

**FLORIDA BIRTH-RELATED NEUROLOGICAL INJURY
COMPENSATION ASSOCIATION
BOARD MEETING AGENDA**

August 24, 2023

10:00 a.m.

1. Call to Order and Welcome
2. Minutes.....N
3. Executive Director Report
4. Introduction/Discussion with Medical Director
5. Investments
 - A. Performance Review.....O
 - B. Follow up from Previous Meeting
 - C. Corrected Investment Policy.....P
6. Actuarial Update
 - A. December 31, 2022 Reserve Report/ThresholdQ
 - B. March 31, 2023 Reserve Report/ThresholdR
 - C. June 30, 2023 Reserve Report/ThresholdS
7. June 30, 2023 Audited Financial StatementsT
8. Budget to Actual
 - A. Administrative Costs.....U
 - B. Benefit Payments/Cash Flow.....V
9. Net Assets/Threshold Calculation
 - A. Net Assets.....W
 - B. Estimated Threshold Calculation.....X
10. Benefit Handbook.....Y
11. Lifetime Planning Update
12. Transition Benefit Discussion
13. Public Testimony
14. Board Votes
15. Next Meeting – November or December via Zoom

Agenda Item # 2 (Tab N)

Minutes

MINUTES OF THE MEETING
THE FLORIDA BIRTH-RELATED
NEUROLOGICAL INJURY COMPENSATION ASSOCIATION

July 6, 2023
Virtual Meeting via Zoom Video and Zoom Conference Call

The July 6, 2023, meeting of the Board of Directors of the Florida Birth-Related Neurological Injury Compensation Association was called to order by Chair Jim DeBeaugrine.

Board members present and constituting a quorum were:

Jim DeBeaugrine, MPA
Renee Oliver
Robert A. London, M.D.
Narendra Dereddy, M.D.
Julie Ann Zemaitis DeCesare, M.D.
Bradley Tilghman

Also present:

Melissa Jaacks, NICA Interim Executive Director
Tim Daughtry, NICA Deputy Director
Steve Ecenia, NICA General Counsel
Tana Storey, NICA General Counsel's Office
Matt Dufek, Kikoda/NICA's IT Contractor
Katy Wojciechowski, NICA Investment Consultant
Jon Lewis, Wilshire Consulting
Morgan Husbands, Florida Department of Financial Services
Chase Mitchell, Department of Financial Services
Denishia Sword, Office of the Insurance Consumer Advocate
Mark Crawshaw Ph.D., Madison Consulting
Choya Everett, Madison Consulting
Julian Copeland, BlackRock
Kathy Glombowski, NICA Staff
Vicky Evelo, NICA Staff
Cathy Siciak, NICA Staff
Samantha Adams, Court Reporter, Phipps Reporting
Ainsley Hurley
Ashley Mathis
Barbara Lopez Avila
Chelsea Reyes
Daniel Bookhout
Esther Morgan
Fatima Cruz

Igor Oruc
Jackie Amorim
Jacqueline Moody
Jennifer Pham
John Romine
Laura Sokalski
Michelle Glisar
Michelle Perez
Mr. Reyes
Tricia Parrish
Vanessa Augustin

**Attendees who did not provide full names, were only logged in briefly or who did not identify themselves are not included on this list.

The Chair recognized NICA's General Counsel, Steve Ecenia. Mr. Ecenia announced that a brief executive session would be needed. Although the executive session had been requested at the previous Board meeting, it had not been on the agenda. However, an issue had arisen that would necessitate it. He also requested an executive session at the next meeting. The request was granted.

MINUTES

The Chair asked for a motion to approve the minutes of the March 10, 2023 Board meeting.

A motion was made to approve the minutes as drafted. The motion passed unanimously.

INVESTMENT UPDATE

Katy Wojciechowski and Jon Lewis followed with a presentation of NICA's investment results, asset allocations and a revised investment policy.

Equity returns had been strong for the calendar year to date. Bond returns had been positive calendar year to date with high yield bonds particularly strong for the fiscal year to date. The federal reserve continued their rate hikes and more were expected.

NICA's portfolio had positive results for the quarter ending March 31, 2023, negative one year but positive three, five and ten year results. The managers had added value in the quarter.

The portfolio was in compliance with the asset allocation as of March 31, 2023.

The asset allocation study had been completed and would be presented by Jon Lewis of Wilshire.

Due to the expected length of the presentation of the asset allocation study, Ms. Jaacks suggested that the Board go ahead with the brief Executive Session and resume the investment discussion afterwards. The Chair agreed and announced that the regular meeting would resume no sooner than 1:35 pm.

The Board then adjourned to Executive Session.

EXECUTIVE SESSION

Board members present were:

Jim DeBeaugrine, MPA
Renee Oliver
Robert A. London, M.D.
Narendra Dereddy, M.D.
Julie Ann Zemaitis DeCesare, M.D.
Bradley Tilghman

Also present:

Melissa Jaacks, Executive Director
Steve Ecenia, NICA General Counsel
Tana Story, NICA General Counsel's office
Samantha Adams, Court Reporter, Phipps Reporting

PUBLIC SESSION RESUMED

The Chair reconvened the public session of the meeting and announced the individuals who had been present in the Executive Session.

INVESTMENT UPDATE (continued)

Jon Lewis from Wilshire Advisors, who works closely with Felicia Bennett, presented the results of the asset/liability study. The study reviewed the investments required to meet the goals and objectives of the organization using data from NICA's actuaries and staff and appropriate risk levels.

Wilshire recommends that plans conduct asset allocation studies every three to five years, or more frequently with significant changes in capital markets or fund liabilities. Prior studies had been completed for the NICA portfolio by Wilshire in 2020, 2016 and 2013.

Some observations were that NICA's investment policy was largely efficient given available asset classes and constraints and had sufficient liquidity to meet projected claims. However, there was an opportunity to reduce expected portfolio volatility by adding minimum volatility equity and short duration bonds. It would be difficult for capital market returns to make up

for the increased cash needs of NICA with no increase in assessments, therefore, the loss reserve ratio was expected to decline over time.

Several different asset allocations were modeled and compared to the current policy. The recommended asset allocation (Alternative 2) as compared to the current policy:

- Maintains a similar expected return and loss reserve ratio
- Lowers expected volatility of the return
- Increases liquidity access in stressed markets

Mr. Lewis followed with a detailed presentation of the asset allocation process that was completed which resulted in several alternative portfolio structures.

The Chair asked Mr. Lewis to summarize some of the key highlights:

- Equities in total would be reduced by 6%.
- An allocation would be added to global minimum volatility equity at 9%.
- High yield bonds remain unchanged at 9%.
- A 3% allocation to short-duration fixed income would be added.
- Core fixed income would be increased by 15%
- Long duration fixed income would be reduced by 20%
- The cash allocation would remain the same at 2%
- TIPS would be reduced by 1%.

A discussion followed regarding the allocations.

Mr. Lewis then discussed the proposed revised NICA Investment Policy. A redline version of the proposed policy was presented showing the changes. The revised policy gave more authority to the Executive Director and Deputy Director to raise cash as necessary for the operation of the program as well as to rebalance the portfolio to the asset allocations approved by the Board. The target allocation ranges were expanded and the benchmarks were updated.

A motion was made to approve the revised investment policy.

The Chair asked if there was a member of the public who wished to speak to the motion.

The Chair recognized a NICA parent who expressed his concern for the long term viability of the program based on the financial presentation.

The Chair thanked the NICA parent.

The Chair asked for any discussion or questions from the Board members.

The motion passed unanimously.

ACTUARIAL UPDATE

September 30, 2022 Actuarial Reserve Report

Mark Crawshaw, PhD of Madison Consulting followed with the September 30, 2022 actuarial reserve evaluation. Dr. Crawshaw had reviewed the reviewed the Turner Consulting analysis of the outstanding loss reserves as of September 30, 2022. It was his opinion that Mr. Turner reasonably determined based on the stated assumptions. Consistent with prior reports, the key assumption was a 1.5% differential between the interest discount rate and the rate of inflation affecting future payments.

For the quarter ending September 30, 2022, the overall recommended reserve for loss and loss adjustment expenses, including both allocated and unallocated loss adjustment expenses was \$1.355 billion. The increase of \$96.5 million was largely due to increases in the reimbursement rates for Personal Care Services and Private Duty Nursing as a result of increases by Medicaid.

Threshold Report

The Threshold Calculation is required by Florida Statutes. It is a threshold that NICA must meet to be able to continue to accept claims. It is a minimum funding level that serves as a guardrail if the financial condition deteriorates significantly. It compares 80% of the funds on hand and funds available in the next 12 months to the claims reserves, excluding family care. For the quarter ending September 30, 2022, NICA exceeding the minimum threshold by \$13.4 million.

The Chair asked about the more recent quarters. Ms. Jaacks reminded the Board that at the last meeting she had advised the Board the staff was behind in completing the reserves. At the next meeting, the Board would be presented the December 2022, March 2023 and June 2023 reserves.

OIR Reserve Review

As part of its regulatory oversight, the Office of Insurance Regulation (OIR) reviews the reserves of NICA. The most recent OIR report which was completed in December 2022 covered the period through December 31, 2021. The report was favorable as to current solvency but there was concern for the long term funding of the program.

The consultant for OIR had calculated a lower outstanding reserve than NICA's actuaries. This was partially due to the use of a differential between inflation and investment income of 2% while NICA used a more conservative differential of 1.5%.

A motion was made to accept the actuarial report.

The Chair asked if there was a member of the public who wished to speak to the motion.

No one indicated they wished to speak.

The motion passed unanimously.

LEGISLATIVE UPDATE

The Chair recognized Ms. Jaacks to provide an update. There had not been much interest in talking about NICA during the legislative session. NICA had met with AHCA to determine if there was any objection to NICA putting forth proviso language that would require a joint status report from AHCA and NICA regarding the transition to NICA being primary over Medicaid. This provides an opportunity for NICA and AHCA to outline for the Legislature, the plan for implementation including any needed statutory changes.

Next session:

As discussed at the previous Board meetings, areas where NICA is actively seeking legislation include:

1. Solidifying benefits already approved by the Board and already included in reserves.
2. Legislative staff had requested a list of benefits that parents had requested that would have a fiscal impact as well as changes that do not have a clear fix.

The issue of increasing assessments, which would be discussed in detail later in the meeting, was another issue that would need to be discussed with Legislative staff as well as OIR.

Dr. London discussed that the gamut of professionals involved in delivering infants has expanded greatly since the original statute was passed and these professions should be considered for assessment.

Dr. Decesare advised the Board that the Florida Medical Association had put forth a resolution to seek legislation to require Certified Nurse Midwives and Advanced Practice Registered Nurses to pay into NICA.

EXECUTIVE DIRECTOR'S REPORT

Ms. Jaacks reminded the Board members that their financial disclosure forms were due no later than September 1st. There would be financial penalties after the due date.

The Medical Director would be at the next Board meeting. At that meeting he will discuss the Benefit Handbook .

Staff continued to work on internal policies and procedures.

The audit by the Auditor General's Office was still in progress. They had indicated that the exit by the end of July. It was unclear if the report would be available for the next Board meeting.

NICA has been working with the Department of Health (DOH) on the collection of assessments. NICA would be providing on demand access to DOH so they would be able to verify whether or not a physician had paid their assessment prior to renewing their license.

NET ASSETS/THRESHOLD CALCULATION

Estimated Net Assets

Ms. Jaacks presented a schedule showing the impacts on net assets since June 30, 2022. This was an update to similar presentation at the previous meetings. The impacts were as follows:

Medicaid settlement – decrease \$53 million
Medicaid rate increase – decrease \$100 million
Use of cash authorized at 3/2021 Board meeting – decrease \$18 million
Other use of cash – decrease \$11 million
Change in investment value – increase \$40 million

These resulted in an estimated deficit as of May 31, 2023 of \$173 million.

Projected Long Term Net Assets

A reconciliation of the Wilshire presentation to the net assets presented by the Executive Director was discussed. Wilshire used straight investments and loss reserves while the Executive Director's presentation has used total balance sheet assets and liabilities. The balance sheet amounts include items that are accrued only at fiscal year end for financial statement presentation.

Ms. Jaacks proposed to the Board that going forward, her presentations would use the approach used by Wilshire which would facilitate timely reporting. This would include investments only for assets and loss reserve only for reserves. This would also include the loss reserve ratio.

This change would amend the prior net asset presentation as of 5/31/2023 as follows:

Investments \$1.275 billion
Loss reserve estimate \$1.342 billion
Loss reserve ratio 95%

Ms. Jaacks then presented and discussed that data that was used by Wilshire which had been provided by NICA's actuaries. The current projections showed that cash received (assessments) remain flat while the annual cash outlay continued to increase.

She followed with an example of potential results for the next five years, July 1, 2023 – June 30, 2028. Based on the data that had been provided to Wilshire by NICA’s actuaries, the net use of cash for the period would be approximately \$.12 billion with an average investment balance of \$1.215 billion and estimated earnings at 5% per year for five years of \$.304 billion. This would result in an investment balance as of June 30, 2028 of \$1.458 billion, a loss reserve of \$1.884 billion and a loss reserve ration of 77.4%. That was not a loss reserve ratio that would be considered healthy.

Threshold Calculation

Ms. Jaacks followed with a discussion of issues regarding the statutory threshold calculation. As Mark Crawshaw had indicated, the threshold calculation was specific to NICA. As currently written, if NICA missed the threshold in any quarter, it may not accept any new claims without express permission from the Legislature. This has the potential for one bad quarter to lead to the inability to accept new claims. Another issue with the threshold calculation is that Family Care is deducted from the liabilities for the calculation. The inference being that if NICA was in financial trouble, Family Care would no longer be paid which would not be an outcome anyone would anticipate.

She then walked the Board through some of the line items in the calculation.

A simplified threshold calculation using the five year June 30, 2028 projections discussed previously showed that the threshold for suspension of claims would be exceeded by \$251 million at that time. The purpose of the slide was to make the point that the assessment issue needed to be addressed soon and that the threshold calculation should be revised. The first step would be to schedule a meeting with OIR to determine an appropriate measure of NICA’s financial health followed by meetings with Legislative staff.

The Chair asked when NICA would trigger the threshold. Ms. Jaacks would prepare a year to year model.

ADMINISTRATIVE

Long term staffing plan

The organizational chart was presented which had not previously been on the NICA website but would be added.

NICA had a current caseload of 240 families which resulted in an average caseload of 28 for 8.5 positions. The desired caseload for the Medicaid transition would be 25 which indicated the immediate need for one additional case manager. According to NICA’s actuary, the expected caseload would increase by 12 for calendar year 2024 with an annual increase in the growth rate of .9%. Using these estimates, there would be 128 new cases from 2024 through 2033 which would require 5 new case managers.

Timing of Nursing Staff Hires:

- 1 new case manager needed immediately as noted above.
- 1 new case manager needed in next several months to begin assuming new cases – may be limited by available office space
- As each caseload reaches 20, hire next manager to allow for training/overlap
- At the rate of approximately 1 new family per month, new case manager added every two years: 1/2025, 1/2027, 1/2029, 1/2031.
- Total case managers would be 15

Currently, all the nurse case managers report to one supervisor. Best practice is to have no more than 6-7 direct reports. The plan is to have a Director of Case Management with two Lead Case Managers reporting to that position.

Other Support Staff:

Administrative: An additional administrative position may be needed but changes in the assessment collection process through coordination with DOH may reduce the workload.

Financial Operations and Systems: 1 additional position for claims processing related to the Medicaid transition (around 4/1/2024). Another possible position for the claims adjudication process with AHCA.

The budget of general and administrative expenses had been previously approved as an ongoing annual budget. It was projected that NICA would be under budget in total for the fiscal year. The total staff budget, including salaries, payroll taxes and benefits, was approximately \$1.776 million but the current monthly estimate showed a projection of \$1.862 million annually which was \$86 thousand more than the annual budget. No budget increase would be needed since several other areas were projected to be under.

The impact of the staffing changes on the June 30, 2024 and June 30, 2025 fiscal years was \$159,800 and \$331,200 respectively.

Office Space

The proposed office space was driven by the staffing plan. The current space, which was poorly configured, did not have enough offices for the staff. The rent of \$9,877 per month or \$118,524 per year translated to \$16.97 per square foot for office space and \$4.26 per square foot for the basement storage area. The lease term was June 21, 2021 – June 30, 2024.

Using a recommended space calculator, it was determined that the ten year growth information presented previously indicated the need for 8,247 square feet of space.

NICA's realtor provided several viable options which were considered and narrowed down to two options:

- Option 1 - Take upstairs space at current office
 - Added rent would be \$142,975 for total of \$261,499 when added to current rent (before adding annual increases)
 - Very nice configuration but would require staff to be on 2 different floors
 - Same maintenance staff as current office and we have had some issues
 - Available almost immediately, best guess 10/1/2023 move in

- Option 2 - Take 10,000 sq ft space and have custom build out
 - Realtor estimates that build out costs would be \$70 per sq ft maximum for entire space (though there are already 5 offices, a break room and a server room), but assume max build out is \$700,000
 - Amortized over 10 years, this would add \$70,000 annually to rent
 - Total annual rent would be 10,000 times \$18.50, or \$185,000 plus \$70,000 = \$255,000, or \$25.50 per sq ft
 - This would put rate at high end of market but we would likely be able to negotiate minimal annual increases so would end up lower than market
 - Would take 6-7 months so move in would be March 1, 2024, realistically

Assuming a move in date as early as March 1, 2024, the impact on the June 30, 2024 budget of general and administrative expenses under option 1 would be 9 months rent or \$107,231 and under option 2 would be 4 months rent or \$85,000. A budget amendment may be required for the June 30, 2024 fiscal year but staff would continue to look for cost savings in other areas.

A motion was made to authorize the executive director to enter into a new lease agreement that generally aligns to the costs that have been laid out in options 1 and 2 above.

The motion passed unanimously.

FUTURE PLANNING FOR PARTICIPANT FAMILIES DISCUSSION

The Chair recognized Dr. London. The Board had previously discussed the need for educational support to NICA families in the areas of estate planning and financial planning. Dr. London would like for staff to create something that the families could use as a reference in these areas. Approximately 37% of NICA's participants are currently over the age of 18 so there are issues of special needs trusts and guardianships. Dr. London and Ms. Jaacks have been doing due diligence to find key partners who can assist in this area. This would not be NICA providing education, this would NICA providing a resource or tool that would be provided to the families to explore. In his due diligence, Dr. London had identified an attorney in central Florida named Catherine Davey. She gives seminars on the importance of guardianships and special needs trusts.

The goal would be to work with Ms. Davy, or someone like her, to create an electronic version that could be on the NICA website or a physical pamphlet. Dr. London invited any board members who had a candidate to please submit the name to the Executive Director.

The Chair felt that it was an excellent idea.

Ms. Jaacks added that this topic was priority for the Parent Advisory Committee. She suggested calling it Lifetime Planning Considerations. Some of the areas the Committee had identified were state and federal benefit maximization, SSI, Medicare, Medicaid, Med waiver, estates, wills, trusts, preparing for transition for other care by other caregivers.

PUBLIC TESTIMONY

Parents of NICA participants addressed the Board.

Some of the issues that were raised included:

There was a lack of education regarding how NICA benefits interact with other state and federal benefits.

Did case managers really need private offices.

NICA employees have pension and insurance benefits but parents of NICA participants do not.

ADJOURN

There being no further business before the Association, the meeting was adjourned.

Agenda Item # 5.A. (Tab O)

**Investments -
Performance Review**

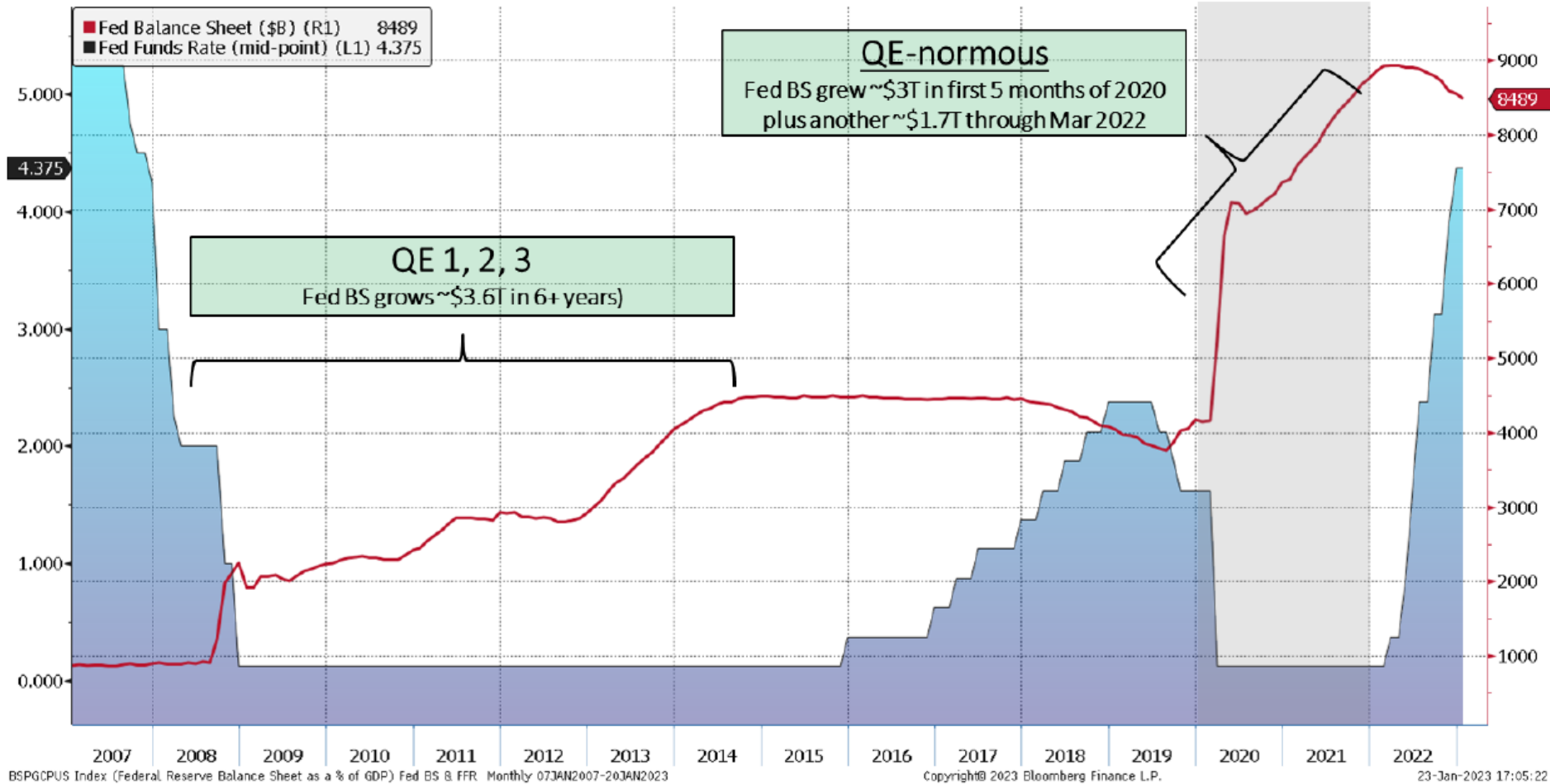
NICA Investment Summary August 2023

- Katy Wojciechowski/Independent Investment Consultant
- Felicia Bennett/Wilshire Advisors LLC

Performance Drivers

- Equity returns continued to be strong calendar year to date 2023, driven by large cap tech names and exuberance around Artificial Intelligence applications. Large growth stocks are up 32% while large value stocks are up 2.7%. Domestic returns have outpaced Non-US year to date, up 16.3% vs 9.9%.
- Bond returns have been mixed calendar year to date, with high yield bonds particularly strong through fiscal year end.
- Federal Reserve continued their Federal Funds rate hikes, increasing the upper bound target to 5.50% in July. There is a slight chance for a further hike as strong job growth continues.
- Headline inflation has dropped from 9.1% a year ago, currently hovering around 3.2%.
- Risk assets had better performance as volatility receded.

The Fed continues to maintain a restrictive stance in an effort to reduce inflation and return to price stability

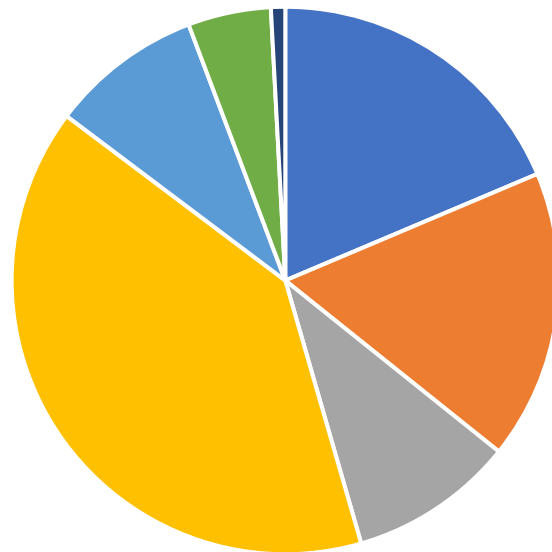


Inflation in the US continues at levels above the Federal Reserves 2% target, but generally trending down



Plan Assets – July 31, 2023

Asset Allocation
7/31/2023



■ US EQUITY ■ NON US EQUITY ■ CORE BOND ■ LONG DURATION BOND ■ HIGH YIELD BOND ■ TIPS ■ CASH

Beginning Value 6/30/23	\$ 1,305,920,852
Net Cash Flow	(3,924,987)
Capital Appreciation/Depreciation	19,109,864
Ending Value 7/31/23	1,321,105,729

Cash	1%
Fixed Income	62%
US Equity	19%
Intl Equity	18%
	100%

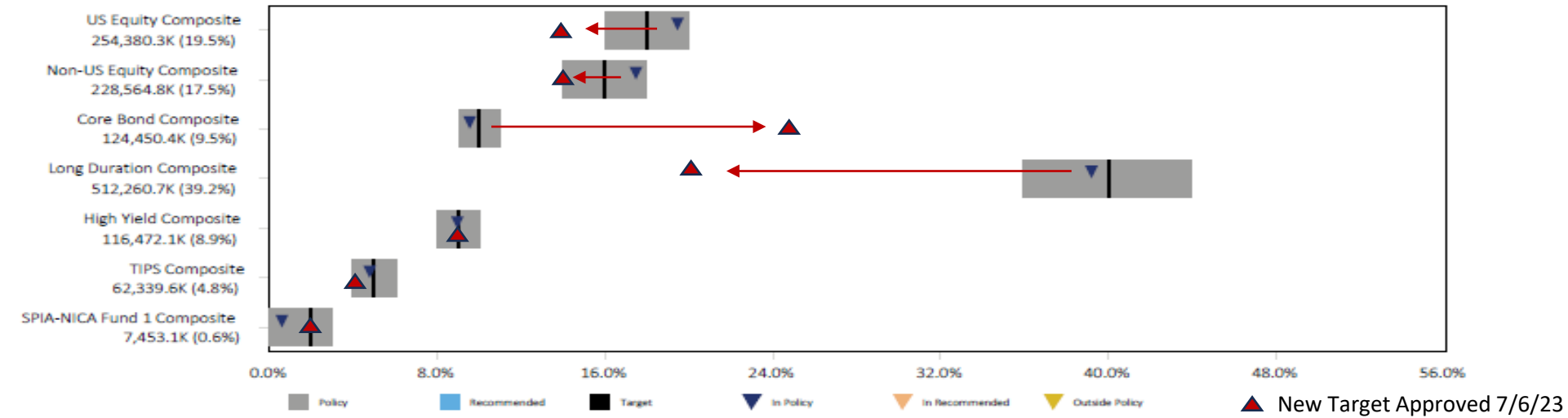
Asset Allocation Policy - Current and Future Targets

Asset Allocation Compliance

Total Fund Composite

Periods Ended As of June 30, 2023

Executive Summary



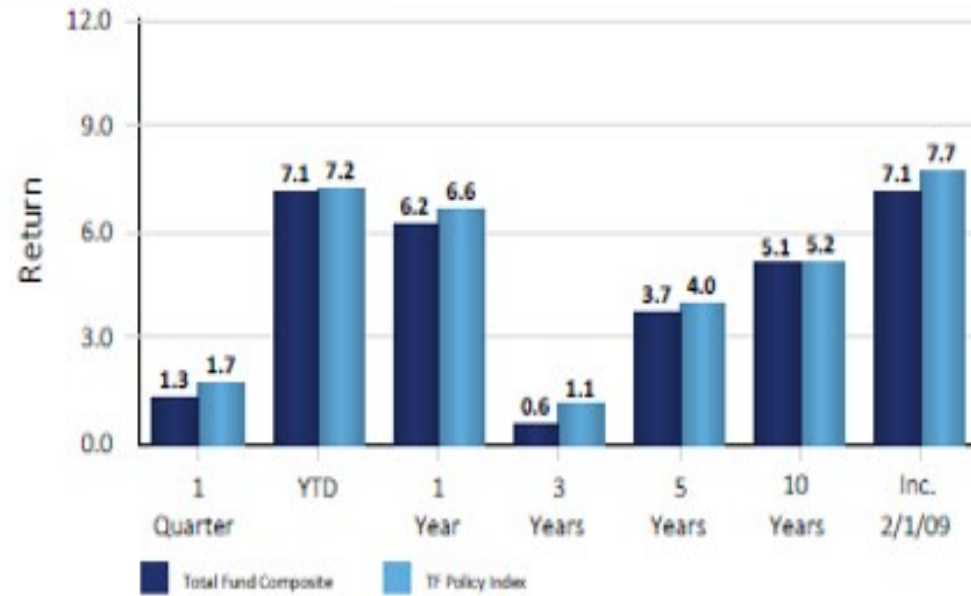
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Minimum Rebalance \$	Maximum Rebalance \$
Total Fund Composite	1,305,920,852	100.0			100.0		
US Equity Composite	254,380,308	19.5	16.0	20.0	18.0	-45,432,972	6,803,862
Non-US Equity Composite	228,564,759	17.5	14.0	18.0	16.0	-45,735,840	6,500,994
Core Bond Composite	124,450,375	9.5	9.0	11.0	10.0	-6,917,498	19,200,919
Long Duration Composite	512,260,655	39.2	36.0	44.0	40.0	-42,129,148	62,344,520
High Yield Composite	116,472,110	8.9	8.0	10.0	9.0	-11,998,442	14,119,975
TIPS Composite	62,339,572	4.8	4.0	6.0	5.0	-10,102,738	16,015,679
SPIA-NICA Fund 1 Composite	7,453,073	0.6	0.0	3.0	2.0	-7,453,073	31,724,553
Global Low Volatility Equity		0.0	7.5	10.5	9.0		

Composite Performance Summary

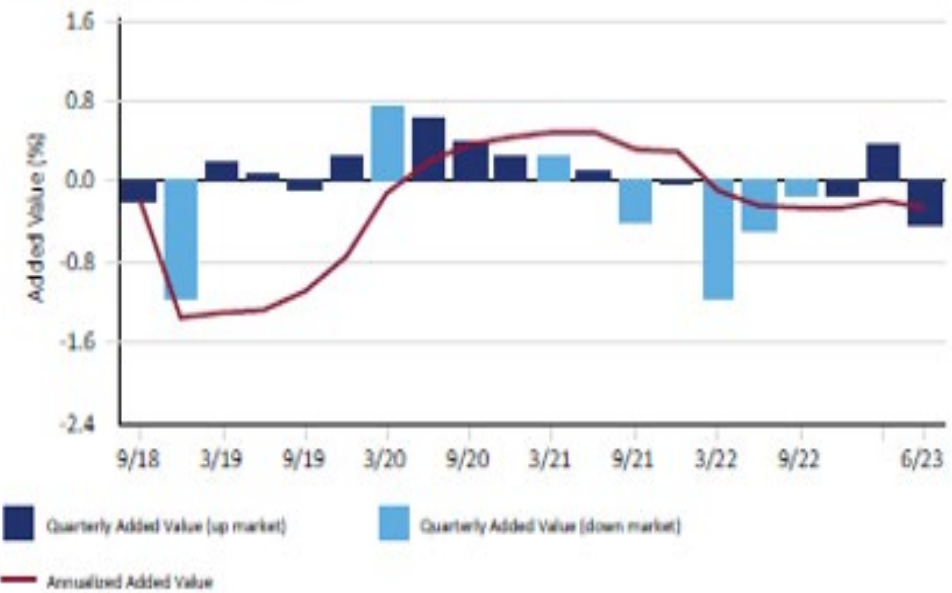
Total Fund Composite

Periods Ended June 30, 2023

Comparative Performance



Added Value History

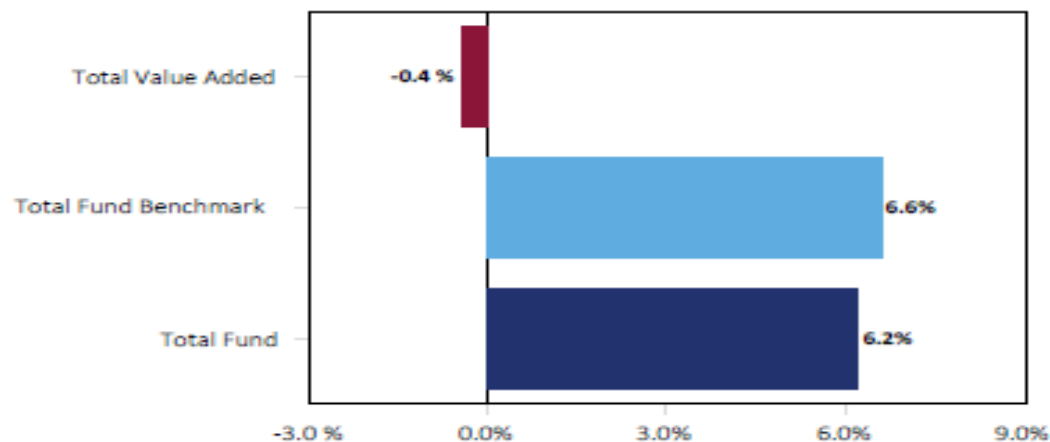


Total Fund Attribution

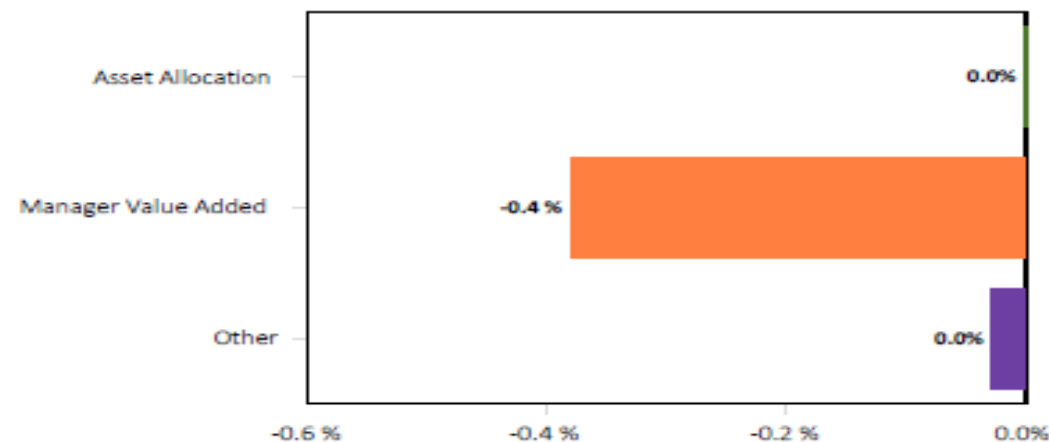
Total Fund Composite

Periods Ended 1 Year Ending June 30, 2023

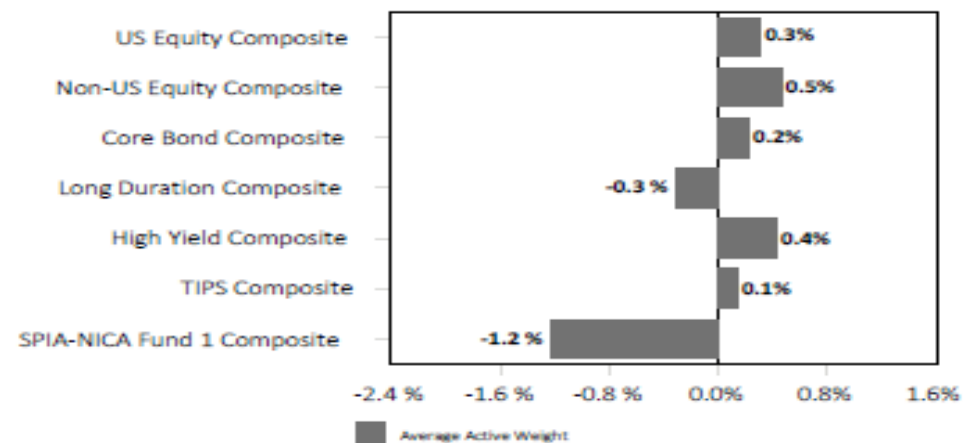
Total Fund Performance



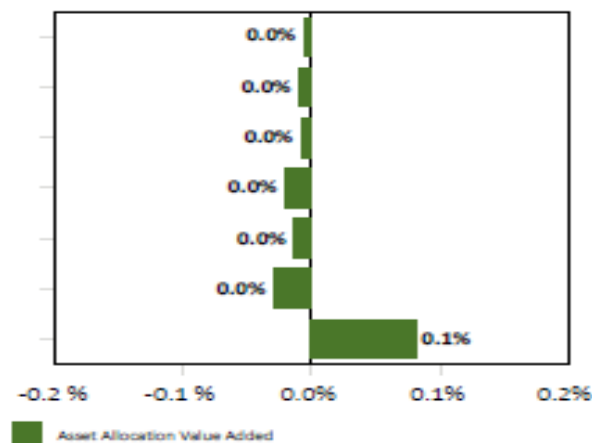
Total Value Added:-0.4 %



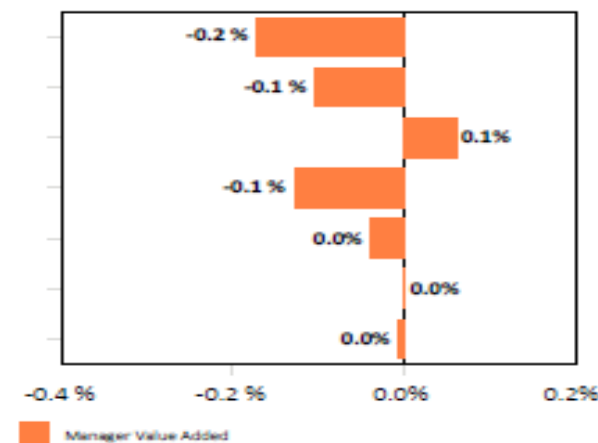
Total Asset Allocation:0.0%



Asset Allocation Value Added:0.0%



Total Manager Value Added:-0.4 %



Looking Forward

- The markets may remain volatile for the upcoming year as the Federal Reserve continues to tighten monetary policy in their fight to return inflation to a “2% average” target.
- There are signs of slowing in the economy, but unemployment remains very low. There remains a possibility we will enter a recession in the coming year, but predicted to be shallow and brief.
- In the NICA fund, we adopted a new Investment Policy Statement at the July meeting. Since then, we have created a transition plan to begin implementation towards our new target portfolio. We plan to do this in a cost-effective way.

Steps for Implementing Results of Asset/Liability Study in the Fund

- ✓ Assess risk tolerance and liquidity needs
- ✓ Develop realistic target portfolio within NICA constraints based on Wilshire Optimization model
- ✓ Discuss output of Target portfolio
 - Ability to achieve required return
 - Ability to provide necessary liquidity
- ✓ Finalize plan to implement
- Execute to achieve target portfolio
 - Adjust allocations between investments
 - Adjust managers as needed and recommended by Wilshire

Agenda Item # 5.C. (Tab P)

**Investments –
Corrected Investment Policy**

**STATEMENT OF INVESTMENT POLICY FOR
FLORIDA BIRTH-RELATED
NEUROLOGICAL INJURY COMPENSATION PLAN**
Amended ~~July 6~~August 24, 2023

Purpose

The purpose of this Statement is to establish the investment policy for the management of the assets of the Florida Birth-Related Neurological Injury Compensation Plan (Plan). Specifically, this Statement establishes the following:

- Investment goals of the Plan
- Responsibilities of the various parties that have a role in the management and oversight of Plan assets
- Asset allocation policy of the Board of Directors
- Securities permitted according to Section 215.47 of Florida Statutes
- Diversification requirements and risk controls of the Plan
- Proxy voting policies
- Investment Manager selection, monitoring and performance evaluation standards

The investment goals, objectives and asset allocation policy may be amended from time to time. Suggested changes to this document will be subject to approval by the Board of Directors and will be recommended on an as needed basis.

Investment Goals

Plan assets are invested in long-term strategies and evaluated within the context of a long-term investment horizon. Short-term fluctuations in value will be considered secondary to long-term results.

Plan investment goals are twofold:

1. The primary goal is to earn a sufficient investment return that ensures payment of all current and future liabilities
2. The secondary investment performance goal is to exceed the Total Fund Policy benchmark return, net of fees, over a full market cycle. The Total Fund Policy benchmark is a mix of market indices that are representative and proportional to the Asset Allocation Policy.

Pursuing these goals requires prudent assumption of investment risk.

Distinction of Responsibilities

Board of Directors

The Board of Directors of the Florida Birth-Related Neurological Injury Compensation Association (NICA) has the ultimate fiduciary responsibility with respect to the management of Plan assets. The Board's role is intended to be broad and high level in scope. Specific responsibilities of the Board of Directors include:

- Establishing an investment policy statement, which among other items, identifies the asset allocation strategy of the Plan;
- Approving asset class and total fund benchmarks used in performance evaluations;
- Approving asset class structure decisions including which assets classes to utilize and the percentage invested in active and passive investment strategies;
- Hiring and termination decisions of external investment managers, including the Florida Treasury and Florida State Board of Administration;
- Adopting investment manager guidelines;
- Monitoring the performance of Plan investments; reviewing compliance with, and the continued appropriateness of, investment policies.

The Board is expected to delegate certain of its responsibilities to others, such as the Finance Committee or NICA staff, and may utilize the services of external advisors, such as actuaries, auditors, consultants and legal counsel, to assist in fulfilling its fiduciary responsibilities. The comments and recommendations of such parties will be considered by the Board in conjunction with other available information for the purpose of making informed and prudent decisions.

Finance Committee

A Finance Committee may be appointed and called upon by the Chair of the Board of Directors subject to Board approval. The Finance Committee will be called upon as needs present for additional study of investment related issues in order to assist the Board. A member of the Board may request referral of a specific issue to the Finance Committee. The Finance Committee's role is advisory in nature. In advising the Board, the Finance Committee may draw upon the expertise of outside consultants or experts in identifying and understanding investment issues. The Finance Committee may make specific recommendations for approval by the Board.

Staff

The NICA staff's responsibility in the management and oversight of the Plan's assets is one of monitoring, negotiating and providing signature authority and direction on behalf of the Board. Although staff does not have a direct role in the active management of the investments, the Board

of Directors expects staff to monitor the Plan's investments regularly and carry out negotiations and provide official Board responses and positions with relation to the policies outlined and specific recommendations voted on by the Board. Specific duties of the staff include:

- Monitor the investment performance of manager(s) to ensure compliance with the Statement of Investment Policy and individual manager guidelines;
- Provide relevant reporting to the Finance Committee and Board of Directors;
- Work with the Plan actuary and outside experts to periodically review the financial circumstances of the Plan in order to ensure current investment policies are appropriate;
- Serve as the primary contact for investment managers should any questions arise;
- Negotiate and provide signature authority on behalf of the Board or in response to Board policy.
- The Executive Director and the Deputy Director are authorized to raise cash as necessary for the operation of the Fund, and to transfer funds from cash or other asset classes to rebalance the Plan back to the specific Asset Allocation Policy authorized by the Board of Directors.

Investment Managers

The Board may, from time to time, cause the Plan to retain one or more Investment Managers. The Investment Managers, as fiduciaries of the Plan, assume certain responsibilities. Specifically, the Investment Managers have discretionary authority to invest a specific allocation of the Plan, subject to the parameters set forth in the Investment Guidelines section of each Investment Managers' Investment Management Agreement in the case of separate accounts, or pooled fund governing documents. Unless otherwise exempted, Investment Manager is expected to comply with all program guidelines and directives issued by NICA on behalf of the Plan.

Investment managers serve at the pleasure of the NICA Board and may be terminated without notice irrespective of any other provision of this policy.

The role of an investment manager is to implement the established investment policies, with the objective being to earn a rate of return in excess of the appropriate performance benchmark while incurring an acceptable level of risk. Investment managers employed on behalf of the Plan should use the care, skill, prudence, and diligence that a prudent investor would use in managing the portfolio under similar circumstances. The manager should be accorded *full discretion* within guidelines to make relative value decisions among different types of securities and products.

The specific duties of a separate account Investment Manager are documented in the Investment Management Agreement that is executed upon the appointment of that Investment Manager as an Investment Manager of the Plan. These duties generally consist of the following:

- Implement investment policy. The manager is given full discretion, within guideline limits, to purchase individual securities or products and control risks;

- Comply with Section 215.47 of Florida Statutes;
- Meet with the Board of Directors or their delegates, such as NICA staff and Investment Consultant(s), as requested and deemed necessary;
- Suggest changes to investment guidelines as warranted;
- Vote proxies vigorously and in the best interest of the Plan;
- Participate in a commission recapture program as directed by NICA, unless exempted in writing. Such participation shall be consistent with the Investment Manager's ability to transact consistent with principles of best execution, taking into account factors including net price (including commissions), execution capability and other services that the broker may provide;
- Communicate their proposed investment strategy for achieving the Plan's investment objectives relative to the stated objectives and guidelines. If at any time a manager feels that the performance standards cannot be met, or that the guidelines or standards inhibit fulfillment of fiduciary duties or inappropriately restrict performance, the manager must notify NICA in writing;
- Apprise NICA immediately and fully of any material changes in their investment style, objectives, market outlook, key personnel and/or business conditions;
- Review asset reports sent by the custodian for position and market value variances and report discrepancies within the time frames specified in the Investment Management Agreement.

The Board acknowledges that, if it elects to invest in a pooled investment product (e.g. a group trust, mutual fund, etc.), the policies established for each product will govern and may not comply fully with policies established for the Plan. The Board or its delegates will monitor the performance of pooled funds to the extent appropriate for the particular product in accordance with the principles set forth in this Investment Policy document.

Investment Consultant

NICA may retain one or more independent third party investment consultants. The Investment Consultant's role is advisory in nature, assisting NICA staff and the Board in fulfilling their fiduciary responsibilities with respect to the Plan. Duties of the Investment Consultant may include:

- Assisting the Board and Finance Committee in fulfilling its investment responsibilities regarding the Plan;
- Assisting in the evaluation of the financial condition of the Plan as requested by the Board or Finance Committee;
- Recommending the asset allocation, investment structure and strategy (including the investment objectives, policy and guidelines) and qualified Investment Managers to execute the investment strategy;

- Recommending the individual investment objectives, policy and guidelines for each qualified Investment Manager;
- Monitoring and evaluating the ongoing progress of the Plan toward stated investment goals and objectives;
- Reporting performance and progress towards stated investment goals to the Board on a regular basis;
- Recommending appropriate action should an investment strategy or individual Investment Managers fail to meet expectations;
- Recommending strategy changes in response to material changes in either the financial condition of the Plan or the capital market environment;
- Performing any additional duties as may be provided in the written agreement between the Board and the Investment Consultant.

Plan Custodian

The Plan’s custodian will provide monthly statements which show manager transactions, list assets and report earnings. Compliance monitoring as well as all other requirements under the contract between NICA and the custodian will also be reported by the Plan’s custodian.

Asset Allocation Policy

Asset allocation refers to the strategic, long-term deployment of assets among the major classes of investments such as equity, fixed income, real estate, alternative investments and cash equivalents. Over the long-term, asset allocation is expected to be the single greatest determinant of risk and contributor of return to the Plan. The Board has responsibility for the asset allocation decision. The asset allocation decision reflects the return objectives and liquidity needs of the Plan, as well as the Board’s tolerance for variability (risk) in asset returns and future funding obligations.

The asset allocation targets are the result of an asset liability study based on long run liability cash flow estimates and capital market relationships. This asset allocation policy will remain in effect until there is a meaningful change in either the financial condition of the Plan, the return objectives, risk tolerance, and liquidity needs of the Plan, or a change in capital market conditions, at which time a new asset liability study shall be conducted. A study will be conducted at a least once every five years.

It is the policy of the Board of Directors to invest the Plan’s assets according to the following target allocations and permissible ranges. The ranges are set to be approximately 85% to 115% of the policy target percentage.

Target

Range

Growth Allocation	28%	24% – 32%
U.S.	14%	12% – 16%
Non-U.S. Equity	14%	12% – 16%
Defensive Growth Allocation	18%	15% - 21%
Global Minimum Volatility Equity	9%	7.5% – 10.5%
High Yield Bonds	9%	7.5% – 10.5%
Defensive/Rate Sensitive Allocation	50%	42% – 58%
Core Bonds	25%	21% – 29%
Long Duration Credit	20%	17% – 23%
Short Duration Bonds	3%	2.5% - 3.5%
Cash	2%	1.5% - 4%
Inflation Sensitive Allocation	4%	3% – 5%
TIPS	4%	3% – 5%

The Board of Directors, in consultation with their investment advisors and portfolio managers, may consider near term economic and capital market conditions in their decisions on the timing and methodology of implementing these targets and their choice of sector allocations within the fixed income and equity portfolios.

