| In the Matter of Determining Patient's Compensation Fund Surcharge Rates for Calendar Year 2026  Docket No. 2025-0010  Moderated by Dr. William Ritchie, M.D., FAAOS, Chairman of PCF Advisory Board Tuesday, September 30, 2025  2:09 p.m.  New Mexico Office of Superintendent of Insurance 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110  Reported by: James Cogswell |    |
|---|----|
| Docket No. 2025-0010  Moderated by Dr. William Ritchie, M.D., FAAOS, Chairman of PCF Advisory Board Tuesday, September 30, 2025 2:09 p.m.  New Mexico Office of Superintendent of Insurance 4 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110  Albuquerque, NM 87110   | on |
| Docket No. 2025-0010  Moderated by Dr. William Ritchie, M.D., FAAOS, Chairman of PCF Advisory Board Tuesday, September 30, 2025 2:09 p.m.  New Mexico Office of Superintendent of Insurance 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110 Albuquerque, NM 87110  |    |
| Moderated by Dr. William Ritchie, M.D., FAAOS, Chairman of PCF Advisory Board Tuesday, September 30, 2025 2:09 p.m.  New Mexico Office of Superintendent of Insurance 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110 Albuquerque, NM 87110  |    |
| Moderated by Dr. William Ritchie, M.D., FAAOS, Chairman of PCF Advisory Board Tuesday, September 30, 2025 2:09 p.m.  New Mexico Office of Superintendent of Insurance 4 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110 Albuquerque, NM 87110  |    |
| Moderated by Dr. William Ritchie, M.D., FAAOS, Chairman of PCF Advisory Board Tuesday, September 30, 2025 2:09 p.m.  New Mexico Office of Superintendent of Insurance 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110 Albuquerque, NM 87110  |    |
| Chairman of PCF Advisory Board Tuesday, September 30, 2025 2:09 p.m.  New Mexico Office of Superintendent of Insurance 4 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110 Albuquerque, NM 87110   |    |
| Tuesday, September 30, 2025  2:09 p.m.  New Mexico Office of Superintendent of Insurance 4 6200 Uptown Boulevard Northeast, Suite 400  Albuquerque, NM 87110  Albuquerque, NM 87110   |    |
| 10 2:09 p.m.  11 12 13 New Mexico Office of Superintendent of Insurance 6200 Uptown Boulevard Northeast, Suite 400 15 Albuquerque, NM 87110 16 17 18 19 20  |    |
| New Mexico Office of Superintendent of Insurance 4 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110 16 17 18 19 20  |    |
| New Mexico Office of Superintendent of Insurance 4 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110 16 17 18 19 20  |    |
| New Mexico Office of Superintendent of Insurance 6200 Uptown Boulevard Northeast, Suite 400 Albuquerque, NM 87110  16 17 18 19 20   |    |
| 14 6200 Uptown Boulevard Northeast, Suite 400 15 Albuquerque, NM 87110 16 17 18 19 20   |    |
| 15 Albuquerque, NM 87110  16  17  18  19  | :  |
| 16<br>17<br>18<br>19  |    |
| 17<br>18<br>19<br>20  |    |
| 18<br>19<br>20  |    |
| 19<br>20  |    |
| 20  |    |
|   |    |
| 21 Reported by: James Cogswell  |    |
|   |    |
| 22 JOB NO: 7461555  |    |
| 23  |    |
| 24  |    |
| 25  |    |
| Page  | 1  |

| 1  | APPEARANCES   |
|----|---|
| 2  | List of Attendees:                                    |
| 3  | Dr. William Ritchie, M.D., FAAOS, Chairman of PCF     |
| 4  | Advisory Board  |
| 5  | Kathleen J. Love, Vice Chair of PCF Advisory Board    |
| 6  | Vincent Ward, Attorney for PCF Advisory Board (by     |
| 7  | videoconference)                                      |
| 8  | Ray M. Vargas II, Member of PCF Advisory Board (by    |
| 9  | videoconference)                                      |
| 10 | Troy Clark, Member of PCF Advisory Board (by          |
| 11 | videoconference)                                      |
| 12 | Michael Dekleva, Member of PCF Advisory Board (by     |
| 13 | videoconference)                                      |
| 14 | Roman Martinez, Member of PCF Advisory Board (by      |
| 15 | videoconference)                                      |
| 16 | Nick Autio, J.D., Member of PCF Advisory Board        |
| 17 | Robert J. Walling III, Principal and Consulting       |
| 18 | Actuary, Pinnacle Actuarial Services                  |
| 19 | Stephen Thies, General Counsel for OSI                |
| 20 | Frances Gallegos, Law Clerk, Office of Legal Counsel, |
| 21 | OSI   |
| 22 | Gloria Regensberg, Office of General Counsel, OSI     |
| 23 | Joseph Herrera, Office of General Counsel, OSI        |
| 24 | Christian Myers, Chief Actuary, OSI                   |
| 25 | Patricia Salazar, OSI                                 |

| 1  | APPEARANCES (Cont'd)                                  |
|----|---|
| 2  | List of Attendees:                                    |
| 3  | Annie Jung, M.Ed., New Mexico Medical Society         |
| 4  | Debbie Luera, Director of Operations, Integrion Group |
| 5  | Jennifer Fetherolf, Integrion Group                   |
| 6  | Raquel Baca, Observing                                |
| 7  | Robert Dourette, Observing                            |
| 8  | Juan Montano, Observing                               |
| 9  | Karen Tiegler, Observing                              |
| 10 | Luis Molina, Observing                                |
| 11 | Jenica Cortese, Observing                             |
| 12 |   |
| 13 |   |
| 14 |   |
| 15 |   |
| 16 |   |
| 17 |   |
| 18 |   |
| 19 |   |
| 20 |   |
| 21 |   |
| 22 |   |
| 23 |   |
| 24 |   |
| 25 |   |
|    | Page 3  |
|    | 1496 3  |

| 1  |           | EXHIBITS                       |      |
|----|-----------|--------------------------------|------|
| 2  | NO.       | DESCRIPTION                    | PAGE |
| 3  | Exhibit A | Resume - Robert J. Walling III | 11   |
| 4  | Exhibit B | New Mexico PCF Actuarial       |      |
| 5  |           | Analysis, 12/31/24             | 13   |
| 6  |           |                                |      |
| 7  |           |                                |      |
| 8  |           |                                |      |
| 9  |           |                                |      |
| 10 |           |                                |      |
| 11 |           |                                |      |
| 12 |           |                                |      |
| 13 |           |                                |      |
| 14 |           |                                |      |
| 15 |           |                                |      |
| 16 |           |                                |      |
| 17 |           |                                |      |
| 18 |           |                                |      |
| 19 |           |                                |      |
| 20 |           |                                |      |
| 21 |           |                                |      |
| 22 |           |                                |      |
| 23 |           |                                |      |
| 24 |           |                                |      |
| 25 |           |                                |      |
|    |           | D                              | _ 1  |
|    |           | Pag                            | e 4  |

| 1  | PROCEEDINGS  |
|----|--|
| 2  | DR. RITCHIE: We will start the                         |
| 3  | meeting. So to the court reporter, please go on the    |
| 4  | record.  |
| 5  | THE REPORTER: We are on the record.                    |
| 6  | DR. RITCHIE: Thank you.                                |
| 7  | Good morning. I'm Dr. William Ritchie,                 |
| 8  | and I am the Advisory Board Chair. We are now on the   |
| 9  | record in OSI Docket Number 2025-0010, titled, In the  |
| 10 | Matter of Determining Patient's Compensation Fund      |
| 11 | Surcharge Rates for Calendar Year 2026, I believe it's |
| 12 | supposed to say.                                       |
| 13 | Today is September 30, 2025. The time                  |
| 14 | is 1409. We're located today at 6200 Uptown Boulevard  |
| 15 | Northeast, Suite 400, Albuquerque, New Mexico.         |
| 16 | This hearing is also being conducted                   |
| 17 | via Teams videoconference and by telephone as noticed  |
| 18 | in the Order Scheduling Hearing to Determine Patient's |
| 19 | Compensation Fund Surcharge Rates, filed into the OSI  |
| 20 | e-Docket on June 27, 2025.                             |
| 21 | Because this hearing is being conducted                |
| 22 | by videoconference and by telephone, I ask all those   |
| 23 | participants on the videoconference or telephone to    |
| 24 | mute your microphones or telephone until if called     |
| 25 | upon, please. This will ensure that the court          |

| 1  | reporter can make a clean record and that all          |
|----|--|
| 2  | participants can hear the proceedings.                 |
| 3  | If you are attending via                               |
| 4  | videoconference or telephone, I'll ask anyone that is  |
| 5  | not identified by name to please identify yourself by  |
| 6  | your full name and the organization you represent so   |
| 7  | we may, again, have a complete record of attendance    |
| 8  | for this hearing. You may do so by either updating     |
| 9  | your name in the meeting or by typing your name in the |
| 10 | chat function.   |
| 11 | I also ask that all members or                         |
| 12 | presenters please speak toward the microphone so we    |
| 13 | may all hear you and, most importantly, so the court   |
| 14 | reporter may hear you. Before you give your comment,   |
| 15 | please state your name for the record. There may be    |
| 16 | times when I or the court reporter will ask you to     |
| 17 | slow down or repeat something so we may make a correct |
| 18 | and complete record of today's hearing. Thank you all  |
| 19 | for your patience.                                     |
| 20 | Could we please call the roll for the                  |
| 21 | members of the committee?                              |
| 22 | MR. THIES: Troy Clark.                                 |
| 23 | MS. LUERA: I I've got it, if you                       |
| 24 | Fran, if you're having trouble, I can get it.          |
| 25 | MS. GALLEGOS: Yeah.                                    |
|    |  |

| 1  | MS. LUERA: Okay. Chairman Ritchie.  |
|----|-------------------------------------|
| 2  | DR. RITCHIE: Present.               |
| 3  | MS. LUERA: Vice Chair Love.         |
| 4  | MR. CLARK: I am I'm here to the     |
| 5  | extent I have a signal.             |
| 6  | MR. AUTIO: That was Troy Clark, for |
| 7  | the record.                         |
| 8  | MS. LUERA: Oh, okay.                |
| 9  | Vice Chair Love.                    |
| 10 | MS. LOVE: Here.                     |
| 11 | MS. LUERA: Mr. Clark. We've         |
| 12 | established he's here.              |
| 13 | Mr. Autio.                          |
| 14 | MR. AUTIO: Here.                    |
| 15 | MS. LUERA: Mr. Dekleva.             |
| 16 | MR. DEKLEVA: I'm here.              |
| 17 | MS. LUERA: Mr. Vargas.              |
| 18 | MR. VARGAS: I'm here.               |
| 19 | MS. LUERA: Ms. Starace.             |
| 20 | MS. LOVE: She resigned.             |
| 21 | MS. LUERA: Oh, I'm sorry. That's    |
| 22 | right.                              |
| 23 | Mr. Roman Martinez.                 |
| 24 | MR. MARTINEZ: I'm here.             |
| 25 | MS. LUERA: And Alben Martinez also  |
|    | Page 7                              |

| 1  | resigned, and I do not have the name of the new        |
|----|--|
| 2  | person, but it looks like we do have a quorum.         |
| 3  | DR. RITCHIE: Thank you. So it appears                  |
| 4  | that we have a quorum. So this event is called to      |
| 5  | order and let us proceed, please.                      |
| 6  | Mr. Walling? Who's starting?                           |
| 7  | MR. THIES: I I will start.                             |
| 8  | DR. RITCHIE: Okay. Thank you.                          |
| 9  | MR. THIES: Okay. Thank you, Mr.                        |
| 10 | Chairman. My name is Stephen Thies. I'm General        |
| 11 | Counsel for the Office of Superintendent of Insurance. |
| 12 | What I'll be doing today is examining                  |
| 13 | DR. RITCHIE: Speak up a little.                        |
| 14 | MR. THIES: Okay. What I will be                        |
| 15 | doing maybe you want to move that right here.          |
| 16 | MS. LUERA: I don't are you able to                     |
| 17 | hear through that?                                     |
| 18 | MR. AUTIO: That's not going to help                    |
| 19 | him.   |
| 20 | MS. LUERA: I don't think that helps                    |
| 21 | with the court reporter, though. Move the microphone   |
| 22 | over? Will that help?                                  |
| 23 | UNIDENTIFIED SPEAKER: Pause for                        |
| 24 | technical difficulties.                                |
| 25 | MR. THIES: Okay. I'll start over.                      |
|    |  |

| 1  | Okay. Thank you. In case you didn't get it, my name    |
|----|--|
| 2  | is Stephen Thies. I'm the General Counsel for the      |
| 3  | Office of Superintendent of Insurance.                 |
| 4  | What I will be doing today is examining                |
| 5  | Mr. Rob Walling, who is the actuary from Pinnacle      |
| 6  | Actuarial Services, the firm that prepared the         |
| 7  | analysis that was presented to you.                    |
| 8  | And the and that report will be used                   |
| 9  | by you in determining your recommended rates that will |
| 10 | go to the Superintendent of Insurance. You need to     |
| 11 | make the recommendation to the superintendent in order |
| 12 | for her to pass the final rates by October 31.         |
| 13 | Before first thing I'd like to do is                   |
| 14 | address Mr. Walling's background. So if you could put  |
| 15 | his resume and his CV up on the board.                 |
| 16 | MR. WALLING: Go to the middle one.                     |
| 17 | MS. GALLEGOS: No. That's the report.                   |
| 18 | MR. WALLING: I know. Go to the                         |
| 19 | report.  |
| 20 | MR. THIES: Oh, wait. I think                           |
| 21 | MR. WALLING: And then select the tab                   |
| 22 | with the resume. Up at the top.                        |
| 23 | MS. GALLEGOS: Okay. I'm sorry.                         |
| 24 | MR. WALLING: It's the middle one.                      |
| 25 | Yep.   |
|    |  |

| 1  | MS. GALLEGOS: That's the report.                 |
|----|--|
| 2  | MR. WALLING: I know.                             |
| 3  | MR. THIES: Try the bottom one.                   |
| 4  | MR. WALLING: You just need to get to             |
| 5  | the  |
| 6  | MR. THIES: Whoa, whoa.                           |
| 7  | MR. WALLING: The resume's just hiding            |
| 8  | under that pin.                                  |
| 9  | DR. RITCHIE: Oh, there it is.                    |
| 10 | MR. THIES: There you go. Right there.            |
| 11 | No, no, no.                                      |
| 12 | MS. GALLEGOS: This thing just is not             |
| 13 | working.   |
| 14 | MR. WALLING: Can I borrow the mouse              |
| 15 | for just a second?                               |
| 16 | MS. GALLEGOS: I can't get to it.                 |
| 17 | DR. RITCHIE: I know.                             |
| 18 | MR. THIES: There. Okay.                          |
| 19 | MS. GALLEGOS: Okay. Sorry about that.            |
| 20 | It just wouldn't let me in there.                |
| 21 | MR. THIES: Anyway, just scroll down so           |
| 22 | everyone can take a look at it. Can everyone see |
| 23 | that? Can they see it online? Can you see Mr.    |
| 24 | Walling's resume?                                |
| 25 | MS. GALLEGOS: Can you all see this?              |
|    | Page 10  |
|    | rage 10  |

| 1  | UNIDENTIFIED SPEAKER: Yes, we're                   |
|----|--|
| 2  | seeing it.   |
| 3  | DR. RITCHIE: Someone online? Yeah.                 |
| 4  | Thank you.   |
| 5  | MS. GALLEGOS: Okay. They're seeing                 |
| 6  | it.  |
| 7  | MR. THIES: Okay. Are there any                     |
| 8  | questions regarding Mr. Walling's background and   |
| 9  | experience?  |
| 10 | DR. RITCHIE: No.                                   |
| 11 | MR. THIES: Hearing none, I would offer             |
| 12 | his resume into the record of this proceeding as   |
| 13 | Exhibit A.   |
| 14 | (Exhibit A was marked for                          |
| 15 | identification.)                                   |
| 16 | MR. THIES: Now, if you could go to the             |
| 17 | report. Go way to the very first page. The other   |
| 18 | way. Go down a little more. First page. Oh. Missed |
| 19 | over the top.                                      |
| 20 | MS. GALLEGOS: Right here?                          |
| 21 | MR. THIES: One more page up.                       |
| 22 | MR. WALLING: To the cover letter.                  |
| 23 | MS. GALLEGOS: Okay, got it.                        |
| 24 | MR. THIES: Keep going. Oh, we have                 |
| 25 | the okay. There we go. There we go. No, no. One    |
|    | Page 11  |

| 1  | page up.   |
|----|--|
| 2  | MR. THIES: All right. Mr. Walling, do                |
| 3  | you recognize this document?                         |
| 4  | MR. WALLING: I do.                                   |
| 5  | MR. THIES: Can you describe the                      |
| 6  | document for us?                                     |
| 7  | MR. WALLING: It's the report                         |
| 8  | summarizing the data methods and assumptions that    |
| 9  | contain our findings and recommendations for the New |
| 10 | Mexico Patient's Compensation Fund.                  |
| 11 | MR. THIES: And what was your role in                 |
| 12 | preparing this report?                               |
| 13 | MR. WALLING: I I authored the                        |
| 14 | report. I oversaw the staff that did the data        |
| 15 | preparation in the Excel spreadsheets. Ultimately,   |
| 16 | this is my report.                                   |
| 17 | MR. THIES: Okay. Now can you scroll                  |
| 18 | down to page 7? So it'd actually be probably 9, 10   |
| 19 | since we have the keep going down. Down.             |
| 20 | MS. GALLEGOS: Right here?                            |
| 21 | MR. THIES: Page 7. Right there. Off                  |
| 22 | towards the bottom.                                  |
| 23 | MR. THIES: Mr. Walling, there's four                 |
| 24 | bullet-point items on the bottom of that page. Is    |
| 25 | this the the tasks that you performed in preparing   |
|    | Page 12  |

| 1  | this report?   |
|----|--|
| 2  | MR. WALLING: Yes, it is. Those are                     |
| 3  | the the elements of scope within our analysis and      |
| 4  | within our report.                                     |
| 5  | MR. THIES: And based on your training                  |
| 6  | and experience does the does that enable you to        |
| 7  | perform those tasks?                                   |
| 8  | MR. WALLING: It does.                                  |
| 9  | MR. THIES: And I at this time I'd                      |
| 10 | move to offer Mr. Walling as qualified actuarial       |
| 11 | expert in the subject of the report and to offer       |
| 12 | expert testimony.                                      |
| 13 | I don't hear any objections and offer                  |
| 14 | that as Exhibit B.                                     |
| 15 | (Exhibit B was marked for                              |
| 16 | identification.)                                       |
| 17 | MR. AUTIO: None.                                       |
| 18 | MR. THIES: Okay. In preparing this                     |
| 19 | report, what did you utilize in the way of data?       |
| 20 | MR. WALLING: A number of different                     |
| 21 | data elements provided by either OSI or Integrion,     |
| 22 | the the third-party administrator for the program,     |
| 23 | including historical assessment data, historical       |
| 24 | claims data, rate filings that were filed and approved |
| 25 | by OSI.  |

| 1  | I'm trying to think. External data                     |
|----|--|
| 2  | related to medical inflation rates in the State of New |
| 3  | Mexico from the Bureau of Labor Statistics, data that  |
| 4  | is very similar to what we've used for this study for  |
| 5  | most of the last two decades.                          |
| 6  | MR. THIES: Thank you.                                  |
| 7  | Can you scroll up to the first page of                 |
| 8  | the text? Keep going. If you there's no page           |
| 9  | number on it.  |
| 10 | MR. WALLING: Stop. Down.                               |
| 11 | MR. THIES: No. No. Down. Down.                         |
| 12 | Right there.   |
| 13 | MR. WALLING: Right there.                              |
| 14 | MR. THIES: Go way to the bottom.                       |
| 15 | Go right. Stop. Okay.                                  |
| 16 | Mr. Walling, there's on the bottom                     |
| 17 | of this page, there's a section entitled "Unpaid       |
| 18 | Claims Liability." It also appears later on page 11    |
| 19 | of the report, on page, the following page it          |
| 20 | references in this table                               |
| 21 | MR. WALLING: Actually, I'm going to                    |
| 22 | can I pause you for a second?                          |
| 23 | MR. THIES: Sure.                                       |
| 24 | MR. WALLING: For folks in the room                     |
| 25 | working from the hard copy, the printer played that    |
|    |  |

| 1  | did not accurately print to hard copy what's in my     |
|----|--|
| 2  | PDFs. So we're we're going to have a little bit of     |
| 3  | a struggle between the hard copy and the PDF. So I'm,  |
| 4  | I'm going to try and keep us on screen and consistent  |
| 5  | with the original PDF that was delivered to the board. |
| 6  | DR. RITCHIE: So the original PDF is                    |
| 7  | correct?   |
| 8  | MR. WALLING: It's yeah. It's                           |
| 9  | literally just a printer error where you end up with   |
| 10 | multiple exhibits on the same page. The printer        |
| 11 | didn't recognize the print page breaks in the PDF, so. |
| 12 | MS. LOVE: Recycling.                                   |
| 13 | MR. WALLING: Yeah.                                     |
| 14 | MS. LOVE: Recycled.                                    |
| 15 | MR. THIES: Okay. Again, going back to                  |
| 16 | the "Unpaid Claims Liability," and it continues on,    |
| 17 | that narrative continues on page 2.                    |
| 18 | In the table on the bottom of that                     |
| 19 | narrative, it says "Reserves," but this area is        |
| 20 | entitled "Unpaid Claims Liabilities," there. Why is    |
| 21 | there a difference in the nomenclature?                |
| 22 | But in the actuary profession there are                |
| 23 | subtle differences in terminology between loss         |
| 24 | reserves and unpaid claims liabilities. In this        |
| 25 | particular circumstance, they can be used              |
|    |  |

| 1  | interchangeably.                                       |
|----|--|
| 2  | So when we're talking about unpaid                     |
| 3  | claims liabilities, that's the language that is used   |
| 4  | for admitted insurance companies. It's it's a          |
| 5  | current term of phrase.                                |
| 6  | The more generally accepted longer term                |
| 7  | phrase is "loss and loss adjustment expense reserves"  |
| 8  | but you can use them interchangeably here.             |
| 9  | MR. THIES: Okay. Now then I got to                     |
| 10 | go over the contents of that table. It's divided into  |
| 11 | two categories, "Independent Physicians and Surgeons," |
| 12 | and the second category is "Hospitals And Outpatient   |
| 13 | Healthcare Facilities," which is abbreviated as OHFC.  |
| 14 | And is that correct?                                   |
| 15 | MR. WALLING: Yes.                                      |
| 16 | MR. THIES: Okay. And that table also                   |
| 17 | reflects Estimated Ultimate Reserves for the           |
| 18 | Independent Physicians and Surgeons of \$82,463,038.   |
| 19 | MR. WALLING: Yes.                                      |
| 20 | MR. THIES: And that was of 12/31/24?                   |
| 21 | MR. WALLING: It is.                                    |
| 22 | MR. THIES: Can you describe what you                   |
| 23 | mean by the phrase "Estimated Ultimate Reserves"?      |
| 24 | MR. WALLING: So when actuaries think                   |
| 25 | about insurance claims or benefits payments, we think  |
|    | Page 16  |

| 1  | about those elements that have already been paid       |
|----|--|
| 2  | separately and distinctly from those that are unpaid   |
| 3  | or they're still loss reserves, if you think about an  |
| 4  | insurance company or an insurance program's balance    |
| 5  | sheet.   |
| 6  | And so if you add the paid and the                     |
| 7  | the expected reserves together, you get ultimate.      |
| 8  | Ultimate is the the totality of what we think it's     |
| 9  | going to take to resolve all of the claims that have   |
| 10 | occurred as of December 31st of 2024 on a nominal      |
| 11 | basis. So those are the dollars that are going to be   |
| 12 | paid out, whether it's tomorrow or 30 years from now.  |
| 13 | MR. THIES: In the middle of that                       |
| 14 | table, we see reserves of 12/31/23. So that would be   |
| 15 | the reserves and as that would would have been         |
| 16 | reflected in last year's report?                       |
| 17 | MR. WALLING: Correct. So those should                  |
| 18 | match the prior year's report. By organizing the       |
| 19 | table this way and it's organized again in the         |
| 20 | "Fund Summary," page 1, a few pages back it gives      |
| 21 | us a chance to examine the differences between our     |
| 22 | analysis as of 12/31/23 and our analysis as of         |
| 23 | 12/31/24.  |
| 24 | Remember, as of 12/31/23, there is not                 |
| 25 | yet any obligation to the PCF for claims that occurred |
|    |  |

| 1  | during 2024.  |
|----|---|
| 2  | So you've got two moving pieces here.                   |
| 3  | You have new claims coming on that occurred during      |
| 4  | 2024. You also have claims that were settled during     |
| 5  | 2024 from prior years. And so the PCF kind of giveth    |
| 6  | and taketh away; that you you pay the claims that       |
| 7  | bring the reserves down, but the new claims that have   |
| 8  | occurred during the year, roll on and increase          |
| 9  | reserves.   |
| 10 | And so part of what we're looking at                    |
| 11 | here is is exactly that give and take. Claims           |
| 12 | resolved from prior years, but also the impact of new   |
| 13 | claims rolling on.                                      |
| 14 | MR. THIES: And just and at the very                     |
| 15 | far right hand, there's a difference. And so the        |
| 16 | estimated ultimate reserves is, that's reflected up     |
| 17 | there is what?  |
| 18 | MR. WALLING: It's literally just the                    |
| 19 | change caused by those two effects. And so you'll see   |
| 20 | that for the hospitals over in that difference column,  |
| 21 | the the estimated ultimate reserves have gone up by     |
| 22 | \$45.873 million, whereas the ultimate reserves for the |
| 23 | physicians and surgeons have only gone up by 3.8.       |
| 24 | And later on in the in the exhibits,                    |
| 25 | we get into some more detail about what's causing the   |
|    |   |

| 1  | changes in in the two elements of the PCF.             |
|----|--|
| 2  | MR. THIES: All right. You had already                  |
| 3  | referenced a line all the independent physicians       |
| 4  | and surgeons, that's the hospitals and the outpatient  |
| 5  | healthcare facilities, the reserves as the close of    |
| 6  | that '24 calendar year and then prior reserves and     |
| 7  | close of '23 and then the difference.                  |
| 8  | And then the so the bottom line is                     |
| 9  | the total of both independent physicians and surgeons  |
| 10 | and hospitals and OHCFs; is that correct?              |
| 11 | MR. WALLING: Correct. So if you think                  |
| 12 | about the the PCF like an insurance company, that      |
| 13 | bottom left-hand number, that \$342.556 million, would |
| 14 | be the estimate that I would provide to the PCF for    |
| 15 | what it would take to take all of the claims           |
| 16 | obligations that are all currently the PCF's           |
| 17 | responsibility as of year-end '24 to get those claims  |
| 18 | to an ultimate settlement basis.                       |
| 19 | MR. THIES: And now, can you jump                       |
| 20 | ahead? It would be page we got two go to page          |
| 21 | 33.  |
| 22 | MR. WALLING: Actually it's 31.                         |
| 23 | MR. THIES: Yeah. Go back up two                        |
| 24 | pages. What we just went through, all that is those    |
| 25 | numbers that were in that table reflected on this fund |
|    | D= 10  |
|    | Page 19  |

| 1  | summary?   |
|----|--|
| 2  | MR. WALLING: Correct. So the top half                  |
| 3  | of this table is exactly the table you just saw, where |
| 4  | we show the Ultimate Loss Reserves or Unpaid Claims    |
| 5  | Liabilities in Column 1.                               |
| 6  | In Column 2, we show those same                        |
| 7  | reserves discounted for the time value of money. In    |
| 8  | other words, the investment income that the PCF is     |
| 9  | going to realize between the end of 2024 and the time  |
| LO | the claim is paid.                                     |
| L1 | And then in Column 3, we increase the                  |
| L2 | level of statistical confidence to a 75 percent        |
| L3 | confidence level.                                      |
| L4 | In Column 4, we compare that to the                    |
| L5 | current fund balance just to show if there is          |
| L6 | currently an indicated deficit between the indicated   |
| L7 | reserves and the fund balance.                         |
| L8 | MR. THIES: And what is the difference                  |
| L9 | right now as of  |
| 20 | MR. WALLING: For the physicians there                  |
| 21 | is there is not an indicated deficit. For the          |
| 22 | hospitals and OHCFs on an undiscounted basis, the      |
| 23 | deficit is about \$34.3 million. On a discounted       |
| 24 | basis, that decreases to about 26.5 million.           |
| 25 | MR. THIES: Can you explain to me what                  |
|    |  |

| 1  | you mean by "discounted basis"?                         |
|----|---|
| 2  | MR. WALLING: Sure. Let's say you and                    |
| 3  | I make an agreement that I'm going to pay you \$1,000   |
| 4  | three years from now. If I want to put money into an    |
| 5  | escrow account to pay you that \$1,000 in three years,  |
| 6  | I don't have to put \$1,000 in. I I look at what        |
| 7  | kind of investment return I would get on that escrow    |
| 8  | account and the present value of that \$1,000 due three |
| 9  | years from now. Maybe it's \$890, you know, at a a      |
| 10 | 3.5 percent return.                                     |
| 11 | But the idea of those discounted                        |
| 12 | reserves is that \$26.5 million invested will produce   |
| 13 | enough investment income to actually pay off the        |
| 14 | \$34.3 million in Column 5 when that money is due. So   |
| 15 | we're essentially computing a present value of those    |
| 16 | future claim payments.                                  |
| 17 | MR. THIES: So present value would be                    |
| 18 | the discounted Column 6?                                |
| 19 | MR. WALLING: Correct.                                   |
| 20 | MR. THIES: And then the discounted                      |
| 21 | 75 percent, I assume that's not a good number? Why?     |
| 22 | MR. WALLING: Well, here's the way to                    |
| 23 | think about it. I mean, that undiscounted value are     |
| 24 | the actual nominal dollars that will be paid out at     |
| 25 | some point. And we just said the present value is       |
|    |   |

| 1  | is 26.5.   |
|----|--|
| 2  | That means that undiscounted number has                |
| 3  | what? \$7.7 million, \$7.8 million of margin in        |
| 4  | it. It's it's an implicit margin in that               |
| 5  | undiscounted number. And so if we're going to remove   |
| 6  | that, then it probably makes some level of sense to    |
| 7  | add back in an explicit margin.                        |
| 8  | Historically, the way we've done that                  |
| 9  | for the fund is to show what those reserves would look |
| LO | like at a 75 percent competence level. So if we        |
| L1 | looked at 100,000, you know, different scenarios based |
| L2 | on the historical claims data, what would be enough    |
| L3 | 75 percent of the time?                                |
| L4 | In this particular case, it's a fairly                 |
| L5 | large margin because of the claim severity, but        |
| L6 | increasing the reserves to a 75th percentile of        |
| L7 | statistical confidence actually adds in a pretty       |
| L8 | significant margin. So that's yeah. So we're           |
| L9 | we're essentially, we're offsetting the impact of      |
| 20 | discounting by increasing the likelihood the reserves  |
| 21 | are going to be enough.                                |
| 22 | MR. THIES: You you mentioned "claim                    |
| 23 | severity." What do you mean by that?                   |
| 24 | MR. WALLING: Claim severity is just                    |
| 25 | the average claim size. Because of the excess nature   |
|    |  |

| 1  | of this program, the claims that come into the program |
|----|--|
| 2  | tend to be very large. As a result of that, it is not  |
| 3  | an uncommon thing to to see claims that are kind of    |
| 4  | larger than you would see for the primary carriers,    |
| 5  | for the the TDCs and the MedPros writing the the       |
| 6  | primary layer of coverage.                             |
| 7  | So it's just a larger average claim                    |
| 8  | size than you would see for the underlying primary     |
| 9  | layer of coverage.                                     |
| 10 | MR. THIES: Now, the indicated deficit,                 |
| 11 | undiscounted at \$34,291,587, what does that how       |
| 12 | what's the percentage of that that represents of a     |
| 13 | fund balance?  |
| 14 | MR. WALLING: Fund Balance is                           |
| 15 | what? \$308 million give or take. So you're talking    |
| 16 | about I'm doing math 10, 12 yeah. Probably             |
| 17 | 12 percent of the current fund balance.                |
| 18 | MR. THIES: Is that good or bad?                        |
| 19 | MR. WALLING: It's certainly better                     |
| 20 | than it has been. So I I mean, it its                  |
| 21 | interest it's important to recognize as as board       |
| 22 | members that this is not an insurance company. We      |
| 23 | we keep using insurance analogs, but a government      |
| 24 | insurance program by its nature is fundamentally       |
| 25 | different from an insurance company.                   |

| 1  | Having a huge fund balance surplus,                    |
|----|--|
| 2  | beyond the indicated reserves, isn't necessarily in    |
| 3  | the best interest of the fund. It means your           |
| 4  | experience has been so much better than the            |
| 5  | assessments you've collected that at a certain level   |
| 6  | you've kind of sort of overcharged.                    |
| 7  | If you look at Wisconsin PCF, they have                |
| 8  | hundreds of millions of dollars of excess because      |
| 9  | their claims experience has just been dramatically     |
| 10 | better than their premiums or assessments.             |
| 11 | So the the question of, is that                        |
| 12 | deficit good or bad? Any deficit is is less than       |
| 13 | ideal. But getting back to a position where the fund   |
| 14 | balance is sufficient to cover all of the outstanding  |
| 15 | claims liabilities is certainly something we're        |
| 16 | striving for. Let's put it that way.                   |
| 17 | MR. THIES: The \$34 million-plus                       |
| 18 | deficiency, has that decreased from the prior calendar |
| 19 | year?  |
| 20 | MR. WALLING: I I certainly believe                     |
| 21 | so. Yeah. The the legislative infusions by             |
| 22 | themselves should have improved that deficit position  |
| 23 | pretty materially.                                     |
| 24 | MR. THIES: And back to did you have                    |
| 25 | anything else you wanted to add?                       |

| 1  | MR. WALLING: No.                                     |
|----|--|
| 2  | MR. THIES: Okay. Back to page 2 of                   |
| 3  | the report. Well, don't you don't need to            |
| 4  | MR. WALLING: Actually, can we just                   |
| 5  | stay here?   |
| 6  | MS. GALLEGOS: Okay.                                  |
| 7  | MR. THIES: Yeah. What I was going to                 |
| 8  | ask you about in that narrative, you note that the   |
| 9  | "independent physicians and surgeons experienced an  |
| 10 | adverse development" in '24 that impacted the extent |
| 11 | of the reduction. What was that adverse development? |
| 12 | MR. WALLING: Okay. I'm going to ask                  |
| 13 | you actually to go forward to page 37.               |
| 14 | MR. THIES: The other way.                            |
| 15 | MS. GALLEGOS: This one?                              |
| 16 | MR. WALLING: Yep. Next one. There                    |
| 17 | you go.  |
| 18 | So this is a more detailed this is                   |
| 19 | how we come up with that summary page that we were   |
| 20 | just looking at. It's just organized by year. And I  |
| 21 | bring this up to it it's the same thing, the         |
| 22 | current year analysis, then the prior year analysis, |
| 23 | and then the difference.                             |
| 24 | The important thing to point out here                |
| 25 | is here, I'm going to stand up. Over on the right    |
|    | Page 25  |

| 1  | hand side here, where it says actually, right next     |
|----|--|
| 2  | to the cursor where it says "PCF Paid Losses." Those   |
| 3  | are the incremental losses that were paid out by       |
| 4  | accident year during 2024.                             |
| 5  | And so you'll see that the 2018 and                    |
| 6  | 2019 years had 10.4 million and \$11.2 million of      |
| 7  | incremental losses paid out during the year. That      |
| 8  | 37 million total for all all prior years is really     |
| 9  | high, right? If you look back here at at all of        |
| 10 | these individual years, none of them are on an         |
| 11 | individual basis anywhere near 37 million.             |
| 12 | It was a lot of claims payouts. Now                    |
| 13 | because it's the '18, '19 years, is some of that COVID |
| 14 | pipeline clearing. There's a thousand reasons that we  |
| 15 | could have that surge. But the bottom-line truth and   |
| 16 | fact of the matter is there was a surge, and it has    |
| 17 | caused me to increase the estimated ultimate losses.   |
| 18 | Just to the left of that, you'll see                   |
| 19 | that the the ultimate losses for 2018 increased by     |
| 20 | 5.4 million; 2019, the ultimates increased by just     |
| 21 | over 7 million. And so more than 60 percent of that    |
| 22 | total ultimate loss increase of 20.9 million is        |
| 23 | focused on those two years.                            |
| 24 | So when I make the comment in the                      |
| 25 | the findings of the report that the adverse            |
|    |  |

| 1  | development on the physician's portion of the program   |
|----|---|
| 2  | kind of stymied some of the improvement, that's really  |
| 3  | what I'm talking about, is that in this singular        |
| 4  | calendar year, there was a higher than expected amount  |
| 5  | of claims activity.                                     |
| 6  | The impact of that higher claims                        |
| 7  | activity is that I took the ultimate losses up by       |
| 8  | about \$20.9 million. Now everybody okay with that?     |
| 9  | So physician, surgeons, lots of paid claims, ultimates  |
| 10 | went up, reserves went up.                              |
| 11 | If you go to the next page, you'll see                  |
| 12 | the very same exhibit for the hospitals. Now for the    |
| 13 | hospitals, it's a really interest a a different         |
| 14 | story. If you look at that same "Paid Loss" column,     |
| 15 | the PCF only paid out 21.6 million in losses during     |
| 16 | calendar year '24.                                      |
| 17 | Now, I take that 21 million and compare                 |
| 18 | it to these prior years. And those paid losses are      |
| 19 | pretty good relative to my estimated ultimates.         |
| 20 | They're actually on par with my paid losses for some    |
| 21 | of those years.   |
| 22 | As it turns out, I reduced the ultimate                 |
| 23 | loss estimates for the hospitals by about \$15 million. |
| 24 | And, again, there's a thousand different reasons why    |
| 25 | the hospitals could have had better than expected paid  |

| 1  | loss activity during this one calendar year.           |
|----|--|
| 2  | But taking just that information into                  |
| 3  | account, resulted in me taking down some of these      |
| 4  | ultimate loss estimates because it was less payment    |
| 5  | activity than I expected. And so that \$15 million     |
| 6  | improvement flows through the bottom line and actually |
| 7  | increases the fund balance.                            |
| 8  | So physicians, lots of paid claim                      |
| 9  | activity, adverse development on the loss reserves,    |
| 10 | hospitals' favorable claim payment activity, and       |
| 11 | actually improvement in the indicated reserve levels   |
| 12 | is at a really high level summary.                     |
| 13 | If you scroll up two pages, you'll see                 |
| 14 | the combined effect of that. Nope, other way.          |
| 15 | MS. GALLEGOS: Oh.                                      |
| 16 | MR. WALLING: Other up.                                 |
| 17 | MS. GALLEGOS: Right here?                              |
| 18 | MR. WALLING: Yeah. You'll see that                     |
| 19 | the 60 million 59 million paid out is actually         |
| 20 | pretty much on par with recent years and ultimate      |
| 21 | losses went up by about 5.8 million. But, honestly,    |
| 22 | very much within expected kind of volatility or        |
| 23 | variability.   |
| 24 | So on a combined basis, the physician,                 |
| 25 | surgeons and and hospitals and outpatient              |
|    |  |

| 1  | healthcare facilities had a pretty average year. It's  |
|----|--|
| 2  | just that the claims activity was heavily focused on   |
| 3  | the docs this year. And the hospitals, by and large,   |
| 4  | had a a pretty quiet paid claim activity year.         |
| 5  | MR. THIES: The claims activity, the                    |
| 6  | paid losses, can that be skewed between the physicians |
| 7  | and the hospital based on the settlement agreements    |
| 8  | where they agree that hospitals may pay the the        |
| 9  | recovery and instead of the physicians or vice versa?  |
| 10 | MR. WALLING: Can be. We've looked at                   |
| 11 | that historically and, by and large, for a W-2         |
| 12 | physician, the the choice has been made for the        |
| 13 | claim to be born a hundred percent by the hospital.    |
| 14 | Now, there's all sorts of potential reasons for that,  |
| 15 | including NPDB reporting. I there's lots of of         |
| 16 | reasons potentially for that.                          |
| 17 | But the bottom line truth and fact of                  |
| 18 | the matter is we're talking about 10, 12, 15 claims    |
| 19 | that are very volatile, and it could be as simple as   |
| 20 | verdicts coming out in December or January. So         |
| 21 | there's a lot of things that can impact yeah           |
| 22 | could it it could be, you know, proposed               |
| 23 | legislative changes do this sometimes; that you'll see |
| 24 | a surge or a slowdown in verdict activity.             |
| 25 | So like I said, there's a there's a                    |
|    | Page 29  |

| 1  | thousand things that can impact claim payments for an  |
|----|--|
| 2  | excess program like this one in any one calendar year. |
| 3  | MR. THIES: Okay. Now, before we get                    |
| 4  | into your recommended surcharges, can you describe for |
| 5  | the the board the methodology you used to calculate    |
| 6  | the losses?  |
| 7  | MR. WALLING: The losses are provided                   |
| 8  | by, I think, OSI.                                      |
| 9  | MR. THIES: But how how do you                          |
| 10 | evaluate the loss?                                     |
| 11 | MR. WALLING: Oh, sure. Actuaries use                   |
| 12 | a number of techniques that are all I I guess          |
| 13 | I'll call them extrapolation techniques. It's like     |
| 14 | estimating how big an iceberg is. You take the part    |
| 15 | of the iceberg you can see and you use that to         |
| 16 | estimate the part you can't see.                       |
| 17 | Well, what can we see? We can see the                  |
| 18 | paid claims activity. We can see the reported claims.  |
| 19 | We can see the paid dollars. And so what we do is a    |
| 20 | variety of different extrapolation methods based on    |
| 21 | historical PCF settlement rates, historical PCF claim  |
| 22 | reporting rates, claim closure rates.                  |
| 23 | So the the underlying premise here                     |
| 24 | is that you can use the past to predict the future,    |
| 25 | subject to some adjustments.                           |
|    |  |

| 1  | So we were talking about claim                         |
|----|--|
| 2  | severities. Claim severities in the past are really    |
| 3  | useful, but you've got to adjust them for inflationary |
| 4  | differences. You've got to adjust them for             |
| 5  | differences in damage caps. You've got to adjust them  |
| 6  | for kind of all the things that make next year         |
| 7  | different than 20 years ago.                           |
| 8  | But, fundamentally, we're using a                      |
| 9  | number of different techniques: One that estimates     |
| LO | the number of claims closed with payment times an      |
| L1 | average claim severity; one that just extrapolates the |
| L2 | paid dollars to date in aggregate to an ultimate       |
| L3 | settlement basis; one that looks at the long-term      |
| L4 | relationship between assessments and paid losses.      |
| L5 | So we're using the four or five most                   |
| L6 | generally accepted actuarial techniques, but they are  |
| L7 | all of a kind in the sense that they are all taking    |
| L8 | the reported claim counts, closed claim counts, and    |
| L9 | and paid indemnity amounts and extrapolating them to   |
| 20 | an ultimate settlement basis.                          |
| 21 | MR. THIES: And do you use the same                     |
| 22 | techniques for the hospitals that you use for the      |
| 23 | physicians?  |
| 24 | MR. WALLING: Generally, yes. We do                     |
| 25 | have one data limitation on the hospitals that change. |
|    |  |

| 1  | We we drop one method that we use for the              |
|----|--|
| 2  | physicians from the hospitals, and it's simply a data  |
| 3  | limitation, but it doesn't impact our analysis, I      |
| 4  | don't think.   |
| 5  | MR. THIES: Now, are physicians                         |
| 6  | classified based on their specialty in the report?     |
| 7  | MR. WALLING: For the purpose of the                    |
| 8  | loss reserves, no. For the purpose of rate making,     |
| 9  | yes or surcharge level. Yes.                           |
| 10 | MR. THIES: And could you go over to                    |
| 11 | page 68?   |
| 12 | MS. GALLEGOS: Sixty-eight?                             |
| 13 | MR. THIES: Make sure yes. That                         |
| 14 | looks like it.   |
| 15 | And there's two pages here. Those are                  |
| 16 | the current classifications of the physicians?         |
| 17 | MR. WALLING: Correct.                                  |
| 18 | MR. THIES: And go ahead.                               |
| 19 | MR. WALLING: The PCF has its own                       |
| 20 | classification system, which is based on industry best |
| 21 | practices. So we look to the class plans for leading   |
| 22 | insurance carriers like TDC and MedPro, rate bureaus   |
| 23 | like ISO, and developed an independent class specialty |
| 24 | plan.  |
| 25 | The idea here is to try and provide                    |
|    | Page 32  |
|    |  |

| 1  | meaningful differentiation by the activities of the   |
|----|---|
| 2  | the healthcare provider. And you'll see what we do is |
| 3  | we actually compare the current PCF class plan and    |
| 4  | class relativities.                                   |
| 5  | If you'll scroll up just a just to                    |
| 6  | the top of the page. Yeah.                            |
| 7  | We compared the current class                         |
| 8  | relativities to the relativities of the Indiana and   |
| 9  | Wisconsin PCFs, and also to the two leading primary   |
| 10 | medical professional liability carriers in New Mexico |
| 11 | to see if there are any indicated changes.            |
| 12 | And just one last thing. You'll see                   |
| 13 | most of these Class 1 specialties are non-invasive.   |
| 14 | They're very low severity risk. It's very intuitive   |
| 15 | that a nutritionist or a somebody involved in         |
| 16 | geriatrics on a non-surgical basis would have a very  |
| 17 | low PCF risk.   |
| 18 | If you go down the bottom of that                     |
| 19 | table. So go down to the bottom of the next page.     |
| 20 | MS. GALLEGOS: Are you talking about                   |
| 21 | this page?  |
| 22 | MR. WALLING: Yeah. Stop.                              |
| 23 | Equally, the the classes that have                    |
| 24 | high relativities that are in Class groups, 5, 6, 7,  |
| 25 | 8, 9, 10, are also pretty intuitive.                  |

| 1  | When you're talking about OB-GYNs with                 |
|----|--|
| 2  | surgery, or Neurology with surgery, or vascular        |
| 3  | surgery, or thoracic surgery, you're you're talking    |
| 4  | about surgical classes that unfortunately that do have |
| 5  | the potential for things to go wrong.                  |
| 6  | And so what we've tried to do is look                  |
| 7  | at what the leading carriers in the State of New       |
| 8  | Mexico are doing, but also what other leading PCFs are |
| 9  | doing to come up with what we think is an actuarially  |
| 10 | reasonable class plan for the PCF.                     |
| 11 | MR. THIES: Are you making any                          |
| 12 | suggestions to change                                  |
| 13 | MR. WALLING: No changes this year.                     |
| 14 | Normally we jiggle 3, 4, 5 classes and, you know, move |
| 15 | one up or one down. No changes this year.              |
| 16 | MR. THIES: Can you scroll up to 42?                    |
| 17 | MS. LOVE: Is it appropriate to ask a                   |
| 18 | question about that?                                   |
| 19 | MR. THIES: Yeah. Go ahead.                             |
| 20 | MS. LOVE: Mr. Walling, the when you                    |
| 21 | say that you looked at what the leading carriers in    |
| 22 | New Mexico are doing in terms of coming up with these  |
| 23 | rates, can you tell me what data you have at your      |
| 24 | available to you to do that?                           |
| 25 | MR. WALLING: Sure. We have the most                    |
|    | Page 34  |

| _  |   |
|----|---|
| 1  | recent filed and approved rate filing for those       |
| 2  | carriers that includes their classification factors.  |
| 3  | So we're we're starting from what medical             |
| 4  | protective and the doctor's company submitted to OSI  |
| 5  | for review.   |
| 6  | MS. LOVE: Okay. So do you have                        |
| 7  | premium amounts, or do you just have classifications  |
| 8  | and risk?   |
| 9  | MR. WALLING: We have the                              |
| 10 | classification table that defines their class. We     |
| 11 | have their filed class factors. We also have the      |
| 12 | experience underlying those class factors.            |
| 13 | So not detailed claims data, but when                 |
| 14 | they choose to change classes, we get to see loss     |
| 15 | ratio relativities or pure premium relativities that  |
| 16 | support their decision to assign a given specialty to |
| 17 | a given class.  |
| 18 | MS. LOVE: So would you mind dumbing                   |
| 19 | that down for me a little bit?                        |
| 20 | MR. WALLING: Sure.                                    |
| 21 | MS. LOVE: When you talk about a                       |
| 22 | classification table, we're we're talking about       |
| 23 | something similar to what we have in front of         |
| 24 | MR. WALLING: Very similar.                            |
| 25 | MS. LOVE: Okay. And then when you say                 |
|    |   |

| 1  | "filed class factors," what are those?                 |
|----|--|
| 2  | MR. WALLING: Those are so if they                      |
| 3  | file, say, a base rate of \$5,000, their rating        |
| 4  | algorithm, their premium determination algorithm, will |
| 5  | say take that \$5,000 rate, base rate, times the       |
| 6  | physician's specialty factor.                          |
| 7  | It's just like State Farm has a base                   |
| 8  | rate for a car, and if your car happens to be a Toyota |
| 9  | Corolla, you multiply it by the the class factor       |
| 10 | for that Toyota Corolla. Same thing here. MedPro has   |
| 11 | a base rate, and they also have a a class factor       |
| 12 | for each physician specialty, just like this.          |
| 13 | MS. LOVE: Okay. And then when you say                  |
| 14 | you have information about the experience underlying   |
| 15 | those class factors, what what does that data look     |
| 16 | like?  |
| 17 | MR. WALLING: Well, basically any                       |
| 18 | carrier in New Mexico, or any other state, has to      |
| 19 | provide sufficient documentation when they change      |
| 20 | class factors to meet the standard, that the rates     |
| 21 | they're filing can't be unfairly discriminatory.       |
| 22 | So the standard is and it's an                         |
| 23 | actuarial standard as well, that OB-GYNs can't be      |
| 24 | subsidizing heart surgeons. And so they have to        |
| 25 | demonstrate, based on the data they have available,    |
|    |  |

| 1  | that these class relativities that they're filing in   |
|----|--|
| 2  | New Mexico don't have any essentially any bias in      |
| 3  | them and any classes that are going to be more         |
| 4  | profitable than others or less profitable than others. |
| 5  | MS. LOVE: Thank you.                                   |
| 6  | MS. GALLEGOS: Forty-two?                               |
| 7  | MR. THIES: Hold on a minute.                           |
| 8  | MS. GALLEGOS: Okay.                                    |
| 9  | MR. THIES: Classifications for                         |
| 10 | physicians, is there something comparable for          |
| 11 | hospitals?   |
| 12 | MR. WALLING: No.                                       |
| 13 | MR. THIES: So hospital is zero?                        |
| 14 | MR. WALLING: I mean, there's a rating                  |
| 15 | plan. We don't go through an analysis of the the       |
| 16 | rating plan for the hospitals.                         |
| 17 | MR. THIES: Okay. Let's go up                           |
| 18 | MR. WALLING: There actually is one for                 |
| 19 | the outpatient healthcare facility.                    |
| 20 | MR. THIES: Yeah. Let me see. I                         |
| 21 | believe  |
| 22 | MR. WALLING: On page 4 of the report.                  |
| 23 | MS. GALLEGOS: Four?                                    |
| 24 | MR. WALLING: So probably page 8 of the                 |
| 25 | PDF.   |
|    |  |
|    | Page 37  |

| 1  | MS. GALLEGOS: Okay.                                    |
|----|--|
| 2  | MR. WALLING: Yeah.                                     |
| 3  | MS. GALLEGOS: Okay.                                    |
| 4  | MR. WALLING: So here are the rates for                 |
| 5  | the for the outpatient healthcare facilities.          |
| 6  | These have been adjusted for the appropriate coverage  |
| 7  | limits. They've also been adjusted for inflationary    |
| 8  | trend; otherwise, they haven't been changed.           |
| 9  | So literally we've we've trended it                    |
| 10 | forward for one year of CPI, and we've adjusted it for |
| 11 | the the cost of living adjustment in the PCF cap.      |
| 12 | MR. THIES: Can you explain this a                      |
| 13 | little more in detail? Like, the first one, the        |
| 14 | "Cardiac Rehabilitation Centers, Exposure Type Per 100 |
| 15 | Visits"?   |
| 16 | MR. WALLING: Sure.                                     |
| 17 | MR. THIES: So we, in assessing the                     |
| 18 | the rate to that type of facility, we would determine  |
| 19 | how many visits they had in the calendar year?         |
| 20 | MR. WALLING: Correct. And so an                        |
| 21 | "Exposure Type" is just simply a way to measure risk.  |
| 22 | Typically, for physicians, it's full-time equivalents. |
| 23 | However, some specialties or some types of practice    |
| 24 | that are very transactionally heavy will actually be a |
| 25 | number of visits.                                      |
|    |  |

| 1  | But the idea is that a a cardiac                       |
|----|--|
| 2  | center that has 1,000 visits has more risk than one    |
| 3  | that has 100 visits. For your homeowner's policy,      |
| 4  | this is the insured value of your house because a      |
| 5  | half-million-dollar house has more loss potential than |
| 6  | a quarter-of-a-million dollar house.                   |
| 7  | And so what we've shown here are                       |
| 8  | industry best practices for the exposures for each of  |
| 9  | these outpatient types. You'll notice that the         |
| 10 | quality control labs, the pathology labs, it's not as  |
| 11 | easy to measure visits. And so it makes more sense in  |
| 12 | the lab setting or the X-ray setting to measure based  |
| 13 | on receipts rather than number of visits.              |
| 14 | So pretty much everybody in this list                  |
| 15 | is using visits unless there's a lab situation where   |
| 16 | the historical revenues just make a better measure of  |
| 17 | risk.  |
| 18 | MR. THIES: Okay. You can jump ahead                    |
| 19 | to Exhibit 4. It would be 42 correct? 42.              |
| 20 | MR. WALLING: Yeah. It's 42.                            |
| 21 | MR. THIES: Okay. Can you describe                      |
| 22 | this page for us, Exhibit 4?                           |
| 23 | MR. WALLING: Sure. So this is a                        |
| 24 | summary of the pricing recommendations for the         |
| 25 | Independent Physicians and Surgeons, which you will    |
|    |  |

| 1  | see in Columns 1, 2, and 3 are the three elements of  |
|----|---|
| 2  | our indicated rate change.                            |
| 3  | Column 1 is the "Indicated Assessment"                |
| 4  | based on the historical claims experience for the     |
| 5  | program.  |
| 6  | Column 2 is any proposed changes to the               |
| 7  | class plan. We just said there aren't any, so that    |
| 8  | there's no indicated change there.                    |
| 9  | Column 3 is a a separate reflection                   |
| 10 | of the cost of living adjustments. So the cost of     |
| 11 | living adjustment is a legislated item. In this       |
| 12 | particular case, it increases the PCF non-medical     |
| 13 | damage cap to \$658,779 excess of a quarter of a      |
| 14 | million dollars. That's literally just doing the math |
| 15 | legislated in in the Medical Malpractice Act.         |
| 16 | The impact of that increase is a need                 |
| 17 | to increase surcharges by 2.1 percent.                |
| 18 | MR. THIES: And that each year there's                 |
| 19 | going to be an additional increase in that because of |
| 20 | the of the inflation?                                 |
| 21 | MR. WALLING: Yeah. Essentially each                   |
| 22 | year you're providing more coverage.                  |
| 23 | MR. THIES: Okay. Now, in the                          |
| 24 | Column 4, essentially                                 |
| 25 | MR. WALLING: Four is just the                         |
|    | Page 40   |

| 1  | multiplication of one through three.                  |
|----|---|
| 2  | MR. THIES: Okay. And then the last                    |
| 3  | column?   |
| 4  | MR. WALLING: So 5 is the the                          |
| 5  | calculation of recouping surcharge. As we showed on a |
| 6  | summary exhibit, there is no indicated surcharge for  |
| 7  | the physicians and surgeons, so there's no deficit    |
| 8  | surcharge. And so Column 4 and Column 6 are           |
| 9  | identical.  |
| 10 | MR. THIES: And the last, Column 6,                    |
| 11 | that's what you're recommending?                      |
| 12 | MR. WALLING: It's just the                            |
| 13 | multiplication, yes.                                  |
| 14 | MR. THIES: Okay.                                      |
| 15 | MR. WALLING: Sorry.                                   |
| 16 | MR. THIES: And can you explain what                   |
| 17 | you mean by "with risk margin"?                       |
| 18 | MR. WALLING: Sure.                                    |
| 19 | It's how you add the it's how you                     |
| 20 | multiply percentages.                                 |
| 21 | DR. RITCHIE: Right. Because zero                      |
| 22 | percent multiply by zero, you get zero.               |
| 23 | MR. WALLING: Correct.                                 |
| 24 | DR. RITCHIE: But it's you add one.                    |
| 25 | MR. WALLING: When when you multiply                   |
|    | Dawa 41   |
|    | Page 41   |

| 1  | percentages so if you take, you know, 25 percent of    |
|----|--|
| 2  | a hundred a 25 percent increase on 120 percent,        |
| 3  | you you take the 1.2 times the 1.25. So you            |
| 4  | it you got to go one plus. It's noted in the           |
| 5  | footnotes. The footnotes for 4 and 5 and 6 both        |
| 6  | highlight that we're adding unity.                     |
| 7  | DR. RITCHIE: Yes. Right.                               |
|    |  |
| 8  | MR. THIES: Okay. So the risk margin,                   |
| 9  | with risk margin, what's there's big a big             |
| LO | difference.  |
| L1 | MR. WALLING: Sure. So just like with                   |
| L2 | the reserves, where you can look at the reserves with  |
| L3 | and without a risk margin, you can also look at        |
| L4 | funding with and without a risk margin.                |
| L5 | Again, historically we've been asked to                |
| L6 | produce rate indications on a nominal basis and at a   |
| L7 | 75 percent level of confidence. You'll see to          |
| L8 | to for the assessments to be enough, 75 percent of     |
| L9 | the time, you need more of an increase. That makes     |
| 20 | sense, right?  |
| 21 | So, essentially, the "With Risk Margin"                |
| 22 | Row is is to give you an indication of how much        |
| 23 | more assessments would have to increase to be          |
| 24 | confident 75 percent of the time that they were enough |
| 25 | to pay all claims.                                     |

| 1   | And, actually, if you'll scroll to the                 |
|-----|--|
| 2   | next page so, actually, do me a favor. Sorry. I'm      |
| 3   | going to make your life miserable. Scroll back up to   |
| 4   | that page.   |
| 5   | MS. GALLEGOS: Okay.                                    |
| 6   | MR. WALLING: The first Column 1 you'll                 |
| 7   | see is 13.6 percent without risk margin. So keep that  |
| 8   | 13.6 in mind for a for a hot minute.                   |
| 9   | Now scroll down.                                       |
| LO  | What we've done is looked at the last                  |
| L1  | ten years of experience for the PCF. And we've taken   |
| L2  | the historical surcharges, brought them to a current   |
| L3  | value based on the historical changes that that        |
| L4  | you've made. So if you restated all of the historical  |
| L5  | surcharges to the current surcharge table, that's what |
| L6  | the dollars would have been collected.                 |
| L 7 | Similarly, Column 3 is my ultimate                     |
| L8  | losses from the reserve study. We have to up we        |
| L9  | have to adjust them for the current coverage limits to |
| 20  | get you to those trended ultimate losses. And that     |
| 21  | produces a loss ratio.                                 |
| 22  | And you'll see 2018, 2019 are pretty                   |
| 23  | miserable. We collected seventeen, eighteen million    |
| 24  | dollars' worth of surcharges. And in today's dollars   |
| 25  | we would have paid out almost 40 million.              |

| 1  | Yeah. You'll remember those are also                   |
|----|--|
| 2  | the two years that had the big development this        |
| 3  | calendar year. So when those losses finally came to    |
| 4  | roost, we saw a \$22 million worth of additional       |
| 5  | development on those years. It was bad.                |
| 6  | What we've selected is that we think                   |
| 7  | going forward, the current surcharges will produce a   |
| 8  | loss ratio down in Row 7 of about \$123 million or     |
| 9  | 123 percent.   |
| LO | UNIDENTIFIED SPEAKER: Good grief.                      |
| L1 | MR. WALLING: Scroll down to the bottom                 |
| L2 | half of the page.                                      |
| L3 | Starting with that 123 percent expected                |
| L4 | loss ratio, we think to cover all of your loss         |
| L5 | adjustment expenses, all of your administrative        |
| L6 | expenses, that you really need in Row 13 you           |
| L7 | really need \$21.9 million when you're currently only  |
| L8 | projected to to collect 19.3 million. So               |
| L9 | essentially there's about a \$2.5 million delta, \$2.6 |
| 20 | million delta, between the surcharges we expect you to |
| 21 | collect and what you need to cover costs.              |
| 22 | To get that 2.6 percent or                             |
| 23 | \$2.6 million increase, you need to increase your      |
| 24 | your assessments by about 13.6 percent.                |
| 25 | MR. THIES: Okay.                                       |

| 1  | MR. WALLING: So that's where the 13                   |
|----|---|
| 2  | percent 13.6 percent in the prior table comes from.   |
| 3  | MR. THIES: Well, if you could scroll                  |
| 4  | down to Exhibit 6, that would be there we go. Hold    |
| 5  | right there.  |
| 6  | Can you explain this page for us?                     |
| 7  | MR. WALLING: Sure. You'll notice                      |
| 8  | there is no cost of living factor adjustment. There's |
| 9  | also no class change adjustments. So this table looks |
| 10 | a lot like Exhibit 4, page 1, but it's simpler.       |
| 11 | In this case, all we're showing for                   |
| 12 | those first few columns is the "Indicated Assessment  |
| 13 | Change" in Column 1. There's no increased limits      |
| 14 | factor change. And so Column 3 is just the product of |
| 15 | 1 and 2.  |
| 16 | However, in this case, we do have a                   |
| 17 | deficit surcharge situation, where we're trying to    |
| 18 | recoup some of that deficit, you know, on the the     |
| 19 | timeframe that we're on. And so Column 5 are the      |
| 20 | proposed surcharge changes that reflect both the      |
| 21 | experience in Column 1 and the deficit recoupment in  |
| 22 | Column 4.   |
| 23 | MR. THIES: That deficit recoupment,                   |
| 24 | that's the \$34 million that we're                    |
| 25 | MR. WALLING: Correct. Yep.                            |
|    |   |

| 1  | MR. THIES: And then the second line.                   |
|----|--|
| 2  | What   |
| 3  | MR. WALLING: Sure. So let's talk                       |
| 4  | about the 2.6. Remember, hospitals had very much       |
| 5  | lower claims payments than we expected. Ultimate       |
| 6  | losses came down 20 million. It was a good number.     |
| 7  | So if we go to the next page, what                     |
| 8  | you'll see is that the loss ratios in that 2018, 2019  |
| 9  | period, those early years when most of the hospitals   |
| 10 | were rolling on it's important to remember that        |
| 11 | these are kind of what was going on in the PCF in      |
| 12 | 2016, '17 isn't what was going on in 2019.             |
| 13 | In 2016, I was doing individual loss                   |
| 14 | picks for Presbyterian and St. Vincent's. They were    |
| 15 | the first two in, and we were developing their         |
| 16 | assessments based on their historical claims           |
| 17 | experience. And things kind of morphed and evolved in  |
| 18 | 2017, '18, '19.  |
| 19 | Those first couple years, the                          |
| 20 | experience was not great. And then the experience, so  |
| 21 | far, looks pretty good; 2018, '19 and '20, so far, the |
| 22 | loss ratios actually look pretty good. However, '21,   |
| 23 | '22, '23, and '24 still look pretty hot. We've         |
| 24 | selected a long-term average loss ratio of 111.3       |
| 25 | percent.   |
|    |  |

