       | Independent Providers           |                      | Hosp. & OHCF Employed Providers |                      | Indep. - 500x500 Rates |                      | Hosp. & OHCF - 500x500 Rates |                      |                         |                                           |                                 |                                           |       |       |
| (1)   | (2a)                                                 | (2b)                                  | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value      | Risk Loaded<br>Value | Expected<br>Value            | Risk Loaded<br>Value | (9)                     | (10)                                      | (11a)                           | (11b)                                     | (11c) | (11d) |
| 1     | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              | 3,139                  | \$3,393              | \$3,632                      | \$3,926              | 30.3%                   | 1,559                                     | 43.1%                           | 2,945                                     |       |       |
| 2     | 5,771                                                | 8,145                                 | 6,859                           | 7,415                | 9,107                           | 9,845                | 4,184                  | 4,523                | 4,843                        | 5,236                | 30.3%                   | 2,079                                     | 43.1%                           | 3,928                                     |       |       |
| 3     | 6,925                                                | 9,773                                 | 8,231                           | 8,898                | 10,927                          | 11,812               | 5,021                  | 5,428                | 5,811                        | 6,282                | 30.3%                   | 2,494                                     | 43.1%                           | 4,713                                     |       |       |
| 4A    | 8,656                                                | 12,218                                | 10,289                          | 11,122               | 13,661                          | 14,767               | 6,276                  | 6,784                | 7,265                        | 7,854                | 30.3%                   | 3,118                                     | 43.1%                           | 5,892                                     |       |       |
| 4     | 10,387                                               | 14,661                                | 12,346                          | 13,346               | 16,392                          | 17,720               | 7,531                  | 8,141                | 8,718                        | 9,424                | 30.3%                   | 3,741                                     | 43.1%                           | 7,070                                     |       |       |
| 5A    | 9,811                                                | 13,846                                | 11,661                          | 12,606               | 15,481                          | 16,735               | 7,113                  | 7,689                | 8,233                        | 8,900                | 30.3%                   | 3,534                                     | 43.1%                           | 6,677                                     |       |       |
| 5     | 12,696                                               | 17,918                                | 15,091                          | 16,313               | 20,034                          | 21,657               | 9,205                  | 9,951                | 10,655                       | 11,518               | 30.3%                   | 4,573                                     | 43.1%                           | 8,640                                     |       |       |
| 6     | 15,004                                               | 21,177                                | 17,834                          | 19,278               | 23,678                          | 25,596               | 10,878                 | 11,760               | 12,593                       | 13,613               | 30.3%                   | 5,404                                     | 43.1%                           | 10,212                                    |       |       |
| 7A    | 17,313                                               | 24,434                                | 20,578                          | 22,245               | 27,320                          | 29,532               | 12,553                 | 13,569               | 14,529                       | 15,706               | 30.3%                   | 6,236                                     | 43.1%                           | 11,783                                    |       |       |
| 7     | 20,198                                               | 28,507                                | 24,008                          | 25,952               | 31,874                          | 34,455               | 14,644                 | 15,830               | 16,951                       | 18,324               | 30.3%                   | 7,275                                     | 43.1%                           | 13,747                                    |       |       |
| 8     | 27,411                                               | 38,689                                | 32,581                          | 35,220               | 43,258                          | 46,762               | 19,874                 | 21,484               | 23,006                       | 24,869               | 30.3%                   | 9,873                                     | 43.1%                           | 18,657                                    |       |       |
| 9     | 33,183                                               | 46,833                                | 39,442                          | 42,636               | 52,364                          | 56,605               | 24,059                 | 26,008               | 27,848                       | 30,104               | 30.3%                   | 11,952                                    | 43.1%                           | 22,584                                    |       |       |
| 10    | 37,510                                               | 52,942                                | 44,585                          | 48,196               | 59,194                          | 63,989               | 27,196                 | 29,399               | 31,481                       | 34,031               | 30.3%                   | 13,510                                    | 43.1%                           | 25,530                                    |       |       |
| 51    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 52    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 53    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 99    | 3,463                                                | 4,887                                 | 4,116                           | 4,450                | 5,464                           | 5,907                | 2,511                  | 2,714                | 2,906                        | 3,141                | 30.3%                   | 1,247                                     | 43.1%                           | 2,357                                     |       |       |
| CRNA  | 1,443                                                | 2,037                                 | 1,715                           | 1,854                | 2,278                           | 2,462                | 1,046                  | 1,131                | 1,211                        | 1,309                | 30.3%                   | 520                                       | 43.1%                           | 982                                       |       |       |
| CN    | 924                                                  | 1,304                                 | 1,098                           | 1,187                | 1,458                           | 1,576                | 670                    | 724                  | 775                          | 838                  |                         |                                           |                                 |                                           |       |       |
| PA-1  | 1,962                                                | 2,769                                 | 2,332                           | 2,521                | 3,096                           | 3,347                | 1,423                  | 1,538                | 1,647                        | 1,780                | 30.3%                   | 707                                       | 43.1%                           | 1,335                                     |       |       |
| PA-2  | 2,597                                                | 3,665                                 | 3,087                           | 3,337                | 4,098                           | 4,430                | 1,883                  | 2,035                | 2,179                        | 2,356                | 30.3%                   | 935                                       | 43.1%                           | 1,767                                     |       |       |
| PA-3  | 3,116                                                | 4,398                                 | 3,704                           | 4,004                | 4,917                           | 5,316                | 2,259                  | 2,442                | 2,615                        | 2,827                | 30.3%                   | 1,122                                     | 43.1%                           | 2,121                                     |       |       |
| Total |                                                      |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (12)  | Class 1 Rate                                         |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
|       | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (13)  | Indicated Percent of Change                          |                                       | 18.9%                           | 28.5%                | 11.8%                           | 20.9%                |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |

| Column/Row | Note                                                            |
|------------|-----------------------------------------------------------------|
| (2)        | Provided by NMPCF                                               |
| (3)-(6)    | Based on indicated surcharge changes in Exhibit 10 & Exhibit 14 |
| (7)        | Col (3) x 61%; 61% based on Pinnacle analysis of industry data  |
| (8)        | Col (4) x 61%; 61% based on Pinnacle analysis of industry data  |
| (9)        | Col (5) x 53%; 53% based on Pinnacle analysis of industry data  |
| (10)       | Col (6) x 53%; 53% based on Pinnacle analysis of industry data  |
| (11a)      | From Fund Summary, Page 1b, Row (15) for 2024                   |
| (11b)      | Col (3) x Col (11a)                                             |
| (11c)      | From Fund Summary, Page 1b, Row (15) for 2024                   |
| (11d)      | Col (5) x Col (11c)                                             |

**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2022

Development of Physician Surcharge Estimates; Reflects 32.5M Infusion allocated 75% to Independent Physician & Surgeons and 25% to Hospitals & OHCF's  
7-Year Time Horizon