Fund cash flows will be utilized to keep the Plan’s asset allocation as close to the target allocation as practical. However, the Plan’s natural cash flows may not be sufficient to maintain an asset allocation within the approved policy ranges. During any month-end where the Plan’s asset allocation is outside the permissible ranges as specified above, Staff may engage in rebalancing transactions among existing managers to bring the Plan’s allocation back to compliance with the permissible ranges.

Investment Structure

In addition to being diversified across asset classes, the Program’s investments will be diversified within each asset class. This will provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total Program.

Individual asset class portfolios will be diversified so that they are representative of the investment opportunity set within each asset class. Additionally, the perceived efficiency of each asset class will be considered when deciding between active and passive management within the investment structure.

The asset class benchmarks for asset classes approved in the asset allocation policy are as follows:

Short Duration Bonds	Bloomberg U.S. 1-3 Yr Gov/Cr Float Adjusted Index
Core Bonds:	Bloomberg U.S. Aggregate Index
Long Duration Bonds:	Bloomberg U.S. Long Credit Index
High Yield Bonds:	BofA ML U.S. High Yield Master II Constrained Index
TIPS:	Bloomberg U.S. TIPS Index
U.S. Equity:	Russell 3000 Index
Non-U.S. Equity:	MSCI All Country World ex-US Index Net Dividends
Global Min Vol Equity:	MSCI ACWI Minimum Volatility Index

External Investment Managers will be hired to implement the structural targets in a diversified manner and will therefore have derived target weightings within the overall investment program. Individual manager benchmarks will be specified in their written investment guidelines.

Permissible Securities

Section 215.47 of Florida Statutes (copy attached) lists securities that may be purchased by the Plan's investment manager(s). While individual manager guidelines will detail how portfolios will be invested, Florida Statute allows for investment in the following securities:

- U.S. Government and Agency Bonds
- Municipal securities rated in the top four rating classifications by two nationally recognized rating services
- Corporate bonds
- Registered foreign bonds denominated in U.S. dollars rated in the top four rating classifications by two nationally recognized rating services
- Commercial paper that is rated in the highest rating classification by one nationally recognized rating agency
- Asset-backed securities rated in the highest rating classification by one nationally recognized rating service
- Mortgage-backed securities issued or guaranteed by the U.S. Government or its Agencies
- Mortgage-backed securities issued by private issuers that represent an interest in or are collateralized by mortgage-backed securities issued or guaranteed by the U.S. Government or its Agencies
- Mortgage-backed securities issued by private issuers that represent an interest in or are collateralized by whole mortgage loans
- Derivatives, including mortgage derivative products, that are consistent with Statute and investment manager guidelines
- Common stocks, convertible securities and other securities with equity-like characteristics or U.S. and non-U.S. issuers subject to Statute
- Structured Settlements/annuities agreements

Prohibited Investments

The following items are prohibited in all Investment Manager accounts:

- Borrowing of money.
 - An exception may occur if an asset class such as private real estate is approved by the Board where leverage is a key component of the investment strategy;
- Purchase of securities on margin, unless fully collateralized by cash or cash equivalents, or short sales;
- Pledging, mortgaging, or hypothecating of any securities except for loans of securities that are fully collateralized;
- Purchase of the securities of the Investment Managers, its parents, or its affiliates, unless private letter ruling has been obtained specific to the securities in question;
- Collateralized Debt Obligations, Collateralized Bond Obligations, Collateralized Loan Obligations, Structured Investment Vehicles, Special Purpose Entities, and securities with maturities that are extendable by the issuer;
- Limited partnerships, direct partnerships, private placements, venture capital, direct real estate, commodities, oil and gas wells;
- Purchase or sale of futures or options or other derivatives that result in leveraging the Investment Manager's account beyond 10% of the unleveraged portfolio market value;
- Market timing transactions – accounts are expected to be fully invested in their respective asset class and not tactically allocating between cash and other securities;
- Any securities or investments that are not permissible under Section 215.47 Florida Statutes.

Diversification and Risk Controls

The Board expects the Plan's assets to be diversified across and within asset classes. Furthermore, the Board expects individual investment manager(s) to have sufficient controls in place to maintain compliance with this Policy and specific investment guidelines. Specifically, the Board of Directors requires:

- The Plan to be diversified across and within asset classes to limit volatility of the total Plan investment returns and to limit the impact of large losses on individual investments on the total Plan.
- Individual portfolios are to be managed according to this Investment Policy Statement and the written investment guidelines contained within Investor Management Agreements. These guidelines are intended to ensure that the portfolio meets its objective and operates within acceptable risk parameters. A process to be established by which compliance with all elements of the investment policy and portfolio guidelines are measured and monitored, with compliance exceptions being reported.

Derivatives Policy:

Securities purchased must be compliant with Section 215.47, Florida Statutes. Fixed Income Investment Managers are permitted to utilize futures, options on futures, and exchange traded swaps in compliance with Section 215.47 (10), Florida Statutes, provided that their usage is strictly for bona fide hedging purposes including yield management and maintaining the portfolio's duration, such that the net futures positions do not impact the portfolio's effective duration greater than +/- 20% of the appropriate index duration.

Equity Investment Managers may be permitted to utilize futures and options on futures in compliance with Section 215.47 (1) Florida Statutes, to equitize portfolio cash.

Specific allowances regarding derivative securities are stated in the individual Investment Managers' investment guidelines.

Proxy Voting Policies

The Board delegates the responsibility for voting proxies to the investment manager(s). The Board expects proxies to be voted vigorously and in the best interest of the Plan.

Investment Manager Selection, Monitoring, and Retention/Termination Standards

Investment Manager Selection

NICA endeavors to use a structured and disciplined approach in the evaluation of firms and products engaged for the purpose of providing portfolio investment management services to the Plan, taking into account both qualitative and quantitative factors to ensure that such decisions are made fairly and with consistently applied criteria.

Investment managers may be hired by NICA based on factors which may include but are not limited to:

- historic investment performance
- professional staff,
- size of firm
- research capabilities and ancillary services
- area of specialization
- strategic fit with overall program objectives and fee structure

NICA may also grant opportunities to small, Florida based, and minority-owned investment management firms to enhance their growth and development.

The preliminary candidate list is derived by a screening of the Investment Consultant or Plan Custodian database. Additionally, firms known to NICA may be included for analysis. In the case of passive products which are not included in the database, the candidate list will include the largest, nationally recognized indexing providers.

Final recommendations are submitted to the Board of Directors for consideration. The Board of Directors shall make final decisions on the selection of investment management firms and the Executive Director executes contracts for these services.

Investment Manager Monitoring

NICA acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Accordingly, NICA has principally adopted a three to five year time horizon in evaluating managers relative to established benchmarks and peers. Returns will be evaluated on a net-of-fee basis.

NICA monitors and evaluates the performance of its investment managers through the following:

- Monthly net-of-fee quantitative review of performance relative to an appropriate market index;
- Quarterly gross-of-fee quantitative review relative to an appropriate peer group of active managers. Passive managers will be compared only to their benchmark market index;

- Monitoring adherence to written investment guidelines; Semi-annual manager reviews which may occur on-site or at the NICA offices.

Investment Manager Retention and Termination

Decisions regarding retention or termination of investment managers and investment products may be based solely on qualitative factors which affect the character or stability of the firm or on a combination of qualitative and quantitative factors. Nonetheless, NICA reserves the right to terminate/retain, fund/defund or engage in enhanced monitoring of managers at its sole discretion, without regard to policy guidelines.

NICA utilizes a Watch List to facilitate retention/termination decisions. The purpose of a Watch List is to define the conditions that will cause NICA to formally evaluate the continued retention of an investment manager. The qualitative and quantitative conditions for placing a manager on the Watch List are described below. Placing a manager on the Watch List is an intermediate step toward either resolving the problem or terminating the manager. Since NICA's goal is to determine the likelihood of future success, it is important that retention/termination decisions be based on an analysis that includes both qualitative and quantitative aspects. If NICA determines that the conditions which caused the manager to be placed on the Watch List have not been satisfactorily addressed, the relationship will be terminated.

Six to twelve months will generally be the time period over which improvement or other resolution will occur for managers placed on Watch List. A zero-fee probationary sanction or an immediate reduction in assets may be imposed on a manager at this time. These periods may be extended at the Board's discretion. However, significant continued deterioration of performance or additional extraordinary events may result in a decision to terminate a manager prior to the end of the watch period.

Investment managers serve at the pleasure of the NICA Board and may be terminated without notice irrespective of any other provision of this policy.

Active Investment Management Retention/Termination

Quantitative Factors that will be monitored and may result in placing an active investment manager on the Watch List or terminating an investment manager include:

- Trailing 5-year annualized net performance below market index

or, two or more of the following peer universe rankings:

- Trailing 3-year annualized gross performance in bottom quartile of peer universe
- Trailing 3-year annualized gross Information Ratio in bottom quartile of peer universe
- Trailing 5-year annualized gross performance in bottom quartile of peer universe

- Trailing 5-year annualized gross Information Ratio in bottom quartile of peer universe

In the case of recently hired managers, NICA may utilize pre-hire composite performance data or data from another similar portfolio for implementation of these Guidelines. In the case of managers with a longer term history with NICA and/or a longer term product history, consideration may be given to since-inception results.

Qualitative Factors that may result in placing an investment manager on Watch List or terminating an investment manager include:

- Intentional deviation from stated investment style & philosophy
- Changes in ownership/business plan
- Deterioration in client service
- Turnover of key personnel in the Plan's portfolio product
- Material change in clients and/or assets under management in the Plan's portfolio product
- Advent of material litigation

When a manager is placed on the Watch List, NICA, with the assistance of Investment Consultants, will conduct a thorough manager evaluation to include an analysis of the portfolio to determine the cause of underperformance and a review of other viable investment alternatives to identify other product providers in the event the firm or product is subsequently terminated. This in-depth due diligence review is similar in scope and focus to NICA's initial manager selection process and explores a broad combination of elements including a manager's performance, organization personnel and investment philosophy and process. The review will focus on whether the investment manager currently embodies characteristics sufficient to provide reasonable assurance that the Plan's investment goals will be achieved in the future. Mitigating factors may include extreme market conditions and sharp improvement in short term results which can reasonably be expected to continue. This review will be presented to the Board and actions will be taken subject to Board approval.

Passive Investment Management Retention/Termination

NICA may decide to defund or terminate the relationship subject to a thorough review. NICA will evaluate passive managers based on their ability to meet agreed upon expectations with respect to tracking error relative to the benchmark index as well as their ability to provide value-added services such as transition management and asset allocation analysis. Additionally, certain extraordinary events at the Investment Manager organization as described elsewhere in this document may be the basis for an immediate termination, regardless of historical performance.

Amendment and Coordination

The Board reserves the right to interpret this Statement of Investment Policy and to resolve any ambiguity or other issue which may arise in regard to the Statement of Investment Policy contained herein, including the ability to modify or revise, and the decision of the Board shall be final.

This Statement of Investment Policy was approved by the Board of Directors of the Florida Birth-Related Neurological Injury Compensation Association on ~~July~~ August 6 24, 2023.

Jim DeBeaugrine
Chair, Board of Directors

Date Signed

**STATEMENT OF INVESTMENT POLICY FOR
FLORIDA BIRTH-RELATED
NEUROLOGICAL INJURY COMPENSATION PLAN
Amended August 24, 2023**

Purpose

The purpose of this Statement is to establish the investment policy for the management of the assets of the Florida Birth-Related Neurological Injury Compensation Plan (Plan). Specifically, this Statement establishes the following:

- Investment goals of the Plan
- Responsibilities of the various parties that have a role in the management and oversight of Plan assets
- Asset allocation policy of the Board of Directors
- Securities permitted according to Section 215.47 of Florida Statutes
- Diversification requirements and risk controls of the Plan
- Proxy voting policies
- Investment Manager selection, monitoring and performance evaluation standards

The investment goals, objectives and asset allocation policy may be amended from time to time. Suggested changes to this document will be subject to approval by the Board of Directors and will be recommended on an as needed basis.

Investment Goals

Plan assets are invested in long-term strategies and evaluated within the context of a long-term investment horizon. Short-term fluctuations in value will be considered secondary to long-term results.

Plan investment goals are twofold:

1. The primary goal is to earn a sufficient investment return that ensures payment of all current and future liabilities
2. The secondary investment performance goal is to exceed the Total Fund Policy benchmark return, net of fees, over a full market cycle. The Total Fund Policy benchmark is a mix of market indices that are representative and proportional to the Asset Allocation Policy.

Pursuing these goals requires prudent assumption of investment risk.

Distinction of Responsibilities

Board of Directors

The Board of Directors of the Florida Birth-Related Neurological Injury Compensation Association (NICA) has the ultimate fiduciary responsibility with respect to the management of Plan assets. The Board's role is intended to be broad and high level in scope. Specific responsibilities of the Board of Directors include:

- Establishing an investment policy statement, which among other items, identifies the asset allocation strategy of the Plan;
- Approving asset class and total fund benchmarks used in performance evaluations;
- Approving asset class structure decisions including which assets classes to utilize and the percentage invested in active and passive investment strategies;
- Hiring and termination decisions of external investment managers, including the Florida Treasury and Florida State Board of Administration;
- Adopting investment manager guidelines;
- Monitoring the performance of Plan investments; reviewing compliance with, and the continued appropriateness of, investment policies.

The Board is expected to delegate certain of its responsibilities to others, such as the Finance Committee or NICA staff, and may utilize the services of external advisors, such as actuaries, auditors, consultants and legal counsel, to assist in fulfilling its fiduciary responsibilities. The comments and recommendations of such parties will be considered by the Board in conjunction with other available information for the purpose of making informed and prudent decisions.

Finance Committee

A Finance Committee may be appointed and called upon by the Chair of the Board of Directors subject to Board approval. The Finance Committee will be called upon as needs present for additional study of investment related issues in order to assist the Board. A member of the Board may request referral of a specific issue to the Finance Committee. The Finance Committee's role is advisory in nature. In advising the Board, the Finance Committee may draw upon the expertise of outside consultants or experts in identifying and understanding investment issues. The Finance Committee may make specific recommendations for approval by the Board.

Staff

The NICA staff's responsibility in the management and oversight of the Plan's assets is one of monitoring, negotiating and providing signature authority and direction on behalf of the Board. Although staff does not have a direct role in the active management of the investments, the Board

of Directors expects staff to monitor the Plan's investments regularly and carry out negotiations and provide official Board responses and positions with relation to the policies outlined and specific recommendations voted on by the Board. Specific duties of the staff include:

- Monitor the investment performance of manager(s) to ensure compliance with the Statement of Investment Policy and individual manager guidelines;
- Provide relevant reporting to the Finance Committee and Board of Directors;
- Work with the Plan actuary and outside experts to periodically review the financial circumstances of the Plan in order to ensure current investment policies are appropriate;
- Serve as the primary contact for investment managers should any questions arise;
- Negotiate and provide signature authority on behalf of the Board or in response to Board policy.
- The Executive Director and the Deputy Director are authorized to raise cash as necessary for the operation of the Fund, and to transfer funds from cash or other asset classes to rebalance the Plan back to the specific Asset Allocation Policy authorized by the Board of Directors.

Investment Managers

The Board may, from time to time, cause the Plan to retain one or more Investment Managers. The Investment Managers, as fiduciaries of the Plan, assume certain responsibilities. Specifically, the Investment Managers have discretionary authority to invest a specific allocation of the Plan, subject to the parameters set forth in the Investment Guidelines section of each Investment Managers' Investment Management Agreement in the case of separate accounts, or pooled fund governing documents. Unless otherwise exempted, Investment Manager is expected to comply with all program guidelines and directives issued by NICA on behalf of the Plan.

Investment managers serve at the pleasure of the NICA Board and may be terminated without notice irrespective of any other provision of this policy.

The role of an investment manager is to implement the established investment policies, with the objective being to earn a rate of return in excess of the appropriate performance benchmark while incurring an acceptable level of risk. Investment managers employed on behalf of the Plan should use the care, skill, prudence, and diligence that a prudent investor would use in managing the portfolio under similar circumstances. The manager should be accorded *full discretion* within guidelines to make relative value decisions among different types of securities and products.

The specific duties of a separate account Investment Manager are documented in the Investment Management Agreement that is executed upon the appointment of that Investment Manager as an Investment Manager of the Plan. These duties generally consist of the following:

- Implement investment policy. The manager is given full discretion, within guideline limits, to purchase individual securities or products and control risks;

- Comply with Section 215.47 of Florida Statutes;
- Meet with the Board of Directors or their delegates, such as NICA staff and Investment Consultant(s), as requested and deemed necessary;
- Suggest changes to investment guidelines as warranted;
- Vote proxies vigorously and in the best interest of the Plan;
- Participate in a commission recapture program as directed by NICA, unless exempted in writing. Such participation shall be consistent with the Investment Manager's ability to transact consistent with principles of best execution, taking into account factors including net price (including commissions), execution capability and other services that the broker may provide;
- Communicate their proposed investment strategy for achieving the Plan's investment objectives relative to the stated objectives and guidelines. If at any time a manager feels that the performance standards cannot be met, or that the guidelines or standards inhibit fulfillment of fiduciary duties or inappropriately restrict performance, the manager must notify NICA in writing;
- Apprise NICA immediately and fully of any material changes in their investment style, objectives, market outlook, key personnel and/or business conditions;
- Review asset reports sent by the custodian for position and market value variances and report discrepancies within the time frames specified in the Investment Management Agreement.

The Board acknowledges that, if it elects to invest in a pooled investment product (e.g. a group trust, mutual fund, etc.), the policies established for each product will govern and may not comply fully with policies established for the Plan. The Board or its delegates will monitor the performance of pooled funds to the extent appropriate for the particular product in accordance with the principles set forth in this Investment Policy document.

Investment Consultant

NICA may retain one or more independent third party investment consultants. The Investment Consultant's role is advisory in nature, assisting NICA staff and the Board in fulfilling their fiduciary responsibilities with respect to the Plan. Duties of the Investment Consultant may include:

- Assisting the Board and Finance Committee in fulfilling its investment responsibilities regarding the Plan;
- Assisting in the evaluation of the financial condition of the Plan as requested by the Board or Finance Committee;
- Recommending the asset allocation, investment structure and strategy (including the investment objectives, policy and guidelines) and qualified Investment Managers to execute the investment strategy;

- Recommending the individual investment objectives, policy and guidelines for each qualified Investment Manager;
- Monitoring and evaluating the ongoing progress of the Plan toward stated investment goals and objectives;
- Reporting performance and progress towards stated investment goals to the Board on a regular basis;
- Recommending appropriate action should an investment strategy or individual Investment Managers fail to meet expectations;
- Recommending strategy changes in response to material changes in either the financial condition of the Plan or the capital market environment;
- Performing any additional duties as may be provided in the written agreement between the Board and the Investment Consultant.

Plan Custodian

The Plan's custodian will provide monthly statements which show manager transactions, list assets and report earnings. Compliance monitoring as well as all other requirements under the contract between NICA and the custodian will also be reported by the Plan's custodian.

Asset Allocation Policy

Asset allocation refers to the strategic, long-term deployment of assets among the major classes of investments such as equity, fixed income, real estate, alternative investments and cash equivalents. Over the long-term, asset allocation is expected to be the single greatest determinant of risk and contributor of return to the Plan. The Board has responsibility for the asset allocation decision. The asset allocation decision reflects the return objectives and liquidity needs of the Plan, as well as the Board's tolerance for variability (risk) in asset returns and future funding obligations.

The asset allocation targets are the result of an asset liability study based on long run liability cash flow estimates and capital market relationships. This asset allocation policy will remain in effect until there is a meaningful change in either the financial condition of the Plan, the return objectives, risk tolerance, and liquidity needs of the Plan, or a change in capital market conditions, at which time a new asset liability study shall be conducted. A study will be conducted at a least once every five years.

It is the policy of the Board of Directors to invest the Plan's assets according to the following target allocations and permissible ranges. The ranges are set to be approximately 85% to 115% of the policy target percentage.

	<u>Target</u>	<u>Range</u>
Growth Allocation	28%	24% – 32%
U.S.	14%	12% – 16%
Non-U.S. Equity	14%	12% – 16%
 Defensive Growth Allocation	 18%	 15% - 21%
Global Minimum Volatility Equity	9%	7.5% – 10.5%
High Yield Bonds	9%	7.5% – 10.5%
 Defensive/Rate Sensitive Allocation	 50%	 42% – 58%
Core Bonds	25%	21% – 29%
Long Duration Credit	20%	17% – 23%
Short Duration Bonds	3%	2.5% - 3.5%
Cash	2%	1.5% - 4%
 Inflation Sensitive Allocation	 4%	 3% – 5%
TIPS	4%	3% – 5%

The Board of Directors, in consultation with their investment advisors and portfolio managers, may consider near term economic and capital market conditions in their decisions on the timing and methodology of implementing these targets and their choice of sector allocations within the fixed income and equity portfolios.

Fund cash flows will be utilized to keep the Plan’s asset allocation as close to the target allocation as practical. However, the Plan’s natural cash flows may not be sufficient to maintain an asset allocation within the approved policy ranges. During any month-end where the Plan’s asset allocation is outside the permissible ranges as specified above, Staff may engage in rebalancing transactions among existing managers to bring the Plan’s allocation back to compliance with the permissible ranges.

Investment Structure

In addition to being diversified across asset classes, the Program’s investments will be diversified within each asset class. This will provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total Program.

Individual asset class portfolios will be diversified so that they are representative of the investment opportunity set within each asset class. Additionally, the perceived efficiency of each asset class will be considered when deciding between active and passive management within the investment structure.

The asset class benchmarks for asset classes approved in the asset allocation policy are as follows:

Short Duration Bonds	Bloomberg U.S. 1-3 Yr Gov/Cr Index
Core Bonds:	Bloomberg U.S. Aggregate Index
Long Duration Bonds:	Bloomberg U.S. Long Credit Index
High Yield Bonds:	BofA ML U.S. High Yield Master II Constrained Index
TIPS:	Bloomberg U.S. TIPS Index
U.S. Equity:	Russell 3000 Index
Non-U.S. Equity:	MSCI All Country World Index Net Dividends
Global Min Vol Equity:	MSCI ACWI Minimum Volatility Index

External Investment Managers will be hired to implement the structural targets in a diversified manner and will therefore have derived target weightings within the overall investment program. Individual manager benchmarks will be specified in their written investment guidelines.

Permissible Securities

Section 215.47 of Florida Statutes (copy attached) lists securities that may be purchased by the Plan's investment manager(s). While individual manager guidelines will detail how portfolios will be invested, Florida Statute allows for investment in the following securities:

- U.S. Government and Agency Bonds
- Municipal securities rated in the top four rating classifications by two nationally recognized rating services
- Corporate bonds
- Registered foreign bonds denominated in U.S. dollars rated in the top four rating classifications by two nationally recognized rating services
- Commercial paper that is rated in the highest rating classification by one nationally recognized rating agency
- Asset-backed securities rated in the highest rating classification by one nationally recognized rating service
- Mortgage-backed securities issued or guaranteed by the U.S. Government or its Agencies
- Mortgage-backed securities issued by private issuers that represent an interest in or are collateralized by mortgage-backed securities issued or guaranteed by the U.S. Government or its Agencies
- Mortgage-backed securities issued by private issuers that represent an interest in or are collateralized by whole mortgage loans
- Derivatives, including mortgage derivative products, that are consistent with Statute and investment manager guidelines
- Common stocks, convertible securities and other securities with equity-like characteristics or U.S. and non-U.S. issuers subject to Statute
- Structured Settlements/annuities agreements

Prohibited Investments

The following items are prohibited in all Investment Manager accounts:

- Borrowing of money.
 - An exception may occur if an asset class such as private real estate is approved by the Board where leverage is a key component of the investment strategy;
- Purchase of securities on margin, unless fully collateralized by cash or cash equivalents, or short sales;
- Pledging, mortgaging, or hypothecating of any securities except for loans of securities that are fully collateralized;
- Purchase of the securities of the Investment Managers, its parents, or its affiliates, unless private letter ruling has been obtained specific to the securities in question;
- Collateralized Debt Obligations, Collateralized Bond Obligations, Collateralized Loan Obligations, Structured Investment Vehicles, Special Purpose Entities, and securities with maturities that are extendable by the issuer;
- Limited partnerships, direct partnerships, private placements, venture capital, direct real estate, commodities, oil and gas wells;
- Purchase or sale of futures or options or other derivatives that result in leveraging the Investment Manager's account beyond 10% of the unleveraged portfolio market value;
- Market timing transactions – accounts are expected to be fully invested in their respective asset class and not tactically allocating between cash and other securities;
- Any securities or investments that are not permissible under Section 215.47 Florida Statutes.

Diversification and Risk Controls

The Board expects the Plan's assets to be diversified across and within asset classes. Furthermore, the Board expects individual investment manager(s) to have sufficient controls in place to maintain compliance with this Policy and specific investment guidelines. Specifically, the Board of Directors requires:

- The Plan to be diversified across and within asset classes to limit volatility of the total Plan investment returns and to limit the impact of large losses on individual investments on the total Plan.
- Individual portfolios are to be managed according to this Investment Policy Statement and the written investment guidelines contained within Investor Management Agreements. These guidelines are intended to ensure that the portfolio meets its objective and operates within acceptable risk parameters. A process to be established by which compliance with all elements of the investment policy and portfolio guidelines are measured and monitored, with compliance exceptions being reported.

Derivatives Policy:

Securities purchased must be compliant with Section 215.47, Florida Statutes. Fixed Income Investment Managers are permitted to utilize futures, options on futures, and exchange traded swaps in compliance with Section 215.47 (10), Florida Statutes, provided that their usage is strictly for bona fide hedging purposes including yield management and maintaining the portfolio's duration, such that the net futures positions do not impact the portfolio's effective duration greater than +/- 20% of the appropriate index duration.

Equity Investment Managers may be permitted to utilize futures and options on futures in compliance with Section 215.47 (1) Florida Statutes, to equitize portfolio cash.

Specific allowances regarding derivative securities are stated in the individual Investment Managers' investment guidelines.

Proxy Voting Policies

The Board delegates the responsibility for voting proxies to the investment manager(s). The Board expects proxies to be voted vigorously and in the best interest of the Plan.

Investment Manager Selection, Monitoring, and Retention/Termination Standards

Investment Manager Selection

NICA endeavors to use a structured and disciplined approach in the evaluation of firms and products engaged for the purpose of providing portfolio investment management services to the Plan, taking into account both qualitative and quantitative factors to ensure that such decisions are made fairly and with consistently applied criteria.

Investment managers may be hired by NICA based on factors which may include but are not limited to:

- historic investment performance
- professional staff,
- size of firm
- research capabilities and ancillary services
- area of specialization
- strategic fit with overall program objectives and fee structure

NICA may also grant opportunities to small, Florida based, and minority-owned investment management firms to enhance their growth and development.

The preliminary candidate list is derived by a screening of the Investment Consultant or Plan Custodian database. Additionally, firms known to NICA may be included for analysis. In the case of passive products which are not included in the database, the candidate list will include the largest, nationally recognized indexing providers.

Final recommendations are submitted to the Board of Directors for consideration. The Board of Directors shall make final decisions on the selection of investment management firms and the Executive Director executes contracts for these services.

Investment Manager Monitoring

NICA acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Accordingly, NICA has principally adopted a three to five year time horizon in evaluating managers relative to established benchmarks and peers. Returns will be evaluated on a net-of-fee basis.

NICA monitors and evaluates the performance of its investment managers through the following:

- Monthly net-of-fee quantitative review of performance relative to an appropriate market index;
- Quarterly gross-of-fee quantitative review relative to an appropriate peer group of active managers. Passive managers will be compared only to their benchmark market index;
- Monitoring adherence to written investment guidelines; Semi-annual manager reviews which may occur on-site or at the NICA offices.

Investment Manager Retention and Termination

Decisions regarding retention or termination of investment managers and investment products may be based solely on qualitative factors which affect the character or stability of the firm or on a combination of qualitative and quantitative factors. Nonetheless, NICA reserves the right to terminate/retain, fund/defund or engage in enhanced monitoring of managers at its sole discretion, without regard to policy guidelines.

NICA utilizes a Watch List to facilitate retention/termination decisions. The purpose of a Watch List is to define the conditions that will cause NICA to formally evaluate the continued retention of an investment manager. The qualitative and quantitative conditions for placing a manager on the Watch List are described below. Placing a manager on the Watch List is an intermediate step toward either resolving the problem or terminating the manager. Since NICA's goal is to determine the likelihood of future success, it is important that retention/termination decisions be based on an analysis that includes both qualitative and quantitative aspects. If NICA determines that the conditions which caused the manager to be placed on the Watch List have not been satisfactorily addressed, the relationship will be terminated.

Six to twelve months will generally be the time period over which improvement or other resolution will occur for managers placed on Watch List. A zero-fee probationary sanction or an immediate reduction in assets may be imposed on a manager at this time. These periods may be extended at the Board's discretion. However, significant continued deterioration of performance or additional extraordinary events may result in a decision to terminate a manager prior to the end of the watch period.

Investment managers serve at the pleasure of the NICA Board and may be terminated without notice irrespective of any other provision of this policy.

Active Investment Management Retention/Termination

Quantitative Factors that will be monitored and may result in placing an active investment manager on the Watch List or terminating an investment manager include:

- Trailing 5-year annualized net performance below market index or, two or more of the following peer universe rankings:
- Trailing 3-year annualized gross performance in bottom quartile of peer universe
- Trailing 3-year annualized gross Information Ratio in bottom quartile of peer universe
- Trailing 5-year annualized gross performance in bottom quartile of peer universe
- Trailing 5-year annualized gross Information Ratio in bottom quartile of peer universe

In the case of recently hired managers, NICA may utilize pre-hire composite performance data or data from another similar portfolio for implementation of these Guidelines. In the case of managers with a longer term history with NICA and/or a longer term product history, consideration may be given to since-inception results.

Qualitative Factors that may result in placing an investment manager on Watch List or terminating an investment manager include:

- Intentional deviation from stated investment style & philosophy
- Changes in ownership/business plan
- Deterioration in client service
- Turnover of key personnel in the Plan's portfolio product
- Material change in clients and/or assets under management in the Plan's portfolio product
- Advent of material litigation

When a manager is placed on the Watch List, NICA, with the assistance of Investment Consultants, will conduct a thorough manager evaluation to include an analysis of the portfolio to determine the cause of underperformance and a review of other viable investment alternatives to identify other product providers in the event the firm or product is subsequently terminated. This in-depth due diligence review is similar in scope and focus to NICA's initial manager selection process and explores a broad combination of elements including a manager's performance, organization personnel and investment philosophy and process. The review will focus on whether the

investment manager currently embodies characteristics sufficient to provide reasonable assurance that the Plan’s investment goals will be achieved in the future. Mitigating factors may include extreme market conditions and sharp improvement in short term results which can reasonably be expected to continue. This review will be presented to the Board and actions will be taken subject to Board approval.

Passive Investment Management Retention/Termination

NICA may decide to defund or terminate the relationship subject to a thorough review. NICA will evaluate passive managers based on their ability to meet agreed upon expectations with respect to tracking error relative to the benchmark index as well as their ability to provide value-added services such as transition management and asset allocation analysis. Additionally, certain extraordinary events at the Investment Manager organization as described elsewhere in this document may be the basis for an immediate termination, regardless of historical performance.

Amendment and Coordination

The Board reserves the right to interpret this Statement of Investment Policy and to resolve any ambiguity or other issue which may arise in regard to the Statement of Investment Policy contained herein, including the ability to modify or revise, and the decision of the Board shall be final.

This Statement of Investment Policy was approved by the Board of Directors of the Florida Birth-Related Neurological Injury Compensation Association on August 24, 2023.

Jim DeBeaugrine
Chair, Board of Directors

Date Signed

Agenda Item # 6.A. (Tab Q)

**Actuarial Update –
December 31, 2022
Reserve Report/Threshold**

**FLORIDA BIRTH RELATED NEUROLOGICAL
INJURY COMPENSATION ASSOCIATION (NICA)
ANALYSIS OF LOSS AND LAE RESERVES
AS OF DECEMBER 31, 2022**

Prepared: August 14, 2023



MADISON CONSULTING GROUP

Actuaries • Property/Casualty Consulting Services

August 14, 2023

Melissa Jaacks, CPA
Executive Director
PO Box 14567
Tallahassee, FL 32317-4567

Re: Florida Birth Related Neurological Injury Compensation Association Analysis of Loss and LAE Reserves as of December 31, 2022

Dear Ms. Jaacks:

Madison Consulting Group, Inc. is pleased to enclose a copy of the above captioned report.

We have enjoyed working on this project and hope you find it satisfactory. Please call if you have any questions or comments.

Mark
Crawshaw  Digitally signed by
Mark Crawshaw

Mark Crawshaw, Ph.D., FCAS, MAAA
Madison Consulting Group, Inc.
200 North Second Street
Madison, Georgia 30650
(706) 342-7750
mark.crawshaw@madisoninc.com



Choya Everett, ACAS, MAAA
Madison Consulting Group, Inc.
200 North Second Street
Madison, Georgia 30650
(706) 342-7750
choya.everett@madisoninc.com

TABLE OF CONTENTS

1 INTRODUCTION 6

 1.1 Scope 6

 1.2 Authors 6

2 BACKGROUND 6

 2.1 Overview of NICA’s Operations 6

 2.2 Overview of NICA’s Loss and LAE Reserves 7

 2.3 Categories of Claim..... 7

 2.4 NICA’s Case Reserves..... 9

 2.5 Senate Bill 1786 9

 2.6 Medicaid..... 10

 2.7 Medicaid Settlement..... 10

 2.8 Threshold Standard 10

3 RECOMMENDATIONS AND CONCLUSIONS 11

 3.1 Recommended Reserve for Losses and LAE as of December 31, 2022..... 11

 3.2 Comparison to Prior Reserves..... 11

 3.3 Threshold Calculation 12

4 CONDITIONS AND LIMITATIONS..... 12

 4.1 Data Sources..... 12

 4.2 Investment and Inflation Assumptions 13

 4.3 Risk Margin..... 13

 4.4 Inherent Variability..... 14

5 ANALYSIS 14

 5.1 Analysis of AAA Claims With Worksheet 14

 5.11 Basis for Life Expectancy (AAA Claims With Reserve Worksheets) 15

5.111 Life Expectancy, Mortality, PLE Approach	15
5.112 NICA's Historical Mortality Experience.....	15
5.113 Dr. Shavelle's Remaining Life Expectancy (Scenario 1).....	16
5.114 Alternative Remaining Life Expectancy (Scenario 2)	17
5.115 Comparison of Dr. Shavelle's Mortality to Adjusted Mortality	18
5.116 Selected Mortality	18
5.12 Basis for Future Payments (AAA Claims With Reserve Worksheets).....	19
5.2 Analysis of AAA Pipeline Claims.....	19
5.3 Analysis of AA-IBNR and DA-IBNR Claims	20
5.4 Analysis of Other Claim Categories.....	20
5.5 Analysis of ULAE.....	20

LIST OF EXHIBITS

Description	Exhibit
Selected Loss and LAE Reserves for All Claims	Exhibit 1
Graph: Time Series - Average Reserve Per Claim and Number of Outstanding AAA Claims by Quarter	Exhibit 2
Graph: Time Series – Payments by Quarter For All Claims	Exhibit 3
Time Series – Reserves and Payments	Exhibit 4
Reserves and Ultimate Loss and ALAE by Birth Year	Exhibit 5
Threshold Calculation	Exhibit 6

LIST OF APPENDICES

Description	Appendix
Selected Loss and ALAE Reserves for AAA Claims with Reserve Worksheets	Appendix A
Selected Reserves for AAA Pipeline and Incurred But Not Reported (IBNR) Claims	Appendix B
Analysis of IBNR Claim Counts	Appendix C
Review of Life Expectancy	Appendix D
Analysis of Unallocated Loss Adjustment Expense (ULAE) Reserve	Appendix E
Loss and Count Summary by Birth Year – Current Dollars	Appendix F
Loss and ALAE Reserves by Benefit Type for AAA Claims with Reserve Worksheets	Appendix G
Calculation of Risk Margin	Appendix H
Summary of Historical Inflation and Investment Returns	Appendix I

1 INTRODUCTION

1.1 Scope

The Florida Birth Related Neurological Injury Compensation Association (NICA) requested Madison Consulting Group (MCG) to estimate NICA’s liability for outstanding loss and loss adjustment expense (LAE) reserves as of December 31, 2022. This report documents our results and methodology.

1.2 Authors

This report and analysis were prepared under the direction of Dr. Crawshaw and Ms. Everett. Dr. Crawshaw is a Fellow of the Casualty Actuarial Society. Ms. Everett is an Associate of the Casualty Actuarial Society. Both are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to make the actuarial opinions contained in this report.

2 BACKGROUND

2.1 Overview of NICA’s Operations

NICA was created by Florida Statute (“the Statute”).¹ The Statute replaces the traditional tort liability remedies for defined birth related injuries with a no-fault system² for participating health care providers. Claims must be filed within five years after birth.³ Acceptance of claim (or not) into the NICA program is decided by an Administrative Law judge.⁴ The Statute defines the benefits provided to claimants.

¹ Florida Statutes 766.301 to 766.316

² Florida Statute 766.303

³ Prior to the 1994 birth year, a claim had to be filed within seven years of birth.

⁴ Florida Statute 766.304

NICA collects assessments from various medical care providers during each birth year and invests those funds until payments are required on behalf of the claimants.⁵ NICA disburses funds on behalf of claimants to pay for their care. The Statute provides NICA limited financial resources⁶ for collecting additional funds in the event the funds collected from the medical care providers are not sufficient to pay its claims.

2.2 Overview of NICA’s Loss and LAE Reserves

NICA’s loss and LAE⁷ reserves represent an estimate of the value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. These reserves form the vast majority of the liabilities on NICA’s balance sheet.

Due to the considerable time over which the benefits will be paid out, the estimated impact of inflation and anticipated investment income must be considered in the establishing the loss and LAE reserve. In this report, as well as previous actuarial reports, the reserves are valued by inflating future payments and then discounting to present-value. In this process, it is assumed the discount rate exceeds the inflation rate by 1.5% per year. NICA’s actuaries have used this same assumption for many years. It is based on long-term comparison of investment returns versus inflation rate.

2.3 Categories of Claims

The loss and LAE reserve is intended to provide for all unpaid claims for children born through the valuation date. These include claims accepted into NICA, claims in the adjudication process that may or may not ultimately be accepted, and claims that have not yet been reported (also

⁵ NICA also pays for expenses associated with the claims adjudication process, related litigation, and administrative expenses.

⁶ The Statute provides NICA some ability to assess the insurance industry, as well as collect additional funds from the Office of Insurance Regulation.

⁷ Here “loss” refers to the cost of the benefits provided to claimants. Loss adjustment expense (LAE) refers to the other costs associated with paying benefits and adjudicating claims such as legal expenses, NICA’s administrative expenses etc.

referred to as IBNR claims). In this report, we use the following abbreviations and categories of claimant to develop claims:

Table 1: Categories of Claims

Category	Subcategory	Description
AA Claims		
AA		Claimant formally accepted into NICA when child was alive.
AA	AAA - Worksheet	Claimant is still alive and for whom NICA has full details and has established a worksheet with estimated life expectancy and projected lifetime benefits considering individual circumstances of the claimant and his/her family.
AA	AAA-Pipeline	Claimant is alive and is known to NICA. NICA expects claimant to become an AAA claim with a worksheet once claim adjudication and/or gathering of individual details is complete.
AA	AAD	Claimant was alive when accepted into NICA but is now deceased.
AA	AA-IBNR	Projected claims for living claimants which no petition has yet been filed.
DA Claims		
DA	DA-Reported	Claimant formally accepted when child was deceased or else is a deceased claimant that is expected to be accepted into NICA.
DA	DA-IBNR	Projected claims for deceased claimants for which no petition has yet been filed.
Other Claims		
Denied		Claimant has been denied or is expected to be denied acceptance into NICA.

2.4 NICA’s Case Reserves

NICA develops its own estimates of its claim liabilities referred to as case reserves. These estimates are an important input into the actuarial reserve estimates presented in this report.

For each December 31 valuation, NICA prepares a master reserve worksheet summarizing NICA’s projected lifetime expense payments by expense category and year for each claimant, along with the claimant’s remaining life expectancy (as determined by Dr. Shavelle). The product of the expense payments and the remaining life expectancy determines NICA’s case reserve estimates for these claims at year end. During the year, NICA prepares similar information for additional claims as they are accepted into NICA.

The master worksheet includes all living claimants that have been accepted into NICA and for whom NICA has had sufficient time to gather information on the individual circumstances and needs of the claimant and their family. As of December 31, 2022, there are 232 open claims included in the master reserve worksheet.

In addition to the “AAA-worksheet” claims discussed above, NICA also provided case reserve estimates for other categories of claims for which it believes it will make future payments. These include case reserves for (a) deceased claimants in NICA’s program; (b) for living claimants (a.k.a., “AAA- pipeline”) that have already been or are expected to be accepted into NICA; and (c) for claimants that are expected to ultimately be denied acceptance into NICA.⁸

2.5 Senate Bill 1786

In May 2021, the Florida Legislature passed Senate Bill 1786 (SB 1786), which resulted in increases to the financial obligations of NICA. This report includes consideration of the changes set forth in SB 1786.

⁸ We distinguished between the “AAA-pipeline” and “denied” category based on the magnitude of the case reserve established by NICA. In particular, “AAA-pipeline” claims are signaled via a case reserve of \$2.8 million.

2.6 Medicaid

The estimates shown in this report were determined under the assumption that, on a prospective basis, Medicaid will no longer reimburse NICA claimants for expenses as defined in the Statute (effective August 31, 2021), and these expenses will fall on NICA.

The estimated payments used to project reserves include estimates of all payments that will prospectively be paid by NICA. In addition, because Medicaid has not yet implemented a procedure to transfer and/or bill claims to NICA, we have included an estimated provision for the period between August 31, 2021 and December 31, 2022 for possible future reimbursements due Medicaid.

2.7 Medicaid Settlement

We understand that in late 2022, NICA settled litigation related to payments made by Medicaid in prior years to NICA claimants.⁹

2.8 Threshold Standard

The Statute sets forth a “threshold” financial standard that NICA must meet in order to continue accepting claimants. This standard is different from solvency standards more typically used for insurance companies that involve comparison of assets and liabilities. This threshold standard involves comparison of 80% of NICA’s available assets and funds that may become available in the subsequent twelve months, to its liabilities for filed claims (i.e., excluding unreported claims) and excluding family care.

⁹ We understand the attorney fees associated with this litigation were paid in January 2023. These are not part of the loss and LAE reserves of NICA.

3 RECOMMENDATIONS AND CONCLUSIONS

3.1 Recommended Reserve for Losses and LAE as of December 31, 2022

The recommended reserve for losses and LAE (excluding risk margin) as December 31, 2022 is \$1.303 billion (Exhibit 1). This amount is an actuarial central estimate of expected outcomes valued using an annual interest discount rate that is 1.5% higher than the inflation rate.

3.2 Comparison to Prior Reserves

Exhibit 4 provides a time series for reserves and other loss related statistics beginning with the third quarter of 2016. Exhibits 2 and 3 summarize in graphical form, key statistics from Exhibit 4 that drive the loss reserves for NICA. We note the following:

1. The December 31, 2022 reserve for loss and loss adjustment expenses is \$1.303 billion (Exhibit 4, Sheet 3, Row 4). The reserve amount is driven by the number of outstanding AAA claims (i.e., number of living claimants) and the average reserve per outstanding AAA claim (see Exhibit 2). Reserves decreased by about \$52 million, or about 3.8%, from the prior analysis as of September 30, 2022, primarily due to an update in the life expectancy assumptions.
2. The average reserve per outstanding AAA claim is shown on Exhibit 4, Row 10, and also graphically on Exhibit 2, Sheet 1. Through year-end 2020, prior to the passage of SB 1786, the average reserve per outstanding claim was running at about \$3.7 million per claim. Post-SB 1786, the average reserve has increased to about \$4.9 million per claim, an increase of approximately 32%.
3. The number of outstanding AAA claims are shown on Exhibit 4, Row 8 and also graphically on Exhibit 2, Sheet 2. It can be seen that the number of outstanding AAA claims have been increasing at a rate of 3.6% per year in recent years.
4. The aggregate claim payments per quarter are shown on Exhibit 4, Row 12 and graphically on Exhibit 3. Prior to passage of SB 1786, aggregate claim payments were running around \$5 million per quarter but increased sharply in 2021 as SB 1786's retroactive payments

were made to claimants. Since June 30, 2021, the aggregate payments have varied quite substantially by quarter as retroactive payments continue to be paid. We expect the quarterly payments to decrease and stabilize once all the retroactive payments have been made, and thereafter increase gradually. However, there is also a possibility of an additional one-time payment when final billing procedures with Medicaid are established and implemented.

5. Exhibit 4, Row 14 shows the claims incurred (i.e., aggregate amounts paid to claimants plus changes in reserves) per quarter. To be sustainable over the long-run, NICA needs to generate sufficient revenue (via its investments and charges to healthcare providers) to cover these costs plus its overhead costs.

3.3 Threshold Calculation

Exhibit 6 provides a summary of the threshold calculation for NICA to continue accepting claims. Based on this calculation, NICA passes this standard as defined in the Statute.

4 CONDITIONS AND LIMITATIONS

4.1 Data Sources

Data for this analysis was provided to us by NICA and included:

1. A master reserve worksheet containing case reserves for each adjudicated claim showing life expectancy and projected future annual payments by category over the lifetime of the claimant. This worksheet is the basis of the case reserve development method.
2. Information on investments, claim adjustment expenses and numbers of participating healthcare providers.
3. The prior actuarial report evaluated as of September 30, 2022, prepared by Turner Consulting, as well as prior quarterly actuarial reports.

While we reviewed the data for reasonableness, we did not audit the data. We are relying on NICA to ensure its accuracy.

4.2 Investment and Inflation Assumptions

The reserve recommendations are presented on a present-value basis using an interest discount rate that is 1.5% greater than the future claims inflation. This is consistent with prior actuarial analyses.

We have noted that the investment returns NICA has achieved have, over the long term, exceeded general inflation by about 2.5% per year (Appendix H). Here, general inflation is defined by the consumer price index (CPI) and likely differs from the claims inflation that impacts NICA. For this reason, and considering the uncertainties, we believe it is prudent, and has served NICA well, to use the lower 1.5% investment/inflation differential to value the loss reserves.

4.3 Risk Margin

NICA's loss and LAE reserves represent an actuarial central estimate of the present-value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. Any such estimate involves the projection of future contingent events and actual payments will likely vary from projections.

To increase the likelihood that the estimates will reasonably provide for all future payments, we have continued NICA's past practice of estimating an additional explicit risk margin to account for likely variation in estimates caused by the following items.

1. The actual remaining years of life of known claims is likely to vary from their expected remaining life; and
2. The number and severity of pipeline and unreported claims are likely to vary from expected values included in our reserve estimates.

The resulting selected risk margin is \$75.5 million, consistent with recent prior analysis (Appendix I).

We note that the explicit risk margin only accounts for a small portion of the financial risk that NICA is exposed to. Much greater sources of risk are uncertainties in future claim cost inflation and discount rates to appropriately present-value the reserves. We have implicitly recognized some of this risk via our somewhat conservative selection of the future interest/inflation differential (See Section 4.2 above).

4.4 Inherent Variability

The development of reserves for NICA involves the projection of future contingent events. Actual results are likely to vary from projections. We have, however, used accepted actuarial methods and believe the results are reasonable.

5 ANALYSIS

We analyzed liabilities for the various categories of claims as set forth in Section 2.3 above. The following subsections describe the analysis for each category.

5.1 Analysis of AAA Claims With Worksheet

We developed reserves for AAA claims with reserve worksheets based on their life expectancy and estimated future payments. The final selected estimate is shown on Appendix A, Sheet 1 and on Exhibit 1.

5.11 Basis for Life Expectancy (AAA Claims With Reserve Worksheets)

5.111 Life Expectancy, Mortality, PLE Approach

Life expectancy is the average survival time for a group of similar people. It is not a prediction of the actual number of years a person will live but rather it reflects the average of all possible future outcomes considering their probabilities of occurring.

In our analysis, we reference standard life tables (e.g., 2020 Social Security Period Life Table) that set forth probabilities of surviving or dying at various ages for the general population and from which remaining standard life expectancies at any age can be calculated.

The NICA claimants have impaired life expectancies (i.e., remaining life expectancies are less than standard remaining life expectancies at the same age). In our analysis, mortality for NICA's claimants is discussed either in terms of a remaining life expectancy or a mortality table providing all the outcomes and their probabilities. We convert from a given (impaired) life expectancy to a mortality table by assuming that for a given claimant, the ratio of remaining impaired life expectancy to remaining standard life expectancy is constant over all ages. This approach is referred to as PLE (for "proportional life expectancy") and is based on empirical evidence and is common practice.¹⁰ It has been used by NICA's actuaries for many years, as well as by opposing actuaries and others in reinsurance arbitrations with NICA.

5.112 NICA's Historical Mortality Experience

Appendix D, Sheet 1 summarizes the mortality experience for NICA's AA claimants by comparing by birth year, the number of claimants alive at age five (5) to the number remaining alive as of December 31, 2022. Please note the following:

1. The analysis includes birth years 2016 and prior. These are the birth years where all the claimants, if alive, will be more than a year older than age 5.