| We can go through the same exercise,                   |
|--|
| where Row 8 is the projected surcharges of             |
| \$68 million, 68.7 million. The income requirements    |
| down in Row 13 are 70.47 million. To get that          |
| incremental \$1.7 million, \$1.8 million, you need to  |
| increase if you'll scroll down just one more row       |
| you need to increase assessments by 2.6 percent.       |
| So the 2.6 percent is literally just                   |
| how you get from the current surcharge revenue of      |
| \$68.7 million to the indicated need of 70.47. So,     |
| yeah.  |
| MR. THIES: In coming up with your                      |
| recommended surcharges, do you take into account any   |
| investment income?                                     |
| MR. WALLING: The discount that's shown                 |
| in Column 11, discounts for the time value of money    |
| based on the historical claim payment patterns for the |
| PCF.   |
| There is a really important                            |
| distinction. When we discount reserves, discounting    |
| reserves, you're talking about a balance sheet item,   |
| right? You're talking about assets and liabilities on  |
| a balance sheet. And so the investment income that is  |
| being generated on the reserves has to have invested   |
| assets supporting it, right?                           |
|  |

| 1  | So if I say reserves are \$380 million,               |
|----|---|
| 2  | just as an example, and I only have, let's just say   |
| 3  | 230 of that invested, then giving you credit for      |
| 4  | \$380 million worth of invested assets would actually |
| 5  | be overstating the time value of money. You're not    |
| 6  | generating investment income on funds if they're not  |
| 7  | invested. So we adjust the discount on the reserves   |
| 8  | to match the invested assets on the balance sheet.    |
| 9  | However, for the forward looking for                  |
| 10 | next year's assessments, that same kind of adjustment |
| 11 | doesn't make sense. The idea here is that every       |
| 12 | dollar you collect in surcharge assessments, or in    |
| 13 | assessments, could/should/ought to be invested        |
| 14 | immediately. It ought to be invested.                 |
| 15 | And so that 0.838 is the full-time                    |
| 16 | value of money benefit of investing all of this the   |
| 17 | day you collect it until you pay the claim. So we     |
| 18 | give full credit for the time value of money in the   |
| 19 | rate indication. So we're giving 16.2 percent         |
| 20 | discount off of indicated surcharges there in Row 11, |
| 21 | assuming, essentially, that every penny of surcharge  |
| 22 | revenue that's collected will be invested in such a   |
| 23 | way that it produces an average annual return of 3.5  |
| 24 | percent.  |
| 25 | MS. LOVE: So if it's not invested,                    |
|    |   |

| 1  | then is this throwing off the numbers for next year?  |
|----|---|
| 2  | MR. WALLING: Then these assessments                   |
| 3  | are low, yes. Yep. Yeah.                              |
| 4  | Yeah. And it's I mean, discounting                    |
| 5  | the indicated surcharges by 16.2 percent, that's a    |
| 6  | material assumption. If you don't have that, then you |
| 7  | need to increase the surcharges by another, whatever  |
| 8  | the inverse of that is, probably 18 percent.          |
| 9  | But, yeah, the the time value of                      |
| 10 | money assumed for next year's surcharges is a pretty  |
| 11 | critical assumption here. And the idea that they will |
| 12 | be invested is is an important underpinning of this   |
| 13 | analysis.   |
| 14 | But I wanted to make sure the board                   |
| 15 | understood, the way we do this on the reserves,       |
| 16 | largely due to accounting and and actuarial           |
| 17 | standards, is different than the way we do it on the  |
| 18 | rate making.  |
| 19 | On on the reserves, we only give you                  |
| 20 | credit for the assets that are invested. For the      |
| 21 | rates, we give you full credit for the time value of  |
| 22 | money. So slight difference in in methods and         |
| 23 | assumptions.  |
| 24 | MR. THIES: Directing your attention to                |
| 25 |   |

| 1  | MR. WALLING: Sure. And it's actually                    |
|----|---|
| 2  | back in the work papers. We work with OSI staff and     |
| 3  | TPA staff to look at five years of historical "Loss     |
| 4  | Adjustment Expenses, " in Row 10, and "Office Expenses" |
| 5  | in Row 12. We also talk with them pretty in a           |
| 6  | pretty detailed manner about expected budget.           |
| 7  | And so what we're trying to reflect in                  |
| 8  | here are the expense loads that we expect to be in      |
| 9  | place next year. So and and you'll see. I               |
| 10 | mean, we're talking about loss adjustment expenses      |
| 11 | that are 3.6 percent of losses paid that's quite        |
| 12 | low and office overhead that's just barely              |
| 13 | 1 percent of surcharges.                                |
| 14 | This is one of my favorite things about                 |
| 15 | PCFs. It's one of the things I brag about PCFs. They    |
| 16 | are extraordinarily efficient. If you compare those     |
| 17 | to TDC or MedPro, which isn't a fair comparison, you    |
| 18 | are getting 95 cents of every surcharge dollar paid     |
| 19 | out as benefits. That's extraordinary. That that        |
| 20 | the PCF is an incredibly efficient mechanism, and it's  |
| 21 | really demonstrated here in how low the loss            |
| 22 | adjustment expenses are and and how low the             |
| 23 | overhead is.  |
| 24 | MR. THIES: So your recommendation to                    |
| 25 | the board for the independent physicians and surgeons   |

| 1  | would be Exhibit 4, page 1, that would be 16 percent  |
|----|---|
| 2  | with risk margin                                      |
| 3  | MR. WALLING: Oh, without.                             |
| 4  | MR. THIES: Or without risk margin.                    |
| 5  | MR. WALLING: Yep.                                     |
| 6  | MR. THIES: And 25.6 percent with the                  |
| 7  | risk margin?  |
| 8  | MR. WALLING: Correct.                                 |
| 9  | MR. THIES: And then for the let                       |
| 10 | me  |
| 11 | MR. WALLING: Just scroll up to the                    |
| 12 | page right before this.                               |
| 13 | MS. GALLEGOS: Right here?                             |
| 14 | MR. WALLING: Right there. Thank you.                  |
| 15 | MR. THIES: And then for the hospitals,                |
| 16 | your recommendation without risk margin was 25.7      |
| 17 | percent?  |
| 18 | MR. WALLING: And I think we're                        |
| 19 | actually I I don't correct me if I'm wrong,           |
| 20 | but I think we actually do this in two pieces; right? |
| 21 | We actually increase the the                          |
| 22 | assessments by Column 3, and then the deficit         |
| 23 | surcharges are what they are on top of the            |
| 24 | assessments.  |
| 25 | MR. THIES: Yes.                                       |
|    |   |

| 1  | MR. WALLING: I I think it's really                    |
|----|---|
| 2  | kind of a split decision.                             |
| 3  | DR. RITCHIE: Right.                                   |
| 4  | MR. THIES: And then if they included                  |
| 5  | the with risk margin, the rate change would be 11.1   |
| 6  | percent and total of 36.1 percent?                    |
| 7  | MR. WALLING: Correct.                                 |
| 8  | MR. THIES: And 22.5 percent would go                  |
| 9  | towards the deficit?                                  |
| 10 | MR. WALLING: Yep.                                     |
| 11 | MR. THIES: Do you                                     |
| 12 | MR. WALLING: And that 22.5 percent is                 |
| 13 | documented up in the summary as well. It basically    |
| 14 | shows a two-year amortization of the hospital deficit |
| 15 | as a a way of recouping that before they sunset.      |
| 16 | MR. THIES: A question that maybe did                  |
| 17 | not consider in preparing the report. You realize the |
| 18 | hospitals are statutorily going to come out of the    |
| 19 | program at the end of the '26 calendar year?          |
| 20 | MR. WALLING: Correct.                                 |
| 21 | MR. THIES: How's that going to impact                 |
| 22 | the   |
| 23 | MR. WALLING: It affects those deficit                 |
| 24 | surcharges.   |
| 25 | MR. THIES: And  |
|    | Page 52   |

| 1  | MR. WALLING: Do me a favor. Go up to                  |
|----|---|
| 2  | page 31.  |
| 3  | MS. GALLEGOS: Okay.                                   |
| 4  | MR. WALLING: So what you'll see down                  |
| 5  | at the bottom of this page is that deficit surcharge  |
| 6  | is only amortized over the next two years. So         |
| 7  | basically that that hole has to be filled in the      |
| 8  | next two cycles.                                      |
| 9  | MR. THIES: And what do you mean by                    |
| 10 | that that deficit surcharge, if they approve that,    |
| 11 | it would reduce the deficit by the time they get out? |
| 12 | MR. WALLING: Correct.                                 |
| 13 | MR. THIES: Do you have anything else                  |
| 14 | you want to add about your report?                    |
| 15 | MR. WALLING: About the report, no.                    |
| 16 | MR. THIES: Okay. Questions?                           |
| 17 | DR. RITCHIE: I do. I I'll start                       |
| 18 | off. Now, this all these figures, the this            |
| 19 | collections, they're paying for the excess losses for |
| 20 | the two now 900,000 excess of 250,000; correct?       |
| 21 | MR. WALLING: Correct.                                 |
| 22 | DR. RITCHIE: And future medical?                      |
| 23 | MR. WALLING: Yes.                                     |
| 24 | DR. RITCHIE: Okay. So there's been                    |
| 25 | what if there's been a change in how the future       |
|    | Page 53   |
|    | 1436 33   |

| 1  | medical is paid out, as in there were previously       |
|----|--|
| 2  | lump-sum payments and it changes to not lump-sum       |
| 3  | payments or if percentage between the two radically    |
| 4  | changes? How will that change this? Or can you         |
| 5  | account for that?                                      |
| 6  | MR. WALLING: It's a it's a tricky                      |
| 7  | thing and and I don't, I mean, tricky in an            |
| 8  | underhanded way. Just it is a difficult thing to       |
| 9  | quantify. We've dealt with this in workers'            |
| 10 | compensation and large auto liability claims and       |
| 11 | medical professional liability for decades.            |
| 12 | Is a structured settlement worth more                  |
| 13 | or less than actually paying out those actual benefits |
| 14 | over time? And it's a very difficult thing as an       |
| 15 | actuary to say categorically that one is better than   |
| 16 | the other. It's it's based on the the data we          |
| 17 | have available.  |
| 18 | It's it's very difficult to suggest                    |
| 19 | that shifting away from lump-sum settlements into more |
| 20 | kind of actual payments is better or worse. It does    |
| 21 | put a lot more leverage and a lot more pressure on     |
| 22 | your investment income.                                |
| 23 | DR. RITCHIE: That was going to be my                   |
| 24 | question.  |
| 25 | MR. WALLING: So I'll I'll give the                     |
|    | Page 54  |

| example of the Virginia Birth Injury Fund, where   |
|--|
| chey're paying out lifetime medical, lifetime wage   |
| oss, lifetime housing and vehicle allowances,  |
| ifetime medical and hospitalization, on an actual  |
| pasis instead of on a structured settlement basis.   |
| They need to generate investment income  |
| on their funds to keep up with medical technology and  |
| new life-changing surgeries.   |
| And so shifting away from structured   |
| settlements into that paying, kind of, as you go, adds   |
| nore potential volatility as it relates to the life  |
| expectancy of the patient. It adds volatility due to   |
| medical inflation and medical technology.  |
| You know, are we going to be talking   |
| about exoskeletons for for quadriplegics ten years   |
| from now? Are there going to be new gene therapies to  |
| deal with some of these issues? Are we growing   |
| nerves?  |
| So there's a tremendous amount of  |
| pressure added by all of that new uncertainty as   |
| compared to a lump-sum settlement.   |
| But the flip side is it also presents  |
| opportunity. If if you can generate investment   |
| ncome on the invested assets of the PCF, it actually   |
| gives you an opportunity to fill some of that deficit  |
| , <b>-</b> |

| 1  | hole by producing good investment returns.             |
|----|--|
| 2  | Virginia Birth Fund typically produces                 |
| 3  | investment returns 6, 7, 8 percent annually because    |
| 4  | they know they don't need that money for 30 or 40      |
| 5  | years.   |
| 6  | And and so there's a lot more                          |
| 7  | challenge, there's a lot more volatility and           |
| 8  | variability. It makes my job harder because I don't    |
| 9  | have that lump-sum settlement in my data anymore. And  |
| 10 | now I've just got a little annual incremental payment. |
| 11 | So it it's it's more challenging,                      |
| 12 | and it's certainly not without risk for the reasons    |
| 13 | I've already mentioned. But it also means that PCF     |
| 14 | holds that money for longer and maybe it yeah.         |
| 15 | And and that has a a lot of of different               |
| 16 | impacts.   |
| 17 | DR. RITCHIE: So now that we're                         |
| 18 | investing more, doing better job investing             |
| 19 | theoretically with our funders; we're investing more   |
| 20 | money with it. And that would be to the advantage of   |
| 21 | not having lump sums because you have that money over  |
| 22 | time.  |
| 23 | MR. WALLING: I I would call it a                       |
| 24 | a critical first step.                                 |
| 25 | DR. RITCHIE: Right.                                    |
|    |  |

| 1  | MR. WALLING: To to be shifting away                    |
|----|--|
| 2  | from lump sums into annual payments, or periodic       |
| 3  | payments, having those assets invested is just         |
| 4  | absolutely imperative.                                 |
| 5  | DR. RITCHIE: And just one quick                        |
| 6  | thought.   |
| 7  | MS. LOVE: No. I'm sorry.                               |
| 8  | DR. RITCHIE: And also then what you                    |
| 9  | just said with the changes in in costs, medical        |
| 10 | costs going up, new technology, et cetera, the         |
| 11 | lump-sum payment potentially will result in a lot less |
| 12 | going to the the injured patient, certainly in the     |
| 13 | long run, than they would have gotten or maybe have    |
| 14 | needed to get.   |
| 15 | MR. WALLING: The the risks                             |
| 16 | associated with lump-sum payments and the myriad of,   |
| 17 | you know, "I want my money, and I want it now," and    |
| 18 | that that is well documented. I I don't think I        |
| 19 | need to go down that road.                             |
| 20 | But there are certainly risks                          |
| 21 | associated with lump-sum settlements and those injured |
| 22 | patients having the funds to get the care that they    |
| 23 | need 10, 15, 20 years from now.                        |
| 24 | DR. RITCHIE: Right.                                    |
| 25 | Yes?   |
|    |  |

| 1  | MS. LOVE: And just to to address                       |
|----|--|
| 2  | your point, I'll also tell you anecdotally that most   |
| 3  | patients purchase annuities for their future future    |
| 4  | meds. They will invest                                 |
| 5  | DR. RITCHIE: With their lump-sum                       |
| 6  | payment you mean?                                      |
| 7  | MS. LOVE: With their lump-sum                          |
| 8  | payments. They will invest so that they have that      |
| 9  | money making money for their future needs. But but     |
| 10 | Mr   |
| 11 | MR. WALLING: As long as they're not                    |
| 12 | talked into one of those ads that I just mentioned, so |
| 13 | I  |
| 14 | MS. LOVE: Yes. And those are                           |
| 15 | terrible. I I agree, but they they should not          |
| 16 | be doing that.   |
| 17 | But so my question to you about the                    |
| 18 | future meds is is first of all, were you able to       |
| 19 | tell from the data that you were provided, is our OSI  |
| 20 | investing the surcharge money as soon as it comes in   |
| 21 | and as robustly as what you see in Wisconsin and other |
| 22 | places?  |
| 23 | MR. WALLING: It is still very much a                   |
| 24 | work in progress. I've been working with OSI staff to  |
| 25 | identify investment managers. I've directed them to    |
|    |  |

| _  |  |
|----|--|
| 1  | some people that I know that do a great job of         |
| 2  | managing the assets of similar programs around the     |
| 3  | country. So I I would describe it as a work in         |
| 4  | progress.  |
| 5  | MS. LOVE: Okay. And if the past                        |
| 6  | years' actuarial studies have assumed investments that |
| 7  | didn't happen, is that does that contribute to the     |
| 8  | deficit?   |
| 9  | MR. WALLING: Is it a factor that                       |
| LO | causes the fund balance to be less than we would have  |
| L1 | projected? Yes. I know that's not quite the question   |
| L2 | you asked.   |
| L3 | MS. LOVE: Which then means we have to                  |
| L4 | collect more in order to make up for what we didn't    |
| L5 | collect versus what we paid out.                       |
| L6 | MR. WALLING: There's all sorts of                      |
| L7 | reasons the cash flows in any given year could be      |
| L8 | different. As we saw, the docs paid out a lot of       |
| L9 | claims this year. You can't invest that money. The     |
| 20 | hospitals didn't, so you can invest more money.        |
| 21 | So there's a lot of in any insurance                   |
| 22 | program, in in any government quasi insurance          |
| 23 | program, there are a number of factors that affect the |
| 24 | actual cash flows of the program relative to what was  |
| 25 | projected.   |
|    |  |

| 1  | MS. LOVE: Sure.                                       |
|----|---|
| 2  | MR. WALLING: And and you know,                        |
| 3  | somebody that invested heavily in '07, '08, '09       |
| 4  | certainly didn't get the return they anticipated. I   |
| 5  | spent 18 months listening to investment managers      |
| 6  | apologize for bond returns during and after COVID.    |
| 7  | Most most of these programs are 80                    |
| 8  | percent bonds or more, and bonds got hammered during  |
| 9  | COVID. So just because you're not investing, that's   |
| 10 | not the only variable here.                           |
| 11 | MS. LOVE: Understood. But it's one of                 |
| 12 | them.   |
| 13 | MR. WALLING: Sure.                                    |
| 14 | MS. LOVE: Okay. And then when you're                  |
| 15 | considering when you're doing your risk assessment,   |
| 16 | do you how are you able to look at future meds        |
| 17 | payouts? Because when cases are settled and future    |
| 18 | meds are to be paid on an as-incurred basis, and I    |
| 19 | know we have a lot more patients in the fund who are  |
| 20 | taking advantage of that.                             |
| 21 | How do you know what has to be set                    |
| 22 | aside and accounted for, for those future meds? Do    |
| 23 | you have is that data provided to you?                |
| 24 | MR. WALLING: We're still in really                    |
| 25 | early days of this change, but let me paint a picture |
|    | Page 60   |

| 1  | for you of what it looks like.                         |
|----|--|
| 2  | In New York or Virginia with my my                     |
| 3  | patient comp or my Birth Injury Funds, we have         |
| 4  | detailed information about each each participant in    |
| 5  | the program: their age, their mobility status,         |
| 6  | whether they're wheelchair bound or not, whether they  |
| 7  | have a GI feeding tube, things like that.              |
| 8  | Then on a participant-by-participant                   |
| 9  | basis, based on their life plan, their life            |
| 10 | expectancy, their historical benefits payments, we     |
| 11 | estimate the future benefits payments for each         |
| 12 | participant.   |
| 13 | So I could certainly see a scenario                    |
| 14 | down the road where we're doing detailed modeling, but |
| 15 | a lot of second-injury funds for work comp do the same |
| 16 | thing, where you take these severely injured workers   |
| 17 | and you model out, based on their current life         |
| 18 | expectancy and their current condition, what you       |
| 19 | expect their future medicals to be.                    |
| 20 | But we're still we're we're still                      |
| 21 | a ways from that, but it's it's where we're going      |
| 22 | to need to be skating towards.                         |
| 23 | MS. LOVE: So in past years, and                        |
| 24 | including this year, when you're looking at expected   |
| 25 | future payouts, you have no idea how much to account   |
|    |  |

| 1  | for future meds?                                       |
|----|--|
| 2  | MR. WALLING: I don't                                   |
| 3  | MS. LOVE: Is that right?                               |
| 4  | MR. WALLING: I don't agree with that                   |
| 5  | characterization.                                      |
| 6  | MS. LOVE: Okay.  |
| 7  | MR. WALLING: We're doing all of our                    |
| 8  | reserving in the aggregate, so we're not looking at    |
| 9  | individual participants or individual claims. We're    |
| 10 | looking at the data in aggregate.                      |
| 11 | The aggregate data can tell us that                    |
| 12 | claims payments are slowing down because fewer people  |
| 13 | are taking the structured settlements and more are     |
| 14 | taking, you know, the ongoing payouts.                 |
| 15 | They can show us shifts in the                         |
| 16 | underlying claims data, and we're seeing it. We're     |
| 17 | seeing that claims benefits are being paid out longer. |
| 18 | We're already seeing that in the data.                 |
| 19 | So we're already even though it's,                     |
| 20 | in my mind, still fairly early in this trend we're     |
| 21 | already seeing it impact our analysis. It's just that  |
| 22 | the methods and assumptions we're using are looking at |
| 23 | the data in aggregate rather than looking at it on     |
| 24 | a a participant-by-participant basis.                  |
| 25 | MS. LOVE: May I have a little                          |
|    |  |

| 1  | indulgence to ask a little more on this? I know I'm    |
|----|--|
| 2  | going  |
| 3  | DR. RITCHIE: Sure.                                     |
| 4  | MS. LOVE: I'm taking up time.                          |
| 5  | DR. RITCHIE: I've got one follow-up                    |
| 6  | but not related.                                       |
| 7  | MS. LOVE: Okay. Thank you. But so                      |
| 8  | so in practical terms, when you have a patient who is  |
| 9  | taking future meds as they're incurred, you don't      |
| 10 | you don't you're able to look at what is paid out      |
| 11 | over the years, what is actually paid out, consider    |
| 12 | that in the aggregate, and use that as data for        |
| 13 | projections going forward.                             |
| 14 | But it's not as if you have one patient                |
| 15 | who, you know, needs a heart surgery, or a baby who,   |
| 16 | you know, may live until they're 65 and need full home |
| 17 | care. You're not able to you don't have those          |
| 18 | numbers to project for those individuals. Is that      |
| 19 | true?  |
| 20 | MR. WALLING: It's not a question of                    |
| 21 | not able.  |
| 22 | MS. LOVE: Uh-huh.                                      |
| 23 | MR. WALLING: We're in the process of                   |
| 24 | making sure that we have the same level of data that I |
| 25 | have in Virginia or New York. So                       |
|    |  |

| 1  | MS. LOVE: Okay.                                    |
|----|--|
| 2  | MR. WALLING: It's it's not that we                 |
|    |  |
| 3  | can't do it. It's just that we're going to need to |
| 4  | pull together a little bit more data than we have  |
| 5  | right now.   |
| 6  | MS. LOVE: And you okay. And you                    |
| 7  | haven't had that in the past; is that fair?        |
| 8  | MR. WALLING: Yeah.                                 |
| 9  | MS. LOVE: Okay. Thank you.                         |
| 10 | DR. RITCHIE: So, yeah. So it's                     |
| 11 | certainly doable because, obviously, you've named  |
| 12 | these funds. You're doing it.                      |
| 13 | MR. WALLING: Yeah.                                 |
| 14 | DR. RITCHIE: We just have to get                   |
| 15 | the the ball rolling a little better here with     |
| 16 | better data and more time.                         |
| 17 | MR. WALLING: And because we're in such             |
| 18 | early days   |
| 19 | DR. RITCHIE: Right.                                |
| 20 | MR. WALLING: my professional                       |
| 21 | opinion is it doesn't impact the analysis yet. But |
| 22 | we're going to want to get on top of that before   |
| 23 | before the the trend is is material. So, yeah.     |
| 24 | DR. RITCHIE: So as as a follow up                  |
| 25 | to that real quick, then I'll definitely pass the  |
|    |  |
|    | Page 64  |

| 1  | microphone. You've would it be a good data point,      |
|----|--|
| 2  | or are you're already working on it, for you, in       |
| 3  | particular, but for the board to know exactly what our |
| 4  | returns are what and and be able to look at            |
| 5  | that   |
| 6  | MR. WALLING: You're not going to like                  |
| 7  | the answer. But, yes, that as a as a as part of        |
| 8  | this process of managing the assets of the fund, more  |
| 9  | like other funds, your investment manager is going to  |
| 10 | make a report to the board probably a couple times a   |
| 11 | year, maybe four times a year.                         |
| 12 | So, you know, my experience, the                       |
| 13 | actuary and the investment manager tend and            |
| 14 | sometimes the auditor are are all on the board         |
| 15 | agenda.  |
| 16 | DR. RITCHIE: Right.                                    |
| 17 | MR. WALLING: So, sorry. Your your                      |
| 18 | board meetings just got more exciting.                 |
| 19 | But, yeah, you're going to want                        |
| 20 | visibility on how your that the invested assets of     |
| 21 | the fund are performing. You know, I I                 |
| 22 | literally in Wisconsin, they go through, here are all  |
| 23 | the bonds that have matured. Here's what the face      |
| 24 | was, and here's how we've reinvested it.               |
| 25 | And they get into detailed, thoughtful                 |
|    | Page 65  |

| 1  | discussions about the the duration of the the          |
|----|--|
| 2  | bond portfolio relative to the expected duration of    |
| 3  | the claims liabilities. So you can get into very       |
| 4  | detailed analysis.                                     |
| 5  | I I think the first step is getting                    |
| 6  | rid of the getting rid of the the negative fund        |
| 7  | balance. The the second step is identifying an         |
| 8  | independent investment manager to improve your return. |
| 9  | But then there's all sorts of governance things that   |
| 10 | follow that.   |
| 11 | DR. RITCHIE: Right. Okay. So open up                   |
| 12 | to anyone here in the room. Any other questions?       |
| 13 | MR. THIES: Anyone online?                              |
| 14 | DR. RITCHIE: No?                                       |
| 15 | MR. AUTIO: So Mr. Walling, if if                       |
| 16 | we, in in terms of the fund balance, if we were to     |
| 17 | recommend to the superintendent and if the             |
| 18 | superintendent adopted the recommendation to set the   |
| 19 | hospital surcharges at the 25.7 percent, that would    |
| 20 | eliminate the deficit completely.                      |
| 21 | MR. WALLING: There's a lot of "ifs."                   |
| 22 | MR. AUTIO: Yeah.                                       |
| 23 | MR. WALLING: But but, yes, as as                       |
| 24 | long as the claims experience plays out the way we've  |
| 25 | estimated, as long as all the hospitals stay in for    |
|    | Page 66  |

| 1  | the next for the next year. And there's there's        |
|----|--|
| 2  | a lot of, "as long as'es" inherent in that. But,       |
| 3  | yeah, as as long as the assumptions that are           |
| 4  | implicit in my analysis hold true. Yeah.               |
| 5  | MR. AUTIO: And and it does sound                       |
| 6  | like those assumptions are based on all of the         |
| 7  | hospitals currently participating staying in the fund? |
| 8  | MR. WALLING: Correct.                                  |
| 9  | MR. AUTIO: Yeah. Okay. Okay.                           |
| 10 | DR. RITCHIE: And that's for the                        |
| 11 | lifetime of those claims?                              |
| 12 | MR. WALLING: Essentially, what we're                   |
| 13 | trying to do is estimate the full and final value of   |
| 14 | those claims based on the data that we have.           |
| 15 | DR. RITCHIE: Right.                                    |
| 16 | MR. WALLING: Yeah. The the                             |
| 17 | discussion of what happens after the the end of        |
| 18 | next year is, I think, outside the scope of this rate  |
| 19 | hearing.   |
| 20 | DR. RITCHIE: Just just bringing up                     |
| 21 | the point. That was all.                               |
| 22 | MR. THIES: I've got a question related                 |
| 23 | to that. What happens if the hospitals stay in the     |
| 24 | program? Would that deficit surcharge go away and      |
| 25 | reduce   |
|    |  |

| 1  | MR. WALLING: Interesting question.                    |
|----|---|
| 2  | I I still think there is a benefit to availability    |
| 3  | and affordability of healthcare in New Mexico to have |
| 4  | an option for the hospitals to be in.                 |
| 5  | But that's a non-trivial task. That's                 |
| 6  | probably opening up the act. It's thinking about      |
| 7  | do do you design it a little differently on a         |
| 8  | going-forward basis?                                  |
| 9  | I I it's a it's a good                                |
| 10 | discussion to have. And and my impression based on    |
| 11 | parties involved, is I think at least some of the     |
| 12 | hospitals would really like to stay. So the way you   |
| 13 | retire the deficit changes if the decision is made    |
| 14 | to for the hospital to stay in under some as yet      |
| 15 | undefined set of of conditions. But, yeah.            |
| 16 | MR. MYERS: Can you explain why the                    |
| 17 | deficit surcharge as a percent surcharge, that 22.5   |
| 18 | percent, why doesn't that vary with and without the   |
| 19 | risk margin?  |
| 20 | MR. WALLING: Because the deficit is                   |
| 21 | the deficit.  |
| 22 | MR. MYERS: Is the deficit                             |
| 23 | MR. WALLING: Actually, that's an                      |
| 24 | interesting   |
| 25 | MR. MYERS: Could we vary that?                        |
|    | Page 68   |
|    | rage 00   |

| 1  | MR. WALLING: Maybe.                                    |
|----|--|
| 2  | MR. MYERS: I mean, I was just thinking                 |
| 3  | when he was saying, "Oh, what happens next year?"      |
| 4  | MR. WALLING: Dang. That's actually a                   |
| 5  | really interesting idea because if you're collecting   |
| 6  | surcharges at the risk margin, then you probably don't |
| 7  | need as much of a deficit surcharge.                   |
| 8  | MR. MYERS: Yeah.                                       |
| 9  | MR. WALLING: That's an interesting                     |
| 10 | idea. I hadn't thought that all the way through, but,  |
| 11 | yeah   |
| 12 | MR. MYERS: Because I know next year                    |
| 13 | the question is going to be, well, what's outstanding  |
| 14 | if the hospitals leave? And it kind of depends on      |
| 15 | what we do with the hospital surcharge.                |
| 16 | MR. WALLING: That's a really                           |
| 17 | interesting question I'm going to have to think about. |
| 18 | MR. THIES: Anyone that's                               |
| 19 | MR. MYERS: Sounds good.                                |
| 20 | MR. THIES: appearing virtually have                    |
| 21 | questions?   |
| 22 | MR. WALLING: You stumped the actuary.                  |
| 23 | MS. GALLEGOS: Yeah. I checked it just                  |
| 24 | a minute ago and there's no questions.                 |
| 25 | MR. WALLING: I wasn't anticipating                     |
|    | Page 69  |
|    | rage of  |

| 1  | conversations  |
|----|--|
| 2  | MS. GALLEGOS: Does anybody have                        |
| 3  | questions online?                                      |
| 4  | DR. RITCHIE: You can put them in the                   |
| 5  | chat as well. There's three are there anyone in        |
| 6  | the chat? No.  |
| 7  | MS. GALLEGOS: No, there's none in the                  |
| 8  | chat.  |
| 9  | DR. RITCHIE: Yeah.                                     |
| 10 | MS. GALLEGOS: No?                                      |
| 11 | DR. RITCHIE: Okay. Seeing no one in                    |
| 12 | the chat are raising hands to speak. No further        |
| 13 | questions here?  |
| 14 | MR. THIES: No. I                                       |
| 15 | DR. RITCHIE: Okay. And Mr. Walling,                    |
| 16 | you said you really didn't have any final statement or |
| 17 | anything more about that?                              |
| 18 | MR. WALLING: No. I I know there                        |
| 19 | was I mean, did the Summit happen? I I                 |
| 20 | DR. RITCHIE: Yes. Yes.                                 |
| 21 | MR. WALLING: Good. We provided                         |
| 22 | just as an informational item we provided a a          |
| 23 | fair amount of data to the Summit. Hopefully, that     |
| 24 | was was instructive. I'm sorry, I couldn't attend.     |
| 25 | DR. RITCHIE: Yeah. No. It was                          |
|    | Page 70  |

| 1  | excellent. Too bad you couldn't attend. We got    |
|----|---|
| 2  | national data from the medical the MPFL,          |
| 3  | whatever  |
| 4  | MR. WALLING: Yeah.                                |
| 5  | DR. RITCHIE: the national database                |
| 6  | in a very in an actuary very deep in that space   |
| 7  | also.   |
| 8  | MR. WALLING: Good.                                |
| 9  | DR. RITCHIE: So it was excellent.                 |
| 10 | Thank you.  |
| 11 | So, I mean, if it and then no other               |
| 12 | business then is aware of. We had a question. Is  |
| 13 | Vince still on the call?                          |
| 14 | MR. THIES: Go to the people.                      |
| 15 | MR. WARD: I'm here.                               |
| 16 | DR. RITCHIE: Vince                                |
| 17 | MR. WARD: I'm here. I'm here.                     |
| 18 | DR. RITCHIE: I mean you asked about               |
| 19 | the the TPA discussion, but is that to be done at |
| 20 | another venue?                                    |
| 21 | MR. WARD: Right. We'll do that the                |
| 22 | next time.  |
| 23 | DR. RITCHIE: Yeah. Thank you.                     |
| 24 | MR. WARD: If if OSI yeah.                         |
| 25 | DR. RITCHIE: Okay. Thank you. I I                 |
|    | D   |
|    | Page 71   |

| 1  | didn't think that was here.                           |
|----|---|
| 2  | So unless anyone has any other further                |
| 3  | questions, then I think we certainly are ready to     |
| 4  | adjourn. I thank everyone for participating.          |
| 5  | MR. THIES: Doctor, before you adjourn,                |
| 6  | are you going to create a subcommittee to come back   |
| 7  | with recommendations?                                 |
| 8  | DR. RITCHIE: That's true. We well,                    |
| 9  | future yeah. That's not part of the hearing, so to    |
| 10 | speak, but, yes.                                      |
| 11 | So for the hearing then, the hearing is               |
| 12 | adjourned.  |
| 13 | For the purposes of the board, in the                 |
| 14 | past, we certainly have had a subcommittee to write   |
| 15 | the recommendations, and the membership of that has   |
| 16 | only varied a little bit through the years.           |
| 17 | MR. VARGAS: Hey, guys, I'm willing to                 |
| 18 | help again.   |
| 19 | DR. RITCHIE: Not that I'm trying to                   |
| 20 | twist any arms.                                       |
| 21 | MR. WARD: Hey   |
| 22 | DR. RITCHIE: Yes.                                     |
| 23 | MR. WARD: Guys, just this this                        |
| 24 | is Vince. Typically, we will have a follow-up meeting |
| 25 | and then the subcommittee meets.                      |

| 1  | DR. RITCHIE: Right.                                    |
|----|--|
| 2  | MS. LOVE: We meet to talk about what                   |
| 3  | we're going to write                                   |
| 4  | MR. WARD: So we meet to set a date                     |
| 5  | DR. RITCHIE: Right. Yeah.                              |
| 6  | MR. AUTIO: A meeting about a meeting.                  |
| 7  | DR. RITCHIE: Exactly.                                  |
| 8  | MS. LOVE: and then we                                  |
| 9  | DR. RITCHIE: Have a meeting about the                  |
| 10 | meeting.   |
| 11 | MS. LOVE: have a committee; right?                     |
| 12 | And then we meet to say what                           |
| 13 | MR. AUTIO: I love this time of year.                   |
| 14 | DR. RITCHIE: There's so much spare                     |
| 15 | time this time of year. So I'd like to then poll the   |
| 16 | committee. Who does anyone are there any               |
| 17 | objections to actually just having a subcommittee, as  |
| 18 | we have in the past, write a a recommendation, and     |
| 19 | then we have a meeting to discuss that recommendation, |
| 20 | put in a final?  |
| 21 | MS. LOVE: I like the streamlining.                     |
| 22 | DR. RITCHIE: And take one meeting out                  |
| 23 | of it?   |
| 24 | MR. AUTIO: I don't have an objection                   |
| 25 | to that.   |
|    | Page 73  |

| 1  | DR. RITCHIE: Okay. I see no hand                       |
|----|--|
| 2  | go ahead, Vince.                                       |
| 3  | MR. WARD: Well   |
| 4  | MS. LOVE: Are we able to see we're,                    |
| 5  | we're getting you guys back on the screen.             |
| 6  | UNIDENTIFIED SPEAKER: Stop sharing                     |
| 7  | and  |
| 8  | UNIDENTIFIED SPEAKER: Click on                         |
| 9  | "people."  |
| 10 | MS. LOVE: We're getting you guys back                  |
| 11 | on the screen.   |
| 12 | DR. RITCHIE: There we go. What rule                    |
| 13 | did I break, Vince?                                    |
| 14 | MR. WARD: Well, I will just tell you                   |
| 15 | that for all the time that we've been doing this, we   |
| 16 | will typically meet and, you know, it will be a a      |
| 17 | meeting in accordance with Open Meetings Act.          |
| 18 | We'll have an agenda, and then we will                 |
| 19 | appoint the subcommittee at that meeting. I think      |
| 20 | that that's a better practice, even though what you're |
| 21 | proposing is a more efficient practice.                |
| 22 | MR. WALLING: Gives you a chance to                     |
| 23 | talk about the TPA issues as well.                     |
| 24 | DR. RITCHIE: Okay. Thank you. Then                     |
| 25 | as an alternative, because we do have potentially more |
|    | Page 74  |
|    | - a.j  |

| 1  | things on an agenda, as in a discussion on the the    |
|----|---|
| 2  | third party, the TPA issue or change, then we need to |
| 3  | look at our calendars to figure out when we can do    |
| 4  | _   |
|    | another meeting.                                      |
| 5  | MS. LOVE: When does the superintendent                |
| 6  | need that discussion to happen?                       |
| 7  | MR. THIES: On the third-party                         |
| 8  | administrator?  |
| 9  | MS. LOVE: Mm-hmm.                                     |
| 10 | DR. RITCHIE: Yeah. Good question.                     |
| 11 | MR. THIES: I realize it's not on the                  |
| 12 | agenda, but we're advertising right now for the       |
| 13 | proposals. They're due in about two weeks, and we'll  |
| 14 | have an idea then, the steps toward which you're      |
| 15 | required the superintendent's required to consult     |
| 16 | with the board as to the selection of the third-party |
| 17 | administrator.  |
| 18 | MS. LOVE: So I think that that puts us                |
| 19 | in a little bit of a pinch because we need to get our |
| 20 | recommendation to the superintendent on the rates     |
| 21 | before the end of October.                            |
| 22 | DR. RITCHIE: October.                                 |
| 23 | MS. LOVE: So I would propose that                     |
| 24 | we Vince, can we please just to do a committee?       |
| 25 | DR. RITCHIE: And do the TPA at the                    |
|    | Dit. Referred find do the fire de the                 |
|    |   |

| 1  | meeting after  |
|----|--|
| 2  | MS. LOVE: Right.                                       |
| 3  | DR. RITCHIE: To discuss the results of                 |
| 4  | the subcommittee.                                      |
| 5  | MR. WARD: Yeah. I the the                              |
| 6  | I I will be I'm okay with it. I just want to           |
| 7  | caution everybody that, remember that no decisions can |
| 8  | be made with respect to anything that occurs outside   |
| 9  | the scope of the public meeting that we will have      |
| 10 | next. Right?   |
| 11 | MS. LOVE: Right.                                       |
| 12 | MR. WARD: So if there is a if there                    |
| 13 | is a subcommittee, that subcommittee needs to be,      |
| 14 | obviously, a minority of the members. And I will       |
| 15 | caution; there needs to be no decision-making          |
| 16 | whatsoever in that working group.                      |
| 17 | MS. LOVE: So, Vince, if we were to                     |
| 18 | have our working group do a draft that is not a ruling |
| 19 | quorum, not discussed outside of that small committee, |
| 20 | and then come back and tweak the draft for a final     |
| 21 | inner meeting, is that going to work?                  |
| 22 | MR. WARD: Yeah. I'm okay with that,                    |
| 23 | but I I again, I just yes. The answer is               |
| 24 | yes, but I need everybody to really understand that    |
| 25 | there needs to be no decision-making whatsoever with   |
|    |  |

| 1  | respect to that work, and that it's simply to bring   |
|----|---|
| 2  | recommendations to the full board and for the full    |
| 3  | board to ultimately make the decision in accordance   |
| 4  | with the committee.                                   |
| 5  | MS. LOVE: Okay.                                       |
| 6  | MR. AUTIO: It it seems like if                        |
| 7  | our our normal well, whoever wants to be on the       |
| 8  | subcommittee, but our subcommittee could draft the    |
| 9  | report really based on the actuarial recommendations. |
| 10 | MR. THIES: Right.                                     |
| 11 | MR. AUTIO: And then at the subsequent                 |
| 12 | meeting we can have the discussion and tweak the      |
| 13 | numbers if the board decides to do so.                |
| 14 | MS. LOVE: Yeah.                                       |
| 15 | DR. RITCHIE: Yeah. We edit that                       |
| 16 | report at that meeting.                               |
| 17 | MS. LOVE: So I move that last year's                  |
| 18 | committee be the same committee. I don't even         |
| 19 | remember who it is, but that's my motion.             |
| 20 | DR. RITCHIE: Mike? Troy? I think                      |
| 21 | Troy bowed out.                                       |
| 22 | MR. VARGAS: I was on that, too, I                     |
| 23 | think.  |
| 24 | DR. RITCHIE: It was Ray? I think it                   |
| 25 | was Ray   |
|    |   |

Page 77

| 1  | MS. LOVE: Yeah, it was                                |
|----|---|
| 2  | DR. RITCHIE: and Nick                                 |
| 3  | MS. LOVE: Ray, Nick, and I thought it                 |
| 4  | was Troy, but was it Mike?                            |
| 5  | MR. CLARK: This is Troy. I was on it                  |
| 6  | two years ago, but Mike replaced me last              |
| 7  | DR. RITCHIE: Right. He bowed out last                 |
| 8  | year.   |
| 9  | MS. LOVE: Okay. It was Mike Dekleva.                  |
| 10 | Mike, can you do it again?                            |
| 11 | MR. DEKLEVA: Yeah. I can be on with                   |
| 12 | Nick and Ray. I can't I I don't want take the         |
| 13 | lead in drafting it, but I do think Ray did that last |
| 14 | year, so maybe we can just follow the same blueprint  |
| 15 | we did last year.                                     |
| 16 | MS. LOVE: We're getting better every                  |
| 17 | year.   |
| 18 | DR. RITCHIE: Yeah. Getting it's                       |
| 19 | getting easier.                                       |
| 20 | MR. AUTIO: Yeah. No. That that                        |
| 21 | sounds good. We'll we'll, you know, I'll email        |
| 22 | Mike and Ray and and we'll we'll get that going.      |
| 23 | MS. LOVE: So  |
| 24 | DR. RITCHIE: Thank you.                               |
| 25 | MS. LOVE: We need to have our next                    |
|    |   |
|    | Page 78   |

| 1  | meeting within a couple of weeks.                      |
|----|--|
| 2  | DR. RITCHIE: Before the end of                         |
| 3  | October. Then well, but after the TPA                  |
| 4  | MR. WALLING: Selection.                                |
| 5  | DR. RITCHIE: is closed. The                            |
| 6  | selection is closed.                                   |
| 7  | MR. THIES: The selection is closed.                    |
| 8  | MS. LOVE: So will you be ready for                     |
| 9  | that meeting the week of the 20th?                     |
| 10 | DR. RITCHIE: Right. Boy.                               |
| 11 | MR. THIES: Should be. I don't have                     |
| 12 | the date, but I think the date is the week before when |
| 13 | they're supposed to submit the proposals.              |
| 14 | MS. LOVE: Can we do Thursday the 23rd?                 |
| 15 | DR. RITCHIE: October 23rd.                             |
| 16 | MR. AUTIO: I've got a Plaintiff's                      |
| 17 | deposition that day. I can't do the 23rd.              |
| 18 | MS. LOVE: 22nd?  |
| 19 | DR. RITCHIE: We'd have to move things.                 |
| 20 | MS. LOVE: Does Wednesday the 22nd?                     |
| 21 | MR. VARGAS: I can do that.                             |
| 22 | DR. RITCHIE: Wednesdays are not I                      |
| 23 | mean, Thursday afternoons are the best for me. Short   |
| 24 | of that, it'd be Tuesday or Friday afternoon if        |
| 25 | possible.  |
|    |  |

| _  |  |
|----|--|
| 1  | MS. LOVE: Will your depo go all day,                 |
| 2  | Nick, on the 23rd, Thursday?                         |
| 3  | MR. AUTIO: Let's do can we meet at                   |
| 4  | two again?   |
| 5  | MS. LOVE: Or even three?                             |
| 6  | MR. AUTIO: Listen, why don't we do                   |
| 7  | three because it will probably be a relatively quick |
| 8  | meeting. And I pray my depo's over by then.          |
| 9  | DR. RITCHIE: Three o'clock on the 23rd               |
| 10 | of October?  |
| 11 | MS. LOVE: Three o'clock on the 23rd,                 |
| 12 | yeah.  |
| 13 | DR. RITCHIE: That would be great.                    |
| 14 | MS. LOVE: Does that work for everybody               |
| 15 | online?  |
| 16 | MR. DEKLEVA: Yeah. It can work for                   |
| 17 | me.  |
| 18 | MR. VARGAS: It works for me, or I can                |
| 19 | make that work.                                      |
| 20 | MR. DEKLEVA: It's Mike Dekleva. Yeah.                |
| 21 | I can make it work.                                  |
| 22 | DR. RITCHIE: All right.                              |
| 23 | MS. LOVE: Okay.                                      |
| 24 | DR. RITCHIE: So three o'clock, October               |
| 25 | 23rd.  |
|    | Page 80  |

| 1  | MS. GALLEGOS: Calendar it, Stephen.                   |
|----|---|
| 2  | DR. RITCHIE: All right. Then since                    |
| 3  | we're talking to the board, any other new business of |
| 4  | the board or old business?                            |
| 5  | All right. Well, thank you for being                  |
| 6  | on the committee, Mike and Ray and Nick; and we will  |
| 7  | adjourn now until that meeting. Thank you.            |
| 8  | (Whereupon, at 3:43 p.m., the                         |
| 9  | proceeding was concluded.)                            |
| 10 |   |
| 11 |   |
| 12 |   |
| 13 |   |
| 14 |   |
| 15 |   |
| 16 |   |
| 17 |   |
| 18 |   |
| 19 |   |
| 20 |   |
| 21 |   |
| 22 |   |
| 23 |   |
| 24 |   |
| 25 |   |
|    | Page 81   |

#### 1 CERTIFICATE 2 I, JAMES COGSWELL, the officer before whom 3 the foregoing proceedings were taken, do hereby 4 certify that any witness(es) in the foregoing proceedings, prior to testifying, were duly sworn; 5 that the proceedings were recorded by me and 6 7 thereafter reduced to typewriting by a qualified 8 transcriptionist; that said digital audio recording of 9 said proceedings are a true and accurate record to the best of my knowledge, skills, and ability; that I am 10 11 neither counsel for, related to, nor employed by any 12 of the parties to the action in which this was taken; 13 and, further, that I am not a relative or employee of 14 any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the 15 16 outcome of this action. 17 JAMES COGSWELL 18 Notary Public in and for the 19 State of New Mexico 20 21 22 23 24 2.5

Page 82

#### 1 CERTIFICATE OF TRANSCRIBER 2 I, BENITA LE MAHIEU, do hereby certify that 3 this transcript was prepared from the digital audio 4 recording of the foregoing proceeding, that said transcript is a true and accurate record of the 5 proceedings to the best of my knowledge, skills, and 6 7 ability; that I am neither counsel for, related to, 8 nor employed by any of the parties to the action in which this was taken; and, further, that I am not a 9 relative or employee of any counsel or attorney 10 11 employed by the parties hereto, nor financially or 12 otherwise interested in the outcome of this action. 13 Berik Lynn Le Mikin 14 15 BENITA LE MAHIEU 16 17 18 19 20 21 22 23 24

Page 83

2.5

# [0.838 - 4]

| 0  | <b>120</b> 42:2        | <b>2024</b> 17:10                 | <b>2:09</b> 1:10       |
|--|------------------------|-----------------------------------|------------------------|
| <b>0.838</b> 48:15                         | <b>123</b> 44:8,9,13   | 18:1,4,5 20:9                     | 3                      |
| <b>07</b> 60:3                             | <b>13</b> 4:5 44:16    | 26:4                              | <b>3</b> 20:11 34:14   |
| <b>08</b> 60:3                             | 45:1 47:4              | <b>2025</b> 1:9 5:13              | 40:1,9 43:17           |
| <b>09</b> 60:3                             | <b>13.6</b> 43:7,8     | 5:20                              | 45:14 51:22            |
| 1  | 44:24 45:2             | <b>2025-0010</b> 1:4              | <b>3.5</b> 21:10 48:23 |
|  | <b>1409</b> 5:14       | 5:9                               | <b>3.6</b> 50:11       |
| 1 17:20 20:5                               | <b>15</b> 27:23 28:5   | <b>2026</b> 1:2 5:11              | <b>3.8.</b> 18:23      |
| 33:13 40:1,3                               | 29:18 57:23            | <b>20th</b> 79:9                  | <b>30</b> 1:9 5:13     |
| 43:6 45:10,13                              | <b>16</b> 51:1         | <b>21</b> 27:17 46:22             | 17:12 56:4             |
| 45:15,21 50:13                             | <b>16.2</b> 48:19 49:5 |                                   | <b>30388</b> 83:13     |
| 51:1                                       | <b>17</b> 46:12        | <b>21.9</b> 44:17                 | <b>308</b> 23:15       |
| <b>1,000</b> 21:3,5,6,8                    | <b>18</b> 26:13 46:18  | <b>22</b> 44:4 46:23              | <b>31</b> 9:12 19:22   |
| 39:2                                       | 49:8 60:5              | <b>22.5</b> 52:8,12               | 53:2                   |
| <b>1.2</b> 42:3                            | <b>19</b> 26:13 46:18  | 68:17                             | <b>31st</b> 17:10      |
| <b>1.25.</b> 42:3                          | 46:21                  | <b>22nd</b> 79:18,20              | <b>32311</b> 82:16     |
| <b>1.7</b> 47:5                            | <b>19.3</b> 44:18      | <b>23</b> 19:7 46:23              | <b>33</b> 19:21        |
| <b>1.8</b> 47:5                            | 2                      | <b>230</b> 48:3                   | <b>34</b> 24:17 45:24  |
| <b>10</b> 12:18 23:16 29:18 33:25          | <b>2</b> 15:17 20:6    | <b>23rd</b> 79:14,15              | 34,291,587             |
| 50:4 57:23                                 | 25:2 29:11             | 79:17 80:2,9                      | 23:11                  |
| <b>10.4</b> 26:6                           | 40:1,6 45:15           | 80:11,25                          | <b>34.3</b> 20:23      |
| <b>10.4</b> 20.0<br><b>100</b> 38:14 39:3  | <b>2.1</b> 40:17       | <b>24</b> 19:6,17                 | 21:14                  |
| <b>100</b> 38.14 39.3 <b>100,000</b> 22:11 | <b>2.5</b> 44:19       | 25:10 27:16                       | <b>342.556</b> 19:13   |
| <b>100,000</b> 22.11 <b>11</b> 4:3 14:18   | <b>2.6</b> 44:19,22,23 | 46:23                             | <b>36.1</b> 52:6       |
| 47:16 48:20                                | 47:7,8                 | <b>25</b> 42:1,2                  | <b>37</b> 25:13 26:8   |
| <b>11.1</b> 52:5                           | <b>2.6.</b> 46:4       | <b>25.6</b> 51:6                  | 26:11                  |
| <b>11.2</b> 26:6                           | <b>20</b> 31:7 46:6,21 | <b>25.7</b> 51:16                 | <b>380</b> 48:1,4      |
| <b>111.3</b> 46:24                         | 57:23                  | 66:19                             | <b>3:43</b> 81:8       |
| <b>12</b> 23:16,17                         | <b>20.9</b> 26:22 27:8 | <b>250,000</b> 53:20              | 4                      |
| 29:18 49:25                                | <b>2016</b> 46:12,13   | <b>26</b> 52:19 <b>26.5</b> 20:24 | <b>4</b> 20:14 34:14   |
| 50:5                                       | <b>2017</b> 46:18      | 21:12                             | 37:22 39:19,22         |
| <b>12/31/23</b> 17:14                      | <b>2018</b> 26:5,19    | <b>26.5.</b> 22:1                 | 40:24 41:8             |
| 17:22,24                                   | 43:22 46:8,21          | <b>27</b> 5:20                    | 42:5 45:10,22          |
| <b>12/31/24</b> 4:5                        | <b>2019</b> 26:6,20    | <b>2</b> 1 3.20                   | 51:1                   |
| 16:20 17:23                                | 43:22 46:8,12          |                                   |                        |

# [40 - adjustments]

| <b>40</b> 43:25 56:4                     | 42:18,24               | accounting      | actuarially     |
|--|------------------------|-----------------|-----------------|
| <b>400</b> 1:14 5:15                     | <b>75th</b> 22:16      | 49:16           | 34:9            |
| <b>42</b> 34:16 39:19                    | 8                      | accurate 82:9   | actuaries 16:24 |
| 39:19,20                                 |                        | 83:5            | 30:11           |
| <b>45.873</b> 18:22                      | 8 33:25 37:24          | accurately 15:1 | actuary 2:18,24 |
| 5  | 47:2 56:3              | act 40:15 68:6  | 9:5 15:22       |
|  | 80 60:7                | 74:17           | 54:15 65:13     |
| <b>5</b> 21:14 33:24                     | 82,463,038             | action 82:12,16 | 69:22 71:6      |
| 34:14 41:4                               | 16:18                  | 83:8,12         | add 17:6 22:7   |
| 42:5 45:19                               | <b>87110</b> 1:15      | activities 33:1 | 24:25 41:19,24  |
| <b>5,000</b> 36:3,5                      | <b>890</b> 21:9        | activity 27:5,7 | 53:14           |
| <b>5.4</b> 26:20                         | 9                      | 28:1,5,9,10     | added 55:20     |
| <b>5.8</b> 28:21                         | 9 12:18 33:25          | 29:2,4,5,24     | adding 42:6     |
| <b>59</b> 28:19                          | <b>900,000</b> 53:20   | 30:18           | additional      |
| 6  | <b>95</b> 50:18        | actual 21:24    | 40:19 44:4      |
| <b>6</b> 21:18 33:24                     | a                      | 54:13,20 55:4   | address 9:14    |
| 41:8,10 42:5                             | abbreviated            | 59:24           | 58:1            |
| 45:4 56:3                                | 16:13                  | actually 12:18  | adds 22:17      |
| <b>60</b> 26:21 28:19                    | <b>ability</b> 82:10   | 14:21 19:22     | 55:10,12        |
| <b>6200</b> 1:14 5:14                    | 83:7                   | 21:13 22:17     | adjourn 72:4,5  |
| <b>65</b> 63:16                          | <b>able</b> 8:16 58:18 | 25:4,13 26:1    | 81:7            |
| <b>658,779</b> 40:13                     | 60:16 63:10,17         | 27:20 28:6,11   | adjourned       |
| <b>68</b> 32:11 47:3                     | 63:21 65:4             | 28:19 33:3      | 72:12           |
| <b>68.7</b> 47:3,10                      | 74:4                   | 37:18 38:24     | adjust 31:3,4,5 |
| 7  | absolutely 57:4        | 43:1,2 46:22    | 43:19 48:7      |
| 7 12:18,21                               | accepted 16:6          | 48:4 50:1       | adjusted 38:6,7 |
| 26:21 33:24                              | 31:16                  | 51:19,20,21     | 38:10           |
| 44:8 56:3                                | accident 26:4          | 54:13 55:24     | adjustment      |
| <b>7.7</b> 22:3                          | accordance             | 63:11 68:23     | 16:7 38:11      |
| <b>7.8</b> 22:3                          | 74:17 77:3             | 69:4 73:17      | 40:11 44:15     |
| <b>70.47</b> 47:4                        | account 21:5,8         | actuarial 2:18  | 45:8 48:10      |
| <b>70.47</b> 47.4<br><b>70.47.</b> 47:10 | 28:3 47:13             | 4:4 9:6 13:10   | 50:4,10,22      |
| <b>7461555</b> 1:22                      | 54:5 61:25             | 31:16 36:23     | adjustments     |
| <b>75</b> 20:12 21:21                    | accounted              | 49:16 59:6      | 30:25 40:10     |
| 22:10,13 42:17                           | 60:22                  | 77:9            | 45:9            |

# [administrative - autio]

| administrative        | agreement 21:3      | annually 56:3                | 46:16 47:7             |
|-----------------------|---------------------|------------------------------|------------------------|
| 44:15                 | agreements          | annuities 58:3               | 48:10,12,13            |
| administrator         | 29:7                | answer 65:7                  | 49:2 51:22,24          |
| 13:22 75:8,17         | ahead 19:20         | 76:23                        | assets 47:22,25        |
| admitted 16:4         | 32:18 34:19         | anticipated                  | 48:4,8 49:20           |
| adopted 66:18         | 39:18 74:2          | 60:4                         | 55:24 57:3             |
| ads 58:12             | alben 7:25          | anticipating                 | 59:2 65:8,20           |
| advantage             | albuquerque         | 69:25                        | assign 35:16           |
| 56:20 60:20           | 1:15 5:15           | anybody 70:2                 | associated             |
| adverse 25:10         | algorithm 36:4      | anymore 56:9                 | 57:16,21               |
| 25:11 26:25           | 36:4                | anymore 30.3<br>anyway 10:21 | assume 21:21           |
| 28:9                  | allowances          | apologize 60:6               | assumed 49:10          |
| advertising           | 55:3                | appearing                    | 59:6                   |
| 75:12                 | alternative         | 69:20                        | assuming 48:21         |
| advisory 1:8          | 74:25               | appears 8:3                  | assumption             |
| 2:4,5,6,8,10,12       | amortization        | 14:18                        | 49:6,11                |
| 2:14,16 5:8           | 52:14               | <b>appoint</b> 74:19         | assumptions            |
| <b>affect</b> 59:23   | amortized 53:6      | appropriate                  | 12:8 49:23             |
| affects 52:23         | amount 27:4         | 34:17 38:6                   | 62:22 67:3,6           |
| affordability         | 55:19 70:23         | approve 53:10                | attend 70:24           |
| 68:3                  | amounts 31:19       | approved                     | 71:1                   |
| afternoon             | 35:7                | 13:24 35:1                   | attendance 6:7         |
| 79:24                 | analogs 23:23       | <b>area</b> 15:19            | attendees 2:2          |
| afternoons            | analysis 4:5 9:7    | arms 72:20                   | 3:2                    |
| 79:23                 | 13:3 17:22,22       | as'es 67:2                   | attending 6:3          |
| <b>age</b> 61:5       | 25:22,22 32:3       | <b>aside</b> 60:22           | attention 49:24        |
| agenda 65:15          | 37:15 49:13         | <b>asked</b> 42:15           | attorney 2:6           |
| 74:18 75:1,12         | 62:21 64:21         | 59:12 71:18                  | 82:14 83:10            |
| aggregate             | 66:4 67:4           | assessing 38:17              | <b>audio</b> 82:8 83:3 |
| 31:12 62:8,10         | anecdotally         | assessment                   | auditor 65:14          |
| 62:11,23 63:12        | 58:2                | 13:23 40:3                   | authored 12:13         |
| <b>ago</b> 31:7 69:24 | annie 3:3           | 45:12 60:15                  | <b>autio</b> 2:16 7:6  |
| 78:6                  | <b>annual</b> 48:23 | assessments                  | 7:13,14 8:18           |
| agree 29:8            | 56:10 57:2          | 24:5,10 31:14                | 13:17 66:15,22         |
| 58:15 62:4            |                     | 42:18,23 44:24               | 67:5,9 73:6,13         |
|                       |                     |                              |                        |

# [autio - call]

| 73:24 77:6,11        | <b>ball</b> 64:15     | <b>better</b> 23:19    | 53:5                  |
|----------------------|-----------------------|------------------------|-----------------------|
| 78:20 79:16          | barely 50:12          | 24:4,10 27:25          | boulevard 1:14        |
| 80:3,6               | base 36:3,5,7         | 39:16 54:15,20         | 5:14                  |
| <b>auto</b> 54:10    | 36:11                 | 56:18 64:15,16         | <b>bound</b> 61:6     |
| availability         | based 13:5            | 74:20 78:16            | <b>bowed</b> 77:21    |
| 68:2                 | 22:11 29:7            | beyond 24:2            | 78:7                  |
| available 34:24      | 30:20 32:6,20         | <b>bias</b> 37:2       | <b>boy</b> 79:10      |
| 36:25 54:17          | 36:25 39:12           | <b>big</b> 30:14 42:9  | <b>brag</b> 50:15     |
| average 22:25        | 40:4 43:13            | 42:9 44:2              | <b>break</b> 74:13    |
| 23:7 29:1            | 46:16 47:17           | <b>birth</b> 55:1 56:2 | breaks 15:11          |
| 31:11 46:24          | 54:16 61:9,17         | 61:3                   | <b>bring</b> 18:7     |
| 48:23                | 67:6,14 68:10         | <b>bit</b> 15:2 35:19  | 25:21 77:1            |
| <b>aware</b> 71:12   | 77:9                  | 64:4 72:16             | <b>bringing</b> 67:20 |
| b                    | basically 36:17       | 75:19                  | brought 43:12         |
| <b>b</b> 4:1,4 13:14 | 52:13 53:7            | <b>blueprint</b> 78:14 | <b>budget</b> 50:6    |
| 13:15                | <b>basis</b> 17:11    | <b>board</b> 1:8 2:4,5 | <b>bullet</b> 12:24   |
| <b>baby</b> 63:15    | 19:18 20:22,24        | 2:6,8,10,12,14         | bureau 14:3           |
| <b>baca</b> 3:6      | 21:1 26:11            | 2:16 5:8 9:15          | bureaus 32:22         |
| back 15:15           | 28:24 31:13,20        | 15:5 23:21             | business 71:12        |
| 17:20 19:23          | 33:16 42:16           | 30:5 49:14             | 81:3,4                |
| 22:7 24:13,24        | 55:5,5 60:18          | 50:25 65:3,10          | c                     |
| 25:2 26:9 43:3       | 61:9 62:24            | 65:14,18 72:13         | c 2:1 3:1 5:1         |
| 50:2 72:6 74:5       | 68:8                  | 75:16 77:2,3           | calculate 30:5        |
| 74:10 76:20          | believe 5:11          | 77:13 81:3,4           | calculation           |
| background           | 24:20 37:21           | <b>bond</b> 60:6 66:2  | 41:5                  |
| 9:14 11:8            | benefit 48:16         | <b>bonds</b> 60:8,8    | calendar 1:2          |
| <b>bad</b> 23:18     | 68:2                  | 65:23                  | 5:11 19:6             |
| 24:12 44:5           | benefits 16:25        | <b>born</b> 29:13      | 24:18 27:4,16         |
| 71:1                 | 50:19 54:13           | <b>borrow</b> 10:14    | 28:1 30:2             |
| balance 17:4         | 61:10,11 62:17        | <b>bottom</b> 10:3     | 38:19 44:3            |
| 20:15,17 23:13       | <b>benita</b> 83:2,15 | 12:22,24 14:14         | 52:19 81:1            |
| 23:14,17 24:1        | best 24:3 32:20       | 14:16 15:18            | calendars 75:3        |
| 24:14 28:7           | 39:8 79:23            | 19:8,13 26:15          | call 6:20 30:13       |
| 47:21,23 48:8        | 82:10 83:6            | 28:6 29:17             | 56:23 71:13           |
| 59:10 66:7,16        |                       | 33:18,19 44:11         |                       |
|                      |                       |                        |                       |