NMPCF Indicated Surcharge  
Physicians and Surgeons

| Class | NMPCF Current Surcharge     |                                       | Discounted Estimated Surcharges |                      |                                 |                      |                        |                      |                              |                      | Deficit Surcharge Rates        |         |                                 |          |
|-------|-----------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------|----------------------|------------------------|----------------------|------------------------------|----------------------|--------------------------------|---------|---------------------------------|----------|
|       | Independent<br>Providers    | Hosp. & OHCF<br>Employed<br>Providers | 1/1/24-25 Rate Level            |                      |                                 |                      |                        |                      |                              |                      | Independent Providers          |         | Hosp. & OHCF Employed Providers |          |
|       |                             |                                       | Independent Providers           |                      | Hosp. & OHCF Employed Providers |                      | Indep. - 500x500 Rates |                      | Hosp. & OHCF - 500x500 Rates |                      | Deficit                        | Deficit | Expected                        | Expected |
|       |                             |                                       | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value      | Risk Loaded<br>Value | Expected<br>Value            | Risk Loaded<br>Value | Surcharge as<br>% of Surcharge | Value   | Surcharge as<br>% of Surcharge  | Value    |
| (1)   | (2a)                        | (2b)                                  | (3)                             | (4)                  | (5)                             | (6)                  | (7)                    | (8)                  | (9)                          | (10)                 | (11a)                          | (11b)   | (11c)                           | (11d)    |
| 1     | \$4,329                     | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              | 3,139                  | \$3,393              | \$3,632                      | \$3,926              | 17.7%                          | 912     | 49.1%                           | 3,353    |
| 2     | 5,771                       | 8,145                                 | 6,859                           | 7,415                | 9,107                           | 9,845                | 4,184                  | 4,523                | 4,843                        | 5,236                | 17.7%                          | 1,216   | 49.1%                           | 4,472    |
| 3     | 6,925                       | 9,773                                 | 8,231                           | 8,898                | 10,927                          | 11,812               | 5,021                  | 5,428                | 5,811                        | 6,282                | 17.7%                          | 1,459   | 49.1%                           | 5,366    |
| 4A    | 8,656                       | 12,218                                | 10,289                          | 11,122               | 13,661                          | 14,767               | 6,276                  | 6,784                | 7,265                        | 7,854                | 17.7%                          | 1,824   | 49.1%                           | 6,708    |
| 4     | 10,387                      | 14,661                                | 12,346                          | 13,346               | 16,392                          | 17,720               | 7,531                  | 8,141                | 8,718                        | 9,424                | 17.7%                          | 2,189   | 49.1%                           | 8,049    |
| 5A    | 9,811                       | 13,846                                | 11,661                          | 12,606               | 15,481                          | 16,735               | 7,113                  | 7,689                | 8,233                        | 8,900                | 17.7%                          | 2,067   | 49.1%                           | 7,602    |
| 5     | 12,696                      | 17,918                                | 15,091                          | 16,313               | 20,034                          | 21,657               | 9,205                  | 9,951                | 10,655                       | 11,518               | 17.7%                          | 2,675   | 49.1%                           | 9,837    |
| 6     | 15,004                      | 21,177                                | 17,834                          | 19,278               | 23,678                          | 25,596               | 10,878                 | 11,760               | 12,593                       | 13,613               | 17.7%                          | 3,161   | 49.1%                           | 11,627   |
| 7A    | 17,313                      | 24,434                                | 20,578                          | 22,245               | 27,320                          | 29,532               | 12,553                 | 13,569               | 14,529                       | 15,706               | 17.7%                          | 3,648   | 49.1%                           | 13,415   |
| 7     | 20,198                      | 28,507                                | 24,008                          | 25,952               | 31,874                          | 34,455               | 14,644                 | 15,830               | 16,951                       | 18,324               | 17.7%                          | 4,256   | 49.1%                           | 15,651   |
| 8     | 27,411                      | 38,689                                | 32,581                          | 35,220               | 43,258                          | 46,762               | 19,874                 | 21,484               | 23,006                       | 24,869               | 17.7%                          | 5,776   | 49.1%                           | 21,241   |
| 9     | 33,183                      | 46,833                                | 39,442                          | 42,636               | 52,364                          | 56,605               | 24,059                 | 26,008               | 27,848                       | 30,104               | 17.7%                          | 6,992   | 49.1%                           | 25,712   |
| 10    | 37,510                      | 52,942                                | 44,585                          | 48,196               | 59,194                          | 63,989               | 27,196                 | 29,399               | 31,481                       | 34,031               | 17.7%                          | 7,904   | 49.1%                           | 29,066   |
| 51    | 10%                         | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                                |         |                                 |          |
| 52    | 10%                         | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                                |         |                                 |          |
| 53    | 10%                         | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                                |         |                                 |          |
| 99    | 3,463                       | 4,887                                 | 4,116                           | 4,450                | 5,464                           | 5,907                | 2,511                  | 2,714                | 2,906                        | 3,141                | 17.7%                          | 730     | 49.1%                           | 2,683    |
| CRNA  | 1,443                       | 2,037                                 | 1,715                           | 1,854                | 2,278                           | 2,462                | 1,046                  | 1,131                | 1,211                        | 1,309                | 17.7%                          | 304     | 49.1%                           | 1,118    |
| CN    | 924                         | 1,304                                 | 1,098                           | 1,187                | 1,458                           | 1,576                | 670                    | 724                  | 775                          | 838                  |                                |         |                                 |          |
| PA-1  | 1,962                       | 2,769                                 | 2,332                           | 2,521                | 3,096                           | 3,347                | 1,423                  | 1,538                | 1,647                        | 1,780                | 17.7%                          | 413     | 49.1%                           | 1,520    |
| PA-2  | 2,597                       | 3,665                                 | 3,087                           | 3,337                | 4,098                           | 4,430                | 1,883                  | 2,035                | 2,179                        | 2,356                | 17.7%                          | 547     | 49.1%                           | 2,012    |
| PA-3  | 3,116                       | 4,398                                 | 3,704                           | 4,004                | 4,917                           | 5,316                | 2,259                  | 2,442                | 2,615                        | 2,827                | 17.7%                          | 657     | 49.1%                           | 2,415    |
| Total |                             |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                                |         |                                 |          |
| (12)  | Class 1 Rate                | \$4,329                               | \$6,108                         | \$5,145              | \$5,562                         | \$6,829              | \$7,383                |                      |                              |                      |                                |         |                                 |          |
| (13)  | Indicated Percent of Change |                                       |                                 | 18.9%                | 28.5%                           | 11.8%                | 20.9%                  |                      |                              |                      |                                |         |                                 |          |

| Column/Row | Note                                                            |
|------------|-----------------------------------------------------------------|
| (2)        | Provided by NMPCF                                               |
| (3)-(6)    | Based on indicated surcharge changes in Exhibit 10 & Exhibit 14 |
| (7)        | Col (3) x 61%; 61% based on Pinnacle analysis of industry data  |
| (8)        | Col (4) x 61%; 61% based on Pinnacle analysis of industry data  |
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| (11a)      | From Fund Summary, Page 1a, Row (15) for 2024                   |
| (11b)      | Col (3) x Col (11a)                                             |
| (11c)      | From Fund Summary, Page 1a, Row (15) for 2024                   |
| (11d)      | Col (5) x Col (11c)                                             |

**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2022

Development of Physician Surcharge Estimates; Reflects 32.5M Infusion allocated 50% to Independent Physician & Surgeons and 50% to Hospitals & OHCF's  
7-Year Time Horizon