¹⁰ See, for example, Estimation of Future Mortality Rates and Life Expectancy in Chronic Medical Conditions; Strauss, Vachon, Shavelle; Journal of Insurance Medicine 2005;37:20-34.

2. The actual mortality is consistent with the assumption that life expectancy of the AA claimants is 52.6% of standard life expectancy using the PLE approach.
3. The standard life expectancy at birth is 76.8 years. The 52.6% in (2) above implies that life expectancy at birth for an AA claimant is 40.4 years ($=52.6\% \times 76.8$).
4. The analysis on Appendix A, Sheet 1 uses a single life table applied to all birth years. The subtotals indicate that while the table approximates total mortality, it tends to underpredict the numbers of deceased claimants in the early periods and overpredict in later periods. This provides some indication that mortality may be decreasing and life expectancy increasing, over time.

On Appendix D, Sheet 2, we have calculated the remaining years of life for all 232 open claims assuming each claim has remaining life equal to 52.6% of standard remaining life expectancy at the same age. This calculation yields total estimated remaining years of life of 7,541.

5.113 Dr. Shavelle's Remaining Life Expectancy (Scenario 1)

NICA retained Dr. Shavelle to provide remaining life expectancy at year end 2022 for all open AA claims with a reserve worksheet (232 claims). We understand:

1. Dr. Shavelle is a medical researcher in the area of life expectancy in general, and the life expectancy of persons with disabilities in particular. He has authored more than 100 articles in the scientific literature, primarily on life expectancy/survival, most of which have been published in peer-reviewed medical journals. He is a Fellow of the American Academy for Cerebral Palsy and Developmental Medicine.
2. In the course of his work, Dr. Shavelle has effectively developed mortality tables for children and adults with birth-related injuries (principally cerebral palsy) according to the severity of the disabilities as measured by a variety of factors including functional status, the need for a feeding tube, epilepsy, the need for suctioning, tracheostomy or ventilator dependence, weight/height, degree of visual and cognitive impairment, medical complications, and other factors. These tables were developed based on his review of

relevant medical literature, as well as large databases of patient data available in United States and overseas.

3. Dr. Shavelle has used his mortality tables along with medical information on each of NICA's claimants provided to him by NICA, to arrive at an estimate of the remaining life expectancy (RLE) for each claimant.

Appendix D, Sheet 3, summarizes the actual years lived by all the living and deceased claimants, as well as the expected remaining years as estimated by Dr. Shavelle. Please note:

- a. According to Dr. Shavelle, there are 6,949 total remaining years of life expected for all 232 living claimants (Column 6).
- b. Through December 31, 2022, all 304 claimants (i.e., the 232 living claimants plus the 72 deceased claimants) had lived a total of 4,417 years.
- c. The average life expectancy at birth for all 304 claimants is 37.4 years, Column (8) ($= \{4,417+6,949\}/304$).

5.114 Alternative Remaining Life Expectancy (Scenario 2)

To gauge the sensitivity of reserves to the mortality assumption, while at the same time recognizing the claimant specific features inherent in Dr. Shavelle's estimates, we have produced a second set of remaining life expectancies by adjusting Dr. Shavelle's estimates. Specifically, for each claim, Dr. Shavelle has effectively determined an impairment percentage to standard life expectancy. Our alternative remaining life expectancies reduce his impairment by 2% for claimants over thirty years old and then by an additional 1%, compounded annually, beginning with birth year 1993 and continuing through birth year 2022. Thus, for example, if Dr. Shavell's remaining life expectancy reflects a 60% reduction for impairment, our alternative remaining life expectancy reflects a 58.8% ($= 98\% \times 60\%$) impairment for a claimant born in 1992, a 58.2% ($= 99\% \times 98\% \times 60\%$) impairment for a claimant born in 1993, and a 57.6% ($= 99\% \times 99\% \times 98\% \times 60\%$) impairment for a claimant born in 1994, etc.

Appendix D, Sheet 4 provides a summary of the alternative mortality assumption in the same format as Dr. Shavelle's original estimates in Sheet 3. Please note:

1. The alternative mortality implies there are 8,207 total remaining years of life expected for all 232 living claimants (Column 6). This is about 8.8% greater than the total of 7,541 years developed based on NICA's historical mortality developed on Appendix A, Sheet 2; or about 18.1% greater than the total of 6,949 years developed based on Dr. Shavelle's estimates on Appendix A, Sheet 3.
2. The average life expectancy at birth for all 304 living and deceased AA claimants is 41.5 years ($= \{4,417+8,207\}/304$) Column (8).

5.115 Comparison of Dr. Shavelle's Mortality to Adjusted Mortality

Appendix D, Sheet 5 visually summarizes the average life expectancies under Scenarios 1 (i.e., Dr. Shavelle's estimated mortality) and 2 (i.e. the alternative estimated mortality) for NICA's claimants. We note that Scenario 1 indicates a small downward trend in life expectancy by birth year while Scenario 2 denotes a small upward trend.

We are skeptical that NICA's life expectancy will actually trend downward by birth year as indicated under Scenario 1 for the following reasons:

1. Our understanding of long-term trends is that life expectancy has generally been increasing and mortality decreasing both in the general population and for persons with impairments, including cerebral palsy.
2. The analysis on Appendix D, Sheet 1 provides no indication that mortality is greater in the more recent years. To the contrary, if anything, it indicates mortality is lower in the more recent years.

5.116 Selected Mortality

Based on the considerations above, we believe it is prudent to establish reserves using remaining life expectancies somewhat higher than those provided by Dr. Shavelle because:

1. The actual experience of NICA – though admittedly limited – indicates higher remaining life expectancies; and,
2. Dr. Shavelle’s life tables may be underestimating remaining life expectancy for NICA claimants, particularly in the more recent birth years considering the downward trend in life expectancy implicit in his estimates. In other words, the care the claimants receive in the NICA program may be improving life expectancy outcomes compared to the more general situations that form the basis for his mortality tables.

On this basis, we selected a reserve indication based on Scenario 2 (Appendix A, Sheet 1). This implies a gradually increasing life expectancy by birth year and a life expectancy at birth for new AA claims of about 44.5 years (lower chart on Appendix D, Sheet 5).

5.12 Basis for Future Payments (AAA Claims With Reserve Worksheets)

We used two methods to estimate future annual payments for AAA Claims With Reserve Worksheets. First, we directly used the payment estimates on those worksheets. Second, we used projected average annual payments by age developed in the previous actuarial report based on NICA’s historical aggregate claims payment experience adjusted to reflect inflation, changes in reimbursement rates and available benefits. We determined that with the same set of life expectancy assumptions, the different approaches produced reasonably similar results (Appendix A, Sheet 2). We concluded that the aggregate payment data validates the case reserves, and we adopted the future payments in the reserve spreadsheets to project reserves.

5.2 Analysis of AAA Pipeline Claims

The number of outstanding pipeline claims is known and does not require estimation. We estimated the average reserve for each AAA pipeline claim based on the estimated average life expectancy at birth for current AA claims as described previously. We estimated the future annual payments based on the average payment model from the previous actuarial report. The reserve development is summarized on the upper section of Appendix B, Sheet 1.

5.3 Analysis of AA-IBNR and DA-IBNR Claims

In the lower two sections of Appendix B, Sheet 1, we estimated the reserve based on the estimated number claims (Appendix C) multiplied by the average projected reserve per claim.

5.4 Analysis of Other Claim Categories

For the other categories of claims, we directly used NICA's estimates of future liabilities (see Exhibit 1).

5.5 Analysis of ULAE

ULAE ("unallocated loss adjustment expenses") refers to those expenses incurred by NICA to administer the benefits separate and apart from the benefits themselves or legal fees. The reserves on Exhibit 1 include a provision for estimated future ULAE. The methodology used to estimate future ULAE is similar to that used in the past. The estimated current ULAE is extrapolated into the future based on the estimated number of open claims to be administered, future inflation and then discounted to present-value. See Appendix E.

NICA
SUMMARY OF SELECTED RESERVES AS OF DECEMBER 31, 2022
(\$000'S)

Item	Unpaid Claim Count	Case Reserve	Projected Reserve	
			Nominal	Inflated and Discounted
(1)	(2)	(3)	(4)	(5)
AAA Claims With Worksheets (a)	232	\$ 1,264,633	\$ 1,526,512	\$ 1,073,904
AAA Claims Pipeline (b)	9	25,589	69,553	45,881
AAA Claims IBNR (b)	27	-	206,728	136,368
AAD Claims (c)	8	1,020	1,020	1,020
DA Claims Reported (c)	30	5,329	5,329	5,329
DA Claims IBNR (b)	9	-	3,765	3,765
Denied Claims (c)	32	370	370	370
Subtotal	347	\$ 1,296,941	\$ 1,813,276	\$ 1,266,636
Outstanding ULAE (d)				20,779
Medicaid Reimbursement - Aug 31, 2021 through Dec 31, 2022 (e)				16,000
Total Reserve Excluding Risk Margin				\$ 1,303,415
Risk Margin (f)				\$ 75,500
Total Reserve Including Risk Margin				\$ 1,378,915

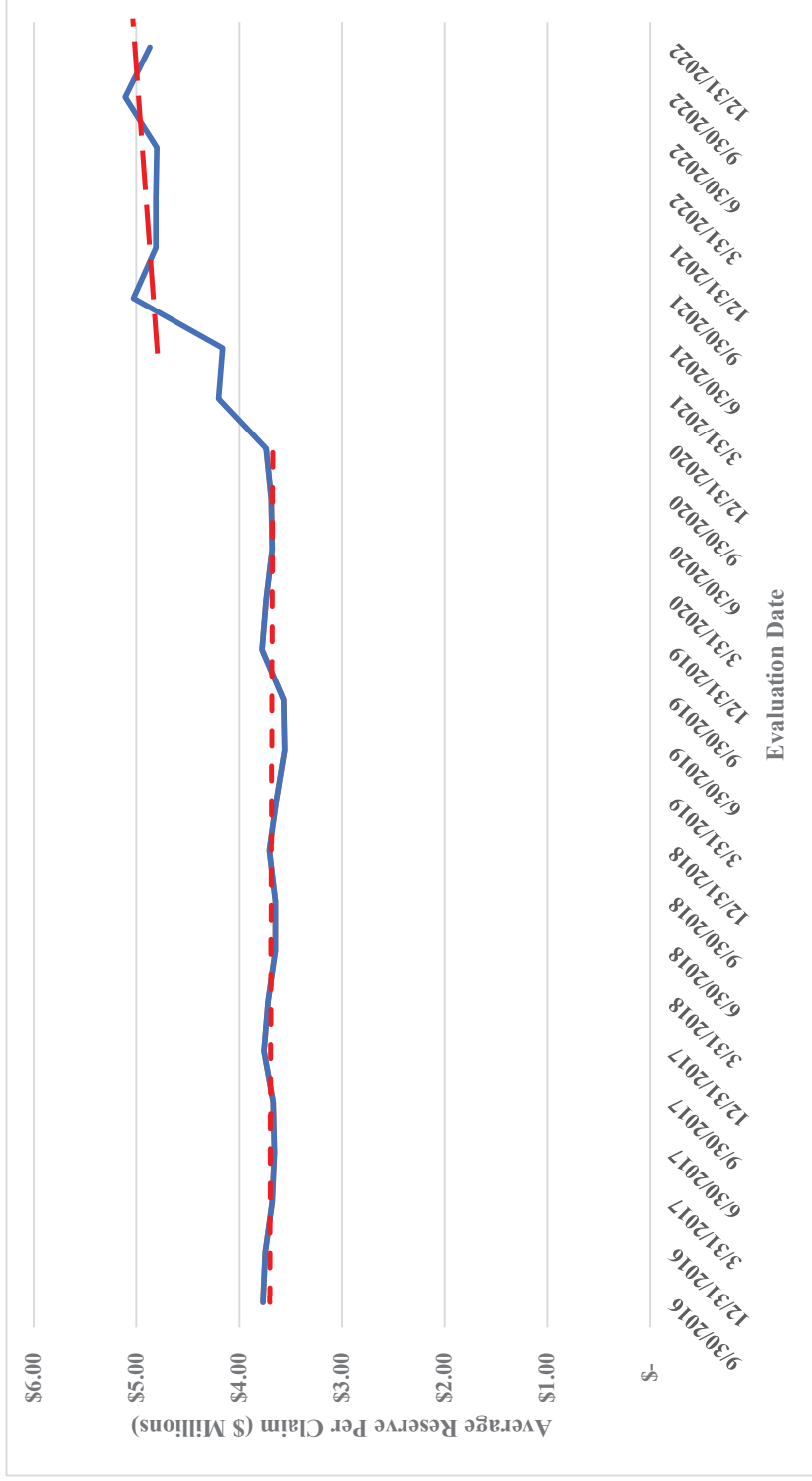
Notes:

- (a) See Appendix A, Sheet 1.
(b) See Appendix B, Sheet 1.
(c) See Appendix F, Sheet 2.
(d) See Appendix E, Sheet 1.

- (e) Assumes one million dollars a month,
starting August 31, 2021.
(f) See Appendix I.

NICA

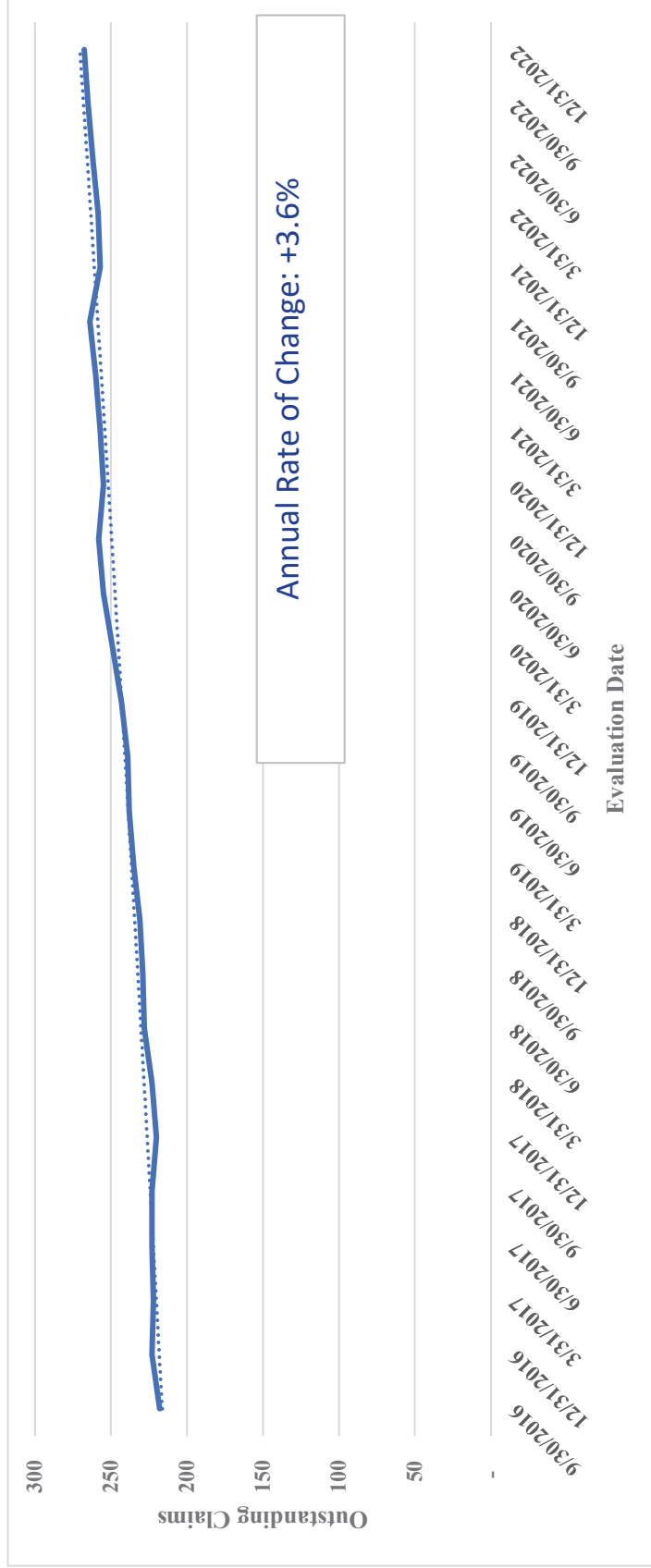
SUMMARY OF AVERAGE RESERVE PER AAA CLAIM



Note: Based on Exhibit 4, Row (10). AAA claims relate to accepted, living claimants.

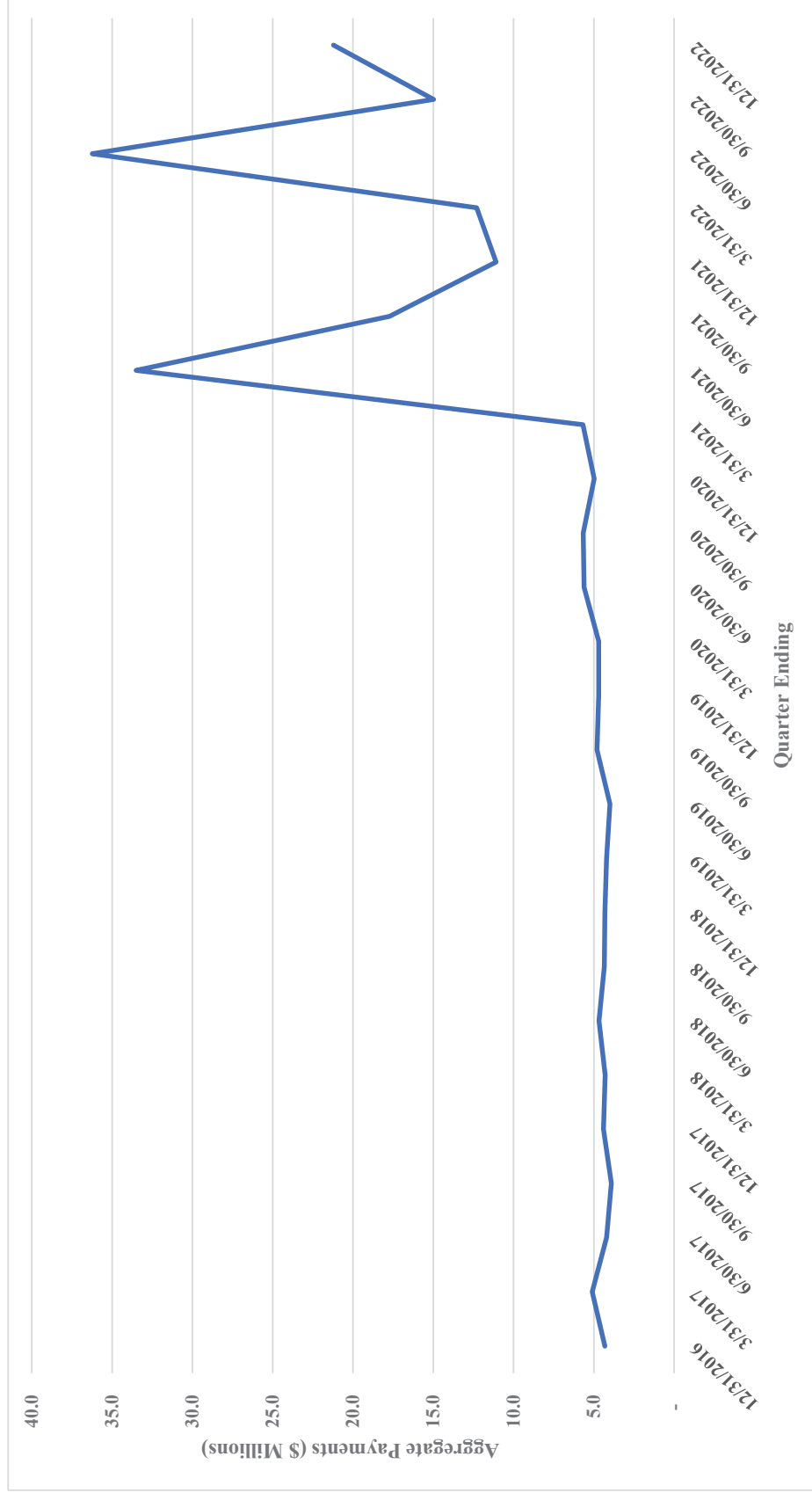
NICA

NUMBER OF OUTSTANDING AAA CLAIMS



Note: Based on Exhibit 4, Row (8). AAA claims relate to accepted, living claimants.

NICA
 PAYMENTS BY QUARTER FOR ALL CLAIMS



Note: Based on Exhibit 4, Row (12).

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018
(1) Reserve for Future Benefits (a)	\$ 810.3	\$ 826.2	\$ 806.6	\$ 805.7	\$ 806.4	\$ 814.4	\$ 816.5	\$ 819.7	\$ 823.1
(2) ULAE Reserves (a)	11.1	11.1	11.1	11.1	12.7	12.8	12.8	12.7	12.6
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	-	-	-
(4) Total Reserves	\$ 821.4	\$ 837.3	\$ 817.7	\$ 816.8	\$ 819.1	\$ 827.1	\$ 829.3	\$ 832.4	\$ 835.7
(5) - Change in Quarter	15.9	(19.6)	(0.9)	2.4	8.0	2.1	3.1	3.3	
(6) Number of Open Accepted Claims - AAA Claims (b)	187	193	189	190	191	191	193	198	198
(7) Number IBNR Claims Excluding DA (a)	31	30	33	33	32	29	30	30	31
(8) Total Outstanding AAA Claims	218	223	222	223	223	220	223	228	229
(9) - Change in Quarter	5.0	(1.0)	1.0	-	(3.0)	3.0	5.0	1.0	
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.77	\$ 3.75	\$ 3.68	\$ 3.66	\$ 3.67	\$ 3.76	\$ 3.72	\$ 3.65	\$ 3.65
(11) Inception to Date Claim Payments (a)	\$ 200.9	\$ 205.2	\$ 210.3	\$ 214.5	\$ 218.4	\$ 222.8	\$ 227.1	\$ 231.8	\$ 236.1
(12) - Change in Quarter	4.3	5.1	4.2	3.9	4.4	4.3	4.7	4.3	
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,022.3	\$ 1,042.5	\$ 1,028.0	\$ 1,031.3	\$ 1,037.5	\$ 1,049.9	\$ 1,056.4	\$ 1,064.2	\$ 1,071.8
(14) Claims Incurred in Quarter [(5) + (12)]	20.2	(14.5)	3.3	6.3	12.4	6.4	7.8	7.6	
(15) Average Number of Open Claims	190	191	190	190	191	191	192	196	198
(16) Average Paid Per Open Claim	\$ 0.023	\$ 0.027	\$ 0.022	\$ 0.022	\$ 0.020	\$ 0.023	\$ 0.022	\$ 0.024	\$ 0.022

Notes:
(a) Exhibit 1 for current evaluation; Turner Section I, Exhibit I for prior evaluations.
(b) Appendix F for the current evaluation; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
(1) Reserve for Future Benefits (a)	\$ 843.3	\$ 841.4	\$ 836.0	\$ 840.1	\$ 903.8	\$ 917.1	\$ 924.7	\$ 938.6	\$ 937.6
(2) ULAE Reserves (a)	13.2	13.2	12.2	12.1	14.4	14.4	14.3	14.2	14.9
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	-	-	-
(4) Total Reserves	\$ 856.5	\$ 854.6	\$ 848.2	\$ 852.2	\$ 918.1	\$ 931.5	\$ 939.0	\$ 952.8	\$ 952.5
(5) - Change in Quarter	20.8	(1.9)	(6.4)	4.0	65.9	13.4	7.5	13.8	(0.3)
(6) Number of Open Accepted Claims - AAA Claims (b)	200	203	206	208	215	222	227	229	226
(7) Number IBNR Claims Excluding DA (a)	31	32	32	31	28	27	28	29	29
(8) Total Outstanding AAA Claims	231	235	238	239	243	249	255	258	255
(9) - Change in Quarter	2.0	4.0	3.0	1.0	4.0	6.0	6.0	3.0	(3.0)
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.71	\$ 3.64	\$ 3.56	\$ 3.57	\$ 3.78	\$ 3.74	\$ 3.68	\$ 3.69	\$ 3.74
(11) Inception to Date Claim Payments (a)	\$ 240.4	\$ 244.6	\$ 248.6	\$ 253.4	\$ 258.1	\$ 262.8	\$ 268.4	\$ 274.1	\$ 279.0
(12) - Change in Quarter	4.3	4.2	4.0	4.8	4.7	4.7	5.6	5.7	5.0
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,096.9	\$ 1,099.2	\$ 1,096.8	\$ 1,105.6	\$ 1,176.2	\$ 1,194.3	\$ 1,207.4	\$ 1,226.9	\$ 1,231.6
(14) Claims Incurred in Quarter [(5) + (12)]	25.1	2.3	(2.4)	8.8	70.6	18.1	13.1	19.5	4.7
(15) Average Number of Open Claims	199	202	205	207	212	219	225	228	228
(16) Average Paid Per Open Claim	\$ 0.022	\$ 0.021	\$ 0.020	\$ 0.023	\$ 0.022	\$ 0.021	\$ 0.025	\$ 0.025	\$ 0.022

Notes:

(a) Exhibit 1 for current evaluation; Turner Section I, Exhibit I for prior evaluations.

(b) Appendix F for the current evaluation; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022
(1) Reserve for Future Benefits (a)	\$ 1,064.6	\$ 1,066.2	\$ 1,311.9	\$ 1,214.8	\$ 1,223.6	\$ 1,238.4	\$ 1,321.0	\$ 1,266.6
(2) ULAE Reserves (a)	15.0	14.9	14.8	20.2	20.2	20.2	20.2	20.8
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	14.0	16.0
(4) Total Reserves	\$ 1,079.6	\$ 1,081.1	\$ 1,326.7	\$ 1,235.0	\$ 1,243.8	\$ 1,258.6	\$ 1,355.1	\$ 1,303.4
(5) - Change in Quarter	127.1	1.5	245.6	(91.7)	8.8	14.8	96.5	(51.7)
(6) Number of Open Accepted Claims - AAA Claims (b)	228	233	235	230	232	233	238	241
(7) Number IBNR Claims Excluding DA (a)	29	27	29	27	27	29	27	27
(8) Total Outstanding AAA Claims	257	260	264	257	259	262	265	268
(9) - Change in Quarter	2.0	3.0	4.0	(7.0)	1.5	3.5	3.0	2.8
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 4.20	\$ 4.16	\$ 5.03	\$ 4.81	\$ 4.81	\$ 4.80	\$ 5.11	\$ 4.87
(11) Inception to Date Claim Payments (a)	\$ 284.7	\$ 318.2	\$ 335.9	\$ 347.0	\$ 359.3	\$ 395.5	\$ 410.5	\$ 431.7
(12) - Change in Quarter	5.7	33.5	17.7	11.1	12.3	36.2	15.0	21.2
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,364.3	\$ 1,399.3	\$ 1,662.6	\$ 1,582.0	\$ 1,603.1	\$ 1,654.2	\$ 1,765.6	\$ 1,735.1
(14) Claims Incurred in Quarter [(5) + (12)]	132.7	35.0	263.3	(80.6)	21.1	51.0	111.5	(30.5)
(15) Average Number of Open Claims	227	231	234	233	231	233	236	240
(16) Average Paid Per Open Claim	\$ 0.025	\$ 0.145	\$ 0.076	\$ 0.048	\$ 0.053	\$ 0.156	\$ 0.063	\$ 0.088

Notes:

- (a) Exhibit 1 for current evaluation; Turner Section I, Exhibit I for prior evaluations.
- (b) Appendix F for the current evaluation; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA

SUMMARY OF RESERVES AS OF DECEMBER 31, 2022 - CURRENT DOLLARS

Birth Year	Paid Loss and ALAE (a)	Incurred Loss and ALAE (a)	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Reserves (b)	Selected Total Outstanding Loss & ALAE (c)
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 18,861,184.24	\$ 37,544,537.57	\$ 18,683,353.33	\$ 10,712.88	\$ 18,694,066.21
1990	9,126,468.79	20,881,387.95	11,754,919.16	184,225.08	11,939,144.24
1991	13,062,264.78	30,933,112.46	17,870,847.68	73,520.44	17,944,368.12
1992	21,388,241.98	65,804,696.48	44,416,454.50	351,306.37	44,767,760.87
1993	27,396,528.38	62,312,837.43	34,916,309.05	741,550.90	35,657,859.95
1994	11,238,712.84	32,137,943.39	20,899,230.55	116,902.20	21,016,132.75
1995	15,022,966.39	45,667,468.27	30,644,501.88	710,947.82	31,355,449.70
1996	14,217,755.05	44,453,645.60	30,235,890.55	1,915,429.52	32,151,320.07
1997	18,268,002.15	63,276,353.34	45,008,351.19	1,779,040.60	46,787,391.79
1998	29,881,167.09	88,325,980.52	58,444,813.43	4,293,504.92	62,738,318.35
1999	16,998,204.37	27,671,377.67	10,673,173.30	2,608,884.70	13,282,058.00
2000	9,682,296.21	23,037,893.53	13,355,597.32	1,635,748.97	14,991,346.29
2001	12,358,525.37	30,074,105.24	17,715,579.87	3,093,556.96	20,809,136.83
2002	27,140,938.26	92,515,111.19	65,374,172.93	9,163,967.23	74,538,140.16
2003	8,738,578.99	22,755,567.48	14,016,988.49	3,130,121.25	17,147,109.74
2004	9,722,482.74	54,309,128.79	44,586,646.05	3,823,853.80	48,410,499.85
2005	13,363,880.60	48,998,473.26	35,634,592.66	7,281,617.06	42,916,209.72
2006	15,432,729.70	77,643,818.33	62,211,088.63	8,877,613.45	71,088,702.08
2007	16,647,531.52	41,533,310.30	24,885,778.78	10,431,560.77	35,317,339.55
2008	11,671,517.72	68,231,599.34	56,560,081.62	9,655,116.48	66,215,198.10
2009	15,297,190.88	62,957,112.03	47,659,921.15	11,644,785.46	59,304,706.61
2010	6,701,788.43	35,496,474.82	28,794,686.39	4,192,188.50	32,986,874.89
2011	9,973,236.84	59,477,143.76	49,503,906.92	13,756,250.03	63,260,156.95
2012	6,763,044.03	46,322,866.18	39,559,822.15	7,720,684.40	47,280,506.55
2013	9,769,012.82	42,807,414.80	33,038,401.98	13,995,546.17	47,033,948.15
2014	11,535,108.47	38,776,785.06	27,241,676.59	18,907,715.80	46,149,392.39
2015	12,637,301.96	91,113,211.67	78,475,909.71	26,108,902.87	104,584,812.58
2016	4,471,371.23	50,609,948.11	46,138,576.88	10,740,929.73	56,879,506.61
2017	7,963,226.68	79,933,221.30	71,969,994.62	29,006,939.94	100,976,934.56
2018	12,167,087.04	116,273,953.82	104,106,866.78	46,172,358.94	150,279,225.72
2019	6,997,712.77	53,440,474.63	46,442,761.86	41,396,478.35	87,839,240.21
2020	5,081,145.24	53,350,301.28	48,269,156.04	41,399,962.83	89,669,118.87
2021	2,125,146.39	16,417,018.95	14,291,872.56	82,600,184.95	96,892,057.51
2022	14,566.38	3,573,556.83	3,558,990.45	98,813,096.10	102,372,086.55
Total	\$ 431,716,916.33	\$ 1,728,657,831.38	\$ 1,296,940,915.05	\$ 516,335,205.46	\$ 1,813,276,120.51

- Notes: (a) Provided by NICA.
 (b) [(6) - (4)]
 (c) Nominal reserves from Exhibit 1 split by birth year.

NICA

SUMMARY OF RESERVES AS OF DECEMBER 31, 2022 - DISCOUNTED & INFLATED

Birth Year	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Loss & ALAE	Total Outstanding Loss & ALAE (b)	Present Value Factor (c)
(1)	(7)	(8) = (9) - (7)	(9)	(10)
1989	\$ 14,024,783.90	\$ 8,041.69	\$ 14,032,825.59	0.7507
1990	9,467,666.16	148,378.87	9,616,045.03	0.8054
1991	13,746,270.63	56,551.99	13,802,822.61	0.7692
1992	33,274,069.59	263,177.07	33,537,246.66	0.7491
1993	25,934,730.71	550,800.57	26,485,531.28	0.7428
1994	14,589,458.12	81,607.77	14,671,065.90	0.6981
1995	22,374,769.06	519,091.26	22,893,860.32	0.7301
1996	22,873,639.31	1,449,034.35	24,322,673.66	0.7565
1997	32,083,696.71	1,268,169.07	33,351,865.78	0.7128
1998	43,481,964.20	3,194,295.89	46,676,260.09	0.7440
1999	8,371,945.71	2,046,386.81	10,418,332.52	0.7844
2000	9,850,249.40	1,206,425.66	11,056,675.07	0.7375
2001	13,360,121.17	2,332,991.42	15,693,112.59	0.7541
2002	48,230,836.46	6,760,862.66	54,991,699.12	0.7378
2003	10,643,683.71	2,376,831.55	13,020,515.26	0.7593
2004	30,733,209.69	2,635,751.08	33,368,960.77	0.6893
2005	25,043,997.04	5,117,521.55	30,161,518.59	0.7028
2006	44,326,076.62	6,325,396.04	50,651,472.66	0.7125
2007	19,282,362.09	8,082,734.07	27,365,096.16	0.7748
2008	38,826,186.83	6,627,843.27	45,454,030.10	0.6865
2009	33,247,578.79	8,123,406.69	41,370,985.48	0.6976
2010	18,310,985.54	2,665,877.38	20,976,862.92	0.6359
2011	33,397,455.23	9,280,555.27	42,678,010.50	0.6746
2012	26,707,919.10	5,212,445.43	31,920,364.54	0.6751
2013	23,835,616.87	10,097,112.95	33,932,729.82	0.7215
2014	20,020,899.38	13,895,968.34	33,916,867.72	0.7349
2015	54,107,997.10	18,001,708.37	72,109,705.47	0.6895
2016	30,254,472.82	7,043,155.39	37,297,628.22	0.6557
2017	48,779,751.12	19,660,294.80	68,440,045.92	0.6778
2018	69,826,562.21	30,968,726.59	100,795,288.81	0.6707
2019	31,822,910.73	28,365,161.38	60,188,072.11	0.6852
2020	31,609,178.70	27,110,870.18	58,720,048.89	0.6549
2021	9,480,913.57	54,795,143.94	64,276,057.51	0.6634
2022	2,379,405.76	66,062,680.79	68,442,086.55	0.6686
Total	\$ 914,301,364.02	\$ 352,335,000.18	\$ 1,266,636,364.20	

(11) Estimated Outstanding ULAE (d)	\$ 20,778,709
(13) Estimated Medicaid Reimbursement Expenses (e)	16,000,000
(14) Total Outstanding Loss & LAE (f)	\$ 1,303,415,073

- Notes: (a) [(10) x Exh 5, Sheet 1, Col (4)]. (d) See Appendix E.
 (b) Reserves from Exhibit 1 by birth year. (e) See Exhibit 1.
 (c) [(9) ÷ Exh 5, Sheet 1, Col (6)]. (f) [Col (9), Total + (11) + (12) + (13)].

NICA
THRESHOLD CALCULATION AS OF DECEMBER 31, 2022
(\$000'S)

A: Determination of Liabilities For Threshold Calculation

(1) Total Reserve Excluding Risk Margin (a)	\$	1,303,415
(2) Family Care (AAA Claims With Worksheets) (b)	\$	128,940
(3) AAA IBNR Reserves (c)		136,368
(4) DA IBNR Reserves (c)		3,765
(5) Subtotal	\$	269,073
(6) Present Value Loss and LAE Reserves on Filed Claims [(1)-(5)]	\$	1,034,342

B: Assets For Threshold Calculation

(7) Invested Assets (e)	\$	1,236,592
(8) Cash (d)		14,517
(9) Income on Invested Funds (e)		61,105
(10) Future Assessments Health Care Providers (e)		36,000
(11) Potential Assessments against Insurance Companies (e)		28,815
(12) Transfers from Florida Office of Ins. Regulation		20,000
(13) Subtotal		1,397,029
(14) Assets for Threshold Calculation [(80% x (13)]		1,117,623

C: Threshold Test

(15) Assets Excess of Threshold [(14) - (6)]	83,281
(16) Pass/Fail	Pass

Notes:

- (a) See Exhibit 1.
- (b) See Appendix G, Sheet 1.
- (c) See Exhibit 1.
- (d) Provided by NICA.
- (e) Exhibit 6, Sheet 2.

NICA
THRESHOLD CALCULATION AS OF DECEMBER 31, 2022
(\$'000'S)

1. Funds Available Within The Next 12 Months				
a. Income on Invested Funds (See 2 Below)	\$	61,105		
b. Future Assessments Health Care Providers		36,000		
c. Potential Assessments against Insurance Companies		28,815		
d. Total = (1a.)+(1b.)+(1c.)	\$	<u>125,920</u>		
2. Return On Invested Assets				
a. Investment at Current Market Value	\$	1,236,592		
b. Estimated Assessments in next 12 Months		36,000		
c. Estimated Expenditures next 12 Months		<u>(65,000)</u>		
d.. Subtotal		1,207,592		
e. Average Invested Assets = (2a. + 2d.) ÷ 2		1,222,092		
f. Expected Prospective Return (%)		5%		
g. Expected Prospective Return (\$)		61,105		
3. Assessments Against Insurance Companies.				
a. Assessment rate (From Florida Statute)		0.25%		
b. Net Direct Premium Written [= Total of 4(C)]	\$	<u>11,526,168</u>		
c. Assessment against insurance companies = (3a.) x (3b.)	\$	<u>28,815</u>		
4. Direct Premium Written - State Of Florida				
		<u>2022 Direct</u>	<u>%</u>	<u>Liability</u>
		(A)	(B)	(C)
Farmowners Multi-Peril	\$	26,278	5%	\$ 1,314
Homeowners Multi-Peril		14,254,342	5%	712,717
Commercial Multi-Peril - Liability		973,267	100%	973,267
Medical Professional Liability		884,598	100%	884,598
Other Liability		8,513,482	100%	8,513,482
Products Liability		325,740	100%	325,740
Aircraft		<u>230,099</u>	50%	<u>115,050</u>
Total	\$	<u>25,207,806</u>		\$ <u>11,526,168</u>

Note: The direct premium written is from AM Best. The estimated percentage of premium attributable to liability is based on judgment.

NICA
ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022

SELECTED RESERVES FOR AAA CLAIMS WITH RESERVE WORKSHEETS
(\$000'S)

Item (1)	Number of Claims (2)	Case Reserve (3)	Projected Reserve	
			Nominal (4)	Inflated and Discounted (5)
Scenario 1 (a)				
Case Reserve	232	\$ 1,264,633	\$ 1,269,062	\$ 910,307
Supplement for Expected Development	-	-	-	-
Total	232	\$ 1,264,633	\$ 1,269,062	\$ 910,307
Scenario 2 (a)				
Case Reserve	232	\$ 1,264,633	\$ 1,269,062	\$ 910,307
Supplement for Expected Development	-	-	257,450	163,597
Total	232	\$ 1,264,633	\$ 1,526,512	\$ 1,073,904
Selected (b)				
Case Reserve	232	\$ 1,264,633	\$ 1,269,062	\$ 910,307
Supplement for Expected Development	-	-	257,450	163,597
Total	232	\$ 1,264,633	\$ 1,526,512	\$ 1,073,904

Notes:

(a) See Appendix A, Sheet 2.

(b) Based on Scenario 2.

NICA

ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022

PROJECTION OF RESERVES FOR AAA CLAIMS WITH RESERVE WORKSHEETS (\$000'S)

Source of Assumptions		Number of Claims	Nominal	Inflated and Discounted
Life Expectancy (a)	Future Payments (b)			
(1)	(2)	(3)	(4)	(5)
Scenario 1				
Method 1	Reserve Worksheet	232	\$ 1,269,062	\$ 910,307
Method 2	Actuarial Projection	232	1,285,872	913,775
Scenario 1	Selected	232	1,269,062	910,307
Scenario 2				
Method 1	Reserve Worksheet	232	\$ 1,526,512	\$ 1,073,904
Method 2	Actuarial Projection	232	1,525,259	1,064,628
Scenario 2	Selected	232	1,526,512	1,073,904

Conclusion: Cash flows underlying the case reserves are consistent with actuarial cash flows based on aggregate experience.

Notes:

- (a) Scenario 1 reflects remaining life expectancies provided by Dr. Shavelle. Scenario 2 reflects a reduction in life expectancy impairment of 1%, compounded annually, beginning with birth year 1993 through 2022.
- (b) Future payments based on projections contained in reserve worksheets or actuarial projection from 9/30/2022 reserve analysis.

NICA

ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022

SELECTED RESERVES FOR AAA PIPELINE AND IBNR CLAIMS AND DA IBNR CLAIMS (\$000'S)

Birth Year	Number of Claims (a)	Projected Reserve	
		Nominal (b)	Inflated and Discounted (c)
(1)	(2)	(3)	(4)
AAA Pipeline Claims			
2017	1	\$ 7,728	\$ 5,098
2018	1	7,728	5,098
2019	1	7,728	5,098
2020	-	-	-
2021	5	38,641	25,489
<u>2022</u>	<u>1</u>	<u>7,728</u>	<u>5,098</u>
Total	9	\$ 69,553	\$ 45,881
AAA IBNR Claims			
2017	1	\$ 3,864	\$ 2,549
2018	1	10,047	6,627
2019	2	16,229	10,706
2020	4	27,435	18,097
2021	7	57,188	37,724
<u>2022</u>	<u>12</u>	<u>91,965</u>	<u>60,665</u>
Total	27	\$ 206,728	\$ 136,368
DA IBNR Claims			
2017	-	\$ -	\$ -
2018	0	62	62
2019	1	228	228
2020	1	508	508
2021	2	1,006	1,006
<u>2022</u>	<u>5</u>	<u>1,961</u>	<u>1,961</u>
Total	9	\$ 3,765	\$ 3,765

Notes:

(a) See Appendix C, Sheet 1 for IBNR counts and Appendix F, Sheet 2 for pipeline counts.

(b) [(2) x Projected Reserve Per Claim in Appendix B, Sheet 2].

NICA
ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022

PROJECTED RESERVE FOR IBNR OR PIPELINE CLAIMS
(\$000'S)

Nominal			Inflated and Discounted				
Parental Award	Death Benefit	Other Benefits	Total	Parental Award	Death Benefit	Other Benefits	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AAA Claims (a)							
\$ 265	Included in (3) \$	7,463 \$	7,728 \$	265	Included in (7) \$	4,833 \$	5,098
DA Claims (b)							
\$ 265	\$ 50	\$ 100	\$ 415	\$ 265	\$ 50	\$ 100	\$ 415

Notes:
 (a) Projected based on Life Expectancy at Birth: 44.5 (See bottom chart of Appendix D, Sheet 5).
 (b) Future Payments (Actuarial projection from 9/30/2022 report).

NICA
ANALYSIS OF IBNR CLAIMS

SELECTED ULTIMATE CLAIM COUNTS

Birth Year	DA Claims			AA Claims		
	Reported Count (a)	IBNR (b)	Ultimate Count (c)	Reported Count (a)	IBNR (d)	Ultimate Count (e)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2011	2	0.0	2	12	0.0	12
2012	4	0.0	4	7	0.0	7
2013	3	0.0	3	8	0.0	8
2014	3	0.0	3	10	0.0	10
2015	6	0.0	6	14	0.0	14
2016	4	0.0	4	7	0.0	7
2017	2	0.0	2	13	0.5	14
2018	9	0.2	9	18	1.3	19
2019	4	0.6	5	11	2.1	13
2020	4	1.2	5	8	3.6	12
2021	5	2.4	7	5	7.4	12
2022	2	4.7	7	1	11.9	13
Total	48	9.1	57	114	26.8	141

- Notes: (a) Based on data provided by NICA.
 (b) Based on Sheet 2a.
 (c) [(2) + (3)]
 (d) Based on Sheet 3a.
 (e) [(5) + (6)]

NICA
ANALYSIS OF IBNR CLAIMS
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2016-1	-	-	-	-	-	-	-	-	-	-	-	-
2016-2	1	-	1	1	1	1	1	1	1	1	1	1
2016-3	-	-	1	1	1	1	1	1	1	1	1	1
2016-4	1	1	1	1	1	1	1	1	1	1	1	1
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	2	2	2	2	2	2	2	2	2
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	1	2	1
2018-2	1	-	-	-	-	1	1	1	2	2	2	2
2018-3	-	-	-	1	1	1	1	1	1	1	1	2
2018-4	-	-	2	3	4	4	4	4	4	4	4	4
2019-1	-	-	-	-	-	1	1	1	1	1	3	2
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	1	1	1	1	1	1	1
2019-4	-	-	-	1	-	-	-	-	-	1	1	1
2020-1	-	-	-	-	-	-	1	1	1	1	1	1
2020-2	-	-	-	1	1	1	1	1	1	2	2	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	1	1	1	1	1	-	-	-
2021-1	-	-	1	1	1	1	1	1	-	-	-	-
2021-2	-	1	2	3	3	3	3	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	1	1	-	-	-	-	-	-	-
2022-1	-	-	-	1	-	-	-	-	-	-	-	-
2022-2	-	-	1	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2016-1	-	-	-	-	-	-	-	-	-	-	-	-
2016-2	(1)	1	-	-	-	-	-	-	-	-	-	-
2016-3	-	1	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	2	-	-	-	-	-	-	-	-	-
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	1	1	(1)	-
2018-2	(1)	-	-	-	1	-	-	1	-	-	-	-
2018-3	-	-	1	-	-	-	-	-	-	-	1	-
2018-4	-	2	1	1	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	1	-	-	-	-	2	(1)	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	1	-	-	-	-	-	-	-
2019-4	-	-	1	(1)	-	-	-	-	1	-	-	-
2020-1	-	-	-	-	-	1	-	-	-	-	-	-
2020-2	-	-	1	-	-	-	-	-	1	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	1	-	-	-	-	-	-	-	-
2021-1	-	1	-	-	-	-	-	-	-	-	-	-
2021-2	1	1	1	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	1	-	-	-	-	-	-	-	-	-
2022-1	-	-	1	-	-	-	-	-	-	-	-	-
2022-2	-	1	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
Avg All	-0.037	0.269	0.360	0.042	0.130	0.045		0.050	0.158	0.167	-0.059	
Avg Latest 2												
Avg Latest 3												
Avg Latest 5												
Prior Selected												
Selected Incremental	0.200	0.200	0.175	0.150	0.100	0.100	0.075	0.075	0.075	0.050	0.050	0.050
Cumulative	1.475	1.275	1.075	0.900	0.750	0.650	0.550	0.475	0.400	0.325	0.275	0.225

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	39	42	45	48	51	54	57	60	63	66	69	72
2016-1	-	-	-	-	-	-	1	1	1	1	1	1
2016-2	1	1	1	1	1	1	1	1	1	1	1	1
2016-3	1	1	1	1	1	1	1	1	1	1	1	1
2016-4	1	1	1	1	1	1	1	1	1	1	1	1
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	2	2	2	2	2	2	2	2	2	2	2	2
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	1	1	1	1	1	1	1	1	1	-	-	-
2018-2	2	2	2	2	2	2	2	2	-	-	-	-
2018-3	2	2	2	2	2	2	2	-	-	-	-	-
2018-4	4	4	4	4	4	-	-	-	-	-	-	-
2019-1	2	2	2	2	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	1	1	-	-	-	-	-	-	-	-	-	-
2019-4	1	-	-	-	-	-	-	-	-	-	-	-
2020-1	-	-	-	-	-	-	-	-	-	-	-	-
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	-	-	-	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	-	-	-	-	-	-	-	-	-
2022-1	-	-	-	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Link Ratios											
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75
2016-1	-	-	-	-	-	1	-	-	-	-	-	-
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	-	-	-	-	-	-	-	-	-
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	-	-	-	-	-	-	-	-	-	-	-	-
2018-4	-	-	-	-	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-
2019-4	-	-	-	-	-	-	-	-	-	-	-	-
2020-1	-	-	-	-	-	-	-	-	-	-	-	-
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	-	-	-	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	-	-	-	-	-	-	-	-	-
2022-1	-	-	-	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-

Avg All						0.100						
Avg Latest 2												
Avg Latest 3												
Avg Latest 5												
Prior Selected												
Selected Incremental	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.000	0.000	0.000	0.000	0.000
Cumulative	0.175	0.150	0.125	0.100	0.075	0.050	0.025	0.000	0.000	0.000	0.000	0.000

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2016-1	1	1	1	1	-	-	-	1	1	2	2	2
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	1	1	1	1	1	1	1	2	2
2017-1	-	-	-	-	1	2	2	2	3	3	3	3
2017-2	-	1	1	1	2	1	1	2	2	2	2	2
2017-3	-	-	1	-	1	2	2	2	3	4	6	6
2017-4	-	-	-	-	1	1	1	2	3	2	2	2
2018-1	-	1	1	2	3	3	3	4	7	6	6	6
2018-2	-	1	1	1	2	3	3	3	6	5	5	5
2018-3	-	1	1	1	1	2	2	2	3	3	4	4
2018-4	-	-	-	-	2	2	2	2	2	2	2	2
2019-1	-	-	-	2	4	4	4	4	5	6	5	5
2019-2	-	1	-	-	-	2	1	1	1	2	1	1
2019-3	-	1	1	2	2	2	2	3	3	3	3	3
2019-4	-	-	-	-	1	1	1	2	2	2	2	2
2020-1	-	-	-	-	1	1	2	2	2	2	2	2
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	3	4	4	4	5	4	-	-
2020-4	-	-	3	3	2	2	2	2	2	-	-	-
2021-1	-	-	-	-	-	1	1	2	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	1	-	-	-	-	-	-
2021-4	-	-	-	1	2	-	-	-	-	-	-	-
2022-1	-	-	1	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	1	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2016-1	-	-	-	(1)	-	-	1	-	1	-	-	-
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	1	-	-	-	-	-	-	1	-	-
2017-1	-	-	-	1	1	-	-	1	-	-	-	-
2017-2	1	-	-	1	(1)	-	1	-	-	-	-	-
2017-3	-	1	(1)	1	1	-	-	1	1	2	-	-
2017-4	-	-	-	1	-	-	1	1	(1)	-	-	-
2018-1	1	-	1	1	-	-	1	3	(1)	-	-	(1)
2018-2	1	-	-	1	1	-	-	3	(1)	-	-	-
2018-3	1	-	-	-	1	-	-	1	-	1	-	(1)
2018-4	-	-	-	2	-	-	-	-	-	-	-	-
2019-1	-	-	2	2	-	-	-	1	1	(1)	-	-
2019-2	1	(1)	-	-	2	(1)	-	-	1	(1)	-	-
2019-3	1	-	1	-	-	-	1	-	-	-	-	-
2019-4	-	-	-	1	-	-	1	-	-	-	-	-
2020-1	-	-	-	1	-	1	-	-	-	-	-	-
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	3	1	-	-	1	(1)	-	-	-
2020-4	-	3	-	(1)	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	1	-	1	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	1	-	-	-	-	-	-	-
2021-4	-	-	1	1	-	-	-	-	-	-	-	-
2022-1	-	1	(1)	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	1	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-

Avg All	0.259	0.154	0.160	0.583	0.348	0.333	0.600	0.111	-0.125			
Avg Latest 2	0.500	0.500		0.500	0.500	0.500	0.500	-0.500				
Avg Latest 3	0.333	0.333		0.333	0.667	0.333	0.333	-0.333				
Avg Latest 5	0.200	0.200			0.600	0.200	0.200	-0.200	-0.200			

Prior Selected												
Selected Incremental	0.250	0.250	0.250	0.300	0.300	0.300	0.300	0.300	0.150	0.150	0.100	0.100
Cumulative	3.350	3.100	2.850	2.600	2.300	2.000	1.700	1.400	1.100	0.950	0.800	0.700

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)												
	39	42	45	48	51	54	57	60	63	66	69	72	
2016-1	2	2	2	2	2	2	2	2	2	2	2	2	2
2016-2	-	-	-	-	-	-	1	-	-	-	-	-	-
2016-3	-	1	1	1	1	1	1	1	1	1	2	2	2
2016-4	2	2	2	2	2	2	2	2	2	2	2	2	2
2017-1	3	4	3	2	2	2	2	2	2	2	2	2	2
2017-2	2	2	2	2	3	3	3	3	3	3	3	3	3
2017-3	6	7	7	7	7	6	6	6	6	5			
2017-4	2	2	2	2	2	2	2	2	3				
2018-1	5	5	4	4	5	5	5	5					
2018-2	5	5	5	5	5	5	5						
2018-3	3	4	4	4	5	6							
2018-4	2	2	2	2	2								
2019-1	5	5	5	5									
2019-2	1	1	1										
2019-3	3	3											
2019-4	2												
2020-1													
2020-2													
2020-3													
2020-4													
2021-1													
2021-2													
2021-3													
2021-4													
2022-1													
2022-2													
2022-3													
2022-4													

Birth Year	Link Ratios												
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75	
2016-1	-	-	-	-	-	-	-	-	-	-	-	-	-
2016-2	-	-	-	-	1	(1)	-	-	-	-	-	-	-
2016-3	1	-	-	-	-	-	-	-	-	1	-	1	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	1	(1)	(1)	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	1	-	-	-	-	-	-	-	-	-
2017-3	1	-	-	-	(1)	-	-	-	(1)	-	-	-	-
2017-4	-	-	-	-	-	-	-	1	-	-	-	-	-
2018-1	-	(1)	-	1	-	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	1	-	-	1	1	-	-	-	-	-	-	-	-
2018-4	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-4													
2020-1													
2020-2													
2020-3													
2020-4													
2021-1													
2021-2													
2021-3													
2021-4													
2022-1													
2022-2													
2022-3													
2022-4													

Avg All	0.267	-0.143	-0.077	0.250	0.091	-0.100		0.125	-0.143	0.167		0.250
Avg Latest 2				0.500	0.500			0.500	-0.500			0.500
Avg Latest 3				0.333	0.333			0.333	-0.333			0.333
Avg Latest 5	0.200			0.400				0.200	-0.200	0.200		0.250

Prior Selected												
Selected Incremental	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Cumulative	0.600	0.550	0.500	0.450	0.400	0.350	0.300	0.250	0.200	0.150	0.100	0.050

Notes: Counts provided by NICA.