# [called - column]

| as Had 5.24 0.4        | 72.2.14               | alcode (0.22        | 24.10 25.10 11          |
|------------------------|-----------------------|---------------------|-------------------------|
| called 5:24 8:4        | 72:3,14               | checked 69:23       | 34:10 35:10,11          |
| <b>cap</b> 38:11       | certificate 82:1      | chief 2:24          | 35:12,17 36:1           |
| 40:13                  | 83:1                  | choice 29:12        | 36:9,11,15,20           |
| <b>caps</b> 31:5       | certify 82:4          | choose 35:14        | 37:1 40:7 45:9          |
| car 36:8,8             | 83:2                  | christian 2:24      | classes 33:23           |
| cardiac 38:14          | <b>cetera</b> 57:10   | circumstance        | 34:4,14 35:14           |
| 39:1                   | <b>chair</b> 2:5 5:8  | 15:25               | 37:3                    |
| care 57:22             | 7:3,9                 | <b>claim</b> 20:10  | classification          |
| 63:17                  | chairman 1:8          | 21:16 22:15,22      | 32:20 35:2,10           |
| carrier 36:18          | 2:3 7:1 8:10          | 22:24,25 23:7       | 35:22                   |
| carriers 23:4          | challenge 56:7        | 28:8,10 29:4        | classifications         |
| 32:22 33:10            | challenging           | 29:13 30:1,21       | 32:16 35:7              |
| 34:7,21 35:2           | 56:11                 | 30:22 31:1,2        | 37:9                    |
| case 9:1 22:14         | <b>chance</b> 17:21   | 31:11,18,18         | classified 32:6         |
| 40:12 45:11,16         | 74:22                 | 47:17 48:17         | clean 6:1               |
| <b>cases</b> 60:17     | change 18:19          | <b>claims</b> 13:24 | clearing 26:14          |
| <b>cash</b> 59:17,24   | 31:25 34:12           | 14:18 15:16,20      | <b>clerk</b> 2:20       |
| categorically          | 35:14 36:19           | 15:24 16:3,25       | <b>click</b> 74:8       |
| 54:15                  | 40:2,8 45:9,13        | 17:9,25 18:3,4      | <b>close</b> 19:5,7     |
| categories             | 45:14 52:5            | 18:6,7,11,13        | <b>closed</b> 31:10,18  |
| 16:11                  | 53:25 54:4            | 19:15,17 20:4       | 79:5,6,7                |
| category 16:12         | 60:25 75:2            | 22:12 23:1,3        | closure 30:22           |
| caused 18:19           | changed 38:8          | 24:9,15 26:12       | cogswell 1:21           |
| 26:17                  | changes 19:1          | 27:5,6,9 29:2,5     | 82:2,17                 |
| causes 59:10           | 29:23 33:11           | 29:18 30:18,18      | <b>collect</b> 44:18,21 |
| causing 18:25          | 34:13,15 40:6         | 31:10 35:13         | 48:12,17 59:14          |
| <b>caution</b> 76:7,15 | 43:13 45:20           | 40:4 42:25          | 59:15                   |
| center 39:2            | 54:2,4 57:9           | 46:5,16 54:10       | collected 24:5          |
| centers 38:14          | 68:13                 | 59:19 62:9,12       | 43:16,23 48:22          |
| cents 50:18            | changing 55:8         | 62:16,17 66:3       | collecting 69:5         |
| certain 24:5           | characterizati        | 66:24 67:11,14      | collections             |
| certainly 23:19        | 62:5                  | clark 2:10 6:22     | 53:19                   |
| 24:15,20 56:12         | <b>chat</b> 6:10 70:5 | 7:4,6,11 78:5       | <b>column</b> 18:20     |
| 57:12,20 60:4          | 70:6,8,12             | class 32:21,23      | 20:5,6,11,14            |
| 61:13 64:11            | , ,                   | 33:3,4,7,13,24      | 21:14,18 27:14          |
|                        |                       | , , , ,             | ,                       |

## [column - data]

|                     | I               | I                      | 1                        |
|---------------------|-----------------|------------------------|--------------------------|
| 40:3,6,9,24         | compared 33:7   | contents 16:10         | <b>cover</b> 11:22       |
| 41:3,8,8,10         | 55:21           | continues              | 24:14 44:14,21           |
| 43:6,17 45:13       | comparison      | 15:16,17               | coverage 23:6,9          |
| 45:14,19,21,22      | 50:17           | contribute 59:7        | 38:6 40:22               |
| 47:16 51:22         | compensation    | control 39:10          | 43:19                    |
| columns 40:1        | 1:1 5:10,19     | conversations          | <b>covid</b> 26:13       |
| 45:12               | 12:10 54:10     | 70:1                   | 60:6,9                   |
| combined            | competence      | <b>copy</b> 14:25      | <b>cpi</b> 38:10         |
| 28:14,24            | 22:10           | 15:1,3                 | create 72:6              |
| <b>come</b> 23:1    | complete 6:7    | <b>corolla</b> 36:9,10 | <b>credit</b> 48:3,18    |
| 25:19 34:9          | 6:18            | correct 6:17           | 49:20,21                 |
| 52:18 72:6          | completely      | 15:7 16:14             | critical 49:11           |
| 76:20               | 66:20           | 17:17 19:10,11         | 56:24                    |
| <b>comes</b> 45:2   | computing       | 20:2 21:19             | current 16:5             |
| 58:20               | 21:15           | 32:17 38:20            | 20:15 23:17              |
| coming 18:3         | concluded 81:9  | 39:19 41:23            | 25:22 32:16              |
| 29:20 34:22         | condition 61:18 | 45:25 51:8,19          | 33:3,7 43:12             |
| 47:12               | conditions      | 52:7,20 53:12          | 43:15,19 44:7            |
| comment 6:14        | 68:15           | 53:20,21 67:8          | 47:9 61:17,18            |
| 26:24               | conducted 5:16  | cortese 3:11           | currently 19:16          |
| committee 6:21      | 5:21            | <b>cost</b> 38:11      | 20:16 44:17              |
| 73:11,16 75:24      | confidence      | 40:10,10 45:8          | 67:7                     |
| 76:19 77:4,18       | 20:12,13 22:17  | <b>costs</b> 44:21     | cursor 26:2              |
| 77:18 81:6          | 42:17           | 57:9,10                | <b>cv</b> 9:15           |
| <b>comp</b> 61:3,15 | confident 42:24 | <b>counsel</b> 2:19,20 | cycles 53:8              |
| companies 16:4      | consider 52:17  | 2:22,23 8:11           | d                        |
| company 17:4        | 63:11           | 9:2 82:11,14           | <b>d</b> 5:1             |
| 19:12 23:22,25      | considering     | 83:7,10                |                          |
| 35:4                | 60:15           | country 59:3           | <b>damage</b> 31:5 40:13 |
| comparable          | consistent 15:4 | <b>counts</b> 31:18    |                          |
| 37:10               | consult 75:15   | 31:18                  | dang 69:4                |
| compare 20:14       | consulting 2:17 | <b>couple</b> 46:19    | data 12:8,14             |
| 27:17 33:3          | cont'd 3:1      | 65:10 79:1             | 13:19,21,23,24           |
| 50:16               | contain 12:9    | <b>court</b> 5:3,25    | 14:1,3 22:12             |
|                     |                 | 6:13,16 8:21           | 31:25 32:2               |
|                     |                 | ·                      | 34:23 35:13              |

## [data - docs]

| 26 15 25 54 16         | 1 69 14 20 16 21        | 1 4 11 1 25 10   | 1.66. 14. 0.04        |
|------------------------|-------------------------|------------------|-----------------------|
| 36:15,25 54:16         | <b>deficit</b> 20:16,21 | detailed 25:18   | difficulties 8:24     |
| 56:9 58:19             | 20:23 23:10             | 35:13 50:6       | digital 82:8          |
| 60:23 62:10,11         | 24:12,12,22             | 61:4,14 65:25    | 83:3                  |
| 62:16,18,23            | 41:7 45:17,18           | 66:4             | directed 58:25        |
| 63:12,24 64:4          | 45:21,23 51:22          | determination    | directing 49:24       |
| 64:16 65:1             | 52:9,14,23              | 36:4             | director 3:4          |
| 67:14 70:23            | 53:5,10,11              | determine 5:18   | discount 47:15        |
| 71:2                   | 55:25 59:8              | 38:18            | 47:20 48:7,20         |
| database 71:5          | 66:20 67:24             | determining      | discounted            |
| <b>date</b> 31:12 73:4 | 68:13,17,20,21          | 1:1 5:10 9:9     | 20:7,23 21:1          |
| 79:12,12               | 68:22 69:7              | developed        | 21:11,18,20           |
| <b>day</b> 48:17       | defines 35:10           | 32:23            | discounting           |
| 79:17 80:1             | definitely 64:25        | developing       | 22:20 47:20           |
| days 60:25             | dekleva 2:12            | 46:15            | 49:4                  |
| 64:18                  | 7:15,16 78:9            | development      | discounts 47:16       |
| <b>deal</b> 55:17      | 78:11 80:16,20          | 25:10,11 27:1    | discriminatory        |
| dealt 54:9             | 80:20                   | 28:9 44:2,5      | 36:21                 |
| debbie 3:4             | delivered 15:5          | difference       | discuss 73:19         |
| decades 14:5           | <b>delta</b> 44:19,20   | 15:21 18:15,20   | 76:3                  |
| 54:11                  | demonstrate             | 19:7 20:18       | discussed 76:19       |
| december               | 36:25                   | 25:23 42:10      | discussion            |
| 17:10 29:20            | demonstrated            | 49:22            | 67:17 68:10           |
| decides 77:13          | 50:21                   | differences      | 71:19 75:1,6          |
| decision 35:16         | depends 69:14           | 15:23 17:21      | 77:12                 |
| 52:2 68:13             | <b>depo</b> 80:1        | 31:4,5           | discussions           |
| 76:15,25 77:3          | <b>depo's</b> 80:8      | different 13:20  | 66:1                  |
| decisions 76:7         | deposition              | 22:11 23:25      | distinction           |
| decreased              | 79:17                   | 27:13,24 30:20   | 47:20                 |
| 24:18                  | describe 12:5           | 31:7,9 49:17     | distinctly 17:2       |
| decreases              | 16:22 30:4              | 56:15 59:18      | divided 16:10         |
| 20:24                  | 39:21 59:3              | differentiation  | doable 64:11          |
| <b>deep</b> 71:6       | description 4:2         | 33:1             | <b>docket</b> 1:4 5:9 |
| deficiency             | design 68:7             | differently 68:7 | 5:20                  |
| 24:18                  | detail 18:25            | difficult 54:8   | docs 29:3 59:18       |
|                        | 38:13                   | 54:14,18         |                       |
|                        |                         |                  |                       |

## [doctor - exhibit]

| doctor 72:5             | 67:10,15,20           | edit 77:15              | estimate 19:14       |
|-------------------------|-----------------------|-------------------------|----------------------|
| doctor's 35:4           | 70:4,9,11,15,20       | effect 28:14            | 30:16 61:11          |
| document 12:3           | 70:25 71:5,9          | effects 18:19           | 67:13                |
| 12:6                    | 71:16,18,23,25        | efficient 50:16         | estimated            |
| documentation           | 72:8,19,22            | 50:20 74:21             | 16:17,23 18:16       |
| 36:19                   | 73:1,5,7,9,14         | <b>eight</b> 32:12      | 18:21 26:17          |
| documented              | 73:22 74:1,12         | eighteen 43:23          | 27:19 66:25          |
| 52:13 57:18             | 74:24 75:10,22        | <b>either</b> 6:8 13:21 | estimates 27:23      |
| <b>doing</b> 8:12,15    | 75:25 76:3            | elements 13:3           | 28:4 31:9            |
| 9:4 23:16 34:8          | 77:15,20,24           | 13:21 17:1              | estimating           |
| 34:9,22 40:14           | 78:2,7,18,24          | 19:1 40:1               | 30:14                |
| 46:13 56:18             | 79:2,5,10,15,19       | eliminate 66:20         | <b>et</b> 57:10      |
| 58:16 60:15             | 79:22 80:9,13         | <b>email</b> 78:21      | evaluate 30:10       |
| 61:14 62:7              | 80:22,24 81:2         | employed                | event 8:4            |
| 64:12 74:15             | <b>draft</b> 76:18,20 | 82:11,14 83:8           | everybody 27:8       |
| <b>dollar</b> 39:5,6    | 77:8                  | 83:11                   | 39:14 76:7,24        |
| 48:12 50:18             | drafting 78:13        | employee 82:13          | 80:14                |
| dollars 17:11           | dramatically          | 83:10                   | evolved 46:17        |
| 21:24 24:8              | 24:9                  | enable 13:6             | exactly 18:11        |
| 30:19 31:12             | <b>drop</b> 32:1      | ensure 5:25             | 20:3 65:3 73:7       |
| 40:14 43:16,24          | <b>due</b> 21:8,14    | entitled 14:17          | examine 17:21        |
| 43:24                   | 49:16 55:12           | 15:20                   | examining 8:12       |
| dourette 3:7            | 75:13                 | equally 33:23           | 9:4                  |
| <b>dr</b> 1:7 2:3 5:2,6 | <b>duly</b> 82:5      | equivalents             | example 48:2         |
| 5:7 7:2 8:3,8           | dumbing 35:18         | 38:22                   | 55:1                 |
| 8:13 10:9,17            | duration 66:1,2       | <b>error</b> 15:9       | <b>excel</b> 12:15   |
| 11:3,10 15:6            | e                     | es 82:4                 | excellent 71:1,9     |
| 41:21,24 42:7           | e 2:1,1 3:1,1 4:1     | <b>escrow</b> 21:5,7    | excess 22:25         |
| 52:3 53:17,22           | 5:1,1,20              | essentially             | 24:8 30:2            |
| 53:24 54:23             | <b>early</b> 46:9     | 21:15 22:19             | 40:13 53:19,20       |
| 56:17,25 57:5           | 60:25 62:20           | 37:2 40:21,24           | exciting 65:18       |
| 57:8,24 58:5            | 64:18                 | 42:21 44:19             | exercise 47:1        |
| 63:3,5 64:10            | <b>easier</b> 78:19   | 48:21 67:12             | <b>exhibit</b> 4:3,4 |
| 64:14,19,24             | <b>easy</b> 39:11     | established             | 11:13,14 13:14       |
| 65:16 66:11,14          | _                     | 7:12                    | 13:15 27:12          |
|                         |                       |                         |                      |

# [exhibit - function]

| 20.10.22.41.6          | 1: -:4 00.7             | fo:-1 00:14             | 5C.24 FO.10            |
|------------------------|-------------------------|-------------------------|------------------------|
| 39:19,22 41:6          | explicit 22:7           | fairly 22:14            | 56:24 58:18            |
| 45:4,10 51:1           | exposure 38:14          | 62:20                   | 66:5                   |
| exhibits 15:10         | 38:21                   | far 18:15 46:21         | <b>five</b> 31:15 50:3 |
| 18:24                  | exposures 39:8          | 46:21                   | <b>flip</b> 55:22      |
| exoskeletons           | extent 7:5              | <b>farm</b> 36:7        | <b>flows</b> 28:6      |
| 55:15                  | 25:10                   | <b>favor</b> 43:2 53:1  | 59:17,24               |
| <b>expect</b> 44:20    | external 14:1           | favorable               | focused 26:23          |
| 50:8 61:19             | extraordinarily         | 28:10                   | 29:2                   |
| expectancy             | 50:16                   | favorite 50:14          | <b>folks</b> 14:24     |
| 55:12 61:10,18         | extraordinary           | <b>feeding</b> 61:7     | <b>follow</b> 63:5     |
| expected 17:7          | 50:19                   | <b>fetherolf</b> 3:5    | 64:24 66:10            |
| 27:4,25 28:5           | extrapolates            | <b>fewer</b> 62:12      | 72:24 78:14            |
| 28:22 44:13            | 31:11                   | <b>figure</b> 75:3      | <b>following</b> 14:19 |
| 46:5 50:6              | extrapolating           | <b>figures</b> 53:18    | footnotes 42:5         |
| 61:24 66:2             | 31:19                   | <b>file</b> 36:3        | 42:5                   |
| expense 16:7           | extrapolation           | <b>filed</b> 5:19 13:24 | foregoing 82:3         |
| 50:8                   | 30:13,20                | 35:1,11 36:1            | 82:4 83:4              |
| expenses 44:15         | f                       | <b>filing</b> 35:1      | <b>forty</b> 37:6      |
| 44:16 50:4,4           | <b>faaos</b> 1:7 2:3    | 36:21 37:1              | forward 25:13          |
| 50:10,22               |                         | <b>filings</b> 13:24    | 38:10 44:7             |
| experience 11:9        | face 65:23              | fill 55:25              | 48:9 63:13             |
| 13:6 24:4,9            | <b>facilities</b> 16:13 | <b>filled</b> 53:7      | 68:8                   |
| 35:12 36:14            | 19:5 29:1 38:5          | <b>final</b> 9:12 67:13 | <b>four</b> 12:23      |
| 40:4 43:11             | <b>facility</b> 37:19   | 70:16 73:20             | 31:15 37:23            |
| 45:21 46:17,20         | 38:18                   | 76:20                   | 40:25 65:11            |
| 46:20 65:12            | <b>fact</b> 26:16       | finally 44:3            | <b>fran</b> 6:24       |
| 66:24                  | 29:17                   | financially             | frances 2:20           |
| experienced            | <b>factor</b> 36:6,9    | 82:15 83:11             | <b>friday</b> 79:24    |
| 25:9                   | 36:11 45:8,14           | findings 12:9           | <b>front</b> 35:23     |
| <b>expert</b> 13:11,12 | 59:9                    | 26:25                   | full 6:6 38:22         |
| explain 20:25          | factors 35:2,11         | <b>firm</b> 9:6         | 48:15,18 49:21         |
| 38:12 41:16            | 35:12 36:1,15           | <b>first</b> 9:13 11:17 | 63:16 67:13            |
| 45:6 49:25             | 36:20 59:23             | 11:18 14:7              | 77:2,2                 |
| 68:16                  | <b>fair</b> 50:17 64:7  | 38:13 43:6              | <b>function</b> 6:10   |
| 00.10                  | 70:23                   | 45:12 46:15,19          | 0.10                   |
|                        |                         | 13.12 10.13,17          |                        |

# [fund - happen]

| <b>fund</b> 1:2 5:10   | 33:20 37:6,8           | <b>go</b> 5:3 9:10,16 | 27:19 44:10            |
|------------------------|------------------------|-----------------------|------------------------|
| 5:19 12:10             | 37:23 38:1,3           | 9:18 10:10            | 46:6,21,22             |
| 17:20 19:25            | 43:5 51:13             | 11:16,17,18,25        | 56:1 65:1 68:9         |
| 20:15,17 22:9          | 53:3 69:23             | 11:25 14:14,15        | 69:19 70:21            |
| 23:13,14,17            | 70:2,7,10 81:1         | 16:10 19:20,23        | 71:8 75:10             |
| 24:1,3,13 28:7         | <b>gene</b> 55:16      | 25:13,17 27:11        | 78:21                  |
| 55:1 56:2              | general 2:19,22        | 32:10,18 33:18        | <b>gotten</b> 57:13    |
| 59:10 60:19            | 2:23 8:10 9:2          | 33:19 34:5,19         | governance             |
| 65:8,21 66:6           | generally 16:6         | 37:15,17 42:4         | 66:9                   |
| 66:16 67:7             | 31:16,24               | 45:4 46:7 47:1        | government             |
| fundamentally          | generate 55:6          | 52:8 53:1             | 23:23 59:22            |
| 23:24 31:8             | 55:23                  | 55:10 57:19           | <b>great</b> 46:20     |
| <b>funders</b> 56:19   | generated              | 65:22 67:24           | 59:1 80:13             |
| <b>funding</b> 42:14   | 47:24                  | 71:14 74:2,12         | <b>grief</b> 44:10     |
| <b>funds</b> 48:6 55:7 | generating             | 80:1                  | <b>group</b> 3:4,5     |
| 57:22 61:3,15          | 48:6                   | <b>going</b> 8:18     | 76:16,18               |
| 64:12 65:9             | geriatrics             | 11:24 12:19           | <b>groups</b> 33:24    |
| further 70:12          | 33:16                  | 14:8,21 15:2,4        | growing 55:17          |
| 72:2 82:13             | getting 24:13          | 15:15 17:9,11         | <b>guess</b> 30:12     |
| 83:9                   | 50:18 66:5,6           | 20:9 21:3 22:5        | <b>guys</b> 72:17,23   |
| <b>future</b> 21:16    | 74:5,10 78:16          | 22:21 25:7,12         | 74:5,10                |
| 30:24 53:22,25         | 78:18,19               | 25:25 37:3            | <b>gyns</b> 34:1 36:23 |
| 58:3,3,9,18            | <b>gi</b> 61:7         | 40:19 43:3            | h                      |
| 60:16,17,22            | <b>give</b> 6:14 18:11 | 44:7 46:11,12         | <b>h</b> 4:1           |
| 61:11,19,25            | 23:15 42:22            | 52:18,21 54:23        | half 20:2 39:5         |
| 62:1 63:9 72:9         | 48:18 49:19,21         | 55:14,16 57:10        | 44:12                  |
| g                      | 54:25                  | 57:12 61:21           | hammered               |
| <b>g</b> 5:1           | <b>given</b> 35:16,17  | 63:2,13 64:3          | 60:8                   |
| gallegos 2:20          | 59:17                  | 64:22 65:6,9          | hand 18:15             |
| 6:25 9:17,23           | <b>gives</b> 17:20     | 65:19 68:8            | 19:13 26:1             |
| 10:1,12,16,19          | 55:25 74:22            | 69:13,17 72:6         | 74:1                   |
| 10:1,12,16,19          | giveth 18:5            | 73:3 76:21            | hands 70:12            |
| 11:23 12:20            | <b>giving</b> 48:3,19  | 78:22                 | happen 59:7            |
| 25:6,15 28:15          | gloria 2:22            | <b>good</b> 5:7 21:21 | 70:19 75:6             |
| 28:17 32:12            |                        | 23:18 24:12           | 10.17 13.0             |
| 20.17 32.12            |                        |                       |                        |

# [happens - increase]

| hannana 26.0           | 20.21 21 20.16        | hot 12.9 16.22   | 52.21 62.21     |
|------------------------|-----------------------|------------------|-----------------|
| happens 36:8           | 30:21,21 39:16        | hot 43:8 46:23   | 52:21 62:21     |
| 67:17,23 69:3          | 40:4 43:12,13         | house 39:4,5,6   | 64:21           |
| hard 14:25             | 43:14 46:16           | housing 55:3     | impacted 25:10  |
| 15:1,3                 | 47:17 50:3            | how's 52:21      | impacts 56:16   |
| harder 56:8            | 61:10                 | <b>huge</b> 24:1 | imperative      |
| healthcare             | historically          | <b>huh</b> 63:22 | 57:4            |
| 16:13 19:5             | 22:8 29:11            | hundred 29:13    | implicit 22:4   |
| 29:1 33:2              | 42:15                 | 42:2             | 67:4            |
| 37:19 38:5             | <b>hmm</b> 75:9       | hundreds 24:8    | important       |
| 68:3                   | <b>hold</b> 37:7 45:4 | i                | 23:21 25:24     |
| hear 6:2,13,14         | 67:4                  | iceberg 30:14    | 46:10 47:19     |
| 8:17 13:13             | <b>holds</b> 56:14    | 30:15            | 49:12           |
| <b>hearing</b> 5:16,18 | <b>hole</b> 53:7 56:1 | idea 21:11       | importantly     |
| 5:21 6:8,18            | <b>home</b> 63:16     | 32:25 39:1       | 6:13            |
| 11:11 67:19            | homeowner's           | 48:11 49:11      | impression      |
| 72:9,11,11             | 39:3                  | 61:25 69:5,10    | 68:10           |
| <b>heart</b> 36:24     | honestly 28:21        | 75:14            | improve 66:8    |
| 63:15                  | hopefully 70:23       | ideal 24:13      | improved        |
| heavily 29:2           | hospital 29:7         | identical 41:9   | 24:22           |
| 60:3                   | 29:13 37:13           | identification   | improvement     |
| heavy 38:24            | 52:14 66:19           |                  | 27:2 28:6,11    |
| <b>help</b> 8:18,22    | 68:14 69:15           | 11:15 13:16      | included 52:4   |
| 72:18                  | hospitalization       | identified 6:5   | includes 35:2   |
| <b>helps</b> 8:20      | 55:4                  | identify 6:5     | including 13:23 |
| hereto 82:15           | hospitals 16:12       | 58:25            | 29:15 61:24     |
| 83:11                  | 18:20 19:4,10         | identifying      | income 20:8     |
| herrera 2:23           | 20:22 27:12,13        | 66:7             | 21:13 47:3,14   |
| hey 72:17,21           | 27:23,25 28:10        | ifs 66:21        | 47:23 48:6      |
| <b>hiding</b> 10:7     | 28:25 29:3,8          | ii 2:8           | 54:22 55:6,24   |
| <b>high</b> 26:9 28:12 | 31:22,25 32:2         | iii 2:17 4:3     | increase 18:8   |
| 33:24                  | 37:11,16 46:4         | immediately      | 20:11 26:17,22  |
| <b>higher</b> 27:4,6   | 46:9 51:15            | 48:14            | 40:16,17,19     |
| highlight 42:6         | 52:18 59:20           | impact 18:12     | 42:2,19,23      |
| historical 13:23       | 66:25 67:7,23         | 22:19 27:6       | 44:23,23 47:6   |
| 13:23 22:12            | 68:4,12 69:14         | 29:21 30:1       | 47:7 49:7       |
|                        | 00,12 07.11           | 32:3 40:16       |                 |

## [increase - kind]

| 51:21           | 62:9,9                 | interchangea         | <b>iso</b> 32:23                |
|-----------------|------------------------|----------------------|---------------------------------|
| increased       | individuals            | 16:1,8               | issue 75:2                      |
| 26:19,20 45:13  | 63:18                  | interest 23:21       | <b>issues</b> 55:17             |
| increases 28:7  | indulgence             | 24:3 27:13           | 74:23                           |
| 40:12           | 63:1                   | interested           | it'd 12:18 79:24                |
| increasing      | industry 32:20         | 82:15 83:12          | item 40:11                      |
| 22:16,20        | 39:8                   | interesting          | 47:21 70:22                     |
| incredibly      | inflation 14:2         | 68:1,24 69:5,9       | items 12:24                     |
| 50:20           | 40:20 55:13            | 69:17                | i                               |
| incremental     | inflationary           | intuitive 33:14      | <b>j</b> 2:5,17 4:3             |
| 26:3,7 47:5     | 31:3 38:7              | 33:25                | <b>j.d.</b> 2:16                |
| 56:10           | information            | invasive 33:13       | james 1:21 82:2                 |
| incurred 60:18  | 28:2 36:14             | inverse 49:8         | 82:17                           |
| 63:9            | 61:4                   | <b>invest</b> 58:4,8 | <b>january</b> 29:20            |
| indemnity       | informational          | 59:19,20             | jenica 3:11                     |
| 31:19           | 70:22                  | invested 21:12       | jennifer 3:5                    |
| independent     | infusions 24:21        | 47:24 48:3,4,7       | jiggle 34:14                    |
| 16:11,18 19:3   | inherent 67:2          | 48:8,13,14,22        | <b>job</b> 1:22 56:8            |
| 19:9 25:9       | injured 57:12          | 48:25 49:12,20       | 56:18 59:1                      |
| 32:23 39:25     | 57:21 61:16            | 55:24 57:3           | <b>joseph</b> 2:23              |
| 50:25 66:8      | injury 55:1            | 60:3 65:20           | juan 3:8                        |
| indiana 33:8    | 61:3,15                | investing 48:16      | <b>jump</b> 19:19               |
| indicated 20:16 | <b>inner</b> 76:21     | 56:18,18,19          | 39:18                           |
| 20:16,21 23:10  | instructive            | 58:20 60:9           | june 5:20                       |
| 24:2 28:11      | 70:24                  | investment           | <b>jung</b> 3:3                 |
| 33:11 40:2,3,8  | insurance 1:13         | 20:8 21:7,13         | k                               |
| 41:6 45:12      | 8:11 9:3,10            | 47:14,23 48:6        |                                 |
| 47:10 48:20     | 16:4,25 17:4,4         | 54:22 55:6,23        | karen 3:9                       |
| 49:5            | 19:12 23:22,23         | 56:1,3 58:25         | kathleen 2:5                    |
| indication      | 23:24,25 32:22         | 60:5 65:9,13         | keep 11:24                      |
| 42:22 48:19     | 59:21,22               | 66:8                 | 12:19 14:8                      |
| indications     | insured 39:4           | investments          | 15:4 23:23                      |
| 42:16           | <b>integrion</b> 3:4,5 | 59:6                 | 43:7 55:7 <b>kind</b> 18:5 21:7 |
| individual      | 13:21                  | involved 33:15       | 23:3 24:6 27:2                  |
| 26:10,11 46:13  |                        | 68:11                | 23.3 24.0 21.2                  |
|                 |                        |                      |                                 |

## [kind - lot]

| 28:22 31:6,17         | <b>leave</b> 69:14      | 49:25                    | looked 22:11           |
|-----------------------|-------------------------|--------------------------|------------------------|
| 46:11,17 48:10        | <b>left</b> 19:13 26:18 | <b>list</b> 2:2 3:2      | 29:10 34:21            |
| 52:2 54:20            | legal 2:20              | 39:14                    | 43:10                  |
| 55:10 69:14           | legislated 40:11        | listen 80:6              | looking 18:10          |
| <b>know</b> 9:18 10:2 | 40:15                   | listening 60:5           | 25:20 48:9             |
| 10:17 21:9            | legislative             | literally 15:9           | 61:24 62:8,10          |
| 22:11 29:22           | 24:21 29:23             | 18:18 38:9               | 62:22,23               |
| 34:14 42:1            | <b>letter</b> 11:22     | 40:14 47:8               | looks 8:2 31:13        |
| 45:18 55:14           | level 20:12,13          | 65:22                    | 32:14 45:9             |
| 56:4 57:17            | 22:6,10 24:5            | <b>little</b> 8:13 11:18 | 46:21 61:1             |
| 59:1,11 60:2          | 28:12 32:9              | 15:2 35:19               | loss 15:23 16:7        |
| 60:19,21 62:14        | 42:17 63:24             | 38:13 56:10              | 16:7 17:3 20:4         |
| 63:1,15,16            | levels 28:11            | 62:25 63:1               | 26:22 27:14,23         |
| 65:3,12,21            | leverage 54:21          | 64:4,15 68:7             | 28:1,4,9 30:10         |
| 69:12 70:18           | liabilities 15:20       | 72:16 75:19              | 32:8 35:14             |
| 74:16 78:21           | 15:24 16:3              | <b>live</b> 63:16        | 39:5 43:21             |
| knowledge             | 20:5 24:15              | <b>living</b> 38:11      | 44:8,14,14             |
| 82:10 83:6            | 47:22 66:3              | 40:10,11 45:8            | 46:8,13,22,24          |
| l                     | liability 14:18         | loads 50:8               | 50:3,10,21             |
| lab 39:12,15          | 15:16 33:10             | located 5:14             | 55:3                   |
| labor 14:3            | 54:10,11                | <b>long</b> 31:13        | losses 26:2,3,7        |
| labs 39:10,10         | <b>life</b> 43:3 55:8   | 46:24 57:13              | 26:17,19 27:7          |
| language 16:3         | 55:11 61:9,9            | 58:11 66:24,25           | 27:15,18,20            |
| large 22:15           | 61:17                   | 67:2,3                   | 28:21 29:6             |
| 23:2 29:3,11          | lifetime 55:2,2         | longer 16:6              | 30:6,7 31:14           |
| 54:10                 | 55:3,4 67:11            | 56:14 62:17              | 43:18,20 44:3          |
| largely 49:16         | likelihood              | look 10:22 21:6          | 46:6 50:11             |
| larger 23:4,7         | 22:20                   | 22:9 24:7 26:9           | 53:19                  |
| law 2:20              | limitation              | 27:14 32:21              | <b>lot</b> 26:12 29:21 |
| layer 23:6,9          | 31:25 32:3              | 34:6 36:15               | 45:10 54:21,21         |
| le 83:2,15            | limits 38:7             | 42:12,13 46:22           | 56:6,7,15              |
| lead 78:13            | 43:19 45:13             | 46:23 50:3               | 57:11 59:18,21         |
| leading 32:21         | <b>line</b> 19:3,8      | 60:16 63:10              | 60:19 61:15            |
| 33:9 34:7,8,21        | 26:15 28:6              | 65:4 75:3                | 66:21 67:2             |
| 33.7 37.7,0,21        | 29:17 46:1              |                          |                        |
|                       |                         |                          |                        |

## [lots - membership]

| lots 27:9 28:8        | m                                    | 42:13,14,21            | mechanism              |
|-----------------------|--------------------------------------|------------------------|------------------------|
| 29:15                 |                                      | 43:7 51:2,4,7          | 50:20                  |
| love 2:5 7:3,9        | m 2:8                                | 51:16 52:5             | medical 3:3            |
| 7:10,20 15:12         | <b>m.d.</b> 1:7 2:3 <b>m.ed.</b> 3:3 | 68:19 69:6             | 14:2 33:10             |
| 15:14 34:17,20        | made 29:12                           | marked 11:14           | 35:3 40:12,15          |
| 35:6,18,21,25         | 43:14 68:13                          | 13:15                  | 53:22 54:1,11          |
| 36:13 37:5            | 76:8                                 | martinez 2:14          | 55:2,4,7,13,13         |
| 48:25 57:7            | mahieu 83:2,15                       | 7:23,24,25             | 57:9 71:2              |
| 58:1,7,14 59:5        | make 6:1,17                          | <b>match</b> 17:18     | medicals 61:19         |
| 59:13 60:1,11         | 9:11 21:3                            | 48:8                   | medpro 32:22           |
| 60:14 61:23           | 26:24 31:6                           | material 49:6          | 36:10 50:17            |
| 62:3,6,25 63:4        | 32:13 39:16                          | 64:23                  | medpros 23:5           |
| 63:7,22 64:1,6        | 43:3 48:11                           | materially             | meds 58:4,18           |
| 64:9 73:2,8,11        | 49:14 59:14                          | 24:23                  | 60:16,18,22            |
| 73:13,21 74:4         | 65:10 77:3                           | <b>math</b> 23:16      | 62:1 63:9              |
| 74:10 75:5,9          | 80:19,21                             | 40:14                  | meet 36:20             |
| 75:18,23 76:2         | makes 22:6                           | <b>matter</b> 1:1 5:10 | 73:2,4,12              |
| 76:11,17 77:5         | 39:11 42:19                          | 26:16 29:18            | 74:16 80:3             |
| 77:14,17 78:1         | 56:8                                 | matured 65:23          | <b>meeting</b> 5:3 6:9 |
| 78:3,9,16,23,25       | making 32:8                          | mean 16:23             | 72:24 73:6,6,9         |
| 79:8,14,18,20         | 34:11 49:18                          | 21:1,23 22:23          | 73:10,19,22            |
| 80:1,5,11,14,23       | 58:9 63:24                           | 23:20 37:14            | 74:17,19 75:4          |
| <b>low</b> 33:14,17   | 76:15,25                             | 41:17 49:4             | 76:1,9,21              |
| 49:3 50:12,21         | malpractice                          | 50:10 53:9             | 77:12,16 79:1          |
| 50:22                 | 40:15                                | 54:7 58:6 69:2         | 79:9 80:8 81:7         |
| <b>lower</b> 46:5     | manager 65:9                         | 70:19 71:11,18         | meetings 65:18         |
| luera 3:4 6:23        | 65:13 66:8                           | 79:23                  | 74:17                  |
| 7:1,3,8,11,15         | managers                             | meaningful             | meets 72:25            |
| 7:17,19,21,25         | 58:25 60:5                           | 33:1                   | <b>member</b> 2:8,10   |
| 8:16,20               | managing 59:2                        | means 22:2             | 2:12,14,16             |
| <b>luis</b> 3:10      | 65:8                                 | 24:3 56:13             | members 6:11           |
| <b>lump</b> 54:2,2,19 | manner 50:6                          | 59:13                  | 6:21 23:22             |
| 55:21 56:9,21         | margin 22:3,4                        | measure 38:21          | 76:14                  |
| 57:2,11,16,21         | 22:7,15,18                           | 39:11,12,16            | membership             |
| 58:5,7                | 41:17 42:8,9                         |                        | 72:15                  |

# [mentioned - northeast]

| 4. 1                   | 44 0 17 10 10         | • 10.0               | 1 1 77 14           |
|------------------------|-----------------------|----------------------|---------------------|
| mentioned              | 44:8,17,18,19         | moving 18:2          | needed 57:14        |
| 22:22 56:13            | 44:20,23 45:24        | <b>mpfl</b> 71:2     | needs 58:9          |
| 58:12                  | 46:6 47:3,3,4,5       | multiple 15:10       | 63:15 76:13,15      |
| method 32:1            | 47:5,10 48:1,4        | multiplication       | 76:25               |
| methodology            | millions 24:8         | 41:1,13              | negative 66:6       |
| 30:5                   | <b>mind</b> 35:18     | multiply 36:9        | neither 82:11       |
| methods 12:8           | 43:8 62:20            | 41:20,22,25          | 83:7                |
| 30:20 49:22            | minority 76:14        | <b>mute</b> 5:24     | nerves 55:18        |
| 62:22                  | minute 37:7           | <b>myers</b> 2:24    | neurology 34:2      |
| <b>mexico</b> 1:13 3:3 | 43:8 69:24            | 68:16,22,25          | new 1:13 3:3        |
| 4:4 5:15 12:10         | miserable 43:3        | 69:2,8,12,19         | 4:4 5:15 8:1        |
| 14:3 33:10             | 43:23                 | myriad 57:16         | 12:9 14:2 18:3      |
| 34:8,22 36:18          | <b>missed</b> 11:18   | n                    | 18:7,12 33:10       |
| 37:2 68:3              | <b>mm</b> 75:9        | <b>n</b> 2:1 3:1 5:1 | 34:7,22 36:18       |
| 82:19                  | mobility 61:5         | name 6:5,6,9,9       | 37:2 55:8,16        |
| michael 2:12           | <b>model</b> 61:17    | 6:15 8:1,10 9:1      | 55:20 57:10         |
| microphone             | <b>modeling</b> 61:14 | named 64:11          | 61:2 63:25          |
| 6:12 8:21 65:1         | moderated 1:7         | narrative 15:17      | 68:3 81:3           |
| microphones            | molina 3:10           | 15:19 25:8           | 82:19               |
| 5:24                   | <b>money</b> 20:7     | national 71:2,5      | nick 2:16 78:2      |
| <b>middle</b> 9:16,24  | 21:4,14 47:16         | nature 22:25         | 78:3,12 80:2        |
| 17:13                  | 48:5,16,18            | 23:24                | 81:6                |
| mike 77:20             | 49:10,22 56:4         | near 26:11           | <b>nm</b> 1:15      |
| 78:4,6,9,10,22         | 56:14,20,21           | necessarily          | nomenclature        |
| 80:20 81:6             | 57:17 58:9,9          | 24:2                 | 15:21               |
| million 18:22          | 58:20 59:19,20        | need 9:10 10:4       | nominal 17:10       |
| 19:13 20:23,24         | montano 3:8           | 25:3 40:16           | 21:24 42:16         |
| 21:12,14 22:3          | months 60:5           | 42:19 44:16,17       | <b>non</b> 33:13,16 |
| 22:3 23:15             | morning 5:7           | 44:21,23 47:5        | 40:12 68:5          |
| 24:17 26:6,6,8         | morphed 46:17         | 47:7,10 49:7         | <b>nope</b> 28:14   |
| 26:11,20,21,22         | <b>motion</b> 77:19   | 55:6 56:4            | normal 77:7         |
| 27:8,15,17,23          | <b>mouse</b> 10:14    | 57:19,23 61:22       | normally 34:14      |
| 28:5,19,19,21          | <b>move</b> 8:15,21   | 63:16 64:3           | northeast 1:14      |
| 39:5,6 40:14           | 13:10 34:14           | 69:7 75:2,6,19       | 5:15                |
| 43:23,25 44:4          | 77:17 79:19           | 76:24 78:25          |                     |
|                        |                       |                      |                     |

## [notary - page]

| motorer 92.10  | 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2   | 50.5 60.14   | oracle4 49.12 14   |
|--|---|--|--|
| notary 82:18   | occurred 17:10  | 59:5 60:14   | ought 48:13,14   |
| note 25:8  | 17:25 18:3,8  | 62:6 63:7 64:1   | <b>outcome</b> 82:16   |
| noted 42:4   | occurs 76:8   | 64:6,9 66:11   | 83:12  |
| notice 39:9  | october 9:12  | 67:9,9 70:11   | outpatient   |
| 45:7   | 75:21,22 79:3   | 70:15 71:25  | 16:12 19:4   |
| noticed 5:17   | 79:15 80:10,24  | 74:1,24 76:6   | 28:25 37:19  |
| <b>npdb</b> 29:15  | <b>offer</b> 11:11  | 76:22 77:5   | 38:5 39:9  |
| number 5:9   | 13:10,11,13   | 78:9 80:23   | outside 67:18  |
| 13:20 14:9   | <b>office</b> 1:13 2:20   | <b>old</b> 81:4  | 76:8,19  |
| 19:13 21:21  | 2:22,23 8:11  | ongoing 62:14  | outstanding  |
| 22:2,5 30:12   | 9:3 50:4,12   | <b>online</b> 10:23  | 24:14 69:13  |
| 31:9,10 38:25  | officer 82:2  | 11:3 66:13   | overcharged  |
| 39:13 46:6   | offsetting 22:19  | 70:3 80:15   | 24:6   |
| 59:23  | <b>oh</b> 7:8,21 9:20   | <b>open</b> 66:11  | overhead 50:12   |
| numbers 19:25  | 10:9 11:18,24   | 74:17  | 50:23  |
| 49:1 63:18   | 28:15 30:11   | opening 68:6   | oversaw 12:14  |
| 77:13  | 51:3 69:3   | operations 3:4   | overstating  |
| 4 • 4 • 4  | 1 0 10 10   | • • • • •  |  |
| nutritionist   | <b>ohcfs</b> 19:10  | <b>opinion</b> 64:21   | 48:5   |
| nutritionist<br>33:15  | ohcfs 19:10<br>20:22  | opinion 64:21<br>opportunity   | 48:5<br><b>own</b> 32:19   |
|  | 20:22<br><b>ohfc</b> 16:13  | opportunity<br>55:23,25  |  |
| 33:15<br><b>o</b>  | 20:22<br><b>ohfc</b> 16:13<br><b>okay</b> 7:1,8 8:8   | opportunity<br>55:23,25<br>option 68:4   | own 32:19<br>p   |
| 33:15<br>o<br>5:1  | 20:22<br>ohfc 16:13<br>okay 7:1,8 8:8<br>8:9,14,25 9:1  | opportunity<br>55:23,25<br>option 68:4<br>order 5:18 8:5   | own 32:19  p p 2:1,1 3:1,1   |
| 33:15<br>o<br>o 5:1<br>o'clock 80:9,11   | 20:22<br><b>ohfc</b> 16:13<br><b>okay</b> 7:1,8 8:8<br>8:9,14,25 9:1<br>9:23 10:18,19   | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14   | own 32:19  p  p 2:1,1 3:1,1 5:1  |
| 33:15<br>o<br>o 5:1<br>o'clock 80:9,11<br>80:24  | 20:22<br><b>ohfc</b> 16:13<br><b>okay</b> 7:1,8 8:8<br>8:9,14,25 9:1<br>9:23 10:18,19<br>11:5,7,23,25   | opportunity<br>55:23,25<br>option 68:4<br>order 5:18 8:5<br>9:11 59:14<br>organization   | own 32:19  p  p 2:1,1 3:1,1 5:1 p.m. 1:10 81:8   |
| 33:15<br>o<br>o 5:1<br>o'clock 80:9,11<br>80:24<br>ob 34:1 36:23   | 20:22<br>ohfc 16:13<br>okay 7:1,8 8:8<br>8:9,14,25 9:1<br>9:23 10:18,19<br>11:5,7,23,25<br>12:17 13:18  | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14   | own 32:19  p  p 2:1,1 3:1,1 5:1  p.m. 1:10 81:8  page 4:2 11:17  |
| 33:15<br>o 5:1<br>o'clock 80:9,11<br>80:24<br>ob 34:1 36:23<br>objection 73:24   | 20:22<br>ohfc 16:13<br>okay 7:1,8 8:8<br>8:9,14,25 9:1<br>9:23 10:18,19<br>11:5,7,23,25<br>12:17 13:18<br>14:15 15:15   | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14 organization 6:6 organized  | own     32:19       p       p 2:1,1 3:1,1       5:1       p.m.     1:10 81:8       page     4:2 11:17       11:18,21 12:1  |
| 33:15<br>o<br>o 5:1<br>o'clock 80:9,11<br>80:24<br>ob 34:1 36:23<br>objection 73:24<br>objections                                  | 20:22<br>ohfc 16:13<br>okay 7:1,8 8:8<br>8:9,14,25 9:1<br>9:23 10:18,19<br>11:5,7,23,25<br>12:17 13:18<br>14:15 15:15<br>16:9,16 25:2,6   | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14 organization 6:6 organized 17:19 25:20  | own 32:19  p  p 2:1,1 3:1,1 5:1  p.m. 1:10 81:8  page 4:2 11:17 11:18,21 12:1 12:18,21,24  |
| 33:15<br>o<br>o 5:1<br>o'clock 80:9,11<br>80:24<br>ob 34:1 36:23<br>objection 73:24<br>objections<br>13:13 73:17                   | 20:22  ohfc 16:13  okay 7:1,8 8:8  8:9,14,25 9:1  9:23 10:18,19  11:5,7,23,25  12:17 13:18  14:15 15:15  16:9,16 25:2,6  25:12 27:8   | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14 organization 6:6 organized 17:19 25:20 organizing   | own         32:19           p           p         2:1,1 3:1,1           5:1         p.m.           p.m.         1:10 81:8           page         4:2 11:17           11:18,21 12:1         12:18,21,24           14:7,8,17,18,19           |
| 33:15<br>o 5:1<br>o'clock 80:9,11<br>80:24<br>ob 34:1 36:23<br>objection 73:24<br>objections<br>13:13 73:17<br>obligation          | 20:22  ohfc 16:13  okay 7:1,8 8:8  8:9,14,25 9:1  9:23 10:18,19  11:5,7,23,25  12:17 13:18  14:15 15:15  16:9,16 25:2,6  25:12 27:8  30:3 35:6,25   | opportunity     55:23,25 option    68:4 order    5:18 8:5     9:11 59:14 organization     6:6 organized     17:19 25:20 organizing     17:18                                   | own         32:19           p         p           p 2:1,1 3:1,1         5:1           p.m.         1:10 81:8           page         4:2 11:17           11:18,21 12:1         12:18,21,24           14:7,8,17,18,19         14:19 15:10,11 |
| 33:15<br>o 5:1<br>o'clock 80:9,11<br>80:24<br>ob 34:1 36:23<br>objection 73:24<br>objections<br>13:13 73:17<br>obligation<br>17:25 | 20:22  ohfc 16:13  okay 7:1,8 8:8  8:9,14,25 9:1  9:23 10:18,19  11:5,7,23,25  12:17 13:18  14:15 15:15  16:9,16 25:2,6  25:12 27:8  30:3 35:6,25  36:13 37:8,17                              | opportunity     55:23,25 option    68:4 order    5:18 8:5     9:11 59:14 organization     6:6 organized     17:19 25:20 organizing     17:18 original    15:5,6                | p p 2:1,1 3:1,1 5:1 p.m. 1:10 81:8 page 4:2 11:17 11:18,21 12:1 12:18,21,24 14:7,8,17,18,19 14:19 15:10,11 15:17 17:20   |
| 33:15  o   | 20:22  ohfc 16:13  okay 7:1,8 8:8  8:9,14,25 9:1  9:23 10:18,19  11:5,7,23,25  12:17 13:18  14:15 15:15  16:9,16 25:2,6  25:12 27:8  30:3 35:6,25  36:13 37:8,17  38:1,3 39:18                | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14 organization 6:6 organized 17:19 25:20 organizing 17:18 original 15:5,6 osi 2:19,21,22                              | p p 2:1,1 3:1,1 5:1 p.m. 1:10 81:8 page 4:2 11:17 11:18,21 12:1 12:18,21,24 14:7,8,17,18,19 14:19 15:10,11 15:17 17:20 19:20,20 25:2   |
| 33:15  o  o  5:1 o'clock 80:9,11 80:24 ob 34:1 36:23 objection 73:24 objections 13:13 73:17 obligation 17:25 obligations 19:16     | 20:22  ohfc 16:13  okay 7:1,8 8:8  8:9,14,25 9:1  9:23 10:18,19  11:5,7,23,25  12:17 13:18  14:15 15:15  16:9,16 25:2,6  25:12 27:8  30:3 35:6,25  36:13 37:8,17  38:1,3 39:18  39:21 40:23   | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14 organization 6:6 organized 17:19 25:20 organizing 17:18 original 15:5,6 osi 2:19,21,22 2:23,24,25 5:9               | p p 2:1,1 3:1,1 5:1 p.m. 1:10 81:8 page 4:2 11:17 11:18,21 12:1 12:18,21,24 14:7,8,17,18,19 14:19 15:10,11 15:17 17:20 19:20,20 25:2 25:13,19 27:11  |
| 33:15  o   | 20:22  ohfc 16:13  okay 7:1,8 8:8  8:9,14,25 9:1  9:23 10:18,19  11:5,7,23,25  12:17 13:18  14:15 15:15  16:9,16 25:2,6  25:12 27:8  30:3 35:6,25  36:13 37:8,17  38:1,3 39:18                | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14 organization 6:6 organized 17:19 25:20 organizing 17:18 original 15:5,6 osi 2:19,21,22 2:23,24,25 5:9 5:19 13:21,25 | p p 2:1,1 3:1,1 5:1 p.m. 1:10 81:8 page 4:2 11:17 11:18,21 12:1 12:18,21,24 14:7,8,17,18,19 14:19 15:10,11 15:17 17:20 19:20,20 25:2 25:13,19 27:11 32:11 33:6,19  |
| 33:15  o   | 20:22  ohfc 16:13  okay 7:1,8 8:8  8:9,14,25 9:1  9:23 10:18,19  11:5,7,23,25  12:17 13:18  14:15 15:15  16:9,16 25:2,6  25:12 27:8  30:3 35:6,25  36:13 37:8,17  38:1,3 39:18  39:21 40:23   | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14 organization 6:6 organized 17:19 25:20 organizing 17:18 original 15:5,6 osi 2:19,21,22 2:23,24,25 5:9               | p p 2:1,1 3:1,1 5:1 p.m. 1:10 81:8 page 4:2 11:17 11:18,21 12:1 12:18,21,24 14:7,8,17,18,19 14:19 15:10,11 15:17 17:20 19:20,20 25:2 25:13,19 27:11 32:11 33:6,19 33:21 37:22,24   |
| 33:15  o   | 20:22  ohfc 16:13  okay 7:1,8 8:8 8:9,14,25 9:1 9:23 10:18,19 11:5,7,23,25 12:17 13:18 14:15 15:15 16:9,16 25:2,6 25:12 27:8 30:3 35:6,25 36:13 37:8,17 38:1,3 39:18 39:21 40:23 41:2,14 42:8 | opportunity 55:23,25 option 68:4 order 5:18 8:5 9:11 59:14 organization 6:6 organized 17:19 25:20 organizing 17:18 original 15:5,6 osi 2:19,21,22 2:23,24,25 5:9 5:19 13:21,25 | p p 2:1,1 3:1,1 5:1 p.m. 1:10 81:8 page 4:2 11:17 11:18,21 12:1 12:18,21,24 14:7,8,17,18,19 14:19 15:10,11 15:17 17:20 19:20,20 25:2 25:13,19 27:11 32:11 33:6,19  |

## [page - physicians]

|                       | I                      | I                      | I                    |
|-----------------------|------------------------|------------------------|----------------------|
| 46:7 51:1,12          | 83:11                  | 57:16 58:8             | 45:2,2 46:25         |
| 53:2,5                | <b>party</b> 13:22     | 61:10,11 62:12         | 47:7,8 48:19         |
| <b>pages</b> 17:20    | 75:2,7,16              | payouts 26:12          | 48:24 49:5,8         |
| 19:24 28:13           | <b>pass</b> 9:12 64:25 | 60:17 61:25            | 50:11,13 51:1        |
| 32:15                 | <b>past</b> 30:24 31:2 | 62:14                  | 51:6,17 52:6,6       |
| <b>paid</b> 17:1,6,12 | 59:5 61:23             | <b>pcf</b> 1:8 2:3,5,6 | 52:8,12 56:3         |
| 20:10 21:24           | 64:7 72:14             | 2:8,10,12,14,16        | 60:8 66:19           |
| 26:2,3,7 27:9         | 73:18                  | 4:4 17:25 18:5         | 68:17,18             |
| 27:14,15,18,20        | pathology              | 19:1,12,14             | percentage           |
| 27:25 28:8,19         | 39:10                  | 20:8 24:7 26:2         | 23:12 54:3           |
| 29:4,6 30:18          | patience 6:19          | 27:15 30:21,21         | percentages          |
| 30:19 31:12,14        | patient 55:12          | 32:19 33:3,17          | 41:20 42:1           |
| 31:19 43:25           | 57:12 61:3             | 34:10 38:11            | percentile           |
| 50:11,18 54:1         | 63:8,14                | 40:12 43:11            | 22:16                |
| 59:15,18 60:18        | patient's 1:1          | 46:11 47:18            | perform 13:7         |
| 62:17 63:10,11        | 5:10,18 12:10          | 50:20 55:24            | performed            |
| <b>paint</b> 60:25    | patients 57:22         | 56:13                  | 12:25                |
| papers 50:2           | 58:3 60:19             | <b>pcf's</b> 19:16     | performing           |
| <b>par</b> 27:20      | patricia 2:25          | <b>pcfs</b> 33:9 34:8  | 65:21                |
| 28:20                 | patterns 47:17         | 50:15,15               | period 46:9          |
| <b>part</b> 18:10     | pause 8:23             | <b>pdf</b> 15:3,5,6,11 | periodic 57:2        |
| 30:14,16 65:7         | 14:22                  | 37:25                  | person 8:2           |
| 72:9                  | <b>pay</b> 18:6 21:3,5 | <b>pdfs</b> 15:2       | <b>phrase</b> 16:5,7 |
| participant           | 21:13 29:8             | <b>penny</b> 48:21     | 16:23                |
| 61:4,8,8,12           | 42:25 48:17            | people 59:1            | physician 27:9       |
| 62:24,24              | <b>paying</b> 53:19    | 62:12 71:14            | 28:24 29:12          |
| participants          | 54:13 55:2,10          | 74:9                   | 36:12                |
| 5:23 6:2 62:9         | payment 28:4           | percent 20:12          | physician's          |
| participating         | 28:10 31:10            | 21:10,21 22:10         | 27:1 36:6            |
| 67:7 72:4             | 47:17 56:10            | 22:13 23:17            | physicians           |
| particular            | 57:11 58:6             | 26:21 29:13            | 16:11,18 18:23       |
| 15:25 22:14           | payments               | 40:17 41:22            | 19:3,9 20:20         |
| 40:12 65:3            | 16:25 21:16            | 42:1,2,2,17,18         | 25:9 28:8 29:6       |
| parties 68:11         | 30:1 46:5 54:2         | 42:24 43:7             | 29:9 31:23           |
| 82:12,14 83:8         | 54:3,20 57:2,3         | 44:9,13,22,24          | 32:2,5,16            |
|                       |                        |                        |                      |

# [physicians - proposals]

| 37:10 38:22            | position 24:13        | presents 55:22                  | process 63:23         |
|------------------------|-----------------------|---------------------------------|-----------------------|
| 39:25 41:7             | 24:22                 | pressure 54:21                  | 65:8                  |
| 50:25                  | possible 79:25        | 55:20                           | <b>produce</b> 21:12  |
|                        | potential 29:14       |                                 | 42:16 44:7            |
| picks 46:14            | 34:5 39:5             | <b>pretty</b> 22:17 24:23 27:19 |                       |
| picture 60:25          |                       |                                 | <b>produces</b> 43:21 |
| <b>pieces</b> 18:2     | 55:11                 | 28:20 29:1,4                    | 48:23 56:2            |
| 51:20                  | potentially           | 33:25 39:14                     | producing 56:1        |
| <b>pin</b> 10:8        | 29:16 57:11           | 43:22 46:21,22                  | product 45:14         |
| pinch 75:19            | 74:25                 | 46:23 49:10                     | profession            |
| pinnacle 2:18          | practical 63:8        | 50:5,6                          | 15:22                 |
| 9:5                    | <b>practice</b> 38:23 | previously 54:1                 | professional          |
| pipeline 26:14         | 74:20,21              | <b>pricing</b> 39:24            | 33:10 54:11           |
| <b>place</b> 50:9      | practices 32:21       | <b>primary</b> 23:4,6           | 64:20                 |
| places 58:22           | 39:8                  | 23:8 33:9                       | profitable 37:4       |
| plaintiff's            | pray 80:8             | principal 2:17                  | 37:4                  |
| 79:16                  | predict 30:24         | <b>print</b> 15:1,11            | <b>program</b> 13:22  |
| <b>plan</b> 32:24 33:3 | premise 30:23         | <b>printer</b> 14:25            | 23:1,1,24 27:1        |
| 34:10 37:15,16         | premium 35:7          | 15:9,10                         | 30:2 40:5             |
| 40:7 61:9              | 35:15 36:4            | <b>prior</b> 17:18              | 52:19 59:22,23        |
| <b>plans</b> 32:21     | premiums              | 18:5,12 19:6                    | 59:24 61:5            |
| played 14:25           | 24:10                 | 24:18 25:22                     | 67:24                 |
| <b>plays</b> 66:24     | preparation           | 26:8 27:18                      | program's 17:4        |
| <b>please</b> 5:3,25   | 12:15                 | 45:2 82:5                       | programs 59:2         |
| 6:5,12,15,20           | prepared 9:6          | probably 12:18                  | 60:7                  |
| 8:5 75:24              | 83:3                  | 22:6 23:16                      | progress 58:24        |
| <b>plus</b> 24:17 42:4 | preparing             | 37:24 49:8                      | 59:4                  |
| <b>point</b> 12:24     | 12:12,25 13:18        | 65:10 68:6                      | project 63:18         |
| 21:25 25:24            | 52:17                 | 69:6 80:7                       | projected             |
| 58:2 65:1              | presbyterian          | proceed 8:5                     | 44:18 47:2            |
| 67:21                  | 46:14                 | proceeding                      | 59:11,25              |
| policy 39:3            | present 7:2           | 11:12 81:9                      | projections           |
| <b>poll</b> 73:15      | 21:8,15,17,25         | 83:4                            | 63:13                 |
| portfolio 66:2         | presented 9:7         | proceedings                     | proposals             |
| portion 27:1           | presenters 6:12       | 6:2 82:3,5,6,9                  | 75:13 79:13           |
|                        |                       | 83:6                            |                       |
|                        |                       |                                 |                       |

# [propose - reduced]

| propose 75:23          | <b>quasi</b> 59:22            | 36:20 38:4       | recognize 12:3        |
|------------------------|-------------------------------|------------------|-----------------------|
| proposed 29:22         | question 24:11                | 49:21 75:20      | 15:11 23:21           |
| 40:6 45:20             | 34:18 52:16                   | rather 39:13     | recommend             |
| proposing              | 54:24 58:17                   | 62:23            | 66:17                 |
| 74:21                  | 59:11 63:20                   | rating 36:3      | recommendat           |
| protective 35:4        | 67:22 68:1                    | 37:14,16         | 9:11 50:24            |
| provide 19:14          | 69:13,17 71:12                | ratio 35:15      | 51:16 66:18           |
| 32:25 36:19            | 75:10                         | 43:21 44:8,14    | 73:18,19 75:20        |
| provided 13:21         | questions 11:8                | 46:24            | recommendat           |
| 30:7 58:19             | 53:16 66:12                   | ratios 46:8,22   | 12:9 39:24            |
| 60:23 70:21,22         | 69:21,24 70:3                 | ray 2:8 39:12    | 72:7,15 77:2,9        |
| <b>provider</b> 33:2   | 70:13 72:3                    | 77:24,25 78:3    | recommended           |
| providing              | quick 57:5                    | 78:12,13,22      | 9:9 30:4 47:13        |
| 40:22                  | 64:25 80:7                    | 81:6             | recommending          |
| <b>public</b> 76:9     | <b>quiet</b> 29:4             | ready 72:3 79:8  | 41:11                 |
| 82:18                  | quite 50:11                   | real 64:25       | <b>record</b> 5:4,5,9 |
| <b>pull</b> 64:4       | 59:11                         | realize 20:9     | 6:1,7,15,18 7:7       |
| purchase 58:3          | quorum 8:2,4                  | 52:17 75:11      | 11:12 82:9            |
| pure 35:15             | 76:19                         | really 26:8 27:2 | 83:5                  |
| <b>purpose</b> 32:7,8  | r                             | 27:13 28:12      | recorded 82:6         |
| purposes 72:13         | <b>r</b> 2:1 3:1 5:1          | 31:2 44:16,17    | recording 82:8        |
| <b>put</b> 9:14 21:4,6 |                               | 47:19 50:21      | 83:4                  |
| 24:16 54:21            | radically 54:3 raising 70:12  | 52:1 60:24       | <b>recoup</b> 45:18   |
| 70:4 73:20             | raising 70.12                 | 68:12 69:5,16    | recouping 41:5        |
| <b>puts</b> 75:18      | raquel 5:0<br>rate 13:24 32:8 | 70:16 76:24      | 52:15                 |
| q                      | 32:22 35:1                    | 77:9             | recoupment            |
| quadriplegics          | 36:3,5,5,8,11                 | reasonable       | 45:21,23              |
| 55:15                  | 38:18 40:2                    | 34:10            | recovery 29:9         |
| qualified 13:10        | 42:16 48:19                   | reasons 26:14    | recycled 15:14        |
| 82:7                   | 49:18 52:5                    | 27:24 29:14,16   | recycling 15:12       |
| quality 39:10          | 67:18                         | 56:12 59:17      | reduce 53:11          |
| quantify 54:9          | rates 1:2 5:11                | receipts 39:13   | 67:25                 |
| quarter 39:6           | 5:19 9:9,12                   | recent 28:20     | reduced 27:22         |
| 40:13                  | 14:2 30:21,22                 | 35:1             | 82:7                  |
| TU.13                  | 30:22 34:23                   |                  |                       |
|                        | 30.22 37.23                   |                  |                       |