| Class | NMPCF Indicated Surcharge<br>Physicians and Surgeons |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      | Deficit Surcharge Rates |                                           |                                 |                                           |       |       |
|-------|------------------------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------|----------------------|------------------------|----------------------|------------------------------|----------------------|-------------------------|-------------------------------------------|---------------------------------|-------------------------------------------|-------|-------|
|       | NMPCF Current Surcharge                              |                                       | Discounted Estimated Surcharges |                      |                                 |                      |                        |                      |                              |                      | Independent Providers   |                                           | Hosp. & OHCF Employed Providers |                                           |       |       |
|       | Independent<br>Providers                             | Hosp. & OHCF<br>Employed<br>Providers | 1/1/24-25 Rate Level            |                      |                                 |                      |                        |                      |                              |                      | Expected<br>Value       | Deficit<br>Surcharge as<br>% of Surcharge | Expected<br>Value               | Deficit<br>Surcharge as<br>% of Surcharge |       |       |
|       |                                                      |                                       | Independent Providers           |                      | Hosp. & OHCF Employed Providers |                      | Indep. - 500x500 Rates |                      | Hosp. & OHCF - 500x500 Rates |                      |                         |                                           |                                 |                                           |       |       |
| (1)   | (2a)                                                 | (2b)                                  | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value      | Risk Loaded<br>Value | Expected<br>Value            | Risk Loaded<br>Value | (9)                     | (10)                                      | (11a)                           | (11b)                                     | (11c) | (11d) |
| 1     | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              | 3,139                  | \$3,393              | \$3,632                      | \$3,926              | 22.3%                   | 1,146                                     | 43.1%                           | 2,945                                     |       |       |
| 2     | 5,771                                                | 8,145                                 | 6,859                           | 7,415                | 9,107                           | 9,845                | 4,184                  | 4,523                | 4,843                        | 5,236                | 22.3%                   | 1,528                                     | 43.1%                           | 3,928                                     |       |       |
| 3     | 6,925                                                | 9,773                                 | 8,231                           | 8,898                | 10,927                          | 11,812               | 5,021                  | 5,428                | 5,811                        | 6,282                | 22.3%                   | 1,834                                     | 43.1%                           | 4,713                                     |       |       |
| 4A    | 8,656                                                | 12,218                                | 10,289                          | 11,122               | 13,661                          | 14,767               | 6,276                  | 6,784                | 7,265                        | 7,854                | 22.3%                   | 2,292                                     | 43.1%                           | 5,892                                     |       |       |
| 4     | 10,387                                               | 14,661                                | 12,346                          | 13,346               | 16,392                          | 17,720               | 7,531                  | 8,141                | 8,718                        | 9,424                | 22.3%                   | 2,751                                     | 43.1%                           | 7,070                                     |       |       |
| 5A    | 9,811                                                | 13,846                                | 11,661                          | 12,606               | 15,481                          | 16,735               | 7,113                  | 7,689                | 8,233                        | 8,900                | 22.3%                   | 2,598                                     | 43.1%                           | 6,677                                     |       |       |
| 5     | 12,696                                               | 17,918                                | 15,091                          | 16,313               | 20,034                          | 21,657               | 9,205                  | 9,951                | 10,655                       | 11,518               | 22.3%                   | 3,362                                     | 43.1%                           | 8,640                                     |       |       |
| 6     | 15,004                                               | 21,177                                | 17,834                          | 19,278               | 23,678                          | 25,596               | 10,878                 | 11,760               | 12,593                       | 13,613               | 22.3%                   | 3,973                                     | 43.1%                           | 10,212                                    |       |       |
| 7A    | 17,313                                               | 24,434                                | 20,578                          | 22,245               | 27,320                          | 29,532               | 12,553                 | 13,569               | 14,529                       | 15,706               | 22.3%                   | 4,585                                     | 43.1%                           | 11,783                                    |       |       |
| 7     | 20,198                                               | 28,507                                | 24,008                          | 25,952               | 31,874                          | 34,455               | 14,644                 | 15,830               | 16,951                       | 18,324               | 22.3%                   | 5,349                                     | 43.1%                           | 13,747                                    |       |       |
| 8     | 27,411                                               | 38,689                                | 32,581                          | 35,220               | 43,258                          | 46,762               | 19,874                 | 21,484               | 23,006                       | 24,869               | 22.3%                   | 7,259                                     | 43.1%                           | 18,657                                    |       |       |
| 9     | 33,183                                               | 46,833                                | 39,442                          | 42,636               | 52,364                          | 56,605               | 24,059                 | 26,008               | 27,848                       | 30,104               | 22.3%                   | 8,787                                     | 43.1%                           | 22,584                                    |       |       |
| 10    | 37,510                                               | 52,942                                | 44,585                          | 48,196               | 59,194                          | 63,989               | 27,196                 | 29,399               | 31,481                       | 34,031               | 22.3%                   | 9,933                                     | 43.1%                           | 25,530                                    |       |       |
| 51    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 52    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 53    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 99    | 3,463                                                | 4,887                                 | 4,116                           | 4,450                | 5,464                           | 5,907                | 2,511                  | 2,714                | 2,906                        | 3,141                | 22.3%                   | 917                                       | 43.1%                           | 2,357                                     |       |       |
| CRNA  | 1,443                                                | 2,037                                 | 1,715                           | 1,854                | 2,278                           | 2,462                | 1,046                  | 1,131                | 1,211                        | 1,309                | 22.3%                   | 382                                       | 43.1%                           | 982                                       |       |       |
| CN    | 924                                                  | 1,304                                 | 1,098                           | 1,187                | 1,458                           | 1,576                | 670                    | 724                  | 775                          | 838                  |                         |                                           |                                 |                                           |       |       |
| PA-1  | 1,962                                                | 2,769                                 | 2,332                           | 2,521                | 3,096                           | 3,347                | 1,423                  | 1,538                | 1,647                        | 1,780                | 22.3%                   | 520                                       | 43.1%                           | 1,335                                     |       |       |
| PA-2  | 2,597                                                | 3,665                                 | 3,087                           | 3,337                | 4,098                           | 4,430                | 1,883                  | 2,035                | 2,179                        | 2,356                | 22.3%                   | 688                                       | 43.1%                           | 1,767                                     |       |       |
| PA-3  | 3,116                                                | 4,398                                 | 3,704                           | 4,004                | 4,917                           | 5,316                | 2,259                  | 2,442                | 2,615                        | 2,827                | 22.3%                   | 825                                       | 43.1%                           | 2,121                                     |       |       |
| Total |                                                      |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (12)  | Class 1 Rate                                         |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
|       | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (13)  | Indicated Percent of Change                          |                                       | 18.9%                           | 28.5%                | 11.8%                           | 20.9%                |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |

| Column/Row | Note                                                            |
|------------|-----------------------------------------------------------------|
| (2)        | Provided by NMPCF                                               |
| (3)-(6)    | Based on indicated surcharge changes in Exhibit 10 & Exhibit 14 |
| (7)        | Col (3) x 61%; 61% based on Pinnacle analysis of industry data  |
| (8)        | Col (4) x 61%; 61% based on Pinnacle analysis of industry data  |
| (9)        | Col (5) x 53%; 53% based on Pinnacle analysis of industry data  |
| (10)       | Col (6) x 53%; 53% based on Pinnacle analysis of industry data  |
| (11a)      | From Fund Summary, Page 1b, Row (15) for 2024                   |
| (11b)      | Col (3) x Col (11a)                                             |
| (11c)      | From Fund Summary, Page 1b, Row (15) for 2024                   |
| (11d)      | Col (5) x Col (11c)                                             |



**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2022

Development of Physician Surcharge Estimates; Reflects 32.5M Infusion allocated 75% to Independent Physician & Surgeons and 25% to Hospitals & OHCF's  
7-Year Time Horizon