NICA
REVIEW OF LIFE EXPECTANCY
REVIEW OF ACTUAL MORTALITY OF NICA AA CLAIMANTS

(1)	Selected Ratio of NICA AA Claimants to Standard Life Expectancy (a)	52.6%
(2)	Standard Life Expectancy at Birth (Years) (b)	76.8
(3)	Average Life Expectancy at Birth For AA Claimants [(1) x (2)]	40.4

Birth Year	Number Alive at Age 5 (c)	Actual at 12/31/2022				Predicted at 12/31/2022			
		Actual at 12/31/2022		Deceased [(5)-(6)]	Probability of Remaining Alive (d)	Alive (c) [(5) x (8)]	Deceased [(5)-(9)]		
		Alive (c)	Deceased						
(4)	(5)	(6)	(7)	(8)	(9)	(10)			
1989	9.0	3.0	6.0	0.624	5.6	3.4			
1990	7.0	3.0	4.0	0.638	4.5	2.5			
1991	4.0	4.0	-	0.652	2.6	1.4			
1992	13.0	9.0	4.0	0.665	8.6	4.4			
1993	12.0	7.0	5.0	0.679	8.1	3.9			
1994	7.0	3.0	4.0	0.693	4.9	2.1			
1995	6.0	5.0	1.0	0.706	4.2	1.8			
1996	6.0	6.0	-	0.720	4.3	1.7			
1997	10.0	8.0	2.0	0.733	7.3	2.7			
1998	12.0	11.0	1.0	0.747	9.0	3.0			
1999	8.0	3.0	5.0	0.761	6.1	1.9			
2000	5.0	3.0	2.0	0.774	3.9	1.1			
2001	4.0	4.0	-	0.788	3.2	0.8			
2002	15.0	12.0	3.0	0.801	12.0	3.0			
2003	3.0	3.0	-	0.814	2.4	0.6			
2004	5.0	5.0	-	0.828	4.1	0.9			
2005	10.0	7.0	3.0	0.841	8.4	1.6			
2006	10.0	9.0	1.0	0.854	8.5	1.5			
2007	8.0	7.0	1.0	0.867	6.9	1.1			
2008	10.0	9.0	1.0	0.880	8.8	1.2			
2009	10.0	10.0	-	0.893	8.9	1.1			
2010	6.0	5.0	1.0	0.905	5.4	0.6			
2011	10.0	10.0	-	0.918	9.2	0.8			
2012	7.0	7.0	-	0.931	6.5	0.5			
2013	7.0	7.0	-	0.943	6.6	0.4			
2014	9.0	8.0	1.0	0.956	8.6	0.4			
2015	14.0	14.0	-	0.969	13.6	0.4			
2016	7.0	7.0	-	0.981	6.9	0.1			
Total	234.0	189.0	45.0		189.1	44.9			
Subtotals:									
1989-2005	136.0	96.0	40.0		99.2	36.8			
2006-2016	98.0	93.0	5.0		89.9	8.1			
Total	234.0	189.0	45.0		189.1	44.9			

Notes: (a) Selected by MCG to reflected NICA's actual experience, i.e., to make Columns (6) and (9) similar.
 (b) Based on 2020 Social Security Period Life Table.
 (c) Based on information provided by NICA.
 (d) 2020 Social Security Period Life Table adjusted to reflect impaired life expectancy using PLE method and life impairment in (1).

NICA
REVIEW OF LIFE EXPECTANCY
BASED ON NICA PLE TABLE APPLIED TO ALL BIRTH YEARS
AAA CLAIMS WITH RESERVE WORKSHEETS AS OF DECEMBER 31, 2022

Birth Year	Number of Claims (a)			Number of Years Lived (a)	Remaining Life Expectancy (b)	Total Life Expectancy		NICA Average RLE [(6)÷(3)]	Standard RLE (c)	Impairment Ratio [(9)÷(10)]
	Deceased (2)	Alive (3)	Total (4)			Total [(5)+(6)]	Average [(7)÷(4)]			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1989	8	3	11	206.1	71	277	25.2	23.7	44.9	52.8%
1990	4	3	7	171.3	72	243	34.8	24.0	45.9	52.3%
1991	-	4	4	126.1	98	224	56.0	24.5	46.8	52.4%
1992	4	9	13	320.1	226	546	42.0	25.1	47.7	52.6%
1993	6	7	13	287.4	179	466	35.9	25.6	48.6	52.7%
1994	4	3	7	154.7	78	233	33.2	26.0	49.5	52.5%
1995	1	5	6	144.0	133	277	46.2	26.6	50.5	52.7%
1996	1	6	7	162.2	162	324	46.3	27.0	51.4	52.5%
1997	3	8	11	250.9	220	471	42.8	27.5	52.3	52.6%
1998	4	11	15	318.9	308	627	41.8	28.0	53.3	52.5%
1999	6	3	9	140.5	86	227	25.2	28.7	54.2	53.0%
2000	3	3	6	110.3	87	197	32.9	29.0	55.1	52.6%
2001	-	4	4	87.0	118	205	51.2	29.5	56.1	52.6%
2002	5	12	17	300.6	360	661	38.9	30.0	57.0	52.6%
2003	-	3	3	58.4	91	149	49.8	30.3	58.0	52.2%
2004	1	5	6	111.4	155	266	44.4	31.0	58.9	52.6%
2005	4	7	11	149.9	221	371	33.7	31.6	59.9	52.8%
2006	3	9	12	165.4	288	453	37.8	32.0	60.9	52.5%
2007	3	7	10	120.9	228	349	34.9	32.6	61.8	52.8%
2008	1	9	10	140.2	297	437	43.7	33.0	62.8	52.5%
2009	1	10	11	136.3	336	472	42.9	33.6	63.8	52.7%
2010	1	5	6	67.9	170	238	39.6	34.0	64.8	52.5%
2011	2	10	12	123.3	346	469	39.1	34.6	65.8	52.6%
2012	-	7	7	72.9	246	319	45.6	35.1	66.8	52.5%
2013	1	7	8	69.7	250	320	40.0	35.7	67.8	52.7%
2014	2	8	10	81.0	289	370	37.0	36.1	68.8	52.5%
2015	-	14	14	105.5	514	620	44.3	36.7	69.8	52.6%
2016	-	7	7	45.3	261	306	43.8	37.3	70.8	52.7%
2017	1	11	12	60.9	415	476	39.7	37.7	71.7	52.6%
2018	1	16	17	75.6	612	688	40.4	38.3	72.7	52.7%
2019	1	9	10	34.4	349	383	38.3	38.8	73.7	52.6%
2020	1	7	8	18.2	275	293	36.7	39.3	74.7	52.6%
2021	-	-	-	-	-	-	-	-	75.7	
2022	-	-	-	-	-	-	-	-	76.5	
Total	72.0	232.0	304.0	4,417.3	7,541.0	11,958.3	39.3			
Subtotals:										
1989-2005	54.0	96.0	150.0		2,665.0	5,764.8	38.4	27.8		52.6%
2006-2022	18.0	136.0	154.0		4,876.0	6,193.4	40.2	35.9		52.6%
Total	72.0	232.0	304.0		7,541.0	11,958.3	39.3	32.5		52.6%

Notes: (a) Based on information provided by NICA.
(b) Based 2020 Social Security Period Life Table adjusted to reflect impaired life expectancy of 52.6% as shown in Sheet 1.
(c) Based 2020 Social Security Period Life Table.

NICA
REVIEW OF LIFE EXPECTANCY
AVERAGE LIFE EXPECTANCIES BY BIRTH YEAR - AAA CLAIMS WITH RESERVE WORKSHEETS
SCENARIO 1 (SHAVELLE)

Birth Year	Number of Claims (a)			Number of Years Lived (a)	Remaining Life Expectancy (b)	Total Life Expectancy		NICA Average RLE [(6)÷(3)]	Standard RLE (c)	Impairment Ratio [(9)÷(10)]
	Deceased (2)	Alive (3)	Total (4)			Total [(5)+(6)]	Average [(7)÷(4)]			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1989	8	3	11	206.1	95	301	27.4	31.7	44.9	70.6%
1990	4	3	7	171.3	58	229	32.7	19.3	45.9	42.0%
1991	-	4	4	126.1	96	222	55.5	24.0	46.8	51.3%
1992	4	9	13	320.1	249	569	43.8	27.6	47.7	57.9%
1993	6	7	13	287.4	197	484	37.2	28.1	48.6	57.8%
1994	4	3	7	154.7	124	279	39.8	41.3	49.5	83.4%
1995	1	5	6	144.0	158	302	50.3	31.6	50.5	62.6%
1996	1	6	7	162.2	157	319	45.6	26.1	51.4	50.8%
1997	3	8	11	250.9	260	511	46.4	32.5	52.3	62.1%
1998	4	11	15	318.9	302	621	41.4	27.4	53.3	51.4%
1999	6	3	9	140.5	53	193	21.5	17.6	54.2	32.5%
2000	3	3	6	110.3	77	187	31.2	25.6	55.1	46.5%
2001	-	4	4	87.0	92	179	44.7	23.0	56.1	41.0%
2002	5	12	17	300.6	321	622	36.6	26.7	57.0	46.8%
2003	-	3	3	58.4	62	120	40.1	20.7	58.0	35.7%
2004	1	5	6	111.4	203	315	52.5	40.7	58.9	69.1%
2005	4	7	11	149.9	215	365	33.2	30.7	59.9	51.3%
2006	3	9	12	165.4	291	457	38.0	32.4	60.9	53.2%
2007	3	7	10	120.9	118	239	23.9	16.8	61.8	27.2%
2008	1	9	10	140.2	315	455	45.5	35.0	62.8	55.7%
2009	1	10	11	136.3	293	429	39.0	29.3	63.8	45.9%
2010	1	5	6	67.9	208	276	46.0	41.6	64.8	64.2%
2011	2	10	12	123.3	325	448	37.4	32.5	65.8	49.4%
2012	-	7	7	72.9	239	312	44.6	34.2	66.8	51.2%
2013	1	7	8	69.7	163	233	29.1	23.3	67.8	34.4%
2014	2	8	10	81.0	152	233	23.3	19.0	68.8	27.6%
2015	-	14	14	105.5	427	533	38.0	30.5	69.8	43.7%
2016	-	7	7	45.3	270	315	45.0	38.6	70.8	54.5%
2017	1	11	12	60.9	373	433	36.1	33.9	71.7	47.3%
2018	1	16	17	75.6	547	623	36.6	34.2	72.7	47.0%
2019	1	9	10	34.4	246	281	28.1	27.4	73.7	37.2%
2020	1	7	8	18.2	263	281	35.1	37.5	74.7	50.2%
2021	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-
Total	72.0	232.0	304.0	4,417.3	6,948.6	11,365.9	37.4	30.0		48.5%
Subtotals:										
1989-2005	54.0	96.0	150.0		2,718.0	5,817.9	38.8	28.3		53.6%
2006-2022	18.0	136.0	154.0		4,230.6	5,548.0	36.0	31.1		45.6%
Total	72.0	232.0	304.0		6,948.6	11,365.9	37.4	30.0		48.5%

Notes: (a) Based on information provided by NICA.
(b) Based on life expectancy estimated by Shavelle.
(c) Based 2020 Social Security Period Life Table.

NICA
REVIEW OF LIFE EXPECTANCY
AVERAGE LIFE EXPECTANCIES BY BIRTH YEAR - AAA CLAIMS WITH RESERVE WORKSHEETS
SCENARIO 2 (ADJUSTED MORTALITY)

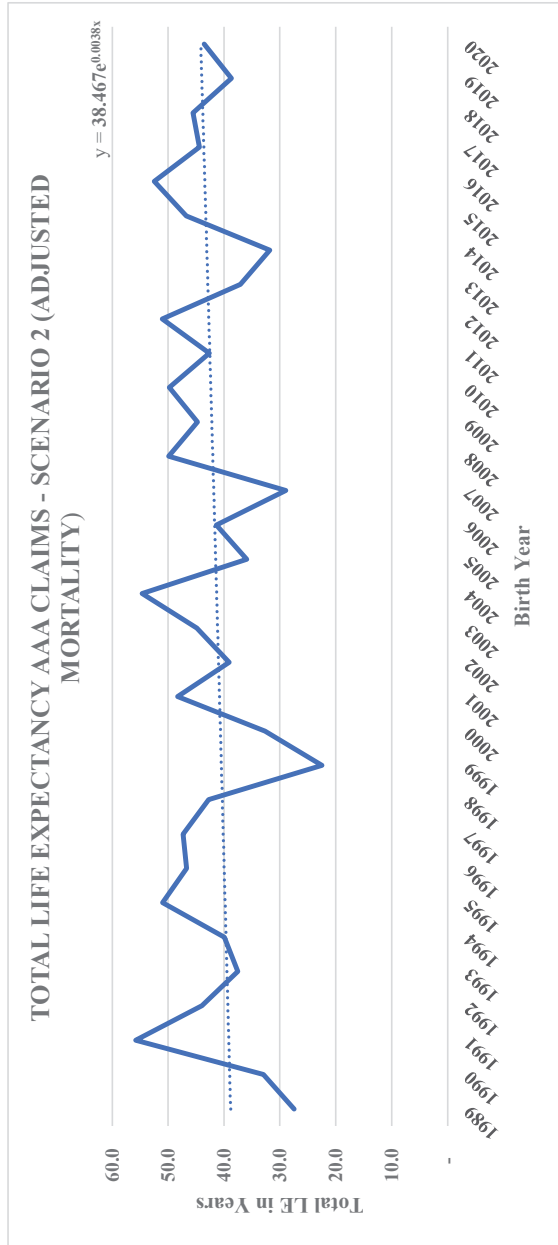
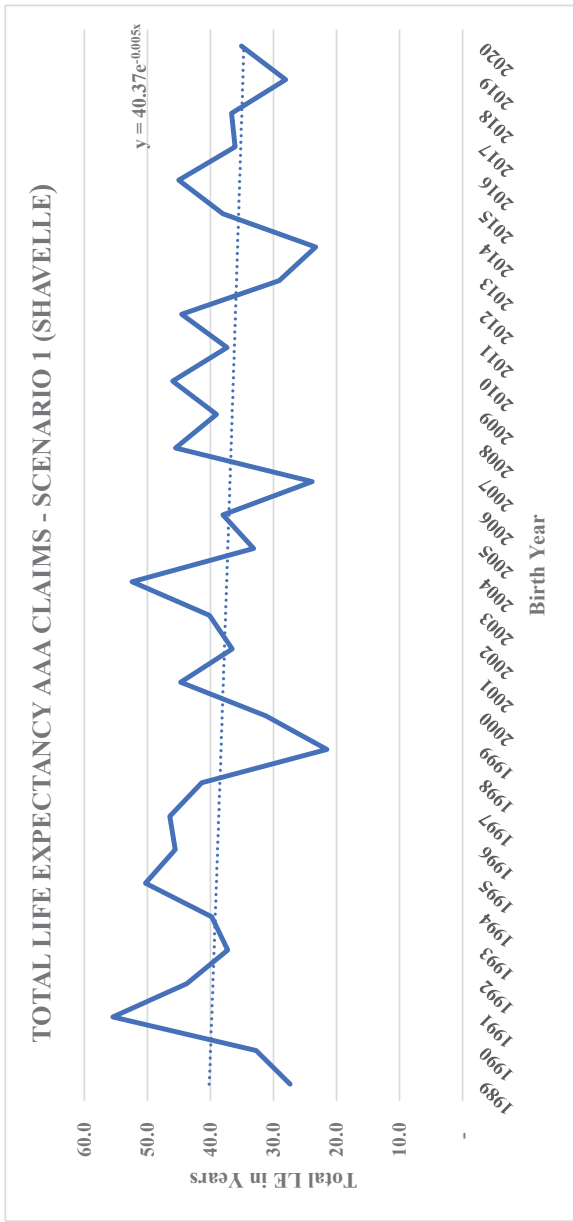
Birth Year	Number of Claims (a)			Number of Years Lived (a)	Remaining Life Expectancy (b)	Total Life Expectancy		NICA Average RLE [(6)÷(3)]	Standard RLE (c)	Impairment Ratio [(9)÷(10)]
	Deceased (2)	Alive (3)	Total (4)			Total [(5)+(6)]	Average [(7)÷(4)]			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1989	8	3	11	206.1	96	302	27.4	32	44.9	70.9%
1990	4	3	7	171.3	59	230	32.9	20	45.9	42.9%
1991	-	4	4	126.1	97	223	55.8	24	46.8	51.9%
1992	4	9	13	320.1	251	571	44.0	28	47.7	58.6%
1993	6	7	13	287.4	200	488	37.5	29	48.6	58.9%
1994	4	3	7	154.7	125	279	39.9	42	49.5	84.0%
1995	1	5	6	144.0	162	306	51.0	32	50.5	64.1%
1996	1	6	7	162.2	165	327	46.7	27	51.4	53.4%
1997	3	8	11	250.9	270	520	47.3	34	52.3	64.4%
1998	4	11	15	318.9	322	641	42.7	29	53.3	54.9%
1999	6	3	9	140.5	62	202	22.5	21	54.2	37.9%
2000	3	3	6	110.3	86	196	32.7	29	55.1	51.8%
2001	-	4	4	87.0	106	193	48.3	27	56.1	47.3%
2002	5	12	17	300.6	364	664	39.1	30	57.0	53.2%
2003	-	3	3	58.4	76	135	44.8	25	58.0	43.7%
2004	1	5	6	111.4	216	328	54.6	43	58.9	73.4%
2005	4	7	11	149.9	245	395	35.9	35	59.9	58.4%
2006	3	9	12	165.4	331	497	41.4	37	60.9	60.4%
2007	3	7	10	120.9	169	290	29.0	24	61.8	39.0%
2008	1	9	10	140.2	359	499	49.9	40	62.8	63.5%
2009	1	10	11	136.3	356	492	44.7	36	63.8	55.8%
2010	1	5	6	67.9	231	299	49.8	46	64.8	71.3%
2011	2	10	12	123.3	388	512	42.6	39	65.8	59.0%
2012	-	7	7	72.9	284	357	51.0	41	66.8	60.8%
2013	1	7	8	69.7	227	297	37.1	32	67.8	47.8%
2014	2	8	10	81.0	237	318	31.8	30	68.8	43.1%
2015	-	14	14	105.5	549	655	46.8	39	69.8	56.2%
2016	-	7	7	45.3	322	367	52.5	46	70.8	65.0%
2017	1	11	12	60.9	472	533	44.4	43	71.7	59.8%
2018	1	16	17	75.6	699	774	45.5	44	72.7	60.1%
2019	1	9	10	34.4	352	386	38.6	39	73.7	53.1%
2020	1	7	8	18.2	330	348	43.6	47	74.7	63.2%
2021	-	-	-	-	-	-	-	-	75.7	-
2022	-	-	-	-	-	-	-	-	76.5	-
Total	72.0	232.0	304.0	4,417.3	8,206.5	12,623.7	41.5	35.4		57.2%
Subtotals:										
1989-2005	54.0	96.0	150.0		2,900.7	6,000.6	40.0	30.2		57.2%
2006-2022	18.0	136.0	154.0		5,305.8	6,623.2	43.0	39.0		57.2%
Total	72.0	232.0	304.0		8,206.5	12,623.7	41.5	35.4		57.2%

Notes: (a) Based on information provided by NICA.

(b) Based on life expectancy projected by Shavelle, adjusted to reflect a reduction of impairment of 1%, compounded annually, beginning with birth year 1993 through 2022. See section 5.114 of the report.

(c) Based 2020 Social Security Period Life Table.

NICA
REVIEW OF LIFE EXPECTANCY



NICA
ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022

ANALYSIS OF UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE) RESERVE
(\$000'S)

Evaluation Date	Total Reserves excluding ULAE Expense (a)	ULAE Reserve (b)	Ratio of ULAE Reserve to Total Reserve excl. ULAE (c)
(1)	(2)	(3)	(4)
Prior Reserves			
6/30/2020	\$ 924,652	\$ 14,310	1.55%
9/30/2020	938,594	14,209	1.51%
12/31/2020	937,583	14,948	1.59%
3/31/2021	1,064,600	15,000	1.41%
6/30/2021	1,066,200	14,900	1.40%
9/30/2021	1,311,888	14,766	1.13%
12/31/2021	1,214,800	20,200	1.66%
3/31/2022	1,223,639	20,200	1.65%
6/30/2022	1,238,437	20,200	1.63%
9/30/2022	1,334,973	20,162	1.51%
Current Projection			
12/31/2022	1,282,636	20,721	1.62%

(5) Selected (d)	1.62%
(6) Total Loss Reserve Excluding ULAE as of 12/31/2022 (e)	\$ 1,282,636
(7) Indicated ULAE Reserve (f)	\$ 20,779

Notes:

- (a) Prior reserve analyses; See Exhibit 4; Exclude ULAE Reserves.
- (b) See Exhibit E, Sheet 2 for current evaluation. See Exhibit 4, Row (2) for prior evaluations.
- (c) = (3) ÷ (2)
- (d) Selected based on current projection in (4).
- (e) See Exhibit 1; Excludes ULAE Reserves and Risk Margin.
- (f) = (5) x (6)

NICA
DEVELOPMENT OF UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE) RESERVE

Estimated ULAE Expense Fiscal Year Ending June 30, 2023 (a) \$ 897,848
Indicated ULAE Reserve (000) (b) \$ 20,721

Calendar Year	ULAE Expense (000) 2023 Level	Inflation Index Factors 3.0%	Discount Factors 5.0%	Average Probability of Survival (c)	Indicated ULAE Expense (d)
(1)	(2)	(3)	(4)	(5)	(6)
2072-12	898	4.320	0.089	0.2970	103
2073-12	898	4.449	0.085	0.2853	97
2074-12	898	4.583	0.081	0.2736	91
2075-12	898	4.720	0.077	0.2621	86
2076-12	898	4.862	0.074	0.2506	80
2077-12	898	5.008	0.070	0.2393	75
2078-12	898	5.158	0.067	0.2281	70
2079-12	898	5.313	0.064	0.2171	66
2080-12	898	5.472	0.060	0.2062	61
2081-12	898	5.636	0.058	0.1956	57
2082-12	898	5.805	0.055	0.1851	53
2083-12	898	5.979	0.052	0.1749	49
2084-12	898	6.159	0.050	0.1650	45
2085-12	898	6.343	0.047	0.1553	42
2086-12	898	6.534	0.045	0.1458	39
2087-12	898	6.730	0.043	0.1366	35
2088-12	898	6.932	0.041	0.1277	33
2089-12	898	7.140	0.039	0.1190	30
2090-12	898	7.354	0.037	0.1106	27
2091-12	898	7.574	0.035	0.1024	25
2092-12	898	7.802	0.034	0.0945	22
2093-12	898	8.036	0.032	0.0869	20
2094-12	898	8.277	0.031	0.0794	18
2095-12	898	8.525	0.029	0.0723	16
2096-12	898	8.781	0.028	0.0654	14
2097-12	898	9.044	0.026	0.0588	13
2098-12	898	9.316	0.025	0.0525	11
2099-12	898	9.595	0.024	0.0465	10
2100-12	898	9.883	0.023	0.0409	8
2101-12	898	10.179	0.022	0.0357	7
2102-12	898	10.485	0.021	0.0308	6
2103-12	898	10.799	0.020	0.0263	5
2104-12	898	11.123	0.019	0.0222	4
2105-12	898	11.457	0.018	0.0185	3
2106-12	898	11.801	0.017	0.0152	3
2107-12	898	12.155	0.016	0.0123	2
2108-12	898	12.519	0.015	0.0098	2
2109-12	898	12.895	0.015	0.0076	1
2110-12	898	13.282	0.014	0.0059	1
2111-12	898	13.680	0.013	0.0044	1
2112-12	898	14.091	0.013	0.0032	1
2113-12	898	14.513	0.012	0.0023	0

Notes: (a) Provided by NICA.
(b) Sum of Column (6).
(c) Based on estimated life expectancy of open claims.
(d) =[(2) x (3) x (4) x (5)]

NICA

LOSS AND COUNT SUMMARY BY BIRTH YEAR AS OF DECEMBER 31, 2022 CURRENT DOLLARS (\$000'S)

Birth Year	Paid Loss and ALAE	Reported Loss and ALAE	Case Outstanding Loss & ALAE	Open Accepted Claim Counts		
				AAA	AAD	DA
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1989	\$ 18,861	\$ 37,545	\$ 18,683	3	-	-
1990	9,126	20,881	11,755	3	-	-
1991	13,062	30,933	17,871	4	-	-
1992	21,388	65,805	44,416	9	-	-
1993	27,397	62,313	34,916	7	-	-
1994	11,239	32,138	20,899	3	-	-
1995	15,023	45,667	30,645	5	-	-
1996	14,218	44,454	30,236	6	-	-
1997	18,268	63,276	45,008	8	-	-
1998	29,881	88,326	58,445	11	-	-
1999	16,998	27,671	10,673	3	-	-
2000	9,682	23,038	13,356	3	-	-
2001	12,359	30,074	17,716	4	-	-
2002	27,141	92,515	65,374	12	-	-
2003	8,739	22,756	14,017	3	-	-
2004	9,722	54,309	44,587	5	-	-
2005	13,364	48,998	35,635	7	-	-
2006	15,433	77,644	62,211	9	-	-
2007	16,648	41,533	24,886	7	-	-
2008	11,672	68,232	56,560	9	-	-
2009	15,297	62,957	47,660	10	-	-
2010	6,702	35,496	28,795	5	-	-
2011	9,973	59,477	49,504	10	-	-
2012	6,763	46,323	39,560	7	-	-
2013	9,769	42,807	33,038	7	-	-
2014	11,535	38,777	27,242	8	-	-
2015	12,637	91,113	78,476	14	-	-
2016	4,471	50,610	46,139	7	-	-
2017	7,963	79,933	71,970	12	-	-
2018	12,167	116,274	104,107	17	-	-
2019	6,998	53,440	46,443	10	-	-
2020	5,081	53,350	48,269	7	-	-
2021	2,125	16,417	14,292	5	-	-
2022	15	3,574	3,559	1	-	-
Total	\$ 431,717	\$ 1,728,658	\$ 1,296,941	241	-	-

Note: Data provided by NICA.

NICA

LOSS AND COUNT SUMMARY BY AS OF DECEMBER 31, 2022 OTHER CLAIMS

Birth Year	Case Outstanding - Current Dollars (000's)				Count of Claims with Case Reserves			
	AAA-Pipeline	AAD	DA	Denied	AAA-Pipeline	AAD	DA	Denied
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1989	\$ -	\$ 200	\$ 205	\$ -	-	1	1	-
1990	-	-	-	-	-	-	-	-
1991	-	-	-	-	-	-	-	-
1992	-	270	75	-	-	1	1	-
1993	-	3	-	-	-	1	-	-
1994	-	200	-	-	-	1	-	-
1995	-	-	200	-	-	-	1	-
1996	-	-	455	-	-	-	2	-
1997	-	-	213	-	-	-	3	-
1998	-	-	400	-	-	-	2	-
1999	-	-	445	-	-	-	2	-
2000	-	17	200	-	-	1	1	-
2001	-	-	200	-	-	-	1	-
2002	-	-	190	-	-	-	1	-
2003	-	-	380	-	-	-	2	-
2004	-	-	190	-	-	-	1	-
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	95	-	-	-	1	-	-
2008	-	44	-	-	-	1	-	-
2009	-	190	-	-	-	1	-	-
2010	-	-	20	-	-	-	1	-
2011	-	-	-	-	-	-	-	-
2012	-	-	95	-	-	-	1	-
2013	-	-	59	-	-	-	1	-
2014	-	-	-	-	-	-	-	-
2015	-	-	380	30	-	-	2	2
2016	-	-	-	-	-	-	-	-
2017	2,845	-	11	78	1	-	1	5
2018	2,845	-	20	9	1	-	1	3
2019	2,824	-	111	30	1	-	1	5
2020	-	-	812	116	-	-	2	7
2021	14,235	-	-	57	5	-	-	8
2022	2,841	-	668	50	1	-	2	2
Total	\$ 25,589	\$ 1,020	\$ 5,329	\$ 370	9	8	30	32

Note: Data provided by NICA.

NICA

ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022
RESERVES BY BIRTH YEAR FOR AAA CLAIMS WITH WORKSHEETS ONLY
INFLATED AND DISCOUNTED (\$000'S)

Birth Year	Nursing Care	Medical	All Other	Total	Family Care
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 11,081	\$ 281	\$ 2,265	\$ 13,628	\$ -
1990	8,122	187	1,307	9,616	-
1991	10,872	319	2,612	13,803	-
1992	26,673	743	5,776	33,192	-
1993	21,851	646	3,985	26,483	-
1994	11,650	348	2,472	14,471	-
1995	17,470	1,593	3,631	22,694	-
1996	19,285	485	4,097	23,868	-
1997	26,095	796	6,249	33,139	-
1998	37,110	1,203	7,963	46,276	-
1999	8,232	193	1,548	9,973	-
2000	9,028	248	1,563	10,839	-
2001	12,462	314	2,717	15,493	-
2002	45,389	1,044	8,369	54,802	3,974
2003	10,007	308	2,326	12,641	2,320
2004	24,093	3,801	5,285	33,179	3,180
2005	24,507	1,019	4,636	30,162	4,172
2006	40,223	1,752	8,677	50,651	8,601
2007	22,800	510	3,960	27,270	3,832
2008	35,718	1,260	8,432	45,410	7,610
2009	33,172	983	7,026	41,181	7,800
2010	16,628	606	3,723	20,957	4,344
2011	34,812	1,047	6,819	42,678	7,148
2012	24,907	762	6,156	31,825	6,528
2013	28,201	673	4,999	33,874	5,264
2014	27,379	915	5,622	33,917	4,419
2015	57,667	1,480	12,553	71,699	13,061
2016	30,171	835	6,292	37,298	6,156
2017	47,398	1,253	12,053	60,704	11,785
2018	74,222	1,840	12,918	88,979	14,815
2019	36,577	957	6,481	44,015	8,441
2020	30,574	855	7,757	39,186	5,491
2021	-	-	-	-	-
2022	-	-	-	-	-
Total	\$ 864,376	\$ 29,256	\$ 180,271	\$ 1,073,904	\$ 128,940
2002-2022	\$ 644,444	\$ 21,900	\$ 134,085	\$ 800,429	\$ 128,940

Notes: Based on Case Reserve Method.

NICA

ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022
RESERVES BY BENEFIT TYPE FOR AAA CLAIMS WITH WORKSHEETS ONLY
INFLATED AND DISCOUNTED (\$000'S)

Benefit Type	Reserves
1) Family Care	\$ 128,940
2) Nursing Care By Others	509,943
3) Nursing Care By Parents	225,492
4) Medical	29,256
5) Psychotherapeutic	1,638
6) Equipment & Supplies	52,608
7) Therapy	19,478
8) Insurance Premium	31,037
9) Miscellaneous Other	3,009
10) Travel & Transport	11,064
11) Vehicle Related Costs	43,046
12) Housing Remaining	11,531
13) Parental Awards Remaining	3,365
14) Death Benefit	3,494
Total	\$ 1,073,904
Subtotals:	
15) Nursing Care Total (a)	\$ 864,376
16) Medical Total (b)	29,256
17) Other Total (c)	165,375
18) Retrospective Remaining (d)	14,897
Total	\$ 1,073,904

Notes:

- (a) = [(1) + (2) + (3)]
- (b) = [(4)]
- (c) = [Sum [(5) through (11), (14)]
- (d) = [(12) + (13)]

NICA

SUMMARY OF HISTORICAL INFLATION AND INVESTMENT RETURNS

Year	CPI All Items % Change (a)	Actual Investment Return (b)	Investment Return Less CPI (4) = (3) - (2)
(1)	(2)	(3)	(4) = (3) - (2)
1991	3.1%	5.9%	2.8%
1992	2.9%	3.3%	0.4%
1993	2.7%	3.1%	0.4%
1994	2.7%	3.6%	0.9%
1995	2.5%	7.0%	4.4%
1996	3.3%	5.8%	2.5%
1997	1.7%	6.1%	4.4%
1998	1.6%	6.2%	4.6%
1999	2.7%	4.5%	1.9%
2000	3.4%	13.1%	9.7%
2001	1.6%	4.0%	2.4%
2002	2.4%	-8.5%	-10.9%
2003	1.9%	20.0%	18.1%
2004	3.3%	10.3%	7.0%
2005	3.4%	8.9%	5.5%
2006	2.5%	12.8%	10.2%
2007	4.1%	8.7%	4.6%
2008	0.1%	-27.2%	-27.3%
2009	2.7%	20.0%	17.3%
2010	1.5%	13.4%	11.9%
2011	3.0%	-0.1%	-3.1%
2012	1.7%	10.9%	9.1%
2013	1.5%	12.6%	11.1%
2014	0.8%	5.6%	4.9%
2015	0.7%	-1.8%	-2.6%
2016	2.1%	6.7%	4.6%
2017	2.1%	13.8%	11.7%
2018	1.9%	-6.7%	-8.6%
2019	2.3%	21.1%	18.9%
2020	1.4%	14.1%	12.7%
2021	7.0%	6.0%	-1.0%
2022	6.8%	-23.3%	-30.1%
<u>Averages (c):</u>			
2010-2022	2.5%	4.9%	2.4%
2000-2009	2.5%	5.2%	2.7%
1991-1999	2.6%	5.0%	2.5%
1991-2022	2.5%	5.0%	2.5%

Notes:

- (a) Ibbotson's 2022 SBBI Yearbook, Stocks, Bonds, Bills, and Inflation.
 (b) NICA Investment Recap Summary; Ratio of Sum of Interest Income and Unrealized Gain/Loss to the Market Value Beginning Balance.
 (c) Geometric average over the given time period.

NICA
SUMMARY OF RESERVES AS OF DECEMBER 31, 2022
CALCULATION OF RISK MARGIN

1. Risk: Time Lived Varying from Remaining Loss Expectancy (RLE)

a. Number of Outstanding AA Claims	232	AAA-Worksheet Claim Count
b. Assumed Average CV of RLE	0.5	Based on AAA-Worksheet Claims
c. CV of Aggregate RLE	3%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	1,526,512	Exhibit 1, Column (4)
e. Variance	2,511,031,933	= [(c.) x (d.)]^2

2. Risk: Cost of IBNR and Pipeline AA Claims

a. Expected Number of Claims	35.75	Exhibit 1, Col (2): AAA IBNR+AAA Pipeline
b. Variance of Number of Claims	35.75	Assumes Poisson Distribution
c. CV Claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	24%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	276,281	Exhibit 1, Col (4): AAA IBNR+AAA Pipeline
f. Variance	4,270,276,417	= [(d.) x (e.)]^2

3. Risk: Cost of Outstanding for Other Claims

a. Number of Outstanding Other Claims	70	Exhibit 1, Col (2): AAD+DA Reported+Denied)
b. Assumed Severity CV	1	Based on judgment
c. CV of Aggregate Reserve	12%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	6,719	Exhibit 1, Col (4): AAD+DA Reported+Denied)
e. Variance	644,838	= [(c.) x (d.)]^2

4. Risk: Cost of IBNR DA Claims

a. Expected Number of Claims	9.075	Exhibit 1
b. Variance of Number of Claims	9.075	Assumes Poisson Distribution
c. CV claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	47%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	3,765	Exhibit 1
f. Variance	3,124,017	= [(d.) x (e.)]^2

5. Risk Margin

a. Total Variance	6,785,077,205	= 1(e.) + 2(f.) + 3(e.) + 4(f.)
b. Standard Deviation	82,372	= sqrt(a.)
c. Aggregate Reserve - Nominal	1,813,276	Exhibit 1, Col(4)
d. Aggregate Reserve - Discounted	1,266,636	Exhibit 1, Col(5)
e. Average Discount	0.70	= (d.) ÷ (c.)
f. Standard Deviation - Discounted Reserves	57,539	= (b.) x (e.)
g. Z: 90th percentile of standard normal	1.28	90th percentile of standard normal distribution
h. 90% confidence level	73,739	= (f.) x (g.)
Minimum Risk Margin	75,500	Previous Risk Margin
Selected Risk Margin	75,500	

Agenda Item # 6.B. (Tab R)

**Actuarial Update –
March 31, 2023
Reserve Report/Threshold**

**FLORIDA BIRTH RELATED NEUROLOGICAL
INJURY COMPENSATION ASSOCIATION (NICA)
ANALYSIS OF LOSS AND LAE RESERVES
AS OF MARCH 31, 2023**

Prepared: August 15, 2023



MADISON CONSULTING GROUP

Actuaries • Property/Casualty Consulting Services

August 15, 2023

Melissa Jaacks, CPA
Executive Director
PO Box 14567
Tallahassee, FL 32317-4567

Re: Florida Birth Related Neurological Injury Compensation Association Analysis of Loss and LAE Reserves as of March 31, 2023

Dear Ms. Jaacks:

Madison Consulting Group, Inc. is pleased to enclose a copy of the above captioned report.

We have enjoyed working on this project and hope you find it satisfactory. Please call if you have any questions or comments.

Mark
Crawshaw  Digitally signed by
Mark Crawshaw

Mark Crawshaw, Ph.D., FCAS, MAAA
Madison Consulting Group, Inc.
200 North Second Street
Madison, Georgia 30650
(706) 342-7750
mark.crawshaw@madisoninc.com



Choya Everett, ACAS, MAAA
Madison Consulting Group, Inc.
200 North Second Street
Madison, Georgia 30650
(706) 342-7750
choya.everett@madisoninc.com

TABLE OF CONTENTS

1 INTRODUCTION 6

 1.1 Scope 6

 1.2 Authors 6

2 BACKGROUND 6

 2.1 Overview of NICA’s Operations 6

 2.2 Overview of NICA’s Loss and LAE Reserves 7

 2.3 Categories of Claims 7

 2.4 NICA’s Case Reserves..... 9

 2.5 Senate Bill 1786 9

 2.6 Medicaid..... 10

 2.7 Medicaid Settlement..... 10

3 RECOMMENDATIONS AND CONCLUSIONS 11

 3.1 Recommended Reserve for Losses and LAE as of March 31, 2023 11

 3.2 Comparison to Prior Reserves..... 11

 3.3 Threshold Calculation 12

4 CONDITIONS AND LIMITATIONS..... 12

 4.1 Data Sources..... 12

 4.2 Investment and Inflation Assumptions..... 13

 4.3 Risk Margin..... 13

 4.4 Inherent Variability..... 14

5 ANALYSIS 14

 5.1 Analysis of AAA Claims With Worksheet 14

 5.11 Basis for Life Expectancy (AAA Claims With Reserve Worksheets) 14

 5.12 Basis for Future Payments (AAA Claims With Reserve Worksheets)..... 14

5.2	Analysis of AAA Pipeline Claims.....	15
5.3	Analysis of AA-IBNR and DA-IBNR Claims	15
5.4	Analysis of Other Claim Categories.....	15
5.5	Analysis of ULAE.....	15

LIST OF EXHIBITS

Description	Exhibit
Selected Loss and LAE Reserves for All Claims	Exhibit 1
Graph: Time Series - Average Reserve Per Claim and Number of Outstanding AAA Claims by Quarter	Exhibit 2
Graph: Time Series – Payments by Quarter For All Claims	Exhibit 3
Time Series – Reserves and Payments	Exhibit 4
Reserves and Ultimate Loss and ALAE by Birth Year	Exhibit 5
Threshold Calculation	Exhibit 6

LIST OF APPENDICES

Description	Appendix
Selected Loss and ALAE Reserves for AAA Claims with Reserve Worksheets	Appendix A
Selected Reserves for AAA Pipeline and Incurred But Not Reported (IBNR) Claims	Appendix B
Analysis of IBNR Claim Counts	Appendix C
Review of Life Expectancy – Not Applicable; See December 31, 2022 report.	Appendix D
Analysis of Unallocated Loss Adjustment Expense (ULAE) Reserve	Appendix E
Loss and Count Summary by Birth Year – Current Dollars	Appendix F
Loss and ALAE Reserves by Benefit Type for AAA Claims with Reserve Worksheets	Appendix G
Calculation of Risk Margin	Appendix H
Summary of Historical Inflation and Investment Returns	Appendix I

1 INTRODUCTION

1.1 Scope

The Florida Birth Related Neurological Injury Compensation Association (NICA) requested Madison Consulting Group (MCG) to estimate NICA’s liability for outstanding loss and loss adjustment expense (LAE) reserves as of March 31, 2023. This report documents our results and methodology.

1.2 Authors

This report and analysis were prepared under the direction of Dr. Crawshaw and Ms. Everett. Dr. Crawshaw is a Fellow of the Casualty Actuarial Society. Ms. Everett is an Associate of the Casualty Actuarial Society. Both are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to make the actuarial opinions contained in this report.

2 BACKGROUND

2.1 Overview of NICA’s Operations

NICA was created by Florida Statute (“the Statute”).¹ The Statute replaces the traditional tort liability remedies for defined birth related injuries with a no-fault system² for participating health care providers. Claims must be filed within five years after birth.³ Acceptance of claim (or not) into the NICA program is decided by an Administrative Law judge.⁴ The Statute defines the benefits provided to claimants.

¹ Florida Statutes 766.301 to 766.316

² Florida Statute 766.303

³ Prior to the 1994 birth year, a claim had to be filed within seven years of birth.

⁴ Florida Statute 766.304

NICA collects assessments from various medical care providers during each birth year and invests those funds until payments are required on behalf of the claimants.⁵ NICA disburses funds on behalf of claimants to pay for their care. The Statute provides NICA very limited financial resources⁶ for collecting additional funds in the event the funds collected from the medical care providers are not sufficient to pay its claims.

2.2 Overview of NICA’s Loss and LAE Reserves

NICA’s loss and LAE⁷ reserves represent an estimate of the value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. These reserves form the vast majority of the liabilities on NICA’s balance sheet.

Due to the significant time over which the benefits will be paid out, the estimated impact of inflation and anticipated investment income must be considered in the establishing the loss and LAE reserve. In this report, as well as previous actuarial reports, the reserves are valued by inflating future payments and then discounting to present-value. In this process, it is assumed the discount rate exceeds the inflation rate by 1.5% per year. NICA’s actuaries have used this same assumption for many years. It is based on long-term comparison of investment returns versus inflation rate.

2.3 Categories of Claims

The loss and LAE reserve is intended to provide for all unpaid claims for children born through the valuation date. These include claims accepted into NICA, claims in the adjudication process that may or may not ultimately be accepted, and claims that have not yet been reported (also

⁵ NICA also pays for expenses associated with the claims adjudication process, related litigation and administrative expenses.

⁶ The Statute provides NICA some ability to assess the insurance industry, as well as collect additional funds from the Office of Insurance Regulation.

⁷ Here “loss” refers to the cost of the benefits provided to claimants. Loss adjustment expense (LAE) refers to the other costs associated with paying benefits and adjudicating claims such as legal expenses, NICA’s administrative expenses etc.

referred to as IBNR claims). In this report, we use the following abbreviations and categories of claimant to develop claims:

Table 1: Categories of Claims

Category	Subcategory	Description
AA Claims		
AA		Claimant formally accepted into NICA when child was alive.
AA	AAA - Worksheet	Claimant is still alive and for whom NICA has full details and has established a worksheet with estimated life expectancy and projected lifetime benefits considering individual circumstances of the claimant and his/her family.
AA	AAA-Pipeline	Claimant is alive and is known to NICA. NICA expects claimant to become an AAA claim with a worksheet once claim adjudication and/or gathering of individual details is complete.
AA	AAD	Claimant was alive when accepted into NICA but is now deceased.
AA	AA-IBNR	Projected claims for living claimants which no petition has yet been filed.
DA Claims		
DA	DA-Reported	Claimant formally accepted when child was deceased or else is a deceased claimant that is expected to be accepted into NICA.
DA	DA-IBNR	Projected claims for deceased claimants for which no petition has yet been filed.
Other Claims		
Denied		Claimant has been denied or is expected to be denied acceptance into NICA.

2.4 NICA’s Case Reserves

NICA develops its own estimates of its claim liabilities referred to as case reserves. These estimates are an important input into the actuarial reserve estimates presented in this report.

For each December 31 valuation, NICA prepares a master reserve worksheet summarizing NICA’s projected lifetime expense payments by expense category and year for each claimant, along with the claimant’s remaining life expectancy (as determined by Dr. Shavelle). The product of the expense payments and the remaining life expectancy determines NICA’s case reserve estimates for these claims at year end. During the year, NICA prepares similar information for additional claims as they are accepted into NICA.