## [reduction - ritchie]

| reduction         | remove 22:5          | 22:9,16,20            | <b>rid</b> 66:6,6      |
|-------------------|----------------------|-----------------------|------------------------|
| 25:11             | repeat 6:17          | 24:2 27:10            | right 7:22 8:15        |
| referenced 19:3   | replaced 78:6        | 28:9 32:8             | 10:10 11:20            |
| references        | <b>report</b> 9:8,17 | 42:12,12 47:20        | 12:2,20,21             |
| 14:20             | 9:19 10:1            | 47:21,24 48:1         | 14:12,13,15            |
| reflect 45:20     | 11:17 12:7,12        | 48:7 49:15,19         | 18:15 19:2             |
| 50:7              | 12:14,16 13:1        | reserving 62:8        | 20:19 25:25            |
| reflected 17:16   | 13:4,11,19           | resigned 7:20         | 26:1,9 28:17           |
| 18:16 19:25       | 14:19 17:16,18       | 8:1                   | 41:21 42:7,20          |
| reflection 40:9   | 25:3 26:25           | resolve 17:9          | 45:5 47:22,25          |
| reflects 16:17    | 32:6 37:22           | resolved 18:12        | 51:12,13,14,20         |
| regarding 11:8    | 52:17 53:14,15       | respect 76:8          | 52:3 56:25             |
| regensberg        | 65:10 77:9,16        | 77:1                  | 57:24 62:3             |
| 2:22              | reported 1:21        | responsibility        | 64:5,19 65:16          |
| rehabilitation    | 30:18 31:18          | 19:17                 | 66:11 67:15            |
| 38:14             | reporter 5:3,5       | restated 43:14        | 71:21 73:1,5           |
| reinvested        | 6:1,14,16 8:21       | result 23:2           | 73:11 75:12            |
| 65:24             | reporting            | 57:11                 | 76:2,10,11             |
| related 14:2      | 29:15 30:22          | resulted 28:3         | 77:10 78:7             |
| 63:6 67:22        | represent 6:6        | results 76:3          | 79:10 80:22            |
| 82:11 83:7        | represents           | resume 4:3            | 81:2,5                 |
| relates 55:11     | 23:12                | 9:15,22 10:24         | <b>risk</b> 33:14,17   |
| relationship      | required 75:15       | 11:12                 | 35:8 38:21             |
| 31:14             | 75:15                | resume's 10:7         | 39:2,17 41:17          |
| relative 27:19    | requirements         | <b>retire</b> 68:13   | 42:8,9,13,14,21        |
| 59:24 66:2        | 47:3                 | return 21:7,10        | 43:7 51:2,4,7          |
| 82:13 83:10       | reserve 28:11        | 48:23 60:4            | 51:16 52:5             |
| relatively 80:7   | 43:18                | 66:8                  | 56:12 60:15            |
| relativities 33:4 | reserves 15:19       | <b>returns</b> 56:1,3 | 68:19 69:6             |
| 33:8,8,24         | 15:24 16:7,17        | 60:6 65:4             | risks 57:15,20         |
| 35:15,15 37:1     | 16:23 17:3,7         | revenue 47:9          | <b>ritchie</b> 1:7 2:3 |
| remember          | 17:14,15 18:7        | 48:22                 | 5:2,6,7 7:1,2          |
| 17:24 44:1        | 18:9,16,21,22        | revenues 39:16        | 8:3,8,13 10:9          |
| 46:4,10 76:7      | 19:5,6 20:4,7        | review 35:5           | 10:17 11:3,10          |
| 77:19             | 20:17 21:12          |                       | 15:6 41:21,24          |

# [ritchie - signal]

| 40.7.50.2              | 4.4.4                          | 10.00.02.02          | 441- J 10.4                            |
|------------------------|--------------------------------|----------------------|--|
| 42:7 52:3              | roost 44:4                     | see 10:22,23,23      | settled 18:4                           |
| 53:17,22,24            | row 42:22 44:8                 | 10:25 17:14          | 60:17                                  |
| 54:23 56:17,25         | 44:16 47:2,4,6                 | 18:19 23:3,4,8       | settlement                             |
| 57:5,8,24 58:5         | 48:20 50:4,5                   | 26:5,18 27:11        | 19:18 29:7                             |
| 63:3,5 64:10           | <b>rule</b> 74:12              | 28:13,18 29:23       | 30:21 31:13,20                         |
| 64:14,19,24            | <b>ruling</b> 76:18            | 30:15,16,17,17       | 54:12 55:5,21                          |
| 65:16 66:11,14         | <b>run</b> 57:13               | 30:18,19 33:2        | 56:9                                   |
| 67:10,15,20            | S                              | 33:11,12 35:14       | settlements                            |
| 70:4,9,11,15,20        | s 2:1 3:1 4:1 5:1              | 37:20 40:1           | 54:19 55:10                            |
| 70:25 71:5,9           | salazar 2:25                   | 42:17 43:7,22        | 57:21 62:13                            |
| 71:16,18,23,25         | saw 20:3 44:4                  | 46:8 50:9 53:4       | seventeen                              |
| 72:8,19,22             | 59:18                          | 58:21 61:13          | 43:23                                  |
| 73:1,5,7,9,14          | saying 69:3                    | 74:1,4               | severely 61:16                         |
| 73:22 74:1,12          | saying 09.3<br>says 15:19 26:1 | <b>seeing</b> 11:2,5 | severities 31:2                        |
| 74:24 75:10,22         | 26:2                           | 62:16,17,18,21       | 31:2                                   |
| 75:25 76:3             | scenario 61:13                 | 70:11                | severity 22:15                         |
| 77:15,20,24            | scenarios 22:11                | seems 77:6           | 22:23,24 31:11                         |
| 78:2,7,18,24           |                                | select 9:21          | 33:14                                  |
| 79:2,5,10,15,19        | scheduling                     | selected 44:6        | sharing 74:6                           |
| 79:22 80:9,13          | 5:18                           | 46:24                | sheet 17:5                             |
| 80:22,24 81:2          | scope 13:3                     | selection 75:16      | 47:21,23 48:8                          |
| <b>road</b> 57:19      | 67:18 76:9                     | 79:4,6,7             | shifting 54:19                         |
| 61:14                  | screen 15:4                    | sense 22:6           | 55:9 57:1                              |
| <b>rob</b> 9:5         | 74:5,11                        | 31:17 39:11          | <b>shifts</b> 62:15                    |
| <b>robert</b> 2:17 3:7 | scroll 10:21                   | 42:20 48:11          | short 79:23                            |
| 4:3                    | 12:17 14:7                     | separate 40:9        | <b>show</b> 20:4,6,15                  |
| robustly 58:21         | 28:13 33:5                     | separately 17:2      | 22:9 62:15                             |
| role 12:11             | 34:16 43:1,3,9                 | september 1:9        | showed 41:5                            |
| roll 6:20 18:8         | 44:11 45:3                     | 5:13                 | <b>showing</b> 45:11                   |
| rolling 18:13          | 47:6 51:11                     | services 2:18        | <b>showing</b> 13.11 <b>shown</b> 39:7 |
| 46:10 64:15            | second 10:15                   | 9:6                  | 47:15                                  |
| roman 2:14             | 14:22 16:12                    | set 60:21 66:18      | shows 52:14                            |
| 7:23                   | 46:1 61:15                     | 68:15 73:4           | side 26:1 55:22                        |
| room 14:24             | 66:7                           | setting 39:12        | signal 7:5                             |
| 66:12                  | section 14:17                  | 39:12                | Signal 1.J                             |
| 00.12                  |                                | 37.12                |  |
|                        |                                | l .                  | 1                                      |

## [signature - sums]

| signatura 92.16              | <b>sort</b> 24:6        | <b>state</b> 6:15 14:2                | subcommittee           |
|------------------------------|-------------------------|---------------------------------------|------------------------|
| <b>signature</b> 82:16 83:13 | sorts 29:14             | 34:7 36:7,18                          |                        |
|                              |                         | · · · · · · · · · · · · · · · · · · · | 72:6,14,25             |
| significant                  | 59:16 66:9              | 82:19                                 | 73:17 74:19            |
| 22:18                        | sound 67:5              | statement                             | 76:4,13,13             |
| similar 14:4                 | sounds 69:19            | 70:16                                 | 77:8,8                 |
| 35:23,24 59:2                | 78:21                   | statistical                           | subject 13:11          |
| similarly 43:17              | space 71:6              | 20:12 22:17                           | 30:25                  |
| <b>simple</b> 29:19          | <b>spare</b> 73:14      | statistics 14:3                       | <b>submit</b> 79:13    |
| simpler 45:10                | <b>speak</b> 6:12 8:13  | status 61:5                           | submitted 35:4         |
| <b>simply</b> 32:2           | 70:12 72:10             | statutorily                           | subsequent             |
| 38:21 77:1                   | speaker 8:23            | 52:18                                 | 77:11                  |
| singular 27:3                | 11:1 44:10              | stay 25:5 66:25                       | subsidizing            |
| situation 39:15              | 74:6,8                  | 67:23 68:12,14                        | 36:24                  |
| 45:17                        | specialties             | staying 67:7                          | <b>subtle</b> 15:23    |
| <b>sixty</b> 32:12           | 33:13 38:23             | <b>step</b> 56:24 66:5                | sufficient 24:14       |
| size 22:25 23:8              | specialty 32:6          | 66:7                                  | 36:19                  |
| skating 61:22                | 32:23 35:16             | stephen 2:19                          | suggest 54:18          |
| skewed 29:6                  | 36:6,12                 | 8:10 9:2 81:1                         | suggestions            |
| <b>skills</b> 82:10          | spent 60:5              | <b>steps</b> 75:14                    | 34:12                  |
| 83:6                         | <b>split</b> 52:2       | <b>stop</b> 14:10,15                  | <b>suite</b> 1:14 5:15 |
| <b>slight</b> 49:22          | spreadsheets            | 33:22 74:6                            | <b>sum</b> 54:2,2,19   |
| <b>slow</b> 6:17             | 12:15                   | <b>story</b> 27:14                    | 55:21 56:9             |
| slowdown                     | <b>st</b> 46:14         | streamlining                          | 57:11,16,21            |
| 29:24                        | <b>staff</b> 12:14 50:2 | 73:21                                 | 58:5,7                 |
| slowing 62:12                | 50:3 58:24              | striving 24:16                        | summarizing            |
| <b>small</b> 76:19           | <b>stand</b> 25:25      | structured                            | 12:8                   |
| society 3:3                  | standard 36:20          | 54:12 55:5,9                          | <b>summary</b> 17:20   |
| somebody                     | 36:22,23                | 62:13                                 | 20:1 25:19             |
| 33:15 60:3                   | standards               | struggle 15:3                         | 28:12 39:24            |
| soon 58:20                   | 49:17                   | studies 59:6                          | 41:6 52:13             |
| sorry 7:21 9:23              | starace 7:19            | <b>study</b> 14:4                     | <b>summit</b> 70:19    |
| 10:19 41:15                  | start 5:2 8:7,25        | 43:18                                 | 70:23                  |
| 43:2 57:7                    | 53:17                   | <b>stumped</b> 69:22                  | <b>sums</b> 56:21      |
| 65:17 70:24                  | starting 8:6            | stymied 27:2                          | 57:2                   |
|                              | 35:3 44:13              |                                       |                        |
|                              |                         |                                       |                        |

## [sunset - thies]

|                        | T                                     | I                   | 1                      |
|------------------------|---------------------------------------|---------------------|------------------------|
| <b>sunset</b> 52:15    | 49:14 50:1                            | <b>taken</b> 43:11  | terminology            |
| superintendent         | 60:1,13 63:3                          | 82:3,12 83:9        | 15:23                  |
| 1:13 8:11 9:3          | 63:24                                 | taketh 18:6         | terms 34:22            |
| 9:10,11 66:17          | <b>surge</b> 26:15,16                 | talk 35:21 46:3     | 63:8 66:16             |
| 66:18 75:5,20          | 29:24                                 | 50:5 73:2           | terrible 58:15         |
| superintende           | surgeons 16:11                        | 74:23               | testifying 82:5        |
| 75:15                  | 16:18 18:23                           | <b>talked</b> 58:12 | testimony              |
| support 35:16          | 19:4,9 25:9                           | talking 16:2        | 13:12                  |
| supporting             | 27:9 28:25                            | 23:15 27:3          | text 14:8              |
| 47:25                  | 36:24 39:25                           | 29:18 31:1          | <b>thank</b> 5:6 6:18  |
| supposed 5:12          | 41:7 50:25                            | 33:20 34:1,3        | 8:3,8,9 9:1            |
| 79:13                  | surgeries 55:8                        | 35:22 47:21,22      | 11:4 14:6 37:5         |
| surcharge 1:2          | <b>surgery</b> 34:2,2                 | 50:10 55:14         | 51:14 63:7             |
| 5:11,19 32:9           | 34:3,3 63:15                          | 81:3                | 64:9 71:10,23          |
| 41:5,6,8 43:15         | surgical 33:16                        | task 68:5           | 71:25 72:4             |
| 45:17,20 47:9          | 34:4                                  | tasks 12:25         | 74:24 78:24            |
| 48:12,21 50:18         | surplus 24:1                          | 13:7                | 81:5,7                 |
| 53:5,10 58:20          | <b>sworn</b> 82:5                     | tdc 32:22 50:17     | theoretically          |
| 67:24 68:17,17         | <b>system</b> 32:20                   | tdcs 23:5           | 56:19                  |
| 69:7,15                | t                                     | teams 5:17          | therapies 55:16        |
| surcharges             | t 4:1                                 | technical 8:24      | <b>thies</b> 2:19 6:22 |
| 30:4 40:17             | tab 9:21                              | techniques          | 8:7,9,10,14,25         |
| 43:12,15,24            | tab 9.21<br>table 14:20               | 30:12,13 31:9       | 9:2,20 10:3,6          |
| 44:7,20 47:2           | 15:18 16:10,16                        | 31:16,22            | 10:10,18,21            |
| 47:13 48:20            | 17:14,19 19:25                        | technology          | 11:7,11,16,21          |
| 49:5,7,10              | 20:3,3 33:19                          | 55:7,13 57:10       | 11:24 12:2,5           |
| 50:13 51:23            | 35:10,22 43:15                        | telephone 5:17      | 12:11,17,21,23         |
| 52:24 66:19            | · · · · · · · · · · · · · · · · · · · | 5:22,23,24 6:4      | 13:5,9,18 14:6         |
| 69:6                   | 45:2,9<br>take 10:22 17:9             | tell 34:23 58:2     | 14:11,14,23            |
| <b>sure</b> 14:23 21:2 |                                       | 58:19 62:11         | 15:15 16:9,16          |
| 30:11 32:13            | 18:11 19:15,15                        | 74:14               | 16:20,22 17:13         |
| 34:25 35:20            | 23:15 27:17                           | ten 43:11 55:15     | 18:14 19:2,19          |
| 38:16 39:23            | 30:14 36:5                            | tend 23:2 65:13     | 19:23 20:18,25         |
| 41:18 42:11            | 42:1,3 47:13                          | term 16:5,6         | 21:17,20 22:22         |
| 45:7 46:3              | 61:16 73:22<br>78:12                  | 31:13 46:24         | 23:10,18 24:17         |
|                        |                                       |                     |                        |

## [thies - tweak]

| 24:24 25:2,7        | 32:4 34:9 44:6 | 73:13,15,15            | transcriber            |
|---------------------|----------------|------------------------|------------------------|
| 25:14 29:5          | 44:14 51:18,20 | 74:15                  | 83:1                   |
| 30:3,9 31:21        | 52:1 57:18     | timeframe              | transcript 83:3        |
| 32:5,10,13,18       | 66:5 67:18     | 45:19                  | 83:5                   |
| 34:11,16,19         | 68:2,11 69:17  | times 6:16             | transcriptionist       |
| 37:7,9,13,17,20     | 72:1,3 74:19   | 31:10 36:5             | 82:8                   |
| 38:12,17 39:18      | 75:18 77:20,23 | 42:3 65:10,11          | tremendous             |
| 39:21 40:18,23      | 77:24 78:13    | <b>titled</b> 5:9      | 55:19                  |
| 41:2,10,14,16       | 79:12          | today 5:13,14          | <b>trend</b> 38:8      |
| 42:8 44:25          | thinking 68:6  | 8:12 9:4               | 62:20 64:23            |
| 45:3,23 46:1        | 69:2           | today's 6:18           | trended 38:9           |
| 47:12 49:24         | third 13:22    | 43:24                  | 43:20                  |
| 50:24 51:4,6,9      | 75:2,7,16      | together 17:7          | <b>tricky</b> 54:6,7   |
| 51:15,25 52:4       | thoracic 34:3  | 64:4                   | <b>tried</b> 34:6      |
| 52:8,11,16,21       | thought 57:6   | tomorrow               | trivial 68:5           |
| 52:25 53:9,13       | 69:10 78:3     | 17:12                  | trouble 6:24           |
| 53:16 66:13         | thoughtful     | took 27:7              | <b>troy</b> 2:10 6:22  |
| 67:22 69:18,20      | 65:25          | top 9:22 11:19         | 7:6 77:20,21           |
| 70:14 71:14         | thousand 26:14 | 20:2 33:6              | 78:4,5                 |
| 72:5 75:7,11        | 27:24 30:1     | 51:23 64:22            | <b>true</b> 63:19 67:4 |
| 77:10 79:7,11       | three 21:4,5,8 | <b>total</b> 19:9 26:8 | 72:8 82:9 83:5         |
| <b>thing</b> 9:13   | 40:1 41:1 70:5 | 26:22 52:6             | <b>truth</b> 26:15     |
| 10:12 23:3          | 80:5,7,9,11,24 | totality 17:8          | 29:17                  |
| 25:21,24 33:12      | throwing 49:1  | toward 6:12            | <b>try</b> 10:3 15:4   |
| 36:10 54:7,8        | thursday 79:14 | 75:14                  | 32:25                  |
| 54:14 61:16         | 79:23 80:2     | towards 12:22          | trying 14:1            |
| <b>things</b> 29:21 | tiegler 3:9    | 52:9 61:22             | 45:17 50:7             |
| 30:1 31:6 34:5      | time 5:13 13:9 | <b>toyota</b> 36:8,10  | 67:13 72:19            |
| 46:17 50:14,15      | 20:7,9 22:13   | <b>tpa</b> 50:3 71:19  | <b>tube</b> 61:7       |
| 61:7 66:9 75:1      | 38:22 42:19,24 | 74:23 75:2,25          | tuesday 1:9            |
| 79:19               | 47:16 48:5,15  | 79:3                   | 79:24                  |
| think 8:20 9:20     | 48:18 49:9,21  | training 13:5          | turns 27:22            |
| 14:1 16:24,25       | 53:11 54:14    | transactionally        | tweak 76:20            |
| 17:3,8 19:11        | 56:22 63:4     | 38:24                  | 77:12                  |
| 21:23 30:8          | 64:16 71:22    |                        |                        |

## [twist - walling]

| twist 72:20        | uncertainty    | uptown 1:14            | verdict 29:24          |
|--------------------|----------------|------------------------|------------------------|
| two 14:5 16:11     | 55:20          | 5:14                   | verdicts 29:20         |
| 18:2,19 19:1       | uncommon       | use 16:8 30:11         | versa 29:9             |
| 19:20,23 26:23     | 23:3           | 30:15,24 31:21         | versus 59:15           |
| 28:13 32:15        | undefined      | 31:22 32:1             | vice 2:5 7:3,9         |
| 33:9 37:6 44:2     | 68:15          | 63:12                  | 29:9                   |
| 46:15 51:20        | under 10:8     | <b>used</b> 9:8 14:4   | videoconfere           |
| 52:14 53:6,8       | 68:14          | 15:25 16:3             | 2:7,9,11,13,15         |
| 53:20 54:3         | underhanded    | 30:5                   | 5:17,22,23 6:4         |
| 75:13 78:6         | 54:8           | useful 31:3            | vince 71:13,16         |
| 80:4               | underlying     | using 23:23            | 72:24 74:2,13          |
| type 38:14,18      | 23:8 30:23     | 31:8,15 39:15          | 75:24 76:17            |
| 38:21              | 35:12 36:14    | 62:22                  | vincent 2:6            |
| <b>types</b> 38:23 | 62:16          | utilize 13:19          | vincent's 46:14        |
| 39:9               | underpinning   | v                      | virginia 55:1          |
| typewriting        | 49:12          | <b>value</b> 20:7 21:8 | 56:2 61:2              |
| 82:7               | understand     | 21:15,17,23,25         | 63:25                  |
| typically 38:22    | 76:24          | 39:4 43:13             | virtually 69:20        |
| 56:2 72:24         | understood     | 47:16 48:5,16          | visibility 65:20       |
| 74:16              | 49:15 60:11    | 48:18 49:9,21          | <b>visits</b> 38:15,19 |
| typing 6:9         | undiscounted   | 67:13                  | 38:25 39:2,3           |
| u                  | 20:22 21:23    | vargas 2:8 7:17        | 39:11,13,15            |
| <b>uh</b> 63:22    | 22:2,5 23:11   | 7:18 72:17             | volatile 29:19         |
| ultimate 16:17     | unfairly 36:21 | 77:22 79:21            | volatility 28:22       |
| 16:23 17:7,8       | unfortunately  | 80:18                  | 55:11,12 56:7          |
| 18:16,21,22        | 34:4           | variability            | w                      |
| 19:18 20:4         | unidentified   | 28:23 56:8             | w 29:11                |
| 26:17,19,22        | 8:23 11:1      | variable 60:10         | wage 55:2              |
| 27:7,22 28:4       | 44:10 74:6,8   | varied 72:16           | wait 9:20              |
| 28:20 31:12,20     | unity 42:6     | variety 30:20          | walling 2:17           |
| 43:17,20 46:5      | unpaid 14:17   | vary 68:18,25          | 4:3 8:6 9:5,16         |
| ultimately         | 15:16,20,24    | vascular 34:2          | 9:18,21,24             |
| 12:15 77:3         | 16:2 17:2 20:4 | vehicle 55:3           | 10:2,4,7,14            |
| ultimates 26:20    | updating 6:8   | <b>venue</b> 71:20     | 11:22 12:2,4,7         |
| 27:9,19            |                |                        | 12:13,23 13:2          |

# [walling - yeah]

|                 | I                 |                        | I                     |
|-----------------|-------------------|------------------------|-----------------------|
| 13:8,10,20      | 63:23 64:2,8      | we've 7:11 14:4        | workers 54:9          |
| 14:10,13,16,21  | 64:13,17,20       | 22:8 29:10             | 61:16                 |
| 14:24 15:8,13   | 65:6,17 66:15     | 34:6 38:9,9,10         | <b>working</b> 10:13  |
| 16:15,19,21,24  | 66:21,23 67:8     | 39:7 42:15             | 14:25 58:24           |
| 17:17 18:18     | 67:12,16 68:1     | 43:10,11 44:6          | 65:2 76:16,18         |
| 19:11,22 20:2   | 68:20,23 69:1     | 46:23 54:9             | <b>works</b> 80:18    |
| 20:20 21:2,19   | 69:4,9,16,22,25   | 65:24 66:24            | worse 54:20           |
| 21:22 22:24     | 70:15,18,21       | 74:15                  | worth 43:24           |
| 23:14,19 24:20  | 71:4,8 74:22      | wednesday              | 44:4 48:4             |
| 25:1,4,12,16    | 79:4              | 79:20                  | 54:12                 |
| 28:16,18 29:10  | walling's 9:14    | wednesdays             | <b>write</b> 72:14    |
| 30:7,11 31:24   | 10:24 11:8        | 79:22                  | 73:3,18               |
| 32:7,17,19      | want 8:15 21:4    | <b>week</b> 79:9,12    | writing 23:5          |
| 33:22 34:13,20  | 53:14 57:17,17    | weeks 75:13            | <b>wrong</b> 34:5     |
| 34:25 35:9,20   | 64:22 65:19       | 79:1                   | 51:19                 |
| 35:24 36:2,17   | 76:6 78:12        | <b>went</b> 19:24      | X                     |
| 37:12,14,18,22  | wanted 24:25      | 27:10,10 28:21         | <b>x</b> 4:1 39:12    |
| 37:24 38:2,4    | 49:14             | whatsoever             |                       |
| 38:16,20 39:20  | <b>wants</b> 77:7 | 76:16,25               | <b>y</b>              |
| 39:23 40:21,25  | ward 2:6 71:15    | wheelchair             | <b>yeah</b> 6:25 11:3 |
| 41:4,12,15,18   | 71:17,21,24       | 61:6                   | 15:8,13 19:23         |
| 41:23,25 42:11  | 72:21,23 73:4     | <b>whoa</b> 10:6,6,6   | 22:18 23:16           |
| 43:6 44:11      | 74:3,14 76:5      | <b>william</b> 1:7 2:3 | 24:21 25:7            |
| 45:1,7,25 46:3  | 76:12,22          | 5:7                    | 28:18 29:21           |
| 47:15 49:2      | way 11:17,18      | <b>willing</b> 72:17   | 33:6,22 34:19         |
| 50:1 51:3,5,8   | 13:19 14:14       | wisconsin 24:7         | 37:20 38:2            |
| 51:11,14,18     | 17:19 21:22       | 33:9 58:21             | 39:20 40:21           |
| 52:1,7,10,12,20 | 22:8 24:16        | 65:22                  | 44:1 47:11            |
| 52:23 53:1,4    | 25:14 28:14       | witness 82:4           | 49:3,4,9 56:14        |
| 53:12,15,21,23  | 38:21 48:23       | <b>words</b> 20:8      | 64:8,10,13,23         |
| 54:6,25 56:23   | 49:15,17 52:15    | work 50:2,2            | 65:19 66:22           |
| 57:1,15 58:11   | 54:8 66:24        | 58:24 59:3             | 67:3,4,9,16           |
| 58:23 59:9,16   | 68:12 69:10       | 61:15 76:21            | 68:15 69:8,11         |
| 60:2,13,24      | ways 61:21        | 77:1 80:14,16          | 69:23 70:9,25         |
| 62:2,4,7 63:20  |                   | 80:19,21               | 71:4,23,24            |
|                 |                   |                        |                       |

# [yeah - zero]

| 72:9 73:5            | 72:16 78:6             |
|----------------------|------------------------|
| 75:10 76:5,22        | <b>yep</b> 9:25 25:16  |
| 77:14,15 78:1        | 45:25 49:3             |
| 78:11,18,20          | 51:5 52:10             |
| 80:12,16,20          | <b>york</b> 61:2 63:25 |
| <b>year</b> 1:2 5:11 | $\mathbf{z}$           |
| 18:8 19:6,17         | <b>zero</b> 37:13      |
| 24:19 25:20,22       | 41:21,22,22            |
| 25:22 26:4,7         | 71.21,22,22            |
| 27:4,16 28:1         |                        |
| 29:1,3,4 30:2        |                        |
| 31:6 34:13,15        |                        |
| 38:10,19 40:18       |                        |
| 40:22 44:3           |                        |
| 49:1 50:9            |                        |
| 52:14,19 59:17       |                        |
| 59:19 61:24          |                        |
| 65:11,11 67:1        |                        |
| 67:18 69:3,12        |                        |
| 73:13,15 78:8        |                        |
| 78:14,15,17          |                        |
| year's 17:16,18      |                        |
| 48:10 49:10          |                        |
| 77:17                |                        |
| <b>years</b> 17:12   |                        |
| 18:5,12 21:4,5       |                        |
| 21:9 26:6,8,10       |                        |
| 26:13,23 27:18       |                        |
| 27:21 28:20          |                        |
| 31:7 43:11           |                        |
| 44:2,5 46:9,19       |                        |
| 50:3 53:6            |                        |
| 55:15 56:5           |                        |
| 57:23 59:6           |                        |
| 61:23 63:11          |                        |
|                      |                        |

# ROBERT WALLING III, FCAS, MAAA, CERA

#### Principal and Consulting Actuary | Biltmore Lake, North Carolina



Rob is primarily focused on product development, ratemaking and loss reserving studies for captive insurance companies, risk retention groups (RRGs), self-insurance programs and admitted insurance companies.

He is the appointed actuary and/or loss reserve specialist for scores of domestic, Bermudian and other international insurance companies, RRGs, captive insurance companies and self-insurance programs. Rob has also been advisor to more than 20 state insurance departments and government insurance programs, and a partner assisting captives, RRGs and insurance companies developing commercial insurance products and pricing, including innovative coverages and emerging markets.

Rob is a subject matter expert on actuarial, risk management and commercial insurance matters, such as captive insurance program design, ratemaking, loss reserving and reinsurance. He is also an experienced actuarial specialist in the trucking industry, including admitted, excess and surplus, and alternative markets. He further provides legislative costing and industry studies to state and national associations with insurance interests as an actuarial advisor.

- ★ Qualified Actuary per the National Association of Insurance Commissioners (NAIC)
- ★ Qualified to sign statements of actuarial opinion per the American Academy of Actuaries (AAA)

#### YEARS OF EXPERIENCE

34

#### **AREAS OF FOCUS**

Captives/Alternative Markets, Commercial Lines Ratemaking Loss Reserving, Regulatory Support, Expert Testimony, Legislative Costing, Enterprise Risk Management (ERM)

#### **EDUCATION**

Miami University (Oxford, Ohio), 1987 B.S. Education Certification in Secondary Mathematics Education

#### **CERTIFICATIONS**

Casualty Actuarial Society (CAS), Fellow, 2001 AAA, Member, 1995 Chartered Enterprise Risk Analyst (CERA), 2013

#### **CURRENT VOLUNTEERISM**

CAS Finance Council, 2015 – 2018, 2023 – Present
International Center for Captive Insurance Education (ICCIE)
Instructor, 2016 – Present

Actuarial Standards Board

Task Force to Revise Actuarial Standard of Practice
(ASOP) No. 20, Chair, 2021 – Present

Task Force to Revise ASOP No. 30, 2021 – Present Task Force to Revise ASOP No. 7, 2022 – Present

#### THOUGHT LEADERSHIP HIGHLIGHTS

- "4 Ways to Define Captive Insurance," Vermont Captive Insurance Association (VCIA), August 2023
- "Risk Retention Groups," Tennessee Department of Insurance, July 2023
- "Trying to Understand Actuarial Reports," Vermont Department of Financial Regulation, June 2023
- "ESG Opportunities for Captives (and Others)," Zurich North America Actuarial Conference, June 2023
- "What Excess and Surplus Lines Can Tell Us About Captive Insurance," Best's Review, Issues & Answers, May 2023
- "Expectations and Impacts: Captive Solutions for Availability and Affordability Challenges," North Carolina Captive Insurance Association (NCCIA) Annual Conference. May 2023
- "Risk Transfer and Risk Distribution Where We Stand Today," Tennessee Captive Insurance Association (TCIA), November 2022
- "2022 Update Unavailability vs. Unaffordability
  Distinguished in Today's Context," National Risk Retention
  Group (NRRA) Annual Conference, November 2022
- "ASOP Nos. 20 & 36: Proposed Changes," AAA Webinar, August 2022

EXHIBIT

On <u>Captive Power 50</u> list for five consecutive years

**45+ Articles** in numerous publications

Expert Testimony for 25 Matters

Presented at 40+ Education Seminars

#### PROFESSIONAL PUBLICATIONS

"What Excess and Surplus Lines Can Tell Us About Captive Insurance," Best's Review, Issues & Answers, May 2023

"Pinnacle at 20: By the Numbers," Pinnacle Blog, February 2023

"What Can a Rope Bridge Teach Us About Kindness and Hidden Struggles?" Pinnacle Blog, July 2022

"Introducing! The Versatility of Hybrid Captives!" Pinnacle Blog, May 2022

"Saving Scott's Ridge," Pinnacle Blog, April 2022

"Rules Enable Innovation – Professionalism Challenges for Innovative Actuaries," with Kendra Letang, Contingencies, January 2022

"Cayman Focus 2022 – Featuring Cayman Awards – Taking a fresh approach," Interview with Captive International, December 2021

"Expected Adverse Deviation as a Measure of Risk Distribution," with Derek Freihaut, Variance, November 2021

"What's an Innovative Actuary to Do?" Captive Review, Cayman Report, January 2021

"Risk Retention Group Benchmarking Study," with Erich Brandt and Gregory Fears Jr., 2018 – 2022

"The Case for ERM," Best's Review, Issues & Answers, August 2020

"Enterprise Risk Captives: Made for a Time Like This," Captive Review, May/June 2020

"Risk (and Opportunity) Everywhere," Captive Review, Cayman Report, November 2019

"Captives Are Hard Work... And Worth It," Captive Review, How to Start a Captive Report, May 2019

"Captive Insurance: An Ideal Tech Start-Up Risk Management Tool," Captive Review, Cayman Report, November 2018

"Expected Adverse Deviation as a Measure of Risk Distribution," with Christopher Holt and Derek Freihaut, Variance, November 2018

"Focused on Insurtech: Don't Miss the Bigger Picture," Pinnacle Actuarial Resources Monograph Program, July 2018

"Is it Time for Service Provider Regulation?" Captive Review, May 2018

"A New Safe Harbor is Empowering Captive Owners to Go It Alone," Risk & Insurance Insights, March 2018

"The Future of ERC Captives," Best's Review, Issues & Answers, August 2017

"The Actuary's Role in Captive Formation," Captive Review, How to Start a Captive Report, 2017

"Common Ground With The IRS?" Captive Review Domiciles, April 2017

"The Case for Birth Injury Funds," Pinnacle Actuarial Resources Monograph Program, March 2017

"A Guide to Actuarial Reports," International Risk Management Institute (IRMI), March 2017

"Diversification in the Medical Professional Liability Market," Inside Medical Liability, PIAA, First Quarter 2017 (also published in Pinnacle Actuarial Resources Monograph Program, January 2017)

"Puerto Rico: The Right Place, the Right Time?" Captive Review, November 2016

"Workers' Comp: Approaches That Work," with Jing Liu, Captive Review, October 2016

"Will Captives Capitalize on Analytics?" IRMI Captive Insurance Company Reports, October 2016

"How Do Actuaries Preserve Their Market Value?" Actuarial Review, September/October 2016

"Your Results May Vary," with Erich Brandt and Gregory Fears Jr., Risk Retention Reporter, September 2016 (also published in Pinnacle Actuarial Resources Monograph Program)

"The Captive Actuary's Expanding Role in the Era of Big Data," Captive Review, Captive Start-Up Report 2016, September 2016 (also published in Pinnacle Actuarial Resources Monograph Program)

"Captive Expertise," Best's Review, Issues & Answers, August 2016

"The Benefits of Automated Underwriting," Pinnacle Actuarial Resources Monograph Program, May 2016

- "More Than Insurance, Homegrown Vermont RRG Protects Land that Americans Love," The Captive Chronicle (VCIA Newsletter), May 2016
- "A Deep Dive into the Casualty Group Captive Space," TerrillConnect Interview, March 2016
- "Healthcare Provider Captives: An Alternative Approach to Evolving Coverages," Inside Medical Liability, PIAA, First Quarter 2015
- "The Battle for Smart Creatives," Actuarial Review, May 2015
- "Expert Captive Analysis," Best's Review, Issues & Answers, August 2014
- "Innovative Uses of Captives for Health Care Providers," Pinnacle Actuarial Resources Monograph Program, August 2014
- "Using the Hospital Medicare Licensee Database for Analytics," Pinnacle Actuarial Resources Monograph Program, October 2013
- "Effects of Loss Reserve Margins on Calendar Year Results Balcarek Expanded," with Erich Brandt, CAS E-Forum, Fall 2013
- "External Peer Review," Pinnacle Actuarial Resources Monograph Program, January 2013
- "DD&R Reserves for Claims-Made Professional Liability Coverage," with Jessica Lasher, Johnson & Lambert Industry Insights, September 2011 (also published in Pinnacle Actuarial Resources Monograph Program)
- "Improving Commercial Casualty Claims Handling with Predictive Analytics," Pinnacle Actuarial Resources Monograph Program, October 2010
- "How I Became a Negative Patient Outcome Statistic and What I Learned," Physician Insurer, Second Quarter 2010
- "Underwriting Power Tools for Small Business Insurance," Pinnacle Actuarial Resources Monograph Program, September 2008 (reprinted in National Association of Mutual Insurance Companies [NAMIC] Farm Forum, 2009)
- "Medical Malpractice Predictive Modeling: A Push-Me-Pull-You Proposition," Physician Insurer, First Quarter 2008
- "Commercial Auto Predictive Modeling: The Time Is Now," Pinnacle Actuarial Resources Monograph Program, September 2007 (reprinted in Best's Review as "Rules of the Road: Predictive Modeling Can Help Commercial Insurers Set Premiums," October 2007)
- "Having to Say You're Sorry: A More Efficient Medical Malpractice Insurance Model," Contingencies, November/December 2006
- "I Like You as a Neighbor, But We're Not Sharing Checkbooks (Opportunities for Public Entity Groups)," Public Risk Magazine, June/July 2006
- "What Makes an Effective Captive Application: Actuarial Do's and Don'ts," Captive Chronicle, June/July 2006
- "Medical Malpractice Insurance: A Call for Efficiency," Pinnacle Actuarial Resources Monograph Program, May 2006
- "The Case of the Medical Malpractice Crisis: A Classic Who Dunnit," CAS E-Forum, Summer 2004
- "Are You Ready to Unlock the Power Hidden in Your BOP Application?" Pinnacle Actuarial Resources Monograph Program, July 2003
- "A Dynamic Approach to Modeling Free Tail Coverage," CAS E-Forum, Fall 1999
- "Customizing the Public Access Model Using Publicly Available Data," CAS E-Forum, Summer 1999
- "Using the Public Access DFA Model: A Case Study," CAS E-Forum, Summer 1998

#### PROFESSIONAL PRESENTATIONS

Scores of presentations at educational seminars conducted by the CAS and other industry organizations on topics, including:

- Captives and alternative markets pricing and loss reserving
- Ratemaking and product development for workers' compensation, general and professional liability, commercial automobile, and innovative coverages and emerging markets
- Actuarial professionalism
- Medical professional liability issues
- Self-insurance program design, funding and reserving
- Legislative costing for medical professional liability, workers' compensation, commercial auto liability, contractors' liability

#### Presentations at educational seminars include:

- American Association of Insurance Services (AAIS) Conference
- Bermuda Captive Conference
- British Virgin Islands Captive Insurance Educational Conference
- Captive Alternatives Annual Meeting
- Captive Insurance Companies Association (CICA) Annual Meeting
- CAS
  - Casualty Loss Reserve Seminar (CLRS)
  - Central States Actuarial Forum
  - Midwestern Actuarial Forum
  - Ratemaking Seminar
  - Ratemaking and Product Management (RPM) Seminar
  - Special Interest Seminars
  - Spring and Fall Annual Meetings
  - Webinar Program
- Delaware Captive Insurance Association Annual Meeting
- Farm Bureau Actuaries Conference
- Illinois State University Katie School of Insurance Financial Regulators Program
- Insurance Managers Association of Cayman (IMAC)
  - Annual Meeting
  - Summer Educational Conference
- Insurance Regulatory Examiners Society (IRES)
- ICCIE Webinars
- Montana Captive Insurance Association Annual Conference
- National Association of Insurance Commissioners Quarterly Meetings
- National Association of Mutual Insurance Companies (NAMIC)
  - Commercial Lines Underwriting Seminar
  - Annual Meeting
- NRRA Annual Meeting
- NCCIA Meeting
- Oxford Risk Partners Annual Conference
- Property Casualty Insurers Association of America (PCI) Joint Marketing and Underwriting Seminar
- Physician Insurers Association of America (PIAA) Annual Meeting
- Public Risk Management Association (PRIMA) Annual Meeting
- Risk and Insurance Managers Society (RIMS) Conference
- Self-Insurance Association of America (SIAA)
  - Annual Conference
  - International Conference
- Society of State Filers
- SCCIA Meeting
- TCIA Conference

- USA Risk Annual Conference
- \/CIA
- Western Regional Captive Insurance Conference (WRCIC)
- Willis Re Healthcare Reinsurance Forum

# **EXPERT TESTIMONY**

| Florida Office of Public Policy and Governmental Accountability  | 2004 – 2007              |
|--|--------------------------|
| Florida Office of Insurance Regulation   | 2014                     |
| Illinois Department of Insurance   | 2010                     |
| Indiana State Medical Association  | 2014, 2016               |
| Maine Joint Standing Committee on Insurance and Financial Services                                       | 2004                     |
| Maryland Insurance Administration  | 2013                     |
| Maryland Legislature   | 2014 – 2020              |
| Massachusetts Division of Insurance  | 2012                     |
| Michigan Office of Insurance and Financial Regulation  | 2007 – 2008              |
| Missouri Division of Workers' Compensation   | 2009 – 2012; 2020        |
| Missouri Second Injury Fund  | 2011 – 2013; 2017 – 2020 |
| New Mexico Patients Compensation Fund  | 2002 – 2019              |
| New York Department of Financial Services  | 2010 – 2021              |
| New York Medical Indemnity Fund  | 2011 – Present           |
| Ohio Medical Malpractice Commission  | 2003                     |
| Oregon Medical Association   | 2005                     |
| Oregon Prof. Panel for Analysis of Medical Professional Liability Ins.                                   | 2004                     |
| Oregon Construction Claims Task Force  | 2006                     |
| Republican Governors Association, an Analysis of the Impact of Workers'<br>Compensation Reform in Nevada | 2005                     |
| Virginia Birth Related Neurological Injury Compensation Program  | 2003 – 2010              |
| Virginia State Corporation Commission, Bureau of Insurance   | 2011 – 2020              |
| Virginia Medical Society   | 2008                     |
| Wisconsin Assembly Committee on Insurance  | 2005                     |
| Wisconsin Injured Patients and Families Compensation Fund  | 2007 – 2016              |
| Wisconsin Medical Society and Wisconsin Hospital Association   | 2005, 2007               |
|  |                          |

Numerous written and oral testimonies in support of arbitrations, mediations and litigations associated with commercial lines insurance issues in numerous venues, including the U.S. Tax Court, U.S. Bankruptcy Court, U.S. District Courts and state courts.

#### **APPOINTED ACTUARY**

| Affirmative Direct Insurance Company                        | 2021 – Present |
|---|----------------|
| American Risk Management Risk Retention Group               | 2016 – Present |
| American Trucking and Transportation Insurance Company, RRG | 2018 – Present |
| Argo Capital Group, Ltd.                                    | 2022 – Present |
| Asset Protection Program Risk Retention Group               | 2014 - 2019    |
| Aviation Alliance Insurance Risk Retention Group, Inc.      | 2012 - 2019    |

| Bay Insurance Risk Retention Group, Inc.                          | 2017 – Present |
|---|----------------|
| Brooklyn Specialty Insurance Company RRG, Inc.                    | 2021 – Present |
| Canopy Risk Retention Group, Inc.                                 | 2019 – Present |
| C.A.R. Risk Retention Group, Inc.                                 | 2016 – 2021    |
| Cedar Rapids Insurance Ltd.                                       | 2003 – 2021    |
| Commercial Hirecar Insurance Company Risk Retention Group, Inc.   | 2021 – Present |
| Continuing Care Risk Retention Group                              | 2015 – Present |
| Emergency Medicine Professional Assurance Co. RRG                 | 2016 – Present |
| Fergus Reinsurance Ltd.   | 2018 – Present |
| Florida Lawyers Mutual Insurance Company                          | 2010 – Present |
| Fortive Insurance Company   | 2018 – Present |
| Future Care Risk Retention Group, Inc.                            | 2020 – Present |
| Graph Insurance Company, RRG                                      | 2018 – Present |
| Great Plains Casualty, Inc.                                       | 2007 – 2020    |
| Healthcare Professional Long Term Care Risk Retention Group, Inc. | 2021 – Present |
| Healthcare Professional Risk Retention Group, Inc.                | 2021 – Present |
| Highland Fidelity Limited   | 2014 - 2021    |
| Hoxbridge Insurance Company, Inc., a Risk Retention Group         | 2023 – Present |
| Interstate Insurance Company Risk Retention Group, Inc.           | 2021 – Present |
| Loxdon Insurance Company, Inc., a Risk Retention Group            | 2023 – Present |
| LTC Insurance Company Risk Retention Group, LLC                   | 2021 – Present |
| Missouri Doctors Mutual Insurance Company                         | 2015 – Present |
| Notting Hill Risk Retention Group, LLC                            | 2021 – Present |
| Palo Verde Insurance Company, Ltd.                                | 2018 – Present |
| Pamlico Insurance Company Limited                                 | 2016 - 2021    |
| PCH Mutual Insurance Co., Inc., A Risk Retention Group            | 2016 – Present |
| Peace Church Risk Retention Group (A Reciprocal)                  | 2022 – Present |
| Peninsula Insurance Company, Ltd.                                 | 2008 – Present |
| Primary Care Insurance, a Risk Retention Group, Inc.              | 2021 – Present |
| Professional Transportation RRG, Inc.                             | 2022 – Present |
| Romulus Insurance Risk Retention Group                            | 2015 – Present |
| SCRUBS Mutual Assurance Co. Risk Retention Group                  | 2016 – Present |
| STAR Mutual Risk Retention Group                                  | 2021 – Present |
| Terra Firma Risk Retention Group                                  | 2014 – 2020    |
| The Captive Advantage for Human Services                          | 2012 – Present |
| Traders and Merchants Insurance Company, Ltd.                     | 2015 – Present |
| YRIG Risk Retention Group, Inc.                                   | 2020 – Present |

Currently provides statements of actuarial opinion for scores of captive insurance companies and international insurance companies not required to file NAIC annual financial statements.

Approved by domiciliary regulators to provide captive insurance company statements of actuarial opinion in Ala., Ariz., Conn., Washington D.C., Del., Ga., Hawaii, Ky., Mich., Mo., Mont., Nev., N.J., N.C., Ohio, Okla., Puerto Rico, S.C., Tenn., Texas, Utah, and Vt., as well as Bermuda and Grand Cayman.

## **EMPLOYMENT HISTORY**

NRRA Annual Meeting Committee

| Pinnacle Actuarial Resources, Inc.                           | 2003 – Present         |
|--|------------------------|
| Miller, Herbers, Lehmann, & Associates, Inc.                 | 1997 – 2002            |
| Shelby Insurance Company / Anthem Casualty                   | 1992 – 1997            |
| Providence Washington Insurance Companies                    | 1991 – 1992            |
| Great American Insurance Group                               | 1989 – 1991            |
| Great/American insurance Group                               | 1303 1331              |
| CURRENT AND PAST VOLUNTEERISM                                |                        |
| AAA  |                        |
| Government Insurance Task Force                              | 2017 – 2018            |
| Retained Risk Working Group                                  | 2016 – 2018            |
| Medical Professional Liability Subcommittee                  | 2009 — 2010            |
| CAS  |                        |
| University Liaison – Miami University                        | 1999 – 2020            |
| Board of Directors   | 2014 - 2017            |
| Leadership Development Committee                             | 2012 – 2014            |
| Ratemaking and Product Management Seminar Committee          | 2008 – 2009            |
| Actuarial Review Editorial Board                             | 2003 – 2008            |
| Ratemaking Seminar Committee                                 | 1997 – 2002; 2004 – 06 |
| Chairperson  | 2001 — 2002            |
| Vice Chairperson   | 2000 – 2001            |
| New Fellows Committee  | 2002 2006              |
| Chairperson Vice Chairperson                                 | 2003 – 2006<br>2003    |
| Task Force on ACAS Voting Rights                             | 2003                   |
| Working Group on Executive-Level Decision Making Using DFA   | 2004                   |
| Risk & Capital Mgmt. Seminar                                 | 2004                   |
| Chairperson  | 2002                   |
| DFA Seminar  |                        |
| Chairperson  | 2000 – 2001            |
| Vice Chairperson   | 2000                   |
| Committee on Health and Managed Care Issues                  | 1996 – 2001            |
| Limited Attendance Seminars on Dynamic Financial Analysis    |                        |
| Faculty Member   | 1998 – 1999, 2001 – 04 |
| International Center for Captive Insurance Education (ICCIE) |                        |
| Instructor   | 2016 – Present         |
| Actuarial Standards Board                                    |                        |
| Casualty Committee   | 2014 - 2021            |
| Task Force to Revise ASOP No. 20, Chair                      | 2021 – Present         |
| Task Force to Revise ASOP No. 30                             | 2021 – Present         |
| Task Force to Revise ASOP No. 7                              | 2022 – Present         |
| Self-Insurance Institute of America (SIIA)                   |                        |
| Captive Committee  | 2016 — 2017            |
| Vermont Captive Insurance Association                        |                        |
| Conference Committee   | 2009 – 2015            |
| Captive Insurance Company Association                        |                        |
| Actuary/Consultant Best Practices Committee                  | 2009 – 2010            |

2019 – Present

# NEW MEXICO PATIENT'S COMPENSATION FUND

Actuarial Analysis as of December 31, 2024

June 2025



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

**Commitment Beyond Numbers** 

**EXHIBIT** 



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

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

June 6, 2025

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

Re: 2024 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, 2024. 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** 

Robert of Willing III



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

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

June 6, 2025

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

Re: 2024 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, 2024. 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** 

Robert of Willing III

# **Table of Contents**

| SECTION   | PAGE |
|---|------|
| Executive Summary   | 1    |
| Unpaid Claims Liabilities                                   | 1    |
| PCF Surplus/Deficit   | 2    |
| Expected Surcharge Levels                                   | 2    |
| Expected Deficit Surcharge Levels                           | 4    |
| Allocation of Ultimate & Outstanding Losses by Hospital     | 6    |
| Background  | 7    |
| Data Sources  | 8    |
| PCF Financial Statement Data                                | 8    |
| Industry Rate Filings                                       | 9    |
| PCF Claims Data   | 9    |
| PCF Current Class Plan and Exposure Data                    | 10   |
| Discussion and Analysis                                     | 11   |
| Estimated Unpaid Claims Liabilities as of December 31, 2024 |      |
| Methodology   | 11   |
| PCF Coverage Limits and Expected Surcharge Levels           | 14   |
| PCF Surplus/Deficit   | 16   |
| Class Plan and Entity Coverage Review                       | 16   |
| Allocation of Ultimate & Outstanding Losses by Hospital     | 18   |
| Glossary of Terms & Abbreviations                           | 19   |
| Legal Disclosures   | 22   |
| Distribution and Use  | 22   |
| Reliances and Limitations                                   | 22   |

# **EXHIBITS**

# **APPENDIX**

# New Mexico Patient's Compensation Fund

# Actuarial Analysis as of December 31, 2024

# **FXFCUTIVF 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, 2024, to be approximately \$342.6 million on a nominal basis, \$334.8 million on a
discounted basis using a 3.5% discount rate on invested assets, and \$362.6 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, 2023, of

<sup>&</sup>lt;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.

\$292.9 million (nominal) and \$289.1 million (discounted). The prior report calculated the discounted reserves at the 75% confidence level to be \$313.7 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 12/31/2024 |             |              | Resen       | ves as of 12/31/2023 |              | Difference |            |              |
|-----------------------------|---------------------------|-------------|--------------|-------------|----------------------|--------------|------------|------------|--------------|
|                             |                           |             | Estimated    |             |                      | Estimated    |            |            | Estimated    |
|                             | Estimated                 | Estimated   | Discounted   | Estimated   | Estimated            | Discounted   | Estimated  | Estimated  | Discounted   |
|                             | Ultimate                  | Discounted  | Reserves     | Ultimate    | Discounted           | Reserves     | Ultimate   | Discounted | Reserves     |
|                             | Reserves                  | Reserves    | <u>@ 75%</u> | Reserves    | Reserves             | <u>@ 75%</u> | Reserves   | Reserves   | <u>@ 75%</u> |
| Indep. Physician & Surgeons | 82,463,038                | 80,632,117  | 87,324,583   | 78,634,086  | 77,638,728           | 84,238,020   | 3,828,952  | 2,993,388  | 3,086,562    |
| Hospitals & OHCF's          | 260,103,918               | 254,140,375 | 275,234,026  | 214,230,326 | 211,455,502          | 229,429,219  | 45,873,591 | 42,684,874 | 45,804,807   |
| Total                       | 342,566,955               | 334,772,492 | 362,558,609  | 292,864,412 | 289,094,230          | 313,667,240  | 49,702,543 | 45,678,262 | 48,891,369   |

# PCF Surplus/Deficit

- The current PCF fund balance of approximately \$308.3 million as of December 31, 2024, when compared to Pinnacle's estimate of indicated nominal loss reserves of approximately \$342.6 million, suggests a fund deficit position of \$34.3 million. The \$34.3 million deficit is about 11.1% of the current fund balance.
- As of December 31, 2023, the deficit (inclusive of the \$35.9 million legislative infusion) was \$37.7 million indicating the deficit has been reduced \$3.4 million since the previous actuarial review. This improvement is primarily attributed to two factors: (1) hospitals were assessed a 46.0% deficit surcharge in 2024, and (2) hospitals' loss experience has generally been favorable, leading to lower estimated ultimate losses, which directly reduced the deficit (see Exhibit 1, Page 5). However, independent physicians and surgeons experienced adverse development in the twelve months following December 31, 2023, partially offsetting the overall reduction.
- Reflecting reserves on a present value basis, using a 3.5% discount rate on invested assets, results in a fund deficit of approximately \$26.5 million. This is a decrease of \$7.4 million since the prior analysis as of December 31, 2023.
- If discounted loss reserves are increased to the 75% confidence level, the resulting reserves indicate a \$54.3 million PCF surplus deficit.

# **Expected Surcharge Levels**

- Pinnacle's prospective rate level indication for independent physicians & surgeons suggests an overall rate change of +13.6% on an expected value basis. If adjusted to a 75% level of statistical confidence, an indicated rate change of +23.0% results.
- We are not proposing any changes in class relativities for 2026, therefore no offset is required.
- 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 2.87%. The result is an increase to the per occurrence limit from \$883,404

- to \$908,779 widening the PCF's exposed layer from \$633,404 to \$658,779. Our analysis of MPLI increased limits factors (ILF's) indicate that rates should be increased 2.1% to support the additional exposure.
- The overall rate impact is +16.0% at the expected level and +25.6% 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, 2026 | Offset Due<br>to Changes in<br>Class Plan | Increased Limits<br>Factor to<br>\$658,779 xs<br>\$250,000 | Indicated<br>Rate<br>Change |
|-----------------|--|---|--|-----------------------------|
| w/o Risk Margin | 13.6%  | 0.0%                                      | 2.1%   | 16.0%                       |
| w/ Risk Margin  | 23.0%  | 0.0%                                      | 2.1%   | 25.6%                       |

• Pinnacle's rate level indication for hospitals suggests a rate change of +2.6% on an expected value basis. At a 75% level of statistical confidence, the indicated change is +11.1%. Exhibit 6, Page 1, provides more detail surrounding these indications.

#### Hospitals

|                 | Indicated Assessment<br>Level Change on<br>January 1, 2026 |
|-----------------|--|
| w/o Risk Margin | 2.6%   |
| w/ Risk Margin  | 11.1%  |

- 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. Beginning in our December 31, 2024 analysis, we have been advised to remove the provision for batch claims. As such, the rate indications for both the independent physicians & surgeons as well as the hospitals exclude a provision for batch claims.
- Effective January 1, 2024, the limits on non-medical indemnity for independent (non-hospital owned) outpatient healthcare facilities is \$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 adjustment for this year is 4.19% and is applied on a ground-up basis, increasing the PCF's exposed layer from \$556,239 to \$600,495. The resulting indicated rates are shown below.

#### **Independent Outpatient Healthcare Facilities Rates**

|  |                      | January 1, 2026   |
|--|----------------------|-------------------|
|  |                      | Indicated Rate at |
|  |                      | \$600,495 xs      |
| Facility Type                                | Exposure Type        | \$500,000 Limit   |
|  |                      |                   |
| Cardiac Rehabilitation Centers               | Per 100 Visits       | 45.32             |
| College/University Health Centers            | Per 100 Visits       | 20.18             |
| Community Health Centers                     | Per 100 Visits       | 31.54             |
| Dialysis Centers                             | Per 100 Visits       | 44.15             |
| Home Health/Hospice Care                     | Per 100 Visits       | 8.76              |
| Medical Laboratories                         | Per \$1,000 Receipts | 2.14              |
| Medispas                                     | Per 100 Visits       | 31.54             |
| Mental Health Counseling Centers             | Per 100 Visits       | 33.04             |
| Pathology Laboratories                       | Per \$1,000 Receipts | 1.82              |
| Physical/Occupational Rehabilitation Centers | Per 100 Visits       | 36.83             |
| Quality Control/Reference Laboratories       | Per \$1,000 Receipts | 1.93              |
| Sleep Centers                                | Per 100 Visits       | 31.54             |
| Substance Abuse Counseling Centers           | Per 100 Visits       | 47.22             |
| Surgery Centers                              | Per 100 Visits       | 175.20            |
| Urgent Care Centers                          | Per 100 Visits       | 78.23             |
| X-Ray/Imaging Centers                        | Per \$1,000 Receipts | 2.14              |
| Emergency Room Visits                        | Per 100 Visits       | 81.86             |

#### **Expected Deficit Surcharge Levels**

- Pinnacle has allocated 100%, or \$34.3 million, of the fund deficit to hospitals. For 2026, we estimate an indicated 22.5% load to the 2026 surcharges for hospitals. The indicated deficit surcharge load was calculated so that the fund deficit was eliminated 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 +25.7% at the expected level and +36.1% at the 75% confidence level. There is no deficit surcharge indicated for the independent physicians & surgeons.
- The following table shows the underwriting performance of the independent physicians and surgeons alongside that for hospitals. This information shows an overall underwriting gain, inclusive of deficit surcharges and legislative infusions through year-end 2024, related to the independent physicians & surgeons of 2.9%; similarly for hospitals, there is a corresponding underwriting loss of 4.0%. It is from this data that we determine the allocation percentages between the independent physicians & surgeons and the hospitals.

#### **Historical Underwriting Performance**

|          | Independent Physician & Surgeons |             |              |               | Hospitals                             |                     |              |               |  |
|----------|----------------------------------|-------------|--------------|---------------|---------------------------------------|---------------------|--------------|---------------|--|
|          | •                                |             |              | Gain/(Loss)   | •                                     |                     |              | Gain/(Loss)   |  |
|          |                                  | Selected    | Deficit      | Incl. Deficit |                                       | Selected            | Deficit      | Incl. Deficit |  |
| Accident | Practitioner                     | Ultimate    | Surcharges & | Surcharges &  | Hospital                              | Ultimate            | Surcharges & | Surcharges &  |  |
| Year     | Surcharges                       | Losses      | Infusions    | Infusions     | Surcharges                            | Losses              | Infusions    | Infusions     |  |
| 2000     | 8,238,309                        | 6,560,000   |              |               |                                       |                     |              |               |  |
| 2001     | 9,181,946                        | 9,261,652   |              |               |                                       |                     |              |               |  |
| 2002     | 9,421,675                        | 9,309,500   |              |               |                                       |                     |              |               |  |
| 2002     | 9,924,688                        | 6,596,189   |              |               |                                       |                     |              |               |  |
| 2004     | 9,283,270                        | 5,482,500   |              |               |                                       |                     |              |               |  |
| 2005     | 9,151,210                        | 9,776,657   |              |               |                                       |                     |              |               |  |
| 2006     | 9,067,465                        | 8,140,629   |              |               |                                       |                     |              |               |  |
| 2007     | 8,810,595                        | 19,005,969  |              |               |                                       |                     |              |               |  |
| 2008     | 9,696,249                        | 19,398,176  |              |               |                                       |                     |              |               |  |
| 2009     | 11,325,257                       | 11,967,704  |              |               | 918,297                               | 2,075,000           |              |               |  |
| 2010     | 10,410,307                       | 17,814,906  |              |               | 1,680,228                             | 2,007,005           |              |               |  |
| 2011     | 11,380,891                       | 19,354,469  |              |               | 1,825,004                             | 2,550,048           |              |               |  |
| 2012     | 9,765,990                        | 8,741,628   |              |               | 1,817,812                             | 3,478,475           |              |               |  |
| 2013     | 9,596,773                        | 7,506,739   |              |               | 1,992,604                             | 2,622,894           |              |               |  |
| 2014     | 10,065,996                       | 15,283,325  |              |               | 2,146,331                             | 6,768,794           |              |               |  |
| 2015     | 10,535,218                       | 8,834,847   |              |               | 2,224,828                             | 5,749,638           |              |               |  |
| 2016     | 9,039,070                        | 8,860,083   |              |               | 6,374,245                             | 10,268,394          |              |               |  |
| 2017     | 12,725,963                       | 24,561,166  |              |               | 21,561,182                            | 19,974,522          |              |               |  |
| 2018     | 9,835,929                        | 23,648,626  |              |               | 31,292,438                            | 33,791,297          |              |               |  |
| 2019     | 10,170,463                       | 23,003,609  |              |               | 31,872,010                            | 35,234,112          |              |               |  |
| 2020     | 10,236,009                       | 11,720,803  |              |               | 31,731,360                            | 35,599,877          |              |               |  |
| 2021     | 11,585,186                       | 13,393,113  |              |               | 32,655,867                            | 43,515,208          |              |               |  |
| 2022     | 15,302,205                       | 18,412,686  |              |               | 37,653,051                            | 47,588,771          |              |               |  |
| 2023     | 16,934,483                       | 20,016,143  |              |               | 48,224,599                            | 57,274,722          |              |               |  |
| Total    | 268,620,583                      | 346,973,639 | 86,050,000   | 7,696,944     | 322,867,744                           | 391,176,221         | 55,436,499   | (12,871,978)  |  |
| Total    | 200,020,303                      | 340,573,035 | 80,030,000   | 2.9%          | 322,007,744                           | 331,170,221         | 33,430,433   | -4.0%         |  |
|          |                                  |             |              |               |                                       |                     |              |               |  |
|          |                                  |             |              |               |                                       |                     | <u>Prior</u> | Selected      |  |
|          |                                  |             |              |               | · · · · · · · · · · · · · · · · · · · | location Percentage | 25.0%        | 0.0%          |  |
|          |                                  |             |              |               | Hospital All                          | location Percentage | 75.0%        | 100.0%        |  |

# 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

|                                   | Estimate    |             | Estimated   |              |             |              | Ultimate |
|-----------------------------------|-------------|-------------|-------------|--------------|-------------|--------------|----------|
|                                   | Hospital    | Paid        | Ultimate    | Undiscounted | Discounted  |              | Loss     |
| Hospital                          | Surcharges  | Losses      | Losses      | Reserves     | Reserves    | Gain/(Loss)  | Ratio    |
| Christus St. Vincent Hospital     | 45,991,308  | 35,768,585  | 62,583,857  | 26,815,273   | 26,178,548  | (16,592,549) | 136%     |
| Community Health Systems          | 43,545,735  | 15,159,633  | 55,996,659  | 40,837,027   | 39,908,224  | (12,450,924) | 129%     |
| LifePoint Health Group            | 23,266,384  | 8,306,756   | 27,139,515  | 18,832,759   | 18,406,426  | (3,873,131)  | 117%     |
| Lovelace Health System LLC        | 34,877,173  | 33,037,351  | 68,122,976  | 35,085,624   | 34,334,189  | (33,245,802) | 195%     |
| Quorum Health Corporation         | 7,677,805   | 1,150,000   | 6,211,583   | 5,061,583    | 4,945,988   | 1,466,222    | 81%      |
| HealthSouth Corporation           | 1,981,008   | 1,725,000   | 2,980,728   | 1,255,728    | 1,227,178   | (999,720)    | 150%     |
| Otero County Hospital Association | 7,026,914   | 7,671,065   | 16,573,626  | 8,902,561    | 8,689,802   | (9,546,712)  | 236%     |
| Presbyterian Health Systems LLC   | 144,708,155 | 26,521,414  | 149,834,777 | 123,313,363  | 120,450,019 | (5,126,622)  | 104%     |
| Total                             | 309,074,483 | 129,339,803 | 389,443,721 | 260,103,918  | 254,140,375 | (80,369,238) | 126%     |

## **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 1-year CPI indication 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 is \$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, 2024,
- Recommended PCF assessment surcharges to fund the operations of the PCF for the effective date of January 1, 2026,
- Recommend deficit surcharges to eliminate the fund deficit by January 1, 2027 for the 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, and
- 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 2022 through 2024 analyses, we were provided only with loss, expense and operating payments, surcharges, and the total PCF funds for calendar years 2014 through 2024. 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 MPLI providers and government insurance programs in New Mexico and other states to assess trends in the MPLI marketplace and for MPLI excess insurance programs in particular. Pinnacle relied on this information without independent review or verification. However, given that information had been through regulatory scrutiny, we are comfortable that the information is appropriate for the limited role it plays in our analysis.