| Class | NMPCF Indicated Surcharge<br>Physicians and Surgeons |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      | Deficit Surcharge Rates |                                           |                                 |                                           |       |       |
|-------|------------------------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------|----------------------|------------------------|----------------------|------------------------------|----------------------|-------------------------|-------------------------------------------|---------------------------------|-------------------------------------------|-------|-------|
|       | NMPCF Current Surcharge                              |                                       | Discounted Estimated Surcharges |                      |                                 |                      |                        |                      |                              |                      | Independent Providers   |                                           | Hosp. & OHCF Employed Providers |                                           |       |       |
|       | Independent<br>Providers                             | Hosp. & OHCF<br>Employed<br>Providers | 1/1/24-25 Rate Level            |                      |                                 |                      |                        |                      |                              |                      | Expected<br>Value       | Deficit<br>Surcharge as<br>% of Surcharge | Expected<br>Value               | Deficit<br>Surcharge as<br>% of Surcharge |       |       |
|       |                                                      |                                       | Independent Providers           |                      | Hosp. & OHCF Employed Providers |                      | Indep. - 500x500 Rates |                      | Hosp. & OHCF - 500x500 Rates |                      |                         |                                           |                                 |                                           |       |       |
| (1)   | (2a)                                                 | (2b)                                  | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value      | Risk Loaded<br>Value | Expected<br>Value            | Risk Loaded<br>Value | (9)                     | (10)                                      | (11a)                           | (11b)                                     | (11c) | (11d) |
| 1     | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              | 3,139                  | \$3,393              | \$3,632                      | \$3,926              | 12.8%                   | 659                                       | 49.1%                           | 3,353                                     |       |       |
| 2     | 5,771                                                | 8,145                                 | 6,859                           | 7,415                | 9,107                           | 9,845                | 4,184                  | 4,523                | 4,843                        | 5,236                | 12.8%                   | 878                                       | 49.1%                           | 4,472                                     |       |       |
| 3     | 6,925                                                | 9,773                                 | 8,231                           | 8,898                | 10,927                          | 11,812               | 5,021                  | 5,428                | 5,811                        | 6,282                | 12.8%                   | 1,054                                     | 49.1%                           | 5,366                                     |       |       |
| 4A    | 8,656                                                | 12,218                                | 10,289                          | 11,122               | 13,661                          | 14,767               | 6,276                  | 6,784                | 7,265                        | 7,854                | 12.8%                   | 1,317                                     | 49.1%                           | 6,708                                     |       |       |
| 4     | 10,387                                               | 14,661                                | 12,346                          | 13,346               | 16,392                          | 17,720               | 7,531                  | 8,141                | 8,718                        | 9,424                | 12.8%                   | 1,580                                     | 49.1%                           | 8,049                                     |       |       |
| 5A    | 9,811                                                | 13,846                                | 11,661                          | 12,606               | 15,481                          | 16,735               | 7,113                  | 7,689                | 8,233                        | 8,900                | 12.8%                   | 1,493                                     | 49.1%                           | 7,602                                     |       |       |
| 5     | 12,696                                               | 17,918                                | 15,091                          | 16,313               | 20,034                          | 21,657               | 9,205                  | 9,951                | 10,655                       | 11,518               | 12.8%                   | 1,932                                     | 49.1%                           | 9,837                                     |       |       |
| 6     | 15,004                                               | 21,177                                | 17,834                          | 19,278               | 23,678                          | 25,596               | 10,878                 | 11,760               | 12,593                       | 13,613               | 12.8%                   | 2,283                                     | 49.1%                           | 11,627                                    |       |       |
| 7A    | 17,313                                               | 24,434                                | 20,578                          | 22,245               | 27,320                          | 29,532               | 12,553                 | 13,569               | 14,529                       | 15,706               | 12.8%                   | 2,634                                     | 49.1%                           | 13,415                                    |       |       |
| 7     | 20,198                                               | 28,507                                | 24,008                          | 25,952               | 31,874                          | 34,455               | 14,644                 | 15,830               | 16,951                       | 18,324               | 12.8%                   | 3,073                                     | 49.1%                           | 15,651                                    |       |       |
| 8     | 27,411                                               | 38,689                                | 32,581                          | 35,220               | 43,258                          | 46,762               | 19,874                 | 21,484               | 23,006                       | 24,869               | 12.8%                   | 4,171                                     | 49.1%                           | 21,241                                    |       |       |
| 9     | 33,183                                               | 46,833                                | 39,442                          | 42,636               | 52,364                          | 56,605               | 24,059                 | 26,008               | 27,848                       | 30,104               | 12.8%                   | 5,049                                     | 49.1%                           | 25,712                                    |       |       |
| 10    | 37,510                                               | 52,942                                | 44,585                          | 48,196               | 59,194                          | 63,989               | 27,196                 | 29,399               | 31,481                       | 34,031               | 12.8%                   | 5,707                                     | 49.1%                           | 29,066                                    |       |       |
| 51    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 52    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 53    | 10%                                                  | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |                                           |                                 |                                           |       |       |
| 99    | 3,463                                                | 4,887                                 | 4,116                           | 4,450                | 5,464                           | 5,907                | 2,511                  | 2,714                | 2,906                        | 3,141                | 12.8%                   | 527                                       | 49.1%                           | 2,683                                     |       |       |
| CRNA  | 1,443                                                | 2,037                                 | 1,715                           | 1,854                | 2,278                           | 2,462                | 1,046                  | 1,131                | 1,211                        | 1,309                | 12.8%                   | 220                                       | 49.1%                           | 1,118                                     |       |       |
| CN    | 924                                                  | 1,304                                 | 1,098                           | 1,187                | 1,458                           | 1,576                | 670                    | 724                  | 775                          | 838                  |                         |                                           |                                 |                                           |       |       |
| PA-1  | 1,962                                                | 2,769                                 | 2,332                           | 2,521                | 3,096                           | 3,347                | 1,423                  | 1,538                | 1,647                        | 1,780                | 12.8%                   | 299                                       | 49.1%                           | 1,520                                     |       |       |
| PA-2  | 2,597                                                | 3,665                                 | 3,087                           | 3,337                | 4,098                           | 4,430                | 1,883                  | 2,035                | 2,179                        | 2,356                | 12.8%                   | 395                                       | 49.1%                           | 2,012                                     |       |       |
| PA-3  | 3,116                                                | 4,398                                 | 3,704                           | 4,004                | 4,917                           | 5,316                | 2,259                  | 2,442                | 2,615                        | 2,827                | 12.8%                   | 474                                       | 49.1%                           | 2,415                                     |       |       |
| Total |                                                      |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (12)  | Class 1 Rate                                         |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
|       | \$4,329                                              | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |
| (13)  | Indicated Percent of Change                          |                                       | 18.9%                           | 28.5%                | 11.8%                           | 20.9%                |                        |                      |                              |                      |                         |                                           |                                 |                                           |       |       |

| Column/Row | Note                                                            |
|------------|-----------------------------------------------------------------|
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| (11a)      | From Fund Summary, Page 1a, Row (15) for 2024                   |
| (11b)      | Col (3) x Col (11a)                                             |
| (11c)      | From Fund Summary, Page 1a, Row (15) for 2024                   |
| (11d)      | Col (5) x Col (11c)                                             |

**New Mexico Patients' Compensation Fund**

Reserves as of 12/31/2022

Development of Physician Surcharge Estimates; Reflects 32.5M Infusion allocated 50% to Independent Physician & Surgeons and 50% to Hospitals & OHFC's  
7-Year Time Horizon