The master worksheet (and any interim updates) includes all living claimants that have been accepted into NICA and for whom NICA has had sufficient time to gather information on the individual circumstances and needs of the claimant and their family. As of March 31, 2023, there are 232 open claims included in the master reserve worksheet.

In addition to the “AAA-worksheet” claims discussed above, NICA also provided case reserve estimates for other categories of claims for which it believes it will make future payments. These include case reserves for (a) deceased claimants in NICA’s program; (b) for living claimants (a.k.a., “AAA- pipeline”) that have already been or are expected to be accepted into NICA; and (c) for claimants that are expected to ultimately be denied acceptance into NICA.⁸

2.5 Senate Bill 1786

In May 2021, the Florida Legislature passed Senate Bill 1786 (SB 1786), which resulted in increases to the financial obligations of NICA. This report includes consideration of the changes set forth in SB 1786.

⁸ We distinguished between the “AAA-pipeline” and “denied” category based on the magnitude of the case reserve established by NICA. In particular, “AAA-pipeline” claims are signaled via a case reserve of \$2.8 million.

2.6 Medicaid

The estimates shown in this report were determined under the assumption that, on a prospective basis, Medicaid will no longer reimburse NICA claimants for expenses as defined in the Statute (effective August 31, 2021), and these expenses will fall on NICA.

The estimated payments used to project reserves include estimates of all payments that will prospectively be paid by NICA. In addition, because Medicaid has not yet implemented a procedure to transfer and/or bill claims to NICA, we have included an estimated provision for the period between August 31, 2021 and March 31, 2023 for potential future reimbursements due Medicaid.

2.7 Medicaid Settlement

We understand that in late 2022, NICA settled litigation related to payments made by Medicaid in prior years to NICA claimants.

2.8 Threshold Standard

The Statute sets forth a “threshold” financial standard that NICA must meet in order to continue accepting claimants. This standard is different from solvency standards more typically used for insurance companies that involve comparison of assets and liabilities. This threshold standard involves comparison of 80% of NICA’s available assets and funds that may become available in the subsequent twelve months, to its liabilities for filed claims excluding family care.

3 RECOMMENDATIONS AND CONCLUSIONS

3.1 Recommended Reserve for Losses and LAE as of March 31, 2023

The recommended reserve for losses and LAE (excluding risk margin) as March 31, 2023 is \$1.336 billion (Exhibit 1). This amount is an actuarial central estimate of expected outcomes valued using an annual interest discount rate that is 1.5% higher than the inflation rate.

3.2 Comparison to Prior Reserves

Exhibit 4 provides a time series for reserves and other loss related statistics beginning with the third quarter of 2016. Exhibits 2 and 3 summarize in graphical form, key statistics from Exhibit 4 that drive the loss reserves for NICA. We note the following:

1. The March 31, 2023 reserve for loss and loss adjustment expenses is \$1.336 billion (Exhibit 4, Sheet 3, Row 4). The reserve amount is driven by the number of outstanding AAA claims (i.e., number of living claimants) and the average reserve per outstanding AAA claim (see Exhibit 2). Reserves increased by about \$32.3 million, or about 2.5%, from the prior analysis as of December 31, 2022, primarily due to an increase in the number of living claimants.
2. The average reserve per outstanding AAA claim is shown on Exhibit 4, Row 10, and also graphically on Exhibit 2, Sheet 1. Through year-end 2020, prior to the passage of SB 1786, the average reserve per outstanding claim was running at about \$3.7 million per claim. Post-SB 1786, the average reserve has increased to about \$4.9 million per claim, an increase of approximately 32%.
3. The number of outstanding AAA claims are shown on Exhibit 4, Row 8 and also graphically on Exhibit 2, Sheet 2. It can be seen that the number of outstanding AAA claims have been increasing at a rate of 3.6% per year in recent years. In the quarter ending March 31, 2023, the number of outstanding AAA claims increased by six, or about 2.2%.
4. The aggregate claim payments per quarter are shown on Exhibit 4, Row 12 and graphically on Exhibit 3. Prior to passage of SB 1786, aggregate claim payments were running around

\$5 million per quarter but increased sharply in 2021 as SB 1786's retroactive payments were made to claimants. Since June 30, 2021, the aggregate payments have varied quite substantially by quarter as retroactive payments continue to be paid. We expect the quarterly payments to stabilize once all the retroactive payments have been made, and thereafter increase gradually. However, there is also a possibility of an additional one-time payment when final billing procedures with Medicaid are established and implemented.

5. Exhibit 4, Row 14 shows the claims incurred (i.e., aggregate amounts paid to claimants plus changes in reserves) per quarter. To be sustainable over the long-run, NICA needs to generate sufficient revenue (via its investments and charges to healthcare providers) to cover these costs plus its overhead costs.

3.3 Threshold Calculation

Exhibit 6 provides a summary of the threshold calculation for NICA to continue accepting claims. Based on this calculation, NICA passes this standard as defined in the Statute.

4 CONDITIONS AND LIMITATIONS

4.1 Data Sources

Data for this analysis was provided to us by NICA and included:

1. A master reserve worksheet containing case reserves for each adjudicated claim showing life expectancy and projected future annual payments by category over the lifetime of the claimant. This worksheet is the basis of the case reserve development method.
2. Information on investments, claim adjustment expenses and numbers of participating healthcare providers.
3. The prior actuarial report evaluated as of December 31, 2022 and prior quarterly actuarial reports prepared by Turner Consulting.

While we reviewed the data for reasonableness, we did not audit the data. We are relying on NICA to ensure its accuracy.

4.2 Investment and Inflation Assumptions

The reserve recommendations are presented on a present-value basis using an interest discount rate that is 1.5% greater than the future claims inflation. This is consistent with prior actuarial analyses.

4.3 Risk Margin

NICA's loss and LAE reserves represent an actuarial central estimate of the present-value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. Any such estimate involves the projection of future contingent events and actual payments will likely vary from projections.

To increase the likelihood that the estimates will reasonably provide for all future payments, we have continued NICA's past practice of estimating an additional explicit risk margin to account for likely variation in estimates caused by the following items.

1. The actual remaining years of life of known claims is likely to vary from their expected remaining life; and
2. The number and severity of pipeline and unreported claims are likely to vary from expected values included in our reserve estimates.

The resulting selected risk margin is \$75.5 million, consistent with recent prior analysis (Appendix I).

We note that the explicit risk margin only accounts for a small portion of the financial risk that NICA is exposed to. Much greater sources of risk are uncertainties in future claim cost inflation and discount rates to appropriately present-value the reserves. We have implicitly recognized some of this risk via our somewhat conservative selection of the future interest/inflation differential (See Section 4.2 above).

4.4 Inherent Variability

The development of reserves for NICA involves the projection of future contingent events. Actual results are likely to vary from projections. We have, however, used accepted actuarial methods and believe the results are reasonable.

5 ANALYSIS

We analyzed liabilities for the various categories of claims as set forth in Section 2.3 above. The following subsections describe the analysis for each category. In general, the methodology involved updating our December 31, 2022 analysis for the passage of time.

5.1 Analysis of AAA Claims With Worksheet

We developed reserves for AAA claims with reserve worksheets based on their life expectancy and estimated future payments. The final selected estimate is shown in Appendix A and on Exhibit 1.

5.11 Basis for Life Expectancy (AAA Claims With Reserve Worksheets)

The mortality assumptions are unchanged from those described in our analysis as of December 31, 2022.

5.12 Basis for Future Payments (AAA Claims With Reserve Worksheets)

The future payments for each claim were developed based on the case reserve worksheet provided by NICA. In our December 31, 2022 analysis, we validated these projected payments using an aggregate actuarial model.

5.2 Analysis of AAA Pipeline Claims

The number of outstanding pipeline claims is known and does not require estimation. We estimated the average reserve for each AAA pipeline claim based on the estimated average life expectancy at birth for current AA claims as described previously. We estimated the future annual payments based on the average payment model as described in our December 31, 2022 report (Appendix B).

5.3 Analysis of AA-IBNR and DA-IBNR Claims

We estimated the reserve based on the estimated number claims (Appendix C) multiplied by the average projected reserve per claim (Appendix B).

5.4 Analysis of Other Claim Categories

For the other categories of claims, we directly used NICA's estimates of future liabilities (see Exhibit 1).

5.5 Analysis of ULAE

ULAE ("unallocated loss adjustment expenses") refers to those expenses incurred by NICA to administer the benefits separate and apart from the benefits themselves or legal fees. The reserves on Exhibit 1 include a provision for the estimated future ULAE. As shown in Appendix E, the ULAE reserve is 1.62% of total reserves *excluding ULAE*. This ULAE reserve ratio is selected in the December 31, 2022 report and is based on the methodology used in prior actuarial reports.

NICA
SUMMARY OF SELECTED RESERVES AS OF MARCH 31, 2023
(\$000'S)

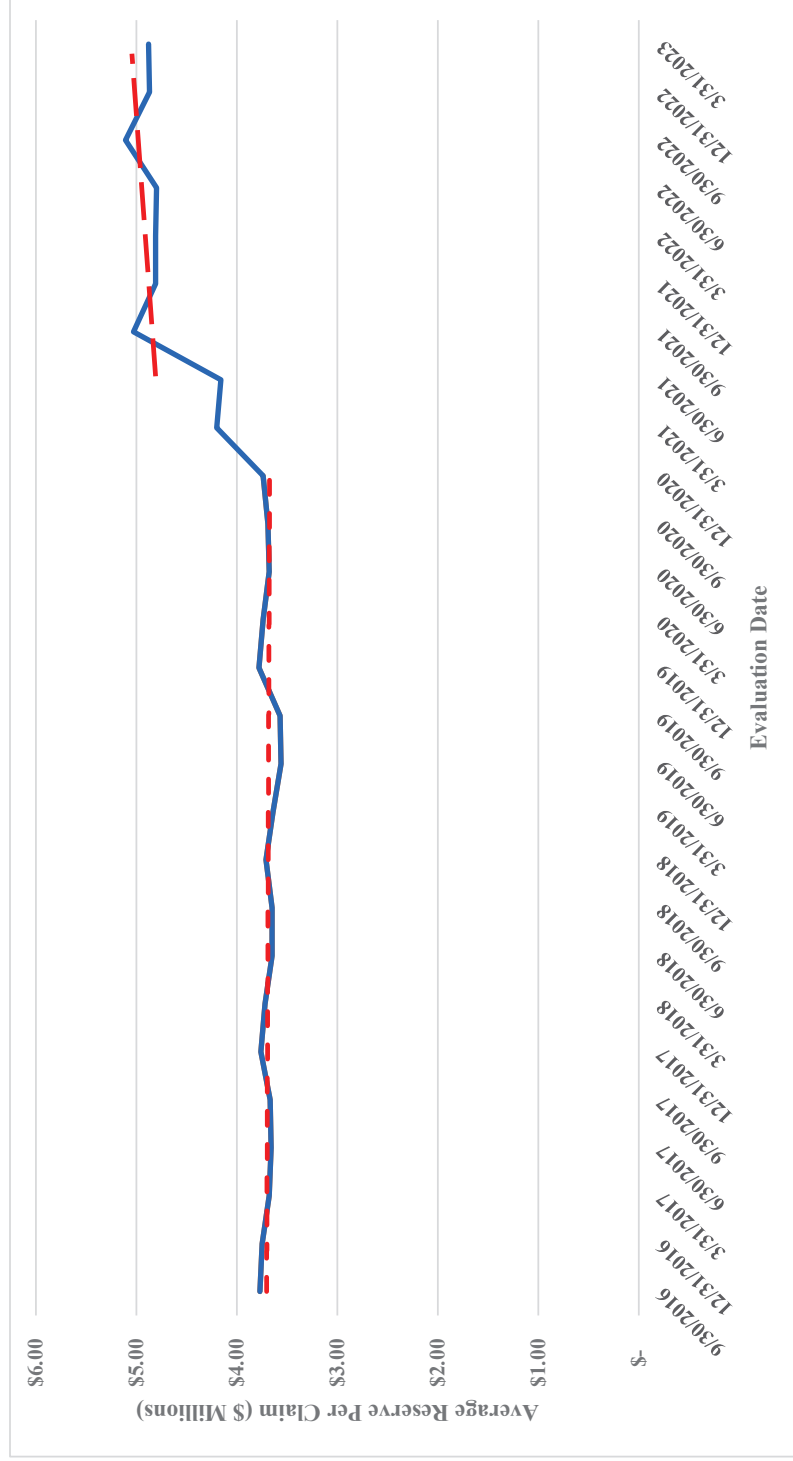
Item	Unpaid Claim Count	Case Reserve	Projected Reserve	
			Nominal	Inflated and Discounted
(1)	(2)	(3)	(4)	(5)
AAA Claims With Worksheets (a)	232	\$ 1,252,508	\$ 1,519,913	\$ 1,072,273
AAA Claims Pipeline (b)	15	42,382	115,952	76,662
AAA Claims IBNR (b)	27	-	206,781	136,713
AAD Claims (c)	7	975	975	975
DA Claims Reported (c)	30	4,532	4,532	4,532
DA Claims IBNR (b)	9	-	3,784	3,784
Denied Claims (c)	26	447	447	447
Subtotal	346	\$ 1,300,844	\$ 1,852,383	\$ 1,295,386
Outstanding ULAE (d)				21,293
Medicaid Reimbursement - Aug 31, 2021 through Mar 31, 2023 (e)				19,000
Total Reserve Excluding Risk Margin				\$ 1,335,679
Risk Margin (f)				\$ 75,500
Total Reserve Including Risk Margin				\$ 1,411,179

Notes:

- (a) See Appendix A. (e) Assumes one million dollars a month, starting August 31, 2021.
- (b) See Appendix B, Sheet 1.
- (c) See Appendix F, Sheet 2. (f) See Appendix I.
- (d) See Appendix E.

NICA

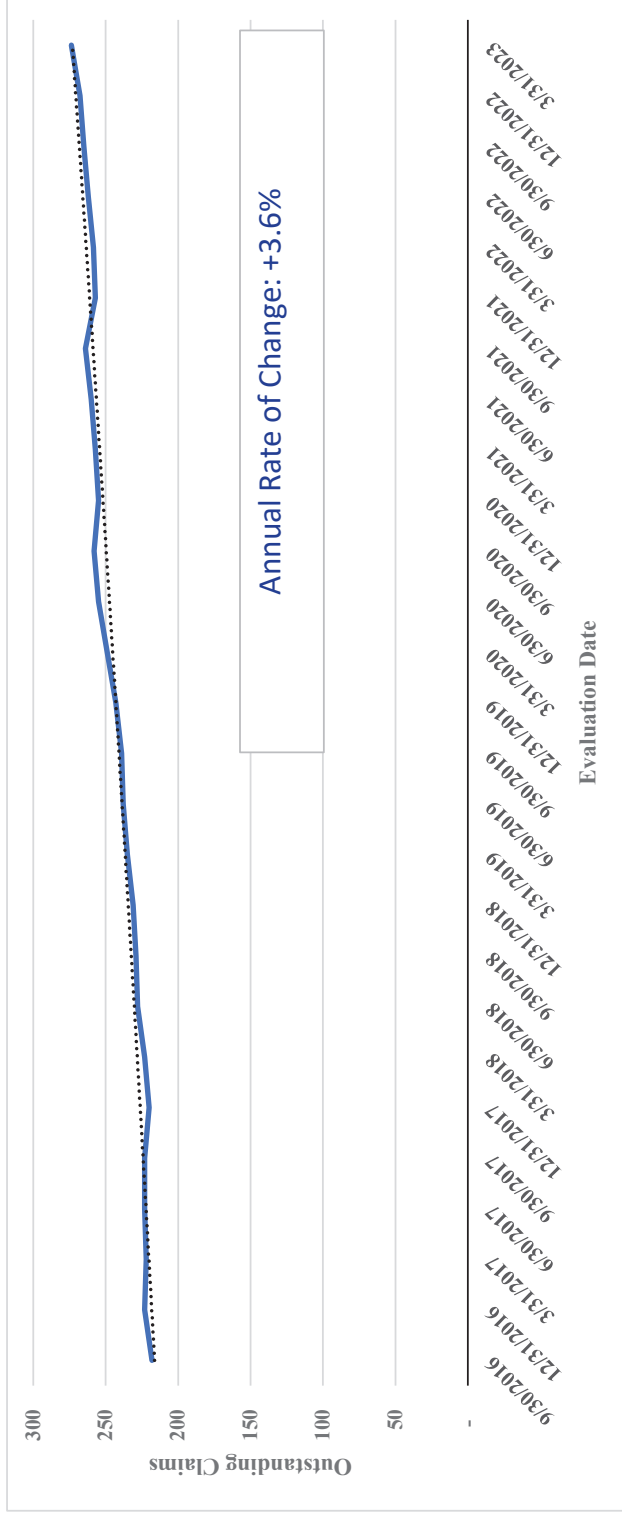
SUMMARY OF AVERAGE RESERVE PER AAA CLAIM



Note: Based on Exhibit 4, Row (10). AAA claims relate to accepted, living claimants.

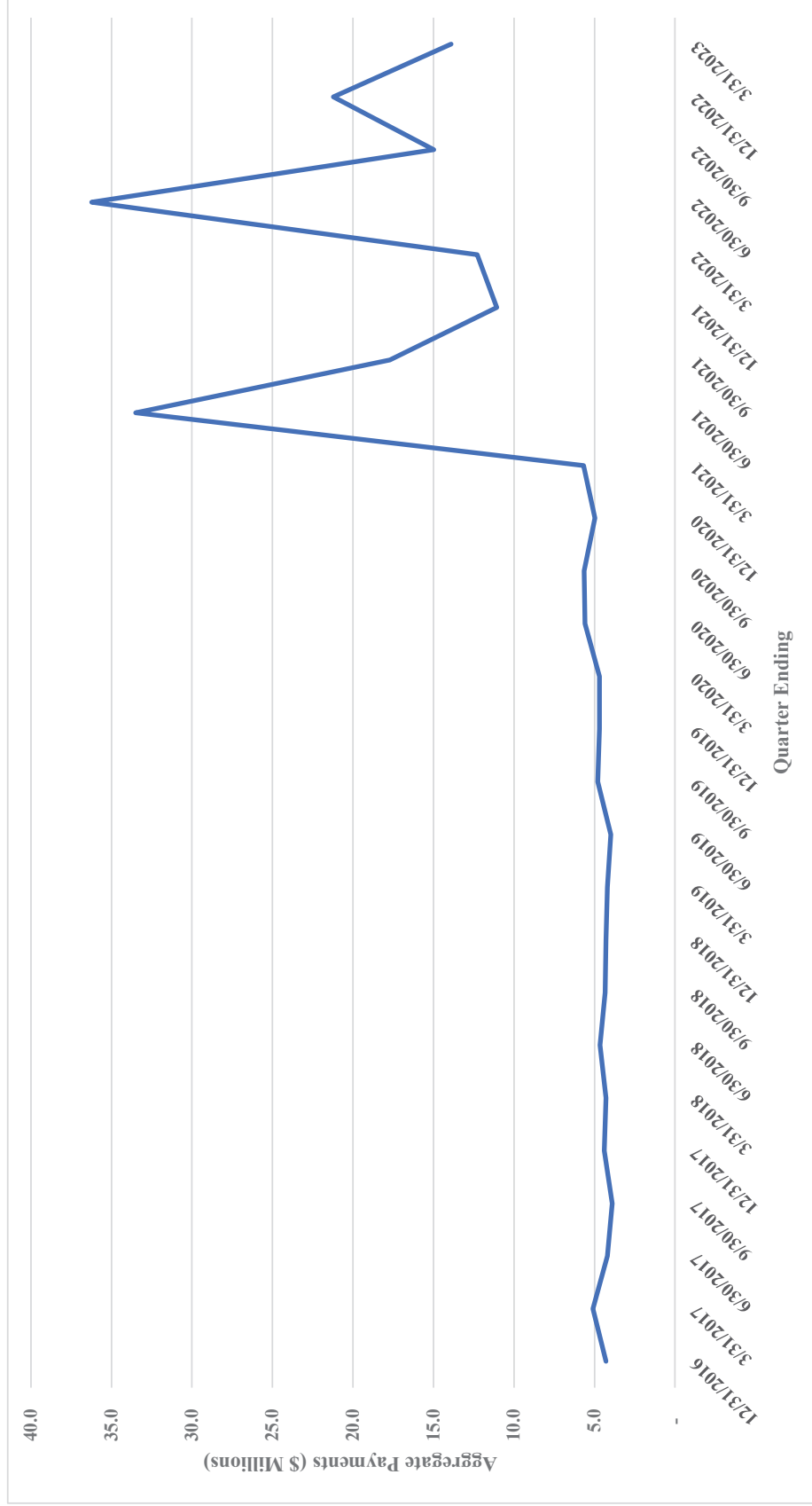
NICA

NUMBER OF OUTSTANDING AAA CLAIMS



Note: Based on Exhibit 4, Row (8). AAA claims relate to accepted, living claimants.

NICA
PAYMENTS BY QUARTER FOR ALL CLAIMS



Note: Based on Exhibit 4, Row (12).

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018
(1) Reserve for Future Benefits (a)	\$ 810.3	\$ 826.2	\$ 806.6	\$ 805.7	\$ 806.4	\$ 814.4	\$ 816.5	\$ 819.7	\$ 823.1
(2) ULAE Reserves (a)	11.1	11.1	11.1	11.1	12.7	12.8	12.8	12.7	12.6
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	-	-	-
(4) Total Reserves	\$ 821.4	\$ 837.3	\$ 817.7	\$ 816.8	\$ 819.1	\$ 827.1	\$ 829.3	\$ 832.4	\$ 835.7
(5) - Change in Quarter	15.9	(19.6)	(0.9)	2.4	2.1	8.0	2.1	3.1	3.3
(6) Number of Open Accepted Claims - AAA Claims (b)	187	193	189	190	191	191	193	198	198
(7) Number IBNR Claims Excluding DA (a)	31	30	33	33	32	29	30	30	31
(8) Total Outstanding AAA Claims	218	223	222	223	223	220	223	228	229
(9) - Change in Quarter	5.0	(1.0)	1.0	-	-	(3.0)	3.0	5.0	1.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.77	\$ 3.75	\$ 3.68	\$ 3.66	\$ 3.67	\$ 3.76	\$ 3.72	\$ 3.65	\$ 3.65
(11) Inception to Date Claim Payments (a)	\$ 200.9	\$ 205.2	\$ 210.3	\$ 214.5	\$ 218.4	\$ 222.8	\$ 227.1	\$ 231.8	\$ 236.1
(12) - Change in Quarter	4.3	5.1	4.2	3.9	4.4	4.3	4.3	4.7	4.3
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,022.3	\$ 1,042.5	\$ 1,028.0	\$ 1,031.3	\$ 1,037.5	\$ 1,049.9	\$ 1,056.4	\$ 1,064.2	\$ 1,071.8
(14) Claims Incurred in Quarter [(5) + (12)]	20.2	(14.5)	3.3	6.3	12.4	6.4	7.8	7.8	7.6
(15) Average Number of Open Claims	190	191	191	190	191	191	192	196	198
(16) Average Paid Per Open Claim	\$ 0.023	\$ 0.027	\$ 0.022	\$ 0.022	\$ 0.020	\$ 0.023	\$ 0.022	\$ 0.024	\$ 0.022

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
(1) Reserve for Future Benefits (a)	\$ 843.3	\$ 841.4	\$ 836.0	\$ 840.1	\$ 903.8	\$ 917.1	\$ 924.7	\$ 938.6	\$ 937.6
(2) UL/AE Reserves (a)	13.2	13.2	12.2	12.1	14.4	14.4	14.3	14.2	14.9
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	-	-	-
(4) Total Reserves	\$ 856.5	\$ 854.6	\$ 848.2	\$ 852.2	\$ 918.1	\$ 931.5	\$ 939.0	\$ 952.8	\$ 952.5
(5) - Change in Quarter	20.8	(1.9)	(6.4)	4.0	65.9	13.4	7.5	13.8	(0.3)
(6) Number of Open Accepted Claims - AAA Claims (b)	200	203	206	208	215	222	227	229	226
(7) Number IBNR Claims Excluding DA (a)	31	32	32	31	28	27	28	29	29
(8) Total Outstanding AAA Claims	231	235	238	239	243	249	255	258	255
(9) - Change in Quarter	2.0	4.0	3.0	1.0	4.0	6.0	6.0	3.0	(3.0)
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.71	\$ 3.64	\$ 3.56	\$ 3.57	\$ 3.78	\$ 3.74	\$ 3.68	\$ 3.69	\$ 3.74
(11) Inception to Date Claim Payments (a)	\$ 240.4	\$ 244.6	\$ 248.6	\$ 253.4	\$ 258.1	\$ 262.8	\$ 268.4	\$ 274.1	\$ 279.0
(12) - Change in Quarter	4.3	4.2	4.0	4.8	4.7	4.7	5.6	5.7	5.0
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,096.9	\$ 1,099.2	\$ 1,096.8	\$ 1,105.6	\$ 1,176.2	\$ 1,194.3	\$ 1,207.4	\$ 1,226.9	\$ 1,231.6
(14) Claims Incurred in Quarter [(5) + (12)]	25.1	2.3	(2.4)	8.8	70.6	18.1	13.1	19.5	4.7
(15) Average Number of Open Claims	199	202	205	207	212	219	225	228	228
(16) Average Paid Per Open Claim	\$ 0.022	\$ 0.021	\$ 0.020	\$ 0.023	\$ 0.022	\$ 0.021	\$ 0.025	\$ 0.025	\$ 0.022

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023
(1) Reserve for Future Benefits (a)	\$ 1,064.6	\$ 1,066.2	\$ 1,311.9	\$ 1,214.8	\$ 1,223.6	\$ 1,238.4	\$ 1,321.0	\$ 1,266.6	\$ 1,295.4
(2) ULAE Reserves (a)	15.0	14.9	14.8	20.2	20.2	20.2	20.2	20.8	21.3
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	14.0	16.0	19.0
(4) Total Reserves	\$ 1,079.6	\$ 1,081.1	\$ 1,326.7	\$ 1,235.0	\$ 1,243.8	\$ 1,258.6	\$ 1,355.1	\$ 1,303.4	\$ 1,335.7
(5) - Change in Quarter	127.1	1.5	245.6	(91.7)	8.8	14.8	96.5	(51.7)	32.3
(6) Number of Open Accepted Claims - AAA Claims (b)	228	233	235	230	232	233	238	241	247
(7) Number IBNR Claims Excluding DA (a)	29	27	29	27	27	29	27	27	27
(8) Total Outstanding AAA Claims	257	260	264	257	259	262	265	268	274
(9) - Change in Quarter	2.0	3.0	4.0	(7.0)	1.5	3.5	3.0	2.8	6.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 4.20	\$ 4.16	\$ 5.03	\$ 4.81	\$ 4.81	\$ 4.80	\$ 5.11	\$ 4.87	\$ 4.88
(11) Inception to Date Claim Payments (a)	\$ 284.7	\$ 318.2	\$ 335.9	\$ 347.0	\$ 359.3	\$ 395.5	\$ 410.5	\$ 431.7	\$ 445.6
(12) - Change in Quarter	5.7	33.5	17.7	11.1	12.3	36.2	15.0	21.2	13.9
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,364.3	\$ 1,399.3	\$ 1,662.6	\$ 1,582.0	\$ 1,603.1	\$ 1,654.2	\$ 1,765.6	\$ 1,735.1	\$ 1,781.3
(14) Claims Incurred in Quarter [(5) + (12)]	132.7	35.0	263.3	(80.6)	21.1	51.0	111.5	(30.5)	46.2
(15) Average Number of Open Claims	227	231	234	233	231	233	236	240	244
(16) Average Paid Per Open Claim	\$ 0.025	\$ 0.145	\$ 0.076	\$ 0.048	\$ 0.053	\$ 0.156	\$ 0.063	\$ 0.088	\$ 0.057

NICA

SUMMARY OF RESERVES AS OF MARCH 31, 2023 - CURRENT DOLLARS

Birth Year	Paid Loss and ALAE (a)	Incurred Loss and ALAE (a)	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Reserves (b)	Selected Total Outstanding Loss & ALAE (c)
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 19,037,692.62	\$ 37,544,537.57	\$ 18,506,844.95	\$ 58,482.13	\$ 18,565,327.08
1990	9,280,577.60	20,881,387.95	11,600,810.35	274,873.62	11,875,683.97
1991	13,219,920.13	30,933,112.46	17,713,192.33	90,326.96	17,803,519.29
1992	21,720,772.44	65,804,696.48	44,083,924.04	399,199.08	44,483,123.12
1993	27,667,505.57	62,312,837.43	34,645,331.86	820,119.97	35,465,451.83
1994	11,311,980.91	32,137,943.39	20,825,962.48	56,989.86	20,882,952.34
1995	15,634,226.47	45,667,468.27	30,033,241.80	1,131,034.80	31,164,276.60
1996	14,470,961.45	44,453,645.60	29,982,684.15	2,012,872.54	31,995,556.69
1997	18,480,404.27	63,276,353.34	44,795,949.07	1,748,975.08	46,544,924.15
1998	30,326,226.58	88,325,980.52	57,999,753.94	4,441,915.84	62,441,669.78
1999	17,106,562.42	27,671,377.67	10,564,815.25	2,652,326.14	13,217,141.39
2000	9,775,891.17	23,037,893.53	13,262,002.36	1,663,981.00	14,925,983.36
2001	12,500,386.73	30,074,105.24	17,573,718.51	3,146,684.32	20,720,402.83
2002	27,615,316.46	92,515,111.19	64,899,794.73	9,330,391.96	74,230,186.69
2003	8,914,614.60	22,755,567.48	13,840,952.88	3,234,509.94	17,075,462.82
2004	9,911,170.90	54,309,128.79	44,397,957.89	3,803,584.11	48,201,542.00
2005	13,651,862.57	48,998,473.26	35,346,610.69	7,378,528.68	42,725,139.37
2006	17,093,253.12	77,643,818.33	60,550,565.21	10,268,536.01	70,819,101.22
2007	17,056,834.36	41,533,310.30	24,476,475.94	10,706,147.81	35,182,623.75
2008	12,370,475.44	68,231,599.34	55,861,123.90	10,042,686.58	65,903,810.48
2009	15,635,608.74	62,957,112.03	47,321,503.29	11,739,673.49	59,061,176.78
2010	7,040,195.22	35,496,474.82	28,456,279.60	4,379,030.75	32,835,310.35
2011	10,401,142.76	59,477,143.76	49,076,001.00	13,907,396.52	62,983,397.52
2012	6,968,357.38	46,322,866.18	39,354,508.80	7,738,299.57	47,092,808.37
2013	10,111,001.61	42,807,414.80	32,696,413.19	14,158,509.80	46,854,922.99
2014	11,830,472.95	38,776,785.06	26,946,312.11	19,023,190.20	45,969,502.31
2015	13,210,836.93	91,113,211.67	77,902,374.74	26,227,863.62	104,130,238.36
2016	5,043,072.11	50,609,948.11	45,566,876.00	11,102,045.33	56,668,921.33
2017	8,783,293.65	79,933,221.30	71,149,927.65	27,930,185.27	99,080,112.92
2018	12,999,003.41	116,363,953.82	103,364,950.41	44,956,635.69	148,321,586.10
2019	7,357,414.81	53,440,474.63	46,083,059.82	39,947,046.83	86,030,106.65
2020	6,049,442.87	56,054,838.30	50,005,395.43	42,392,534.13	92,397,929.56
2021	2,354,931.39	22,897,918.95	20,542,987.56	83,172,782.92	103,715,770.48
2022	699,529.43	12,115,131.72	11,415,602.29	105,091,113.10	116,506,715.39
2023	-	-	-	26,511,000.00	26,511,000.00
Total	\$ 445,630,939.07	\$ 1,746,474,843.29	\$ 1,300,843,904.22	\$ 551,539,473.66	\$ 1,852,383,377.88

Notes: (a) Provided by NICA.
(b) [(6) - (4)]
(c) Nominal reserves from Exhibit 1 split by birth year.

NICA

SUMMARY OF RESERVES AS OF MARCH 31, 2023 - DISCOUNTED & INFLATED

Birth Year	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Loss & ALAE	Total Outstanding Loss & ALAE (b)	Present Value Factor (c)
(1)	(7)	(8) = (9) - (7)	(9)	(10)
1989	\$ 13,951,564.82	\$ 44,087.32	\$ 13,995,652.14	0.7539
1990	9,362,629.17	221,841.38	9,584,470.55	0.8071
1991	13,699,208.94	69,857.98	13,769,066.93	0.7734
1992	33,152,552.64	300,210.77	33,452,763.41	0.7520
1993	25,798,105.37	610,689.53	26,408,794.90	0.7446
1994	14,596,954.27	39,944.30	14,636,898.57	0.7009
1995	22,023,810.01	829,404.15	22,853,214.16	0.7333
1996	22,738,642.07	1,526,547.39	24,265,189.46	0.7584
1997	32,022,596.82	1,250,263.14	33,272,859.96	0.7149
1998	43,265,292.87	3,313,475.95	46,578,768.82	0.7460
1999	8,305,776.30	2,085,188.15	10,390,964.45	0.7862
2000	9,803,725.29	1,230,071.61	11,033,796.90	0.7392
2001	13,286,286.46	2,378,992.77	15,665,279.23	0.7560
2002	47,994,799.43	6,900,026.30	54,894,825.73	0.7395
2003	10,537,866.24	2,462,607.41	13,000,473.65	0.7614
2004	30,710,285.92	2,630,957.85	33,341,243.77	0.6917
2005	24,905,451.83	5,198,959.31	30,104,411.13	0.7046
2006	43,261,175.13	7,336,495.26	50,597,670.39	0.7145
2007	19,004,727.29	8,312,774.28	27,317,501.57	0.7764
2008	38,444,953.73	6,911,615.70	45,356,569.43	0.6882
2009	33,100,557.09	8,211,694.59	41,312,251.68	0.6995
2010	18,150,582.44	2,793,125.45	20,943,707.89	0.6378
2011	33,193,635.99	9,406,574.46	42,600,210.45	0.6764
2012	26,647,563.54	5,239,725.66	31,887,289.20	0.6771
2013	23,642,515.71	10,237,905.56	33,880,421.27	0.7231
2014	19,852,547.39	14,015,230.86	33,867,778.26	0.7367
2015	53,888,693.82	18,143,032.44	72,031,726.25	0.6917
2016	29,958,305.03	7,299,128.00	37,257,433.03	0.6575
2017	48,370,996.46	18,988,225.81	67,359,222.27	0.6798
2018	69,520,017.79	30,236,420.57	99,756,438.36	0.6726
2019	31,661,742.16	27,445,944.38	59,107,686.55	0.6871
2020	32,675,731.42	27,701,152.00	60,376,883.42	0.6534
2021	13,694,517.61	55,445,252.87	69,139,770.48	0.6666
2022	7,604,284.66	70,004,430.73	77,608,715.39	0.6661
2023	-	17,736,000.00	17,736,000.00	0.6690
Total	\$ 918,828,095.72	\$ 376,557,853.92	\$ 1,295,385,949.64	

(11) Estimated Outstanding ULAE (d)	\$ 21,293,052.38
(12) Estimated Medicaid Reimbursement Expenses (e)	19,000,000.00
(13) Total Outstanding Loss & LAE (f)	\$ 1,335,679,002.02

- Notes: (a) [(10) x Exh 5, Sheet 1, Col (4)]. (d) See Appendix E.
 (b) Reserves from Exhibit 1 by birth year. (e) See Exhibit 1.
 (c) [(9) ÷ Exh 5, Sheet 1, Col (6)]. (f) [Col (9), Total + (11) + (12) + (13)].

NICA
THRESHOLD CALCULATION AS OF MARCH 31, 2023
(\$000'S)

A: Determination of Liabilities For Threshold Calculation

(1) Total Reserve Excluding Risk Margin (a)	\$	1,335,679
(2) Family Care (AAA Claims With Worksheets) (b)	\$	128,862
(3) AAA IBNR Reserves (c)		136,713
(4) DA IBNR Reserves (c)		3,784
(5) Subtotal	\$	269,359
(6) Present Value Loss and LAE Reserves on Filed Claims [(1)-(5)]	\$	1,066,320

B: Assets For Threshold Calculation

(7) Invested Assets (e)	\$	1,306,235
(8) Cash (d)		5,582
(9) Income on Invested Funds (e)		64,587
(10) Future Assessments Health Care Providers (e)		36,000
(11) Potential Assessments against Insurance Companies (e)		28,815
(12) Transfers from Florida Office of Ins. Regulation		20,000
(13) Subtotal		1,461,219
(14) Assets for Threshold Calculation [(80% x (13)]		1,168,976

C: Threshold Test

(15) Assets Excess of Threshold [(14) - (6)]	102,656
(16) Pass/Fail	Pass

Notes:

- (a) See Exhibit 1.
- (b) See Appendix G, Sheet 1.
- (c) See Exhibit 1.
- (d) Provided by NICA.
- (e) Exhibit 6, Sheet 2.

NICA
THRESHOLD CALCULATION AS OF MARCH 31, 2023
(\$'000'S)

1. Funds Available Within The Next 12 Months			
a. Income on Invested Funds (See 2 Below)	\$	64,587	
b. Future Assessments Health Care Providers		36,000	
c. Potential Assessments against Insurance Companies		28,815	
d. Total = (1a.)+(1b.)+(1c.)	\$	<u>129,402</u>	
2. Return On Invested Assets			
a. Investment at Current Market Value	\$	1,306,235	
b. Estimated Assessments in next 12 Months		36,000	
c. Estimated Expenditures next 12 Months		<u>(65,000)</u>	
d.. Subtotal		1,277,235	
e. Average Invested Assets = (2a. + 2d.) ÷ 2		1,291,735	
f. Expected Prospective Return (%)		5%	
g. Expected Prospective Return (\$)		64,587	
3. Assessments Against Insurance Companies.			
a. Assessment rate (From Florida Statute)		0.25%	
b. Net Direct Premium Written [= Total of 4(C)]	\$	<u>11,526,168</u>	
c. Assessment against insurance companies = (3a.) x (3b.)	\$	<u>28,815</u>	
4. Direct Premium Written - State Of Florida			
		<u>2022 Direct</u>	<u>%</u>
		<u>Written Premium</u>	<u>Liability</u>
		(A)	(B)
		(C)	(C)
Farmowners Multi-Peril	\$	26,278	5%
Homeowners Multi-Peril		14,254,342	5%
Commercial Multi-Peril - Liability		973,267	100%
Medical Professional Liability		884,598	100%
Other Liability		8,513,482	100%
Products Liability		325,740	100%
Aircraft		<u>230,099</u>	50%
Total	\$	<u>25,207,806</u>	
			<u>Liability</u>
			<u>Premium</u>
			(C)
	\$		1,314
			712,717
			973,267
			884,598
			8,513,482
			<u>325,740</u>
	\$		<u>115,050</u>
			11,526,168

Note: The direct premium written is from AM Best. The estimated percentage of premium attributable to liability is based on judgment.

NICA
ANALYSIS OF RESERVES AS OF MARCH 31, 2023

SELECTED RESERVES FOR AAA CLAIMS WITH RESERVE WORKSHEETS
(\$000'S)

Item (1)	Number of Claims (2)	Case Reserve (3)	Projected Reserve	
			Nominal (4)	Inflated and Discounted (5)
Scenario 1 (a)				
Case Reserve	232	\$ 1,252,508	\$ 1,263,691	\$ 908,874
Supplement for Expected Development	-	-	-	-
Total	232	\$ 1,252,508	\$ 1,263,691	\$ 908,874
Scenario 2 (a)				
Case Reserve	232	\$ 1,252,508	\$ 1,263,691	\$ 908,874
Supplement for Expected Development	-	-	256,222	163,400
Total	232	\$ 1,252,508	\$ 1,519,913	\$ 1,072,273
Selected (b)				
Case Reserve	232	\$ 1,252,508	\$ 1,263,691	\$ 908,874
Supplement for Expected Development	-	-	256,222	163,400
Total	232	\$ 1,252,508	\$ 1,519,913	\$ 1,072,273

Notes:

(a) Projected reserves are based on Case Reserve Method.

(b) Based on Scenario 2.

NICA
ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022

SELECTED RESERVES FOR AAA PIPELINE AND IBNR CLAIMS AND DA IBNR CLAIMS
(\$000'S)

Birth Year	Number of Claims (a)	Projected Reserve	
		Nominal (b)	Inflated and Discounted (c)
(1)	(2)	(3)	(4)
AAA Pipeline Claims			
2017	1.0	\$ 7,730	\$ 5,111
2018	1.0	7,730	5,111
2019	1.0	7,730	5,111
2020	1.0	7,730	5,111
2021	7.0	54,111	35,775
2022	4.0	30,921	20,443
<u>2023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	15.0	\$ 115,952	\$ 76,662
AAA IBNR Claims			
2017	0.3	\$ 2,319	\$ 1,533
2018	1.1	8,503	5,622
2019	1.9	14,687	9,710
2020	3.1	23,577	15,588
2021	6.2	47,927	31,687
2022	10.9	83,872	55,452
<u>2023</u>	<u>3.4</u>	<u>25,896</u>	<u>17,121</u>
Total	26.8	\$ 206,781	\$ 136,713
DA IBNR Claims			
2017	-	\$ -	\$ -
2018	0.1	31	31
2019	0.5	188	188
2020	1.0	417	417
2021	2.1	865	865
2022	4.0	1,668	1,668
<u>2023</u>	<u>1.5</u>	<u>615</u>	<u>615</u>
Total	9.1	\$ 3,784	\$ 3,784

Notes:

- (a) See Appendix C, Sheet 1 for IBNR counts and Appendix F, Sheet 2 for pipeline counts.
(b) [(2) x Projected Reserve Per Claim in Appendix B, Sheet 2].

NICA
ANALYSIS OF RESERVES AS OF MARCH 31, 2023

PROJECTED RESERVE FOR IBNR OR PIPELINE CLAIMS
(\$000'S)

Nominal			Inflated and Discounted		
Parental Award	Death Benefit	Other Benefits	Parental Award	Death Benefit	Other Benefits
(1)	(2)	(3)	(5)	(6)	(7)
(4)			(8)		
Total			Total		
AAA Claims (a)					
\$ 267	Included in (3) \$	7,463 \$	267	Included in (7) \$	4,844 \$
\$ 50	\$	100 \$	417 \$	50 \$	100 \$
DA Claims (b)					
\$ 267	\$	100 \$	267 \$	50 \$	100 \$
			417		

Notes:
(a) Projected based on Life Expectancy at Birth: 44.5 (See bottom chart of Appendix D, Sheet 5).
(b) Future Payments (Actuarial projection from 9/30/2022 report).

NICA
ANALYSIS OF IBNR CLAIMS

SELECTED ULTIMATE CLAIM COUNTS

Birth Year	DA Claims			AA Claims		
	Reported Count (a)	IBNR (b)	Ultimate Count (c)	Reported Count (a)	IBNR (d)	Ultimate Count (e)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2012	4	0.0	4	7	0.0	7
2013	3	0.0	3	8	0.0	8
2014	3	0.0	3	10	0.0	10
2015	6	0.0	6	14	0.0	14
2016	4	0.0	4	7	0.0	7
2017	2	0.0	2	13	0.3	13
2018	9	0.1	9	18	1.1	19
2019	4	0.5	4	11	1.9	13
2020	4	1.0	5	9	3.1	12
2021	7	2.1	9	7	6.2	13
2022	2	4.0	6	4	10.9	15
2023	0	1.5	1	0	3.4	3
Total	48	9.1	57	108	26.8	135

Notes: (a) Based on data provided by NICA.
 (b) Based on Sheet 2a.
 (c) [(2) + (3)]
 (d) Based on Sheet 3a.
 (e) [(5) + (6)]

NICA
ANALYSIS OF IBNR CLAIMS
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2016-2	1	-	1	1	1	1	1	1	1	1	1	1
2016-3	-	-	1	1	1	1	1	1	1	1	1	1
2016-4	1	1	1	1	1	1	1	1	1	1	1	1
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	2	2	2	2	2	2	2	2	2
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	1	2	1
2018-2	1	-	-	-	-	1	1	1	2	2	2	2
2018-3	-	-	-	1	1	1	1	1	1	1	1	2
2018-4	-	-	2	3	4	4	4	4	4	4	4	4
2019-1	-	-	-	-	-	1	1	1	1	1	3	2
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	1	1	1	1	1	1	1
2019-4	-	-	-	1	-	-	-	-	-	1	1	1
2020-1	-	-	-	-	-	-	1	1	1	1	1	1
2020-2	-	-	-	1	1	1	1	1	1	2	2	2
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	1	1	1	1	1	1	-	-
2021-1	-	-	1	1	1	1	1	1	1	-	-	-
2021-2	-	1	2	3	3	3	3	3	3	-	-	-
2021-3	-	-	-	-	-	-	1	-	-	-	-	-
2021-4	-	-	-	1	1	2	-	-	-	-	-	-
2022-1	-	-	-	1	1	-	-	-	-	-	-	-
2022-2	-	-	1	1	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2016-2	(1)	1	-	-	-	-	-	-	-	-	-	-
2016-3	-	1	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	2	-	-	-	-	-	-	-	-	-
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	1	1	(1)	-
2018-2	(1)	-	-	-	1	-	-	1	-	-	-	-
2018-3	-	-	1	-	-	-	-	-	-	-	1	-
2018-4	-	2	1	1	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	1	-	-	-	-	2	(1)	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	1	-	-	-	-	-	-	-
2019-4	-	-	1	(1)	-	-	-	-	1	-	-	-
2020-1	-	-	-	-	-	1	-	-	-	-	-	-
2020-2	-	-	1	-	-	-	-	-	1	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	1	-	-	-	-	-	-	-	-
2021-1	-	1	-	-	-	-	-	-	-	-	-	-
2021-2	1	1	1	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	1	-	-	-	-	-	-
2021-4	-	-	1	-	1	-	-	-	-	-	-	-
2022-1	-	-	1	-	-	-	-	-	-	-	-	-
2022-2	-	1	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
Avg All	-0.037	0.269	0.360	0.042	0.174	0.091		0.050	0.158	0.167	-0.059	
Avg Latest 2												
Avg Latest 3												
Avg Latest 5												
Prior Selected												
Selected Incremental	0.200	0.200	0.175	0.150	0.100	0.100	0.075	0.075	0.075	0.050	0.050	0.050
Cumulative	1.475	1.275	1.075	0.900	0.750	0.650	0.550	0.475	0.400	0.325	0.275	0.225

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	39	42	45	48	51	54	57	60	63	66	69	72
2016-2	1	1	1	1	1	1	1	1	1	1	1	1
2016-3	1	1	1	1	1	1	1	1	1	1	1	1
2016-4	1	1	1	1	1	1	1	1	1	1	1	1
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	2	2	2	2	2	2	2	2	2	2	2	2
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	1	1	1	1	1	1	1	1	1	1	1	1
2018-2	2	2	2	2	2	2	2	2	2	2	2	2
2018-3	2	2	2	2	2	2	2	2	2	2	2	2
2018-4	4	4	4	4	4	4	4	4	4	4	4	4
2019-1	2	2	2	2	2	2	2	2	2	2	2	2
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	1	1	1	1	1	1	1	1	1	1	1	1
2019-4	1	1	1	1	1	1	1	1	1	1	1	1
2020-1	1	1	1	1	1	1	1	1	1	1	1	1
2020-2												
2020-3												
2020-4												
2021-1												
2021-2												
2021-3												
2021-4												
2022-1												
2022-2												
2022-3												
2022-4												
2023-1												

Birth Year	Link Ratios											
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	-	-	-	-	-	-	-	-	-
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	-	-	-	-	-	-	-	-	-	-	-	-
2018-4	-	-	-	-	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-
2019-4	-	-	-	-	-	-	-	-	-	-	-	-
2020-1												
2020-2												
2020-3												
2020-4												
2021-1												
2021-2												
2021-3												
2021-4												
2022-1												
2022-2												
2022-3												
2022-4												
2023-1												

Avg All												
Avg Latest 2												
Avg Latest 3												
Avg Latest 5												
Prior Selected												
Selected Incremental	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.000	0.000	0.000	0.000	0.000
Cumulative	0.175	0.150	0.125	0.100	0.075	0.050	0.025	0.000	0.000	0.000	0.000	0.000

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	1	1	1	1	1	1	1	2	2
2017-1	-	-	-	-	1	2	2	2	3	3	3	3
2017-2	-	1	1	1	2	1	1	2	2	2	2	2
2017-3	-	-	1	-	1	2	2	2	3	4	6	6
2017-4	-	-	-	-	1	1	1	2	3	2	2	2
2018-1	-	1	1	2	3	3	3	4	7	6	6	6
2018-2	-	1	1	1	2	3	3	3	6	5	5	5
2018-3	-	1	1	1	1	2	2	2	3	3	4	4
2018-4	-	-	-	-	2	2	2	2	2	2	2	2
2019-1	-	-	-	2	4	4	4	4	5	6	5	5
2019-2	-	1	-	-	-	2	1	1	1	2	1	1
2019-3	-	1	1	2	2	2	2	3	3	3	3	3
2019-4	-	-	-	-	1	1	1	2	2	2	2	2
2020-1	-	-	-	-	1	1	2	2	2	2	2	2
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	3	4	4	4	5	4	4	-
2020-4	-	-	3	3	2	2	2	2	2	2	-	-
2021-1	-	-	-	-	-	1	1	2	3	-	-	-
2021-2	-	-	-	-	-	-	-	1	-	-	-	-
2021-3	-	-	-	-	-	1	1	-	-	-	-	-
2021-4	-	-	-	1	2	2	-	-	-	-	-	-
2022-1	-	-	1	-	1	-	-	-	-	-	-	-
2022-2	-	-	-	1	-	-	-	-	-	-	-	-
2022-3	-	1	2	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	1	-	-	-	-	-	-	1	-	-
2017-1	-	-	-	1	1	-	-	1	-	-	-	-
2017-2	1	-	-	1	(1)	-	1	-	-	-	-	-
2017-3	-	1	(1)	1	1	-	-	1	1	2	-	-
2017-4	-	-	-	1	-	-	1	1	(1)	-	-	-
2018-1	1	-	1	1	-	-	1	3	(1)	-	-	(1)
2018-2	1	-	-	1	1	-	-	3	(1)	-	-	-
2018-3	1	-	-	-	1	-	-	1	-	1	-	(1)
2018-4	-	-	-	2	-	-	-	-	-	-	-	-
2019-1	-	-	2	2	-	-	-	1	1	(1)	-	-
2019-2	1	(1)	-	-	2	(1)	-	-	1	(1)	-	-
2019-3	1	-	1	-	-	-	1	-	-	-	-	-
2019-4	-	-	-	1	-	-	1	-	-	-	-	-
2020-1	-	-	-	1	-	1	-	-	-	-	-	1
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	3	1	-	-	1	(1)	-	-	-
2020-4	-	3	-	(1)	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	1	-	1	1	-	-	-	-
2021-2	-	-	-	-	-	-	1	-	-	-	-	-
2021-3	-	-	-	-	1	-	-	-	-	-	-	-
2021-4	-	-	1	1	-	-	-	-	-	-	-	-
2022-1	-	1	(1)	1	-	-	-	-	-	-	-	-
2022-2	-	-	1	-	-	-	-	-	-	-	-	-
2022-3	1	1	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
Avg All	0.259	0.192	0.200	0.667	0.348		0.333	0.650	-0.053	0.111		-0.063
Avg Latest 2	0.500	0.500		1.000	0.500		1.000	0.500	-0.500			0.500
Avg Latest 3	0.333	0.667	0.333	0.667	0.333		0.667	0.667	-0.333			0.333
Avg Latest 5	0.200	0.400	0.200	0.400	0.400		0.400	0.400	-0.200			0.200

Prior Selected

Selected Incremental	0.250	0.250	0.250	0.300	0.300	0.300	0.300	0.300	0.150	0.150	0.100	0.100
Cumulative	3.350	3.100	2.850	2.600	2.300	2.000	1.700	1.400	1.100	0.950	0.800	0.700

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)												
	39	42	45	48	51	54	57	60	63	66	69	72	
2016-2	-	-	-	-	-	1	-	-	-	-	-	-	-
2016-3	-	1	1	1	1	1	1	1	1	1	2	2	-
2016-4	2	2	2	2	2	2	2	2	2	2	2	2	2
2017-1	3	4	3	2	2	2	2	2	2	2	2	2	2
2017-2	2	2	2	2	3	3	3	3	3	3	3	3	3
2017-3	6	7	7	7	7	6	6	6	6	5	5	-	-
2017-4	2	2	2	2	2	2	2	2	3	3	-	-	-
2018-1	5	5	4	4	5	5	5	5	5	-	-	-	-
2018-2	5	5	5	5	5	5	5	5	-	-	-	-	-
2018-3	3	4	4	4	5	6	6	-	-	-	-	-	-
2018-4	2	2	2	2	2	2	-	-	-	-	-	-	-
2019-1	5	5	5	5	5	-	-	-	-	-	-	-	-
2019-2	1	1	1	1	-	-	-	-	-	-	-	-	-
2019-3	3	3	3	-	-	-	-	-	-	-	-	-	-
2019-4	2	2	-	-	-	-	-	-	-	-	-	-	-
2020-1	3	-	-	-	-	-	-	-	-	-	-	-	-
2020-2	-	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	-	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	-	-	-	-	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	-	-	-	-	-	-	-	-	-	-
2022-1	-	-	-	-	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Link Ratios											
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75
2016-2	-	-	-	-	1	(1)	-	-	-	-	-	-
2016-3	1	-	-	-	-	-	-	-	-	1	-	1
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	1	(1)	(1)	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	1	-	-	-	-	-	-	-	-
2017-3	1	-	-	-	(1)	-	-	-	(1)	-	-	-
2017-4	-	-	-	-	-	-	-	1	-	-	-	-
2018-1	-	(1)	-	1	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	1	-	-	1	1	-	-	-	-	-	-	-
2018-4	-	-	-	-	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-
2019-4	-	-	-	-	-	-	-	-	-	-	-	-
2020-1	-	-	-	-	-	-	-	-	-	-	-	-
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	-	-	-	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	-	-	-	-	-	-	-	-	-
2022-1	-	-	-	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-

Avg All	0.267	-0.143	-0.077	0.250	0.091	-0.100		0.125	-0.143	0.167		0.250
Avg Latest 2					0.500			0.500	-0.500			
Avg Latest 3				0.333	0.333			0.333	-0.333			0.333
Avg Latest 5				0.400	0.200			0.200	-0.200	0.200		0.250

Prior Selected												
Selected Incremental	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Cumulative	0.600	0.550	0.500	0.450	0.400	0.350	0.300	0.250	0.200	0.150	0.100	0.050

Notes: Counts provided by NICA.