The PCF loss data is not credible enough to calculate new relativities by ISO class. In order to review these relativities, we compiled data from The Doctors Company (TDC, filing submitted 8/21/2023) and The Medical Protective Company (MedPro, filing submitted 7/3/2024), 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 and 2022 through the current analysis, 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.

Starting with the 2017 analysis and continuing in the current analyses, significant effort has gone into improving the loss database provided to us by Integrion. 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, 2024. The review date (the cutoff date for including information to the actuary) is May 20, 2025.

## 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, 2024

Pinnacle estimates the amount of losses still to be paid for all claims occurring prior to December 31, 2024, to be approximately \$342.6 million on a nominal basis, \$334.8 million on a discounted basis using a 3.5% discount rate on invested assets, and \$362.6 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, 2024. These reflect increases from the values calculated in the prior report as of December 31, 2023, of \$292.9 million (nominal) and \$289.1 million (discounted). The prior report calculated the discounted reserves at the 75% confidence level to be \$313.7 million.

The present value as of December 31, 2024, assuming a 3.5% annual discount rate of unpaid losses on claims occurring through December 31, 2024, is estimated as \$334.8 million. The \$26.5 million difference between the discounted losses and the estimated December 31, 2024 PCF fund balance (\$308.3 million) 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, 2024. The current PCF fund balance is also \$34.3 million lower than the nominal reserve estimate. If discounted loss reserves are increased to the 75% confidence level, the resulting reserves indicate a \$54.3 million PCF surplus deficit.

# Methodology

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

calculations and assumptions underpinning these methods are documented in 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 120.0% for the 2000 and subsequent years based on the historical experience of the program, increased from 117.5% in the December 31, 2023 analysis, and the loss ratio for the hospital segment is assumed to be 120.0%, which is a decrease from the assumed loss ratio derived in the December 31, 2023 analysis (125.0%). 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 120.0% selected for each 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.

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 December 31, 2023 study. The estimated ultimate losses for most years were increased; however, these increases were partially offset by larger decreases in 2020 and 2023.

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, 2024. 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 +13.6%, while at the 75% confidence level an increase of +23.0% is indicated. We are not proposing any changes in class relativities for 2026, therefore no offset is required.

We have made use of the CPI for all urban consumers to calculate the increase to the per occurrence limit:

| Consumer Price Index |       |        |  |  |  |  |
|----------------------|-------|--------|--|--|--|--|
| All Urban Consumers  |       |        |  |  |  |  |
|                      |       |        |  |  |  |  |
| Year                 | Index | % Chg. |  |  |  |  |
| (1)                  | (2)   | (3)    |  |  |  |  |
|                      |       |        |  |  |  |  |
| 2015                 | 237.8 |        |  |  |  |  |
| 2016                 | 242.6 | 2.05%  |  |  |  |  |
| 2017                 | 247.8 | 2.13%  |  |  |  |  |
| 2018                 | 252.8 | 2.00%  |  |  |  |  |
| 2019                 | 258.6 | 2.32%  |  |  |  |  |
| 2020                 | 262.0 | 1.32%  |  |  |  |  |
| 2021                 | 280.8 | 7.16%  |  |  |  |  |
| 2022                 | 298.8 | 6.41%  |  |  |  |  |
| 2023                 | 308.7 | 3.32%  |  |  |  |  |
| 2024                 | 317.6 | 2.87%  |  |  |  |  |
|                      |       |        |  |  |  |  |
| 1-Yr Change          | 2.87% |        |  |  |  |  |
| 3-Yr Change 4.1      |       |        |  |  |  |  |

\*Source: bls.gov

Series ID: CUSRO000SA0

Evaluating the index as of year-end 2023 produces an adjustment factor of 2.87%. The result is an increase to the per occurrence limit from \$883,404 to \$908,779 – widening the PCF's exposed layer from \$633,404 to \$658,779. Our analysis of MPLI ILF's indicate that rates should be increased +2.1% to support the additional exposure. Aggregating these elements produces an indicated rate change of +16.0% at the expected level and +25.6% at the 75% confidence level.

Effective January 1, 2024, the limits on non-medical indemnity for independent (non-hospital owned) outpatient healthcare facilities is \$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 adjustment for this year is 4.19% and is applied on a ground-up basis, increasing the PCF's exposed layer from \$556,239 to \$600,495.

Exhibit 6, Page 1, provides the indicated percentage rate level changes for the hospitals. On an expected value basis, the indicated change is +2.6%; at the 75% confidence level the indicated change is increased to +11.1%.

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 \$308.3 million as of December 31, 2024. When compared to Pinnacle's estimate of indicated undiscounted loss reserves of approximately \$342.6 million, this would suggest a fund deficit position of \$34.3 million as of December 31, 2024. The indicated Fund position remains a deficit of approximately \$26.5 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 \$362.6 million indicate a \$54.3 million PCF surplus deficit.

The deficit is allocated 100% to the hospitals; therefore, the discounted deficit to the hospitals is \$26.5 million. The 2026 deficit surcharge is 22.5% for the hospitals and 0.0% for independent physicians and surgeons. These load factors were derived so that the deficit for the hospitals is eliminated as of January 1, 2027. See Exhibit 3, Page 1 for more detail.

# 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 no adjustment in the relativity factors.

Based on the class assignment review, we recommend no adjustments to the class plan. More detail regarding these numbers is shown in Appendix 11 through Appendix 15.

We also compared PCF relativities for the allied provider types to the other patient compensation fund and insurer relativities and recommend no changes. 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. We are not recommending any changes to the PCF class codes; therefore, we estimate no surcharge impact for entity coverage. 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

|                                   | Estimate    |             | Estimated   |              |             |              | Ultimate |
|-----------------------------------|-------------|-------------|-------------|--------------|-------------|--------------|----------|
|                                   | Hospital    | Paid        | Ultimate    | Undiscounted | Discounted  |              | Loss     |
| Hospital                          | Surcharges  | Losses      | Losses      | Reserves     | Reserves    | Gain/(Loss)  | Ratio    |
| Christus St. Vincent Hospital     | 45,991,308  | 35,768,585  | 62,583,857  | 26,815,273   | 26,178,548  | (16,592,549) | 136%     |
| Community Health Systems          | 43,545,735  | 15,159,633  | 55,996,659  | 40,837,027   | 39,908,224  | (12,450,924) | 129%     |
| LifePoint Health Group            | 23,266,384  | 8,306,756   | 27,139,515  | 18,832,759   | 18,406,426  | (3,873,131)  | 117%     |
| Lovelace Health System LLC        | 34,877,173  | 33,037,351  | 68,122,976  | 35,085,624   | 34,334,189  | (33,245,802) | 195%     |
| Quorum Health Corporation         | 7,677,805   | 1,150,000   | 6,211,583   | 5,061,583    | 4,945,988   | 1,466,222    | 81%      |
| HealthSouth Corporation           | 1,981,008   | 1,725,000   | 2,980,728   | 1,255,728    | 1,227,178   | (999,720)    | 150%     |
| Otero County Hospital Association | 7,026,914   | 7,671,065   | 16,573,626  | 8,902,561    | 8,689,802   | (9,546,712)  | 236%     |
| Presbyterian Health Systems LLC   | 144,708,155 | 26,521,414  | 149,834,777 | 123,313,363  | 120,450,019 | (5,126,622)  | 104%     |
|                                   |             |             |             |              |             |              |          |
| Total                             | 309,074,483 | 129,339,803 | 389,443,721 | 260,103,918  | 254,140,375 | (80,369,238) | 126%     |

## **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.

- <u>Accident Year</u> A method of organizing insurance loss and loss adjustment expense data according to the year in which the accident or event occurred.
- <u>Annual Statement</u> 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.
- <u>Calendar Year</u> 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.
- <u>Case Reserves</u> A financial provision for the potential liability associated with known, unpaid claims.
- <u>Claims-Made Coverage</u> An insurance coverage form that provides reimbursement for claims reported during the coverage period.
- <u>Damage Cap</u> An amount imposed as a limit on claim damages. In New Mexico, this cap applies only to non-medical indemnity payments.
- <u>DCC</u> Defense and Cost Containment, loss adjustment expenses specifically attributable to the defense of a claim or cost containment procedures. Also called DCCE.
- <u>Deficit Surcharge</u> Assessments in addition to base surcharges designed to reduce the fund deficit.
- <u>Earned Premium</u> The portion of an insurance policy's premium for which the coverage has been provided.
- <u>Experience Rating</u> 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.
- <u>Fund Deficit</u> 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.

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

<u>Incurred Loss</u> – Paid losses plus Case Reserves.

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

<u>LAE</u> – 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.

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

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

<u>Patient Compensation Fund (PCF)</u> - 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.

<u>Primary Carrier</u> – 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.

<u>Rate</u> – The price per exposure unit for insurance coverage.

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

<u>Report Year</u> – 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.

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

<u>Severity</u> – The average cost or payment amount of a claim.

<u>Surcharges</u> – 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.

<u>Territory</u> – The geographic area within which a carrier provides coverage.

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

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

# LEGAL DISCLOSURES

## Distribution and Use

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

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

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

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

# Reliances and Limitations

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

We have relied upon a great deal of publicly available and proprietary data, without audit or verification. Pinnacle reviewed as many elements of this data and information as practical for

reasonableness and consistency with our knowledge of the insurance industry. It is possible that the historical data used to make our estimates may not be predictive of future experience in New Mexico. We have not anticipated any extraordinary changes to the legal, social or economic environment which might affect the size or frequency of medical malpractice claims beyond those contemplated in the proposed legislative changes.

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

The payment pattern used in our analysis for deriving PCF's present value factor and estimated unpaid losses is based on the data available from PCF claims payments for most claims since 2000 through 2024. 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. We believe this rate to be reasonable for use in discounting the PCF's unpaid liabilities as it is consistent with the

current risk-free Treasury yields. 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

New Mexico Patient's Compensation Fund Actuarial Analysis as of December 31, 2024 Page 25 June 2025

available statutes, regulations, and administrative rules. State governments and courts are also constantly in the process of changing and reinterpreting these statutes.

## **Exhibits**

| EXHIBIT      | DESCRIPTION  |
|--------------|--|
| Fund Summary | Estimated Unpaid Claims Liabilities & Surcharge Levels       |
| 1            | Reserve Summary (Page 1)                                     |
|              | Calculation of Discount Factor (Page 2)                      |
|              | Comparison to Prior Analysis (pages 3-5)                     |
| 2            | Independent Physicians & Surgeons - Selected Ultimate Losses |
| 3            | Development of Physician Surcharge Estimates                 |
| 4            | Independent 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 12/31/2024

**Estimated Financial Position** 

|   | Estimated   | Estimated   | Estimated      |                | Indic               | ated Deficit/(Sur | olus)        |
|---|-------------|-------------|----------------|----------------|---------------------|-------------------|--------------|
|   | Ultimate    | Discounted  | Discounted     | Fund           |                     |                   | Discounted   |
|   | Reserves    | Reserves    | Reserves @ 75% | <u>Balance</u> | <u>Undiscounted</u> | <u>Discounted</u> | <u>@ 75%</u> |
|   | (1)         | (2)         | (3)            | (4)            | (5)                 | (6)               | (7)          |
| Estimated Financial Position as of 12/31/2024 |             |             |                |                |                     |                   |              |
| Independent Physician & Surgeons              | 82,463,038  | 80,632,117  | 87,324,583     | 82,463,038     | 0                   | 0                 | 0            |
| Hospitals & OHCF's                            | 260,103,918 | 254,140,375 | 275,234,026    | 225,812,331    | 34,291,587          | 26,497,124        | 54,283,241   |
| Total   | 342,566,955 | 334,772,492 | 362,558,609    | 308,275,368    | 34,291,587          | 26,497,124        | 54,283,241   |
| Amortization of Deficit Surcharge             |             |             |                |                |                     |                   |              |
|   |             | •           | Calenda        | r Year         | •                   |                   |              |
|   | <u>2025</u> | <u>2026</u> | <u>2027</u>    | <u>2028</u>    | <u>2029</u>         | 2030              | <u>Total</u> |
| Independent Physician & Surgeons              |             |             |                |                |                     |                   |              |
| (8) Deficit Surcharge/Legislative Infusion    |             | 0           | 0              | 0              | 0                   | 0                 | 0            |
| (9) Discounted Deficit Surcharge              |             | 0           | 0              | 0              | 0                   | 0                 | 0            |
| (10) Surcharge                                |             | 22,344,138  |                | 24,634,412     | 25,866,132          | 27,159,439        | 123,465,466  |
| (11) Deficit Surcharge as a % of Surcharge    | N/A         | 0.0%        | 0.0%           | 0.0%           | 0.0%                | 0.0%              | 0.0%         |
| Hospitals & OHCF's                            |             |             |                |                |                     |                   |              |
| (8) Deficit Surcharge                         | 18,734,970  | 16,716,864  | •              |                |                     |                   | 35,451,834   |
| (9) Discounted Deficit Surcharge              | 18,415,471  | 15,876,116  | i              |                |                     |                   | 34,291,587   |
| (10) Surcharge                                | 68,714,443  | 70,473,364  | •              |                |                     |                   | 139,187,807  |
| (11) Deficit Surcharge as a % of Surcharge    | 26.8%       | 22.5%       |                |                |                     |                   | 24.6%        |
| Combined                                      |             |             |                |                |                     |                   |              |
| (8) Deficit Surcharge                         |             | 16,716,864  | . 0            | 0              | 0                   | 0                 | 16,716,864   |
| (9) Discounted Deficit Surcharge              |             | 15,876,116  | 0              | 0              | 0                   | 0                 | 15,876,116   |
| (10) Surcharge                                |             | 92,817,502  | 23,461,345     | 24,634,412     | 25,866,132          | 27,159,439        | 193,938,830  |
| (11) Deficit Surcharge as a % of Surcharge    |             | 17.1%       | 0.0%           | 0.0%           | 0.0%                | 0.0%              | 8.2%         |

| Column/Row | <u>Note</u>  |
|------------|--|
| (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 physicans & 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), (9)   | Amortized deficit surcharge over a 5-year period at 3.5% per annum; 2025 deficit surcharge based on data provided by client; amount for 2026 are estimated |
| (10)       | For 2026: Physicians & Surgeons Exhibit 1 for Physicians & Surgeons; Hospitals & Outpatient Facilities Exhibit 1 for Hospitals & OHFC's                    |
|            | All other years trended at 5.0% per annum  |
| (11)       | Row (10) / Row (9)   |

**Calculation of Fund Deficit Allocation** 

|                  |                            |                                | Independent Phys       | sician & Surgeons     |                          |   |                        |                                |                        |  |                                |   |
|------------------|----------------------------|--------------------------------|------------------------|-----------------------|--------------------------|---|------------------------|--------------------------------|------------------------|--|--------------------------------|---|
| Accident<br>Year | Practitioner<br>Surcharges | Selected<br>Ultimate<br>Losses | Gain/(Loss)            | Deficit<br>Surcharges | Legislative<br>Infusions | Gain/(Loss)<br>Incl. Deficit<br>Surcharges &<br>Infusions | Hospital<br>Surcharges | Selected<br>Ultimate<br>Losses | Gain/(Loss)            | Deficit<br>Surcharges                          | Legislative<br>Infusions       | Gain/(Loss)<br>Incl. Deficit<br>Surcharges &<br>Infusions |
| (1)              | (2)                        | (3)                            | (4)                    | (5)                   | (6)                      | (7)   | (8)                    | (9)                            | (10)                   | (11)   | (12)                           | (13)  |
| 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                 | 11,967,704                     | (642,446)              |                       |                          |   | 918,297                | 2,075,000                      | (1,156,703)            |  |                                |   |
| 2010             | 10,410,307                 | 17,814,906                     | (7,404,598)            |                       |                          |   | 1,680,228              | 2,007,005                      | (326,777)              |  |                                |   |
| 2011             | 11,380,891                 | 19,354,469                     | (7,973,578)            |                       |                          |   | 1,825,004              | 2,550,048                      | (725,044)              |  |                                |   |
| 2012             | 9,765,990                  | 8,741,628                      | 1,024,362              |                       |                          |   | 1,817,812              | 3,478,475                      | (1,660,663)            |  |                                |   |
| 2013             | 9,596,773                  | 7,506,739                      | 2,090,034              |                       |                          |   | 1,992,604              | 2,622,894                      | (630,290)              |  |                                |   |
| 2014             | 10,065,996                 | 15,283,325                     | (5,217,330)            |                       |                          |   | 2,146,331              | 6,768,794                      | (4,622,463)            |  |                                |   |
| 2015             | 10,535,218                 | 8,834,847                      | 1,700,371              |                       |                          |   | 2,224,828              | 5,749,638                      | (3,524,810)            |  |                                |   |
| 2016             | 9,039,070                  | 8,860,083                      | 178,986                |                       |                          |   | 6,374,245              | 10,268,394                     | (3,894,149)            |  |                                |   |
| 2017             | 12,725,963                 | 24,561,166                     | (11,835,202)           |                       |                          |   | 21,561,182             | 19,974,522                     | 1,586,661              |  |                                |   |
| 2018             | 9,835,929                  | 23,648,626                     | (13,812,697)           |                       |                          |   | 31,292,438             | 33,791,297                     | (2,498,860)            |  |                                |   |
| 2019             | 10,170,463                 | 23,003,609                     | (12,833,146)           |                       |                          |   | 31,872,010             | 35,234,112                     | (3,362,102)            |  |                                |   |
| 2020             | 10,236,009                 | 11,720,803                     | (1,484,794)            |                       |                          |   | 31,731,360             | 35,599,877                     | (3,868,517)            |  |                                |   |
| 2021             | 11,585,186                 | 13,393,113                     | (1,807,927)            |                       |                          |   | 32,655,867             | 43,515,208                     | (10,859,341)           |  |                                |   |
| 2022             | 15,302,205                 | 18,412,686                     | (3,110,481)            |                       |                          |   | 37,653,051             | 47,588,771                     | (9,935,720)            |  |                                |   |
| 2023             | 16,934,483                 | 20,016,143                     | (3,081,660)            |                       |                          |   | 48,224,599             | 57,274,722                     | (9,050,123)            |  |                                |   |
| 2024             | 16,935,434                 | 20,322,521                     | (3,387,087)            |                       |                          |   | 68,897,888             | 82,677,466                     | (13,779,578)           |  |                                |   |
| Total            | 268,620,583                | 346,973,639                    | (78,353,056)<br>-29.2% | 0                     | 86,050,000               | 7,696,944<br>2.9%   | 322,867,744            | 391,176,221                    | (68,308,477)<br>-21.2% | 43,086,499                                     | 12,350,000                     | (12,871,978)<br>-4.0%                                     |
|                  |                            |                                |                        |                       |                          |   |                        |                                |                        | Allocation Percentage<br>Allocation Percentage | <u>Prior</u><br>25.0%<br>75.0% | <u>Selected</u><br>0.0%<br>100.0%                         |

| Co | lumr | 1/Ro | w |
|----|------|------|---|

| Joiumni Kow |                                  |  |
|-------------|----------------------------------|--|
| (2), (8)    | Based on data provided by client |  |
|             |                                  |  |

- (3) Exhibit 2, Col (8)
- (4) Col (2) - Col (3)
- (5), (11) Based on data provided by client
- (6), (12) Based on data provided by client. Reflects:

2022 \$30.0M legislative infusion allocated 100% to Independent Physician & Surgeons and 0% to Hospitals 2023 \$32.5M legislative infusion allocated 62% to Independent Physician & Surgeons and 38% to Hospitals

- (7) Col (4) + Col (5) + Col (6)
- (9) Exhibit 5, Col (7)
- (10) Col (8) - Col (9)
- (13) Col (10) + Col (11) + Col (12)
- (14)Judgmentally selected
- (15) Judgmentally selected

Allocation of Ultimate & Outstanding Losses by Hospital

Fund Summary

Page 3

|                                   | Estimate    |             | Estimated   |              |             |              | Ultimate |
|-----------------------------------|-------------|-------------|-------------|--------------|-------------|--------------|----------|
|                                   | Hospital    | Paid        | Ultimate    | Undiscounted | Discounted  |              | Loss     |
| Hospital                          | Surcharges  | Losses      | Losses      | Reserves     | Reserves    | Gain/(Loss)  | Ratio    |
| (1)                               | (2)         | (3)         | (4)         | (5)          | (6)         | (7)          | (8)      |
| Christus St. Vincent Hospital     | 45,991,308  | 35,768,585  | 62,583,857  | 26,815,273   | 26,178,548  | (16,592,549) | 136%     |
| Community Health Systems          | 43,545,735  | 15,159,633  | 55,996,659  | 40,837,027   | 39,908,224  | (12,450,924) | 129%     |
| LifePoint Health Group            | 23,266,384  | 8,306,756   | 27,139,515  | 18,832,759   | 18,406,426  | (3,873,131)  | 117%     |
| Lovelace Health System LLC        | 34,877,173  | 33,037,351  | 68,122,976  | 35,085,624   | 34,334,189  | (33,245,802) | 195%     |
| <b>Quorum Health Corporation</b>  | 7,677,805   | 1,150,000   | 6,211,583   | 5,061,583    | 4,945,988   | 1,466,222    | 81%      |
| HealthSouth Corporation           | 1,981,008   | 1,725,000   | 2,980,728   | 1,255,728    | 1,227,178   | (999,720)    | 150%     |
| Otero County Hospital Association | 7,026,914   | 7,671,065   | 16,573,626  | 8,902,561    | 8,689,802   | (9,546,712)  | 236%     |
| Presbyterian Health Systems LLC   | 144,708,155 | 26,521,414  | 149,834,777 | 123,313,363  | 120,450,019 | (5,126,622)  | 104%     |
| Total                             | 309,074,483 | 129,339,803 | 389,443,721 | 260,103,918  | 254,140,375 | (80,369,238) | 126%     |

| <u>Column</u> |   |
|---------------|---|
| (2), (3)      | Based on data provided by client; excluding deficit surcharge |
| (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 & Surcharges Related to Southwest and NM Heart Institute

#### Reserves as of 12/31/2024

**Reserve Summary** 

Exhibit 1 Page 1

|          | ſ           | Physician & Surgeons |            |             | Hospitals   |             | Combined    |          | Estimated   |             |             |
|----------|-------------|----------------------|------------|-------------|-------------|-------------|-------------|----------|-------------|-------------|-------------|
|          | Selected    |                      | Selected   | Selected    |             | Selected    | Selected    |          | Estimated   | Indicated   | Discounted  |
| Accident | Ultimate    | Paid                 | Ultimate   | Ultimate    | Paid        | Ultimate    | Ultimate    | Discount | Discounted  | Risk Margin | Reserves    |
| Year     | Losses      | Losses               | Reserves   | Losses      | Losses      | Reserves    | Reserves    | Factor   | Reserves    | @ 75%       | @ 75%       |
| (1)      | (2)         | (3)                  | (4)        | (5)         | (6)         | (7)         | (8)         | (9)      | (10)        | (11)        | (12)        |
| 2000     | 6,560,000   | 6,560,000            | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2001     | 9,261,652   | 9,261,652            | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2002     | 9,309,500   | 9,309,500            | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2003     | 6,596,189   | 6,596,189            | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2004     | 5,482,500   | 5,482,500            | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2005     | 9,776,657   | 9,776,657            | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2006     | 8,140,629   | 8,140,629            | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2007     | 19,005,969  | 19,005,969           | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2008     | 19,398,176  | 19,398,176           | 0          |             |             |             | 0           |          |             | 1.083       |             |
| 2009     | 11,967,704  | 11,967,704           | 0          | 2,075,000   | 2,075,000   | 0           | 0           |          |             | 1.083       |             |
| 2010     | 17,814,906  | 17,814,906           | 0          | 2,007,005   | 2,005,000   | 2,005       | 2,005       | 0.758    | 1,519       | 1.083       | 1,646       |
| 2011     | 19,354,469  | 19,354,469           | 0          | 2,550,048   | 2,547,500   | 2,547       | 2,547       | 0.758    | 1,931       | 1.083       | 2,091       |
| 2012     | 8,741,628   | 8,731,408            | 10,219     | 3,478,475   | 3,475,000   | 3,475       | 13,694      | 0.758    | 10,378      | 1.083       | 11,240      |
| 2013     | 7,506,739   | 7,450,000            | 56,739     | 2,622,894   | 2,607,237   | 15,656      | 72,396      | 0.992    | 71,814      | 1.083       | 77,775      |
| 2014     | 15,283,325  | 15,120,435           | 162,891    | 6,768,794   | 6,688,260   | 80,534      | 243,424     | 0.990    | 240,975     | 1.083       | 260,976     |
| 2015     | 8,834,847   | 8,602,477            | 232,370    | 5,749,638   | 5,624,980   | 124,658     | 357,027     | 0.988    | 352,853     | 1.083       | 382,140     |
| 2016     | 8,860,083   | 8,523,333            | 336,750    | 10,268,394  | 9,916,846   | 351,548     | 688,298     | 0.986    | 678,762     | 1.083       | 735,100     |
| 2017     | 24,561,166  | 23,722,500           | 838,666    | 19,974,522  | 19,016,636  | 957,886     | 1,796,551   | 0.982    | 1,763,525   | 1.083       | 1,909,897   |
| 2018     | 23,648,626  | 22,314,611           | 1,334,014  | 33,791,297  | 27,241,629  | 6,549,669   | 7,883,683   | 0.984    | 7,754,113   | 1.083       | 8,397,704   |
| 2019     | 23,003,609  | 18,868,878           | 4,134,731  | 35,234,112  | 19,264,470  | 15,969,642  | 20,104,373  | 0.991    | 19,933,437  | 1.083       | 21,587,912  |
| 2020     | 11,720,803  | 5,409,528            | 6,311,275  | 35,599,877  | 13,557,334  | 22,042,543  | 28,353,818  | 0.988    | 28,007,258  | 1.083       | 30,331,860  |
| 2021     | 13,393,113  | 1,182,167            | 12,210,946 | 43,515,208  | 10,699,825  | 32,815,384  | 45,026,330  | 0.985    | 44,362,665  | 1.083       | 48,044,766  |
| 2022     | 18,412,686  | 1,804,414            | 16,608,271 | 47,588,771  | 6,352,586   | 41,236,185  | 57,844,456  | 0.980    | 56,714,214  | 1.083       | 61,421,494  |
| 2023     | 20,016,143  | 112,500              | 19,903,643 | 57,274,722  | 0           | 57,274,722  | 77,178,365  | 0.974    | 75,210,098  | 1.083       | 81,452,536  |
| 2024     | 20,322,521  | 0                    | 20,322,521 | 82,677,466  | 0           | 82,677,466  | 102,999,987 | 0.968    | 99,668,950  | 1.083       | 107,941,473 |
| Total    | 346,973,639 | 264,510,601          | 82,463,038 | 391,176,221 | 131,072,303 | 260,103,918 | 342,566,955 |          | 334,772,492 |             | 362,558,609 |

#### Column/Row

(2) Exhibit 2, Col (8)

(12) Col (10) x Col (11)

<sup>(3), (6)</sup> Provided by client

<sup>(4)</sup> Col (2) - Col (3)

<sup>(5)</sup> Exhibit 5, Col (7)

<sup>(7)</sup> Col (5) - Col (6)

<sup>(8)</sup> Col (4) + Col (7)

<sup>(9)</sup> Exhibit 1, Page 2

<sup>(10)</sup> Col (8) x Col (9)

<sup>(11)</sup> Based on simulation analysis of future closed claims

#### Exhibit 1 Page 2

Reserves as of 12/31/2024

Calculation of Discount Factor

|              |                          |            |                |                |               |              |              |              |              |              |              | Pa        | yments made at |           |          |             |          |          |          |          |          |          |                | Disc. on       |
|--------------|--------------------------|------------|----------------|----------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|----------------|-----------|----------|-------------|----------|----------|----------|----------|----------|----------|----------------|----------------|
| Accident     | Indicated                |            | Unpaid         | 0.5            | 1.5           | 2.5          | 3.5          | 4.5          | 5.5          | 6.5          | 7.5          | 8.5       | 9.5            | 10.5      | 11.5     | 12.5        | 13.5     | 14.5     | 15.5     | 16.5     | 17.5     | 18.5     |                | Invested       |
| Year         | Reserve                  | Months     | Percentage     | 07/01/25       | 07/01/26      | 07/01/27     | 07/01/28     | 07/01/29     | 07/01/30     | 07/01/31     | 07/01/32     | 07/01/33  | 07/01/34       | 07/01/35  | 07/01/36 | 07/01/37    | 07/01/38 | 07/01/39 | 07/01/40 | 07/01/41 | 07/01/42 | 07/01/43 | Discount       | Assets         |
|              |                          |            |                |                |               |              |              |              |              |              |              |           |                |           |          |             |          |          |          |          |          |          |                |                |
| 2000         | -                        | 300        | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2001<br>2002 | -                        | 288<br>276 | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2002         |                          | 264        | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2003         |                          | 252        | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2005         |                          | 240        | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2006         |                          | 228        | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2007         |                          | 216        | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2008         |                          | 204        | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2009         | -                        | 192        | 0.0%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.000          |
| 2010         | 2,005                    | 180        | 0.1%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.758          |
| 2011         | 2,547                    | 168        | 0.1%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.758          |
| 2012         | 13,694                   | 156        | 0.1%           | 0.0%           | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.000          | 0.758          |
| 2013         | 72,396                   | 144        | 0.6%           | 83.3%          | 0.0%          | 0.0%         | 16.7%        | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.967          | 0.992          |
| 2014         | 243,424                  | 132        | 1.2%           | 49.8%          | 41.8%         | 0.0%         | 0.0%         | 8.4%         | 0.0%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.958          | 0.990          |
| 2015         | 357,027                  | 120        | 2.2%           | 45.1%          | 27.3%         | 22.9%        | 0.0%         | 0.0%         | 4.6%         | 0.0%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.952          | 0.988          |
| 2016         | 688,298                  | 108        | 3.4%           | 36.7%          | 28.6%         | 17.3%        | 14.5%        | 0.0%         | 0.0%         | 2.9%         | 0.0%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.943          | 0.986          |
| 2017         | 1,796,551                | 96         | 4.2%           | 18.3%          | 30.0%         | 23.3%        | 14.1%        | 11.9%        | 0.0%         | 0.0%         | 2.4%         | 0.0%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.924          | 0.982          |
| 2018         | 7,883,683                | 84         | 7.4%           | 43.6%          | 10.3%         | 16.9%        | 13.2%        | 8.0%         | 6.7%         | 0.0%         | 0.0%         | 1.3%      | 0.0%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.932          | 0.984          |
| 2019<br>2020 | 20,104,373<br>28,353,818 | 72<br>60   | 33.9%<br>51.4% | 78.1%<br>34.1% | 9.6%<br>51.5% | 2.3%<br>6.3% | 3.7%<br>1.5% | 2.9%<br>2.4% | 1.7%<br>1.9% | 1.5%<br>1.2% | 0.0%<br>1.0% | 0.0%      | 0.3%           | 0.0%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.965<br>0.950 | 0.991<br>0.988 |
| 2020         | 45,026,330               | 48         | 76.8%          | 33.1%          | 22.8%         | 34.4%        | 4.2%         | 1.0%         | 1.6%         | 1.2%         | 0.8%         | 0.6%      | 0.0%           | 0.2%      | 0.0%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.939          | 0.985          |
| 2021         | 57,844,456               | 36         | 91.3%          | 15.8%          | 27.9%         | 19.2%        | 29.0%        | 3.6%         | 0.8%         | 1.4%         | 1.1%         | 0.6%      | 0.5%           | 0.0%      | 0.1%     | 0.0%        | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.939          | 0.980          |
| 2023         | 77,178,365               | 24         | 97.9%          | 6.8%           | 14.7%         | 26.0%        | 17.9%        | 27.0%        | 3.3%         | 0.8%         | 1.3%         | 1.0%      | 0.6%           | 0.5%      | 0.0%     | 0.0%        | 0.1%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.895          | 0.974          |
| 2024         | 102,999,987              | 12         | 99.6%          | 1.7%           | 6.7%          | 14.5%        | 25.6%        | 17.6%        | 26.5%        | 3.3%         | 0.8%         | 1.3%      | 1.0%           | 0.6%      | 0.5%     | 0.0%        | 0.0%     | 0.1%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.866          | 0.968          |
| LULY         | 102,555,507              |            | 33.070         | 2.770          | 0.770         | 14.570       | 25.070       | 17.070       | 20.370       | 3.570        | 0.070        | 2.370     | 2.070          | 0.070     | 0.570    | 0.070       | 0.070    | 0.170    | 0.070    | 0.070    | 0.070    | 0.070    | 0.000          | 0.500          |
| Total        | 342,566,955              |            |                | 60.793.074     | 62.926.798    | 65,753,947   | 61.351.086   | 43,572,087   | 32,549,698   | 5,964,241    | 3,066,156    | 2,841,669 | 1.852.748      | 1.059.605 | 572,295  | 63,318      | 78,719   | 103.266  | 0        | 0        | 0        | 0        |                |                |
| TOTAL        | 342,300,333              |            |                | 00,733,074     | 02,320,730    | 05,755,547   | 01,001,000   | 43,372,007   | 32,343,030   | 3,304,241    | 3,000,130    | 2,042,003 | 1,032,740      | 1,055,005 | 372,233  | 05,510      | 70,713   | 105,200  |          |          |          |          |                |                |
|              |                          |            | Interest       |                |               |              |              |              |              |              |              |           |                |           |          |             |          |          |          |          |          |          |                |                |
|              |                          |            | Rate           |                |               |              |              |              |              |              |              |           |                |           |          |             |          |          |          |          |          |          |                |                |
| (1)          | Annual                   |            | 3.5%           | 0.983          | 0.950         | 0.918        | 0.887        | 0.857        | 0.828        | 0.800        | 0.773        | 0.746     | 0.721          | 0.697     | 0.673    | 0.650       | 0.628    | 0.607    | 0.587    | 0.567    | 0.548    | 0.529    |                |                |
|              | Discount                 |            | 4.5%           | 0.978          | 0.936         | 0.896        | 0.857        | 0.820        | 0.785        | 0.751        | 0.719        | 0.688     | 0.658          | 0.630     | 0.603    | 0.577       | 0.552    | 0.528    | 0.505    | 0.484    | 0.463    | 0.443    |                |                |
|              | Factors                  |            | 5.5%           | 0.974          | 0.923         | 0.875        | 0.829        | 0.786        | 0.745        | 0.706        | 0.669        | 0.634     | 0.601          | 0.570     | 0.540    | 0.512       | 0.485    | 0.460    | 0.436    | 0.413    | 0.392    | 0.371    |                |                |
| (2)          | Discounted               |            | 3.5%           | 59,756,332     | 59,761,998    | 60,335,227   | 54,391,499   | 37,323,021   | 26,938,601   | 4,769,171    | 2,368,872    | 2,121,194 | 1,336,236      | 738,364   | 385,306  | 41,189      | 49,475   | 62,708   | 0        | 0        | 0        | 0        |                |                |
|              | Values                   |            | 4.5%           | 59,469,729     | 58,906,226    | 58,902,144   | 52,591,461   | 35,742,510   | 25,550,968   | 4,480,220    | 2,204,053    | 1,954,722 | 1,219,584      | 667,457   | 344,971  | 36,524      | 43,452   | 54,547   | 0        | 0        | 0        | 0        |                |                |
|              |                          |            | 5.5%           | 59,187,211     | 58,070,684    | 57,516,265   | 50,867,295   | 34,243,038   | 24,247,024   | 4,211,281    | 2,052,110    | 1,802,717 | 1,114,084      | 603,939   | 309,184  | 32,425      | 38,210   | 47,511   | 0        | 0        | 0        | 0        |                |                |
| (3)          | Discounted               |            | 3.5%           | 310,379,194    |               | (4)          |              |              | Gross        | Disc. On     |              | (5)       | Discounted     |           | 2 59/    | 334,772,492 |          |          |          |          |          |          |                |                |
| (3)          | Totals                   |            | 4.5%           | 302,168,568    |               | (-4)         |              | Interest     | Discount     | Invested     |              | (5)       | on Invested    |           |          | 332,784,239 |          |          |          |          |          |          |                |                |
|              | 10(8)3                   |            | 5.5%           | 294,342,979    |               |              |              | Rate         | Rate         | Asset        |              |           | Assets         |           |          | 330,889,225 |          |          |          |          |          |          |                |                |
|              |                          |            | 3.370          | 23-,3-2,313    |               | ŀ            | Overall      | 3.5%         | 0.906        | 0.977        |              |           | , 6566         |           | 3.370    | 330,003,223 |          |          |          |          |          |          |                |                |
|              |                          |            |                |                |               |              | Discount     | 4.5%         | 0.882        | 0.971        |              |           |                |           |          |             |          |          |          |          |          |          |                |                |
|              |                          |            |                |                |               |              | Factors      | 5.5%         | 0.859        | 0.966        |              |           |                |           |          |             |          |          |          |          |          |          |                |                |
|              |                          |            |                |                |               | -            |              |              |              |              |              |           |                |           |          |             |          |          |          |          |          |          |                |                |

Note
1 / (1 + Discount Factor) ^ (Payments made at date - 12/31/24) Assumes payments are made uniformly throughout the policy period, starting six months subsequent to the loss evaluation date.
Annual Discount Factor x Payments made at date
Sum across all years
(3) / Total Reservers; discount on invested assets is a based on information provided by client.
(4), Discount on invested assets x undiscounted reserves

Row (1) (2) (3) (4) (5)

2023 and 2024 Comparison - Combined

|          |             | as of 12,   | /31/24       |             |             | as of 12    | /31/23       |             | Difference  |      |            |      |              |      |              |      |
|----------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|------|------------|------|--------------|------|--------------|------|
| _        | NMPCF       | NMPCF       | NMPCF        | NMPCF       | NMPCF       | NMPCF       | NMPCF        | NMPCF       | NMPCF       |      | NMPCF      |      | NMPCF        |      | NMPCF        |      |
| Accident | Ultimate    | Paid        | Undiscounted | Discounted  | Ultimate    | Paid        | Undiscounted | Discounted  | Ultimate    |      | Paid       |      | Undiscounte  | d    | Discounted   | i    |
| Year     | Losses      | Losses      | Reserves     | Reserves    | Losses      | Losses      | Reserves     | Reserves    | Losses      |      | Losses     |      | Reserves     |      | 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     | 14,042,704  | 14,042,704  | 0            | 0           | 13,892,704  | 13,892,704  | 0            | 0           | 150,000     | 1%   | 150,000    | 1%   | 0            |      | 0            |      |
| 2010     | 19,821,911  | 19,819,906  | 2,005        | 1,519       | 19,819,906  | 19,819,906  | 0            | 0           | 2,005       | 0%   | 0          | 0%   | 2,005        |      | 1,519        |      |
| 2011     | 21,904,516  | 21,901,969  | 2,547        | 1,931       | 21,901,969  | 21,901,969  | 0            | 0           | 2,548       | 0%   | 0          | 0%   | 2,547        |      | 1,931        |      |
| 2012     | 12,220,103  | 12,206,408  | 13,694       | 10,378      | 11,799,421  | 11,759,408  | 40,013       | 39,915      | 420,682     | 4%   | 447,000    | 4%   | (26,318)     | -66% | (29,537)     | -74% |
| 2013     | 10,129,633  | 10,057,237  | 72,396       | 71,814      | 9,588,970   | 9,507,237   | 81,732       | 81,366      | 540,663     | 6%   | 550,000    | 6%   | (9,337)      | -11% | (9,552)      | -12% |
| 2014     | 22,052,119  | 21,808,695  | 243,424      | 240,975     | 20,902,138  | 20,608,695  | 293,443      | 291,803     | 1,149,981   | 6%   | 1,200,000  | 6%   | (50,019)     | -17% | (50,828)     | -17% |
| 2015     | 14,584,484  | 14,227,457  | 357,027      | 352,853     | 12,009,931  | 11,639,980  | 369,951      | 367,309     | 2,574,553   | 21%  | 2,587,477  | 22%  | (12,924)     | -3%  | (14,456)     | -4%  |
| 2016     | 19,128,477  | 18,440,179  | 688,298      | 678,762     | 19,815,583  | 19,070,179  | 745,403      | 738,873     | (687,105)   | -3%  | (630,000)  | -3%  | (57,105)     | -8%  | (60,111)     | -8%  |
| 2017     | 44,535,687  | 42,739,136  | 1,796,551    | 1,763,525   | 43,259,518  | 40,139,136  | 3,120,381    | 3,096,043   | 1,276,170   | 3%   | 2,600,000  | 6%   | (1,323,830)  | -42% | (1,332,519)  | -43% |
| 2018     | 57,439,923  | 49,556,240  | 7,883,683    | 7,754,113   | 56,088,206  | 36,429,694  | 19,658,512   | 19,569,438  | 1,351,717   | 2%   | 13,126,547 | 36%  | (11,774,829) | -60% | (11,815,326) | -60% |
| 2019     | 58,237,721  | 38,133,348  | 20,104,373   | 19,933,437  | 53,015,974  | 21,478,500  | 31,537,474   | 31,316,971  | 5,221,747   | 10%  | 16,654,848 | 78%  | (11,433,101) | -36% | (11,383,535) | -36% |
| 2020     | 47,320,680  | 18,966,863  | 28,353,818   | 28,007,258  | 53,726,706  | 11,399,061  | 42,327,645   | 41,966,367  | (6,406,026) | -12% | 7,567,802  | 66%  | (13,973,828) | -33% | (13,959,109) | -33% |
| 2021     | 56,908,321  | 11,881,991  | 45,026,330   | 44,362,665  | 54,268,687  | 3,272,000   | 50,996,687   | 50,411,036  | 2,639,634   | 5%   | 8,609,991  | 263% | (5,970,357)  | -12% | (6,048,371)  | -12% |
| 2022     | 66,001,456  | 8,157,000   | 57,844,456   | 56,714,214  | 65,570,403  | 2,056,000   | 63,514,403   | 62,562,663  | 431,053     | 1%   | 6,101,000  | 297% | (5,669,947)  | -9%  | (5,848,449)  | -9%  |
| 2023     | 77,290,865  | 112,500     | 77,178,365   | 75,210,098  | 80,178,767  | 0           | 80,178,767   | 78,652,444  | (2,887,902) | -4%  | 112,500    |      | (3,000,402)  | -4%  | (3,442,346)  | -4%  |
| Subtotal | 635,149,873 | 395,582,904 | 239,566,969  | 235,103,542 | 629,370,152 | 336,505,740 | 292,864,412  | 289,094,230 | 5,779,721   | 1%   | 59,077,165 | 18%  | (53,297,444) | -18% | (53,990,688) | -19% |
| 2024     | 102,999,987 | 0           | 102,999,987  | 99,668,950  |             |             |              |             | 102,999,987 |      | 0          |      | 102,999,987  |      | 99,668,950   |      |
| Total    | 738,149,860 | 395,582,904 | 342,566,955  | 334,772,492 | 629,370,152 | 336,505,740 | 292,864,412  | 289,094,230 | 108,779,708 |      | 59,077,165 |      | 49,702,543   |      | 45,678,262   |      |

#### Reconciliation of Undiscounted Reserves from 12/31/23 to 12/31/24

| Undiscounted Reserves as of 12/31/23                        | 292,864,412 |
|---|-------------|
| Ultimate Excess Losses for 2024                             | 102,999,987 |
| Paid Losses from 12/31/23 to 12/31/24                       | 59,077,165  |
| Change in Estimated Ultimate Excess Losses for 2023 & Prior | 5,779,721   |
| Undiscounted Reserves as of 12/31/24                        | 342,566,955 |

2023 and 2024 Comparison - Independent Physicians & Surgeons

|          |             | as of 12    | /31/24       |            | as of 12/31/23 |             |              | Difference |            |     |            |       |              |      |              |      |
|----------|-------------|-------------|--------------|------------|----------------|-------------|--------------|------------|------------|-----|------------|-------|--------------|------|--------------|------|
| _        | NMPCF       | NMPCF       | NMPCF        | NMPCF      | NMPCF          | NMPCF       | NMPCF        | NMPCF      | NMPCF      |     | NMPCF      |       | NMPCF        |      | NMPCF        |      |
| Accident | Ultimate    | Paid        | Undiscounted | Discounted | Ultimate       | Paid        | Undiscounted | Discounted | Ultimate   |     | Paid       |       | Undiscounte  | d    | Discounted   |      |
| Year     | Losses      | Losses      | Reserves     | Reserves   | Losses         | Losses      | Reserves     | Reserves   | Losses     |     | Losses     |       | Reserves     |      | 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     | 11,967,704  | 11,967,704  | 0            | 0          | 11,817,704     | 11,817,704  | 0            | 0          | 150,000    | 1%  | 150,000    | 1%    | 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     | 19,354,469  | 19,354,469  | 0            | 0          | 19,354,469     | 19,354,469  | 0            | 0          | 0          | 0%  | 0          | 0%    | 0            |      | 0            |      |
| 2012     | 8,741,628   | 8,731,408   | 10,219       | 7,745      | 8,313,996      | 8,284,408   | 29,588       | 29,516     | 427,632    | 5%  | 447,000    | 5%    | (19,368)     | -65% | (21,771)     | -74% |
| 2013     | 7,506,739   | 7,450,000   | 56,739       | 56,283     | 6,963,451      | 6,900,000   | 63,451       | 63,166     | 543,289    | 8%  | 550,000    | 8%    | (6,711)      | -11% | (6,883)      | -11% |
| 2014     | 15,283,325  | 15,120,435  | 162,891      | 161,252    | 14,113,099     | 13,920,435  | 192,664      | 191,587    | 1,170,227  | 8%  | 1,200,000  | 9%    | (29,773)     | -15% | (30,335)     | -16% |
| 2015     | 8,834,847   | 8,602,477   | 232,370      | 229,653    | 6,243,096      | 6,015,000   | 228,096      | 226,467    | 2,591,751  | 42% | 2,587,477  | 43%   | 4,274        | 2%   | 3,186        | 1%   |
| 2016     | 8,860,083   | 8,523,333   | 336,750      | 332,085    | 8,999,236      | 8,645,000   | 354,236      | 351,133    | (139,152)  | -2% | (121,667)  | -1%   | (17,485)     | -5%  | (19,048)     | -5%  |
| 2017     | 24,561,166  | 23,722,500  | 838,666      | 823,248    | 21,257,203     | 19,922,500  | 1,334,703    | 1,324,292  | 3,303,963  | 16% | 3,800,000  | 19%   | (496,037)    | -37% | (501,044)    | -38% |
| 2018     | 23,648,626  | 22,314,611  | 1,334,014    | 1,312,090  | 18,258,276     | 11,916,289  | 6,341,987    | 6,313,251  | 5,390,350  | 30% | 10,398,323 | 87%   | (5,007,973)  | -79% | (5,001,161)  | -79% |
| 2019     | 23,003,609  | 18,868,878  | 4,134,731    | 4,099,575  | 15,913,636     | 7,693,375   | 8,220,261    | 8,162,787  | 7,089,973  | 45% | 11,175,503 | 145%  | (4,085,530)  | -50% | (4,063,211)  | -50% |
| 2020     | 11,720,803  | 5,409,528   | 6,311,275    | 6,234,134  | 11,646,896     | 1,182,782   | 10,464,114   | 10,374,800 | 73,907     | 1%  | 4,226,746  | 357%  | (4,152,839)  | -40% | (4,140,665)  | -40% |
| 2021     | 13,393,113  | 1,182,167   | 12,210,946   | 12,030,963 | 13,612,594     | 0           | 13,612,594   | 13,456,265 | (219,481)  | -2% | 1,182,167  |       | (1,401,648)  | -10% | (1,425,302)  | -11% |
| 2022     | 18,412,686  | 1,804,414   | 16,608,271   | 16,283,757 | 17,980,091     | 85,714      | 17,894,376   | 17,626,236 | 432,595    | 2%  | 1,718,700  | 2005% | (1,286,105)  | -7%  | (1,342,479)  | -8%  |
| 2023     | 20,016,143  | 112,500     | 19,903,643   | 19,396,044 | 19,898,018     | 0           | 19,898,018   | 19,519,229 | 118,126    | 1%  | 112,500    |       | 5,626        | 0%   | (123,185)    | -1%  |
| Subtotal | 326,651,118 | 264,510,601 | 62,140,516   | 60,966,829 | 305,717,939    | 227,083,853 | 78,634,086   | 77,638,728 | 20,933,179 | 7%  | 37,426,749 | 16%   | (16,493,569) | -21% | (16,671,899) | -21% |
| 2024     | 20,322,521  | 0           | 20,322,521   | 19,665,288 |                |             |              |            | 20,322,521 |     | 0          |       | 20,322,521   |      | 19,665,288   |      |
| Total    | 346,973,639 | 264,510,601 | 82,463,038   | 80,632,117 | 305,717,939    | 227,083,853 | 78,634,086   | 77,638,728 | 41,255,700 |     | 37,426,749 |       | 3,828,952    |      | 2,993,388    |      |

#### Reconciliation of Undiscounted Reserves from 12/31/23 to 12/31/24

| Undiscounted Reserves as of 12/31/23                        | 78,634,086 |
|---|------------|
| Ultimate Excess Losses for 2024                             | 20,322,521 |
| Paid Losses from 12/31/23 to 12/31/24                       | 37,426,749 |
| Change in Estimated Ultimate Excess Losses for 2023 & Prior | 20,933,179 |
| Undiscounted Reserves as of 12/31/24                        | 82,463,038 |

2023 and 2024 Comparison - Hospitals

|             | as of 12   | /31/24   |   | as of 12/31/23   |   |   | Difference   |  |       |             |   |  |  |  |  |
|-------------|--|--|---|--|---|---|--|--|-------|-------------|---|--|--|--|--|
| NMPCF       | NMPCF  | NMPCF  | NMPCF   | NMPCF  | NMPCF   | NMPCF   | NMPCF  | NMPCF  |       | NMPCF       |   | NMPCF  |  | NMPCF  |  |
| Ultimate    | Paid   | Undiscounted   | Discounted  | Ultimate   | Paid  | Undiscounted  | Discounted   | Ultimate   |       | Paid        |   | Undiscounte  | d  | Discounted   |  |
| Losses      | Losses   | Reserves   | Reserves  | Losses   | Losses  | Reserves  | Reserves   | Losses   |       | Losses      |   | Reserves   |  | Reserves   |  |
|             |  |  |   | ·  |   |   |  |  |       |             |   |  |  |  |  |
| 2,075,000   | 2,075,000  | 0  | 0   | 2,075,000  | 2,075,000   | 0   | 0  | 0  | 0%    | 0           | 0%  | 0  |  | 0  |  |
| 2,007,005   | 2,005,000  | 2,005  | 1,519   | 2,005,000  | 2,005,000   | 0   | 0  | 2,005  | 0%    | 0           | 0%  | 2,005  |  | 1,519  |  |
| 2,550,048   | 2,547,500  | 2,547  | 1,931   | 2,547,500  | 2,547,500   | 0   | 0  | 2,547  | 0%    | 0           | 0%  | 2,547  |  | 1,931  |  |
| 3,478,475   | 3,475,000  | 3,475  | 2,634   | 3,485,425  | 3,475,000   | 10,425  | 10,400   | (6,950)  | 0%    | 0           | 0%  | (6,950)  | -67%   | (7,766)  | -75%   |
| 2,622,894   | 2,607,237  | 15,656   | 15,531  | 2,625,519  | 2,607,237   | 18,282  | 18,200   | (2,625)  | 0%    | 0           | 0%  | (2,625)  | -14%   | (2,669)  | -15%   |
| 6,768,794   | 6,688,260  | 80,534   | 79,723  | 6,789,039  | 6,688,260   | 100,779   | 100,216  | (20,246)   | 0%    | 0           | 0%  | (20,246)   | -20%   | (20,493)   | -20%   |
| 5,749,638   | 5,624,980  | 124,658  | 123,200   | 5,766,835  | 5,624,980   | 141,855   | 140,842  | (17,197)   | 0%    | 0           | 0%  | (17,197)   | -12%   | (17,642)   | -13%   |
| 10,268,394  | 9,916,846  | 351,548  | 346,677   | 10,816,347   | 10,425,179  | 391,167   | 387,741  | (547,953)  | -5%   | (508,333)   | -5%   | (39,620)   | -10%   | (41,063)   | -11%   |
| 19,974,522  | 19,016,636   | 957,886  | 940,276   | 22,002,315   | 20,216,636  | 1,785,679   | 1,771,751  | (2,027,793)  | -9%   | (1,200,000) | -6%   | (827,793)  | -46%   | (831,474)  | -47%   |
| 33,791,297  | 27,241,629   | 6,549,669  | 6,442,023   | 37,829,931   | 24,513,405  | 13,316,525  | 13,256,187   | (4,038,633)  | -11%  | 2,728,224   | 11%   | (6,766,857)  | -51%   | (6,814,164)  | -51%   |
| 35,234,112  | 19,264,470   | 15,969,642   | 15,833,861  | 37,102,338   | 13,785,125  | 23,317,213  | 23,154,185   | (1,868,226)  | -5%   | 5,479,345   | 40%   | (7,347,571)  | -32%   | (7,320,323)  | -32%   |
| 35,599,877  | 13,557,334   | 22,042,543   | 21,773,124  | 42,079,810   | 10,216,278  | 31,863,532  | 31,591,568   | (6,479,933)  | -15%  | 3,341,056   | 33%   | (9,820,989)  | -31%   | (9,818,444)  | -31%   |
| 43,515,208  | 10,699,825   | 32,815,384   | 32,331,702  | 40,656,093   | 3,272,000   | 37,384,093  | 36,954,771   | 2,859,115  | 7%    | 7,427,825   | 227%  | (4,568,709)  | -12%   | (4,623,069)  | -13%   |
| 47,588,771  | 6,352,586  | 41,236,185   | 40,430,457  | 47,590,312   | 1,970,286   | 45,620,027  | 44,936,428   | (1,542)  | 0%    | 4,382,300   | 222%  | (4,383,842)  | -10%   | (4,505,970)  | -10%   |
| 57,274,722  | 0  | 57,274,722   | 55,814,054  | 60,280,749   | 0   | 60,280,749  | 59,133,215   | (3,006,027)  | -5%   | 0           |   | (3,006,027)  | -5%  | (3,319,161)  | -6%  |
|             |  |  |   |  |   |   |  |  |       |             |   |  |  |  |  |
| 308,498,755 | 131,072,303  | 177,426,452  | 174,136,712   | 323,652,214  | 109,421,887   | 214,230,326   | 211,455,502  | (15,153,458)   | -5%   | 21,650,416  | 20%   | (36,803,874)   | -17%   | (37,318,789)   | -18%   |
|             |  |  |   |  |   |   |  |  |       |             |   |  |  |  |  |
| 82,677,466  | 0  | 82,677,466   | 80,003,663  |  |   |   |  | 82,677,466   |       | 0           |   | 82,677,466   |  | 80,003,663   |  |
|             | ·  | ·  |   | ·  |   | ·   |  | ·  |       |             |   | ·  |  |  | _  |
| 391,176,221 | 131,072,303  | 260,103,918  | 254,140,375   | 323,652,214  | 109,421,887   | 214,230,326   | 211,455,502  | 67,524,007   |       | 21,650,416  |   | 45,873,591   |  | 42,684,874   |  |
|             | Ultimate<br>Losses  2,075,000 2,007,005 2,550,048 3,478,475 2,622,894 6,768,794 5,749,638 10,268,394 19,974,522 33,791,297 35,234,112 35,599,877 43,515,208 47,588,771 57,274,722 308,498,755 82,677,466 | NMPCF Ultimate Losses Losses  2,075,000 2,075,000 2,007,005 2,005,000 2,550,048 2,547,500 3,478,475 3,475,000 2,622,894 2,607,237 6,768,794 6,688,260 5,749,638 5,624,980 10,268,394 9,916,846 19,974,522 19,016,636 33,791,297 27,241,629 35,234,112 19,264,470 35,599,877 13,557,334 43,515,208 10,699,825 47,588,771 6,352,586 57,274,722 0 308,498,755 131,072,303 | Ultimate Losses         Paid Losses         Undiscounted Reserves           2,075,000         2,075,000         0           2,007,005         2,005,000         2,005           2,550,048         2,547,500         2,547           3,478,475         3,475,000         3,475           2,622,894         2,607,237         15,656           6,768,794         6,688,260         80,534           5,749,638         5,624,980         124,658           10,268,394         9,916,846         351,548           19,974,522         19,016,636         957,886           33,791,297         27,241,629         6,549,669           35,599,877         13,557,334         22,042,543           47,588,771         6,352,586         41,236,185           57,274,722         0         57,274,722           308,498,755         131,072,303         177,426,452           82,677,466         0         82,677,466 | NMPCF<br>Ultimate<br>Losses         NMPCF<br>Paid<br>Losses         NMPCF<br>Undiscounted<br>Reserves         NMPCF<br>Discounted<br>Reserves           2,075,000         2,075,000         0         0           2,007,005         2,005,000         2,005         1,519           2,550,048         2,547,500         2,547         1,931           3,478,475         3,475,000         3,475         2,634           2,622,894         2,607,237         15,656         15,531           6,768,794         6,688,260         80,534         79,723           5,749,638         5,624,980         124,658         123,200           10,268,394         9,916,846         351,548         346,677           19,974,522         19,016,636         957,886         940,276           33,791,297         27,241,629         6,549,669         6,442,023           35,234,112         19,264,470         15,969,642         15,833,861           35,599,877         13,557,334         22,042,543         21,773,124           47,588,771         6,352,586         41,236,185         40,430,457           57,274,722         0         57,274,722         55,814,054           308,498,755         131,072,303         177,426,452         174,136,712 | NMPCF<br>Ultimate<br>Losses         NMPCF<br>Paid<br>Losses         NMPCF<br>Undiscounted<br>Reserves         NMPCF<br>Discounted<br>Reserves         NMPCF<br>Ultimate<br>Losses           2,075,000<br>2,007,005<br>2,007,005<br>2,007,000<br>2,550,048<br>2,547,500<br>3,478,475<br>3,475,000<br>3,475<br>2,622,894<br>2,607,237<br>15,656<br>6,768,794<br>6,688,260<br>80,534<br>79,723<br>6,789,039<br>5,749,638<br>10,268,394<br>9,916,846<br>351,548<br>346,677<br>10,816,347<br>19,974,522<br>19,016,636<br>957,886<br>940,276<br>22,002,315<br>33,791,297<br>27,241,629<br>43,515,208<br>31,264,700<br>15,969,642<br>15,833,861<br>31,5208<br>31,529,877<br>13,557,334<br>22,042,543<br>21,773,124<br>42,079,810<br>43,515,208<br>10,699,825<br>32,815,384<br>32,331,702<br>40,656,093<br>47,588,771<br>6,352,586<br>41,236,185<br>40,430,457<br>47,590,312<br>57,274,722<br>0<br>57,274,722<br>55,814,054<br>80,003,663         NMPCF<br>Ultimate<br>Losses<br>1,519<br>2,005,000<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519<br>1,519 | NMPCF<br>Ultimate<br>Losses         NMPCF<br>Paid<br>Losses         NMPCF<br>Undiscounted<br>Reserves         NMPCF<br>Discounted<br>Reserves         NMPCF<br>Ultimate<br>Losses         NMPCF<br>Paid<br>Losses           2,075,000         2,075,000         0         0         2,075,000         2,075,000           2,007,005         2,005,000         2,005         1,519         2,005,000         2,05,000           2,550,048         2,547,500         2,547         1,931         2,547,500         2,547,500           3,478,475         3,475,000         3,475         2,634         3,485,425         3,475,000           2,622,894         2,607,237         15,656         15,531         2,625,519         2,607,237           6,768,794         6,688,260         80,534         79,723         6,789,039         6,688,260           5,749,638         5,624,980         124,658         123,200         5,766,835         5,624,980           10,268,394         9,916,846         351,548         346,677         10,816,347         10,425,179           19,974,522         19,016,636         957,886         940,276         22,002,315         20,216,636           33,791,297         27,241,629         6,549,669         6,442,023         37,829,931         24,513,405           35,599,877 </td <td>NMPCF<br/>Ultimate<br/>Losses         NMPCF<br/>Paid<br/>Losses         NMPCF<br/>Undiscounted<br/>Reserves         NMPCF<br/>Discounted<br/>Reserves         NMPCF<br/>Ultimate<br/>Losses         NMPCF<br/>Paid<br/>Losses         NMPCF<br/>Undiscounted<br/>Reserves           2,075,000         2,075,000         0         2,075,000         2,075,000         0         2,075,000         2,005,000         0           2,007,005         2,005,000         2,005         1,519         2,005,000         2,005,000         0           2,550,048         2,547,500         2,547         1,931         2,547,500         2,547,500         0           3,478,475         3,475,000         3,475         2,634         3,485,425         3,475,000         10,425           2,622,894         2,607,237         15,656         15,531         2,625,519         2,607,237         18,282           6,768,794         6,688,260         80,534         79,723         6,789,039         6,688,260         100,779           5,749,638         5,624,980         124,658         123,200         5,766,835         5,624,980         141,855           10,268,394         9,916,846         351,548         346,677         10,816,347         10,425,179         391,167           19,974,522         19,016,636         957,886         940,276</td> <td>NMPCF<br/>Ultimate<br/>Losses         NMPCF<br/>Paid<br/>Losses         NMPCF<br/>Undiscounted<br/>Reserves         NMPCF<br/>Discounted<br/>Reserves         NMPCF<br/>Ultimate<br/>Losses         NMPCF<br/>Paid<br/>Losses         NMPCF<br/>Undiscounted<br/>Reserves         NMPCF<br/>Discounted<br/>Reserves           2,075,000<br/>2,075,000<br/>2,007,005<br/>2,005,000<br/>2,005,000<br/>2,547,500<br/>2,547,500<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>3,478,475<br/>3,475,000<br/>4,668,260<br/>4,688,260<br/>4,688,260<br/>4,688,260<br/>4,688,260<br/>8,654,980<br/>4,688,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,654,980<br/>4,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260<br/>8,668,260</td> <td>  NMPCF</td> <td>  NMPCF</td> <td>  NMPCF   NMPCF   Undiscounted   Discounted   Discounted</td> <td>  NMPCF   Ultimate   Paid   Undiscounted   Undiscounted  </td> <td>  NMPCF   NMPCF   NMPCF   Discounted   Disco</td> <td>  NMPCF   NMPCF   NMPCF   NMPCF   Discounted   Discounted</td> <td>  NMPCF   NMPCF   NMPCF   NMPCF   Ultimate   Paid   Undiscounted   Undiscounted   Ultimate   Paid   Undiscounted   Undis</td> | NMPCF<br>Ultimate<br>Losses         NMPCF<br>Paid<br>Losses         NMPCF<br>Undiscounted<br>Reserves         NMPCF<br>Discounted<br>Reserves         NMPCF<br>Ultimate<br>Losses         NMPCF<br>Paid<br>Losses         NMPCF<br>Undiscounted<br>Reserves           2,075,000         2,075,000         0         2,075,000         2,075,000         0         2,075,000         2,005,000         0           2,007,005         2,005,000         2,005         1,519         2,005,000         2,005,000         0           2,550,048         2,547,500         2,547         1,931         2,547,500         2,547,500         0           3,478,475         3,475,000         3,475         2,634         3,485,425         3,475,000         10,425           2,622,894         2,607,237         15,656         15,531         2,625,519         2,607,237         18,282           6,768,794         6,688,260         80,534         79,723         6,789,039         6,688,260         100,779           5,749,638         5,624,980         124,658         123,200         5,766,835         5,624,980         141,855           10,268,394         9,916,846         351,548         346,677         10,816,347         10,425,179         391,167           19,974,522         19,016,636         957,886         940,276 | NMPCF<br>Ultimate<br>Losses         NMPCF<br>Paid<br>Losses         NMPCF<br>Undiscounted<br>Reserves         NMPCF<br>Discounted<br>Reserves         NMPCF<br>Ultimate<br>Losses         NMPCF<br>Paid<br>Losses         NMPCF<br>Undiscounted<br>Reserves         NMPCF<br>Discounted<br>Reserves           2,075,000<br>2,075,000<br>2,007,005<br>2,005,000<br>2,005,000<br>2,547,500<br>2,547,500<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>3,478,475<br>3,475,000<br>4,668,260<br>4,688,260<br>4,688,260<br>4,688,260<br>4,688,260<br>8,654,980<br>4,688,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,654,980<br>4,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260<br>8,668,260 | NMPCF | NMPCF       | NMPCF   NMPCF   Undiscounted   Discounted   Discounted | NMPCF   Ultimate   Paid   Undiscounted   Undiscounted | NMPCF   NMPCF   NMPCF   Discounted   Disco | NMPCF   NMPCF   NMPCF   NMPCF   Discounted   Discounted | NMPCF   NMPCF   NMPCF   NMPCF   Ultimate   Paid   Undiscounted   Undiscounted   Ultimate   Paid   Undiscounted   Undis |