NMPCF Indicated Surcharge  
Physicians and Surgeons

| Class | NMPCF Current Surcharge     |                                       | Discounted Estimated Surcharges |                      |                                 |                      |                        |                      |                              |                      | Deficit Surcharge Rates |         |                                 |          |
|-------|-----------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------|----------------------|------------------------|----------------------|------------------------------|----------------------|-------------------------|---------|---------------------------------|----------|
|       | Independent<br>Providers    | Hosp. & OHFC<br>Employed<br>Providers | 1/1/24-25 Rate Level            |                      |                                 |                      |                        |                      |                              |                      | Independent Providers   |         | Hosp. & OHFC Employed Providers |          |
|       |                             |                                       | Independent Providers           |                      | Hosp. & OHFC Employed Providers |                      | Indep. - 500x500 Rates |                      | Hosp. & OHFC - 500x500 Rates |                      | Deficit                 | Deficit | Surcharge as                    | Expected |
|       |                             |                                       | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value               | Risk Loaded<br>Value | Expected<br>Value      | Risk Loaded<br>Value | Expected<br>Value            | Risk Loaded<br>Value | % of Surcharge          | Value   | % of Surcharge                  | Value    |
| (1)   | (2a)                        | (2b)                                  | (3)                             | (4)                  | (5)                             | (6)                  | (7)                    | (8)                  | (9)                          | (10)                 | (11a)                   | (11b)   | (11c)                           | (11d)    |
| 1     | \$4,329                     | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              | 3,139                  | \$3,393              | \$3,632                      | \$3,926              | 16.1%                   | 828     | 43.1%                           | 2,945    |
| 2     | 5,771                       | 8,145                                 | 6,859                           | 7,415                | 9,107                           | 9,845                | 4,184                  | 4,523                | 4,843                        | 5,236                | 16.1%                   | 1,103   | 43.1%                           | 3,928    |
| 3     | 6,925                       | 9,773                                 | 8,231                           | 8,898                | 10,927                          | 11,812               | 5,021                  | 5,428                | 5,811                        | 6,282                | 16.1%                   | 1,324   | 43.1%                           | 4,713    |
| 4A    | 8,656                       | 12,218                                | 10,289                          | 11,122               | 13,661                          | 14,767               | 6,276                  | 6,784                | 7,265                        | 7,854                | 16.1%                   | 1,655   | 43.1%                           | 5,892    |
| 4     | 10,387                      | 14,661                                | 12,346                          | 13,346               | 16,392                          | 17,720               | 7,531                  | 8,141                | 8,718                        | 9,424                | 16.1%                   | 1,986   | 43.1%                           | 7,070    |
| 5A    | 9,811                       | 13,846                                | 11,661                          | 12,606               | 15,481                          | 16,735               | 7,113                  | 7,689                | 8,233                        | 8,900                | 16.1%                   | 1,876   | 43.1%                           | 6,677    |
| 5     | 12,696                      | 17,918                                | 15,091                          | 16,313               | 20,034                          | 21,657               | 9,205                  | 9,951                | 10,655                       | 11,518               | 16.1%                   | 2,428   | 43.1%                           | 8,640    |
| 6     | 15,004                      | 21,177                                | 17,834                          | 19,278               | 23,678                          | 25,596               | 10,878                 | 11,760               | 12,593                       | 13,613               | 16.1%                   | 2,869   | 43.1%                           | 10,212   |
| 7A    | 17,313                      | 24,434                                | 20,578                          | 22,245               | 27,320                          | 29,532               | 12,553                 | 13,569               | 14,529                       | 15,706               | 16.1%                   | 3,310   | 43.1%                           | 11,783   |
| 7     | 20,198                      | 28,507                                | 24,008                          | 25,952               | 31,874                          | 34,455               | 14,644                 | 15,830               | 16,951                       | 18,324               | 16.1%                   | 3,862   | 43.1%                           | 13,747   |
| 8     | 27,411                      | 38,689                                | 32,581                          | 35,220               | 43,258                          | 46,762               | 19,874                 | 21,484               | 23,006                       | 24,869               | 16.1%                   | 5,241   | 43.1%                           | 18,657   |
| 9     | 33,183                      | 46,833                                | 39,442                          | 42,636               | 52,364                          | 56,605               | 24,059                 | 26,008               | 27,848                       | 30,104               | 16.1%                   | 6,345   | 43.1%                           | 22,584   |
| 10    | 37,510                      | 52,942                                | 44,585                          | 48,196               | 59,194                          | 63,989               | 27,196                 | 29,399               | 31,481                       | 34,031               | 16.1%                   | 7,172   | 43.1%                           | 25,530   |
| 51    | 10%                         | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |         |                                 |          |
| 52    | 10%                         | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |         |                                 |          |
| 53    | 10%                         | 10%                                   | 10%                             | 10%                  | 10%                             | 10%                  | 6%                     | 6%                   | 5%                           | 5%                   |                         |         |                                 |          |
| 99    | 3,463                       | 4,887                                 | 4,116                           | 4,450                | 5,464                           | 5,907                | 2,511                  | 2,714                | 2,906                        | 3,141                | 16.1%                   | 662     | 43.1%                           | 2,357    |
| CRNA  | 1,443                       | 2,037                                 | 1,715                           | 1,854                | 2,278                           | 2,462                | 1,046                  | 1,131                | 1,211                        | 1,309                | 16.1%                   | 276     | 43.1%                           | 982      |
| CN    | 924                         | 1,304                                 | 1,098                           | 1,187                | 1,458                           | 1,576                | 670                    | 724                  | 775                          | 838                  |                         |         |                                 |          |
| PA-1  | 1,962                       | 2,769                                 | 2,332                           | 2,521                | 3,096                           | 3,347                | 1,423                  | 1,538                | 1,647                        | 1,780                | 16.1%                   | 375     | 43.1%                           | 1,335    |
| PA-2  | 2,597                       | 3,665                                 | 3,087                           | 3,337                | 4,098                           | 4,430                | 1,883                  | 2,035                | 2,179                        | 2,356                | 16.1%                   | 497     | 43.1%                           | 1,767    |
| PA-3  | 3,116                       | 4,398                                 | 3,704                           | 4,004                | 4,917                           | 5,316                | 2,259                  | 2,442                | 2,615                        | 2,827                | 16.1%                   | 596     | 43.1%                           | 2,121    |
| Total |                             |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |         |                                 |          |
| (12)  | Class 1 Rate                |                                       |                                 |                      |                                 |                      |                        |                      |                              |                      |                         |         |                                 |          |
|       | \$4,329                     | \$6,108                               | \$5,145                         | \$5,562              | \$6,829                         | \$7,383              |                        |                      |                              |                      |                         |         |                                 |          |
| (13)  | Indicated Percent of Change |                                       | 18.9%                           | 28.5%                | 11.8%                           | 20.9%                |                        |                      |                              |                      |                         |         |                                 |          |

| Column/Row | Note                                                            |
|------------|-----------------------------------------------------------------|
| (2)        | Provided by NMPCF                                               |
| (3)-(6)    | Based on indicated surcharge changes in Exhibit 10 & Exhibit 14 |
| (7)        | Col (3) x 61%; 61% based on Pinnacle analysis of industry data  |
| (8)        | Col (4) x 61%; 61% based on Pinnacle analysis of industry data  |
| (9)        | Col (5) x 53%; 53% based on Pinnacle analysis of industry data  |
| (10)       | Col (6) x 53%; 53% based on Pinnacle analysis of industry data  |
| (11a)      | From Fund Summary, Page 1b, Row (15) for 2024                   |
| (11b)      | Col (3) x Col (11a)                                             |
| (11c)      | From Fund Summary, Page 1b, Row (15) for 2024                   |
| (11d)      | Col (5) x Col (11c)                                             |

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| Christus St. Vincent Hospital |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|-------------------------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year                 | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)                           | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009                          | 565,000             | 0.625                                 | 918,297                    | 2,075,000   | 226.0%          | 100.0%             | 100.0%              | 100.0%   | 0                  | 0                   | 2,075,000                |
| 2010                          | 1,130,000           | 0.487                                 | 1,680,228                  | 1,605,000   | 95.5%           | 100.0%             | 100.0%              | 100.0%   | 0                  | 0                   | 1,605,000                |
| 2011                          | 1,152,600           | 0.583                                 | 1,825,004                  | 2,547,500   | 139.6%          | 100.0%             | 100.0%              | 100.0%   | 12,737             | 9,301               | 2,560,238                |
| 2012                          | 1,137,371           | 0.598                                 | 1,817,812                  | 3,475,000   | 191.2%          | 100.0%             | 100.0%              | 100.0%   | 34,837             | 34,520              | 3,509,837                |
| 2013                          | 1,174,771           | 0.696                                 | 1,992,604                  | 2,607,237   | 130.8%          | 100.0%             | 100.0%              | 100.0%   | 49,838             | 49,258              | 2,657,075                |
| 2014                          | 1,300,000           | 0.651                                 | 2,146,331                  | 6,688,260   | 311.6%          | 100.0%             | 100.0%              | 100.0%   | 209,641            | 206,636             | 6,897,901                |
| 2015                          | 1,350,000           | 0.648                                 | 2,224,828                  | 4,504,980   | 202.5%          | 100.0%             | 97.3%               | 97.3%    | 256,223            | 251,845             | 4,761,203                |
| 2016                          | 1,325,000           | 0.877                                 | 2,486,641                  | 6,127,679   | 246.4%          | 42.0%              | 61.7%               | 59.8%    | 528,755            | 520,246             | 6,656,435                |
| 2017                          | 1,375,000           | 0.877                                 | 2,580,476                  | 437,500     | 17.0%           | 15.3%              | 2.6%                | 7.0%     | 666,958            | 660,789             | 1,104,458                |
| 2018                          | 1,635,000           | 0.877                                 | 3,068,421                  | 2,457,414   | 80.1%           | 9.9%               | 12.9%               | 11.4%    | 2,652,765          | 2,618,037           | 5,110,179                |
| 2019                          | 1,820,000           | 0.877                                 | 3,415,612                  | 141,250     | 4.1%            | 10.1%              | 2.5%                | 8.6%     | 2,771,845          | 2,725,578           | 2,913,095                |
| 2020                          | 1,709,923           | 0.877                                 | 3,209,029                  | 0           | 0.0%            | 9.4%               | 0.0%                | 8.5%     | 3,129,702          | 3,059,109           | 3,129,702                |
| 2021                          | 1,599,979           | 0.877                                 | 3,002,696                  | 0           | 0.0%            | 8.6%               | 0.0%                | 8.6%     | 3,581,522          | 3,477,166           | 3,581,522                |
| 2022                          | 1,952,960           | 1.104                                 | 4,109,276                  | 0           | 0.0%            | 10.7%              | 0.0%                | 10.7%    | 5,369,028          | 5,171,652           | 5,369,028                |
| Total                         | 19,227,603          |                                       | 34,477,254                 | 32,666,821  | 169.9%          | 16.6%              | 41.0%               |          | 19,263,851         | 18,784,137          | 51,930,672               |