NICA
REVIEW OF LIFE EXPECTANCY

Not applicable for interim analyses.

Included in year-end analyses only when life expectancies are refreshed.

NICA
ANALYSIS OF RESERVES AS OF MARCH 31, 2023

ANALYSIS OF UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE) RESERVE
(\$000'S)

Evaluation Date	Total Reserves excluding ULAE Expense (a)	ULAE Reserve (b)	Ratio of ULAE Reserve to Total Reserve excl. ULAE (c)
(1)	(2)	(3)	(4)
6/30/2020	\$ 924,652	\$ 14,310	1.55%
9/30/2020	938,594	14,209	1.51%
12/31/2020	937,583	14,948	1.59%
3/31/2021	1,064,600	15,000	1.41%
6/30/2021	1,066,200	14,900	1.40%
9/30/2021	1,311,888	14,766	1.13%
12/31/2021	1,214,800	20,200	1.66%
3/31/2022	1,223,639	20,200	1.65%
6/30/2022	1,238,437	20,200	1.63%
9/30/2022	1,334,973	20,162	1.51%
12/31/2022	1,282,621	20,779	1.62%
(5) Selected (d)			1.62%
(6) Total Loss Reserve Excluding ULAE as of 3/31/2023 (e)		\$ 1,314,386	
(7) Indicated ULAE Reserve (f)		\$ 21,293	

Notes:

(a) Prior reserve analyses; See Exhibit 4; Exclude ULAE Reserves.

(b) Prior reserve analyses; See Exhibit 4, Row (2).

(c) = (3) ÷ (2)

(d) See Appendix E in December 31, 2022 report.

(e) See Exhibit 1; Excludes ULAE Reserves and Risk Margin.

(f) = (5) x (6)

NICA

LOSS AND COUNT SUMMARY BY BIRTH YEAR AS OF MARCH 31, 2023 CURRENT DOLLARS (\$000'S)

Birth Year	Paid Loss and ALAE	Reported Loss and ALAE	Case Outstanding Loss & ALAE	Open Accepted Claim Counts		
				AAA	AAD	DA
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1989	\$ 19,038	\$ 37,545	\$ 18,507	3	-	-
1990	9,281	20,881	11,601	3	-	-
1991	13,220	30,933	17,713	4	-	-
1992	21,721	65,805	44,084	9	-	-
1993	27,668	62,313	34,645	7	-	-
1994	11,312	32,138	20,826	3	-	-
1995	15,634	45,667	30,033	5	-	-
1996	14,471	44,454	29,983	6	-	-
1997	18,480	63,276	44,796	8	-	-
1998	30,326	88,326	58,000	11	-	-
1999	17,107	27,671	10,565	3	-	-
2000	9,776	23,038	13,262	3	-	-
2001	12,500	30,074	17,574	4	-	-
2002	27,615	92,515	64,900	12	-	-
2003	8,915	22,756	13,841	3	-	-
2004	9,911	54,309	44,398	5	-	-
2005	13,652	48,998	35,347	7	-	-
2006	17,093	77,644	60,551	9	-	-
2007	17,057	41,533	24,476	7	-	-
2008	12,370	68,232	55,861	9	-	-
2009	15,636	62,957	47,322	10	-	-
2010	7,040	35,496	28,456	5	-	-
2011	10,401	59,477	49,076	10	-	-
2012	6,968	46,323	39,355	7	-	-
2013	10,111	42,807	32,696	7	-	-
2014	11,830	38,777	26,946	8	-	-
2015	13,211	91,113	77,902	14	-	-
2016	5,043	50,610	45,567	7	-	-
2017	8,783	79,933	71,150	12	-	-
2018	12,999	116,364	103,365	17	-	-
2019	7,357	53,440	46,083	10	-	-
2020	6,049	56,055	50,005	8	-	-
2021	2,355	22,898	20,543	7	-	1
2022	700	12,115	11,416	4	-	-
2023	-	-	-	-	-	-
Total	\$ 445,631	\$ 1,746,475	\$ 1,300,844	247	-	1

Note: Data provided by NICA.

NICA

LOSS AND COUNT SUMMARY BY AS OF MARCH 31, 2023 OTHER CLAIMS

Birth Year	Case Outstanding - Current Dollars (000's)				Count of Claims with Case Reserves			
	AAA-Pipeline	AAD	DA	Denied	AAA-Pipeline	AAD	DA	Denied
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1989	\$ -	\$ 200	\$ 205	\$ -	-	1	1	-
1990	-	-	-	-	-	-	-	-
1991	-	-	-	-	-	-	-	-
1992	-	270	75	-	-	1	1	-
1993	-	3	-	-	-	1	-	-
1994	-	200	-	-	-	1	-	-
1995	-	-	200	-	-	-	1	-
1996	-	-	455	-	-	-	2	-
1997	-	-	209	-	-	-	3	-
1998	-	-	400	-	-	-	2	-
1999	-	-	445	-	-	-	2	-
2000	-	17	200	-	-	1	1	-
2001	-	-	200	-	-	-	1	-
2002	-	-	190	-	-	-	1	-
2003	-	-	380	-	-	-	2	-
2004	-	-	190	-	-	-	1	-
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	95	-	-	-	1	-	-
2008	-	-	-	-	-	-	-	-
2009	-	190	-	-	-	1	-	-
2010	-	-	20	-	-	-	1	-
2011	-	-	-	-	-	-	-	-
2012	-	-	95	-	-	-	1	-
2013	-	-	53	-	-	-	1	-
2014	-	-	-	-	-	-	-	-
2015	-	-	380	27	-	-	2	2
2016	-	-	-	-	-	-	-	-
2017	2,839	-	5	52	1	-	1	4
2018	2,836	-	18	92	1	-	1	4
2019	2,762	-	111	18	1	-	1	2
2020	2,845	-	1	99	1	-	1	7
2021	19,730	-	699	113	7	-	2	5
2022	11,370	-	0	45	4	-	1	2
2023	-	-	-	-	-	-	-	-
Total	\$ 42,382	\$ 975	\$ 4,532	\$ 447	15	7	30	26

Note: Data provided by NICA.

NICA

ANALYSIS OF RESERVES AS OF MARCH 31, 2023
RESERVES BY BIRTH YEAR FOR AAA CLAIMS WITH WORKSHEETS ONLY
INFLATED AND DISCOUNTED (\$000'S)

Birth Year	Nursing Care	Medical	All Other	Total	Family Care
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 11,032	\$ 283	\$ 2,276	\$ 13,591	\$ -
1990	8,084	188	1,312	9,584	-
1991	10,825	320	2,624	13,769	-
1992	26,557	746	5,804	33,108	-
1993	21,753	649	4,003	26,406	-
1994	11,602	350	2,485	14,437	-
1995	17,403	1,601	3,649	22,653	-
1996	19,206	488	4,117	23,810	-
1997	25,984	800	6,280	33,064	-
1998	36,964	1,209	8,005	46,179	-
1999	8,196	193	1,557	9,946	-
2000	8,996	249	1,572	10,816	-
2001	12,417	316	2,732	15,465	-
2002	45,240	1,049	8,415	54,705	3,971
2003	9,971	310	2,340	12,620	2,317
2004	24,012	3,822	5,317	33,151	3,179
2005	24,419	1,024	4,661	30,104	4,170
2006	40,108	1,762	8,728	50,598	8,596
2007	22,727	513	3,982	27,223	3,828
2008	35,608	1,268	8,481	45,357	7,606
2009	33,065	989	7,068	41,122	7,794
2010	16,570	610	3,745	20,924	4,342
2011	34,692	1,053	6,855	42,600	7,144
2012	24,831	767	6,194	31,792	6,524
2013	28,120	677	5,030	33,827	5,260
2014	27,292	921	5,655	33,868	4,415
2015	57,504	1,489	12,632	71,624	13,053
2016	30,088	840	6,329	37,257	6,153
2017	47,270	1,261	12,127	60,658	11,778
2018	74,034	1,851	12,998	88,883	14,807
2019	36,483	963	6,522	43,969	8,436
2020	30,493	860	7,808	39,161	5,487
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
Total	\$ 861,547	\$ 29,422	\$ 181,305	\$ 1,072,273	\$ 128,862
2002-2023	\$ 642,529	\$ 22,029	\$ 134,888	\$ 799,445	\$ 128,862

Notes: Based on Case Reserve Method.

NICA

ANALYSIS OF RESERVES AS OF MARCH 31, 2023
RESERVES BY BENEFIT TYPE FOR AAA CLAIMS WITH WORKSHEETS ONLY
INFLATED AND DISCOUNTED (\$000'S)

Benefit Type	Reserves
1) Family Care	\$ 128,862
2) Nursing Care By Others	507,341
3) Nursing Care By Parents	225,343
4) Medical	29,422
5) Psychotherapeutic	1,651
6) Equipment & Supplies	52,906
7) Therapy	19,617
8) Insurance Premium	31,227
9) Miscellaneous Other	3,026
10) Travel & Transport	11,131
11) Vehicle Related Costs	43,347
12) Housing Remaining	11,528
13) Parental Awards Remaining	3,365
14) Death Benefit	3,506
Total	\$ 1,072,273
Subtotals:	
15) Nursing Care Total (a)	\$ 861,547
16) Medical Total (b)	29,422
17) Other Total (c)	166,412
18) Retrospective Remaining (d)	14,893
Total	\$ 1,072,273

Notes:

- (a) = [(1) + (2) + (3)]
(b) = [(4)]
(c) = [Sum [(5) through (11), (14)]
(d) = [(12) + (13)]

NICA

SUMMARY OF HISTORICAL INFLATION AND INVESTMENT RETURNS

Year	CPI All Items % Change (a)	Actual Investment Return (b)	Investment Return Less CPI (4) = (3) - (2)
(1)	(2)	(3)	(4) = (3) - (2)
1991	3.1%	5.9%	2.8%
1992	2.9%	3.3%	0.4%
1993	2.7%	3.1%	0.4%
1994	2.7%	3.6%	0.9%
1995	2.5%	7.0%	4.4%
1996	3.3%	5.8%	2.5%
1997	1.7%	6.1%	4.4%
1998	1.6%	6.2%	4.6%
1999	2.7%	4.5%	1.9%
2000	3.4%	13.1%	9.7%
2001	1.6%	4.0%	2.4%
2002	2.4%	-8.5%	-10.9%
2003	1.9%	20.0%	18.1%
2004	3.3%	10.3%	7.0%
2005	3.4%	8.9%	5.5%
2006	2.5%	12.8%	10.2%
2007	4.1%	8.7%	4.6%
2008	0.1%	-27.2%	-27.3%
2009	2.7%	20.0%	17.3%
2010	1.5%	13.4%	11.9%
2011	3.0%	-0.1%	-3.1%
2012	1.7%	10.9%	9.1%
2013	1.5%	12.6%	11.1%
2014	0.8%	5.6%	4.9%
2015	0.7%	-1.8%	-2.6%
2016	2.1%	6.7%	4.6%
2017	2.1%	13.8%	11.7%
2018	1.9%	-6.7%	-8.6%
2019	2.3%	21.1%	18.9%
2020	1.4%	14.1%	12.7%
2021	7.0%	6.0%	-1.0%
2022	6.8%	-23.3%	-30.1%
<u>Averages (c):</u>			
2010-2022	2.5%	4.9%	2.4%
2000-2009	2.5%	5.2%	2.7%
1991-1999	2.6%	5.0%	2.5%
1991-2022	2.5%	5.0%	2.5%

Notes:

- (a) Ibbotson's 2022 SBBI Yearbook, Stocks, Bonds, Bills, and Inflation.
- (b) NICA Investment Recap Summary; Ratio of Sum of Interest Income and Unrealized Gain/Loss to the Market Value Beginning Balance.
- (c) Geometric average over the given time period.

NICA
SUMMARY OF RESERVES AS OF MARCH 31, 2023
CALCULATION OF RISK MARGIN

1. Risk: Time Lived Varying from Remaining Loss Expectancy (RLE)

a. Number of Outstanding AA Claims	232	AAA-Worksheet Claim Count
b. Assumed Average CV of RLE	0.5	Based on AAA-Worksheet Claims
c. CV of Aggregate RLE	3%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	1,519,913	Exhibit 1, Column (4)
e. Variance	2,489,369,602	= [(c.) x (d.)]^2

2. Risk: Cost of IBNR and Pipeline AA Claims

a. Expected Number of Claims	41.75	Exhibit 1, Col (2): AAA IBNR+AAA Pipeline
b. Variance of Number of Claims	41.75	Assumes Poisson Distribution
c. CV Claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	22%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	322,733	Exhibit 1, Col (4): AAA IBNR+AAA Pipeline
f. Variance	4,989,537,211	= [(d.) x (e.)]^2

3. Risk: Cost of Outstanding for Other Claims

a. Number of Outstanding Other Claims	63	Exhibit 1, Col (2): AAD+DA Reported+Denied)
b. Assumed Severity CV	1	Based on judgment
c. CV of Aggregate Reserve	13%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	5,954	Exhibit 1, Col (4): AAD+DA Reported+Denied)
e. Variance	562,616	= [(c.) x (d.)]^2

4. Risk: Cost of IBNR DA Claims

a. Expected Number of Claims	9.075	Exhibit 1
b. Variance of Number of Claims	9.075	Assumes Poisson Distribution
c. CV claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	47%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	3,784	Exhibit 1
f. Variance	3,155,627	= [(d.) x (e.)]^2

5. Risk Margin

a. Total Variance	7,482,625,056	= 1(e.) + 2(f.) + 3(e.) + 4(f.)
b. Standard Deviation	86,502	= sqrt(a.)
c. Aggregate Reserve - Nominal	1,852,383	Exhibit 1, Col(4)
d. Aggregate Reserve - Discounted	1,295,386	Exhibit 1, Col(5)
e. Average Discount	0.70	= (d.) ÷ (c.)
f. Standard Deviation - Discounted Reserves	60,492	= (b.) x (e.)
g. Z: 90th percentile of standard normal	1.28	90th percentile of standard normal distribution
h. 90% confidence level	77,524	= (f.) x (g.)
Minimum Risk Margin	75,500	Previous Risk Margin
Selected Risk Margin	75,500	

Agenda Item # 6.C. (Tab S)

**Actuarial Update –
June 30, 2023
Reserve Report/Threshold**

**FLORIDA BIRTH RELATED NEUROLOGICAL
INJURY COMPENSATION ASSOCIATION (NICA)
ANALYSIS OF LOSS AND LAE RESERVES
AS OF JUNE 30, 2023**

Prepared: August 16, 2023



MADISON CONSULTING GROUP

Actuaries • Property/Casualty Consulting Services

August 16, 2023

Melissa Jaacks, CPA
Executive Director
PO Box 14567
Tallahassee, FL 32317-4567

Re: Florida Birth Related Neurological Injury Compensation Association Analysis of Loss and LAE Reserves as of June 30, 2023

Dear Ms. Jaacks:

Madison Consulting Group, Inc. is pleased to enclose a copy of the above captioned report.

We have enjoyed working on this project and hope you find it satisfactory. Please call if you have any questions or comments.

Mark Crawshaw  Digitally signed by
Mark Crawshaw

Mark Crawshaw, Ph.D., FCAS, MAAA
Madison Consulting Group, Inc.
200 North Second Street
Madison, Georgia 30650
(706) 342-7750
mark.crawshaw@madisoninc.com



Choya Everett, ACAS, MAAA
Madison Consulting Group, Inc.
200 North Second Street
Madison, Georgia 30650
(706) 342-7750
choya.everett@madisoninc.com

TABLE OF CONTENTS

Table of Contents 3

1 INTRODUCTION 6

 1.1 Scope 6

 1.2 Authors 6

2 BACKGROUND 6

 2.1 Overview of NICA’s Operations 6

 2.2 Overview of NICA’s Loss and LAE Reserves 7

 2.3 Categories of Claims 7

 2.4 NICA’s Case Reserves..... 9

 2.5 Senate Bill 1786 9

 2.6 Medicaid..... 10

 2.7 Medicaid Settlement..... 10

3 RECOMMENDATIONS AND CONCLUSIONS 11

 3.1 Recommended Reserve for Losses and LAE as of June 30, 2023 11

 3.2 Comparison to Prior Reserves..... 11

 3.3 Threshold Calculation 12

4 CONDITIONS AND LIMITATIONS..... 12

 4.1 Data Sources..... 12

 4.2 Investment and Inflation Assumptions 13

 4.3 Risk Margin..... 13

 4.4 Inherent Variability..... 14

5 ANALYSIS 14

 5.1 Analysis of AAA Claims With Worksheet 14

 5.11 Basis for Life Expectancy (AAA Claims With Reserve Worksheets) 14

5.12	Basis for Future Payments (AAA Claims With Reserve Worksheets).....	14
5.2	Analysis of AAA Pipeline Claims.....	15
5.3	Analysis of AA-IBNR and DA-IBNR Claims	15
5.4	Analysis of Other Claim Categories.....	15
5.5	Analysis of ULAE.....	15

LIST OF EXHIBITS

Description	Exhibit
Selected Loss and LAE Reserves for All Claims	Exhibit 1
Graph: Time Series - Average Reserve Per Claim and Number of Outstanding AAA Claims by Quarter	Exhibit 2
Graph: Time Series – Payments by Quarter For All Claims	Exhibit 3
Time Series – Reserves and Payments	Exhibit 4
Reserves and Ultimate Loss and ALAE by Birth Year	Exhibit 5
Threshold Calculation	Exhibit 6

LIST OF APPENDICES

Description	Appendix
Selected Loss and ALAE Reserves for AAA Claims with Reserve Worksheets	Appendix A
Selected Reserves for AAA Pipeline and Incurred But Not Reported (IBNR) Claims	Appendix B
Analysis of IBNR Claim Counts	Appendix C
Review of Life Expectancy – Not Applicable; See December 31, 2022 report.	Appendix D
Analysis of Unallocated Loss Adjustment Expense (ULAE) Reserve	Appendix E
Loss and Count Summary by Birth Year – Current Dollars	Appendix F
Loss and ALAE Reserves by Benefit Type for AAA Claims with Reserve Worksheets	Appendix G
Calculation of Risk Margin	Appendix H
Summary of Historical Inflation and Investment Returns	Appendix I

1 INTRODUCTION

1.1 Scope

The Florida Birth Related Neurological Injury Compensation Association (NICA) requested Madison Consulting Group (MCG) to estimate NICA’s liability for outstanding loss and loss adjustment expense (LAE) reserves as of June 30, 2023. This report documents our results and methodology.

1.2 Authors

This report and analysis were prepared under the direction of Dr. Crawshaw and Ms. Everett. Dr. Crawshaw is a Fellow of the Casualty Actuarial Society. Ms. Everett is an Associate of the Casualty Actuarial Society. Both are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to make the actuarial opinions contained in this report.

2 BACKGROUND

2.1 Overview of NICA’s Operations

NICA was created by Florida Statute (“the Statute”).¹ The Statute replaces the traditional tort liability remedies for defined birth related injuries with a no-fault system² for participating health care providers. Claims must be filed within five years after birth.³ Acceptance of claim (or not) into the NICA program is decided by an Administrative Law judge.⁴ The Statute defines the benefits provided to claimants.

¹ Florida Statutes 766.301 to 766.316

² Florida Statute 766.303

³ Prior to the 1994 birth year, a claim had to be filed within seven years of birth.

⁴ Florida Statute 766.304

NICA collects assessments from various medical care providers during each birth year and invests those funds until payments are required on behalf of the claimants.⁵ NICA disburses funds on behalf of claimants to pay for their care. The Statute provides NICA very limited financial resources⁶ for collecting additional funds in the event the funds collected from the medical care providers are not sufficient to pay its claims.

2.2 Overview of NICA’s Loss and LAE Reserves

NICA’s loss and LAE⁷ reserves represent an estimate of the value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. These reserves form the vast majority of the liabilities on NICA’s balance sheet.

Due to the significant time over which the benefits will be paid out, the estimated impact of inflation and anticipated investment income must be considered in the establishing the loss and LAE reserve. In this report, as well as previous actuarial reports, the reserves are valued by inflating future payments and then discounting to present-value. In this process, it is assumed the discount rate exceeds the inflation rate by 1.5% per year. NICA’s actuaries have used this same assumption for many years. It is based on long-term comparison of investment returns versus inflation rate.

2.3 Categories of Claims

The loss and LAE reserve is intended to provide for all unpaid claims for children born through the valuation date. These include claims accepted into NICA, claims in the adjudication process that may or may not ultimately be accepted, and claims that have not yet been reported (also

⁵ NICA also pays for expenses associated with the claims adjudication process, related litigation and administrative expenses.

⁶ The Statute provides NICA some ability to assess the insurance industry, as well as collect additional funds from the Office of Insurance Regulation.

⁷ Here “loss” refers to the cost of the benefits provided to claimants. Loss adjustment expense (LAE) refers to the other costs associated with paying benefits and adjudicating claims such as legal expenses, NICA’s administrative expenses etc.

referred to as IBNR claims). In this report, we use the following abbreviations and categories of claimant to develop claims:

Table 1: Categories of Claims

Category	Subcategory	Description
AA Claims		
AA		Claimant formally accepted into NICA when child was alive.
AA	AAA - Worksheet	Claimant is still alive and for whom NICA has full details and has established a worksheet with estimated life expectancy and projected lifetime benefits considering individual circumstances of the claimant and his/her family.
AA	AAA-Pipeline	Claimant is alive and is known to NICA. NICA expects claimant to become an AAA claim with a worksheet once claim adjudication and/or gathering of individual details is complete.
AA	AAD	Claimant was alive when accepted into NICA but is now deceased.
AA	AA-IBNR	Projected claims for living claimants which no petition has yet been filed.
DA Claims		
DA	DA-Reported	Claimant formally accepted when child was deceased or else is a deceased claimant that is expected to be accepted into NICA.
DA	DA-IBNR	Projected claims for deceased claimants for which no petition has yet been filed.
Other Claims		
Denied		Claimant has been denied or is expected to be denied acceptance into NICA.

2.4 NICA’s Case Reserves

NICA develops its own estimates of its claim liabilities referred to as case reserves. These estimates are an important input into the actuarial reserve estimates presented in this report.

For each December 31 valuation, NICA prepares a master reserve worksheet summarizing NICA’s projected lifetime expense payments by expense category and year for each claimant, along with the claimant’s remaining life expectancy (as determined by Dr. Shavelle). The product of the expense payments and the remaining life expectancy determines NICA’s case reserve estimates for these claims at year end. During the year, NICA prepares similar information for additional claims as they are accepted into NICA.

The master worksheet (and any interim updates) includes all living claimants that have been accepted into NICA and for whom NICA has had sufficient time to gather information on the individual circumstances and needs of the claimant and their family. As of June 30, 2023, there are 238 open claims included in the master reserve worksheet.

In addition to the “AAA-worksheet” claims discussed above, NICA also provided case reserve estimates for other categories of claims for which it believes it will make future payments. These include case reserves for (a) deceased claimants in NICA’s program; (b) for living claimants (a.k.a., “AAA- pipeline”) that have already been or are expected to be accepted into NICA; and (c) for claimants that are expected to ultimately be denied acceptance into NICA.⁸

2.5 Senate Bill 1786

In May 2021, the Florida Legislature passed Senate Bill 1786 (SB 1786), which resulted in increases to the financial obligations of NICA. This report includes consideration of the changes set forth in SB 1786.

⁸ We distinguished between the “AAA-pipeline” and “denied” category based on the magnitude of the case reserve established by NICA. In particular, “AAA-pipeline” claims are signaled via a case reserve of \$2.8 million.

2.6 Medicaid

The estimates shown in this report were determined under the assumption that, on a prospective basis, Medicaid will no longer reimburse NICA claimants for expenses as defined in the Statute (effective August 31, 2021), and these expenses will fall on NICA.

The estimated payments used to project reserves include estimates of all payments that will prospectively be paid by NICA. In addition, because Medicaid has not yet implemented a procedure to transfer and/or bill claims to NICA, we have included an estimated provision for the period between August 31, 2021 and June 30, 2023 for potential future reimbursements due Medicaid.

2.7 Medicaid Settlement

We understand that in late 2022, NICA settled litigation related to payments made by Medicaid in prior years to NICA claimants.

2.8 Threshold Standard

The Statute sets forth a “threshold” financial standard that NICA must meet in order to continue accepting claimants. This standard is different from solvency standards more typically used for insurance companies that involve comparison of assets and liabilities. This threshold standard involves comparison of 80% of NICA’s available assets and funds that may become available in the subsequent twelve months, to its liabilities for filed claims excluding family care.

3 RECOMMENDATIONS AND CONCLUSIONS

3.1 Recommended Reserve for Losses and LAE as of June 30, 2023

The recommended reserve for losses and LAE (excluding risk margin) as June 30, 2023 is \$1.363 billion (Exhibit 1). This amount is an actuarial central estimate of expected outcomes valued using an annual interest discount rate that is 1.5% higher than the inflation rate.

3.2 Comparison to Prior Reserves

Exhibit 4 provides a time series for reserves and other loss related statistics beginning with the third quarter of 2016. Exhibits 2 and 3 summarize in graphical form, key statistics from Exhibit 4 that drive the loss reserves for NICA. We note the following:

1. The June 30, 2023 reserve for loss and loss adjustment expenses is \$1.363 billion (Exhibit 4, Sheet 3, Row 4). The reserve amount is driven by the number of outstanding AAA claims (i.e., number of living claimants) and the average reserve per outstanding AAA claim (see Exhibit 2). Reserves increased by about \$27 million, or about 2%, from the prior analysis as of March 31, 2023, primarily due to an increase in the number of living claimants.
2. The average reserve per outstanding AAA claim is shown on Exhibit 4, Row 10, and also graphically on Exhibit 2, Sheet 1. Through year-end 2020, prior to the passage of SB 1786, the average reserve per outstanding claim was running at about \$3.7 million per claim. Post-SB 1786, the average reserve has increased to about \$4.9 million per claim, an increase of approximately 32%.
3. The number of outstanding AAA claims are shown on Exhibit 4, Row 8 and also graphically on Exhibit 2, Sheet 2. It can be seen that the number of outstanding AAA claims have been increasing at a rate of 3.6% per year in recent years. In the quarter ending June 30, 2023, the number of outstanding AAA claims increased by four, or about 1.5%.
4. The aggregate claim payments per quarter are shown on Exhibit 4, Row 12 and graphically on Exhibit 3. Prior to passage of SB 1786, aggregate claim payments were running around \$5 million per quarter but increased sharply in 2021 as SB 1786's retroactive payments

were made to claimants. Since June 30, 2021, the aggregate payments have varied quite substantially by quarter as retroactive payments continue to be paid. We expect the quarterly payments to stabilize once all the retroactive payments have been made, and thereafter increase gradually. However, there is also a possibility of an additional one-time payment when final billing procedures with Medicaid are established and implemented.

5. Exhibit 4, Row 14 shows the claims incurred (i.e., aggregate amounts paid to claimants plus changes in reserves) per quarter. To be sustainable over the long-run, NICA needs to generate sufficient revenue (via its investments and charges to healthcare providers) to cover these costs plus its overhead costs.

3.3 Threshold Calculation

Exhibit 6 provides a summary of the threshold calculation for NICA to continue accepting claims. Based on this calculation, NICA passes this standard as defined in the Statute.

4 CONDITIONS AND LIMITATIONS

4.1 Data Sources

Data for this analysis was provided to us by NICA and included:

1. A master reserve worksheet containing case reserves for each adjudicated claim showing life expectancy and projected future annual payments by category over the lifetime of the claimant. This worksheet is the basis of the case reserve development method.
2. Information on investments, claim adjustment expenses and numbers of participating healthcare providers.
3. The prior actuarial reports evaluated as of March 31, 2023 and December 31, 2022 prepared by Madison Consulting Group and prior quarterly actuarial reports prepared by Turner Consulting.

While we reviewed the data for reasonableness, we did not audit the data. We are relying on NICA to ensure its accuracy.

4.2 Investment and Inflation Assumptions

The reserve recommendations are presented on a present-value basis using an interest discount rate that is 1.5% greater than the future claims inflation. This is consistent with prior actuarial analyses.

4.3 Risk Margin

NICA's loss and LAE reserves represent an actuarial central estimate of the present-value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. Any such estimate involves the projection of future contingent events and actual payments will likely vary from projections.

To increase the likelihood that the estimates will reasonably provide for all future payments, we have continued NICA's past practice of estimating an additional explicit risk margin to account for likely variation in estimates caused by the following items.

1. The actual remaining years of life of known claims is likely to vary from their expected remaining life; and
2. The number and severity of pipeline and unreported claims are likely to vary from expected values included in our reserve estimates.

The resulting selected risk margin is \$75.5 million, consistent with recent prior analysis (Appendix I).

We note that the explicit risk margin only accounts for a small portion of the financial risk that NICA is exposed to. Much greater sources of risk are uncertainties in future claim cost inflation and discount rates to appropriately present-value the reserves. We have implicitly recognized some of this risk via our somewhat conservative selection of the future interest/inflation differential (See Section 4.2 above).

4.4 Inherent Variability

The development of reserves for NICA involves the projection of future contingent events. Actual results are likely to vary from projections. We have, however, used accepted actuarial methods and believe the results are reasonable.

5 ANALYSIS

We analyzed liabilities for the various categories of claims as set forth in Section 2.3 above. The following subsections describe the analysis for each category. In general, the methodology involved updating our December 31, 2022 analysis for the passage of time.

5.1 Analysis of AAA Claims With Worksheet

We developed reserves for AAA claims with reserve worksheets based on their life expectancy and estimated future payments. The final selected estimate is shown in Appendix A and on Exhibit 1.

5.11 Basis for Life Expectancy (AAA Claims With Reserve Worksheets)

The mortality assumptions are unchanged from those described in our analysis as of December 31, 2022.

5.12 Basis for Future Payments (AAA Claims With Reserve Worksheets)

The future payments for each claim were developed based on the case reserve worksheet provided by NICA. As of June 30, 2023, reserve worksheets for six additional claimants were incorporated into the analysis. In our December 31, 2022 analysis, we validated these projected payments using an aggregate actuarial model.

5.2 Analysis of AAA Pipeline Claims

The number of outstanding pipeline claims is known and does not require estimation. We estimated the average reserve for each AAA pipeline claim based on the estimated average life expectancy at birth for current AA claims as described previously. We estimated the future annual payments based on the average payment model as described in our December 31, 2022 report (Appendix B).

5.3 Analysis of AA-IBNR and DA-IBNR Claims

We estimated the reserve based on the estimated number claims (Appendix C) multiplied by the average projected reserve per claim (Appendix B).

5.4 Analysis of Other Claim Categories

For the other categories of claims, we directly used NICA's estimates of future liabilities (see Exhibit 1).

5.5 Analysis of ULAE

ULAE ("unallocated loss adjustment expenses") refers to those expenses incurred by NICA to administer the benefits separate and apart from the benefits themselves or legal fees. The reserves on Exhibit 1 include a provision for the estimated future ULAE. As shown in Appendix E, the ULAE reserve is 1.62% of total reserves *excluding ULAE*. This ULAE reserve ratio is selected in the December 31, 2022 report and is based on the methodology used in prior actuarial reports.

NICA
SUMMARY OF SELECTED RESERVES AS OF JUNE 30, 2023
(\$000'S)

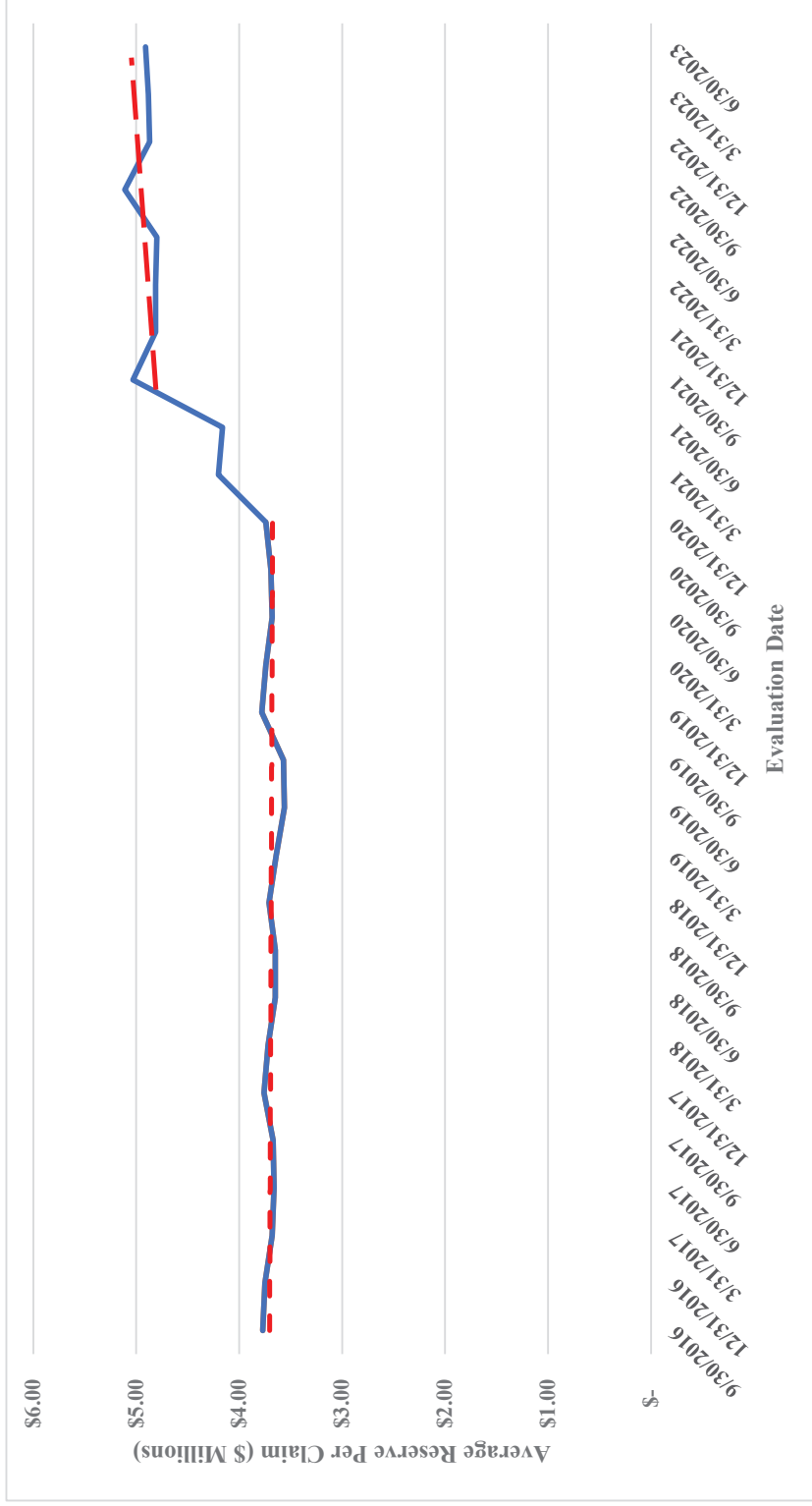
Item	Unpaid Claim Count	Case Reserve	Projected Reserve	
			Nominal	Inflated and Discounted
(1)	(2)	(3)	(4)	(5)
AAA Claims With Worksheets (a)	238	\$ 1,272,742	\$ 1,561,603	\$ 1,103,815
AAA Claims Pipeline (b)	13	34,102	100,513	66,604
AAA Claims IBNR (b)	27	-	206,824	137,051
AAD Claims (c)	8	995	995	995
DA Claims Reported (c)	35	5,974	5,974	5,974
DA Claims IBNR (b)	9	-	3,799	3,799
Denied Claims (c)	32	681	681	681
Subtotal	362	\$ 1,314,494	\$ 1,880,389	\$ 1,318,919
Outstanding ULAE (d)				21,723
Medicaid Reimbursement - Aug 31, 2021 through June 30, 2023 (e)				22,000
Total Reserve Excluding Risk Margin				\$ 1,362,642
Risk Margin (f)				\$ 75,500
Total Reserve Including Risk Margin				\$ 1,438,142

Notes:

- (a) See Appendix A. (e) Assumes one million dollars a month, starting August 31, 2021.
- (b) See Appendix B, Sheet 1. (f) See Appendix I.
- (c) See Appendix F, Sheet 2.
- (d) See Appendix E.

NICA

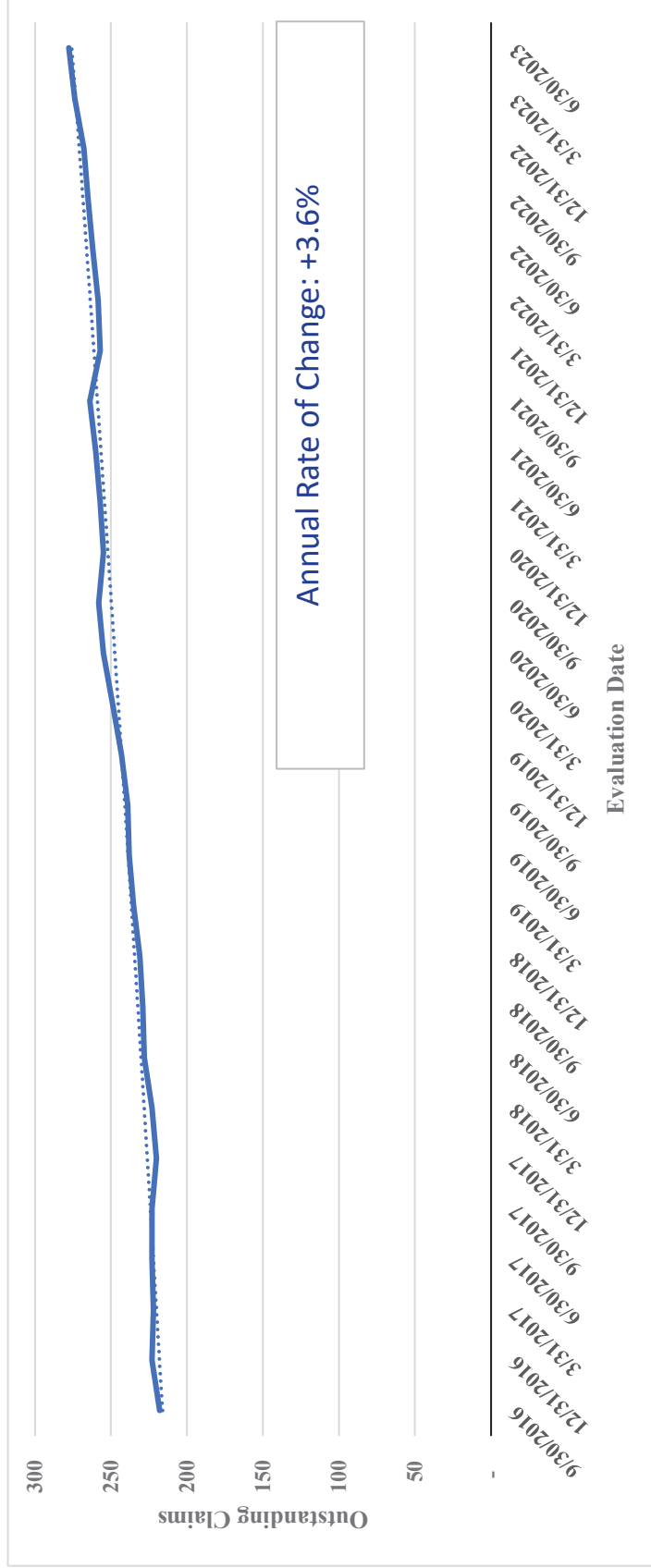
SUMMARY OF AVERAGE RESERVE PER AAA CLAIM



Note: Based on Exhibit 4, Row (10). AAA claims relate to accepted, living claimants.

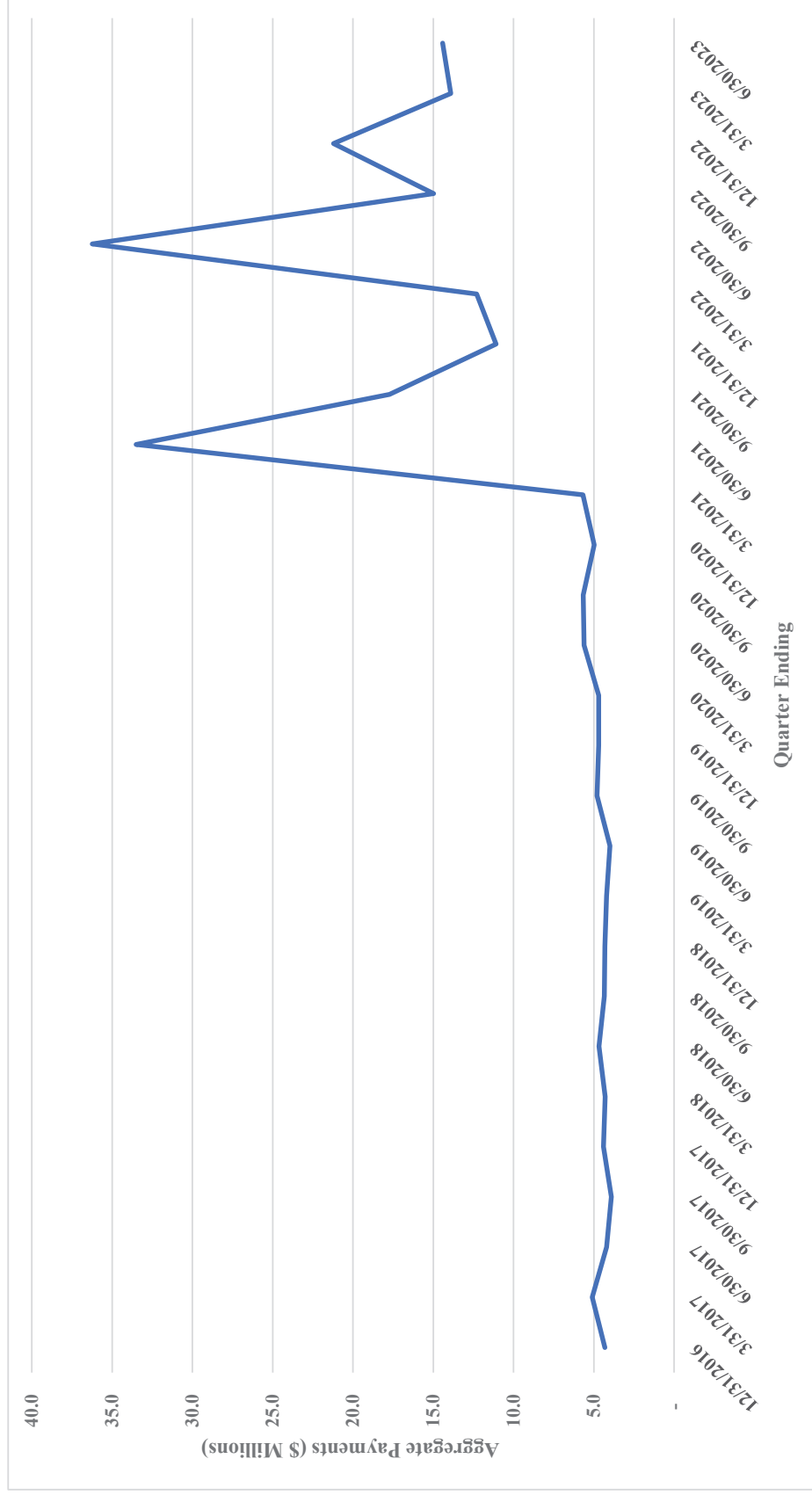
NICA

NUMBER OF OUTSTANDING AAA CLAIMS



Note: Based on Exhibit 4, Row (8). AAA claims relate to accepted, living claimants.

NICA PAYMENTS BY QUARTER FOR ALL CLAIMS



Note: Based on Exhibit 4, Row (12).