#### Reconciliation of Undiscounted Reserves from 12/31/23 to 12/31/24

| Undiscounted Reserves as of 12/31/23                        | 214,230,326  |
|---|--------------|
| Ultimate Excess Losses for 2024                             | 82,677,466   |
| Paid Losses from 12/31/23 to 12/31/24                       | 21,650,416   |
| Change in Estimated Ultimate Excess Losses for 2023 & Prior | (15,153,458) |
| Undiscounted Reserves as of 12/31/24                        | 260,103,918  |

Reserves as of 12/31/2024

**Independent Physicians & Surgeons** 

**Including Batch Claims** 

**Selected Ultimate Losses** 

|          |              |             |             | Expected    | Paid        | Frequency/  | Selected    |        |
|----------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------|
| Accident | Practitioner | Paid        |             | Loss Ratio  | Development | Severity    | Ultimate    | Loss   |
| Year     | Surcharges   | Losses      | B-F Method  | Method      | Method      | Method      | Losses      | Ratio  |
| (1)      | (2)          | (3)         | (4)         | (5)         | (6)         | (7)         | (8)         | (9)    |
| 2000     | 8,238,309    | 6,560,000   | 6,560,000   | 9,885,971   | 6,560,000   | 4,123,903   | 6,560,000   | 79.6%  |
| 2001     | 9,181,946    | 9,261,652   | 9,261,652   | 11,018,335  | 9,261,652   | 7,292,797   | 9,261,652   | 100.9% |
| 2002     | 9,421,675    | 9,309,500   | 9,309,500   | 11,306,010  | 9,309,500   | 6,221,668   | 9,309,500   | 98.8%  |
| 2003     | 9,924,688    | 6,596,189   | 6,596,189   | 11,909,625  | 6,596,189   | 6,532,751   | 6,596,189   | 66.5%  |
| 2004     | 9,283,270    | 5,482,500   | 5,482,500   | 11,139,924  | 5,482,500   | 6,067,921   | 5,482,500   | 59.1%  |
| 2005     | 9,151,210    | 9,776,657   | 9,776,657   | 10,981,452  | 9,776,657   | 9,141,454   | 9,776,657   | 106.8% |
| 2006     | 9,067,465    | 8,140,629   | 8,140,629   | 10,880,958  | 8,140,629   | 6,689,883   | 8,140,629   | 89.8%  |
| 2007     | 8,810,595    | 19,005,969  | 19,005,969  | 10,572,714  | 19,005,969  | 18,629,869  | 19,005,969  | 215.7% |
| 2008     | 9,696,249    | 19,398,176  | 19,398,176  | 11,635,499  | 19,398,176  | 23,730,177  | 19,398,176  | 200.1% |
| 2009     | 11,325,257   | 11,967,704  | 11,967,704  | 13,590,309  | 11,967,704  | 12,795,055  | 11,967,704  | 105.7% |
| 2010     | 10,410,307   | 17,814,906  | 17,827,386  | 12,492,369  | 17,832,721  | 16,970,283  | 17,814,906  | 171.1% |
| 2011     | 11,380,891   | 19,354,469  | 19,368,112  | 13,657,069  | 19,373,823  | 11,879,198  | 19,354,469  | 170.1% |
| 2012     | 9,765,990    | 8,731,408   | 8,743,116   | 11,719,188  | 8,740,140   | 8,185,510   | 8,741,628   | 89.5%  |
| 2013     | 9,596,773    | 7,450,000   | 7,518,742   | 11,516,128  | 7,494,737   | 6,139,133   | 7,506,739   | 78.2%  |
| 2014     | 10,065,996   | 15,120,435  | 15,264,150  | 12,079,195  | 15,302,501  | 13,751,657  | 15,283,325  | 151.8% |
| 2015     | 10,535,218   | 8,602,477   | 8,876,573   | 12,642,261  | 8,793,120   | 6,317,167   | 8,834,847   | 83.9%  |
| 2016     | 9,039,070    | 8,523,333   | 8,894,686   | 10,846,883  | 8,825,481   | 13,266,051  | 8,860,083   | 98.0%  |
| 2017     | 12,725,963   | 23,722,500  | 24,362,372  | 15,271,156  | 24,759,959  | 22,883,939  | 24,561,166  | 193.0% |
| 2018     | 9,835,929    | 22,314,611  | 23,191,585  | 11,803,115  | 24,105,667  | 26,639,890  | 23,648,626  | 240.4% |
| 2019     | 10,170,463   | 18,868,878  | 23,003,609  | 12,204,556  | 28,536,712  | 32,908,099  | 23,003,609  | 226.2% |
| 2020     | 10,236,009   | 5,409,528   | 11,720,803  | 12,283,211  | 11,126,439  | 21,020,048  | 11,720,803  | 114.5% |
| 2021     | 11,585,186   | 1,182,167   | 11,865,781  | 13,902,223  | 5,106,164   | 20,861,678  | 13,393,113  | 115.6% |
| 2022     | 15,302,205   | 1,804,414   | 18,562,805  | 18,362,646  | 20,653,716  | 27,301,587  | 18,412,686  | 120.3% |
| 2023     | 16,934,483   | 112,500     | 20,016,143  | 20,321,380  | 5,472,722   | 28,000,000  | 20,016,143  | 118.2% |
| 2024     | 16,935,434   | 0           | 20,249,867  | 20,322,521  | 0           | 27,300,000  | 20,322,521  | 120.0% |
| Total    | 268,620,583  | 264,510,601 | 344,964,706 | 322,344,699 | 311,622,876 | 384,649,718 | 346,973,639 | 129.2% |
| 2009-24  | 185,845,175  | 170,979,330 | 251,433,434 | 223,014,210 | 218,091,605 | 296,219,296 | 253,442,368 | 136.4% |

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)

NM PCF Reserves 12-31-2024 5/30/2025

Exhibit 2

**Development of Physician Surcharge Estimates** 

NMPCF Indicated Surcharge Physicians and Surgeons

|  |  |   |   |             | Discounted Estim | ated Surcharges  |                 |               |                | rcharge Rates |                  |                  |  |
|--|--|---|---|-------------|------------------|------------------|-----------------|---------------|----------------|---------------|------------------|------------------|--|
|  | NMPCF Current Surcharge  |   | urrent Surcharge 1/1/26-27 Rate Level                       |             |                  |                  |                 |               | Independent    | Providers     | Hosp. & OHCF Emp | oloyed Providers |  |
|  |  | Hosp. & OHCF  | Independen  | t Providers | Hosp. & OHCF Emp | ployed Providers | Ind. OHCF Emplo | yed Providers | Deficit        |               | Deficit          |                  |  |
|  | Independent  | Employed  | Expected  | Risk Loaded | Expected         | Risk Loaded      | Expected        | Risk Loaded   | Surcharge as   | Expected      | Surcharge as     | Expected         |  |
| Class  | Providers  | Providers   | Value   | Value       | Value            | Value            | Value           | Value         | % of Surcharge | Value         | % of Surcharge   | Value            |  |
| (1)  | (2a)   | (2b)  | (3)   | (4)         | (5)              | (6)              | (7)             | (8)           | (9a)           | (9b)          | (9c)             | (9d)             |  |
| 1  | \$5,171  | \$11,921  | \$5,997   | \$6,494     | \$12,226         | \$13,241         | \$3,466         | \$3,754       | 0.0%           | Ś             | 50 22.5%         | \$2,754          |  |
| 2  | 6,894  | 15,897  | 7,995   | 8,658       |                  | 17,657           | 4,621           | 5,004         | 0.0%           |               | 0 22.5%          | 3,673            |  |
| 3  | 8,272  | 19,075  | 9,593   | 10,389      | 19,563           | 21,187           | 5,544           | 6,004         | 0.0%           |               | 0 22.5%          | 4,407            |  |
| 4A   | 10,340   | 23,847  | 11,991  | 12,986      | 24,457           | 26,487           | 6,930           | 7,506         | 0.0%           |               | 0 22.5%          | 5,510            |  |
| 4  | 12,409   | 28,615  | 14,390  | 15,585      |                  | 31,783           | 8,317           | 9,007         | 0.0%           |               | 0 22.5%          | 6,611            |  |
| 5A   | 11,720   | 27,024  | 13,591  | 14,719      |                  | 30,016           | 7,855           | 8,507         | 0.0%           |               | 0 22.5%          | 6,244            |  |
| 5  | 15,167   | 34,972  | 17,589  | 19,049      |                  | 38,844           | 10,166          | 11,009        | 0.0%           |               | 0 22.5%          | 8,080            |  |
| 6  | 17,924   | 41,332  | 20,786  | 22,511      |                  | 45,908           | 12,014          | 13,011        | 0.0%           |               | 0 22.5%          | 9,550            |  |
| 7A   | 20,682   | 47,689  | 23,984  | 25,975      |                  | 52,969           | 13,862          | 15,013        | 0.0%           |               | 0 22.5%          | 11,018           |  |
| 7  | 24,129   | 55,639  | 27,982  | 30,304      |                  | 61,799           | 16,172          | 17,515        | 0.0%           |               | 0 22.5%          | 12,855           |  |
| 8  | 32,745   | 75,512  | 37,973  | 41,125      |                  | 83,873           | 21,947          | 23,769        | 0.0%           |               | 0 22.5%          | 17,447           |  |
| 9  | 39,640   | 91,407  | 45,969  | 49,785      |                  | 101,528          | 26,569          | 28,774        | 0.0%           |               | 0 22.5%          | 21,119           |  |
| 10   | 44,809   | 103,330   | 51,964  | 56,277      |                  | 114,771          | 30,033          | 32,526        | 0.0%           |               | 0 22.5%          | 23,874           |  |
| 51   | 10%  | 10%   | 10%   | 10%         |                  | 10%              | 6%              | 6%            | 0.070          |               | 22.570           | 23,07            |  |
| 52   | 10%  | 10%   | 10%   | 10%         |                  | 10%              | 6%              | 6%            |                |               |                  |                  |  |
| 53   | 10%  | 10%   | 10%   | 10%         |                  | 10%              | 6%              | 6%            |                |               |                  |                  |  |
| 99   | 4,137  | 9,538   | 4,798   | 5,196       |                  | 10,594           | 2,773           | 3,003         | 0.0%           |               | 0 22.5%          | 2,204            |  |
| CRNA   | 1,724  | 3,976   | 1,999   | 2,165       |                  | 4,416            | 1,156           | 1,251         | 0.0%           |               | 0 22.5%          | 919              |  |
| CN   | 1,104  | 2,545   | 1,280   | 1,387       |                  | 2,827            | 740             | 801           | 0.076          |               | 0 22.376         | 313              |  |
| CN   | 1,104  | 2,343   | 1,280   | 1,367       | 2,010            | 2,827            | 740             | 801           |                |               |                  |                  |  |
| PA-1   | 2,344  | 5,404   | 2,718   | 2,944       | 5,542            | 6,002            | 1,571           | 1,701         | 0.0%           |               | 0 22.5%          | 1,249            |  |
| PA-2   | 3,102  | 7,153   | 3,597   | 3,896       | 7,336            | 7,945            | 2,079           | 2,252         | 0.0%           |               | 0 22.5%          | 1,653            |  |
| PA-3   | 3,723  | 8,584   | 4,317   | 4,676       | 8,804            | 9,534            | 2,495           | 2,702         | 0.0%           |               | 0 22.5%          | 1,983            |  |
| Total  |  |   |   |             |                  |                  |                 |               |                |               |                  |                  |  |
| (12)   | Class 1 Rate   |   |   |             |                  |                  |                 |               |                |               |                  |                  |  |
| (12)   | \$5,171  | \$11,921  | \$5,997   | \$6,494     | \$12,226         | \$13,241         |                 |               |                |               |                  |                  |  |
| (12)   | Indicated Percent o  | .f.Chanas   |   |             |                  |                  |                 |               |                |               |                  |                  |  |
| (13)   | mulcated Percent C   | ii Cilalige   | 16.0%   | 25.6%       | 2.6%             | 11.1%            |                 |               |                |               |                  |                  |  |
| Column/Row (2) (3)-(6) (7) (8) (9a) (9b) (9c) (9d) | Col (3) x 58%; 58%<br>Col (4) x 58%; 58%<br>From Fund Summa<br>Col (3) x Col (11a) | F<br>surcharge changes in<br>based on Pinnacle an:<br>based on Pinnacle an:<br>ry, Page 1, Row (15) fo<br>ry, Page 1, Row (15) fo | alysis of industry dat<br>alysis of industry dat<br>or 2026 | a           |                  |                  |                 |               |                |               |                  |                  |  |

(6)

#### **Independent Outpatient Healthcare Facilities Rates**

| Facility Type (1)                            | Exposure Type (2)      | January 1, 2024 Rates at 1M / 3M Limit (3) | Trend Factor to January 1, 2026 (4) | Increased Limits Factor to \$600,495 xs \$500,000 (5) | January 1, 2026 Indicated Rate at \$600,495 xs \$500,000 Limit (6) |
|--|------------------------|--|-------------------------------------|---|--|
| Cardiac Rehabilitation Centers               | Per 100 Visits         | 307.85                                     | 1.103                               | 0.134   | 45.32  |
| College/University Health Centers            | Per 100 Visits         | 137.09                                     | 1.103                               | 0.134   | 20.18  |
| Community Health Centers                     | Per 100 Visits         | 214.2                                      | 1.103                               | 0.134   | 31.54  |
| Dialysis Centers                             | Per 100 Visits         | 299.88                                     | 1.103                               | 0.134   | 44.15  |
| Home Health/Hospice Care                     | Per 100 Visits         | 59.5                                       | 1.103                               | 0.134   | 8.76   |
| Medical Laboratories                         | Per \$1,000 Receipts   | 14.52                                      | 1.103                               | 0.134   | 2.14   |
| Medispas                                     | Per 100 Visits         | 214.2                                      | 1.103                               | 0.134   | 31.54  |
| Mental Health Counseling Centers             | Per 100 Visits         | 224.43                                     | 1.103                               | 0.134   | 33.04  |
| Pathology Laboratories                       | Per \$1,000 Receipts   | 12.38                                      | 1.103                               | 0.134   | 1.82   |
| Physical/Occupational Rehabilitation Centers | Per 100 Visits         | 250.14                                     | 1.103                               | 0.134   | 36.83  |
| Quality Control/Reference Laboratories       | Per \$1,000 Receipts   | 13.09                                      | 1.103                               | 0.134   | 1.93   |
| Sleep Centers                                | Per 100 Visits         | 214.2                                      | 1.103                               | 0.134   | 31.54  |
| Substance Abuse Counseling Centers           | Per 100 Visits         | 320.71                                     | 1.103                               | 0.134   | 47.22  |
| Surgery Centers                              | Per 100 Visits         | 1,190.00                                   | 1.103                               | 0.134   | 175.20   |
| Urgent Care Centers                          | Per 100 Visits         | 531.34                                     | 1.103                               | 0.134   | 78.23  |
| X-Ray/Imaging Centers                        | Per \$1,000 Receipts   | 14.52                                      | 1.103                               | 0.134   | 2.14   |
| Emergency Room Visits                        | Per 100 Visits         | 556  | 1.103                               | 0.134   | 81.86  |
| <u>Column</u>                                | <u>Note</u>            |  |                                     |   |  |
| (1)-(3), (5)                                 | Based on Pinnacle ana  | lysis of industry data                     |                                     |   |  |
| (4)  | Based on selected trer | nd of 5.0%                                 |                                     |   |  |

NM PCF Reserves 12-31-2024 5/30/2025

Col (3) x Col (4) x Col (5)

#### Reserves as of 12/31/2024

Indicated Rate Change Effective 1/1/26 through 1/1/27 Independent Physicians & Surgeons

|                 |                      |               | Increased Limits |           | Deficit   | Indicated<br>Rate |
|-----------------|----------------------|---------------|------------------|-----------|-----------|-------------------|
|                 | Indicated Assessment | Offset Due    | Factor to        | Indicated | Surcharge | Change            |
|                 | Level Change on      | to Changes in | \$658,779 xs     | Rate      | as a % of | w/ Deficit        |
|                 | January 1, 2026      | Class Plan    | \$250,000        | Change    | Surcharge | Surcharge         |
|                 | (1)                  | (2)           | (3)              | (4)       | (5)       | (6)               |
| w/o Risk Margin | 13.6%                | 0.0%          | 2.1%             | 16.0%     | 0.0%      | 16.0%             |
| w/ Risk Margin  | 23.0%                | 0.0%          | 2.1%             | 25.6%     | 0.0%      | 25.6%             |

| Col |   | m   | n |
|-----|---|-----|---|
| COI | u | 111 |   |

| (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 + Col (1)) x (1 + Col (2)) x (1 + Col (3))] 1
- (5) From Fund Summary, Page 1, Row (15) for 2026
- (6) [(1 + Col (4)) x (1 + Col (5))] 1

NM PCF Reserves 12-31-2024 5/30/2025

Exhibit 4

Page 1

#### Reserves as of 12/31/2024

Indicated Rate Change Effective 1/1/26 through 1/1/27 Using Expected Value Losses

**Independent Physicians & Surgeons** 

| Accident<br>Year                             | Practitioner<br>Surcharges<br>@ 01/01/25 Level                         | Projected Ultimate Losses  @ Historical Levels | Increased<br>Limits<br>Factor | Trended<br>Ultimate Losses<br>@ 01/01/25 Level | Trended<br>Ultimate<br>Loss Ratio |  |  |  |
|--|--|--|-------------------------------|--|-----------------------------------|--|--|--|
| (1)  | (2)  | (3)  | (4)                           | (5)  | (6)                               |  |  |  |
| 2015   | 22,065,995   | 8,834,847                                      | 1.183                         | 17,030,765                                     | 77.2%                             |  |  |  |
| 2016   | 18,880,982   | 8,860,083                                      | 1.183                         | 16,266,108                                     | 86.2%                             |  |  |  |
| 2017   | 25,016,278   | 24,561,166                                     | 1.183                         | 42,944,299                                     | 171.7%                            |  |  |  |
| 2018   | 17,611,775   | 23,648,626                                     | 1.183                         | 39,379,769                                     | 223.6%                            |  |  |  |
| 2019   | 18,028,585   | 23,003,609                                     | 1.183                         | 36,481,604                                     | 202.4%                            |  |  |  |
| 2020   | 17,535,889   | 11,720,803                                     | 1.183                         | 17,702,966                                     | 101.0%                            |  |  |  |
| 2021   | 18,107,577   | 13,393,113                                     | 1.183                         | 19,265,526                                     | 106.4%                            |  |  |  |
| 2022   | 21,317,508   | 18,412,686                                     | 1.144                         | 24,386,584                                     | 114.4%                            |  |  |  |
| 2023   | 21,193,264   | 20,016,143                                     | 1.078                         | 23,790,393                                     | 112.3%                            |  |  |  |
| 2024   | 19,267,686   | 20,322,521                                     | 1.025                         | 21,877,051                                     | 113.5%                            |  |  |  |
| All Years                                    | 199,025,537  | 172,773,597                                    |                               | 259,125,065                                    | 130.2%                            |  |  |  |
| 2015 - 2022                                  | 158,564,588  | 132,434,933                                    |                               | 213,457,621                                    | 134.6%                            |  |  |  |
| 2018 - 2022                                  | 92,601,333   | 90,178,837                                     |                               | 137,216,449                                    | 148.2%                            |  |  |  |
| 2021 - 2024                                  | 79,886,034   | 72,144,463                                     |                               | 89,319,554                                     | 111.8%                            |  |  |  |
| (7)  | Projected 2025-2026 Ur   | ndiscounted Loss Ratio                         | (Selected Based o             | n Col (6))                                     | 123.2%                            |  |  |  |
| (8)  | Projected 2025-2026 Su   | rcharges at Current Fe                         | e Level                       |  | 19,267,686                        |  |  |  |
| (9)  | Projected 2025-2026 Ur   | idiscounted Losses                             |                               |  | 23,740,433                        |  |  |  |
| (10)   | Projected Loss Adjustn   | nent Expenses as a Per                         | centage of Losses I           | Paid   | 3.6%                              |  |  |  |
| (11)   | Discount Factor at 3.59  | % Yield  |                               |  | 0.838                             |  |  |  |
| (12)   | (12) Projected Office Expenses as a Percentage of Surcharges Collected |  |                               |  |                                   |  |  |  |
| (13) Projected 2026-2027 Income Requirements |  |  |                               |  |                                   |  |  |  |
| (14)   | Indicated Assessment I   | _evel Change on Janua                          | ry 1, 2026                    |  | 13.6%                             |  |  |  |

| (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%] ^ (2025 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 + selected trend rate of 5.0%] x [1 + Row (10)] x Row (11)] / [1 Row (12)]

(14) Row (13) / Row (8) - 1

NM PCF Reserves 12-31-2024 5/30/2025

Exhibit 4

Page 2

#### Reserves as of 12/31/2024

Indicated Rate Change Effective 1/1/26 through 1/1/27 Using Expected Value Losses with Risk Load Independent Physicians & Surgeons

Exhibit 4
Page 3

|  | Surcharges                                      | Ultimate Losses         | Limits            | Ultimate Losses  | Trended<br>Ultimate |
|--|---|-------------------------|-------------------|------------------|---------------------|
| Year   | @ 01/01/25 Level                                | @ Historical Levels     | Factor            | @ 01/01/25 Level | Loss Ratio          |
| (1)  | (2)   | (3)                     | (4)               | (5)              | (6)                 |
|  |   |                         |                   |                  |                     |
| 2015   | 22,065,995                                      | 8,834,847               | 1.183             | 17,030,765       | 77.2%               |
| 2016   | 18,880,982                                      | 8,860,083               | 1.183             | 16,266,108       | 86.2%               |
| 2017   | 25,016,278                                      | 24,561,166              | 1.183             | 42,944,299       | 171.7%              |
| 2018   | 17,611,775                                      | 23,648,626              | 1.183             | 39,379,769       | 223.6%              |
| 2019   | 18,028,585                                      | 23,003,609              | 1.183             | 36,481,604       | 202.4%              |
| 2020   | 17,535,889                                      | 11,720,803              | 1.183             | 17,702,966       | 101.0%              |
| 2021   | 18,107,577                                      | 13,393,113              | 1.183             | 19,265,526       | 106.4%              |
| 2022   | 21,317,508                                      | 18,412,686              | 1.144             | 24,386,584       | 114.4%              |
| 2023   | 21,193,264                                      | 20,016,143              | 1.078             | 23,790,393       | 112.3%              |
| 2024   | 19,267,686                                      | 20,322,521              | 1.025             | 21,877,051       | 113.5%              |
|  |   |                         |                   |                  |                     |
| All Years  | 199,025,537                                     | 172,773,597             |                   | 259,125,065      | 130.2%              |
| 2015 - 2022  | 158,564,588                                     | 132,434,933             |                   | 213,457,621      | 134.6%              |
| 2018 - 2022  | 92,601,333                                      | 90,178,837              |                   | 137,216,449      | 148.2%              |
| 2021 - 2024  | 79,886,034                                      | 72,144,463              |                   | 89,319,554       | 111.8%              |
| (7) Pi   | rojected 2025-2026 Un                           | discounted Loss Ratio   | (Selected Based o | n Col (6))       | 123.2%              |
| (8) Pi   | rojected 2025-2026 Su                           | rcharges at Current Fee | e Level           |                  | 19,267,686          |
| (9) Pi   | rojected 2025-2026 Un                           | discounted Losses       |                   |                  | 23,740,433          |
| (10)   | Projected Loss Adjustm                          | nent Expenses as a Pero | centage of Losses | Paid             | 3.6%                |
| (11)   | Discount Factor at 3.5%                         | 6 Yield                 |                   |                  | 0.838               |
| (12)   | (12) Risk Margin Factor at 75% Confidence Level |                         |                   |                  |                     |
| (13) Projected Office Expenses as a Percentage of Surcharges Collected |   |                         |                   |                  | 1.1%                |
| (14)   |   | 23,699,049              |                   |                  |                     |
| (15) I   | ndicated Assessment I                           | evel Change on Janua    | ry 1, 2026        |                  | 23.0%               |

#### 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%] ^ (2025 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 + selected trend rate of 5.0%] 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 12/31/2024 Hospitals

Exhibit 5

Selected Ultimate Losses

|          |             |             | Inc         | licated Ultimate Los | ses         |             |        |
|----------|-------------|-------------|-------------|----------------------|-------------|-------------|--------|
|          |             |             |             | Expected             | Paid        | Selected    |        |
| Accident | Hospital    | Paid        |             | Loss Ratio           | Development | Ultimate    | Loss   |
| Year     | Surcharges  | Losses      | B-F Method  | Method               | Method      | Losses      | Ratio  |
| (1)      | (2)         | (3)         | (4)         | (5)                  | (6)         | (7)         | (8)    |
| 2009     | 918,297     | 2,075,000   | 2,075,000   | 1,101,956            | 2,075,000   | 2,075,000   | 226.0% |
| 2010     | 1,680,228   | 2,005,000   | 2,007,014   | 2,016,274            | 2,007,005   | 2,007,005   | 119.4% |
| 2011     | 1,825,004   | 2,547,500   | 2,549,688   | 2,190,005            | 2,550,048   | 2,550,048   | 139.7% |
| 2012     | 1,817,812   | 3,475,000   | 3,477,179   | 2,181,374            | 3,478,475   | 3,478,475   | 191.4% |
| 2013     | 1,992,604   | 2,607,237   | 2,621,510   | 2,391,125            | 2,622,894   | 2,622,894   | 131.6% |
| 2014     | 2,146,331   | 6,688,260   | 6,718,904   | 2,575,597            | 6,768,794   | 6,768,794   | 315.4% |
| 2015     | 2,224,828   | 5,624,980   | 5,682,864   | 2,669,794            | 5,749,638   | 5,749,638   | 258.4% |
| 2016     | 6,374,245   | 9,916,846   | 10,178,720  | 7,649,094            | 10,268,394  | 10,268,394  | 161.1% |
| 2017     | 21,561,182  | 19,016,636  | 20,100,750  | 25,873,419           | 19,848,293  | 19,974,522  | 92.6%  |
| 2018     | 31,292,438  | 27,241,629  | 30,031,669  | 37,550,925           | 29,428,145  | 33,791,297  | 108.0% |
| 2019     | 31,872,010  | 19,264,470  | 32,221,813  | 38,246,412           | 29,134,993  | 35,234,112  | 110.5% |
| 2020     | 31,731,360  | 13,557,334  | 33,122,121  | 38,077,632           | 27,885,027  | 35,599,877  | 112.2% |
| 2021     | 32,655,867  | 10,699,825  | 40,814,377  | 39,187,041           | 46,216,039  | 43,515,208  | 133.3% |
| 2022     | 37,653,051  | 6,352,586   | 47,588,771  | 45,183,661           | 72,713,068  | 47,588,771  | 126.4% |
| 2023     | 48,224,599  | 0           | 56,679,924  | 57,869,519           | 0           | 57,274,722  | 118.8% |
| 2024     | 68,897,888  | 0           | 82,381,890  | 82,677,466           | 0           | 82,677,466  | 120.0% |
| Total    | 322,867,744 | 131,072,303 | 378,252,195 | 387,441,293          | 260,745,812 | 391,176,221 | 121.2% |

| Column | Note |
|--------|------|
|        |      |

(2), (3) Based on data provided by client; excludes deficit surcharge

(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)

#### Reserves as of 12/31/2024

Indicated Rate Change Effective 1/1/26 through 1/1/27 Hospitals

|                 |                      | Increased Limits |           | Deficit   | Indicated<br>Rate |
|-----------------|----------------------|------------------|-----------|-----------|-------------------|
|                 | Indicated Assessment | Factor to        | Indicated | Surcharge | Change            |
|                 | Level Change on      | \$500,000 xs     | Rate      | as a % of | w/ Deficit        |
|                 | January 1, 2026      | \$250,000        | Change    | Surcharge | Surcharge         |
|                 | (1)                  | (2)              | (3)       | (4)       | (5)               |
| w/o Risk Margin | 2.6%                 | 0.0%             | 2.6%      | 22.5%     | 25.7%             |
| w/ Risk Margin  | 11.1%                | 0.0%             | 11.1%     | 22.5%     | 36.1%             |

| <u>Column</u> |   |
|---------------|---|
| (1)           | Exhibit 6, Pages 2-3, Row (14) & (15), respectively |
| (2)           | Based on Pinnacle analysis of industry data         |
| (3)           | [(1 + Col (1)) x (1 + Col (2)] - 1                  |
| (4)           | From Fund Summary, Page 1, Row (15) for 2026        |
| (5)           | [(1 + Col (3)) x (1 + Col (4)] - 1                  |

NM PCF Reserves 12-31-2024 5/30/2025

Exhibit 6 Page 1

#### Reserves as of 12/31/2024

Indicated Rate Change Effective 1/1/26 through 1/1/27 Using Expected Value Losses Hospitals

Exhibit 6 Page 2

|             | Hospital                | Projected               | Increased           | Trended          | Trended    |
|-------------|-------------------------|-------------------------|---------------------|------------------|------------|
| Accident    | Surcharges              | Ultimate Losses         | Limits              | Ultimate Losses  | Ultimate   |
| Year        | @ 01/01/25 Level        | @ Historical Levels     | Factor              | @ 01/01/25 Level | Loss Ratio |
| (1)         | (2)                     | (3)                     | (4)                 | (5)              | (6)        |
| (-)         | (2)                     | (3)                     | (.,                 | (3)              | (0)        |
| 2015        | 3,954,626               | 5,749,638               | 1.007               | 9,431,459        | 238.5%     |
| 2016        | 11,313,081              | 10,268,394              | 1.007               | 16,041,745       | 141.8%     |
| 2017        | 36,486,209              | 19,974,522              | 1.007               | 29,719,136       | 81.5%      |
| 2018        | 48,922,604              | 33,791,297              | 1.007               | 47,882,339       | 97.9%      |
| 2019        | 47,884,914              | 35,234,112              | 1.007               | 47,549,343       | 99.3%      |
| 2020        | 46,174,914              | 35,599,877              | 1.007               | 45,755,192       | 99.1%      |
| 2021        | 43,369,304              | 43,515,208              | 1.007               | 53,265,212       | 122.8%     |
| 2022        | 47,508,691              | 47,588,771              | 1.000               | 55,089,951       | 116.0%     |
| 2023        | 54,322,915              | 57,274,722              | 1.000               | 63,145,381       | 116.2%     |
| 2024        | 68,714,443              | 82,677,466              | 1.000               | 86,811,339       | 126.3%     |
|             |                         |                         |                     |                  |            |
| All Years   | 408,651,701             | 371,674,006             |                     | 454,691,095      | 111.3%     |
| 2015 - 2022 | 285,614,343             | 231,721,819             |                     | 304,734,376      | 106.7%     |
| 2018 - 2022 | 233,860,427             | 195,729,265             |                     | 249,542,036      | 106.7%     |
| 2021 - 2024 | 213,915,352             | 231,056,166             |                     | 258,311,882      | 120.8%     |
|             |                         |                         |                     |                  |            |
| (7) P       | rojected 2025-2026 Un   | discounted Loss Ratio   | (Selected Based or  | n Col (6))       | 111.3%     |
|             |                         |                         |                     |                  |            |
| (8) P       | rojected 2025-2026 Su   | rcharges at Current Fee | e Level             |                  | 68,714,443 |
|             |                         |                         |                     |                  |            |
| (9) P       | rojected 2025-2026 Un   | discounted Losses       |                     |                  | 76,455,929 |
|             |                         |                         |                     |                  |            |
| (10)        | Projected Loss Adjustm  | nent Expenses as a Pero | centage of Losses I | Paid             | 3.6%       |
|             |                         |                         |                     |                  |            |
| (11)        | Discount Factor at 3.5% | 6 Yield                 |                     |                  | 0.838      |
|             |                         |                         |                     |                  |            |
| (12)        | Projected Office Expen  | ses as a Percentage of  | Surcharges Collect  | ted              | 1.1%       |
|             |                         |                         |                     |                  |            |
| (13)        | Projected 2026-2027 Ir  | ncome Requirements      |                     |                  | 70,473,364 |
|             |                         |                         |                     |                  |            |
| (14)        | Indicated Assessment I  | evel Change on Januar   | y 1, 2026           |                  | 2.6%       |
|             |                         |                         |                     |                  |            |

| <ul><li>Based on data provided by client; excludes deficit surcha</li></ul> | arge |
|---|------|
|---|------|

<sup>(3)</sup> Exhibit 5, Col (7)

(11) Based on data provided by client

(14) Row (13) / Row (8) - 1

<sup>(4)</sup> Based on industry data

<sup>(5) [</sup>Col (3) x Col (4)] x [1 + selected trend rate of 5.0%] ^ (2025 - Col (1))

<sup>(6)</sup> Col (5) / Col (2)

<sup>(8)</sup> Most current surcharge

<sup>(9)</sup> Row (7) x Row (8)

<sup>(10)</sup> From Exhibit 7

<sup>(12)</sup> From Exhibit 7

<sup>(13)</sup>  $[Row (9) \times [1 + selected trend rate of 5.0\%] \times [1 + Row (10)] \times Row (11)] / [1 - Row (12)]$ 

#### Reserves as of 12/31/2024

Indicated Rate Change Effective 1/1/26 through 1/1/27 Using Expected Value Losses with Risk Load Hospitals

Exhibit 6 Page 3

| Accident   | Hospital<br>Surcharges  | Projected<br>Ultimate Losses | Increased<br>Limits | Trended<br>Ultimate Losses | Trended<br>Ultimate |  |
|--|---|------------------------------|---------------------|----------------------------|---------------------|--|
| Year   | @ 01/01/25 Level  | @ Historical Levels          | Factor              | @ 01/01/25 Level           | Loss Ratio          |  |
| (1)  | (2)   | (3)                          | (4)                 | (5)                        | (6)                 |  |
| 2015   | 3,954,626   | 5,749,638                    | 1.007               | 9,431,459                  | 238.5%              |  |
| 2016   | 11,313,081  | 10,268,394                   | 1.007               | 16,041,745                 | 141.8%              |  |
| 2017   | 36,486,209  | 19,974,522                   | 1.007               | 29,719,136                 | 81.5%               |  |
| 2018   | 48,922,604  | 33,791,297                   | 1.007               | 47,882,339                 | 97.9%               |  |
| 2019   | 47,884,914  | 35,234,112                   | 1.007               | 47,549,343                 | 99.3%               |  |
| 2020   | 46,174,914  | 35,599,877                   | 1.007               | 45,755,192                 | 99.1%               |  |
| 2021   | 43,369,304  | 43,515,208                   | 1.007               | 53,265,212                 | 122.8%              |  |
| 2022   | 47,508,691  | 47,588,771                   | 1.000               | 55,089,951                 | 116.0%              |  |
| 2023   | 54,322,915  | 57,274,722                   | 1.000               | 63,145,381                 | 116.2%              |  |
| 2024   | 68,714,443  | 82,677,466                   | 1.000               | 86,811,339                 | 126.3%              |  |
|  |   |                              |                     |                            |                     |  |
| All Years  | 408,651,701   | 371,674,006                  |                     | 454,691,095                | 111.3%              |  |
| 2015 - 2022  | 285,614,343   | 231,721,819                  |                     | 304,734,376                | 106.7%              |  |
| 2018 - 2022  | 233,860,427   | 195,729,265                  |                     | 249,542,036                | 106.7%              |  |
| 2021 - 2024  | 213,915,352   | 231,056,166                  |                     | 258,311,882                | 120.8%              |  |
| (7) P  | (7) Projected 2025-2026 Undiscounted Loss Ratio (Selected Based on Col (6)) |                              |                     |                            |                     |  |
| (8) P  | rojected 2025-2026 Sur  | charges at Current Fee       | Level               |                            | 68,714,443          |  |
| (9) P  | rojected 2025-2026 Un   | discounted Losses            |                     |                            | 76,455,929          |  |
| (10)   | Projected Loss Adjustm  | ent Expenses as a Perce      | entage of Losses P  | ∂aid                       | 3.6%                |  |
| (11)   | Discount Factor at 3.5%   | 5 Yield                      |                     |                            | 0.838               |  |
| (12)   | Risk Margin Factor at 7   | 5% Confidence Level          |                     |                            | 1.083               |  |
| (13) Projected Office Expenses as a Percentage of Surcharges Collected |   |                              |                     |                            | 1.1%                |  |
| (14) Projected 2026-2027 Income Requirements @ 75%                     |   |                              |                     |                            |                     |  |
| (15)   | Indicated Assessment L  | evel Change on January       | y 1, 2026           |                            | 11.1%               |  |

#### Column / Row Note

- (2) Based on data provided by client; excludes deficit surcharge
- (3) Exhibit 5, Col (7)
- (4) Based on industry data
- (5) [Col (3) x Col (4)] x [1 + selected trend rate of 5.0%] ^ (2025 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 + selected trend rate of 5.0%] x [1 + Row (10)] x Row (11) x Row (12)] / [1 Row (13)]

(15) Row (14) / Row (8) - 1

#### Reserves as of 12/31/2024

**Expense Analysis** 

Notes:

(2) - (5)

Loss Adjustment Expenses as a Percentage of Losses Paid

|                         | NM Med Soc/               |            |               |             |
|-------------------------|---------------------------|------------|---------------|-------------|
| Calendar                | Medical Panel             |            | Contracts and | Paid        |
| Year                    | Expenses                  | Directors  | Consultants   | Losses      |
| (1)                     | (2)                       | (3)        | (4)           | (5)         |
| 2020                    | 401,706                   | 44,422     | 413,385       | 33,473,168  |
| 2021                    | 300,543                   | 19,434     | 525,416       | 46,578,556  |
| 2022                    | 283,967                   | 0          | 1,165,086     | 36,285,592  |
| 2023                    | 279,539                   | 0          | 1,595,707     | 45,210,781  |
| 2024                    | 274,270                   | 0          | 1,553,397     | 68,638,933  |
| Total                   | 1,540,025                 | 63,856     | 5,252,991     | 230,187,030 |
| Loss Adjustment Expens  | ses as a Percentage of Lo | osses Paid |               |             |
| 2020                    | 1.2%                      | 0.1%       | 1.2%          |             |
| 2021                    | 0.6%                      | 0.0%       | 1.1%          |             |
| 2022                    | 0.8%                      | 0.0%       | 3.2%          |             |
| 2023                    | 0.6%                      | 0.0%       | 3.5%          |             |
| 2024                    | 0.4%                      | 0.0%       | 2.3%          |             |
| Total                   | 0.7%                      | 0.0%       | 2.3%          | 3.0%        |
| Selected Ratio of Expen | ses to Losses Paid        |            |               |             |
| Average 2020 - 2024     | 0.7%                      | 0.0%       | 2.3%          | 3.0%        |
| Average 2021 - 2024     | 0.6%                      | 0.0%       | 2.5%          | 3.2%        |
| Average 2022 - 2024     | 0.6%                      | 0.0%       | 3.0%          | 3.6%        |
| Average 2023 - 2024     | 0.5%                      | 0.0%       | 2.9%          | 3.4%        |
| Selected                |                           |            |               | 3.6%        |

Based on data provided by client

NM PCF Reserves 12-31-2024 5/30/2025

Exhibit 7

Page 1

#### Reserves as of 12/31/2024

**Expense Analysis** 

Notes:

(2) - (7)

Based on data provided by client

Office Expenses as a Percentage of Surcharges collected

| Calendar                 | IT                   | PCF Employee |        | Intra-Agency | Misc. &    | Participant |
|--------------------------|----------------------|--------------|--------|--------------|------------|-------------|
| Year                     | Services             | Services     | Rent   | Transfer     | Prior Year | Surcharges  |
| (1)                      | (2)                  | (3)          | (4)    | (5)          | (6)        | (7)         |
| 2020                     |                      | 265.054      | 42.027 | 046 500      |            | 44.057.050  |
| 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  |
| 2023                     | 0                    | 42,172       | 0      | 816,500      | 91,502     | 74,707,553  |
| 2024                     | 0                    | (18,546)     | 0      | 272,200      | 99,230     | 117,526,351 |
| Total                    | 36,043               | 515,306      | 38,127 | 2,592,300    | 331,609    | 317,468,917 |
| Operating Expenses as a  | Percentage of Premiu | ms           |        |              |            |             |
| 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%       |             |
| 2023                     | 0.0%                 | 0.1%         | 0.0%   | 1.1%         | 0.1%       |             |
| 2024                     | 0.0%                 | 0.0%         | 0.0%   | 0.2%         | 0.1%       |             |
| Total                    | 0.0%                 | 0.2%         | 0.0%   | 0.8%         | 0.1%       | 1.1%        |
| Selected Ratio of Expens | es to Premiums       |              |        |              |            |             |
| Average 2020 - 2024      | 0.0%                 | 0.3%         | 0.0%   | 0.9%         | 0.1%       | 1.3%        |
| Average 2021 - 2024      | 0.0%                 | 0.2%         | 0.0%   | 0.6%         | 0.1%       | 0.9%        |
| Average 2022 - 2024      | 0.0%                 | 0.0%         | 0.0%   | 0.9%         | 0.2%       | 1.1%        |
| Average 2023 - 2024      | 0.0%                 | 0.0%         | 0.0%   | 0.7%         | 0.1%       | 0.8%        |
| Selected                 |                      |              |        |              |            | 1.1%        |

NM PCF Reserves 12-31-2024 5/30/2025

Exhibit 7

Page 2

## Appendix

| APPENDIX | DESCRIPTION  |
|----------|--|
| 1        | Ind. Physicians & Surgeons - B-F and Expected Loss Ratio Methods             |
| 2        | Ind. Physicians & Surgeons - Paid Loss Development Method                    |
| 3        | Ind. Physicians & Surgeons - Frequency and Severity Method                   |
| 4        | Ind. Physicians & Surgeons - Paid Claim Projection Based on B-F Method       |
| 5        | Ind. Physicians & Surgeons - Paid Claim Projection Based on Frequency Method |
| 6        | Ind. 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       | Allocation of Estimated Ultimate & Outstanding Losses by Hospital            |

## New Mexico Patients' Compensation Fund Reserves as of 12/31/2024 Independent Physicians & Surgeons Including Batch Claims

**Bornhuetter-Ferguson Method** 

Appendix 1
Page 1

|          |              |            |             | Percentage  | Indicated   |
|----------|--------------|------------|-------------|-------------|-------------|
| Accident | Practitioner | Expected   | Paid        | of Ultimate | Ultimate    |
| Year     | Surcharges   | Loss Ratio | Loss        | Paid        | Losses      |
| (1)      | (2)          | (3)        | (4)         | (5)         | (6)         |
| 2000     | 0.000.000    | 122.00/    | 6.560.000   | 100.00/     | 6.560.000   |
| 2000     | 8,238,309    | 120.0%     | 6,560,000   | 100.0%      | 6,560,000   |
| 2001     | 9,181,946    | 120.0%     | 9,261,652   | 100.0%      | 9,261,652   |
| 2002     | 9,421,675    | 120.0%     | 9,309,500   | 100.0%      | 9,309,500   |
| 2003     | 9,924,688    | 120.0%     | 6,596,189   | 100.0%      | 6,596,189   |
| 2004     | 9,283,270    | 120.0%     | 5,482,500   | 100.0%      | 5,482,500   |
| 2005     | 9,151,210    | 120.0%     | 9,776,657   | 100.0%      | 9,776,657   |
| 2006     | 9,067,465    | 120.0%     | 8,140,629   | 100.0%      | 8,140,629   |
| 2007     | 8,810,595    | 120.0%     | 19,005,969  | 100.0%      | 19,005,969  |
| 2008     | 9,696,249    | 120.0%     | 19,398,176  | 100.0%      | 19,398,176  |
| 2009     | 11,325,257   | 120.0%     | 11,967,704  | 100.0%      | 11,967,704  |
| 2010     | 10,410,307   | 120.0%     | 17,814,906  | 99.9%       | 17,827,386  |
| 2011     | 11,380,891   | 120.0%     | 19,354,469  | 99.9%       | 19,368,112  |
| 2012     | 9,765,990    | 120.0%     | 8,731,408   | 99.9%       | 8,743,116   |
| 2013     | 9,596,773    | 120.0%     | 7,450,000   | 99.4%       | 7,518,742   |
| 2014     | 10,065,996   | 120.0%     | 15,120,435  | 98.8%       | 15,264,150  |
| 2015     | 10,535,218   | 120.0%     | 8,602,477   | 97.8%       | 8,876,573   |
| 2016     | 9,039,070    | 120.0%     | 8,523,333   | 96.6%       | 8,894,686   |
| 2017     | 12,725,963   | 120.0%     | 23,722,500  | 95.8%       | 24,362,372  |
| 2018     | 9,835,929    | 120.0%     | 22,314,611  | 92.6%       | 23,191,585  |
| 2019     | 10,170,463   | 120.0%     | 18,868,878  | 66.1%       | 23,003,609  |
| 2020     | 10,236,009   | 120.0%     | 5,409,528   | 48.6%       | 11,720,803  |
| 2021     | 11,585,186   | 120.0%     | 1,182,167   | 23.2%       | 11,865,781  |
| 2022     | 15,302,205   | 120.0%     | 1,804,414   | 8.7%        | 18,562,805  |
| 2023     | 16,934,483   | 120.0%     | 112,500     | 2.1%        | 20,016,143  |
| 2024     | 16,935,434   | 120.0%     | 0           | 0.4%        | 20,249,867  |
|          |              |            |             |             |             |
| Total    | 268,620,583  |            | 264,510,601 |             | 344,964,706 |
| 2010-24  | 174,519,918  |            | 159,011,626 |             | 239,465,731 |

| <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 12/31/2024 **Independent Physicians & Surgeons**

**Including Batch Claims** 

**Expected Loss Ratio Method** 

| Accident Year (1) | Practitioner Surcharges (2) | Indicated Ultimate Losses From Paid Loss Dev Method (3) | Indicated<br>Loss<br>Ratio<br>(4) | Expected Loss Ratio (5) | Indicated Ultimate Losses (6) |
|-------------------|-----------------------------|---|-----------------------------------|-------------------------|-------------------------------|
| 2000              | 8,238,309                   | 6,560,000   | 79.6%                             |                         | 9,885,971                     |
| 2001              | 9,181,946                   | 9,261,652   | 100.9%                            |                         | 11,018,335                    |
| 2002              | 9,421,675                   | 9,309,500   | 98.8%                             |                         | 11,306,010                    |
| 2003              | 9,924,688                   | 6,596,189   | 66.5%                             |                         | 11,909,625                    |
| 2004              | 9,283,270                   | 5,482,500   | 59.1%                             |                         | 11,139,924                    |
| 2005              | 9,151,210                   | 9,776,657   | 106.8%                            |                         | 10,981,452                    |
| 2006              | 9,067,465                   | 8,140,629   | 89.8%                             |                         | 10,880,958                    |
| 2007              | 8,810,595                   | 19,005,969  | 215.7%                            |                         | 10,572,714                    |
| 2008              | 9,696,249                   | 19,398,176  | 200.1%                            |                         | 11,635,499                    |
| 2009              | 11,325,257                  | 11,967,704  | 105.7%                            |                         | 13,590,309                    |
| 2010              | 10,410,307                  | 17,832,721  | 171.3%                            |                         | 12,492,369                    |
| 2011              | 11,380,891                  | 19,373,823  | 170.2%                            |                         | 13,657,069                    |
| 2012              | 9,765,990                   | 8,740,140   | 89.5%                             |                         | 11,719,188                    |
| 2013              | 9,596,773                   | 7,494,737   | 78.1%                             |                         | 11,516,128                    |
| 2014              | 10,065,996                  | 15,302,501  | 152.0%                            |                         | 12,079,195                    |
| 2015              | 10,535,218                  | 8,793,120   | 83.5%                             |                         | 12,642,261                    |
| 2016              | 9,039,070                   | 8,825,481   | 97.6%                             |                         | 10,846,883                    |
| 2017              | 12,725,963                  | 24,759,959  | 194.6%                            |                         | 15,271,156                    |
| 2018              | 9,835,929                   | 24,105,667  | 245.1%                            |                         | 11,803,115                    |
| 2019              | 10,170,463                  | 28,536,712  | 280.6%                            |                         | 12,204,556                    |
| 2020              | 10,236,009                  | 11,126,439  | 108.7%                            |                         | 12,283,211                    |
| 2021              | 11,585,186                  | 5,106,164   | 44.1%                             |                         | 13,902,223                    |
| 2022              | 15,302,205                  | 20,653,716  | 135.0%                            |                         | 18,362,646                    |
| 2023              | 16,934,483                  | 5,472,722   | 32.3%                             |                         | 20,321,380                    |
| 2024              | 16,935,434                  | 0   | 0.0%                              |                         | 20,322,521                    |
| Total             | 268,620,583                 | 311,622,876   | 116.0%                            | 120.0%                  | 322,344,699                   |
| 2000-17           | 177,620,872                 | 216,621,457   | 122.0%                            |                         |                               |
| 2012-21           | 103,556,598                 | 142,790,920   | 137.9%                            |                         |                               |

| Column | Note |
|--------|------|
|        |      |

(2) Based on data provided by client

(3) Appendix 2, Col (5)

- Col (3) / Col (2) (4)
- (5) Judgment
- Col (2) x Col (5) (6)

NM PCF Reserves 12-31-2024 5/30/2025

Appendix 1

Page 2

## New Mexico Patients' Compensation Fund Reserves as of 12/31/2024 Independent Physicians & Surgeons Including Batch Claims

**Paid Loss Development Method** 

Appendix 2

|          |             |             | Cumulative  | Indicated   |
|----------|-------------|-------------|-------------|-------------|
| Accident | Paid        | Month of    | Development | Ultimate    |
| Year     | Losses      | Development | Factor      | Losses      |
| (1)      | (2)         | (3)         | (4)         | (5)         |
|          |             |             |             |             |
| 2000     | 6,560,000   | 300         | 1.000       | 6,560,000   |
| 2001     | 9,261,652   | 288         | 1.000       | 9,261,652   |
| 2002     | 9,309,500   | 276         | 1.000       | 9,309,500   |
| 2003     | 6,596,189   | 264         | 1.000       | 6,596,189   |
| 2004     | 5,482,500   | 252         | 1.000       | 5,482,500   |
| 2005     | 9,776,657   | 240         | 1.000       | 9,776,657   |
| 2006     | 8,140,629   | 228         | 1.000       | 8,140,629   |
| 2007     | 19,005,969  | 216         | 1.000       | 19,005,969  |
| 2008     | 19,398,176  | 204         | 1.000       | 19,398,176  |
| 2009     | 11,967,704  | 192         | 1.000       | 11,967,704  |
| 2010     | 17,814,906  | 180         | 1.001       | 17,832,721  |
| 2011     | 19,354,469  | 168         | 1.001       | 19,373,823  |
| 2012     | 8,731,408   | 156         | 1.001       | 8,740,140   |
| 2013     | 7,450,000   | 144         | 1.006       | 7,494,737   |
| 2014     | 15,120,435  | 132         | 1.012       | 15,302,501  |
| 2015     | 8,602,477   | 120         | 1.022       | 8,793,120   |
| 2016     | 8,523,333   | 108         | 1.035       | 8,825,481   |
| 2017     | 23,722,500  | 96          | 1.044       | 24,759,959  |
| 2018     | 22,314,611  | 84          | 1.080       | 24,105,667  |
| 2019     | 18,868,878  | 72          | 1.512       | 28,536,712  |
| 2020     | 5,409,528   | 60          | 2.057       | 11,126,439  |
| 2021     | 1,182,167   | 48          | 4.319       | 5,106,164   |
| 2022     | 1,804,414   | 36          | 11.446      | 20,653,716  |
| 2023     | 112,500     | 24          | 48.646      | 5,472,722   |
| 2024     | 0           | 12          | 279.717     | 0           |
|          |             |             |             |             |
| Total    | 264,510,601 |             |             | 311,622,876 |

Column Note

<sup>(2)</sup> Based on data provided by client

<sup>(4)</sup> Appendix 9

<sup>(5)</sup> Col (2) x Col (4)

## New Mexico Patients' Compensation Fund Reserves as of 12/31/2024 Independent Physicians & Surgeons Including Batch Claims

Page 1

Appendix 3

**Frequency and Severity Method** 

|          | Selected      |          |             |
|----------|---------------|----------|-------------|
|          | Ultimate      | Selected | Indicated   |
| Accident | Claims Closed | Ultimate | Ultimate    |
| Year     | with Payment  | Severity | Losses      |
| (1)      | (2)           | (3)      | (4)         |
|          |               |          |             |
| 2000     | 19            | 217,048  | 4,123,903   |
| 2001     | 32            | 227,900  | 7,292,797   |
| 2002     | 26            | 239,295  | 6,221,668   |
| 2003     | 26            | 251,260  | 6,532,751   |
| 2004     | 23            | 263,823  | 6,067,921   |
| 2005     | 33            | 277,014  | 9,141,454   |
| 2006     | 23            | 290,864  | 6,689,883   |
| 2007     | 61            | 305,408  | 18,629,869  |
| 2008     | 74            | 320,678  | 23,730,177  |
| 2009     | 38            | 336,712  | 12,795,055  |
| 2010     | 48            | 353,548  | 16,970,283  |
| 2011     | 32            | 371,225  | 11,879,198  |
| 2012     | 21            | 389,786  | 8,185,510   |
| 2013     | 15            | 409,276  | 6,139,133   |
| 2014     | 32            | 429,739  | 13,751,657  |
| 2015     | 14            | 451,226  | 6,317,167   |
| 2016     | 28            | 473,788  | 13,266,051  |
| 2017     | 46            | 497,477  | 22,883,939  |
| 2018     | 51            | 522,351  | 26,639,890  |
| 2019     | 60            | 548,468  | 32,908,099  |
| 2020     | 37            | 575,892  | 21,020,048  |
| 2021     | 35            | 604,686  | 20,861,678  |
| 2022     | 43            | 634,921  | 27,301,587  |
| 2023     | 42            | 666,667  | 28,000,000  |
| 2024     | 39            | 700,000  | 27,300,000  |
|          |               |          |             |
| Total    | 897           |          | 384,649,718 |

| _      |        |       |
|--------|--------|-------|
| ( (    | lumn   | Note  |
| $\sim$ | ıuıııı | INOLL |

- (2) Appendix 3, Page 3, Col (6)
- (3) Appendix 3, Page 2, Col (10)
- (4) Col (2) x Col (3)

Reserves as of 12/31/2024

**Independent Physicians & Surgeons** 

**Including Batch Claims** 

Severity Trend for Paid Losses Excess of Retention

Claims Trended Accident Paid Closed With Paid Indicated Selected Severity Selected Detrended  $R^2$ Year Loss Payment Severity Trend Trend to 2024 Severity Severity (5) (6) (7) (9) (1) (2) (3) (4) (8) (10)2000 6,560,000 19 345,263 1,113,508 217,048 2001 9,261,652 32 289,427 888,981 227,900 2002 9,309,500 26 358,058 1,047,412 239,295 706,797 2003 6,596,189 26 253,700 251,260 2004 5,482,500 23 238,370 632,465 263,823 33 748,640 2005 9,776,657 296,262 277,014 23 851,800 290,864 2006 8,140,629 353,940 2007 61 714,132 19,005,969 311,573 305,408 2008 19,398,176 74 262,138 572,213 320,678 2009 11,967,704 38 314,940 654,737 336,712 2010 17,814,906 48 371,144 734,839 353,548 2011 19,354,469 32 604,827 1,140,492 371,225 2012 8,731,408 21 415,781 746,684 389,786 2013 7,450,000 15 496,667 849,469 409,276 2014 15,120,435 32 472,514 769,675 429,739 2015 953,233 8,602,477 14 614,463 451,226 27 466,402 473,788 2016 8,523,333 315,679 2017 23,722,500 44 539,148 758,635 497,477 2018 47 636,249 522,351 22,314,611 474,779 2019 18,868,878 52 362,863 463,115 548,468 2020 5,409,528 23 235,197 285,883 575,892 2021 1,182,167 8 147.771 171.063 604,686 2022 180,441 198,937 1,804,414 10 634,921 2023 112,500 2 56,250 59,063 666,667 2024 0 0 0 0 700,000 264,510,601 730 362,343 702,764 380,803 Total 2008-20 187,278,425 467 401,024 0.2% 0.001 667,929 700,000 389,708 5.0%

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)

NM PCF Reserves 12-31-2024 5/30/2025

Appendix 3

Page 2

## New Mexico Patients' Compensation Fund Reserves as of 12/31/2024 Independent Physicians & Surgeons

Appendix 3

Page 3

Including Batch Claims
Closed With Payment Projection Summary

|          |             | Indicated Ultimate Claims Closed With Payment |           |             | Selected    |
|----------|-------------|---|-----------|-------------|-------------|
|          | Claims      | '   |           | Claim       | Ultimate    |
| Accident | Closed With | B-F   | Frequency | Development | Closed With |
| Year     | Payment     | Method  | Method    | Method      | Payment     |
| (1)      | (2)         | (3)   | (4)       | (5)         | (6)         |
|          |             |   |           |             |             |
| 2000     | 19          | 19  | 47        | 19          | 19          |
| 2001     | 32          | 32  | 49        | 32          | 32          |
| 2002     | 26          | 26  | 49        | 26          | 26          |
| 2003     | 26          | 26  | 51        | 26          | 26          |
| 2004     | 23          | 23  | 48        | 23          | 23          |
| 2005     | 33          | 33  | 47        | 33          | 33          |
| 2006     | 23          | 23  | 47        | 23          | 23          |
| 2007     | 61          | 61  | 45        | 61          | 61          |
| 2008     | 74          | 74  | 46        | 74          | 74          |
| 2009     | 38          | 38  | 53        | 38          | 38          |
| 2010     | 48          | 48  | 46        | 48          | 48          |
| 2011     | 32          | 32  | 49        | 32          | 32          |
| 2012     | 21          | 21  | 42        | 21          | 21          |
| 2013     | 15          | 15  | 41        | 15          | 15          |
| 2014     | 32          | 33  | 42        | 32          | 32          |
| 2015     | 14          | 15  | 44        | 14          | 14          |
| 2016     | 27          | 28  | 38        | 28          | 28          |
| 2017     | 44          | 46  | 50        | 46          | 46          |
| 2018     | 47          | 50  | 35        | 51          | 51          |
| 2019     | 52          | 60  | 36        | 67          | 60          |
| 2020     | 23          | 38  | 35        | 41          | 37          |
| 2021     | 8           | 33  | 36        | 27          | 35          |
| 2022     | 10          | 47  | 43        | 78          | 43          |
| 2023     | 2           | 43  | 42        | 64          | 42          |
| 2024     | 0           | 39  | 39        | 0           | 39          |
|          |             |   |           |             |             |
| Total    | 730         | 903   | 1,100     | 919         | 897         |

| Column Note |
|-------------|
|-------------|

- (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 12/31/2024 Independent Physicians & Surgeons Including Batch Claims Bornhuetter-Ferguson Method

| Accident Year (1) | Claims<br>Closed With<br>Payment<br>(2) | Frequency Mtd. Indicated Ultimate Claims Closed With Payment (3) | Percent of Ultimate Closed With Payment (4) | Indicated Ultimate Closed With Payment (5) |
|-------------------|---|--|---|--|
| 2000              | 40                                      | 47   | 400.00/                                     | 40   |
| 2000              | 19                                      | 47   | 100.0%                                      | 19   |
| 2001              | 32                                      | 49   | 100.0%                                      | 32   |
| 2002              | 26                                      | 49   | 100.0%                                      | 26   |
| 2003              | 26                                      | 51   | 100.0%                                      | 26   |
| 2004              | 23                                      | 48   | 100.0%                                      | 23   |
| 2005              | 33                                      | 47   | 100.0%                                      | 33   |
| 2006              | 23                                      | 47   | 100.0%                                      | 23   |
| 2007              | 61                                      | 45   | 100.0%                                      | 61   |
| 2008              | 74                                      | 46   | 100.0%                                      | 74   |
| 2009              | 38                                      | 53   | 100.0%                                      | 38   |
| 2010              | 48                                      | 46   | 99.8%                                       | 48   |
| 2011              | 32                                      | 49   | 99.8%                                       | 32   |
| 2012              | 21                                      | 42   | 99.8%                                       | 21   |
| 2013              | 15                                      | 41   | 99.3%                                       | 15   |
| 2014              | 32                                      | 42   | 98.7%                                       | 33   |
| 2015              | 14                                      | 44   | 98.0%                                       | 15   |
| 2016              | 27                                      | 38   | 97.2%                                       | 28   |
| 2017              | 44                                      | 50   | 96.3%                                       | 46   |
| 2018              | 47                                      | 35   | 91.9%                                       | 50   |
| 2019              | 52                                      | 36   | 77.2%                                       | 60   |
| 2020              | 23                                      | 35   | 55.9%                                       | 38   |
| 2021              | 8                                       | 36   | 30.1%                                       | 33   |
| 2022              | 10                                      | 43   | 12.8%                                       | 47   |
| 2023              | 2                                       | 42   | 3.1%  | 43   |
| 2024              | 0                                       | 39   | 0.8%  | 39   |
| Total             | 730                                     | 1,100  |   | 903  |

| <u>Co</u> | <u>lumn</u> | <u>N</u> | <u>lote</u> |
|-----------|-------------|----------|-------------|
|           |             |          |             |