Column

- (2), (3), (5) Based on data provided by client
- (4) Col (2) x [1.0 + Col (3)]
- (6) Col (5) / Col (4)
- (7) Col (4) / Total Surcharges
- (8) Col (5) / Total Paid Losses
- (9) Judgmentally Selected based on columns Cols (5) & (6)
- (10) Col (9) x Undiscounted Reserves from Exhibit 1, Page 5
- (11) Col (10) x Discount Factors from Exhibit 1, Page 2
- (12) Col (5) + Col (10)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| Community Health Systems |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|--------------------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year            | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)                      | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009                     | 0                   | 0.190                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2010                     | 0                   | 0.190                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2011                     | 0                   | 0.190                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2012                     | 0                   | 0.190                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2013                     | 0                   | 0.190                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2014                     | 0                   | 0.190                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2015                     | 0                   | 0.190                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2016                     | 851,834             | 0.190                                 | 1,003,413                  | 925,000     | 92.2%           | 17.0%              | 9.3%                | 10.1%    | 89,212             | 87,776              | 1,014,212                |
| 2017                     | 2,484,173           | 0.190                                 | 2,930,698                  | 2,150,000   | 73.4%           | 17.3%              | 12.6%               | 14.3%    | 1,356,183          | 1,343,639           | 3,506,183                |
| 2018                     | 2,549,394           | 0.190                                 | 3,018,407                  | 873,569     | 28.9%           | 9.7%               | 4.6%                | 7.2%     | 1,666,582          | 1,644,764           | 2,540,150                |
| 2019                     | 2,933,227           | 0.190                                 | 3,546,727                  | 396,000     | 11.2%           | 10.5%              | 7.0%                | 9.8%     | 3,161,007          | 3,108,244           | 3,557,007                |
| 2020                     | 3,696,474           | 0.190                                 | 4,534,267                  | 400,000     | 8.8%            | 13.3%              | 9.4%                | 12.9%    | 4,770,953          | 4,663,339           | 5,170,953                |
| 2021                     | 5,185,528           | 0.190                                 | 6,169,388                  | 0           | 0.0%            | 17.7%              | 0.0%                | 17.7%    | 7,358,654          | 7,144,242           | 7,358,654                |
| 2022                     | 6,662,261           | 0.240                                 | 8,263,131                  | 0           | 0.0%            | 21.5%              | 0.0%                | 21.5%    | 10,796,301         | 10,399,408          | 10,796,301               |
| Total                    | 24,362,891          |                                       | 29,466,031                 | 4,744,569   | 19.5%           | 14.2%              | 6.0%                |          | 29,198,890         | 28,391,413          | 33,943,458               |

Column

- (2), (3), (5) Based on data provided by client
- (4) Col (2) x [1.0 + Col (3)]
- (6) Col (5) / Col (4)
- (7) Col (4) / Total Surcharges
- (8) Col (5) / Total Paid Losses
- (9) Judgmentally Selected based on columns Cols (5) & (6)
- (10) Col (9) x Undiscounted Reserves from Exhibit 1, Page 5
- (11) Col (10) x Discount Factors from Exhibit 1, Page 2
- (12) Col (5) + Col (10)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| LifePoint Health Group |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|------------------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year          | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)                    | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009                   | 0                   | 0.484                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2010                   | 0                   | 0.484                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2011                   | 0                   | 0.484                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2012                   | 0                   | 0.484                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2013                   | 0                   | 0.484                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2014                   | 0                   | 0.484                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2015                   | 0                   | 0.484                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2016                   | 578,804             | 0.484                                 | 851,759                    | 0           | 0.0%            | 14.4%              | 0.0%                | 1.4%     | 12,740             | 12,535              | 12,740                   |
| 2017                   | 1,636,047           | 0.484                                 | 2,405,315                  | 3,540,000   | 147.2%          | 14.2%              | 20.7%               | 18.5%    | 1,756,062          | 1,739,820           | 5,296,062                |
| 2018                   | 1,579,852           | 0.484                                 | 2,313,680                  | 0           | 0.0%            | 7.5%               | 0.0%                | 3.7%     | 868,477            | 857,108             | 868,477                  |
| 2019                   | 1,854,324           | 0.484                                 | 2,711,091                  | 2,200,000   | 81.1%           | 8.0%               | 38.7%               | 14.2%    | 4,567,949          | 4,491,702           | 6,767,949                |
| 2020                   | 1,750,203           | 0.484                                 | 2,573,587                  | 0           | 0.0%            | 7.5%               | 0.0%                | 6.8%     | 2,509,969          | 2,453,354           | 2,509,969                |
| 2021                   | 1,612,758           | 0.484                                 | 2,392,698                  | 0           | 0.0%            | 6.9%               | 0.0%                | 6.9%     | 2,853,935          | 2,770,779           | 2,853,935                |
| 2022                   | 2,092,895           | 0.479                                 | 3,095,473                  | 0           | 0.0%            | 8.0%               | 0.0%                | 8.0%     | 4,044,431          | 3,895,750           | 4,044,431                |
| Total                  | 11,104,883          |                                       | 16,343,604                 | 5,740,000   | 51.7%           | 7.9%               | 7.2%                |          | 16,613,563         | 16,221,047          | 22,353,563               |