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018
(1) Reserve for Future Benefits (a)	\$ 810.3	\$ 826.2	\$ 806.6	\$ 805.7	\$ 806.4	\$ 814.4	\$ 816.5	\$ 819.7	\$ 823.1
(2) ULAE Reserves (a)	11.1	11.1	11.1	11.1	12.7	12.8	12.8	12.7	12.6
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	-	-	-
(4) Total Reserves	\$ 821.4	\$ 837.3	\$ 817.7	\$ 816.8	\$ 819.1	\$ 827.1	\$ 829.3	\$ 832.4	\$ 835.7
(5) - Change in Quarter	15.9	(19.6)	(0.9)	2.4	8.0	2.1	3.1	3.3	
(6) Number of Open Accepted Claims - AAA Claims (b)	187	193	189	190	191	191	193	198	198
(7) Number IBNR Claims Excluding DA (a)	31	30	33	33	32	29	30	30	31
(8) Total Outstanding AAA Claims	218	223	222	223	223	220	223	228	229
(9) - Change in Quarter	5.0	(1.0)	1.0	-	(3.0)	3.0	5.0	1.0	
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.77	\$ 3.75	\$ 3.68	\$ 3.66	\$ 3.67	\$ 3.76	\$ 3.72	\$ 3.65	\$ 3.65
(11) Inception to Date Claim Payments (a)	\$ 200.9	\$ 205.2	\$ 210.3	\$ 214.5	\$ 218.4	\$ 222.8	\$ 227.1	\$ 231.8	\$ 236.1
(12) - Change in Quarter	4.3	5.1	4.2	3.9	4.4	4.3	4.7	4.3	
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,022.3	\$ 1,042.5	\$ 1,028.0	\$ 1,031.3	\$ 1,037.5	\$ 1,049.9	\$ 1,056.4	\$ 1,064.2	\$ 1,071.8
(14) Claims Incurred in Quarter [(5) + (12)]	20.2	(14.5)	3.3	6.3	12.4	6.4	7.8	7.6	
(15) Average Number of Open Claims	190	191	190	190	191	191	192	196	198
(16) Average Paid Per Open Claim	\$ 0.023	\$ 0.027	\$ 0.022	\$ 0.022	\$ 0.020	\$ 0.023	\$ 0.022	\$ 0.024	\$ 0.022

Notes:
(a) Exhibit 1 for 12-31-2022 and subsequent; Turner Section I, Exhibit I for prior evaluations.
(b) Appendix F for 12-31-2022 and subsequent; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
(1) Reserve for Future Benefits (a)	\$ 843.3	\$ 841.4	\$ 836.0	\$ 840.1	\$ 903.8	\$ 917.1	\$ 924.7	\$ 938.6	\$ 937.6
(2) ULAE Reserves (a)	13.2	13.2	12.2	12.1	14.4	14.4	14.3	14.2	14.9
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	-	-	-
(4) Total Reserves	\$ 856.5	\$ 854.6	\$ 848.2	\$ 852.2	\$ 918.1	\$ 931.5	\$ 939.0	\$ 952.8	\$ 952.5
(5) - Change in Quarter	20.8	(1.9)	(6.4)	4.0	65.9	13.4	7.5	13.8	(0.3)
(6) Number of Open Accepted Claims - AAA Claims (b)	200	203	206	208	215	222	227	229	226
(7) Number IBNR Claims Excluding DA (a)	31	32	32	31	28	27	28	29	29
(8) Total Outstanding AAA Claims	231	235	238	239	243	249	255	258	255
(9) - Change in Quarter	2.0	4.0	3.0	1.0	4.0	6.0	6.0	3.0	(3.0)
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.71	\$ 3.64	\$ 3.56	\$ 3.57	\$ 3.78	\$ 3.74	\$ 3.68	\$ 3.69	\$ 3.74
(11) Inception to Date Claim Payments (a)	\$ 240.4	\$ 244.6	\$ 248.6	\$ 253.4	\$ 258.1	\$ 262.8	\$ 268.4	\$ 274.1	\$ 279.0
(12) - Change in Quarter	4.3	4.2	4.0	4.8	4.7	4.7	5.6	5.7	5.0
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,096.9	\$ 1,099.2	\$ 1,096.8	\$ 1,105.6	\$ 1,176.2	\$ 1,194.3	\$ 1,207.4	\$ 1,226.9	\$ 1,231.6
(14) Claims Incurred in Quarter [(5) + (12)]	25.1	2.3	(2.4)	8.8	70.6	18.1	13.1	19.5	4.7
(15) Average Number of Open Claims	199	202	205	207	212	219	225	228	228
(16) Average Paid Per Open Claim	\$ 0.022	\$ 0.021	\$ 0.020	\$ 0.023	\$ 0.022	\$ 0.021	\$ 0.025	\$ 0.025	\$ 0.022

Notes:
(a) Exhibit 1 for 12-31-2022 and subsequent; Turner Section I, Exhibit I for prior evaluations.
(b) Appendix F for 12-31-2022 and subsequent; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA
SUMMARY OF CLAIM PAYMENTS AND RESERVES
(\$ MILLIONS)

Item	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023
(1) Reserve for Future Benefits (a)	\$ 1,064.6	\$ 1,066.2	\$ 1,311.9	\$ 1,214.8	\$ 1,223.6	\$ 1,238.4	\$ 1,321.0	\$ 1,266.6	\$ 1,295.4	\$ 1,318.9
(2) ULAE Reserves (a)	15.0	14.9	14.8	20.2	20.2	20.2	20.2	20.8	21.3	21.7
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	14.0	16.0	19.0	22.0
(4) Total Reserves	\$ 1,079.6	\$ 1,081.1	\$ 1,326.7	\$ 1,235.0	\$ 1,243.8	\$ 1,258.6	\$ 1,355.1	\$ 1,303.4	\$ 1,335.7	\$ 1,362.6
(5) - Change in Quarter	127.1	1.5	245.6	(91.7)	8.8	14.8	96.5	(51.7)	32.3	27.0
(6) Number of Open Accepted Claims - AAA Claims (b)	228	233	235	230	232	233	238	241	247	251
(7) Number IBNR Claims Excluding DA (a)	29	27	29	27	27	29	27	27	27	27
(8) Total Outstanding AAA Claims	257	260	264	257	259	262	265	268	274	278
(9) - Change in Quarter	2.0	3.0	4.0	(7.0)	1.5	3.5	3.0	2.8	6.0	4.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 4.20	\$ 4.16	\$ 5.03	\$ 4.81	\$ 4.81	\$ 4.80	\$ 5.11	\$ 4.87	\$ 4.88	\$ 4.91
(11) Inception to Date Claim Payments (a)	\$ 284.7	\$ 318.2	\$ 335.9	\$ 347.0	\$ 359.3	\$ 395.5	\$ 410.5	\$ 431.7	\$ 445.6	\$ 460.0
(12) - Change in Quarter	5.7	33.5	17.7	11.1	12.3	36.2	15.0	21.2	13.9	14.4
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,364.3	\$ 1,399.3	\$ 1,662.6	\$ 1,582.0	\$ 1,603.1	\$ 1,654.2	\$ 1,765.6	\$ 1,735.1	\$ 1,781.3	\$ 1,822.7
(14) Claims Incurred in Quarter [(5) + (12)]	132.7	35.0	263.3	(80.6)	21.1	51.0	111.5	(30.5)	46.2	41.4
(15) Average Number of Open Claims	227	231	234	233	231	233	236	240	244	249
(16) Average Paid Per Open Claim	\$ 0.025	\$ 0.145	\$ 0.076	\$ 0.048	\$ 0.053	\$ 0.156	\$ 0.063	\$ 0.088	\$ 0.057	\$ 0.058

Notes:
(a) Exhibit 1 for 12-31-2022 and subsequent; Turner Section I, Exhibit I for prior evaluations.
(b) Appendix F for 12-31-2022 and subsequent; Turner Section VI, Exhibit IV or Exhibit X for prior evaluations.

NICA

SUMMARY OF RESERVES AS OF JUNE 30, 2023 - CURRENT DOLLARS

Birth Year	Paid Loss and ALAE (a)	Incurred Loss and ALAE (a)	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Reserves (b)	Selected Total Outstanding Loss & ALAE (c)
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 19,126,613.73	\$ 37,544,537.57	\$ 18,417,923.84	\$ 49,719.03	\$ 18,467,642.87
1990	9,360,194.23	20,881,387.95	11,521,193.72	292,050.02	11,813,243.74
1991	13,395,195.07	30,933,112.46	17,537,917.39	175,435.53	17,713,352.92
1992	21,964,973.67	65,804,696.48	43,839,722.81	416,267.49	44,255,990.30
1993	27,988,444.46	62,312,837.43	34,324,392.97	952,198.25	35,276,591.22
1994	11,598,998.26	32,137,943.39	20,538,945.13	236,821.40	20,775,766.53
1995	15,822,616.62	45,667,468.27	29,844,851.65	1,171,628.66	31,016,480.31
1996	14,620,587.05	44,453,645.60	29,833,058.55	2,009,422.61	31,842,481.16
1997	18,707,635.66	63,276,353.34	44,568,717.68	1,740,857.24	46,309,574.92
1998	31,037,784.01	88,325,980.52	57,288,196.51	4,861,948.20	62,150,144.71
1999	17,217,232.51	27,671,377.67	10,454,145.16	2,699,027.51	13,153,172.67
2000	9,866,096.43	23,037,893.53	13,171,797.10	1,690,107.35	14,861,904.45
2001	12,684,603.21	30,096,392.74	17,411,789.53	3,242,428.56	20,654,218.09
2002	28,099,643.26	92,515,111.19	64,415,467.93	9,511,908.19	73,927,376.12
2003	9,051,512.26	22,755,567.48	13,704,055.22	3,300,801.35	17,004,856.57
2004	11,004,307.60	54,309,128.79	43,304,821.19	4,691,663.87	47,996,485.06
2005	14,303,236.98	48,998,473.26	34,695,236.28	7,842,201.30	42,537,437.58
2006	17,500,824.48	77,643,818.33	60,142,993.85	10,411,207.78	70,554,201.63
2007	17,416,169.65	41,533,310.30	24,117,140.65	10,932,425.93	35,049,566.58
2008	12,808,403.44	68,231,599.34	55,423,195.90	10,218,383.65	65,641,579.55
2009	16,137,518.83	62,957,112.03	46,819,593.20	12,002,141.14	58,821,734.34
2010	7,162,375.79	35,496,474.82	28,334,099.03	4,352,682.94	32,686,781.97
2011	10,826,013.32	59,477,143.76	48,651,130.44	14,060,365.46	62,711,495.90
2012	7,229,002.74	46,322,866.18	39,093,863.44	7,814,598.21	46,908,461.65
2013	10,503,516.66	40,815,888.84	30,312,372.18	16,347,037.35	46,659,409.53
2014	12,199,650.66	38,796,785.06	26,597,134.40	19,214,516.32	45,811,650.72
2015	13,911,531.96	91,113,211.67	77,201,679.71	26,548,900.28	103,750,579.99
2016	5,434,629.89	50,609,948.11	45,175,318.22	11,286,833.96	56,462,152.18
2017	9,502,888.87	82,602,867.92	73,099,979.05	23,609,553.05	96,709,532.10
2018	14,679,879.46	120,643,651.06	105,963,771.60	40,927,713.99	146,891,485.59
2019	7,694,332.55	61,321,039.66	53,626,707.11	41,583,864.31	95,210,571.42
2020	6,408,631.36	53,646,213.30	47,237,581.94	34,460,795.20	81,698,377.14
2021	3,566,255.94	34,142,341.95	30,576,086.01	80,580,828.83	111,156,914.84
2022	1,207,261.93	18,456,174.47	17,248,912.54	105,637,455.50	122,886,368.04
2023	-	-	-	51,021,000.00	51,021,000.00
Total	\$ 460,038,562.54	\$ 1,774,532,354.47	\$ 1,314,493,791.93	\$ 565,894,790.47	\$ 1,880,388,582.40

Notes: (a) Provided by NICA.
(b) [(6) - (4)]
(c) Nominal reserves from Exhibit 1 split by birth year.

NICA

SUMMARY OF RESERVES AS OF JUNE 30, 2023 - DISCOUNTED & INFLATED

Birth Year	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Loss & ALAE	Total Outstanding Loss & ALAE (b)	Present Value Factor (c)
(1)	(7)	(8) = (9) - (7)	(9)	(10)
1989	\$ 13,921,901.59	\$ 37,582.06	\$ 13,959,483.64	0.7559
1990	9,317,299.44	236,183.64	9,553,483.09	0.8087
1991	13,600,145.55	136,045.16	13,736,190.71	0.7755
1992	33,056,622.01	313,879.65	33,370,501.67	0.7540
1993	25,623,036.33	710,812.58	26,333,848.91	0.7465
1994	14,437,312.21	166,467.39	14,603,779.60	0.7029
1995	21,952,204.26	861,784.54	22,813,988.80	0.7355
1996	22,681,381.03	1,527,717.30	24,209,098.34	0.7603
1997	31,950,661.93	1,247,995.10	33,198,657.03	0.7169
1998	42,847,498.06	3,636,391.59	46,483,889.66	0.7479
1999	8,237,424.86	2,126,719.68	10,364,144.54	0.7880
2000	9,759,363.91	1,252,249.23	11,011,613.13	0.7409
2001	13,201,042.23	2,458,301.96	15,659,344.19	0.7582
2002	47,749,542.46	7,050,934.79	54,800,477.25	0.7413
2003	10,461,273.34	2,519,734.82	12,981,008.16	0.7634
2004	30,058,755.50	3,256,579.14	33,315,334.64	0.6941
2005	24,509,029.63	5,539,802.14	30,048,831.77	0.7064
2006	43,087,339.43	7,458,744.81	50,546,084.24	0.7164
2007	18,764,710.17	8,506,141.22	27,270,851.39	0.7781
2008	38,252,877.61	7,052,689.27	45,305,566.88	0.6902
2009	32,837,527.47	8,417,856.98	41,255,384.44	0.7014
2010	18,127,134.66	2,784,689.56	20,911,824.21	0.6398
2011	32,990,179.67	9,534,289.92	42,524,469.59	0.6781
2012	26,548,765.24	5,306,918.15	31,855,683.39	0.6791
2013	21,964,943.07	11,845,385.86	33,810,328.93	0.7246
2014	19,646,484.70	14,193,171.91	33,839,656.60	0.7387
2015	53,545,487.25	18,413,767.77	71,959,255.02	0.6936
2016	29,778,725.49	7,440,070.01	37,218,795.50	0.6592
2017	50,050,675.18	16,165,176.60	66,215,851.78	0.6847
2018	71,646,980.66	27,673,110.23	99,320,090.89	0.6761
2019	37,107,382.11	28,774,251.22	65,881,633.33	0.6920
2020	30,973,394.66	22,595,733.45	53,569,128.11	0.6557
2021	20,617,295.97	54,335,234.31	74,952,530.28	0.6743
2022	11,487,578.07	70,353,334.69	81,840,912.76	0.6660
2023	-	34,197,000.00	34,197,000.00	0.6703
Total	\$ 930,791,975.75	\$ 388,126,746.73	\$ 1,318,918,722.49	

(11) Estimated Outstanding ULAE (d)	\$ 21,722,883.30
(12) Estimated Medicaid Reimbursement Expenses (e)	\$ 22,000,000.00
(13) Total Outstanding Loss & LAE (f)	\$ 1,362,641,605.79

- Notes: (a) [(10) x Exh 5, Sheet 1, Col (4)]. (d) See Appendix E.
 (b) Reserves from Exhibit 1 by birth year. (e) See Exhibit 1.
 (c) [(9) ÷ Exh 5, Sheet 1, Col (6)]. (f) [Col (9), Total + (11) + (12)].

NICA
SUMMARY OF RESERVES AS OF JUNE 30, 2023
LOSS AND LAE RESERVES FOR THRESHOLD CALCULATION
(\$000'S)

A: Determination of Liabilities For Threshold Calculation

(1) Total Reserve Excluding Risk Margin (a)	\$	1,362,642
(2) Family Care (AAA Claims With Worksheets) (b)	\$	135,323
(3) AAA IBNR Reserves (c)		137,051
(4) DA IBNR Reserves (c)		3,799
(5) Subtotal	\$	276,173
(6) Present Value Loss and LAE Reserves on Filed Claims [(1)-(5)]	\$	1,086,469

B: Assets For Threshold Calculation

(7) Invested Assets (e)	\$	1,314,842
(8) Cash (d)		165
(9) Income on Invested Funds (e)		65,017
(10) Future Assessments Health Care Providers (e)		36,000
(11) Potential Assessments against Insurance Companies (e)		28,815
(12) Transfers from Florida Office of Ins. Regulation		20,000
(13) Subtotal		1,464,840
(14) Assets for Threshold Calculation [(80% x (13))]		1,171,872

C: Threshold Test

(15) Assets Excess of Threshold [(14) - (6)]	85,403
(16) Pass/Fail	Pass

Notes:

- (a) See Exhibit 1.
- (b) See Appendix G, Sheet 1.
- (c) See Exhibit 1.
- (d) Provided by NICA.
- (e) Exhibit 6, Sheet 2.

NICA
THRESHOLD CALCULATION AS OF JUNE 30, 2023
(\$000'S)

1. Funds Available Within The Next 12 Months			
a. Income on Invested Funds (See 2 Below)	\$	65,017	
b. Future Assessments Health Care Providers		36,000	
c. Potential Assessments against Insurance Companies		28,815	
d. Total = (1a.)+(1b.)+(1c.)	\$	<u>129,832</u>	
2. Return On Invested Assets			
a. Investment at Current Market Value	\$	1,314,842	
b. Estimated Assessments in next 12 Months		36,000	
c. Estimated Expenditures next 12 Months		<u>(65,000)</u>	
d.. Subtotal		1,285,842	
e. Average Invested Assets = (2a. + 2d.) ÷ 2		1,300,342	
f. Expected Prospective Return (%)		5%	
g. Expected Prospective Return (\$)		65,017	
3. Assessments Against Insurance Companies.			
a. Assessment rate (From Florida Statute)		0.25%	
b. Net Direct Premium Written [= Total of 4(C)]	\$	<u>11,526,168</u>	
c. Assessment against insurance companies = (3a.) x (3b.)	\$	<u>28,815</u>	
4. Direct Premium Written - State Of Florida			
		<u>2022 Direct</u>	<u>%</u>
		<u>Written Premium</u>	<u>Liability</u>
		(A)	(B)
		\$	(C)
Farmowners Multi-Peril		26,278	1,314
Homeowners Multi-Peril		14,254,342	712,717
Commercial Multi-Peril - Liability		973,267	973,267
Medical Professional Liability		884,598	884,598
Other Liability		8,513,482	8,513,482
Products Liability		325,740	325,740
Aircraft		<u>230,099</u>	<u>115,050</u>
Total	\$	<u>25,207,806</u>	<u>11,526,168</u>

Note: The direct premium written is from AM Best. The estimated percentage of premium attributable to liability is based on judgment.

NICA
ANALYSIS OF RESERVES AS OF JUNE 30, 2023

SELECTED RESERVES FOR AAA CLAIMS WITH RESERVE WORKSHEETS
(\$000'S)

Item	Number of Claims	Case Reserve	Projected Reserve	
			Nominal	Inflated and Discounted
(1)	(2)	(3)	(4)	(5)
Scenario 1 (a)				
Case Reserve	238	\$ 1,272,742	\$ 1,292,998	\$ 933,126
Supplement for Expected Development	-	-	-	-
Total	238	\$ 1,272,742	\$ 1,292,998	\$ 933,126
Scenario 2 (a)				
Case Reserve	238	\$ 1,272,742	\$ 1,292,998	\$ 933,126
Supplement for Expected Development	-	-	268,604	170,689
Total	238	\$ 1,272,742	\$ 1,561,603	\$ 1,103,815
Selected (b)				
Case Reserve	238	\$ 1,272,742	\$ 1,292,998	\$ 933,126
Supplement for Expected Development	-	-	268,604	170,689
Total	238	\$ 1,272,742	\$ 1,561,603	\$ 1,103,815

Notes:

(a) Projected reserves are based on Case Reserve Method.

(b) Based on Scenario 2.

NICA
ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022

SELECTED RESERVES FOR AAA PIPELINE AND IBNR CLAIMS AND DA IBNR CLAIMS
(\$000'S)

Birth Year	Number of Claims (a)	Projected Reserve	
		Nominal (b)	Inflated and Discounted (c)
(1)	(2)	(3)	(4)
AAA Pipeline Claims			
2017	-	\$ -	\$ -
2018	-	-	-
2019	1.0	7,732	5,123
2020	-	-	-
2021	7.0	54,122	35,864
2022	5.0	38,659	25,617
<u>2023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	13.0	\$ 100,513	\$ 66,604
AAA IBNR Claims			
2017	0.2	\$ 1,160	\$ 769
2018	0.9	6,959	4,611
2019	1.7	13,144	8,710
2020	2.7	20,489	13,577
2021	5.2	39,818	26,385
2022	9.8	75,384	49,953
<u>2023</u>	<u>6.5</u>	<u>49,870</u>	<u>33,046</u>
Total	26.8	\$ 206,824	\$ 137,051
DA IBNR Claims			
2017	-	\$ -	\$ -
2018	0.0	10	10
2019	0.4	147	147
2020	0.8	345	345
2021	1.8	733	733
2022	3.4	1,413	1,413
<u>2023</u>	<u>2.8</u>	<u>1,151</u>	<u>1,151</u>
Total	9.1	\$ 3,799	\$ 3,799

Notes:

- (a) See Appendix C, Sheet 1 for IBNR counts and Appendix F, Sheet 2 for pipeline counts.
(b) [(2) x Projected Reserve Per Claim in Appendix B, Sheet 2].

NICA
ANALYSIS OF RESERVES AS OF JUNE 30, 2023

PROJECTED RESERVE FOR IBNR OR PIPELINE CLAIMS
(\$000'S)

Nominal			Inflated and Discounted		
Parental Award	Death Benefit	Other Benefits	Parental Award	Death Benefit	Other Benefits
(1)	(2)	(3)	(5)	(6)	(7)
(4)			(8)		
AAA Claims (a)					
\$ 269	Included in (3) \$	7,463 \$	269	Included in (7) \$	4,855 \$
\$ 269	\$	50 \$	100 \$	269 \$	50 \$
DA Claims (b)					
\$ 269	\$	50 \$	100 \$	269 \$	100 \$
			419		

Notes:
(a) Projected based on Life Expectancy at Birth: 44.5 (See bottom chart of Appendix D, Sheet 5).
(b) Future Payments (Actuarial projection from 9/30/2022 report).

NICA ANALYSIS OF IBNR CLAIMS

SELECTED ULTIMATE CLAIM COUNTS

Birth Year	DA Claims			AA Claims		
	Reported Count (a)	IBNR (b)	Ultimate Count (c)	Reported Count (a)	IBNR (d)	Ultimate Count (e)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2012	4	0.0	4	7	0.0	7
2013	3	0.0	3	8	0.0	8
2014	3	0.0	3	10	0.0	10
2015	6	0.0	6	14	0.0	14
2016	4	0.0	4	7	0.0	7
2017	2	0.0	2	13	0.2	13
2018	9	0.0	9	18	0.9	19
2019	4	0.4	4	12	1.7	14
2020	5	0.8	6	8	2.7	11
2021	11	1.8	13	9	5.2	14
2022	3	3.4	6	6	9.8	16
2023	0	2.8	3	0	6.5	6
Total	54	9.1	63	112	26.8	139

- Notes: (a) Based on data provided by NICA.
 (b) Based on Sheet 2a.
 (c) [(2) + (3)]
 (d) Based on Sheet 3a.
 (e) [(5) + (6)]

NICA
ANALYSIS OF IBNR CLAIMS
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2016-3	-	-	1	1	1	1	1	1	1	1	1	1
2016-4	1	1	1	1	1	1	1	1	1	1	1	1
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	2	2	2	2	2	2	2	2	2
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	1	2	1
2018-2	1	-	-	-	-	1	1	1	2	2	2	2
2018-3	-	-	-	1	1	1	1	1	1	1	1	2
2018-4	-	-	2	3	4	4	4	4	4	4	4	4
2019-1	-	-	-	-	-	1	1	1	1	1	3	2
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	1	1	1	1	1	1	1
2019-4	-	-	-	1	-	-	-	-	-	1	1	1
2020-1	-	-	-	-	-	-	1	1	1	1	1	1
2020-2	-	-	-	1	1	1	1	1	1	2	2	2
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	1	1	1	1	1	1	2	-
2021-1	-	-	1	1	1	1	1	1	1	1	-	-
2021-2	-	1	2	3	3	3	3	3	3	-	-	-
2021-3	-	-	-	-	-	-	1	2	-	-	-	-
2021-4	-	-	-	1	1	2	5	-	-	-	-	-
2022-1	-	-	-	1	1	2	-	-	-	-	-	-
2022-2	-	-	1	1	1	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
2023-2	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2016-3	-	1	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	2	-	-	-	-	-	-	-	-	-
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	1	1	(1)	-
2018-2	(1)	-	-	-	1	-	-	1	-	-	-	-
2018-3	-	-	1	-	-	-	-	-	-	-	1	-
2018-4	-	2	1	1	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	1	-	-	-	-	2	(1)	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	1	-	-	-	-	-	-	-
2019-4	-	-	1	(1)	-	-	-	-	1	-	-	-
2020-1	-	-	-	-	-	1	-	-	-	-	-	-
2020-2	-	-	1	-	-	-	-	-	1	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	1	-	-	-	-	-	1	-	-
2021-1	-	1	-	-	-	-	-	-	-	-	-	-
2021-2	1	1	1	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	1	1	-	-	-	-	-
2021-4	-	-	1	-	1	3	-	-	-	-	-	-
2022-1	-	-	1	-	1	-	-	-	-	-	-	-
2022-2	-	1	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
2023-2	-	-	-	-	-	-	-	-	-	-	-	-

Avg All		0.231	0.360	0.042	0.217	0.227	0.048	0.050	0.158	0.222	-0.059	
Avg Latest 2												
Avg Latest 3												
Avg Latest 5												
Prior Selected												
Selected Incremental	0.200	0.200	0.175	0.150	0.100	0.100	0.075	0.075	0.075	0.050	0.050	0.050
Cumulative	1.475	1.275	1.075	0.900	0.750	0.650	0.550	0.475	0.400	0.325	0.275	0.225

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	39	42	45	48	51	54	57	60	63	66	69	72
2016-3	1	1	1	1	1	1	1	1	1	1	1	1
2016-4	1	1	1	1	1	1	1	1	1	1	1	1
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	2	2	2	2	2	2	2	2	2	2	2	2
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	1	1	1	1	1	1	1	1	1	1		
2018-2	2	2	2	2	2	2	2	2	2			
2018-3	2	2	2	2	2	2	2	2				
2018-4	4	4	4	4	4	4	4					
2019-1	2	2	2	2	2	2						
2019-2	-	-	-	-	-							
2019-3	1	1	1	1								
2019-4	1	1	1									
2020-1	1	1										
2020-2	2											
2020-3												
2020-4												
2021-1												
2021-2												
2021-3												
2021-4												
2022-1												
2022-2												
2022-3												
2022-4												
2023-1												
2023-2												

Birth Year	Link Ratios											
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	-	-	-	-	-	-	-	-	-
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	-	-	-	-	-	-	-	-	-	-	-	-
2018-4	-	-	-	-	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-
2019-4	-	-	-	-	-	-	-	-	-	-	-	-
2020-1	-	-	-	-	-	-	-	-	-	-	-	-
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	-	-	-	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	-	-	-	-	-	-	-	-	-
2022-1	-	-	-	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
2023-2	-	-	-	-	-	-	-	-	-	-	-	-

Avg All												
Avg Latest 2												
Avg Latest 3												
Avg Latest 5												
Prior Selected												
Selected Incremental	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.000	0.000	0.000	0.000	0.000
Cumulative	0.175	0.150	0.125	0.100	0.075	0.050	0.025	0.000	0.000	0.000	0.000	0.000

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	1	1	1	1	1	1	1	2	2
2017-1	-	-	-	-	1	2	2	2	3	3	3	3
2017-2	-	1	1	1	2	1	1	2	2	2	2	2
2017-3	-	-	1	-	1	2	2	2	3	4	6	6
2017-4	-	-	-	-	1	1	1	2	3	2	2	2
2018-1	-	1	1	2	3	3	3	4	7	6	6	6
2018-2	-	1	1	1	2	3	3	3	6	5	5	5
2018-3	-	1	1	1	1	2	2	2	3	3	4	4
2018-4	-	-	-	-	2	2	2	2	2	2	2	2
2019-1	-	-	-	2	4	4	4	4	5	6	5	5
2019-2	-	1	-	-	-	2	1	1	1	2	1	1
2019-3	-	1	1	2	2	2	2	3	3	3	3	3
2019-4	-	-	-	-	1	1	1	2	2	2	2	2
2020-1	-	-	-	-	1	1	2	2	2	2	2	2
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	3	4	4	4	5	4	4	4
2020-4	-	-	3	3	2	2	2	2	2	2	2	2
2021-1	-	-	-	-	-	1	1	2	3	3	-	-
2021-2	-	-	-	-	-	-	-	1	1	-	-	-
2021-3	-	-	-	-	-	1	1	3	-	-	-	-
2021-4	-	-	-	1	2	2	2	-	-	-	-	-
2022-1	-	-	1	-	1	2	-	-	-	-	-	-
2022-2	-	-	-	1	2	-	-	-	-	-	-	-
2022-3	-	1	2	2	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
2023-2	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	1	-	-	-	-	-	-	1	-	-
2017-1	-	-	-	1	1	-	-	1	-	-	-	-
2017-2	1	-	-	1	(1)	-	1	-	-	-	-	-
2017-3	-	1	(1)	1	1	-	-	1	1	2	-	-
2017-4	-	-	-	1	-	-	1	1	(1)	-	-	-
2018-1	1	-	1	1	-	-	1	3	(1)	-	-	(1)
2018-2	1	-	-	1	1	-	-	3	(1)	-	-	-
2018-3	1	-	-	-	1	-	-	1	-	1	-	(1)
2018-4	-	-	-	2	-	-	-	-	-	-	-	-
2019-1	-	-	2	2	-	-	-	1	1	(1)	-	-
2019-2	1	(1)	-	-	2	(1)	-	-	1	(1)	-	-
2019-3	1	-	1	-	-	-	1	-	-	-	-	-
2019-4	-	-	-	1	-	-	1	-	-	-	-	-
2020-1	-	-	-	1	-	1	-	-	-	-	-	1
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	3	1	-	-	1	(1)	-	-	-
2020-4	-	3	-	(1)	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	1	-	1	1	-	-	-	-
2021-2	-	-	-	-	-	-	1	-	-	-	-	-
2021-3	-	-	-	-	1	-	2	-	-	-	-	-
2021-4	-	-	1	1	-	-	-	-	-	-	-	-
2022-1	-	1	(1)	1	1	-	-	-	-	-	-	-
2022-2	-	-	1	1	-	-	-	-	-	-	-	-
2022-3	1	1	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
2023-2	-	-	-	-	-	-	-	-	-	-	-	-

Avg All	0.259	0.192	0.200	0.708	0.391		0.429	0.650	-0.053	0.111		-0.063
Avg Latest 2		0.500	0.500	1.000	0.500		1.500	0.500				0.500
Avg Latest 3	0.333	0.333		1.000	0.667		1.333	0.333	-0.333			0.333
Avg Latest 5	0.200	0.400	0.200	0.600	0.600		0.800	0.400	-0.200			0.200

Prior Selected

Selected Incremental	0.250	0.250	0.250	0.300	0.300	0.300	0.300	0.300	0.150	0.150	0.100	0.100
Cumulative	3.350	3.100	2.850	2.600	2.300	2.000	1.700	1.400	1.100	0.950	0.800	0.700

Notes: Counts provided by NICA.

NICA
ANALYSIS OF IBNR CLAIMS
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	39	42	45	48	51	54	57	60	63	66	69	72
2016-3	-	1	1	1	1	1	1	1	1	1	2	2
2016-4	2	2	2	2	2	2	2	2	2	2	2	2
2017-1	3	4	3	2	2	2	2	2	2	2	2	2
2017-2	2	2	2	2	3	3	3	3	3	3	3	3
2017-3	6	7	7	7	7	6	6	6	6	5	5	5
2017-4	2	2	2	2	2	2	2	2	3	3	3	
2018-1	5	5	4	4	5	5	5	5	5	5		
2018-2	5	5	5	5	5	5	5	5	5			
2018-3	3	4	4	4	5	6	6	6				
2018-4	2	2	2	2	2	2	2					
2019-1	5	5	5	5	5	5	5					
2019-2	1	1	1	1	2							
2019-3	3	3	3	3								
2019-4	2	2	2									
2020-1	3	2										
2020-2	-											
2020-3												
2020-4												
2021-1												
2021-2												
2021-3												
2021-4												
2022-1												
2022-2												
2022-3												
2022-4												
2023-1												
2023-2												

Birth Year	Link Ratios											
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75
2016-3	1	-	-	-	-	-	-	-	-	1	-	1
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	1	(1)	(1)	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	1	-	-	-	-	-	-	-	-
2017-3	1	-	-	-	(1)	-	-	-	(1)	-	-	-
2017-4	-	-	-	-	-	-	-	1	-	-	-	-
2018-1	-	(1)	-	1	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	1	-	-	1	1	-	-	-	-	-	-	-
2018-4	-	-	-	-	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	1	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-
2019-4	-	-	-	-	-	-	-	-	-	-	-	-
2020-1	(1)	-	-	-	-	-	-	-	-	-	-	-
2020-2												
2020-3												
2020-4												
2021-1												
2021-2												
2021-3												
2021-4												
2022-1												
2022-2												
2022-3												
2022-4												
2023-1												
2023-2												
Avg All	0.200	-0.143	-0.077	0.333				0.125	-0.143	0.167		0.250
Avg Latest 2	-0.500			0.500								
Avg Latest 3	-0.333			0.333	0.333			0.333	-0.333			
Avg Latest 5	-0.200			0.400	0.200			0.200	-0.200			0.250
Prior Selected												
Selected Incremental	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Cumulative	0.600	0.550	0.500	0.450	0.400	0.350	0.300	0.250	0.200	0.150	0.100	0.050

Notes: Counts provided by NICA.

NICA
REVIEW OF LIFE EXPECTANCY

Not applicable for interim analyses.

Included in year-end analyses only when life expectancies are refreshed.

NICA
ANALYSIS OF RESERVES AS OF JUNE 30, 2023

ANALYSIS OF UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE) RESERVE
(\$000'S)

Evaluation Date	Total Reserves excluding ULAE Expense (a)	ULAE Reserve (b)	Ratio of ULAE Reserve to Total Reserve excl. ULAE (c)
(1)	(2)	(3)	(4)
6/30/2020	\$ 924,652	\$ 14,310	1.55%
9/30/2020	938,594	14,209	1.51%
12/31/2020	937,583	14,948	1.59%
3/31/2021	1,064,600	15,000	1.41%
6/30/2021	1,066,200	14,900	1.40%
9/30/2021	1,311,888	14,766	1.13%
12/31/2021	1,214,800	20,200	1.66%
3/31/2022	1,223,639	20,200	1.65%
6/30/2022	1,238,437	20,200	1.63%
9/30/2022	1,334,973	20,162	1.51%
12/31/2022	1,282,621	20,779	1.62%
3/31/2023	1,314,386	21,293	1.62%
(5) Selected (d)			1.62%
(6) Total Loss Reserve Excluding ULAE as of 6/30/2023 (e)		\$ 1,340,919	
(7) Indicated ULAE Reserve (f)		\$ 21,723	

Notes:

- (a) Prior reserve analyses; See Exhibit 4; Exclude ULAE Reserves.
(b) Prior reserve analyses; See Exhibit 4, Row (2).
(c) = (3) ÷ (2)
(d) See Appendix E in December 31, 2022 report.
(e) See Exhibit 1; Excludes ULAE Reserves and Risk Margin.

NICA

LOSS AND COUNT SUMMARY BY BIRTH YEAR AS OF JUNE 30, 2023
CURRENT DOLLARS (\$000'S)

Birth Year	Paid Loss and ALAE	Reported Loss and ALAE	Case Outstanding Loss & ALAE	Open Accepted Claim Counts		
				AAA	AAD	DA
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1989	\$ 19,127	\$ 37,545	\$ 18,418	3	-	-
1990	9,360	20,881	11,521	3	-	-
1991	13,395	30,933	17,538	4	-	-
1992	21,965	65,805	43,840	9	-	-
1993	27,988	62,313	34,324	7	-	-
1994	11,599	32,138	20,539	3	-	-
1995	15,823	45,667	29,845	5	-	-
1996	14,621	44,454	29,833	6	-	-
1997	18,708	63,276	44,569	8	-	-
1998	31,038	88,326	57,288	11	-	-
1999	17,217	27,671	10,454	3	-	-
2000	9,866	23,038	13,172	3	-	-
2001	12,685	30,096	17,412	4	-	-
2002	28,100	92,515	64,415	12	-	-
2003	9,052	22,756	13,704	3	-	-
2004	11,004	54,309	43,305	5	-	-
2005	14,303	48,998	34,695	7	-	-
2006	17,501	77,644	60,143	9	-	-
2007	17,416	41,533	24,117	7	-	-
2008	12,808	68,232	55,423	9	-	-
2009	16,138	62,957	46,820	10	-	-
2010	7,162	35,496	28,334	5	-	-
2011	10,826	59,477	48,651	10	-	-
2012	7,229	46,323	39,094	7	-	-
2013	10,504	40,816	30,312	7	-	-
2014	12,200	38,797	26,597	8	-	-
2015	13,912	91,113	77,202	14	-	-
2016	5,435	50,610	45,175	7	-	-
2017	9,503	82,603	73,100	12	-	-
2018	14,680	120,644	105,964	17	-	-
2019	7,694	61,321	53,627	11	-	-
2020	6,409	53,646	47,238	7	-	1
2021	3,566	34,142	30,576	9	-	4
2022	1,207	18,456	17,249	6	-	1
2023	-	-	-	-	-	-
Total	\$ 460,039	\$ 1,774,532	\$ 1,314,494	251	-	6

Note: Data provided by NICA.

NICA

LOSS AND COUNT SUMMARY BY AS OF JUNE 30, 2023 OTHER CLAIMS

Birth Year	Case Outstanding - Current Dollars (000's)				Count of Claims with Case Reserves			
	AAA-Pipeline	AAD	DA	Denied	AAA-Pipeline	AAD	DA	Denied
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1989	\$ -	\$ 200	\$ 205	\$ -	-	1	1	-
1990	-	-	-	-	-	-	-	-
1991	-	-	-	-	-	-	-	-
1992	-	270	75	-	-	1	1	-
1993	-	3	-	-	-	1	-	-
1994	-	200	-	-	-	1	-	-
1995	-	-	200	-	-	-	1	-
1996	-	-	455	-	-	-	2	-
1997	-	-	208	-	-	-	3	-
1998	-	-	400	-	-	-	2	-
1999	-	-	445	-	-	-	2	-
2000	-	17	200	-	-	1	1	-
2001	-	-	221	-	-	-	2	-
2002	-	-	190	-	-	-	1	-
2003	-	-	380	-	-	-	2	-
2004	-	-	190	-	-	-	1	-
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	95	-	-	-	1	-	-
2008	-	-	-	-	-	-	-	-
2009	-	190	-	-	-	1	-	-
2010	-	-	20	-	-	-	1	-
2011	-	-	-	-	-	-	-	-
2012	-	-	95	-	-	-	1	-
2013	-	-	28	-	-	-	1	-
2014	-	20	-	-	-	1	-	-
2015	-	-	380	27	-	-	2	2
2016	-	-	-	-	-	-	-	-
2017	-	-	1	31	-	-	1	3
2018	-	-	37	115	-	-	2	5
2019	2,839	-	111	16	1	-	1	1
2020	-	-	355	155	-	-	1	7
2021	18,629	-	1,428	212	7	-	5	9
2022	12,633	-	349	125	5	-	1	5
2023	-	-	-	-	-	-	-	-
Total	\$ 34,102	\$ 995	\$ 5,974	\$ 681	13	8	35	32

Note: Data provided by NICA.

NICA

ANALYSIS OF RESERVES AS OF JUNE 30, 2023
RESERVES BY BIRTH YEAR FOR AAA CLAIMS WITH WORKSHEETS ONLY
INFLATED AND DISCOUNTED (\$000'S)

Birth Year	Nursing Care	Medical	All Other	Total	Family Care
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 10,983	\$ 284	\$ 2,288	\$ 13,554	\$ -
1990	8,048	189	1,317	9,553	-
1991	10,778	322	2,637	13,736	-
1992	26,443	750	5,832	33,026	-
1993	21,657	652	4,022	26,331	-
1994	11,554	352	2,498	14,404	-
1995	17,337	1,609	3,668	22,614	-
1996	19,127	490	4,137	23,754	-
1997	25,874	804	6,312	32,991	-
1998	36,821	1,215	8,048	46,084	-
1999	8,159	194	1,565	9,919	-
2000	8,964	251	1,580	10,794	-
2001	12,373	318	2,748	15,438	-
2002	45,093	1,055	8,462	54,610	3,968
2003	9,935	311	2,355	12,601	2,315
2004	23,933	3,844	5,348	33,125	3,177
2005	24,333	1,030	4,686	30,049	4,168
2006	39,994	1,772	8,780	50,546	8,591
2007	22,655	516	4,005	27,176	3,825
2008	35,500	1,275	8,531	45,306	7,603
2009	32,960	995	7,111	41,065	7,789
2010	16,512	613	3,767	20,892	4,339
2011	34,573	1,060	6,891	42,524	7,140
2012	24,756	772	6,233	31,761	6,519
2013	28,040	681	5,062	33,782	5,257
2014	27,205	926	5,689	33,820	4,412
2015	57,343	1,498	12,711	71,552	13,046
2016	30,007	845	6,366	37,219	6,151
2017	50,901	1,381	13,132	65,415	13,071
2018	78,408	1,983	14,155	94,546	16,239
2019	43,318	1,074	7,382	51,774	8,431
2020	30,413	866	7,859	39,137	5,484
2021	8,767	220	1,344	10,331	2,348
2022	3,277	124	983	4,384	1,451
2023	-	-	-	-	-
Total	\$ 886,043	\$ 30,269	\$ 187,502	\$ 1,103,815	\$ 135,323
2002-2023	\$ 667,925	\$ 22,840	\$ 140,851	\$ 831,616	\$ 135,323

Notes: Based on Case Reserve Method.

NICA

ANALYSIS OF RESERVES AS OF JUNE 30, 2023
RESERVES BY BENEFIT TYPE FOR AAA CLAIMS WITH WORKSHEETS ONLY
INFLATED AND DISCOUNTED (\$000'S)

Benefit Type	Reserves
1) Family Care	\$ 135,323
2) Nursing Care By Others	520,211
3) Nursing Care By Parents	230,509
4) Medical	30,269
5) Psychotherapeutic	1,664
6) Equipment & Supplies	54,569
7) Therapy	20,134
8) Insurance Premium	31,488
9) Miscellaneous Other	3,134
10) Travel & Transport	11,345
11) Vehicle Related Costs	45,246
12) Housing Remaining	11,998
13) Parental Awards Remaining	4,336
14) Death Benefit	3,590
Total	\$ 1,103,815
Subtotals:	
15) Nursing Care Total (a)	\$ 886,043
16) Medical Total (b)	30,269
17) Other Total (c)	171,168
18) Retrospective Remaining (d)	16,334
Total	\$ 1,103,815

Notes:

(a) = [(1) + (2) + (3)]

(b) = [(4)]

(c) = [Sum [(5) through (11), (14)]

(d) = [(12) + (13)]

NICA

SUMMARY OF HISTORICAL INFLATION AND INVESTMENT RETURNS

Year	CPI All Items % Change (a)	Actual Investment Return (b)	Investment Return Less CPI (4) = (3) - (2)
(1)	(2)	(3)	(4) = (3) - (2)
1991	3.1%	5.9%	2.8%
1992	2.9%	3.3%	0.4%
1993	2.7%	3.1%	0.4%
1994	2.7%	3.6%	0.9%
1995	2.5%	7.0%	4.4%
1996	3.3%	5.8%	2.5%
1997	1.7%	6.1%	4.4%
1998	1.6%	6.2%	4.6%
1999	2.7%	4.5%	1.9%
2000	3.4%	13.1%	9.7%
2001	1.6%	4.0%	2.4%
2002	2.4%	-8.5%	-10.9%
2003	1.9%	20.0%	18.1%
2004	3.3%	10.3%	7.0%
2005	3.4%	8.9%	5.5%
2006	2.5%	12.8%	10.2%
2007	4.1%	8.7%	4.6%
2008	0.1%	-27.2%	-27.3%
2009	2.7%	20.0%	17.3%
2010	1.5%	13.4%	11.9%
2011	3.0%	-0.1%	-3.1%
2012	1.7%	10.9%	9.1%
2013	1.5%	12.6%	11.1%
2014	0.8%	5.6%	4.9%
2015	0.7%	-1.8%	-2.6%
2016	2.1%	6.7%	4.6%
2017	2.1%	13.8%	11.7%
2018	1.9%	-6.7%	-8.6%
2019	2.3%	21.1%	18.9%
2020	1.4%	14.1%	12.7%
2021	7.0%	6.0%	-1.0%
2022	6.8%	-23.3%	-30.1%
<u>Averages (c):</u>			
2010-2022	2.5%	4.9%	2.4%
2000-2009	2.5%	5.2%	2.7%
1991-1999	2.6%	5.0%	2.5%
1991-2022	2.5%	5.0%	2.5%

Notes:

- (a) Ibbotson's 2022 SBBI Yearbook, Stocks, Bonds, Bills, and Inflation.
 (b) NICA Investment Recap Summary; Ratio of Sum of Interest Income and Unrealized Gain/Loss to the Market Value Beginning Balance.
 (c) Geometric average over the given time period.

NICA
SUMMARY OF RESERVES AS OF JUNE 30, 2023
CALCULATION OF RISK MARGIN

<u>1. Risk: Time Lived Varying from Remaining Loss Expectancy (RLE)</u>		
a. Number of Outstanding AA Claims	238	AAA-Worksheet Claim Count
b. Assumed Average CV of RLE	0.5	Based on AAA-Worksheet Claims
c. CV of Aggregate RLE	3%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	1,561,603	Exhibit 1, Column (4)
e. Variance	2,561,557,268	= [(c.) x (d.)]^2
<u>2. Risk: Cost of IBNR and Pipeline AA Claims</u>		
a. Expected Number of Claims	39.75	Exhibit 1, Col (2): AAA IBNR+AAA Pipeline
b. Variance of Number of Claims	39.75	Assumes Poisson Distribution
c. CV Claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	22%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	307,337	Exhibit 1, Col (4): AAA IBNR+AAA Pipeline
f. Variance	4,752,504,733	= [(d.) x (e.)]^2
<u>3. Risk: Cost of Outstanding for Other Claims</u>		
a. Number of Outstanding Other Claims	75	Exhibit 1, Col (2): AAD+DA Reported+Denied)
b. Assumed Severity CV	1	Based on judgment
c. CV of Aggregate Reserve	12%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	7,650	Exhibit 1, Col (4): AAD+DA Reported+Denied)
e. Variance	780,307	= [(c.) x (d.)]^2
<u>4. Risk: Cost of IBNR DA Claims</u>		
a. Expected Number of Claims	9.075	Exhibit 1
b. Variance of Number of Claims	9.075	Assumes Poisson Distribution
c. CV claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	47%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	3,799	Exhibit 1
f. Variance	3,180,694	= [(d.) x (e.)]^2
<u>5. Risk Margin</u>		
a. Total Variance	7,318,023,002	= 1(e.) + 2(f.) + 3(e.) + 4(f.)
b. Standard Deviation	85,545	= sqrt(a.)
c. Aggregate Reserve - Nominal	1,880,389	Exhibit 1, Col(4)
d. Aggregate Reserve - Discounted	1,318,919	Exhibit 1, Col(5)
e. Average Discount	0.70	= (d.) ÷ (c.)
f. Standard Deviation - Discounted Reserves	60,002	= (b.) x (e.)
g. Z: 90th percentile of standard normal	1.28	90th percentile of standard normal distribution
h. 90% confidence level	76,896	= (f.) x (g.)
Minimum Risk Margin	75,500	Previous Risk Margin
Selected Risk Margin	75,500	

Agenda Item # 7 (Tab T)

June 30, 2023

Audited Financial Statements

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

Financial Statements
and Other Financial Information



Florida Birth Related Neurological Injury Compensation Association

*Years ended June 30, 2023 and 2022
with Report of Independent Auditors*

Florida Birth Related Neurological Injury Compensation Association

Financial Statements and Other Financial Information

Years ended June 30, 2023 and 2022

Contents

Report of Independent Auditors	1
Management's Discussion and Analysis	5
Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11
Other Reports	
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28
Other Financial Information	
Schedule of General and Administrative Expenses	30

Report of Independent Auditors

Board of Directors
Florida Birth Related Neurological Injury Compensation Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Florida Birth Related Neurological Injury Compensation Association (NICA) which comprise the statements of net position as of June 30, 2023 and 2022, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of NICA, as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NICA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NICA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Page Two

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NICA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NICA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Page Three

Other Matters

Financial Condition

At June 30, 2023 and 2022, NICA has a deficit net position of approximately \$152.9 million and \$30.7 million, respectively. As discussed in Note 9 to the financial statements, additional funding sources as well as monitoring actions are described.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other financial information. The other information comprises the Schedule of General and Administrative Expenses but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Page Four

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated NEED DATE on our consideration of NICA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NICA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NICA's internal control over financial reporting and compliance.