- (2) Based on data provided by client
- (3) Appendix 5, Col (7)
- (4) Appendix 10
- (5)  $Col(2) + Col(3) \times [1 Col(4)]$

## New Mexico Patients' Compensation Fund Reserves as of 12/31/2024 Independent Physicians & Surgeons Including Batch Claims Paid Claim Projection Based on Frequency Method

|          |             | Development Mtd.   | Practitioner | Indicated          |           | Indicated     |
|----------|-------------|--------------------|--------------|--------------------|-----------|---------------|
|          | Claims      | Indicated Ultimate | Surcharges   | Ultimate Claim     |           | Ultimate      |
| Accident | Closed With | Claims Closed      | at Current   | Frequency Per      | Selected  | Claims Closed |
| Year     | Payment     | With Payment       | Rate Level   | \$1M in Surcharges | Frequency | With Payment  |
| (1)      | (2)         | (3)                | (4)          | (5)                | (6)       | (7)           |
|          |             |                    |              |                    |           |               |
| 2000     | 19          | 19                 | 23,558,922   | 0.81               |           | 47            |
| 2001     | 32          | 32                 | 24,608,972   | 1.30               |           | 49            |
| 2002     | 26          | 26                 | 24,418,334   | 1.06               |           | 49            |
| 2003     | 26          | 26                 | 25,722,003   | 1.01               |           | 51            |
| 2004     | 23          | 23                 | 24,059,628   | 0.96               |           | 48            |
| 2005     | 33          | 33                 | 23,717,366   | 1.39               |           | 47            |
| 2006     | 23          | 23                 | 23,500,322   | 0.98               |           | 47            |
| 2007     | 61          | 61                 | 22,566,609   | 2.70               |           | 45            |
| 2008     | 74          | 74                 | 23,201,342   | 3.19               |           | 46            |
| 2009     | 38          | 38                 | 26,664,645   | 1.43               |           | 53            |
| 2010     | 48          | 48                 | 22,944,469   | 2.09               |           | 46            |
| 2011     | 32          | 32                 | 24,600,047   | 1.30               |           | 49            |
| 2012     | 21          | 21                 | 21,088,315   | 1.00               |           | 42            |
| 2013     | 15          | 15                 | 20,277,261   | 0.74               |           | 41            |
| 2014     | 32          | 32                 | 21,083,210   | 1.52               |           | 42            |
| 2015     | 14          | 14                 | 22,065,995   | 0.63               |           | 44            |
| 2016     | 27          | 28                 | 18,880,982   | 1.48               |           | 38            |
| 2017     | 44          | 46                 | 25,016,278   | 1.84               |           | 50            |
| 2018     | 47          | 51                 | 17,611,775   | 2.90               |           | 35            |
| 2019     | 52          | 67                 | 18,028,585   | 3.72               |           | 36            |
| 2020     | 23          | 41                 | 17,535,889   | 2.34               |           | 35            |
| 2021     | 8           | 27                 | 18,107,577   | 1.49               |           | 36            |
| 2022     | 10          | 78                 | 21,317,508   | 3.66               |           | 43            |
| 2023     | 2           | 64                 | 21,193,264   | 3.02               |           | 42            |
| 2024     | 0           | 0                  | 19,267,686   | 0.00               |           | 39            |
| Total    | 730         | 919                | 551,036,980  | 1.67               | 2.00      | 1,100         |
| 2012-20  | 275         | 315                | 181,588,289  | 1.73               |           |               |
| 2014-20  | 239         | 279                | 140,222,713  | 1.99               |           |               |
| 2016-20  | 193         | 233                | 97,073,509   | 2.40               |           |               |

<u>Column</u> <u>Note</u>

- (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

#### Appendix 6

## New Mexico Patients' Compensation Fund Reserves as of 12/31/2024 Independent Physicians & Surgeons Including Batch Claims Closed With Payment Claim Development Method

| Accident<br>Year | Claims Closed With Payment | Month of Development | Cumulative<br>Development<br>Factor | Indicated Ultimate Claims Closed With Payment |
|------------------|----------------------------|----------------------|-------------------------------------|---|
| (1)              | (2)                        | (3)                  | (4)                                 | (5)   |
| 2000             | 19                         | 300                  | 1.000                               | 19  |
| 2001             | 32                         | 288                  | 1.000                               | 32  |
| 2002             | 26                         | 276                  | 1.000                               | 26  |
| 2003             | 26                         | 264                  | 1.000                               | 26  |
| 2004             | 23                         | 252                  | 1.000                               | 23  |
| 2005             | 33                         | 240                  | 1.000                               | 33  |
| 2006             | 23                         | 228                  | 1.000                               | 23  |
| 2007             | 61                         | 216                  | 1.000                               | 61  |
| 2008             | 74                         | 204                  | 1.000                               | 74  |
| 2009             | 38                         | 192                  | 1.000                               | 38  |
| 2010             | 48                         | 180                  | 1.002                               | 48  |
| 2011             | 32                         | 168                  | 1.002                               | 32  |
| 2012             | 21                         | 156                  | 1.002                               | 21  |
| 2013             | 15                         | 144                  | 1.007                               | 15  |
| 2014             | 32                         | 132                  | 1.013                               | 32  |
| 2015             | 14                         | 120                  | 1.020                               | 14  |
| 2016             | 27                         | 108                  | 1.028                               | 28  |
| 2017             | 44                         | 96                   | 1.039                               | 46  |
| 2018             | 47                         | 84                   | 1.088                               | 51  |
| 2019             | 52                         | 72                   | 1.295                               | 67  |
| 2020             | 23                         | 60                   | 1.787                               | 41  |
| 2021             | 8                          | 48                   | 3.325                               | 27  |
| 2022             | 10                         | 36                   | 7.813                               | 78  |
| 2023             | 2                          | 24                   | 32.033                              | 64  |
| 2024             | 0                          | 12                   | 128.131                             | 0   |
|                  |                            |                      |                                     |   |
| Total            | 730                        |                      |                                     | 919   |

<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 12/31/2024

Page 1

Appendix 7

Hospitals

**Bornhuetter-Ferguson Method** 

|          |             |            |             | Percentage  | Indicated   |
|----------|-------------|------------|-------------|-------------|-------------|
| Accident | Hospital    | Expected   | Paid        | of Ultimate | Ultimate    |
| Year     | Surcharges  | Loss Ratio | Loss        | Paid        | Losses      |
| (1)      | (2)         | (3)        | (4)         | (5)         | (6)         |
|          |             |            |             |             |             |
| 2009     | 918,297     | 120.0%     | 2,075,000   | 100.0%      | 2,075,000   |
| 2010     | 1,680,228   | 120.0%     | 2,005,000   | 99.9%       | 2,007,014   |
| 2011     | 1,825,004   | 120.0%     | 2,547,500   | 99.9%       | 2,549,688   |
| 2012     | 1,817,812   | 120.0%     | 3,475,000   | 99.9%       | 3,477,179   |
| 2013     | 1,992,604   | 120.0%     | 2,607,237   | 99.4%       | 2,621,510   |
| 2014     | 2,146,331   | 120.0%     | 6,688,260   | 98.8%       | 6,718,904   |
| 2015     | 2,224,828   | 120.0%     | 5,624,980   | 97.8%       | 5,682,864   |
| 2016     | 6,374,245   | 120.0%     | 9,916,846   | 96.6%       | 10,178,720  |
| 2017     | 21,561,182  | 120.0%     | 19,016,636  | 95.8%       | 20,100,750  |
| 2018     | 31,292,438  | 120.0%     | 27,241,629  | 92.6%       | 30,031,669  |
| 2019     | 31,872,010  | 120.0%     | 19,264,470  | 66.1%       | 32,221,813  |
| 2020     | 31,731,360  | 120.0%     | 13,557,334  | 48.6%       | 33,122,121  |
| 2021     | 32,655,867  | 120.0%     | 10,699,825  | 23.2%       | 40,814,377  |
| 2022     | 37,653,051  | 120.0%     | 6,352,586   | 8.7%        | 47,588,771  |
| 2023     | 48,224,599  | 120.0%     | 0           | 2.1%        | 56,679,924  |
| 2024     | 68,897,888  | 120.0%     | 0           | 0.4%        | 82,381,890  |
| Total    | 322,867,744 |            | 131,072,303 |             | 378,252,195 |

| <u>Column</u> | Note |
|---------------|------|
|---------------|------|

- (2) Based on data provided by client; excludes deficit surcharge
- (3) Appendix 7, Page 2, Col (5)
- (4) Based on data provided by client
- (5) Appendix 9
- (6) Col (2) x Col (3) x [1 Col (5)] + Col (4)

## **New Mexico Patients' Compensation Fund** Reserves as of 12/31/2024 Hospitals

Page 2

Appendix 7

#### **Expected Loss Ratio Method**

|               |                     | Indicated Ultimate        | Indicated       |            | Indicated   |
|---------------|---------------------|---------------------------|-----------------|------------|-------------|
| Accident      | Hospital            | Losses From Paid          | Loss            | Expected   | Ultimate    |
| Year          | Surcharges          | Loss Dev Method           | Ratio           | Loss Ratio | Losses      |
| (1)           | (2)                 | (3)                       | (4)             | (5)        | (6)         |
|               |                     |                           |                 |            |             |
| 2009          | 918,297             | 2,075,000                 | 226.0%          |            | 1,101,956   |
| 2010          | 1,680,228           | 2,007,005                 | 119.4%          |            | 2,016,274   |
| 2011          | 1,825,004           | 2,550,048                 | 139.7%          |            | 2,190,005   |
| 2012          | 1,817,812           | 3,478,475                 | 191.4%          |            | 2,181,374   |
| 2013          | 1,992,604           | 2,622,894                 | 131.6%          |            | 2,391,125   |
| 2014          | 2,146,331           | 6,768,794                 | 315.4%          |            | 2,575,597   |
| 2015          | 2,224,828           | 5,749,638                 | 258.4%          |            | 2,669,794   |
| 2016          | 6,374,245           | 10,268,394                | 161.1%          |            | 7,649,094   |
| 2017          | 21,561,182          | 19,848,293                | 92.1%           |            | 25,873,419  |
| 2018          | 31,292,438          | 29,428,145                | 94.0%           |            | 37,550,925  |
| 2019          | 31,872,010          | 29,134,993                | 91.4%           |            | 38,246,412  |
| 2020          | 31,731,360          | 27,885,027                | 87.9%           |            | 38,077,632  |
| 2021          | 32,655,867          | 46,216,039                | 141.5%          |            | 39,187,041  |
| 2022          | 37,653,051          | 72,713,068                | 193.1%          |            | 45,183,661  |
| 2023          | 48,224,599          | 0                         | 0.0%            |            | 57,869,519  |
| 2024          | 68,897,888          | 0                         | 0.0%            |            | 82,677,466  |
|               |                     |                           |                 |            |             |
| Total         | 322,867,744         | 260,745,812               | 80.8%           | 120.0%     | 387,441,293 |
|               |                     |                           |                 |            |             |
| 2009-18       | 71,832,969          | 84,796,685                | 118.0%          |            |             |
| 2009-21       | 168,092,207         | 188,032,744               | 111.9%          |            |             |
| 2017-22       | 186,765,909         | 225,225,565               | 120.6%          |            |             |
|               |                     |                           |                 |            |             |
| <u>Column</u> | <u>Note</u>         |                           |                 |            |             |
| (2)           |                     | ed by client; excludes de | ficit surcharge |            |             |
| (3)           | Appendix 8, Col (5) |                           |                 |            |             |
| (4)           | Col (3) / Col (2)   |                           |                 |            |             |
| (5)           | Judgment            |                           |                 |            |             |
| (6)           | Col (2) x Col (5)   |                           |                 |            |             |

5/30/2025 NM PCF Reserves 12-31-2024

Appendix 8

## New Mexico Patients' Compensation Fund Reserves as of 12/31/2024 Hospitals

**Paid Loss Development Method** 

|          |             |             | Cumulative  | Indicated   |
|----------|-------------|-------------|-------------|-------------|
| Accident | Paid        | Month of    | Development | Ultimate    |
| Year     | Losses      | Development | Factor      | Losses      |
| (1)      | (2)         | (3)         | (4)         | (5)         |
|          |             |             |             |             |
| 2009     | 2,075,000   | 192         | 1.000       | 2,075,000   |
| 2010     | 2,005,000   | 180         | 1.001       | 2,007,005   |
| 2011     | 2,547,500   | 168         | 1.001       | 2,550,048   |
| 2012     | 3,475,000   | 156         | 1.001       | 3,478,475   |
| 2013     | 2,607,237   | 144         | 1.006       | 2,622,894   |
| 2014     | 6,688,260   | 132         | 1.012       | 6,768,794   |
| 2015     | 5,624,980   | 120         | 1.022       | 5,749,638   |
| 2016     | 9,916,846   | 108         | 1.035       | 10,268,394  |
| 2017     | 19,016,636  | 96          | 1.044       | 19,848,293  |
| 2018     | 27,241,629  | 84          | 1.080       | 29,428,145  |
| 2019     | 19,264,470  | 72          | 1.512       | 29,134,993  |
| 2020     | 13,557,334  | 60          | 2.057       | 27,885,027  |
| 2021     | 10,699,825  | 48          | 4.319       | 46,216,039  |
| 2022     | 6,352,586   | 36          | 11.446      | 72,713,068  |
| 2023     | 0           | 24          | 48.646      | 0           |
| 2024     | 0           | 12          | 279.717     | 0           |
|          |             |             |             |             |
| Total    | 131,072,303 |             |             | 260,745,812 |

<u>Column</u> <u>Note</u>

(2) Based on data provided by client

(4) Appendix 9

(5) Col (2) x Col (4)

Reserves as of 12/31/2024

**Historical Paid Loss Development** 

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

| Year<br>1995 | 12      |           |           |            |            |            |            |            |            |            | Months of De |            |            |            |            |            |            |            |           |           |           |           |
|--------------|---------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|
| 1995         |         | 24        | 36        | 48         | 60         | 72         | 84         | 96         | 108        | 120        | 132          | 144        | 156        | 168        | 180        | 192        | 204        | 216        | 228       | 240       | 252       | 264       |
|              | 0       | 0         | 0         | 0          | 0          | 2,520,000  | 2,920,000  | 2,995,000  | 2,995,000  | 2,995,000  | 2,995,000    | 4,045,000  | 4,045,000  | 4,045,000  | 4,045,000  | 4,045,000  | 4,045,000  | 4,045,000  | 4,045,000 | 4,045,000 | 4,045,000 | 4,045,000 |
| 1996         | 0       | 0         | 0         | 0          | 925,000    | 1,590,000  | 1,590,000  | 1,590,000  | 1,590,000  | 1,590,000  | 1,590,000    | 1,590,000  | 1,590,000  | 1,590,000  | 1,590,000  | 1,590,000  | 1,590,000  | 1,590,000  | 1,590,000 | 1,590,000 | 1,590,000 | 1,590,000 |
| 1997         | 0       | 0         | 0         | 2,060,000  | 4,360,000  | 5,162,000  | 5,462,000  | 5,462,000  | 5,462,000  | 5,462,000  | 5,462,000    | 5,462,000  | 5,462,000  | 5,462,000  | 5,462,000  | 5,462,000  | 5,462,000  | 5,462,000  | 5,462,000 | 5,462,000 | 5,462,000 | 5,462,000 |
| 1998         | 0       | 0         | 600,000   | 1,255,000  | 1,895,000  | 2,005,000  | 2,305,000  | 2,305,000  | 2,305,000  | 2,305,000  | 2,305,000    | 2,730,000  | 2,730,000  | 2,730,000  | 2,730,000  | 2,730,000  | 2,730,000  | 2,730,000  | 2,730,000 | 2,730,000 | 2,730,000 | 2,730,000 |
| 1999         | 0       | 125,000   | 993,000   | 1,530,500  | 2,437,000  | 3,462,000  | 4,887,000  | 5,187,000  | 5,187,000  | 5,282,000  | 5,282,000    | 5,284,209  | 5,285,956  | 5,285,956  | 5,285,956  | 5,285,956  | 5,285,956  | 5,285,956  | 5,285,956 | 5,285,956 | 5,285,956 | 5,285,956 |
| 2000         | 0       | 1,500,000 | 2,295,000 | 2,745,000  | 5,845,000  | 6,560,000  | 6,560,000  | 6,560,000  | 6,560,000  | 6,560,000  | 6,560,000    | 6,560,000  | 6,560,000  | 6,560,000  | 6,560,000  | 6,560,000  | 6,560,000  | 6,560,000  | 6,560,000 | 6,560,000 | 6,560,000 | 6,560,000 |
| 2001         | 125,000 | 745,000   | 2,332,152 | 3,282,152  | 6,024,152  | 8,226,652  | 9,226,652  | 9,261,652  | 9,261,652  | 9,261,652  | 9,261,652    | 9,261,652  | 9,261,652  | 9,261,652  | 9,261,652  | 9,261,652  | 9,261,652  | 9,261,652  | 9,261,652 | 9,261,652 | 9,261,652 | 9,261,652 |
| 2002         | 290,000 | 890,000   | 990,000   | 2,932,000  | 4,819,500  | 6,144,500  | 8,994,500  | 9,309,500  | 9,309,500  | 9,309,500  | 9,309,500    | 9,309,500  | 9,309,500  | 9,309,500  | 9,309,500  | 9,309,500  | 9,309,500  | 9,309,500  | 9,309,500 | 9,309,500 | 9,309,500 | 9,309,500 |
| 2003         | 0       | 275,000   | 1,950,000 | 2,997,500  | 4,137,500  | 5,032,500  | 5,707,500  | 6,196,189  | 6,596,189  | 6,596,189  | 6,596,189    | 6,596,189  | 6,596,189  | 6,596,189  | 6,596,189  | 6,596,189  | 6,596,189  | 6,596,189  | 6,596,189 | 6,596,189 | 6,596,189 | 6,596,189 |
| 2004         | 0       | 0         | 1,197,500 | 1,527,500  | 2,870,000  | 4,607,500  | 4,657,500  | 5,482,500  | 5,482,500  | 5,482,500  | 5,482,500    | 5,482,500  | 5,482,500  | 5,482,500  | 5,482,500  | 5,482,500  | 5,482,500  | 5,482,500  | 5,482,500 | 5,482,500 | 5,482,500 |           |
| 2005         | 300,000 | 575,000   | 1,035,000 | 1,410,000  | 4,911,086  | 6,873,180  | 7,741,254  | 8,341,254  | 8,791,254  | 8,791,254  | 8,791,254    | 8,791,254  | 8,791,254  | 8,791,254  | 8,791,254  | 8,791,254  | 8,791,254  | 8,791,254  | 8,791,254 | 8,791,254 |           |           |
| 2006         | 0       | 0         | 628,725   | 4,253,725  | 5,228,725  | 5,378,725  | 5,628,725  | 5,928,725  | 6,328,725  | 6,328,725  | 6,328,725    | 6,328,725  | 6,328,725  | 6,328,725  | 6,328,725  | 6,328,725  | 6,328,725  | 6,328,725  | 6,328,725 |           |           |           |
| 2007         | 0       | 0         | 1,250,000 | 4,937,000  | 7,887,000  | 12,027,000 | 12,677,000 | 13,124,500 | 13,124,500 | 13,124,500 | 13,124,500   | 13,124,500 | 13,124,500 | 13,124,500 | 13,124,500 | 13,124,500 | 13,124,500 | 13,124,500 |           |           |           |           |
| 2008         | 0       | 0         | 2,163,652 | 4,764,652  | 6,542,152  | 9,204,652  | 11,262,152 | 11,662,152 | 11,662,152 | 11,662,152 | 11,662,152   | 11,662,152 | 11,662,152 | 11,662,152 | 11,662,152 | 11,662,152 | 11,662,152 |            |           |           |           |           |
| 2009         | 0       | 495,000   | 2,868,567 | 3,368,567  | 4,203,567  | 8,242,342  | 8,242,342  | 8,367,342  | 8,367,342  | 8,367,342  | 10,067,342   | 10,067,342 | 10,067,342 | 10,067,342 | 10,067,342 | 10,217,342 |            |            |           |           |           |           |
| 2010         | 0       | 775,000   | 3,511,000 | 6,138,000  | 9,688,000  | 16,177,567 | 16,502,567 | 16,902,567 | 16,902,567 | 17,602,567 | 17,727,567   | 17,727,567 | 18,127,567 | 18,127,567 | 18,127,567 |            |            |            |           |           |           |           |
| 2011         | 0       | 1,365,000 | 1,965,000 | 4,793,000  | 9,990,312  | 17,266,228 | 19,398,728 | 21,013,728 | 21,013,728 | 21,866,969 | 21,866,969   | 21,866,969 | 21,941,969 | 21,941,969 |            |            |            |            |           |           |           |           |
| 2012         | 0       | 50,000    | 850,000   | 2,614,408  | 4,324,408  | 7,529,408  | 11,629,408 | 11,779,408 | 11,809,408 | 11,809,408 | 11,809,408   | 11,809,408 | 12,256,408 |            |            |            |            |            |           |           |           |           |
| 2013         | 0       | 450,000   | 750,000   | 875,000    | 4,575,000  | 6,407,148  | 9,507,237  | 9,507,237  | 9,507,237  | 9,507,237  | 9,507,237    | 10,057,237 |            |            |            |            |            |            |           |           |           |           |
| 2014         | 0       | 480,000   | 2,370,000 | 4,945,000  | 7,573,260  | 14,280,445 | 20,608,695 | 20,608,695 | 20,608,695 | 20,608,695 | 21,808,695   |            |            |            |            |            |            |            |           |           |           |           |
| 2015         | 0       | 0         | 1,112,868 | 1,977,868  | 4,402,868  | 5,465,368  | 10,508,363 | 11,639,980 | 12,089,980 | 14,227,457 |              |            |            |            |            |            |            |            |           |           |           |           |
| 2016         | 0       | 700,000   | 2,625,000 | 4,830,000  | 7,850,000  | 11,727,500 | 17,640,179 | 18,440,179 | 18,440,179 |            |              |            |            |            |            |            |            |            |           |           |           |           |
| 2017         | 0       | 675,000   | 4,015,000 | 12,447,184 | 29,142,497 | 34,480,149 | 42,089,136 | 42,739,136 |            |            |              |            |            |            |            |            |            |            |           |           |           |           |
| 2018         | 0       | 650,000   | 5,093,523 | 12,504,086 | 26,652,230 | 35,529,693 | 49,556,240 |            |            |            |              |            |            |            |            |            |            |            |           |           |           |           |
| 2019         | 0       | 1,270,000 | 4,156,000 | 10,361,000 | 21,939,929 | 38,133,348 |            |            |            |            |              |            |            |            |            |            |            |            |           |           |           |           |
| 2020         | 300,000 | 1,186,000 | 4,236,500 | 11,399,061 | 18,966,863 |            |            |            |            |            |              |            |            |            |            |            |            |            |           |           |           |           |
| 2021         | 0       | 0         | 3,272,000 | 11,881,991 |            |            |            |            |            |            |              |            |            |            |            |            |            |            |           |           |           |           |
| 2022         | 0       | 2,706,000 | 8,157,000 |            |            |            |            |            |            |            |              |            |            |            |            |            |            |            |           |           |           |           |
| 2023         | 0       | 112,500   |           |            |            |            |            |            |            |            |              |            |            |            |            |            |            |            |           |           |           |           |
| 2024         | 0       |           |           |            |            |            |            |            |            |            |              |            |            |            |            |            |            |            |           |           |           |           |

NM PCF Reserves 12-31-2024

Reserves as of 12/31/2024

Historical Paid Loss Development

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

| Accident          |         |                 |                |                |                |                |                |                |                |                | Development | Factors |         |         |         |         |         |         |         |         |         |           |
|-------------------|---------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Year              | 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 | 252-264 | 264- Ult. |
| 1995              |         |                 |                |                |                | 1.159          | 1.026          | 1.000          | 1.000          | 1.000          | 1.351       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 1996              |         |                 |                |                | 1.719          | 1.000          | 1.000          | 1.000          | 1.000          | 1.000          | 1.000       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 1997              |         |                 |                | 2.117          | 1.184          | 1.058          | 1.000          | 1.000          | 1.000          | 1.000          | 1.000       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 1998              |         |                 | 2.092          | 1.510          | 1.058          | 1.150          | 1.000          | 1.000          | 1.000          | 1.000          | 1.184       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 1999              |         | 7.944           | 1.541          | 1.592          | 1.421          | 1.412          | 1.061          | 1.000          | 1.018          | 1.000          | 1.000       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 2000              |         | 1.530           | 1.196          | 2.129          | 1.122          | 1.000          | 1.000          | 1.000          | 1.000          | 1.000          | 1.000       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 2001              | 5.960   | 3.130           | 1.407          | 1.835          | 1.366          | 1.122          | 1.004          | 1.000          | 1.000          | 1.000          | 1.000       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 2002              | 3.069   | 1.112           | 2.962          | 1.644          | 1.275          | 1.464          | 1.035          | 1.000          | 1.000          | 1.000          | 1.000       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 2003              |         | 7.091           | 1.537          | 1.380          | 1.216          | 1.134          | 1.086          | 1.065          | 1.000          | 1.000          | 1.000       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 2004              |         |                 | 1.276          | 1.879          | 1.605          | 1.011          | 1.177          | 1.000          | 1.000          | 1.000          | 1.000       | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |         |           |
| 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   |         |         |           |
| 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   |         |         |         |           |
| 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   |         |         |         |         |           |
| 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   |         |         |         |         |         |           |
| 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   | 1.015   |         |         |         |         |         |         |           |
| 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   |         |         |         |         |         |         |         |           |
| 2011              |         | 1.440           | 2.439          | 2.084          | 1.728          | 1.124          | 1.083          | 1.000          | 1.041          | 1.000          | 1.000       | 1.003   | 1.000   |         |         |         |         |         |         |         |         |           |
| 2012              |         | 17.000<br>1.667 | 3.076<br>1.167 | 1.654          | 1.741          | 1.545          | 1.013          | 1.003          | 1.000          | 1.000<br>1.000 | 1.000       | 1.038   |         |         |         |         |         |         |         |         |         |           |
| 2013<br>2014      |         | 4.938           |                | 5.229<br>1.531 | 1.400<br>1.886 | 1.484<br>1.443 | 1.000<br>1.000 | 1.000<br>1.000 | 1.000<br>1.000 | 1.000          | 1.058       |         |         |         |         |         |         |         |         |         |         |           |
| 2014              |         | 4.938           | 2.086<br>1.777 | 2.226          | 1.241          | 1.923          | 1.108          | 1.039          | 1.177          | 1.058          |             |         |         |         |         |         |         |         |         |         |         |           |
| 2015              |         | 3.750           | 1.840          | 1.625          | 1.494          | 1.504          | 1.045          | 1.000          | 1.1//          |                |             |         |         |         |         |         |         |         |         |         |         |           |
| 2017              |         | 5.948           | 3.100          | 2.341          | 1.183          | 1.221          | 1.045          | 1.000          |                |                |             |         |         |         |         |         |         |         |         |         |         |           |
| 2018              |         | 7.836           | 2.455          | 2.131          | 1.333          | 1.395          | 1.013          |                |                |                |             |         |         |         |         |         |         |         |         |         |         |           |
| 2019              |         | 3.272           | 2.493          | 2.118          | 1.738          | 1.555          |                |                |                |                |             |         |         |         |         |         |         |         |         |         |         |           |
| 2020              | 3.953   | 3.572           | 2.691          | 1.664          | 1.750          |                |                |                |                |                |             |         |         |         |         |         |         |         |         |         |         |           |
| 2021              |         |                 | 3.631          |                |                |                |                |                |                |                |             |         |         |         |         |         |         |         |         |         |         |           |
| 2022              |         | 3.014           |                |                |                |                |                |                |                |                |             |         |         |         |         |         |         |         |         |         |         |           |
| 2023              |         |                 |                |                |                |                |                |                |                |                |             |         |         |         |         |         |         |         |         |         |         |           |
|                   |         |                 |                |                |                |                |                |                |                |                |             |         |         |         |         |         |         |         |         |         |         |           |
| Aug               | 3.725   | 4.743           | 2.332          | 1.967          | 1.446          | 1.234          | 1.039          | 1.010          | 1.013          | 1.013          | 1.031       | 1.004   | 1.000   | 1.000   | 1.001   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| Avg<br>W Avg      | 14.802  | 4.052           | 2.332          | 1.884          | 1.456          | 1.254          | 1.035          | 1.008          | 1.013          | 1.015          | 1.031       | 1.004   | 1.000   | 1.000   | 1.001   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 5 yr W Avg        | 14.002  | 4.032           | 2.821          | 2.028          | 1.393          | 1.384          | 1.035          | 1.008          | 1.040          | 1.016          | 1.012       | 1.000   | 1.000   | 1.000   | 1.001   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 7 yr W Avg        |         | 4.391           | 2.668          | 1.993          | 1.430          | 1.400          | 1.020          | 1.007          | 1.040          | 1.010          | 1.006       | 1.013   | 1.000   | 1.000   | 1.003   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 5 yr Avg x Hi/Lo  |         | 4.264           | 2.761          | 1.971          | 1.356          | 1.447          | 1.020          | 1.001          | 1.014          | 1.002          | 1.000       | 1.009   | 1.000   | 1.000   | 1.002   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 7 yr Avg x Hi/Lo  |         | 4.296           | 2.516          | 1.953          | 1.441          | 1.474          | 1.020          | 1.001          | 1.014          | 1.002          | 1.000       | 1.005   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 7 yi Avg X III/LO |         | 4.230           | 2.510          | 1.555          | 1.441          | 1.474          | 1.031          | 1.001          | 1.010          | 1.013          | 1.000       | 1.003   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| Prior             | 5.750   | 4.500           | 2.550          | 2.150          | 1.350          | 1.420          | 1.040          | 1.012          | 1.010          | 1.008          | 1.004       | 1.003   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| Selected          | 5.750   | 4.250           | 2.650          | 2.100          | 1.360          | 1.400          | 1.035          | 1.008          | 1.013          | 1.010          | 1.006       | 1.005   | 1.000   | 1.000   | 1.001   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| LDF to Ultimate   | 279.717 | 48.646          | 11.446         | 4.319          | 2.057          | 1.512          | 1.080          | 1.044          | 1.035          | 1.022          | 1.012       | 1.006   | 1.001   | 1.001   | 1.001   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| % of Ultimate     | 0.4%    | 2.1%            | 8.7%           | 23.2%          | 48.6%          | 66.1%          | 92.6%          | 95.8%          | 96.6%          | 97.8%          | 98.8%       | 99.4%   | 99.9%   | 99.9%   | 99.9%   | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%    |
|                   |         |                 |                |                |                |                |                |                |                |                |             |         |         |         |         |         |         |         |         |         |         |           |

NM PCF Reserves 12-31-2024

Page 1

Reserves as of 12/31/2024

**Historical Claim Count Development** 

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

| Accident |    |    |    |    |    |    |    |    |     | Mo  | nths of Dev | elopment |     |     |     |     |     |     |     |     |     |     |
|----------|----|----|----|----|----|----|----|----|-----|-----|-------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Year     | 12 | 24 | 36 | 48 | 60 | 72 | 84 | 96 | 108 | 120 | 132         | 144      | 156 | 168 | 180 | 192 | 204 | 216 | 228 | 240 | 252 | 264 |
| 1995     | 0  | 0  | 0  | 0  | 0  | 3  | 4  | 5  | 5   | 5   | 5           | 6        | 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   | 9   |
| 1997     | 0  | 0  | 0  | 6  | 10 | 13 | 14 | 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  | 13  |
| 1999     | 0  | 1  | 3  | 6  | 11 | 15 | 18 | 19 | 19  | 20  | 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  | 19  |
| 2001     | 1  | 5  | 10 | 14 | 22 | 28 | 31 | 32 | 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  | 26  |
| 2003     | 0  | 1  | 7  | 12 | 18 | 20 | 22 | 25 | 26  | 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  |     |     |
| 2006     | 0  | 0  | 2  | 7  | 11 | 13 | 15 | 16 | 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  |     |     |     |     |
| 2008     | 0  | 0  | 6  | 15 | 21 | 27 | 33 | 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  | 23  |     |     |     |     |     |     |
| 2010     | 0  | 2  | 9  | 16 | 24 | 38 | 40 | 41 | 41  | 42  | 43          | 43       | 44  | 44  | 44  |     |     |     |     |     |     |     |
| 2011     | 0  | 2  | 5  | 11 | 21 | 29 | 34 | 38 | 38  | 39  | 39          | 39       | 40  | 40  |     |     |     |     |     |     |     |     |
| 2012     | 0  | 1  | 3  | 8  | 12 | 19 | 22 | 23 | 24  | 24  | 24          | 24       | 25  |     |     |     |     |     |     |     |     |     |
| 2013     | 0  | 1  | 2  | 3  | 10 | 15 | 18 | 18 | 18  | 18  | 18          | 19       |     |     |     |     |     |     |     |     |     |     |
| 2014     | 0  | 1  | 6  | 12 | 17 | 24 | 26 | 26 | 26  | 26  | 27          |          |     |     |     |     |     |     |     |     |     |     |
| 2015     | 0  | 0  | 2  | 5  | 10 | 13 | 18 | 20 | 21  | 22  |             |          |     |     |     |     |     |     |     |     |     |     |
| 2016     | 0  | 2  | 7  | 14 | 21 | 29 | 32 | 34 | 34  |     |             |          |     |     |     |     |     |     |     |     |     |     |
| 2017     | 0  | 2  | 9  | 18 | 36 | 46 | 59 | 60 |     |     |             |          |     |     |     |     |     |     |     |     |     |     |
| 2018     | 0  | 1  | 12 | 26 | 53 | 69 | 81 |    |     |     |             |          |     |     |     |     |     |     |     |     |     |     |
| 2019     | 0  | 2  | 9  | 23 | 44 | 71 |    |    |     |     |             |          |     |     |     |     |     |     |     |     |     |     |
| 2020     | 1  | 3  | 11 | 27 | 44 |    |    |    |     |     |             |          |     |     |     |     |     |     |     |     |     |     |
| 2021     | 0  | 0  | 9  | 27 |    |    |    |    |     |     |             |          |     |     |     |     |     |     |     |     |     |     |
| 2022     | 0  | 6  | 17 |    |    |    |    |    |     |     |             |          |     |     |     |     |     |     |     |     |     |     |
| 2023     | 0  | 1  |    |    |    |    |    |    |     |     |             |          |     |     |     |     |     |     |     |     |     |     |
| 2024     | 0  |    |    |    |    |    |    |    |     |     |             |          |     |     |     |     |     |     |     |     |     |     |

NM PCF Reserves 12-31-2024 5/30/2025

Historical Claim Count Development

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

Appendix 10 Page 2

| Accident         |         |        |       |       |       |       |       |        |         |         | Developme | nt Factors |         |         |         |         |         |         |         |         |         |           |
|------------------|---------|--------|-------|-------|-------|-------|-------|--------|---------|---------|-----------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Year             | 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 | 252-264 | 264- 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   |         |           |
| 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   |         |         |           |
| 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   |         |         |         |           |
| 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   |         |         |         |         |           |
| 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   |         |         |         |         |         |           |
| 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   | 1.045   |         |         |         |         |         |         |           |
| 2010             |         | 4.500  | 1.778 | 1.500 | 1.583 | 1.053 | 1.025 | 1.000  | 1.024   | 1.024   | 1.000     | 1.023      | 1.000   | 1.000   |         |         |         |         |         |         |         |           |
| 2011             |         | 2.500  | 2.200 | 1.909 | 1.381 | 1.172 | 1.118 | 1.000  | 1.026   | 1.000   | 1.000     | 1.026      | 1.000   |         |         |         |         |         |         |         |         |           |
| 2012             |         | 3.000  | 2.667 | 1.500 | 1.583 | 1.158 | 1.045 | 1.043  | 1.000   | 1.000   | 1.000     | 1.042      |         |         |         |         |         |         |         |         |         |           |
| 2013             |         | 2.000  | 1.500 | 3.333 | 1.500 | 1.200 | 1.000 | 1.000  | 1.000   | 1.000   | 1.056     |            |         |         |         |         |         |         |         |         |         |           |
| 2014             |         | 6.000  | 2.000 | 1.417 | 1.412 | 1.083 | 1.000 | 1.000  | 1.000   | 1.038   |           |            |         |         |         |         |         |         |         |         |         |           |
| 2015             |         |        | 2.500 | 2.000 | 1.300 | 1.385 | 1.111 | 1.050  | 1.048   |         |           |            |         |         |         |         |         |         |         |         |         |           |
| 2016             |         | 3.500  | 2.000 | 1.500 | 1.381 | 1.103 | 1.063 | 1.000  |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
| 2017             |         | 4.500  | 2.000 | 2.000 | 1.278 | 1.283 | 1.017 |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
| 2018             |         | 12.000 | 2.167 | 2.038 | 1.302 | 1.174 |       |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
| 2019             |         | 4.500  | 2.556 | 1.913 | 1.614 |       |       |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
| 2020             | 3.000   | 3.667  | 2.455 | 1.630 |       |       |       |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
| 2021             |         |        | 3.000 |       |       |       |       |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
| 2022             |         | 2.833  |       |       |       |       |       |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
| 2023             |         |        |       |       |       |       |       |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
|                  |         |        |       |       |       |       |       |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |
| Avg              | 3.000   | 3.907  | 2.357 | 1.739 | 1.400 | 1.144 | 1.054 | 1.012  | 1.007   | 1.005   | 1.018     | 1.005      | 1.000   | 1.000   | 1.003   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| W Avg            | 10.000  | 4.103  | 2.189 | 1.717 | 1.385 | 1.142 | 1.048 | 1.012  | 1.008   | 1.006   | 1.007     | 1.007      | 1.000   | 1.000   | 1.003   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 5 yr W Avg       |         | 4.833  | 2.420 | 1.833 | 1.390 | 1.193 | 1.033 | 1.017  | 1.016   | 1.013   | 1.007     | 1.019      | 1.000   | 1.000   | 1.008   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 7 yr W Avg       |         | 4.625  | 2.373 | 1.800 | 1.398 | 1.191 | 1.048 | 1.010  | 1.016   | 1.015   | 1.005     | 1.014      | 1.000   | 1.000   | 1.006   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| 5 yr Avg x Hi/Lo |         | 4.222  | 2.392 | 1.848 | 1.328 | 1.187 | 1.026 | 1.014  | 1.009   | 1.008   | 1.000     | 1.016      | 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  | 2.335 | 1.809 | 1.379 | 1.184 | 1.047 | 1.009  | 1.010   | 1.012   | 1.000     | 1.010      | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   |           |
| Prior            | 4.000   | 4.100  | 2.250 | 1.860 | 1.350 | 1.200 | 1.055 | 1.008  | 1.007   | 1.005   | 1.004     | 1.003      | 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  | 2.350 | 1.860 | 1.380 | 1.190 | 1.048 | 1.010  | 1.008   | 1.007   | 1.006     | 1.005      | 1.000   | 1.000   | 1.002   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| LDF to Ultimate  | 128.131 | 32.033 | 7.813 | 3.325 | 1.787 | 1.295 | 1.088 | 1.039  | 1.028   | 1.020   | 1.013     | 1.007      | 1.002   | 1.002   | 1.002   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000   | 1.000     |
| % of Ultimate    | 0.8%    | 3.1%   | 12.8% | 30.1% | 55.9% | 77.2% | 91.9% | 96.3%  | 97.2%   | 98.0%   | 98.7%     | 99.3%      | 99.8%   | 99.8%   | 99.8%   | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%    |
|                  |         |        |       |       |       |       |       |        |         |         |           |            |         |         |         |         |         |         |         |         |         |           |

NM PCF Reserves 12-31-2024 5/30/2025

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

|                |   |         |          |              | Cu           | rrent Rate Fac | tors         |              |               |               |
|----------------|---|---------|----------|--------------|--------------|----------------|--------------|--------------|---------------|---------------|
| NM Class       |   | Current | Proposed | Patient      | Compensatio  |                |              | ary Carriers | Proposed      | Indicated     |
| Code           | <u>Specialty</u>  | Class   | Class    | <u>NM</u>    | <u>IN</u>    | WI             | TDC          | MedPro       | <u>Factor</u> | <u>Change</u> |
| 10002          | Aerospace Medicine / Medical Director   | 1       | 1<br>1   | 0.75<br>0.75 | 0.70<br>0.70 | 1.00<br>1.00   | N/A<br>0.47  | 0.85<br>0.43 | 0.75<br>0.75  | 0.0%<br>0.0%  |
| 10003<br>10024 | Allergy/Immunology - No Surgery Dermatology - No Surgery  | 1<br>1  | 1        | 0.75         | 0.70         | 1.00           | 0.47         | 0.43         | 0.75          | 0.0%          |
| 10024          | Diabetes - No Surgery   | 1       | 1        | 0.75         | 1.00         | 1.00           | N/A          | N/A          | 0.75          | 0.0%          |
| 10031          | Endocrinology - No Surgery  | 1       | 1        | 0.75         | 1.00         | 1.00           | 0.62         | 0.49         | 0.75          | 0.0%          |
| 10033          | Family Practitioners - No Ob/ No Surgery  | 1       | 1        | 0.75         | 1.00         | N/A            | 0.83         | 0.89         | 0.75          | 0.0%          |
| 10034          | Forensic Medicine / Legal Medicine  | 1       | 1        | 0.75         | 0.70         | 1.00           | N/A          | 0.67         | 0.75          | 0.0%          |
| 10039          | General Practitioners - No Ob/ No Major Surgery   | 1       | 1<br>1   | 0.75         | 1.00         | N/A            | 1.12         | 1.17         | 0.75          | 0.0%<br>0.0%  |
| 10041<br>10042 | General Practitioners or Family Physicians - No Surgery - No Ob<br>General Preventive Medicine - No Surgery / No Ob         | 1<br>1  | 1        | 0.75<br>0.75 | 1.00<br>0.70 | 1.00<br>1.00   | 0.83<br>0.71 | 0.89<br>0.87 | 0.75<br>0.75  | 0.0%          |
| 10042          | Geriatrics - No Surgery   | 1       | 1        | 0.75         | 1.00         | 1.00           | 0.83         | 0.87         | 0.75          | 0.0%          |
| 10050          | Gynecology - No Surgery   | 1       | 1        | 0.75         | 1.00         | 1.00           | N/A          | 0.83         | 0.75          | 0.0%          |
| 10057          | Hypnosis  | 1       | 1        | 0.75         | N/A          | 1.00           | N/A          | 0.58         | 0.75          | 0.0%          |
| 10059          | Infectious Diseases - No Surgery  | 1       | 1        | 0.75         | 1.00         | 1.00           | 0.63         | 1.17         | 0.75          | 0.0%          |
| 10066          | Larynogology - No Surgery   | 1       | 1        | 0.75         | 1.00         | 1.00           | N/A          | N/A          | 0.75          | 0.0%          |
| 10068<br>10072 | Manipulator Neoplastic Diseases - No Surgery  | 1<br>1  | 1<br>1   | 0.75<br>0.75 | N/A<br>1.00  | 1.00<br>1.00   | N/A<br>0.91  | N/A<br>0.89  | 0.75<br>0.75  | 0.0%<br>0.0%  |
| 10072          | Nuclear Medicine - Excluding Radiation Therapy  | 1       | 1        | 0.75         | 1.00         | 1.00           | 0.93         | 0.83         | 0.75          | 0.0%          |
| 10084          | Nutrition   | 1       | 1        | 0.75         | 0.70         | 1.00           | N/A          | N/A          | 0.75          | 0.0%          |
| 10087          | Occupational Medicine   | 1       | 1        | 0.75         | 0.70         | 1.00           | 0.61         | 0.58         | 0.75          | 0.0%          |
| 10092          | Ophthamology - No Surgery   | 1       | 1        | 0.75         | 0.70         | 1.00           | 0.49         | 0.58         | 0.75          | 0.0%          |
| 10096          | Otology - No Surgery  | 1       | 1        | 0.75         | 1.00         | 1.00           | N/A          | N/A          | 0.75          | 0.0%          |
| 10099          | Otorhinolaryngology - No Surgery  | 1       | 1        | 0.75         | 1.00         | 1.00           | N/A          | 0.79         | 0.75          | 0.0%          |
| 10101<br>10103 | Pathology - All Other Pathology - Blood Banking/Transfusion Medicine - No Surgery   | 1<br>1  | 1<br>1   | 0.75<br>0.75 | 1.00<br>1.00 | 1.00<br>1.00   | 0.77<br>0.77 | 0.87<br>0.87 | 0.75<br>0.75  | 0.0%<br>0.0%  |
| 10105          | Pathology - Cytopathology - No Surgery  | 1       | 1        | 0.75         | 1.00         | 1.00           | 0.77         | 0.87         | 0.75          | 0.0%          |
| 10107          | Pathology - No Surgery  | 1       | 1        | 0.75         | 1.00         | 1.00           | 0.77         | 0.87         | 0.75          | 0.0%          |
| 10111          | Pharmacology - Clinical   | 1       | 1        | 0.75         | 0.70         | 1.00           | N/A          | 0.83         | 0.75          | 0.0%          |
| 10112          | Physical Medicine and Rehabilitation - All Other  | 1       | 1        | 0.75         | N/A          | N/A            | 0.77         | N/A          | 0.75          | 0.0%          |
| 10114          | Physical Medicine and Rehabilitation / Physiatry  | 1       | 1        | 0.75         | 1.00         | 1.00           | 1.09         | 0.83         | 0.75          | 0.0%          |
| 10125          | Preventive Medicine - No Surgery - Aerospace Medicine   | 1       | 1        | 0.75         | N/A          | N/A            | N/A          | 0.85         | 0.75          | 0.0%          |
| 10126<br>10127 | Preventive Medicine - No Surgery - Medical Toxicology Preventive Medicine - No Surgery - Occupational Medicine              | 1       | 1<br>1   | 0.75<br>0.75 | N/A<br>N/A   | N/A<br>N/A     | N/A<br>0.61  | 0.87<br>0.58 | 0.75<br>0.75  | 0.0%<br>0.0%  |
| 10127          | Preventive Medicine - No Surgery - Occupational Medicine  Preventive Medicine - No Surgery - Public/General Health Medicine | 1       | 1        | 0.75         | N/A          | N/A            | 0.71         | 0.58         | 0.75          | 0.0%          |
| 10129          | Preventive Medicine - No Surgery - Undersea/Hyperbaric Medicine   | 1       | 1        | 0.75         | N/A          | N/A            | N/A          | 0.87         | 0.75          | 0.0%          |
| 10130          | Psychiatry - Addiction Psychiatry   | 1       | 1        | 0.75         | 0.70         | 1.00           | 0.75         | 0.59         | 0.75          | 0.0%          |
| 10131          | Psychiatry - All Other  | 1       | 1        | 0.75         | 0.70         | 1.00           | 0.75         | 0.59         | 0.75          | 0.0%          |
| 10132          | Psychiatry - Child and Adolescent Psychiatry  | 1       | 1        | 0.75         | 0.70         | 1.00           | 0.75         | 0.59         | 0.75          | 0.0%          |
| 10133          | Psychiatry - Forensic Psychiatry  | 1       | 1        | 0.75         | 0.70         | 1.00           | 0.75         | 0.59         | 0.75          | 0.0%          |
| 10134<br>10135 | Psychiatry - Geriatric Psychiatry Psychiatry - Including Child  | 1<br>1  | 1<br>1   | 0.75<br>0.75 | 0.70<br>0.70 | 1.00<br>1.00   | 0.75<br>0.75 | 0.59<br>0.59 | 0.75<br>0.75  | 0.0%<br>0.0%  |
| 10135          | Psychoanalysis  | 1       | 1        | 0.75         | 0.70         | 1.00           | 0.75         | 0.59         | 0.75          | 0.0%          |
| 10137          | Psychosomatic Medicine  | 1       | 1        | 0.75         | 0.70         | 1.00           | 0.75         | 0.59         | 0.75          | 0.0%          |
| 10138          | Public Health   | 1       | 1        | 0.75         | 0.70         | 1.00           | N/A          | 0.67         | 0.75          | 0.0%          |
| 10149          | Rheumatology - No Surgery   | 1       | 1        | 0.75         | 1.00         | 1.00           | 0.63         | 0.58         | 0.75          | 0.0%          |
| 10151          | Rhinology - No Surgery  | 1       | 1        | 0.75         | 1.00         | 1.00           | N/A          | 0.79         | 0.75          | 0.0%          |
| 10156          | Shock Therapy - by Employed Physicians or Surgeons Involved with Major Surgery  | 1       | 1        | 0.75         | N/A          | 4.00           | N/A          | N/A          | 0.75          | 0.0%          |
| 10155<br>10160 | Shock Therapy - by Insured Physicians or Surgeons Involved with Major Surgery Teaching Physicians - No Surgery              | 1<br>1  | 1<br>1   | 0.75<br>0.75 | N/A<br>N/A   | 1.00<br>N/A    | N/A<br>N/A   | N/A<br>N/A   | 0.75<br>0.75  | 0.0%<br>0.0%  |
| 10012          | Cardiovascular Disease - No Surgery   | 2       | 2        | 1.00         | 1.00         | 1.00           | 0.81         | 1.33         | 1.00          | 0.0%          |
| 10027          | Discograms / Myleography / Pneumoencephalography  | 2       | 2        | 1.00         | N/A          | 1.80           | N/A          | N/A          | 1.00          | 0.0%          |
| 10055          | Hematology - No Surgery   | 2       | 2        | 1.00         | 1.00         | 1.00           | 0.99         | 0.89         | 1.00          | 0.0%          |
| 10062          | Internal Medicine - No Surgery  | 2       | 2        | 1.00         | 1.00         | 1.00           | 1.00         | 1.00         | 1.00          | 0.0%          |
| 10063          | Laparoscopy (Peritonescopy)   | 2       | 2        | 1.00         | N/A          | 1.80           | N/A          | N/A          | 1.00          | 0.0%          |
| 10069<br>10076 | Needle Biopsy Nephrology - No Surgery   | 2<br>2  | 2        | 1.00<br>1.00 | N/A<br>1.00  | 1.80<br>1.00   | N/A<br>0.60  | N/A<br>0.91  | 1.00<br>1.00  | 0.0%<br>0.0%  |
| 10076          | Oncology - No Surgery   | 2       | 2        | 1.00         | 1.00<br>N/A  | 1.00           | 0.60         | 0.91<br>N/A  | 1.00          | 0.0%          |
| 10091          | Ophthamology - Minor Surgery  | 2       | 2        | 1.00         | 1.30         | 1.80           | 0.98         | 0.88         | 1.00          | 0.0%          |
| 10110          | Pediatrics - No Surgery   | 2       | 2        | 1.00         | 1.00         | 1.00           | 0.85         | 0.71         | 1.00          | 0.0%          |
| 10140          | Radiation Therapy - by Employed Physicians or Surgeons Involved with Major Surgery  | 2       | 2        | 1.00         | 1.70         | 4.00           | 0.68         | 0.91         | 1.00          | 0.0%          |
| 10141          | Radiation Therapy - by Insured Physicians or Surgeons Involved with Major Surgery   | 2       | 2        | 1.00         | N/A          | 1.80           | 0.68         | 0.91         | 1.00          | 0.0%          |
| 10147          | Radiology - Therapeutic - No Surgery  | 2       | 2        | 1.00         | N/A          | N/A            | 0.68         | 0.91         | 1.00          | 0.0%          |
| 10154<br>10158 | Shock Therapy Sports Medicine - No Surgery  | 2<br>2  | 2        | 1.00<br>1.00 | 1.30<br>N/A  | 1.00<br>N/A    | N/A<br>N/A   | N/A<br>N/A   | 1.00<br>1.00  | 0.0%<br>0.0%  |
| 10158          | Teaching Physicians - Minor Surgery   | 2       | 2        | 1.00         | N/A          | N/A            | N/A          | N/A          | 1.00          | 0.0%          |
| 10167          | Urology - No Surgery  | 2       | 2        | 1.00         | N/A          | 1.00           | 2.09         | N/A          | 1.00          | 0.0%          |
| 10001          | Acupuncture - Other than Acupuncture Anesthesia   | 3       | 3        | 1.20         | N/A          | 1.80           | N/A          | 1.55         | 1.20          | 0.0%          |
| 10007          | Anesthesiology - Pain Management  | 3       | 3        | 1.20         | N/A          | 1.80           | N/A          | 1.17         | 1.20          | 0.0%          |
|                | Certified Nurse Midwife   | 3       | 3        | 1.20         | N/A          | N/A            | N/A          | N/A          | 1.20          | 0.0%          |
| 10018          | Colonoscopy/ERCP/Pneumatic or Mechanical Esophageal Dilation  | 3       | 3        | 1.20         | N/A          | 1.80           | N/A          | N/A          | 1.20          | 0.0%          |
| 10020<br>10021 | Dermatology - All Other Dermatology - Clinical and Dermatological Immunology  | 3<br>3  | 3<br>3   | 1.20<br>1.20 | N/A<br>N/A   | N/A<br>N/A     | 1.30<br>1.30 | 0.87<br>1.26 | 1.20<br>1.20  | 0.0%<br>0.0%  |
| 10021          | Dermatology - Clinical and Dermatological Immunology  Dermatology - Dermatopathology  | 3       | 3        | 1.20         | N/A<br>N/A   | N/A<br>1.80    | 1.30         | 1.26         | 1.20          | 0.0%          |
| 10022          | Dermatology - Dermatology  Dermatology - including X-Ray Therapy / Radiation Therapy  | 3       | 3        | 1.20         | 1.30         | 1.80           | 1.30         | 0.87         | 1.20          | 0.0%          |
| 10025          | Diabetes - Minor Surgery  | 3       | 3        | 1.20         | 1.70         | 1.80           | N/A          | N/A          | 1.20          | 0.0%          |
| 10030          | Endocrinology - Minor Surgery   | 3       | 3        | 1.20         | 1.70         | 1.80           | 0.62         | 1.38         | 1.20          | 0.0%          |
| 10036          | Gastroenterology - No Surgery   | 3       | 3        | 1.20         | 1.00         | 1.00           | 1.42         | 1.39         | 1.20          | 0.0%          |
| 10040          | General Practitioners or Family Physicians - Minor Surgery - No Ob  | 3       | 3        | 1.20         | 1.70         | 1.80           | 1.12         | 1.17         | 1.20          | 0.0%          |
| 10046<br>10054 | Geriatrics - Minor Surgery  | 3<br>3  | 3        | 1.20<br>1.20 | 1.70<br>1.70 | 1.80<br>1.80   | N/A<br>0.99  | 1.05<br>1.38 | 1.20<br>1.20  | 0.0%<br>0.0%  |
| 10054          | Hematology - Minor Surgery Hospitalism  | 3       | 3        | 1.20         | 1.70<br>N/A  | 1.80           | 1.48         | 1.38<br>N/A  | 1.20          | 0.0%          |
| 10058          | Infectious Diseases - Minor Surgery   | 3       | 3        | 1.20         | 1.70         | 1.80           | 0.63         | 1.38         | 1.20          | 0.0%          |
| 10065          | Larynogology - Minor Surgery  | 3       | 3        | 1.20         | 1.70         | 1.80           | N/A          | N/A          | 1.20          | 0.0%          |
| 10071          | Neoplastic Diseases - Minor Surgery   | 3       | 3        | 1.20         | 1.70         | 1.80           | N/A          | N/A          | 1.20          | 0.0%          |
|                |   |         |          |              |              |                |              |              |               |               |

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

|                |  |          |          |              | Cu           | rrent Rate Fac | tors         |              |               |               |
|----------------|--|----------|----------|--------------|--------------|----------------|--------------|--------------|---------------|---------------|
| NM Class       |  | Current  | Proposed | Patient      | Compensatio  |                |              | ary Carriers | Proposed      | Indicated     |
| <u>Code</u>    | <u>Specialty</u>   | Class    | Class    | <u>NM</u>    | <u>IN</u>    | WI             | TDC          | MedPro       | <u>Factor</u> | <u>Change</u> |
| 10078          | Neurology - Including Child - No Surgery   | 3        | 3        | 1.20         | 1.30         | 1.00           | 1.24         | 1.35         | 1.20          | 0.0%          |
| 10079<br>10080 | Neurology - Including Child - No Surgery - All Other  Neurology - Including Child - No Surgery - Pain Management | 3        | 3        | 1.20<br>1.20 | N/A<br>N/A   | N/A<br>1.80    | 1.24<br>1.24 | 1.35<br>1.26 | 1.20<br>1.20  | 0.0%<br>0.0%  |
| 10093          | Ophthamology Surgery   | 3        | 3        | 1.20         | 1.70         | 1.80           | 1.08         | 0.95         | 1.20          | 0.0%          |
| 10095          | Otology - Minor Surgery  | 3        | 3        | 1.20         | 1.70         | 1.80           | N/A          | N/A          | 1.20          | 0.0%          |
| 10102          | Pathology - Blood Banking/Transfusion Medicine - Minor Surgery   | 3        | 3        | 1.20         | N/A          | N/A            | 0.77         | 1.38         | 1.20          | 0.0%          |
| 10104          | Pathology - Cytopathology - Minor Surgery  | 3        | 3        | 1.20         | N/A          | N/A            | 0.77         | 1.38         | 1.20          | 0.0%          |
| 10106          | Pathology - Minor Surgery  | 3        | 3        | 1.20         | 1.30         | 1.80           | 0.77         | 1.38         | 1.20          | 0.0%          |
| 10109          | Pediatrics - Minor Surgery   | 3        | 3        | 1.20         | 1.70         | 1.80           | 0.85         | 1.17         | 1.20          | 0.0%          |
| 10113<br>10115 | Physical Medicine and Rehabilitation - Pain Management Physicians - Minor Surgery - No Ob                        | 3        | 3        | 1.20<br>1.20 | N/A<br>1.70  | 1.00<br>1.80   | 1.78<br>N/A  | 1.26<br>1.38 | 1.20<br>1.20  | 0.0%<br>0.0%  |
| 10113          | Podiatrists/Chiropodists - No Surgery  | 3        | 3        | 1.20         | 0.93         | N/A            | 0.53         | N/A          | 1.20          | 0.0%          |
| 10139          | Pulmonary Diseases - No Surgery  | 3        | 3        | 1.20         | 1.00         | 1.00           | 1.01         | 1.58         | 1.20          | 0.0%          |
| 10144          | Radiology - Diagnostic - No Surgery  | 3        | 3        | 1.20         | 1.30         | 1.00           | 1.42         | 1.70         | 1.20          | 0.0%          |
| 10150          | Rhinology - Minor Surgery  | 3        | 3        | 1.20         | 1.70         | 1.80           | N/A          | 1.26         | 1.20          | 0.0%          |
| 10153          | Sclerotherapy  | 3        | 3        | 1.20         | N/A          | N/A            | N/A          | 1.17         | 1.20          | 0.0%          |
| 10164          | Urgent Care - No Surgery - No Ob   | 3        | 3        | 1.20         | 1.00         | 1.00           | N/A          | 1.17         | 1.20          | 0.0%          |
| 10009<br>10035 | Broncho-Esophagology Gastroenterology - Minor Surgery  | 4A<br>4A | 4A<br>4A | 1.50<br>1.50 | 2.00<br>1.70 | 1.80<br>1.80   | N/A<br>1.42  | N/A<br>1.48  | 1.50<br>1.50  | 0.0%<br>0.0%  |
| 10055          | Lymphangiography / Phlebography  | 4A<br>4A | 4A<br>4A | 1.50         | N/A          | 1.80           | N/A          | 1.46         | 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           | 2.09         | 1.38         | 1.50          | 0.0%          |
| 10008          | Angiography / Arteriography / Catheterization  | 4        | 4        | 1.80         | 1.70         | 1.80           | N/A          | 1.92         | 1.80          | 0.0%          |
| 10011          | Cardiovascular Disease - Minor Surgery   | 4        | 4        | 1.80         | 1.70         | 1.80           | N/A          | 1.78         | 1.80          | 0.0%          |
| 10019          | Cryosurgery  | 4        | 4        | 1.80         | N/A          | N/A            | N/A          | N/A          | 1.80          | 0.0%          |
| 10049<br>10060 | Gynecology - Minor Surgery (including 1st trimester abortions) Intensive Care Medicine                           | 4        | 4        | 1.80<br>1.80 | 2.00<br>1.70 | 1.80<br>1.80   | 2.45<br>N/A  | 1.48<br>1.62 | 1.80<br>1.80  | 0.0%<br>0.0%  |
| 10060          | Internal Medicine - Minor Surgery  | 4        | 4        | 1.80         | 1.70         | 1.80           | 1.05         | 1.39         | 1.80          | 0.0%          |
| 10070          | Neonatal/Perinatal Medicine  | 4        | 4        | 1.80         | N/A          | N/A            | 2.51         | 1.21         | 1.80          | 0.0%          |
| 10074          | Nephrology - Including Child - Minor Surgery   | 4        | 4        | 1.80         | 1.70         | 1.80           | N/A          | 1.45         | 1.80          | 0.0%          |
| 10075          | Nephrology - Minor Surgery   | 4        | 4        | 1.80         | 1.70         | 1.80           | N/A          | 1.26         | 1.80          | 0.0%          |
| 10098          | Otorhinolaryngology - Minor Surgery  | 4        | 4        | 1.80         | 1.70         | 1.80           | N/A          | 1.26         | 1.80          | 0.0%          |
| 10148          | Radiopaque Dye Injections  | 4        | 4        | 1.80         | N/A          | 1.00           | N/A          | 1.70         | 1.80          | 0.0%          |
| 10044<br>10088 | General/Family Practitioners - No Major Surgery - < 40 Non-High-Risk Deliveries Yearly Oncology - Minor Surgery  | 5A<br>5A | 5A<br>5A | 1.70<br>1.70 | 1.70<br>N/A  | N/A<br>1.80    | 2.20<br>0.91 | 1.73<br>1.38 | 1.70<br>1.70  | 0.0%<br>0.0%  |
| 10142          | Radiation Therapy / Lasers - Used in Therapy   | 5A       | 5A       | 1.70         | 1.30         | 1.80           | 0.51         | 0.91         | 1.70          | 0.0%          |
| 10146          | Radiology - Therapeutic - Minor Surgery  | 5A       | 5A       | 1.70         | N/A          | N/A            | 0.68         | 0.91         | 1.70          | 0.0%          |
| 10029          | Emergency Medicine - No Major Surgery  | 5        | 5        | 2.20         | 2.75         | 1.80           | 1.99         | 2.70         | 2.20          | 0.0%          |
| 10038          | General Practice or Family Practice Surgery  | 5        | 5        | 2.20         | 2.00         | 1.80           | 1.64         | 1.63         | 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            | 2.20         | 1.17         | 2.20          | 0.0%          |
| 10143          | Radiology - Diagnostic - Minor Surgery   | 5        | 5        | 2.20         | 1.30         | 1.80           | 2.89         | 2.01         | 2.20          | 0.0%          |
| 10145          | Radiology - Interventional   | 5<br>5   | 5<br>5   | 2.20<br>2.20 | N/A<br>2.00  | N/A<br>1.80    | 2.89<br>2.09 | 2.01<br>2.09 | 2.20<br>2.20  | 0.0%<br>0.0%  |
| 10165<br>10017 | Urological Surgery Colon and Rectal Surgery  | 6        | 6        | 2.60         | 2.00         | 1.80           | 3.05         | 2.79         | 2.60          | 0.0%          |
| 10037          | Gastroenterology Surgery   | 6        | 6        | 2.60         | 2.75         | 1.80           | 1.42         | 3.73         | 2.60          | 0.0%          |
| 10052          | Hand Surgery   | 6        | 6        | 2.60         | 4.25         | 4.00           | 1.61         | 1.92         | 2.60          | 0.0%          |
| 10100          | Otorhinolaryngology Surgery  | 6        | 6        | 2.60         | 2.75         | 4.00           | 1.96         | 1.71         | 2.60          | 0.0%          |
| 10004          | Anesthesiology   | 7A       | 7A       | 3.00         | 1.70         | 1.80           | 1.31         | 1.22         | 3.00          | 0.0%          |
| 10005          | Anesthesiology - All Other   | 7A       | 7A       | 3.00         | 1.70         | 1.80           | 1.31         | 1.22         | 3.00          | 0.0%          |
| 10006<br>10028 | Anesthesiology - Critical Care Medicine Emergency Medicine - Including Major Surgery                             | 7A<br>7A | 7A<br>7A | 3.00<br>3.00 | 1.70<br>4.25 | 1.80<br>4.00   | 1.31<br>1.99 | 1.22<br>3.73 | 3.00<br>3.00  | 0.0%<br>0.0%  |
| 10028          | Head and Neck Surgery  | 7A<br>7A | 7A<br>7A | 3.00         | 4.25         | 4.00           | 4.32         | 3.73         | 3.00          | 0.0%          |
| 10064          | Laryngology Surgery  | 7A       | 7A       | 3.00         | 2.75         | 4.00           | 4.32         | 3.73         | 3.00          | 0.0%          |
| 10073          | Neoplastic Surgery   | 7A       | 7A       | 3.00         | 2.75         | 1.80           | 4.32         | 3.73         | 3.00          | 0.0%          |
| 10077          | Nephrology Surgery   | 7A       | 7A       | 3.00         | 2.00         | 1.80           | 4.32         | 3.73         | 3.00          | 0.0%          |
| 10097          | Otology Surgery  | 7A       | 7A       | 3.00         | 2.75         | 4.00           | 4.32         | 3.73         | 3.00          | 0.0%          |
| 10152          | Rhinology Surgery  | 7A       | 7A       | 3.00         | 2.75         | 4.00           | 4.32         | 1.71         | 3.00          | 0.0%          |
| 10161<br>10122 | Teaching Physicians or Surgeons - Major Surgery Podiatrists - Surgery  | 7A<br>7  | 7A<br>7  | 3.00<br>3.50 | N/A<br>1.45  | N/A<br>4.25    | N/A<br>1.85  | N/A<br>N/A   | 3.00<br>3.50  | 0.0%<br>0.0%  |
| 10010          | Cardiac Surgery  | 8        | 8        | 4.75         | 6.00         | 4.00           | 3.86         | 3.73         | 4.75          | 0.0%          |
| 10048          | Geriatrics Surgery   | 8        | 8        | 4.75         | 2.75         | 1.80           | 4.32         | 1.55         | 4.75          | 0.0%          |
| 10051          | Gynecology Surgery   | 8        | 8        | 4.75         | 6.00         | 4.00           | 1.69         | 2.23         | 4.75          | 0.0%          |
| 10086          | Obstetrics Surgery (c-sections only)   | 8        | 8        | 4.75         | 7.50         | 6.60           | 4.43         | 4.38         | 4.75          | 0.0%          |
| 10090          | Oncology Surgery   | 8        | 8        | 4.75         | N/A          | N/A            | 4.32         | 3.73         | 4.75          | 0.0%          |
| 10108          | Pediatric Surgery  | 8        | 8        | 4.75         | N/A          | 4.00           | 4.32         | N/A          | 4.75          | 0.0%          |
| 10120<br>10121 | Plastic Surgery Plastic-otorhino-laryngology Surgery   | 8<br>8   | 8<br>8   | 4.75<br>4.75 | 4.25<br>2.75 | 4.00<br>4.00   | 2.34<br>2.45 | 1.92<br>1.92 | 4.75<br>4.75  | 0.0%<br>0.0%  |
| 10000          | Abdominal Surgery  | 9        | 9        | 5.75         | 4.25         | 4.00           | 4.32         | 3.73         | 5.75          | 0.0%          |
| 10013          | Cardiovascular Disease Surgery   | 9        | 9        | 5.75         | 6.00         | 4.00           | 1.33         | 3.73         | 5.75          | 0.0%          |
| 10032          | Endocrinology Surgery  | 9        | 9        | 5.75         | 2.75         | 1.80           | 4.32         | 3.73         | 5.75          | 0.0%          |
| 10043          | General Surgery  | 9        | 9        | 5.75         | 4.25         | 4.00           | 4.32         | 3.73         | 5.75          | 0.0%          |
| 10094          | Orthopedic Surgery   | 9        | 9        | 5.75         | 6.00         | 4.00           | 2.58         | 3.36         | 5.75          | 0.0%          |
| 10162          | Thoracic Surgery   | 9        | 9        | 5.75         | 6.00         | 4.00           | 3.86         | 3.73         | 5.75          | 0.0%          |
| 10163          | Traumatic Surgery  | 9        | 9        | 5.75         | 6.00         | 4.00           | 4.32         | 3.92         | 5.75          | 0.0%          |
| 10168<br>10081 | Vascular Surgery Neurology Surgery - Including Child   | 9<br>10  | 9<br>10  | 5.75<br>6.50 | 6.00<br>8.50 | 4.00<br>6.60   | 4.32<br>7.24 | 3.92<br>5.65 | 5.75<br>6.50  | 0.0%<br>0.0%  |
| 10081          | Obstetrics Surgery / Gynecology Surgery  | 10       | 10       | 6.50         | 7.50         | 6.60           | 3.87         | 4.38         | 6.50          | 0.0%          |
|                |  |          |          |              |              |                |              |              |               |               |