Column

- (2), (3), (5) Based on data provided by client
- (4) Col (2) x [1.0 + Col (3)]
- (6) Col (5) / Col (4)
- (7) Col (4) / Total Surcharges
- (8) Col (5) / Total Paid Losses
- (9) Judgmentally Selected based on columns Cols (5) & (6)
- (10) Col (9) x Undiscounted Reserves from Exhibit 1, Page 5
- (11) Col (10) x Discount Factors from Exhibit 1, Page 2
- (12) Col (5) + Col (10)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| Lovelace Health System LLC |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|----------------------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year              | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)                        | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009                       | 0                   | 0.343                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2010                       | 0                   | 0.343                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2011                       | 0                   | 0.343                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2012                       | 0                   | 0.343                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2013                       | 0                   | 0.343                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2014                       | 0                   | 0.343                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2015                       | 0                   | 0.343                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2016                       | 836,900             | 0.343                                 | 1,123,617                  | 1,322,500   | 117.7%          | 19.0%              | 13.3%               | 13.9%    | 122,897            | 120,919             | 1,445,397                |
| 2017                       | 2,368,533           | 0.343                                 | 3,179,979                  | 9,060,466   | 284.9%          | 18.8%              | 53.1%               | 41.1%    | 3,908,047          | 3,871,899           | 12,968,512               |
| 2018                       | 2,249,428           | 0.343                                 | 3,020,069                  | 6,014,548   | 199.2%          | 9.7%               | 31.5%               | 20.6%    | 4,807,307          | 4,744,374           | 10,821,855               |
| 2019                       | 2,392,625           | 0.343                                 | 3,212,325                  | 801,000     | 24.9%           | 9.5%               | 14.1%               | 10.4%    | 3,364,620          | 3,308,458           | 4,165,620                |
| 2020                       | 2,791,008           | 0.343                                 | 3,747,191                  | 650,000     | 17.3%           | 11.0%              | 15.3%               | 11.4%    | 4,221,315          | 4,126,099           | 4,871,315                |
| 2021                       | 3,720,065           | 0.343                                 | 4,994,538                  | 0           | 0.0%            | 14.3%              | 0.0%                | 14.3%    | 5,957,329          | 5,783,748           | 5,957,329                |
| 2022                       | 2,782,774           | 0.372                                 | 3,817,765                  | 0           | 0.0%            | 9.9%               | 0.0%                | 9.9%     | 4,988,150          | 4,804,777           | 4,988,150                |
| Total                      | 17,141,333          |                                       | 23,095,483                 | 17,848,513  | 104.1%          | 11.1%              | 22.4%               |          | 27,369,665         | 26,760,274          | 45,218,178               |

Column

- (2), (3), (5) Based on data provided by client
- (4) Col (2) x [1.0 + Col (3)]
- (6) Col (5) / Col (4)
- (7) Col (4) / Total Surcharges
- (8) Col (5) / Total Paid Losses
- (9) Judgmentally Selected based on columns Cols (5) & (6)
- (10) Col (9) x Undiscounted Reserves from Exhibit 1, Page 5
- (11) Col (10) x Discount Factors from Exhibit 1, Page 2
- (12) Col (5) + Col (10)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| Quorum Health Corporation |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|---------------------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year             | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)                       | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009                      | 0                   | 0.167                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2010                      | 0                   | 0.167                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2011                      | 0                   | 0.167                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2012                      | 0                   | 0.167                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2013                      | 0                   | 0.167                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2014                      | 0                   | 0.167                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2015                      | 0                   | 0.167                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2016                      | 265,408             | 0.167                                 | 303,931                    | 0           | 0.0%            | 5.1%               | 0.0%                | 0.5%     | 4,546              | 4,473               | 4,546                    |
| 2017                      | 783,373             | 0.167                                 | 899,570                    | 0           | 0.0%            | 5.3%               | 0.0%                | 1.9%     | 177,270            | 175,630             | 177,270                  |
| 2018                      | 796,295             | 0.167                                 | 919,928                    | 400,000     | 43.5%           | 3.0%               | 2.1%                | 2.5%     | 589,629            | 581,910             | 989,629                  |
| 2019                      | 891,291             | 0.167                                 | 1,030,901                  | 0           | 0.0%            | 3.1%               | 0.0%                | 2.4%     | 788,251            | 775,094             | 788,251                  |
| 2020                      | 860,883             | 0.167                                 | 999,207                    | 0           | 0.0%            | 2.9%               | 0.0%                | 2.6%     | 974,507            | 952,526             | 974,507                  |
| 2021                      | 699,687             | 0.167                                 | 816,631                    | 0           | 0.0%            | 2.3%               | 0.0%                | 2.3%     | 974,052            | 945,671             | 974,052                  |
| 2022                      | 686,316             | 0.203                                 | 825,936                    | 0           | 0.0%            | 2.1%               | 0.0%                | 2.1%     | 1,079,137          | 1,039,466           | 1,079,137                |
| Total                     | 4,983,251           |                                       | 5,796,104                  | 400,000     | 8.0%            | 2.8%               | 0.5%                |          | 4,587,392          | 4,474,769           | 4,987,392                |

Column

- (2), (3), (5) Based on data provided by client
- (4) Col (2) x [1.0 + Col (3)]
- (6) Col (5) / Col (4)
- (7) Col (4) / Total Surcharges
- (8) Col (5) / Total Paid Losses
- (9) Judgmentally Selected based on columns Cols (5) & (6)
- (10) Col (9) x Undiscounted Reserves from Exhibit 1, Page 5
- (11) Col (10) x Discount Factors from Exhibit 1, Page 2
- (12) Col (5) + Col (10)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| HealthSouth Corporation |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|-------------------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year           | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)                     | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009                    | 0                   | 0.000                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2010                    | 0                   | 0.000                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2011                    | 0                   | 0.000                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2012                    | 0                   | 0.000                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2013                    | 0                   | 0.000                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2014                    | 0                   | 0.000                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2015                    | 0                   | 0.000                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2016                    | 69,377              | 0.000                                 | 69,377                     | 1,550,000   | 2234.2%         | 1.2%               | 15.6%               | 14.2%    | 125,379            | 123,361             | 1,675,379                |
| 2017                    | 185,142             | 0.000                                 | 185,142                    | 175,000     | 94.5%           | 1.1%               | 1.0%                | 1.0%     | 99,863             | 98,940              | 274,863                  |
| 2018                    | 205,783             | 0.000                                 | 205,783                    | 0           | 0.0%            | 0.7%               | 0.0%                | 0.3%     | 77,244             | 76,233              | 77,244                   |
| 2019                    | 339,028             | 0.000                                 | 339,028                    | 0           | 0.0%            | 1.0%               | 0.0%                | 0.8%     | 259,229            | 254,902             | 259,229                  |
| 2020                    | 280,768             | 0.000                                 | 280,768                    | 0           | 0.0%            | 0.8%               | 0.0%                | 0.7%     | 273,827            | 267,651             | 273,827                  |
| 2021                    | 156,600             | 0.000                                 | 156,600                    | 0           | 0.0%            | 0.4%               | 0.0%                | 0.4%     | 186,787            | 181,345             | 186,787                  |
| 2022                    | 250,625             | 0.000                                 | 250,625                    | 0           | 0.0%            | 0.7%               | 0.0%                | 0.7%     | 327,457            | 315,419             | 327,457                  |
| Total                   | 1,487,323           |                                       | 1,487,323                  | 1,725,000   | 116.0%          | 0.7%               | 2.2%                |          | 1,349,787          | 1,317,850           | 3,074,787                |

Column

- (2), (3), (5) Based on data provided by client
- (4) Col (2) x [1.0 + Col (3)]
- (6) Col (5) / Col (4)
- (7) Col (4) / Total Surcharges
- (8) Col (5) / Total Paid Losses
- (9) Judgmentally Selected based on columns Cols (5) & (6)
- (10) Col (9) x Undiscounted Reserves from Exhibit 1, Page 5
- (11) Col (10) x Discount Factors from Exhibit 1, Page 2
- (12) Col (5) + Col (10)



**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| Otero County Hospital Association |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|-----------------------------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year                     | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)                               | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009                              | 0                   | 0.229                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2010                              | 0                   | 0.229                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2011                              | 0                   | 0.229                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2012                              | 0                   | 0.229                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2013                              | 0                   | 0.229                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2014                              | 0                   | 0.229                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2015                              | 0                   | 0.229                                 | 0                          | 125,000     | 0.0%            | 0.0%               | 2.7%                | 2.7%     | 7,109              | 6,988               | 132,109                  |
| 2016                              | 61,733              | 0.229                                 | 75,882                     | 0           | 0.0%            | 1.3%               | 0.0%                | 0.1%     | 1,135              | 1,117               | 1,135                    |
| 2017                              | 226,634             | 0.229                                 | 278,580                    | 1,600,000   | 574.3%          | 1.6%               | 9.4%                | 6.7%     | 634,364            | 628,496             | 2,234,364                |
| 2018                              | 338,156             | 0.229                                 | 415,663                    | 2,649,495   | 637.4%          | 1.3%               | 13.9%               | 7.6%     | 1,774,333          | 1,751,105           | 4,423,828                |
| 2019                              | 372,906             | 0.229                                 | 458,378                    | 0           | 0.0%            | 1.4%               | 0.0%                | 1.1%     | 350,486            | 344,636             | 350,486                  |
| 2020                              | 568,392             | 0.229                                 | 698,672                    | 0           | 0.0%            | 2.0%               | 0.0%                | 1.8%     | 681,401            | 666,031             | 681,401                  |
| 2021                              | 1,017,375           | 0.229                                 | 1,250,564                  | 0           | 0.0%            | 3.6%               | 0.0%                | 3.6%     | 1,491,634          | 1,448,171           | 1,491,634                |
| 2022                              | 0                   | 0.381                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| Total                             | 2,585,196           |                                       | 3,177,740                  | 4,374,495   | 169.2%          | 1.5%               | 5.5%                |          | 4,940,462          | 4,846,545           | 9,314,957                |

Column

- (2), (3), (5) Based on data provided by client
- (4) Col (2) x [1.0 + Col (3)]
- (6) Col (5) / Col (4)
- (7) Col (4) / Total Surcharges
- (8) Col (5) / Total Paid Losses
- (9) Judgmentally Selected based on columns Cols (5) & (6)
- (10) Col (9) x Undiscounted Reserves from Exhibit 1, Page 5
- (11) Col (10) x Discount Factors from Exhibit 1, Page 2
- (12) Col (5) + Col (10)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| Presbyterian Health Systems LLC |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|---------------------------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year                   | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)                             | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009                            | 0                   | 0.816                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2010                            | 0                   | 0.816                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2011                            | 0                   | 0.816                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2012                            | 0                   | 0.816                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2013                            | 0                   | 0.816                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2014                            | 0                   | 0.816                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2015                            | 0                   | 0.816                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2016                            | 0                   | 0.816                                 | 0                          | 0           | 0.0%            | 0.0%               | 0.0%                | 0.0%     | 0                  | 0                   | 0                        |
| 2017                            | 2,441,225           | 0.816                                 | 4,433,016                  | 107,184     | 2.4%            | 26.2%              | 0.6%                | 9.6%     | 912,390            | 903,951             | 1,019,574                |
| 2018                            | 9,945,033           | 0.816                                 | 18,059,167                 | 6,668,996   | 36.9%           | 58.2%              | 35.0%               | 46.6%    | 10,852,209         | 10,710,141          | 17,521,205               |
| 2019                            | 10,485,433          | 0.816                                 | 19,040,480                 | 2,151,250   | 11.3%           | 56.4%              | 37.8%               | 52.7%    | 16,998,490         | 16,714,754          | 19,149,740               |
| 2020                            | 9,937,397           | 0.816                                 | 18,045,302                 | 3,186,500   | 17.7%           | 52.9%              | 75.2%               | 55.2%    | 20,377,628         | 19,917,993          | 23,564,128               |
| 2021                            | 8,843,545           | 0.816                                 | 16,058,977                 | 0           | 0.0%            | 46.1%              | 0.0%                | 46.1%    | 19,154,646         | 18,596,530          | 19,154,646               |
| 2022                            | 8,901,539           | 1.034                                 | 18,109,777                 | 0           | 0.0%            | 47.1%              | 0.0%                | 47.1%    | 23,661,564         | 22,791,720          | 23,661,564               |
| Total                           | 50,554,171          |                                       | 93,746,718                 | 12,113,930  | 24.0%           | 45.2%              | 15.2%               |          | 91,956,928         | 89,635,089          | 104,070,857              |

Column

- (2), (3), (5) Based on data provided by client
- (4) Col (2) x [1.0 + Col (3)]
- (6) Col (5) / Col (4)
- (7) Col (4) / Total Surcharges
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- (10) Col (9) x Undiscounted Reserves from Exhibit 1, Page 5
- (11) Col (10) x Discount Factors from Exhibit 1, Page 2
- (12) Col (5) + Col (10)

**New Mexico Patients' Compensation Fund**  
**Reserves as of 12/31/2022**  
**Allocation of Ultimate & Outstanding Losses by Hospital**

| All Hospitals |                     |                                       |                            |             |                 |                    |                     |          |                    |                     |                          |
|---------------|---------------------|---------------------------------------|----------------------------|-------------|-----------------|--------------------|---------------------|----------|--------------------|---------------------|--------------------------|
| Accident Year | Hospital Surcharges | Load for Employer Provider Surcharges | Estimated Total Surcharges | Paid Losses | Paid Loss Ratio | % Total Surcharges | % Total Paid Losses | Selected | Allocated Reserves | Discounted Reserves | Selected Ultimate Losses |
| (1)           | (2)                 | (3)                                   | (4)                        | (5)         | (6)             | (7)                | (8)                 | (9)      | (10)               | (11)                | (12)                     |
| 2009          | 565,000             | 0.625                                 | 918,297                    | 2,075,000   | 367.3%          |                    |                     |          | 0                  | 0                   | 2,075,000                |
| 2010          | 1,130,000           | 0.487                                 | 1,680,228                  | 1,605,000   | 142.0%          |                    |                     |          | 0                  | 0                   | 1,605,000                |
| 2011          | 1,152,600           | 0.583                                 | 1,825,004                  | 2,547,500   | 221.0%          |                    |                     |          | 12,737             | 9,301               | 2,560,238                |
| 2012          | 1,137,371           | 0.598                                 | 1,817,812                  | 3,475,000   | 305.5%          |                    |                     |          | 34,837             | 34,520              | 3,509,837                |
| 2013          | 1,174,771           | 0.696                                 | 1,992,604                  | 2,607,237   | 221.9%          |                    |                     |          | 49,838             | 49,258              | 2,657,075                |
| 2014          | 1,300,000           | 0.651                                 | 2,146,331                  | 6,688,260   | 514.5%          |                    |                     |          | 209,641            | 206,636             | 6,897,901                |
| 2015          | 1,350,000           | 0.648                                 | 2,224,828                  | 4,629,980   | 343.0%          |                    |                     |          | 263,332            | 258,833             | 4,893,312                |
| 2016          | 3,989,055           | 0.483                                 | 5,914,620                  | 9,925,179   | 248.8%          |                    |                     |          | 884,663            | 870,427             | 10,809,843               |
| 2017          | 11,500,127          | 0.469                                 | 16,892,776                 | 17,070,149  | 148.4%          |                    |                     |          | 9,511,137          | 9,423,164           | 26,581,286               |
| 2018          | 19,298,940          | 0.607                                 | 31,021,119                 | 19,064,021  | 98.8%           |                    |                     |          | 23,288,547         | 22,983,671          | 42,352,568               |
| 2019          | 21,088,834          | 0.601                                 | 33,754,542                 | 5,689,500   | 27.0%           |                    |                     |          | 32,261,877         | 31,723,368          | 37,951,377               |
| 2020          | 21,595,047          | 0.579                                 | 34,088,022                 | 4,236,500   | 19.6%           |                    |                     |          | 36,939,301         | 36,106,102          | 41,175,801               |
| 2021          | 22,835,535          | 0.526                                 | 34,842,092                 | 0           | 0.0%            |                    |                     |          | 41,558,559         | 40,347,651          | 41,558,559               |
| 2022          | 23,329,370          | 0.649                                 | 38,471,983                 | 0           | 0.0%            |                    |                     |          | 50,266,068         | 48,418,193          | 50,266,068               |
| Total         | 131,446,651         |                                       | 207,590,258                | 79,613,327  | 60.6%           |                    |                     |          | 195,280,537        | 190,431,123         | 274,893,864              |

Column

(2) - (12) Sum of Appendix 19, Page 1 through Appendix 19, Page 8