# **New Mexico Patient's Compensation Fund**Surcharge Impact of Classification Assignments

|                  |   |                         |                   |           |                        |                  |                           | Indicated           | % of                |
|------------------|---|-------------------------|-------------------|-----------|------------------------|------------------|---------------------------|---------------------|---------------------|
| NM Class<br>Code | Specialty   | Current<br><u>Class</u> | Proposed<br>Class | Exposures | Current<br><u>Rate</u> | Proposed<br>Rate | Proposed<br><u>Factor</u> | Surcharge<br>Impact | Surcharge<br>Impact |
| 10002            | Aerospace Medicine / Medical Director   | 1                       | 1                 | 1         | \$5,171                | \$5,171          | 0.75                      | \$0                 | 0.0%                |
| 10003            | Allergy/Immunology - No Surgery   | 1                       | 1                 | 12        | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10024            | Dermatology - No Surgery  | 1                       | 1                 | 40        | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10026<br>10031   | Diabetes - No Surgery Endocrinology - No Surgery  | 1<br>1                  | 1<br>1            | 0<br>13   | 5,171<br>5,171         | 5,171<br>5,171   | 0.75<br>0.75              | 0                   | 0.0%<br>0.0%        |
| 10031            | Family Practitioners - No Ob/ No Surgery  | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10034            | Forensic Medicine / Legal Medicine  | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10039            | General Practitioners - No Ob/ No Major Surgery   | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10041            | General Practitioners or Family Physicians - No Surgery - No Ob   | 1                       | 1                 | 370       | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10042<br>10047   | General Preventive Medicine - No Surgery / No Ob Geriatrics - No Surgery  | 1<br>1                  | 1<br>1            | 3<br>5    | 5,171<br>5,171         | 5,171<br>5,171   | 0.75<br>0.75              | 0                   | 0.0%<br>0.0%        |
| 10050            | Gynecology - No Surgery   | 1                       | 1                 | 5         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10057            | Hypnosis  | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10059            | Infectious Diseases - No Surgery  | 1                       | 1                 | 12        | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10066<br>10068   | Larynogology - No Surgery<br>Manipulator  | 1<br>1                  | 1<br>1            | 0         | 5,171<br>5,171         | 5,171<br>5,171   | 0.75<br>0.75              | 0                   | 0.0%<br>0.0%        |
| 10008            | Neoplastic Diseases - No Surgery  | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10082            | Nuclear Medicine - Excluding Radiation Therapy  | 1                       | 1                 | 1         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10084            | Nutrition   | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10087            | Occupational Medicine   | 1                       | 1                 | 1         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10092<br>10096   | Ophthamology - No Surgery Otology - No Surgery  | 1<br>1                  | 1<br>1            | 8<br>0    | 5,171<br>5,171         | 5,171<br>5,171   | 0.75<br>0.75              | 0                   | 0.0%<br>0.0%        |
| 10099            | Otorhinolaryngology - No Surgery  | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10101            | Pathology - All Other   | 1                       | 1                 | 44        | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10103            | Pathology - Blood Banking/Transfusion Medicine - No Surgery   | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10105            | Pathology - Cytopathology - No Surgery  | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10107<br>10111   | Pathology - No Surgery Pharmacology - Clinical  | 1<br>1                  | 1<br>1            | 7<br>0    | 5,171<br>5,171         | 5,171<br>5,171   | 0.75<br>0.75              | 0                   | 0.0%                |
| 10111            | Physical Medicine and Rehabilitation - All Other  | 1                       | 1                 | 5         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10114            | Physical Medicine and Rehabilitation / Physiatry  | 1                       | 1                 | 18        | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10125            | Preventive Medicine - No Surgery - Aerospace Medicine   | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10126            | Preventive Medicine - No Surgery - Medical Toxicology   | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10127            | Preventive Medicine - No Surgery - Occupational Medicine  | 1                       | 1                 | 6         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%<br>0.0%        |
| 10128<br>10129   | Preventive Medicine - No Surgery - Public/General Health Medicine Preventive Medicine - No Surgery - Undersea/Hyperbaric Medicine | 1<br>1                  | 1<br>1            | 0         | 5,171<br>5,171         | 5,171<br>5,171   | 0.75<br>0.75              | 0                   | 0.0%                |
| 10130            | Psychiatry - Addiction Psychiatry   | 1                       | 1                 | 1         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10131            | Psychiatry - All Other  | 1                       | 1                 | 11        | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10132            | Psychiatry - Child and Adolescent Psychiatry  | 1                       | 1                 | 8         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10133            | Psychiatry - Forensic Psychiatry  | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10134<br>10135   | Psychiatry - Geriatric Psychiatry Psychiatry - Including Child  | 1<br>1                  | 1<br>1            | 0<br>55   | 5,171<br>5,171         | 5,171<br>5,171   | 0.75<br>0.75              | 0                   | 0.0%<br>0.0%        |
| 10136            | Psychoanalysis  | 1                       | 1                 | 1         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10137            | Psychosomatic Medicine  | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10138            | Public Health   | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10149            | Rheumatology - No Surgery   | 1                       | 1                 | 26        | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10151<br>10156   | Rhinology - No Surgery Shock Therapy - by Employed Physicians or Surgeons Involved with Major Surgery                             | 1<br>1                  | 1<br>1            | 0         | 5,171<br>5,171         | 5,171<br>5,171   | 0.75<br>0.75              | 0                   | 0.0%                |
| 10155            | Shock Therapy - by Insured Physicians or Surgeons Involved with Major Surgery   | 1                       | 1                 | 0         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10160            | Teaching Physicians - No Surgery  | 1                       | 1                 | 2         | 5,171                  | 5,171            | 0.75                      | 0                   | 0.0%                |
| 10012            | Cardiovascular Disease - No Surgery   | 2                       | 2                 | 40        | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10027            | Discograms / Myleography / Pneumoencephalography  | 2                       | 2                 | 0         | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10055<br>10062   | Hematology - No Surgery Internal Medicine - No Surgery  | 2                       | 2                 | 9<br>271  | 6,894<br>6,894         | 6,894<br>6,894   | 1.00<br>1.00              | 0                   | 0.0%                |
| 10063            | Laparoscopy (Peritonescopy)   | 2                       | 2                 | 0         | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10069            | Needle Biopsy   | 2                       | 2                 | 0         | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10076            | Nephrology - No Surgery   | 2                       | 2                 | 38        | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10089            | Oncology - No Surgery   | 2                       | 2                 | 29        | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10091<br>10110   | Ophthamology - Minor Surgery Pediatrics - No Surgery  | 2                       | 2<br>2            | 3<br>134  | 6,894<br>6,894         | 6,894<br>6,894   | 1.00<br>1.00              | 0                   | 0.0%<br>0.0%        |
| 10110            | Radiation Therapy - by Employed Physicians or Surgeons Involved with Major Surgery  | 2                       | 2                 | 6         | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10141            | Radiation Therapy - by Insured Physicians or Surgeons Involved with Major Surgery   | 2                       | 2                 | 0         | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10147            | Radiology - Therapeutic - No Surgery  | 2                       | 2                 | 1         | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10154            | Shock Therapy   | 2                       | 2                 | 0         | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10158<br>10159   | Sports Medicine - No Surgery Teaching Physicians - Minor Surgery  | 2                       | 2                 | 0         | 6,894<br>6,894         | 6,894<br>6,894   | 1.00<br>1.00              | 0                   | 0.0%<br>0.0%        |
| 10155            | Urology - No Surgery  | 2                       | 2                 | 0         | 6,894                  | 6,894            | 1.00                      | 0                   | 0.0%                |
| 10001            | Acupuncture - Other than Acupuncture Anesthesia   | 3                       | 3                 | 0         | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10007            | Anesthesiology - Pain Management  | 3                       | 3                 | 21        | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
|                  | Certified Nurse Midwife   | 3                       | 3                 | 80        | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10018            | Colonoscopy/ERCP/Pneumatic or Mechanical Esophageal Dilation Dermatology - All Other  | 3                       | 3                 | 0<br>8    | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10020<br>10021   | Dermatology - All Other  Dermatology - Clinical and Dermatological Immunology   | 3                       | 3                 | 0         | 8,272<br>8,272         | 8,272<br>8,272   | 1.20<br>1.20              | 0                   | 0.0%<br>0.0%        |
| 10022            | Dermatology - Dermatopathology  | 3                       | 3                 | 0         | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10023            | Dermatology - including X-Ray Therapy / Radiation Therapy   | 3                       | 3                 | 3         | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10025            | Diabetes - Minor Surgery  | 3                       | 3                 | 0         | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10030            | Endocrinology - Minor Surgery   | 3                       | 3                 | 10        | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10036<br>10040   | Gastroenterology - No Surgery General Practitioners or Family Physicians - Minor Surgery - No Ob                                  | 3                       | 3                 | 4<br>122  | 8,272<br>8,272         | 8,272<br>8,272   | 1.20<br>1.20              | 0                   | 0.0%<br>0.0%        |
| 10046            | Geriatrics - Minor Surgery  | 3                       | 3                 | 0         | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10054            | Hematology - Minor Surgery  | 3                       | 3                 | 13        | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10056            | Hospitalism   | 3                       | 3                 | 309       | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10058            | Infectious Diseases - Minor Surgery   | 3                       | 3                 | 0         | 8,272                  | 8,272            | 1.20                      | 0                   | 0.0%                |
| 10065<br>10071   | Larynogology - Minor Surgery<br>Neoplastic Diseases - Minor Surgery   | 3                       | 3                 | 0         | 8,272<br>8,272         | 8,272<br>8,272   | 1.20<br>1.20              | 0                   | 0.0%<br>0.0%        |
| 100/1            |   | 3                       | -                 | •         | J, L / L               | 5,212            | 1.20                      | 3                   |                     |

# **New Mexico Patient's Compensation Fund**Surcharge Impact of Classification Assignments

|                      |  |            |            |            |                  |                  |                | Indicated     | % of           |
|----------------------|--|------------|------------|------------|------------------|------------------|----------------|---------------|----------------|
| NM Class             |  |            | Proposed   |            | Current          | Proposed         | Proposed       | Surcharge     | Surcharge      |
| <u>Code</u><br>10078 | Specialty Nourology Including Child No Surgery   | Class<br>3 | Class<br>3 | Exposures  | Rate             | Rate<br>9 272    | Factor<br>1.20 | <u>Impact</u> | Impact<br>0.0% |
| 10078                | Neurology - Including Child - No Surgery Neurology - Including Child - No Surgery - All Other            | 3          | 3          | 18<br>15   | 8,272<br>8,272   | 8,272<br>8,272   | 1.20           | 0             | 0.0%           |
| 10080                | Neurology - Including Child - No Surgery - Pain Management   | 3          | 3          | 13         | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10093                | Ophthamology Surgery   | 3          | 3          | 53         | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10095                | Otology - Minor Surgery  | 3          | 3          | 0          | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10102<br>10104       | Pathology - Blood Banking/Transfusion Medicine - Minor Surgery Pathology - Cytopathology - Minor Surgery | 3          | 3<br>3     | 0          | 8,272<br>8,272   | 8,272<br>8,272   | 1.20<br>1.20   | 0             | 0.0%           |
| 10104                | Pathology - Minor Surgery  | 3          | 3          | 0          | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10109                | Pediatrics - Minor Surgery   | 3          | 3          | 51         | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10113                | Physical Medicine and Rehabilitation - Pain Management   | 3          | 3          | 7          | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10115                | Physicians - Minor Surgery - No Ob   | 3          | 3          | 18         | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10124<br>10139       | Podiatrists/Chiropodists - No Surgery Pulmonary Diseases - No Surgery                                    | 3          | 3<br>3     | 0<br>29    | 8,272<br>8,272   | 8,272<br>8,272   | 1.20<br>1.20   | 0             | 0.0%<br>0.0%   |
| 10133                | Radiology - Diagnostic - No Surgery  | 3          | 3          | 335        | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10150                | Rhinology - Minor Surgery  | 3          | 3          | 0          | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10153                | Sclerotherapy  | 3          | 3          | 0          | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10164                | Urgent Care - No Surgery - No Ob   | 3          | 3          | 27         | 8,272            | 8,272            | 1.20           | 0             | 0.0%           |
| 10009<br>10035       | Broncho-Esophagology Gastroenterology - Minor Surgery  | 4A<br>4A   | 4A<br>4A   | 0<br>33    | 10,340<br>10,340 | 10,340<br>10,340 | 1.50<br>1.50   | 0             | 0.0%<br>0.0%   |
| 10055                | Lymphangiography / Phlebography  | 4A         | 4A         | 0          | 10,340           | 10,340           | 1.50           | 0             | 0.0%           |
| 10157                | Sports Medicine - Minor Surgery  | 4A         | 4A         | 1          | 10,340           | 10,340           | 1.50           | 0             | 0.0%           |
| 10166                | Urology - Minor Surgery  | 4A         | 4A         | 5          | 10,340           | 10,340           | 1.50           | 0             | 0.0%           |
| 10008                | Angiography / Arteriography / Catheterization  | 4          | 4          | 2          | 12,409           | 12,409           | 1.80           | 0             | 0.0%           |
| 10011<br>10019       | Cardiovascular Disease - Minor Surgery   | 4          | 4          | 42<br>0    | 12,409<br>12,409 | 12,409<br>12,409 | 1.80<br>1.80   | 0             | 0.0%<br>0.0%   |
| 10019                | Cryosurgery Gynecology - Minor Surgery (including 1st trimester abortions)                               | 4          | 4          | 12         | 12,409           | 12,409           | 1.80           | 0             | 0.0%           |
| 10060                | Intensive Care Medicine  | 4          | 4          | 35         | 12,409           | 12,409           | 1.80           | 0             | 0.0%           |
| 10061                | Internal Medicine - Minor Surgery  | 4          | 4          | 14         | 12,409           | 12,409           | 1.80           | 0             | 0.0%           |
| 10070                | Neonatal/Perinatal Medicine  | 4          | 4          | 24         | 12,409           | 12,409           | 1.80           | 0             | 0.0%           |
| 10074                | Nephrology - Including Child - Minor Surgery   | 4          | 4          | 2          | 12,409           | 12,409           | 1.80           | 0             | 0.0%           |
| 10075                | Nephrology - Minor Surgery Otorhinology Minor Surgery  | 4          | 4<br>4     | 1<br>4     | 12,409           | 12,409           | 1.80           | 0             | 0.0%           |
| 10098<br>10148       | Otorhinolaryngology - Minor Surgery Radiopaque Dye Injections  | 4          | 4          | 0          | 12,409<br>12,409 | 12,409<br>12,409 | 1.80<br>1.80   | 0             | 0.0%           |
| 10044                | General/Family Practitioners - No Major Surgery - < 40 Non-High-Risk Deliveries Yearly                   | 5A         | 5A         | 7          | 11,720           | 11,720           | 1.70           | 0             | 0.0%           |
| 10088                | Oncology - Minor Surgery   | 5A         | 5A         | 3          | 11,720           | 11,720           | 1.70           | 0             | 0.0%           |
| 10142                | Radiation Therapy / Lasers - Used in Therapy   | 5A         | 5A         | 9          | 11,720           | 11,720           | 1.70           | 0             | 0.0%           |
| 10146                | Radiology - Therapeutic - Minor Surgery  | 5A         | 5A         | 2          | 11,720           | 11,720           | 1.70           | 0             | 0.0%           |
| 10029<br>10038       | Emergency Medicine - No Major Surgery General Practice or Family Practice Surgery                        | 5<br>5     | 5<br>5     | 333<br>37  | 15,167<br>15,167 | 15,167<br>15,167 | 2.20<br>2.20   | 0             | 0.0%           |
| 10038                | General/Family Practice Surgery - High-Risk or > 40 Deliveries Yearly                                    | 5          | 5          | 14         | 15,167           | 15,167           | 2.20           | 0             | 0.0%           |
| 10143                | Radiology - Diagnostic - Minor Surgery   | 5          | 5          | 51         | 15,167           | 15,167           | 2.20           | 0             | 0.0%           |
| 10145                | Radiology - Interventional   | 5          | 5          | 6          | 15,167           | 15,167           | 2.20           | 0             | 0.0%           |
| 10165                | Urological Surgery   | 5          | 5          | 22         | 15,167           | 15,167           | 2.20           | 0             | 0.0%           |
| 10017<br>10037       | Colon and Rectal Surgery   | 6<br>6     | 6<br>6     | 3<br>34    | 17,924<br>17,924 | 17,924<br>17,924 | 2.60<br>2.60   | 0             | 0.0%<br>0.0%   |
| 10057                | Gastroenterology Surgery Hand Surgery  | 6          | 6          | 5          | 17,924           | 17,924           | 2.60           | 0             | 0.0%           |
| 10100                | Otorhinolaryngology Surgery  | 6          | 6          | 15         | 17,924           | 17,924           | 2.60           | 0             | 0.0%           |
| 10004                | Anesthesiology   | 7A         | 7A         | 17         | 20,682           | 20,682           | 3.00           | 0             | 0.0%           |
| 10005                | Anesthesiology - All Other   | 7A         | 7A         | 42         | 20,682           | 20,682           | 3.00           | 0             | 0.0%           |
| 10006                | Anesthesiology - Critical Care Medicine  | 7A         | 7A         | 0          | 20,682           | 20,682           | 3.00           | 0             | 0.0%           |
| 10028<br>10053       | Emergency Medicine - Including Major Surgery Head and Neck Surgery                                       | 7A<br>7A   | 7A<br>7A   | 36<br>2    | 20,682<br>20,682 | 20,682<br>20,682 | 3.00<br>3.00   | 0             | 0.0%<br>0.0%   |
| 10064                | Laryngology Surgery  | 7A         | 7A         | 0          | 20,682           | 20,682           | 3.00           | 0             | 0.0%           |
| 10073                | Neoplastic Surgery   | 7A         | 7A         | 0          | 20,682           | 20,682           | 3.00           | 0             | 0.0%           |
| 10077                | Nephrology Surgery   | 7A         | 7A         | 0          | 20,682           | 20,682           | 3.00           | 0             | 0.0%           |
| 10097                | Otology Surgery  | 7A         | 7A         | 1          | 20,682           | 20,682           | 3.00           | 0             | 0.0%           |
| 10152<br>10161       | Rhinology Surgery Teaching Physicians or Surgeons - Major Surgery  | 7A<br>7A   | 7A<br>7A   | 0          | 20,682<br>20,682 | 20,682<br>20,682 | 3.00<br>3.00   | 0             | 0.0%           |
| 10101                | Podiatrists - Surgery  | 7          | 7          | 0          | 24,129           | 24,129           | 3.50           | 0             | 0.0%           |
| 10010                | Cardiac Surgery  | 8          | 8          | 11         | 32,745           | 32,745           | 4.75           | 0             | 0.0%           |
| 10048                | Geriatrics Surgery   | 8          | 8          | 0          | 32,745           | 32,745           | 4.75           | 0             | 0.0%           |
| 10051                | Gynecology Surgery   | 8          | 8          | 14         | 32,745           | 32,745           | 4.75           | 0             | 0.0%           |
| 10086<br>10090       | Obstetrics Surgery (c-sections only) Oncology Surgery  | 8<br>8     | 8<br>8     | 1<br>4     | 32,745<br>32,745 | 32,745<br>32,745 | 4.75<br>4.75   | 0             | 0.0%<br>0.0%   |
| 10108                | Pediatric Surgery  | 8          | 8          | 12         | 32,745           | 32,745           | 4.75           | 0             | 0.0%           |
| 10120                | Plastic Surgery  | 8          | 8          | 10         | 32,745           | 32,745           | 4.75           | 0             | 0.0%           |
| 10121                | Plastic-otorhino-laryngology Surgery   | 8          | 8          | 3          | 32,745           | 32,745           | 4.75           | 0             | 0.0%           |
| 10000                | Abdominal Surgery  | 9          | 9          | 0          | 39,640           | 39,640           | 5.75           | 0             | 0.0%           |
| 10013                | Cardiovascular Disease Surgery   | 9          | 9          | 17         | 39,640           | 39,640           | 5.75           | 0             | 0.0%           |
| 10032                | Endocrinology Surgery Control Surgery  | 9<br>9     | 9<br>9     | 1          | 39,640           | 39,640           | 5.75           | 0             | 0.0%<br>0.0%   |
| 10043<br>10094       | General Surgery Orthopedic Surgery   | 9          | 9          | 116<br>112 | 39,640<br>39,640 | 39,640<br>39,640 | 5.75<br>5.75   | 0             | 0.0%           |
| 10162                | Thoracic Surgery   | 9          | 9          | 14         | 39,640           | 39,640           | 5.75           | 0             | 0.0%           |
| 10163                | Traumatic Surgery  | 9          | 9          | 1          | 39,640           | 39,640           | 5.75           | 0             | 0.0%           |
| 10168                | Vascular Surgery   | 9          | 9          | 7          | 39,640           | 39,640           | 5.75           | 0             | 0.0%           |
| 10081                | Neurology Surgery - Including Child  | 10         | 10         | 10         | 44,809           | 44,809           | 6.50           | 0             | 0.0%           |
| 10085                | Obstetrics Surgery / Gynecology Surgery  | 10         | 10         | 153        | 44,809           | 44,809           | 6.50           | 0             | 0.0%           |

Total Surcharge Impact 0

**Review of Classification Factors by Assigned Class** 

Appendix 13 Page 1

Current Rate Factors Evaluated Over Proposed Class\*

|              |               |         | ent nate racte | 713 214144164 0 | ter rioposed e. | 455           |               |
|--------------|---------------|---------|----------------|-----------------|-----------------|---------------|---------------|
|              | Current       | Patient | Compensation   | n Funds         | NM Prima        | ry Carriers   | Proposed      |
| <u>Class</u> | <u>Factor</u> | NM      | <u>IN</u>      | <u>WI</u>       | TDC             | <u>MedPro</u> | <u>Factor</u> |
| 1            | 0.75          | 0.75    | 0.86           | 1.08            | 0.75            | 0.74          | 0.75          |
| 2            | 1.00          | 1.00    | 1.16           | 1.50            | 0.93            | 0.94          | 1.00          |
| 3            | 1.20          | 1.20    | 1.49           | 1.62            | 1.10            | 1.30          | 1.20          |
| 4A           | 1.50          | 1.50    | 1.85           | 1.60            | 1.76            | 1.34          | 1.50          |
| 4            | 1.80          | 1.80    | 1.74           | 1.71            | 2.00            | 1.51          | 1.80          |
| 5A           | 1.70          | 1.70    | 1.50           | 1.80            | 1.12            | 1.23          | 1.70          |
| 5            | 2.20          | 2.20    | 1.95           | 1.80            | 2.28            | 1.93          | 2.20          |
| 6            | 2.60          | 2.60    | 2.94           | 2.90            | 2.01            | 2.54          | 2.60          |
| 7A           | 3.00          | 3.00    | 2.66           | 2.90            | 3.18            | 2.78          | 3.00          |
| 7            | 3.50          | 3.50    | 1.45           | 4.25            | 1.85            |               | 3.50          |
| 8            | 4.75          | 4.75    | 4.88           | 4.06            | 3.47            | 2.78          | 4.75          |
| 9            | 5.75          | 5.75    | 5.16           | 3.73            | 3.67            | 3.73          | 5.75          |
| 10           | 6.50          | 6.50    | 8.00           | 6.60            | 5.56            | 5.02          | 6.50          |
|              |               |         |                |                 |                 |               |               |

<sup>\*</sup>Incorporates impact of changes in classification for physician classes

Development of Relativities by Allied Class

Page 1

Appendix 14

### Relativity to Internal Medicine No Surgery - 80257

| NM Class    | 3  | _     | Patient | Compensatio | n Funds | NM Prim | ary Carrier | Proposed      | Indicated     |
|-------------|--|-------|---------|-------------|---------|---------|-------------|---------------|---------------|
| <u>Code</u> | Description  | Class | NM      | <u>IN</u>   | WI      | TDC     | MedPro      | <u>Factor</u> | <u>Change</u> |
| 10015       | Chiropractor   | 99    | 0.60    | N/A         | 0.40    | 0.24    | 0.16        | 0.60          | 0.0%          |
| 10083       | Nurse Anesthetists   | CRNA  | 0.25    | 0.45        | 0.25    | 0.52    | 0.31        | 0.25          | 0.0%          |
| 10014       | Certified Nurse Specialist/Certified Nurse Practitioner                    | CN    | 0.16    | 0.35        | 0.25    | 0.18    | 0.07        | 0.16          | 0.0%          |
| 10117       | Physicians Assistants - Supervised by Non-Invasive Specialist              | PA-1  | 0.34    | 0.35        | 0.20    | 0.27    | 0.24        | 0.34          | 0.0%          |
| 10119       | Physicians Assistants - Supervised by Specialists Performing Minor Surgery | PA-2  | 0.45    | 0.35        | 0.20    | 0.27    | 0.36        | 0.45          | 0.0%          |
| 10118       | Physicians Assistants - Supervised by Specialists Performing Major Surgery | PA-3  | 0.54    | 0.35        | 0.20    | 0.27    | 0.36        | 0.54          | 0.0%          |

Appendix 14 Page 2

Surcharge Impact of New Relativities by Allied Class

| NM Class    |  |       |           | Current       | Proposed | Current     | Proposed | Indicated<br>Surcharge | % of<br>Surcharge |
|-------------|--|-------|-----------|---------------|----------|-------------|----------|------------------------|-------------------|
| <u>Code</u> | Description  | Class | Exposures | <u>Factor</u> | Factor   | <u>Rate</u> | Rate     | <u>Impact</u>          | <u>Impact</u>     |
| 10015       | Chiropractor   | 99    | 0         | 0.60          | 0.60     | 4,137       | 4,137    | 0                      | 0.0%              |
| 10083       | Nurse Anesthetists   | CRNA  | 317       | 0.25          | 0.25     | 1,724       | 1,724    | 0                      | 0.0%              |
| 10014       | Certified Nurse Specialist/Certified Nurse Practitioner                    | CN    | 1066      | 0.16          | 0.16     | 1,104       | 1,104    | 0                      | 0.0%              |
| 10117       | Physicians Assistants - Supervised by Non-Invasive Specialist              | PA-1  | 339       | 0.34          | 0.34     | 2,344       | 2,344    | 0                      | 0.0%              |
| 10119       | Physicians Assistants - Supervised by Specialists Performing Minor Surgery | PA-2  | 97        | 0.45          | 0.45     | 3,102       | 3,102    | 0                      | 0.0%              |
| 10118       | Physicians Assistants - Supervised by Specialists Performing Major Surgery | PA-3  | 147       | 0.54          | 0.54     | 3,723       | 3,723    | 0                      | 0.0%              |
|             |  |       |           |               |          |             |          |                        |                   |
|             |  |       |           |               |          |             | Total    | 0                      |                   |

**Entity Coverage Evaluation** 

|          |   |       |           |                 |                  |                           | Weighted  |                 |                  |               |               |
|----------|---|-------|-----------|-----------------|------------------|---------------------------|-----------|-----------------|------------------|---------------|---------------|
|          |   |       |           | Indicated       |                  |                           | Average   | Estimated       |                  | Estimated     | % of          |
| NM Class | ;   |       |           | Rate Per        | Current          | Proposed                  | Provider  | Rate Per        | Estimated        | Surcharge     | Surcharge     |
| Code     | Description   | Class | Exposures | <u>Provider</u> | <u>Surcharge</u> | Rate per Provider         | Surcharge | <u>Provider</u> | <u>Surcharge</u> | <u>Impact</u> | <u>Impact</u> |
|          |   |       | (1)       | (2)             | (3)              | (4)                       | (5)       | (6)             | (7)              | (8)           | (9)           |
| 10116    | Physicians and Surgeons - Corporate or Partnership Liability  | 51    | 565       | \$4,794         | \$2,708,608      | 10% of provider surcharge | \$13,413  | \$1,341         | \$757,819        | \$0           | 0.0%          |
| 10123    | Podiatrists/Chiropodists - Corporate or Partnership Liability | 52    | 3         | 7,169           | 21,506           | 10% of provider surcharge | 8,272     | 827             | 2,482            | 0             | 0.0%          |
| 10016    | Chiropractors - Corporate or Partnership Liability            | 53    | 0         |                 | 0                | 10% of provider surcharge | 4,137     | 414             | 0                | 0             | 0.0%          |
|          |   |       |           | Total           | \$2,730,114      |                           |           |                 | Total            | 0             | 0.0%          |

#### Notes

(1),(3),(4) Provided by New Mexico PCF

- (2) Col (3) / Col (1)
- (5) Weighted average of exposures and proposed rate on Exhibit 2 for physicians For podiatrists/chiropodists and chiropractors, using actual Proposed rate
- (6) Col (5) x 10% (note that actual rate will differ based on individual provider specialty)
- (7) Col (1) x Col (6)
- (8) Col (9) x Col (3)
- (9) Based on overall Indicated Rate Change

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16
Page 1

|          |            | Load for Employer | Estimated  |            |            |            |             |          |            |            | Selected   |
|----------|------------|-------------------|------------|------------|------------|------------|-------------|----------|------------|------------|------------|
| Accident | Hospital   | Provider          | Total      | Paid       | Paid       | % Total    | % Total     |          | Allocated  | Discounted | Ultimate   |
| Year     | Surcharges | Surcharges        | Surcharges | Losses     | Loss Ratio | Surcharges | Paid Losses | Selected | Reserves   | Reserves   | 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%   | 2,005      | 1,519      | 1,607,005  |
| 2011     | 1,152,600  | 0.583             | 1,825,004  | 2,547,500  | 139.6%     | 100.0%     | 100.0%      | 100.0%   | 2,547      | 1,931      | 2,550,048  |
| 2012     | 1,137,371  | 0.598             | 1,817,812  | 3,475,000  | 191.2%     | 100.0%     | 100.0%      | 100.0%   | 3,475      | 2,634      | 3,478,475  |
| 2013     | 1,174,771  | 0.696             | 1,992,604  | 2,607,237  | 130.8%     | 100.0%     | 100.0%      | 100.0%   | 15,656     | 15,531     | 2,622,894  |
| 2014     | 1,300,000  | 0.651             | 2,146,331  | 6,688,260  | 311.6%     | 100.0%     | 100.0%      | 100.0%   | 80,534     | 79,723     | 6,768,794  |
| 2015     | 1,350,000  | 0.648             | 2,224,828  | 4,504,980  | 202.5%     | 100.0%     | 97.3%       | 97.3%    | 121,292    | 119,874    | 4,626,272  |
| 2016     | 1,325,000  | 0.877             | 2,486,641  | 6,127,679  | 246.4%     | 42.0%      | 61.8%       | 61.8%    | 217,223    | 214,214    | 6,344,903  |
| 2017     | 1,375,000  | 0.877             | 2,580,476  | 682,500    | 26.4%      | 15.3%      | 3.6%        | 3.6%     | 34,378     | 33,746     | 716,878    |
| 2018     | 1,635,000  | 0.877             | 3,068,421  | 2,457,414  | 80.1%      | 9.9%       | 9.0%        | 9.1%     | 596,535    | 586,731    | 3,053,949  |
| 2019     | 1,820,000  | 0.877             | 3,415,612  | 141,875    | 4.2%       | 10.1%      | 0.7%        | 4.0%     | 642,034    | 636,575    | 783,909    |
| 2020     | 1,709,923  | 0.877             | 3,209,029  | 1,395,000  | 43.5%      | 9.4%       | 10.6%       | 10.0%    | 2,200,537  | 2,173,641  | 3,595,537  |
| 2021     | 1,599,979  | 0.877             | 3,002,696  | 1,411,139  | 47.0%      | 8.6%       | 13.2%       | 9.5%     | 3,127,994  | 3,081,889  | 4,539,133  |
| 2022     | 1,861,735  | 1.104             | 3,917,327  | 50,000     | 1.3%       | 11.3%      | 0.8%        | 10.3%    | 4,237,419  | 4,154,623  | 4,287,419  |
| 2023     | 2,436,431  | 1.104             | 5,126,560  | 0          | 0.0%       | 11.4%      | 0.0%        | 11.4%    | 6,528,249  | 6,361,761  | 6,528,249  |
| 2024     | 3,088,587  | 1.130             | 6,579,443  | 0          | 0.0%       | 10.9%      | 0.0%        | 10.9%    | 9,005,393  | 8,714,157  | 9,005,393  |
| Total    | 24,661,396 |                   | 45,991,308 | 35,768,585 | 77.8%      | 14.9%      | 27.7%       |          | 26,815,273 | 26,178,548 | 62,583,857 |

#### 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

(8) Col (5) / Total Paid Losses

(9) Judgmentally Selected based on columns Cols (7) & (8)

(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)

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16 Page 2

|          | Community Health Systems |                   |            |            |            |            |             |          |            |            |            |
|----------|--------------------------|-------------------|------------|------------|------------|------------|-------------|----------|------------|------------|------------|
|          |                          | Load for Employer | Estimated  |            |            |            |             |          |            |            | Selected   |
| Accident | Hospital                 | Provider          | Total      | Paid       | Paid       | % Total    | % Total     |          | Allocated  | Discounted | Ultimate   |
| Year     | Surcharges               | Surcharges        | Surcharges | Losses     | Loss Ratio | Surcharges | Paid Losses | Selected | Reserves   | Reserves   | Losses     |
| (1)      | (2)                      | (3)               | (4)        | (5)        | (6)        | (7)        | (8)         | (9)      | (10)       | (11)       | (12)       |
| 2009     | 0                        | 0.178             | 0          | 0          | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0          | 0          | 0          |
| 2010     | 0                        | 0.178             | 0          | 0          | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0          | 0          | 0          |
| 2011     | 0                        | 0.178             | 0          | 0          | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0          | 0          | 0          |
| 2012     | 0                        | 0.178             | 0          | 0          | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0          | 0          | 0          |
| 2013     | 0                        | 0.178             | 0          | 0          | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0          | 0          | 0          |
| 2014     | 0                        | 0.178             | 0          | 0          | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0          | 0          | 0          |
| 2015     | 0                        | 0.178             | 0          | 0          | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0          | 0          | 0          |
| 2016     | 851,834                  | 0.178             | 1,003,413  | 1,425,000  | 142.0%     | 17.0%      | 14.4%       | 14.4%    | 50,516     | 49,816     | 1,475,516  |
| 2017     | 2,484,173                | 0.180             | 2,930,698  | 2,350,000  | 80.2%      | 17.3%      | 12.4%       | 12.4%    | 118,372    | 116,196    | 2,468,372  |
| 2018     | 2,549,394                | 0.184             | 3,018,407  | 3,001,604  | 99.4%      | 9.7%       | 11.0%       | 10.9%    | 713,234    | 701,512    | 3,714,837  |
| 2019     | 2,933,227                | 0.209             | 3,546,727  | 3,938,073  | 111.0%     | 10.5%      | 20.4%       | 17.0%    | 2,709,249  | 2,686,214  | 6,647,322  |
| 2020     | 3,696,474                | 0.227             | 4,534,267  | 1,567,956  | 34.6%      | 13.3%      | 11.9%       | 12.6%    | 2,773,203  | 2,739,307  | 4,341,159  |
| 2021     | 5,185,528                | 0.190             | 6,169,388  | 1,142,000  | 18.5%      | 17.7%      | 10.7%       | 16.3%    | 5,348,902  | 5,270,062  | 6,490,902  |
| 2022     | 6,351,059                | 0.035             | 6,575,251  | 1,735,000  | 26.4%      | 19.0%      | 27.3%       | 19.8%    | 8,184,280  | 8,024,365  | 9,919,280  |
| 2023     | 6,354,834                | 0.060             | 6,737,528  | 0          | 0.0%       | 15.0%      | 0.0%        | 15.0%    | 8,579,685  | 8,360,878  | 8,579,685  |
| 2024     | 8,012,301                | 0.127             | 9,030,056  | 0          | 0.0%       | 14.9%      | 0.0%        | 14.9%    | 12,359,587 | 11,959,876 | 12,359,587 |
| Total    | 38,418,825               |                   | 43,545,735 | 15,159,633 | 34.8%      | 14.1%      | 11.7%       |          | 40,837,027 | 39,908,224 | 55,996,659 |

#### <u>Column</u>

(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 (7) & (8)

(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)

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16 Page 3

48,850

3,013,386

2,542,841

2,730,509

5,391,225

3,757,972

5,726,344

27,139,515

|          |            | Load for Employer | Estimated  |           |            | ·          |             |          |           |            | Selected  |
|----------|------------|-------------------|------------|-----------|------------|------------|-------------|----------|-----------|------------|-----------|
| Accident | Hospital   | Provider          | Total      | Paid      | Paid       | % Total    | % Total     |          | Allocated | Discounted | Ultimate  |
| Year     | Surcharges | Surcharges        | Surcharges | Losses    | Loss Ratio | Surcharges | Paid Losses | Selected | Reserves  | Reserves   | Losses    |
| (1)      | (2)        | (3)               | (4)        | (5)       | (6)        | (7)        | (8)         | (9)      | (10)      | (11)       | (12)      |
| 2009     | 0          | 0.472             | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |
| 2010     | 0          | 0.472             | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |
| 2011     | 0          | 0.472             | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |
| 2012     | 0          | 0.472             | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |
| 2013     | 0          | 0.472             | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |
| 2014     | 0          | 0.472             | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |
| 2015     | 0          | 0.472             | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |
| 2016     | 578,804    | 0.472             | 851,759    | 0         | 0.0%       | 14.4%      | 0.0%        | 0.0%     | 0         | 0          | 0         |
| 2017     | 1,636,047  | 0.470             | 2,405,315  | 3,740,000 | 155.5%     | 14.2%      | 19.7%       | 19.7%    | 188,387   | 184,924    | 3,928,387 |

0.0%

61.5%

36.3%

24.0%

48.3%

0.0%

0.0%

35.7%

7.5%

8.0%

7.5%

6.9%

8.3%

6.6%

6.9%

7.5%

0.0%

8.7%

7.1%

5.4%

21.9%

0.0%

0.0%

6.4%

0.7%

8.4%

7.3%

6.6%

9.7%

6.6%

6.9%

48,850

1,346,886

1,609,885

2,155,509

3,998,925

3,757,972

5,726,344

18,832,759

48,047

1,335,434

1,590,208

2,123,738

3,920,788

3,662,133

5,541,153

18,406,426

LifePoint Health Group

Total Column

2018

2019

2020

2021

2022

2023

2024

(2), (3), (5) Based on data provided by client

1,579,852

1,854,324

1,750,203

1,612,758

1,995,133

2,390,372

3,107,049

16,504,543

0.464

0.462

0.470

0.484

0.445

0.235

0.347

2,313,680

2,711,091

2,573,587

2,392,698

2,883,428

2,951,093

4,183,733

23,266,384

0

0

0

1,666,500

932,956

575,000

1,392,300

8,306,756

(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 (7) & (8)

(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)

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16 Page 4

|     |            |             |          |           |            | : |
|-----|------------|-------------|----------|-----------|------------|---|
|     | % Total    | % Total     |          | Allocated | Discounted | l |
| tio | Surcharges | Paid Losses | Selected | Reserves  | Reserves   |   |
|     | (7)        | (8)         | (9)      | (10)      | (11)       |   |
|     |            |             |          |           |            |   |

|          |            |                   |            |            |            | ciace ricaitii o jotciii |             |          |            |            |            |
|----------|------------|-------------------|------------|------------|------------|--------------------------|-------------|----------|------------|------------|------------|
|          |            | Load for Employer | Estimated  |            |            |                          |             |          |            |            | Selected   |
| Accident | Hospital   | Provider          | Total      | Paid       | Paid       | % Total                  | % Total     |          | Allocated  | Discounted | Ultimate   |
| Year     | Surcharges | Surcharges        | Surcharges | Losses     | Loss Ratio | Surcharges               | Paid Losses | Selected | Reserves   | Reserves   | 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  | 814,167    | 72.5%      | 19.0%                    | 8.2%        | 8.2%     | 28,862     | 28,462     | 843,029    |
| 2017     | 2,368,533  | 0.343             | 3,179,979  | 10,299,453 | 323.9%     | 18.8%                    | 54.2%       | 54.2%    | 518,793    | 509,256    | 10,818,246 |
| 2018     | 2,249,428  | 0.343             | 3,020,069  | 10,406,629 | 344.6%     | 9.7%                     | 38.2%       | 35.4%    | 2,315,611  | 2,277,553  | 12,722,240 |
| 2019     | 2,392,625  | 0.343             | 3,212,325  | 6,535,317  | 203.4%     | 9.5%                     | 33.9%       | 25.4%    | 4,053,348  | 4,018,884  | 10,588,665 |
| 2020     | 2,791,008  | 0.343             | 3,747,191  | 990,000    | 26.4%      | 11.0%                    | 7.5%        | 9.2%     | 2,036,889  | 2,011,993  | 3,026,889  |
| 2021     | 3,720,065  | 0.343             | 4,994,538  | 2,452,500  | 49.1%      | 14.3%                    | 22.9%       | 16.1%    | 5,267,530  | 5,189,889  | 7,720,030  |
| 2022     | 2,652,787  | 0.145             | 3,037,924  | 1,539,286  | 50.7%      | 8.8%                     | 24.2%       | 10.3%    | 4,260,176  | 4,176,935  | 5,799,462  |
| 2023     | 5,394,790  | 0.145             | 6,178,015  | 1,555,200  | 0.0%       | 13.7%                    | 0.0%        | 13.7%    | 7,867,190  | 7,666,555  | 7,867,190  |
| 2024     | 5,177,635  | 0.233             |            | 0          | 0.0%       | 10.6%                    | 0.0%        | 10.6%    | 8,737,225  | 8,454,662  | 8,737,225  |
| 2024     | 5,177,035  | 0.233             | 6,383,516  | U          | 0.0%       | 10.0%                    | 0.0%        | 10.0%    | 0,/3/,225  | 6,454,002  | 0,/3/,225  |
| Total    | 27,583,771 |                   | 34,877,173 | 33,037,351 | 94.7%      | 11.3%                    | 25.5%       |          | 35,085,624 | 34,334,189 | 68,122,976 |

Lovelace Health System LLC

#### Column

(2), (3), (5) Based on data provided by client

Col (2) x [1.0 + Col (3)] (4)

(6) Col (5) / Col (4)

(7) Col (4) / Total Surcharges

(8) Col (5) / Total Paid Losses

Judgmentally Selected based on columns Cols (7) & (8) (9)

Col (9) x Undiscounted Reserves from Exhibit 1, Page 5 (10)

(11) Col (10) x Discount Factors from Exhibit 1, Page 2

(12) Col (5) + Col (10)

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16 Page 5

|          |            | Quorum Health Corporation |            |           |            |            |             |          |           |            |           |  |
|----------|------------|---------------------------|------------|-----------|------------|------------|-------------|----------|-----------|------------|-----------|--|
|          |            | Load for Employer         | Estimated  |           |            |            |             |          |           |            | Selected  |  |
| Accident | Hospital   | Provider                  | Total      | Paid      | Paid       | % Total    | % Total     |          | Allocated | Discounted | Ultimate  |  |
| Year     | Surcharges | Surcharges                | Surcharges | Losses    | Loss Ratio | Surcharges | Paid Losses | Selected | Reserves  | Reserves   | Losses    |  |
| (1)      | (2)        | (3)                       | (4)        | (5)       | (6)        | (7)        | (8)         | (9)      | (10)      | (11)       | (12)      |  |
| 2009     | 0          | 0.145                     | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2010     | 0          | 0.145                     | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2011     | 0          | 0.145                     | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2012     | 0          | 0.145                     | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2013     | 0          | 0.145                     | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2014     | 0          | 0.145                     | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2015     | 0          | 0.145                     | 0          | 0         | 0.0%       | 0.0%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2016     | 265,408    | 0.145                     | 303,931    | 0         | 0.0%       | 5.1%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2017     | 783,373    | 0.148                     | 899,570    | 0         | 0.0%       | 5.3%       | 0.0%        | 0.0%     | 0         | 0          | 0         |  |
| 2018     | 796,295    | 0.155                     | 919,928    | 400,000   | 43.5%      | 3.0%       | 1.5%        | 1.6%     | 105,977   | 104,236    | 505,977   |  |
| 2019     | 891,291    | 0.157                     | 1,030,901  | 750,000   | 72.8%      | 3.1%       | 3.9%        | 3.6%     | 574,828   | 569,941    | 1,324,828 |  |
| 2020     | 860,883    | 0.161                     | 999,207    | 0         | 0.0%       | 2.9%       | 0.0%        | 1.5%     | 323,062   | 319,113    | 323,062   |  |
| 2021     | 699,687    | 0.167                     | 816,631    | 0         | 0.0%       | 2.3%       | 0.0%        | 1.9%     | 615,303   | 606,234    | 615,303   |  |
| 2022     | 654,257    | 0.005                     | 657,225    | 0         | 0.0%       | 1.9%       | 0.0%        | 1.7%     | 705,483   | 691,698    | 705,483   |  |
| 2023     | 721,639    | 0.011                     | 729,302    | 0         | 0.0%       | 1.6%       | 0.0%        | 1.6%     | 928,706   | 905,021    | 928,706   |  |
| 2024     | 1,084,049  | 0.219                     | 1,321,109  | 0         | 0.0%       | 2.2%       | 0.0%        | 2.2%     | 1,808,224 | 1,749,746  | 1,808,224 |  |
| Total    | 6,756,880  |                           | 7,677,805  | 1,150,000 | 15.0%      | 2.5%       | 0.9%        |          | 5,061,583 | 4,945,988  | 6,211,583 |  |

#### 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 (7) & (8)

(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)

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16 Page 6

|   |     | 141 | c - |    | Corr |    | .:  |
|---|-----|-----|-----|----|------|----|-----|
| п | ıea | ıuı | เวบ | um | COLL | വദ | HOH |

|          |            |                   |            |           |            | artinoodtii corporatii | ***         |          |           |            |           |
|----------|------------|-------------------|------------|-----------|------------|------------------------|-------------|----------|-----------|------------|-----------|
|          |            | Load for Employer | Estimated  |           |            |                        |             |          |           |            | Selected  |
| Accident | Hospital   | Provider          | Total      | Paid      | Paid       | % Total                | % Total     |          | Allocated | Discounted | Ultimate  |
| Year     | Surcharges | Surcharges        | Surcharges | Losses    | Loss Ratio | Surcharges             | Paid Losses | Selected | Reserves  | Reserves   | 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%       | 15.6%    | 54,947    | 54,186     | 1,604,947 |
| 2017     | 185,142    | 0.000             | 185,142    | 175,000   | 94.5%      | 1.1%                   | 0.9%        | 0.9%     | 8,815     | 8,653      | 183,815   |
| 2018     | 205,783    | 0.000             | 205,783    | 0         | 0.0%       | 0.7%                   | 0.0%        | 0.1%     | 4,345     | 4,273      | 4,345     |
| 2019     | 339,028    | 0.000             | 339,028    | 0         | 0.0%       | 1.0%                   | 0.0%        | 0.4%     | 56,139    | 55,662     | 56,139    |
| 2020     | 280,768    | 0.000             | 280,768    | 0         | 0.0%       | 0.8%                   | 0.0%        | 0.4%     | 90,777    | 89,668     | 90,777    |
| 2021     | 156,600    | 0.000             | 156,600    | 0         | 0.0%       | 0.4%                   | 0.0%        | 0.4%     | 117,992   | 116,253    | 117,992   |
| 2022     | 238,918    | 0.000             | 238,918    | 0         | 0.0%       | 0.7%                   | 0.0%        | 0.6%     | 256,461   | 251,450    | 256,461   |
| 2023     | 267,446    | 0.000             | 267,446    | 0         | 0.0%       | 0.6%                   | 0.0%        | 0.6%     | 340,570   | 331,885    | 340,570   |
| 2024     | 237,947    | 0.000             | 237,947    | 0         | 0.0%       | 0.4%                   | 0.0%        | 0.4%     | 325,681   | 315,149    | 325,681   |
| Total    | 1,981,008  |                   | 1,981,008  | 1,725,000 | 87.1%      | 0.6%                   | 1.3%        |          | 1,255,728 | 1,227,178  | 2,980,728 |

#### 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 (7) & (8)

(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)

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16 Page 7

|                   | Otero County Hospital Association |   |                                |                       |                           |                        |                         |              |                         |                          |                               |
|-------------------|-----------------------------------|---|--------------------------------|-----------------------|---------------------------|------------------------|-------------------------|--------------|-------------------------|--------------------------|-------------------------------|
| Accident Year (1) | Hospital Surcharges (2)           | Load for Employer Provider Surcharges (3) | Estimated Total Surcharges (4) | Paid<br>Losses<br>(5) | Paid<br>Loss Ratio<br>(6) | % Total Surcharges (7) | % Total Paid Losses (8) | Selected (9) | Allocated Reserves (10) | Discounted Reserves (11) | Selected Ultimate Losses (12) |
| (1)               | (2)                               | (5)                                       | (4)                            | (5)                   | (6)                       | (7)                    | (6)                     | (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%         | 3,366                   | 3,326                    | 128,366                       |
| 2016              | 61,733                            | 0.229                                     | 75,882                         | 0                     | 0.0%                      | 1.3%                   | 0.0%                    | 0.0%         | 0                       | 0                        | 0                             |
| 2017              | 226,634                           | 0.229                                     | 278,580                        | 1,600,000             | 574.3%                    | 1.6%                   | 8.4%                    | 8.4%         | 80,593                  | 79,112                   | 1,680,593                     |
| 2018              | 338,156                           | 0.229                                     | 415,663                        | 3,736,042             | 898.8%                    | 1.3%                   | 13.7%                   | 12.5%        | 817,203                 | 803,772                  | 4,553,245                     |
| 2019              | 372,906                           | 0.229                                     | 458,378                        | 307,619               | 67.1%                     | 1.4%                   | 1.6%                    | 1.5%         | 241,657                 | 239,602                  | 549,276                       |
| 2020              | 568,392                           | 0.229                                     | 698,672                        | 1,065,306             | 152.5%                    | 2.0%                   | 8.1%                    | 5.1%         | 1,114,030               | 1,100,414                | 2,179,336                     |
| 2021              | 1,017,375                         | 0.229                                     | 1,250,564                      | 837,098               | 66.9%                     | 3.6%                   | 7.8%                    | 4.4%         | 1,455,717               | 1,434,261                | 2,292,815                     |
| 2022              | 0                                 | 0.381                                     | 0                              | 0                     | 0.0%                      | 0.0%                   | 0.0%                    | 0.0%         | 0                       | 0                        | 0                             |
| 2023              | 595,820                           | 0.381                                     | 823,012                        | 0                     | 0.0%                      | 1.8%                   | 0.0%                    | 1.8%         | 1,048,038               | 1,021,310                | 1,048,038                     |
| 2024              | 1,686,712                         | 0.794                                     | 3,026,162                      | 0                     | 0.0%                      | 5.0%                   | 0.0%                    | 5.0%         | 4,141,958               | 4,008,006                | 4,141,958                     |
| Total             | 4,867,728                         |   | 7,026,914                      | 7,671,065             | 109.2%                    | 2.3%                   | 5.9%                    |              | 8,902,561               | 8,689,802                | 16,573,626                    |

#### <u>Column</u>

(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 (7) & (8)

(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)

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16 Page 8

| Presbyterian | Health S | ystems LLC |
|--------------|----------|------------|
|--------------|----------|------------|

|          |            | Load for Employer | Estimated   |            |            |            |             |          |             |             | Selected    |
|----------|------------|-------------------|-------------|------------|------------|------------|-------------|----------|-------------|-------------|-------------|
| Accident | Hospital   | Provider          | Total       | Paid       | Paid       | % Total    | % Total     |          | Allocated   | Discounted  | Ultimate    |
| Year     | Surcharges | Surcharges        | Surcharges  | Losses     | Loss Ratio | Surcharges | Paid Losses | Selected | Reserves    | Reserves    | 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   | 169,684    | 3.8%       | 26.2%      | 0.9%        | 0.9%     | 8,547       | 8,390       | 178,231     |
| 2018     | 9,945,033  | 0.816             | 18,059,167  | 7,239,941  | 40.1%      | 58.2%      | 26.6%       | 29.7%    | 1,947,914   | 1,915,900   | 9,187,855   |
| 2019     | 10,485,433 | 0.816             | 19,040,480  | 5,925,085  | 31.1%      | 56.4%      | 30.8%       | 39.7%    | 6,345,502   | 6,291,550   | 12,270,587  |
| 2020     | 9,937,397  | 0.816             | 18,045,302  | 7,268,616  | 40.3%      | 52.9%      | 55.0%       | 54.0%    | 11,894,159  | 11,748,780  | 19,162,775  |
| 2021     | 8,843,545  | 0.816             | 16,058,977  | 4,282,088  | 26.7%      | 46.1%      | 40.0%       | 44.9%    | 14,726,436  | 14,509,376  | 19,008,524  |
| 2022     | 8,485,738  | 1.034             | 17,263,848  | 1,636,000  | 9.5%       | 49.9%      | 25.8%       | 47.5%    | 19,593,441  | 19,210,599  | 21,229,441  |
| 2023     | 10,894,433 | 1.034             | 22,164,230  | 0          | 0.0%       | 49.3%      | 0.0%        | 49.3%    | 28,224,312  | 27,504,512  | 28,224,312  |
| 2024     | 14,692,171 | 1.018             | 29,643,136  | 0          | 0.0%       | 49.1%      | 0.0%        | 49.1%    | 40,573,052  | 39,260,913  | 40,573,052  |
| Total    | 75,724,973 |                   | 144,708,155 | 26,521,414 | 18.3%      | 46.8%      | 20.5%       |          | 123,313,363 | 120,450,019 | 149,834,777 |

#### 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 (7) & (8)

(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)

#### Reserves as of 12/31/2024

Allocation of Ultimate & Outstanding Losses by Hospital

Appendix 16 Page 9

|          |             | All Hospitals     |             |             |            |            |             |          |             |             |             |
|----------|-------------|-------------------|-------------|-------------|------------|------------|-------------|----------|-------------|-------------|-------------|
|          |             | Load for Employer | Estimated   |             |            |            |             |          |             |             | Selected    |
| Accident | Hospital    | Provider          | Total       | Paid        | Paid       | % Total    | % Total     |          | Allocated   | Discounted  | Ultimate    |
| Year     | Surcharges  | Surcharges        | Surcharges  | Losses      | Loss Ratio | Surcharges | Paid Losses | Selected | Reserves    | Reserves    | 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%     |            |             |          | 2,005       | 1,519       | 1,607,005   |
| 2011     | 1,152,600   | 0.583             | 1,825,004   | 2,547,500   | 221.0%     |            |             |          | 2,547       | 1,931       | 2,550,048   |
| 2012     | 1,137,371   | 0.598             | 1,817,812   | 3,475,000   | 305.5%     |            |             |          | 3,475       | 2,634       | 3,478,475   |
| 2013     | 1,174,771   | 0.696             | 1,992,604   | 2,607,237   | 221.9%     |            |             |          | 15,656      | 15,531      | 2,622,894   |
| 2014     | 1,300,000   | 0.651             | 2,146,331   | 6,688,260   | 514.5%     |            |             |          | 80,534      | 79,723      | 6,768,794   |
| 2015     | 1,350,000   | 0.648             | 2,224,828   | 4,629,980   | 343.0%     |            |             |          | 124,658     | 123,200     | 4,754,638   |
| 2016     | 3,989,055   | 0.483             | 5,914,620   | 9,916,846   | 248.6%     |            |             |          | 351,548     | 346,677     | 10,268,394  |
| 2017     | 11,500,127  | 0.469             | 16,892,776  | 19,016,636  | 165.4%     |            |             |          | 957,886     | 940,276     | 19,974,522  |
| 2018     | 19,298,940  | 0.607             | 31,021,119  | 27,241,629  | 141.2%     |            |             |          | 6,549,669   | 6,442,023   | 33,791,297  |
| 2019     | 21,088,834  | 0.601             | 33,754,542  | 19,264,470  | 91.3%      |            |             |          | 15,969,642  | 15,833,861  | 35,234,112  |
| 2020     | 21,595,047  | 0.579             | 34,088,022  | 13,219,834  | 61.2%      |            |             |          | 22,042,543  | 21,773,124  | 35,262,377  |
| 2021     | 22,835,535  | 0.526             | 34,842,092  | 10,699,825  | 46.9%      |            |             |          | 32,815,384  | 32,331,702  | 43,515,208  |
| 2022     | 22,239,628  | 0.555             | 34,573,921  | 6,352,586   | 28.6%      |            |             |          | 41,236,185  | 40,430,457  | 47,588,771  |
| 2023     | 29,055,764  | 0.548             | 44,977,185  | 0           | 0.0%       |            |             |          | 57,274,722  | 55,814,054  | 57,274,722  |
| 2024     | 37,086,451  | 0.629             | 60,405,101  | 0           | 0.0%       |            |             |          | 82,677,466  | 80,003,663  | 82,677,466  |
| Total    | 196,499,125 |                   | 309,074,483 | 129,339,803 | 65.8%      |            |             |          | 260,103,918 | 254,140,375 | 389,443,721 |

<u>Column</u>

(2) - (12) Sum of Appendix 16, Page 1 through Appendix 16, Page 8