Tallahassee, Florida
NEED DATE

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

Our discussion and analysis of the Florida Birth-Related Neurological Injury Compensation Association's (NICA) financial performance provides an overview of the Association's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with NICA's basic financial statements, which begin on page 8. NICA was established by 766.315, *Florida Statutes* to administer the Florida Birth-Related Neurological Injury Compensation Plan (the Plan). The Plan was established pursuant to the *Florida Birth-Related Neurological Injury Compensation Act*, Chapter 88-1, Laws of Florida, beginning January 1, 1989, and was created for the purpose of providing limited recovery, irrespective of fault, for certain birth-related neurological injuries. The Association and Plan referenced in the Florida Statutes are collectively known as NICA.

During the fiscal year ending June 30, 2023, NICA entered into a settlement agreement in connection with the federal lawsuit captioned U.S. ex rel. Arven v. The Florida Birth-Related Neurological Injury Compensation Association, et al., No. 0:19-cv-61053 (S.D. Fla.) ("Action") in which it was alleged that NICA caused the submission of false claims to Medicaid in violation of the FCA by acting as the payor of last resort. The settlement included payments of approximately \$51 million to the United States and \$1.3 million to Relator's counsel for attorneys' fees and costs. NICA and its Board believe it acted appropriately and in good faith at all times and consistently held the view for more than three decades that it was not a "third party" under 42 U.S.C. § 1396a(a)(25)(A). Accordingly, NICA did not knowingly cause the submission of false claims.

While NICA steadfastly believes it would have prevailed had this dispute gone to trial, it recognized that litigation is inherently unpredictable. In weighing its options, NICA management and its Board ultimately decided that it was in the best interest of the program to not only avoid future legal expenses, but also to avoid the risk of losing the lawsuit, which could have resulted in billions of dollars in exposure and been a financially devastating outcome.

During the 2021 legislative session, the Florida Legislature passed Senate Bill 1786 (SB 1786) which made substantial changes to the NICA program including explicit changes to certain benefit obligations. The changes in benefits included increases in the parental award, death benefit and housing assistance, expansion of the transportation benefit and the addition of a mental health benefit for family members of NICA participants. The actuarial estimate of the present value of these benefits are included in Claims Reserves.

During the fiscal years ending June 30, 2022 and June 30, 2023, NICA management refined the methodology used to prepare its estimates of accumulated reported claims which included the additional costs associated with SB 1786. In addition, an assumption that NICA would be covering, on a prospective basis, eligible expenses that had previously been covered by Medicaid was included in the estimates.

As of June 30, 2023, NICA's total assets decreased by \$19.7 million (or -1.5%), primarily due to decreases in investments (see Table 1). Investments decreased by \$18.5 million (or -1.4%) resulting primarily from payment of the settlement discussed above and payment of claims expenses which were offset by investment income. Receivable for securities sold decreased by \$1.4 million (or -33%) due to timing differences that occur when securities are traded by investment managers but are not scheduled to settle until after the end of the fiscal year.

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Total liabilities of NICA increased by \$102.5 million (or 7.5%) as of June 30, 2023, primarily due to an increase in claims reserve (see Table 1). Claims reserve increased by \$103 million (or 7.5%) primarily due to increases in the Medicaid reimbursement rates for Personal Care Services and Private Duty Nursing which were incorporated into the estimates of accumulated reported claims made by management and the actuarial estimates of incurred but not reported (IBNR) claims.

Table 1 – Net Position

	June 30,	
	2023	2022
Investments	\$1,311,331,990	\$ 1,329,834,689
Receivable for securities sold	2,786,001	4,140,980
Other assets	11,092,359	10,942,244
Total assets	1,325,210,350	1,344,917,913
Claims reserves	1,472,500,000	1,369,500,000
Payable for securities purchased	4,605,602	5,067,455
Other liabilities	1,014,063	1,081,195
Total liabilities	1,478,119,665	1,375,648,650
Net investment in capital assets	2,757,134	2,589,514
Restricted	(156,666,449)	(33,320,251)
Total net position	\$ (152,909,315)	\$ (30,730,737)

During the year, operating revenues from assessments decreased slightly by \$.753 million (or -2%) due to decreases in physician and hospital assessments.

Operating expenses decreased by \$42.4 million (or -16%) primarily due to a decrease in claims expenses which was offset by the Medicaid settlement noted above (see Table 2). Compared to the prior fiscal year, claims expenses decreased by \$94.8 million (or -36%). The prior fiscal year claims expenses included significant increases for the assumption that NICA would be covering, on a prospective basis, eligible expenses that had previously been covered by Medicaid. As compared to the current year, that change in the prior resulted in higher increases in the revisions of the estimated of accumulated reported claim made by management as well as increases in the actuarial estimates of incurred but not reported (IBNR) claims for the current and prior birth years.

NICA recorded net investment income of \$67.9 million for the year ended June 30, 2023 (see Table 2). NICA's net investment income was primarily comprised of unrealized gains of approximately \$71.1 million and interest and dividend income of approximately \$22 million which were offset by realized losses of \$22 million and investment management fees of approximately \$3.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

The net effect of the decrease in operating revenues and expenses and the recognition of investment income was a decrease in net position of \$ 122 million (see Tables 1 and 2).

Table 2 – Changes in Net Position

	Years ended June 30,	
	2023	2022
Hospital assessments	\$ 3,103,009	\$ 3,249,950
Physician assessments	31,973,987	32,580,533
Total operating revenues	<u>35,076,996</u>	<u>35,830,483</u>
Claims incurred	167,517,563	262,330,736
Medicaid settlement	52,669,106	
Other operating expenses	4,919,455	5,164,189
Total operating expenses	<u>225,106,124</u>	<u>267,494,925</u>
Operating income (loss)	<u>(190,029,128)</u>	<u>(231,664,442)</u>
Investment income and other income	71,057,945	(305,000,709)
Investment fees	(3,207,395)	(3,858,061)
Total Nonoperating revenues and expenses	<u>67,850,550</u>	<u>(308,858,770)</u>
Change in net position	<u><u>\$(122,178,578)</u></u>	<u><u>\$(540,523,212)</u></u>

Florida Birth Related Neurological Injury Compensation Association

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

Statements of Net Position

	June 30,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 165,102	\$ 915,265
Prepaid expenses and other current assets	96,651	44,891
Assets held-for-sale	495,247	-
Total current assets	757,000	960,156
Receivables for securities sold	2,786,001	4,140,980
Investment income receivable	5,329,972	4,865,824
Assessments receivable	2,743,500	2,526,750
Investments	1,311,331,990	1,329,834,689
Property and equipment, net	2,261,887	2,589,514
Total assets	\$ 1,325,210,350	\$ 1,344,917,913
Liabilities and net position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 317,967	\$ 503,795
Accrued investment fees	696,096	577,400
Total current liabilities	1,014,063	1,081,195
Payable for securities purchased	4,605,602	5,067,455
Claims reserves	1,472,500,000	1,369,500,000
Total liabilities	1,478,119,665	1,375,648,650
Net position:		
Net investment in capital assets	2,757,134	2,589,514
Restricted	(155,666,449)	(33,320,251)
Total net position	(152,909,315)	(30,730,737)
Total liabilities and net position	\$ 1,325,210,350	\$ 1,344,917,913

See accompanying notes.

Florida Birth Related Neurological Injury Compensation Association

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

Statements of Revenues, Expenses, and Changes in Net Position

	<u>Years ended</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
Changes in net position		
Operating revenues:		
Hospital assessments	\$ 3,103,009	\$ 3,249,950
Physicians assessments	<u>31,973,987</u>	<u>32,580,533</u>
Total operating revenues	<u>35,076,996</u>	35,830,483
Operating expenses:		
Claims incurred	167,517,563	262,330,736
Medicaid settlement expense	52,669,106	-
General and administrative expenses	3,975,969	4,213,096
Depreciation and amortization	<u>943,486</u>	<u>951,093</u>
Total operating expenses	<u>225,106,124</u>	<u>267,494,925</u>
Operating loss	(190,029,128)	(231,664,442)
Nonoperating revenues (expenses):		
Investment income (loss)	71,057,945	(305,000,709)
Investment fees	<u>(3,207,395)</u>	<u>(3,858,061)</u>
Total nonoperating revenues (expenses)	<u>67,850,550</u>	<u>(308,858,770)</u>
Change in net position	(122,178,578)	(540,523,212)
Net position at beginning of year	<u>(30,730,737)</u>	<u>509,792,475</u>
Net position at end of year	<u>\$ (152,909,315)</u>	<u>\$ (30,730,737)</u>

See accompanying notes.

Florida Birth Related Neurological Injury Compensation Association

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

Statements of Cash Flows

	Years ended June 30,	
	2022	2021
Cash flows from operating activities		
Cash received from hospitals and physicians	\$ 34,839,480	\$ 35,559,099
Cash payments to claimants and vendors	(64,517,563)	(77,322,889)
Cash payments to service providers and suppliers	(2,408,289)	(2,480,412)
Cash payments to employees for service	(1,251,166)	(1,268,481)
Cash payments to employees for benefits	(533,332)	(463,723)
Cash payment for medicaid settlement	(52,669,106)	-
Net cash used in operating activities	(86,539,976)	(45,976,406)
Cash flows from financing activities		
Purchase of property and equipment	(1,111,106)	(806,468)
Net cash used in capital financing activities	(1,111,106)	(806,468)
Cash flows from investing activities		
Purchase of investments	(715,160,136)	(698,688,146)
Proceeds from sales of investments	782,887,768	728,020,330
Receivable from securities sold	1,354,979	(155,158)
Payable for securities purchased	(461,854)	733,977
Interest and dividends from investments	21,369,598	20,817,045
Investment management fees	(3,089,436)	(3,635,626)
Net cash provided by investing activities	86,900,919	47,092,422
Net (decrease) increase in cash and cash equivalents	(750,163)	309,548
Cash and cash equivalents at beginning of year	915,265	605,717
Cash and cash equivalents at end of year	\$ 165,102	\$ 915,265
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (190,029,128)	\$ (231,664,442)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	943,486	951,093
Changes in operating assets and liabilities:		
Assessments receivable	(216,750)	(271,384)
Prepaid expenses and other current assets	(51,760)	31,814
Accounts payable and accrued expenses	(165,058)	(23,487)
Claims reserves	103,000,000	185,000,000
Assessments refundable	(20,766)	-
Net cash used in operating activities	\$ (86,539,976)	\$ (45,976,406)

See accompanying notes.

Notes to Financial Statements

Years ended June 30, 2023 and 2022

1. Summary of Significant Accounting Policies**Nature of the Business**

The Florida Birth-Related Neurological Injury Compensation Association (the Association) was established by *Florida Statutes*, Chapter 766.315, in July 1, 1988 to administer the Florida Birth-Related Neurological Injury Compensation Plan (the Plan). The Plan was established by the Florida Birth-Related Neurological Injury Compensation Act (the Act), Chapter 88-1, Laws of Florida for the purpose of providing limited recovery, irrespective of fault, for certain birth-related neurological injuries beginning January 1, 1989. The Association and Plan are collectively known as NICA.

Initial funding for NICA was provided by hospital and physician assessments and a transfer of \$20 million from the Florida Department of Financial Service Insurance Regulatory Trust Fund.

If the hospital and physician assessments and the \$20 million transfer from the Insurance Regulatory Trust Fund are not sufficient to maintain NICA on an actuarially sound basis, an additional \$20 million is to be transferred from the Insurance Regulatory Trust Fund (Note 2). Also, if these funds are still not sufficient to maintain NICA on an actuarially sound basis, the Department of Financial Services, Office of Insurance Regulation may assess entities licensed in Florida to issue casualty insurance based on a rate of no greater than .25% of net direct premiums written.

In the event that management's estimate of the accumulated cost of reported claims (exclusive of family residential or custodial care as defined in Section 766.302, *Florida Statutes*) equals 80% of current funds, plus any additional funds available within 12 months, NICA shall not accept new claims without express authority from the Legislature. However, injuries occurring 18 months or more prior to the effective date of the suspension shall not be precluded.

Reporting Entity

Activities of NICA are reported in the state of Florida financial statements with other discretely presented component units.

Basis of Accounting

NICA follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

The financial statements have been prepared in conformity with the pronouncements of the Governmental Accounting Standards Board (GASB), including GASB Statement No. 14, *The Financial Reporting Entity*, which defines NICA as a component unit of the state of Florida.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)**Assessments**

An assessment of \$250 per physician is required by *Florida Statutes* for all licensed physicians in the state of Florida, subject to certain exclusions. In addition, physicians have the option of electing to participate in NICA. Those physicians so electing are required to remit a total assessment of \$5,000. Certified nurse midwives who have paid 50% (or \$2,500) of the participating physician assessment and who are supervised by a participating physician may also participate in NICA. Additionally, each hospital licensed under Chapter 395, *Florida Statutes*, must pay NICA an assessment of \$50 per live infant delivered at the hospital during the prior calendar year, subject to certain exclusions.

Assessments are recognized at the time they are levied (annually) by NICA. The amount of physician and hospital assessments is subject to change based on the actuarial analysis of NICA. Any increase in assessment is recommended by the Board of Directors, but must be approved by the Office of Insurance Regulation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and interest bearing deposits with an original maturity of three months or less are considered cash equivalents. Investment purchases made through the Office of the Treasurer, State of Florida, are considered to be investments.

Cash consists of demand deposits with financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. NICA has not experienced any losses in such accounts.

Additionally, NICA maintains certain demand deposit accounts with qualified public depositories. Qualified public depositories of public funds are required to provide collateral each month pursuant to Chapter 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. Therefore, any amount of NICA's demand deposits in excess of FDIC protection would be fully insured or collateralized.

Assessments Receivable

The management of NICA considers assessments receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)**Investments**

Investments in debt and equity securities and futures are stated at fair value. Fair values are based on quoted values in custodian statements and/or quoted market prices. NICA investments made through the Office of the Treasurer, State of Florida, are included in the Florida Treasury Investment Pool (SPIA), which is a pool of investments of which NICA owns a share of the pool, not the underlying securities. Pooled investment shares are reported at fair value. The Auditor General, State of Florida, performs the operational audit of the activities and investments of the Office of the Treasurer. A copy of SPIA's most recent financial statements can be found at http://www.fltreasury.org/fs_01.html. Additionally, NICA invests in structured settlement annuities for selected claimants. These annuities are considered fixed income investments and are reported at fair value based on present value of future annuity payments. *Florida Statutes* and NICA's investment policy permit NICA to enter into securities lending transactions.

The financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, and investments. All investment transactions have credit exposure to the extent that a counterparty may default on an obligation of NICA. Credit risk is a consequence of carrying investment positions. To manage credit risk, NICA focuses primarily on higher quality, fixed income securities, limits its exposure in any one investment, and monitors quality.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Property and equipment is depreciated over its estimated useful lives ranging from three to fifteen years using primarily the straight-line method. The building is depreciated over forty years using the straight-line method. NICA's policy is to capitalize asset acquisitions greater than \$500.

Claims Reserves

The liability for claims reserves is based on an actuarial determination and represents the estimated ultimate net cost of all unpaid reported and unreported claims and claim adjustment expenses. These liabilities are subject to the impact of future changes in claim severity and other factors. The unpaid claims and claim adjustment expense estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations. The ultimate settlement of claims and claim adjustment expenses may vary significantly from the actuarial estimates.

Net Position

The net position of NICA is restricted to carry out the public purpose of the program as provided under the Act.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)**Revenue Recognition**

Operating revenues consist of hospital and physicians assessments and are recognized when earned. Nonoperating revenues consist of various forms of investment income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

NICA has evaluated subsequent events through NEED DATE, the date the financial statements were available to be issued. During the period from June 30, 2023 to NEED DATE, NICA did not have any material recognizable subsequent events.

2. Appropriation - Office of Insurance Regulation

Pursuant to *Florida Statutes*, Section 766.314(5)(b), the sum of \$20 million has been deposited in the Insurance Regulatory Trust Fund. The distribution of "up to \$20 million" to NICA has been authorized in the event that the assessments collected in accordance with *Florida Statutes*, Section 766.314(4), and prior appropriations are not sufficient to maintain NICA on an actuarially sound basis. The entire \$20 million is presently deposited in the Insurance Regulatory Trust Fund and is not reported by NICA.

3. Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for an asset or liability.

Florida Birth Related Neurological Injury Compensation Association

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

Notes to Financial Statements

3. Investments (continued)

The following table set forth by level, within the fair value hierarchy, NICA's assets at fair value as of June 30, 2023.

<u>Asset Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash sweep - short term investment fund	\$ -	\$ -	\$ 12,651,112	\$ 12,651,112
Equities	279,269,511	-	-	279,269,511
Fixed income securities	54,533,922	300,374,852	-	354,908,774
Preferred securities	2,556,690	-	-	2,556,690
Annuities	-	-	8,921,510	8,921,510
Futures Contracts	110,132	-	-	110,132
	<u>336,470,255</u>	<u>300,374,852</u>	<u>21,572,622</u>	<u>658,417,729</u>
Other investments:				
Pooled investment in Florida State Treasury	-	-	-	282,300
Pooled investments reported at net asset value	-	-	-	652,342,847
Foreign currency	-	-	-	247,316
Other	-	-	-	41,798
Total assets at fair value	<u>\$ 336,470,255</u>	<u>\$ 300,374,852</u>	<u>\$ 21,572,622</u>	<u>\$ 1,311,331,990</u>

The following table set forth by level, within the fair value hierarchy, NICA's assets at fair value as of June 30, 2022.

<u>Asset Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash sweep - short term investment fund	\$ -	\$ -	\$ 17,457,132	\$ 17,457,132
Equities	246,981,840	-	-	246,981,840
Fixed income securities	62,477,475	316,288,680	-	378,766,155
Preferred securities	2,986,803	-	-	2,986,803
Annuities	-	-	16,254,489	16,254,489
Futures Contracts	(211,773)	-	-	(211,773)
	<u>312,234,345</u>	<u>316,288,680</u>	<u>33,711,621</u>	<u>662,234,646</u>
Other investments:				
Pooled investment in Florida State Treasury	-	-	-	278,008
Pooled investments reported at net asset value	-	-	-	665,367,636
Foreign currency	-	-	-	1,484,082
Other	-	-	-	470,317
Total assets at fair value	<u>\$ 312,234,345</u>	<u>\$ 316,288,680</u>	<u>\$ 33,711,621</u>	<u>\$ 1,329,834,689</u>

Notes to Financial Statements

3. Investments (continued)

As of June 30, 2023, investments of NICA were as follows:

Types of Investments	Fair Value	Effective Duration (in Years)
Classifiable Investments:		
Annuities	\$ 8,921,510	n/a
Asset-backed securities	9,554,897	1.89
Corporate bonds	234,066,031	10.73
Federal Home Loan Mortgage	15,533,900	5.3
Federal National Mortgage Association	18,119,315	5.18
Futures contracts	110,132	n/a
Government National Mortgage Association	1,598,388	5.39
International government bonds	2,060,172	12.04
U.S. government bonds	55,436,396	11.85
Collateralized mortgage obligations	12,290,777	1.88
Municipal bonds	6,248,898	7.97
U.S. debt	454,096,301	n/a
Pooled investment in Florida State Treasury	282,300	3.02
Equity securities	480,320,063	n/a
Total classifiable investments	<u>1,298,639,080</u>	
Non-classifiable investments:		
Cash sweep - short term investment fund	12,651,112	
Other	<u>41,798</u>	
Total non-classifiable investments	<u>12,692,910</u>	
Total investments	<u>\$1,311,331,990</u>	

Notes to Financial Statements

3. Investments (continued)

As of June 30, 2022, investments of NICA were as follows:

Types of Investments		Effective
Classifiable Investments:	Fair Value	Duration
		(in Years)
Annuities	\$ 16,254,489	n/a
Asset-backed securities	13,832,609	1.82
Corporate bonds	241,176,137	10.71
Federal Home Loan Mortgage	12,370,982	5.44
Federal National Mortgage Association	15,171,895	5.86
Futures contracts	(211,773)	n/a
Government National Mortgage Association	974,734	5.08
International government bonds	3,668,545	13.5
U.S. government bonds	62,477,475	13.03
Collateralized mortgage obligations	18,179,623	3.08
Municipal bonds	10,914,155	6.34
U.S. debt	485,019,884	n/a
Pooled investment in Florida State Treasury	278,008	1.04
Equity securities	<u>431,800,477</u>	n/a
Total classifiable investments	<u>1,311,907,240</u>	
 Non-classifiable investments:		
Cash sweep - short term investment fund	17,457,132	
Other	<u>470,317</u>	
Total non-classifiable investments	<u>17,927,449</u>	
	 <u>\$1,329,834,689</u>	

Investments are diversified to minimize the risk of loss resulting from over compensation of assets in a specific maturity period, a single issuer, or an individual class of securities.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. To mitigate investment risk, investing is performed in accordance with investment policies adopted by the Board of Directors complying with Section 215.47, *Florida Statutes*. State statutes provide for investment of funds in a range of instruments, including federally guaranteed obligations, other federal agency obligations, certain state bonds, commercial paper, obligations of a Florida political subdivision as permitted by law, common stock, repurchase agreements, and reverse repurchase agreements.

Notes to Financial Statements

3. Investments (continued)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, NICA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custody of NICA's investments is currently maintained in NICA's name by Bank of New York Mellon pursuant to a custodial agreement. Additional accounts are maintained in NICA's name under separate agreements with BlackRock Institutional Trust Company, N.A. and the Division of Treasury of the state of Florida. Structured settlement annuities are maintained under agreements with Talcott Resolution Life Insurance Company, which has a Baa3 rating.

Generally, investing activities are performed by investment managers hired by NICA to implement established investment policies.

NICA's asset allocation policy is as follows:

<u>Asset Class</u>	<u>Permissible Range</u>
Fixed Income	58 - 70%
Equity	31 - 37%
Cash	0 - 3%

Credit Quality Rating. Section 215.47, *Florida Statutes*, and NICA's investment policy limits investments based on ratings provided by nationally recognized statistical rating services. Investments limited by ratings are as follows:

1. Commercial paper rated in the highest rating classification by one nationally recognized rating agency.
2. Municipal securities rated in the top four highest rating by two nationally recognized rating services.
3. Registered foreign bonds denominated in U.S. dollars rated in the top four rating classifications by two nationally recognized rating services.
4. Asset-backed securities rated in the highest rating classification by one nationally recognized rating service.

Notes to Financial Statements

3. Investments (continued)

Debt Security Type	Quality Rating Moody's	Fair Value
Asset-backed	Aaa	\$ 2,796,225
Asset-backed	NR	6,758,672
Collateralized mortgage obligation	Aa2	416,622
Collateralized mortgage obligation	Aaa	10,192,180
Collateralized mortgage obligation	NR	1,681,975
Corporate bonds	A1	26,526,300
Corporate bonds	A2	11,722,527
Corporate bonds	A3	34,367,353
Corporate bonds	Aa1	210,379
Corporate bonds	Aa2	2,910,425
Corporate bonds	Aa3	10,002,384
Corporate bonds	Aaa	1,607,782
Corporate bonds	Ba1	7,308,071
Corporate bonds	Ba3	299,922
Corporate bonds	Baa1	38,759,901
Corporate bonds	Baa2	59,668,705
Corporate bonds	Baa3	37,847,986
Corporate bonds	NR	2,834,296
Federal Home Loan Mortgage	Aaa	15,533,900
Federal National Mortgage Association	Aaa	18,119,315
Futures contracts	NR	110,134
Government National Mortgage Association	Aaa	1,598,388
International Government Bonds	A2	580,449
International Government Bonds	Baa2	1,479,723
Municipal bonds	A1	103,755
Municipal bonds	A3	1,868,492
Municipal bonds	Aa1	962,491
Municipal bonds	Aa2	328,638
Municipal bonds	Aa3	299,484
Municipal bonds	Aaa	1,094,793
Municipal bonds	Baa2	346,998
Municipal bonds	NR	1,244,247
U.S. Debt	NR	454,096,301
U.S. Government Bond	Aaa	<u>55,436,396</u>
		<u>\$ 809,115,209</u>

Concentration of Credit Risk is the risk of loss attributed to the magnitude of NICA's investment in a single issuer. NICA assets are expected to be diversified across and within asset classes. However, NICA does not specify a limit on the amount that may be invested in any one issuer.

Notes to Financial Statements

3. Investments (continued)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods are subject to increased risk of adverse interest rate changes. For reporting purposes, NICA selects effective duration to disclose the portfolio's exposure to changes in interest rates. Duration is a measure of a fixed income's cash flows using present values, weighted for cash flow as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, prepayments, and variable rate debt.

NICA is invested in collateralized mortgage obligations. These securities and obligations are based on cash flows from payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Foreign Currency Risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. NICA's investment policy permits it to invest up to 18 percent of total investments in international equities. At June 30, 2023, NICA's exposure to possible foreign currency risk by monetary unit is as follows:

<u>Investment Type</u>	<u>Currency Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Currency	Australian Dollar	n/a	\$ 899
	Brazil Real	n/a	3
	Canadian Dollar	n/a	5,512
	Czech Koruna	n/a	333
	Danish Krone	n/a	759
	Euro Currency Unit	n/a	26,348
	Hong Kong Dollar	n/a	17,001
	Hungarian Forint	n/a	841
	Indonesian Rupiah	n/a	4,310
	Israeli Shekel	n/a	983
	Japanese Yen	n/a	49,713
	Mexican Peso	n/a	1,100
	New Taiwan Dollar	n/a	51,997
	Polish Zloty	n/a	913
	Pound Sterling	n/a	11
	Singapore Dollar	n/a	1,008
	South African Rand	n/a	6
	South Korean Won	n/a	85,274
	Swedish Krona	n/a	47
	Swiss Franc	n/a	70
Turkish Lira	n/a	188	

(continued)

Notes to Financial Statements

3. Investments (continued)

<u>Investment Type</u>	<u>Currency Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Common stock	Australian Dollar	n/a	6,903,939
	Brazil Real	n/a	2,929,629
	Canadian Dollar	n/a	8,148,798
	Chinese Yuan Renminbi	n/a	2,115,037
	Czech Koruna	n/a	40,126
	Danish Krone	n/a	2,543,150
	Euro Currency Unit	n/a	48,433,563
	Hong Kong Dollar	n/a	17,239,151
	Hungarian Forint	n/a	292,254
	Indonesian Rupiah	n/a	1,157,216
	Japanese Yen	n/a	40,600,659
	Malaysian Ringgit	n/a	211,915
	Mexican Peso	n/a	2,568,175
	New Taiwan Dollar	n/a	3,408,611
	Norwegian Krone	n/a	1,013,786
	Polish Zloty	n/a	130,749
	Pound Sterling	n/a	30,780,837
	Singapore Dollar	n/a	5,321,035
	South African Rand	n/a	1,596,317
	South Korean Won	n/a	4,054,094
Swedish Krona	n/a	10,357,710	
Swiss Franc	n/a	7,805,433	
Thailand Baht	n/a	716,056	
Preferred securities	Brazil Real	n/a	79,627
	Euro Currency Unit	n/a	2,477,063
			<u>\$ 201,172,246</u>

Pooled investments with the State Treasury and investments measured at net asset value are not subject to fair value hierarchy level classification under GASB Statement No. 72, *Fair Value Measurement and Application*.

Notes to Financial Statements

4. Property and Equipment

Activity within the property and equipment accounts consists of the following for the year ended June 30, 2023:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Land	\$ 209,088	\$ -	\$ (209,088)	\$ -
Building	320,585	-	(320,585)	-
Building improvements	88,411	58,892	(147,303)	-
Property and equipment	286,897	5,645	(77,312)	215,230
Software	4,893,038	821,376	-	5,714,414
Software in development	<u>51,941</u>	<u>239,989</u>	<u>(14,796)</u>	<u>277,134</u>
	5,849,960	1,125,902	(769,084)	6,206,778
Less accumulated depreciation and amortization	<u>(3,260,446)</u>	<u>(943,486)</u>	<u>259,041</u>	<u>(3,944,891)</u>
	<u>\$ 2,589,514</u>	<u>\$ 182,416</u>	<u>\$ (510,043)</u>	<u>\$ 2,261,887</u>

Activity within the property and equipment accounts consists of the following for the year ended June 30, 2022:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Land	\$ 209,088	\$ -	\$ -	\$ 209,088
Building	320,585	-	-	320,585
Building improvements	88,411	-	-	88,411
Property and equipment	258,017	36,283	(7,403)	286,897
Software	4,174,719	718,319	-	4,893,038
Software in development	<u>-</u>	<u>51,941</u>	<u>-</u>	<u>51,941</u>
	5,050,820	806,543	(7,403)	5,849,960
Less accumulated depreciation and amortization	<u>(2,316,681)</u>	<u>(951,093)</u>	<u>7,328</u>	<u>(3,260,446)</u>
	<u>\$ 2,734,139</u>	<u>\$ (144,550)</u>	<u>\$ (75)</u>	<u>\$ 2,589,514</u>

Depreciation and amortization expense was \$943,486 and \$951,093 for the years ended June 30, 2023 and 2022, respectively.

Notes to Financial Statements

5. Assets Held-for-Sale

The previous corporate headquarters of the Association was placed for sale during the current fiscal year. The net book value of the property was used to value the assets held-for-sale which approximates fair value. Capital assets held-for-sale are as follows:

	June 30,	
	2023	2022
Land	\$ 209,088	\$ -
Building	320,585	-
Building Improvements	147,303	-
Property and equipment	1,870	-
	678,846	-
Less accumulated depreciation	(183,599)	-
	\$ 495,247	\$ -

6. Claims Reserves

Claims reserves are provided in amounts estimated to cover the custodial and rehabilitative costs resulting from certain birth-related neurological injuries of claimants of participating physicians and include an estimate of accumulated reported claims and claims incurred but not reported. The claim reserve is actuarially determined for birth years 1989 through June 30, 2023. The reserves utilize adjustment factors for the assumption of the annual investment return and the annual inflation rate.

A class action settlement agreement was entered into in September 2012, which was approved pursuant to a November 26, 2012 Final Judgment and Order by the Florida Circuit Court. The settlement terms may impact benefits payable to all parents or guardians of a child born with a “birth-related neurological injury” in the state of Florida during the time period of January 1, 1989 through June 6, 2002, who obtained a final order which imposed on NICA the “continuing obligation under provisions of Section 766.31, *Florida Statutes*, to pay future expenses as incurred.” The settlement agreement had both retrospective and prospective components.

Medical liability claims are volatile by nature. Although management of NICA believes that the estimate of the liability for losses and loss adjustment expenses is reasonable in the circumstances, uncertainty exists as to the ultimate amount that will be required for the payment of losses and claims. Due to the timeframe associated with the emergence of claims, the most recent two years' estimates have greater uncertainty. Accordingly, the ultimate closure of losses and the related loss adjustment expenses may vary significantly from the estimated amounts included in the accompanying financial statements.

Notes to Financial Statements

6. Claims Reserves (continued)

In prior years, NICA maintained a reinsurance program which addressed both the frequency and severity of claims. Excess insurance coverage for NICA expired effective December 31, 2003. During 2007, NICA invested in structured settlement annuities for selected claimants to fund a portion of its future obligations. The purpose of the annuities is to protect NICA against the financial effects of super longevity and to reduce the mortality risk on certain claims, which is statutorily borne by NICA. NICA has also adjusted claim reserves to provide for a risk margin in the event claims incurred but not yet reported significantly exceed management's best estimate. The risk margin was approximately \$75.5 million as of June 30, 2023.

Activity in the liability for unpaid claims and claim adjustment expenses is summarized as follows:

	June 30,	
	2023	2022
Balance at beginning of year, including risk margin	\$ 1,369,500,000	\$ 1,184,500,000
Claims incurred related to:		
Current birth year	68,394,000	70,538,496
Prior birth years	(45,710,396)	3,865,461
Total claims incurred	<u>22,683,604</u>	<u>74,403,957</u>
Claims adjusted related to prior birth years	121,273,427	182,636,459
Claims paid related to:		
Prior years	(64,517,563)	(77,330,735)
Total claims paid	<u>(64,517,563)</u>	<u>(77,330,735)</u>
Change in unallocated loss adjustment expense	1,560,532	5,290,319
Change in medicaid estimate	<u>22,000,000</u>	<u>-</u>
Balance at end of year	<u>\$ 1,472,500,000</u>	<u>\$ 1,369,500,000</u>

7. Retirement Plan

Effective July 1, 2003, NICA established a defined contribution retirement plan, in the form of a 401(k) plan, which covers substantially all full time employees with at least one year of service. Contributions are accrued and funded on a current basis. NICA contributed 15% of the participating employees' salaries for the fiscal years ended June 30, 2023 and 2022. The contribution was \$145,391 and \$147,653 for the years ended June 30, 2023 and 2022, respectively.

Notes to Financial Statements

8. Commitments and Contingencies

During the ordinary course of business, NICA is involved in various litigation. The ultimate outcome of this litigation is not known. Management believes the outcome of this litigation will not have a material impact on the results of operations or net position of NICA.

9. Financial Condition

During the prior fiscal year ending June 30, 2022, inflation and abrupt tightening of fiscal policy, along with disruption of energy and food supplies, led to both stock and bond market declines. As a result, NICA reported losses on investments of \$305 million which were comprised of unrealized losses of approximately \$349.2 million which were offset by realized gains of \$23.4 million, and interest and dividend income of approximately \$20.8 million. These losses were partially offset in the current fiscal year by investment income of \$71.1 million.

During the 2021 legislative session, the Florida Legislature passed Senate Bill 1786 (SB 1786) which made substantial changes to the NICA program including explicit changes to certain benefit obligations. In addition to the explicit benefit modifications, SB 1786 included a requirement for review by the Agency for Health Care Administration (AHCA) of the interaction between NICA and Medicaid. Additionally, separate litigation, which has since been settled, alleged that NICA should pay for expenses historically covered by Medicaid. During the fiscal year ending June 30, 2022, NICA revised its estimates of accumulated reported claims to include the assumption that NICA would be covering, on a prospective basis, eligible expenses that had previously been covered by Medicaid. This change resulted in significant increases in NICA's claims reserve liability (approximately \$150 million). NICA continues to work with AHCA to address the issues raised during the last legislative session regarding NICA's relationship with Medicaid.

The combined effects of the investment losses and increases in claims reserve liabilities resulted in deficit ending equity at June 30, 2022 of (\$30.7) million.

During the fiscal year ending June 30, 2023, NICA entered into a settlement agreement in connection with the federal lawsuit captioned U.S. ex rel. Arven v. The Florida Birth-Related Neurological Injury Compensation Association, et al., No. 0:19-cv-61053 (S.D. Fla.) ("Action") in which it was alleged that NICA caused the submission of false claims to Medicaid in violation of the FCA by acting as the payor of last resort. The settlement included payments of approximately \$51 million to the United States and \$1.3 million to Relator's counsel for attorneys' fees and costs. NICA and its Board acted on advice of counsel, and believe it acted appropriately and in good faith at all times and consistently held the view for more than three decades that it was not a "third party" under 42 U.S.C. § 1396a(a)(25)(A). Accordingly, NICA did not knowingly cause the submission of false claims.

Notes to Financial Statements

9. Financial Condition (continued)

While NICA steadfastly believes it would have prevailed had this dispute gone to trial, it recognized that litigation is inherently unpredictable. In weighing its options, NICA management and its Board consulted with counsel and ultimately decided that it was in the best interest of the program to not only avoid future legal expenses, but also to avoid the risk of losing the lawsuit, which could have resulted in billions of dollars in exposure and been a financially devastating outcome.

By policy, NICA utilizes Medicaid reimbursement rates for Personal Care Services and Private Duty Nursing. During the current fiscal year, the Medicaid reimbursement rates for those services increased, which resulted in an increase in the claims reserve liability of approximately \$100 million.

The increases in the claims reserve liability and payment of the settlement which were offset by investment income during the current fiscal year resulted in deficit equity at June 30, 2023 of (\$153) million.

The impact of adverse investment activity and increased claims liabilities is mitigated by the following:

- As disclosed in Note 2, *Florida Statutes*, Section 766.314(5)(b) provides for a distribution of “up to \$20 million” from the Insurance Regulatory Trust Fund in order to maintain NICA on an actuarially sound basis.
- The Office of Insurance Regulation may assess certain entities licensed in Florida to issue casualty insurance based on a rate no greater than .25% of net direct premiums written.
- The Office of Insurance Regulation may increase the assessments on hospitals and physicians on a proportional basis as needed.
- NICA’s claims payments are made over many decades into the future.
- Section 766.314(9)(c), *Florida Statutes*, outlines a minimum funding level that NICA must meet to continue accepting claims. This threshold calculation compares eighty percent of the funds on hand and funds that are expected to become available within the next 12 months to the present value of all filed claims (exclusive of family residential or custodial care as defined in Section 766.302, *Florida Statutes*). At June 30, 2023, NICA exceeded this minimum funding level by approximately \$85.4 million.

Notes to Financial Statements

9. Financial Condition (continued)

- NICA, with the assistance of its outside investment consultants, completes an asset allocation review and study approximately every two years. Revisions to the investment policy are made as necessary to satisfy the primary goal of earning sufficient investment return to ensure payment of all current and future liabilities. Actual investment results are monitored closely by NICA, its outside consultants and the Board of Directors.
- NICA's claims reserve liability includes a risk margin reserve of \$75.5 million at June 30, 2023.
- NICA continues to monitor its actuarial position and investment structure closely.

Other Reports

Report of Independent Auditors on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Florida Birth-Related Neurological Injury Compensation Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Birth-Related Neurological Injury Compensation Association (NICA), which comprise the statement of financial position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated NEED DATE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NICA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NICA's internal control. Accordingly, we do not express an opinion on the effectiveness of the NICA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Page Two

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NICA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tallahassee, Florida
NEED DATE

Other Financial Information

Florida Birth-Related Neurological Injury Compensation Association

DRAFT
For internal use and discussion
purposes only.
Not for outside distribution.

Schedule of General and Administrative Expenses
Budget to Actual

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Accounting services	\$ 86,000	\$ 81,795	\$ 4,205
Bank charges	4,100	27	4,073
Dues and subscriptions	4,470	4,399	71
Insurance	372,000	360,211	11,789
Legal - general attorney fees and expenses	661,000	432,635	228,365
Legal - other expenses	51,800	61,170	(9,370)
Miscellaneous	800	30	770
Office supplies	8,850	7,227	1,623
Outreach	12,950	3,487	9,463
Payroll taxes	94,000	97,293	(3,293)
Postage	71,000	80,493	(9,493)
Printing services	46,025	43,140	2,885
Professional fees	993,000	1,109,419	(116,419)
Repairs and maintenance	135,000	138,345	(3,345)
Rent	115,359	115,359	-
Retirement	151,000	145,390	5,610
Salaries	1,227,000	1,260,048	(33,048)
Taxes and licenses	1,604	823	781
Telephone	21,700	16,365	5,335
Training and education	3,000	781	2,219
Travel	13,700	5,429	8,271
Utilities	14,500	12,103	2,397
	<u>\$ 4,088,858</u>	<u>\$ 3,975,969</u>	<u>\$ 112,889</u>

See report of independent auditors.

Agenda Item # 8.A. (Tab U)

Budget to Actual Administrative Costs

Florida Birth Related NICA
General and Administrative Expenses

	Year to Date Actual	Year to Date Budget	(Over) / Under Budget	Note	Proposed Continuing Budget to be Effective 7/1/2023	Change
Expenses						
Accounting	\$ 81,794.80	\$ 86,000.00	\$ 4,205.20		\$ 86,000.00	\$ 0.00
Bank charges	26.59	4,100.00	4,073.41		4,100.00	0.00
Printing services	43,140.33	46,025.00	2,884.67		46,025.00	0.00
Dues and subscriptions	4,399.25	4,470.00	70.75		4,470.00	0.00
Repairs and Maintenance	138,345.06	135,000.00	(3,345.06)		135,000.00	0.00
Insurance	360,210.66	372,000.00	11,789.34		400,000.00	28,000.00 (3)
General Legal -Atty Fees	432,635.00	661,000.00	228,365.00	(1)	300,000.00	(361,000.00) (4)
General Legal-Expenses	61,170.45	51,800.00	(9,370.45)	(1)	20,000.00	(31,800.00) (4)
Office supplies	7,226.71	8,850.00	1,623.29		8,850.00	0.00
Payroll taxes	97,293.05	94,000.00	(3,293.05)		107,992.00	13,992.00 (3)
Postage	80,492.71	71,000.00	(9,492.71)		71,000.00	0.00
Other professional fees	1,109,419.44	993,000.00	(116,419.44)	(2)	1,050,000.00	57,000.00 (5)
Rent	115,358.87	115,359.00	0.13		225,000.00	109,641.00 (6)
Pension Expense	145,390.43	151,000.00	5,609.57		161,378.00	10,378.00 (3)
Salaries	1,260,048.36	1,227,000.00	(33,048.36)		1,398,604.04	171,604.04 (3)
Taxes and licenses	823.03	1,604.00	780.97		1,604.00	0.00
Telephone	16,364.82	21,700.00	5,335.18		21,700.00	0.00
Employee Training	780.93	3,000.00	2,219.07		3,000.00	0.00
Travel	5,428.98	13,700.00	8,271.02		6,000.00	(7,700.00) (7)
Outreach	3,486.81	12,950.00	9,463.19		12,950.00	0.00
Utilities	12,103.41	14,500.00	2,396.59		14,500.00	0.00
Miscellaneous expense	25.44	800.00	774.56		800.00	0.00
Total G & A Expenses	3,975,965.13	4,088,858.00	112,892.87		4,078,973.04	(\$ 9,884.96)
Per Cash Flow	<u>(4,192,787.00)</u>					
Difference due to year-end accruals (net reduction)	<u>216,821.87</u>					

- (1) Medicaid litigation less than anticipated
- (2) HMA Associates who are assisting with Medicaid transition, translation services, a few months of Medical Director
- (3) As discussed at last BoD meeting, estimate was \$159,800 in salary-related - this is slightly higher to account for potential merit increases
- (4) Without unexpected litigation, costs should be significantly lower
- (5) Primarily Medical Director, some other costs slightly reduced
- (6) Due to timing, there may be duplicate rent in SFY 2023-2024, subsequent FY budget will be
- (7) Travel will likely not increase

Agenda Item # 8.B. (Tab V)

**Budget to Actual
Benefit Payments/Cash Flow**

	June 30, 2020	June 30, 2021	June 30, 2022	Est for SFY 2022- 2023	Actual SFY 2022- 2023	Difference	Est for SFY 2023-2024
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash Received from Hospitals and Physicians	27,956,902	31,675,137	35,559,098	36,000,000	34,839,480	(1,160,520)	36,000,000
Cash Received from Reinsurance	15,990,545	-	-				
Cash Payments to Claimants and Vendors							
Parent Award	(2,068,834)	(28,249,604)	(34,172,593)	(5,172,085)	(7,384,706)	(2,212,621)	(2) (5,813,000)
Custodial Care	(13,902,790)	(17,055,905)	(21,736,643)	(25,580,738)	(45,381,031)	(19,800,293)	(1) (33,191,461)
Death Benefits	(110,000)	(290,000)	(8,469,795)	-			
Housing	(162,431)	(278,341)	(4,559,863)	(918,524)	(2,821,352)	(1,902,828)	(2) (1,200,000)
Transportation	(1,200,648)	(1,425,231)	(4,321,922)	(2,962,529)	(4,342,671)	(1,380,142)	(3) (6,080,678)
All Other Benefits	(2,032,943)	(1,829,745)	(3,271,010)	(4,061,907)	(3,551,154)	510,753	(6,830,503)
Initial Claim Related (medical exams, attorney fees)	(643,806)	(632,832)	(791,062)	(821,673)	(1,036,649)	(214,976)	(1,077,358)
Cash Payments to Claimants and Vendors - Total	(20,121,452)	(49,761,658)	(77,322,888)	(39,517,456)	(64,517,563)	(25,000,107)	(54,193,000)
Cash Paid for Administration	(3,229,251)	(3,308,742)	(4,212,618)	(4,088,858)	(4,192,787)	(103,929)	(4,078,973)
Cash Paid for Medicaid Settlement					(52,669,106)	(52,669,106)	
Net Cash Provided by Operating Activities	4,606,199	(21,395,263)	(45,976,408)	(7,606,314)	(86,539,976)	(78,933,662)	(22,271,973)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of Property and Equipment (Administration)	(778,795)	(862,783)	(806,468)	(806,468)	(1,111,106)	(304,638)	(1,000,000)
Net Cash Used in Capital and Related Financing Activities	(778,795)	(862,783)	(806,468)	(806,468)	(1,111,106)		(1,000,000)
CASH FLOWS FROM INVESTING ACTIVITIES							
Net Cash Used in Investing Activities	(19,700,771)	22,592,603	47,092,425	8,412,782	86,609,081		64,702,000
Net Increase In Cash and Cash Equivalents	117,178	334,557	309,549	-	(1,042,001)		41,430,027

(1) \$16.2m in retro payments, rest increases in required hours of care

(2) Fixed benefit amount - this is timing

(3) Cost increases and more families requesting reliable transportation

Agenda Item # 9.A. (Tab W)

Net Assets

in millions

	6/30/2022	12/31/2022	6/30/2023	SFY change
Investments	1,317	1,228	1,306	(11)
Liabilities	1,259	1,303	1,363	(104)
Net Assets	58	(75)	(57)	(115)

Estimated current Unreserved Asset value

<i>Loss reserve ratio</i>	104.6%	94.2%	95.8%
---------------------------	--------	-------	-------

Agenda Item # 9.B. (Tab X)

Estimated Threshold Calculation

	SFY End:	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031
Funds on Hand (Investment Balance) (1)		1,347,148	1,388,132	1,429,141	1,469,004	1,506,120	1,543,269	1,578,510	1,615,325
Funds Available within 12 months:									
Assessments from participating health care providers (2)		36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Assessments Against Insurance companies (2)		28,630	30,225	31,909	33,686	35,562	37,543	39,634	41,842
Transfer from Florida Office of Insurance Regulation (2)		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Income on Invested Funds (1)		66,714	68,714	70,686	72,564	74,375	76,141	77,898	79,515
Total		1,498,492	1,543,071	1,587,737	1,631,254	1,672,057	1,712,953	1,752,042	1,792,682
Threshold for Suspension - 80%		1,198,794	1,234,457	1,270,189	1,305,003	1,337,646	1,370,362	1,401,634	1,434,146
Liabilities:									
Outstanding Loss & LAE (2)		1,455,835	1,554,369	1,659,148	1,769,488	1,884,486	2,006,990	2,135,979	2,274,409
Less IBNR (2)		(145,780)	(150,882)	(156,163)	(161,629)	(167,286)	(173,141)	(179,201)	(185,473)
Less Family Care (2)		(148,944)	(163,474)	(178,865)	(195,120)	(213,179)	(231,313)	(250,433)	(270,585)
Net Liabilities for Comparison		1,161,111	1,240,013	1,324,120	1,412,739	1,504,021	1,602,536	1,706,345	1,818,351
Claims that can be accepted or (Excess of Liabilities over Threshold)		37,683	(5,556)	(53,931)	(107,736)	(166,375)	(232,174)	(304,711)	(384,205)
<i>Compared to:</i>									
Loss Reserve Ratio		92.5%	89.3%	86.1%	83.0%	79.9%	76.9%	73.9%	71.0%

(1) See calculation of investment income below

(2) Per actuary workpapers

Calculation of Investment Income

Beginning balance @ 7/1 (6/30/2023 per BNY 20230630 Book and Market Summary, rest calculated)

Beginning balance @ 7/1 (6/30/2023 per BNY 20230630 Book and Market Summary, rest calculated)	1,305,639	1,347,148	1,388,132	1,429,141	1,469,004	1,506,120	1,543,269	1,578,510	1,615,325
Use of Cash During Year (2)	(59,193)	(61,730)	(63,705)	(66,824)	(71,448)	(73,226)	(76,900)	(77,083)	(86,053)
Covered by Assessments (2)	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Net Use of Cash	(23,193)	(25,730)	(27,705)	(30,824)	(35,448)	(37,226)	(40,900)	(41,083)	(50,053)
Beg Bal less net cash out	1,282,446	1,321,418	1,360,427	1,398,317	1,433,556	1,468,894	1,502,369	1,537,427	1,565,272
Avg Balance	1,294,043	1,334,283	1,374,280	1,413,729	1,451,280	1,487,507	1,522,819	1,557,969	1,590,299

Rate of return to use for investment income - 5.93% is projected on Asset Allocation Study, actuaries have always used 5%

5.00%

Investment Earnings on Avg Balance	64,702	66,714	68,714	70,686	72,564	74,375	76,141	77,898	79,515
Ending Investment Balance @ 6/30	1,347,148	1,388,132	1,429,141	1,469,004	1,506,120	1,543,269	1,578,510	1,615,325	1,644,787

Agenda Item # 10 (Tab Y)

Benefit Handbook

BENEFIT HANDBOOK

August 16, 2023

DRAFT



SUPPORTIVE SERVICES FOR
FAMILIES & PHYSICIANS

TABLE OF CONTENTS

Introduction	3
Benefits	4
Claims Request for Reimbursement or Benefits	4
Initial Parental Award	4
Nursing Care	4
Nursing Care Provided in Home by Parent or Legal Guardian	5
Care While Hospitalized	5
Professional Nursing or Attendant Care Provided in Home	5
Nursing Care Provided Prior to NICA Program Entry	5
Custodial Residential Care	5
Medical Treatment	6
Dental Treatment	6
Prescription Drugs	6
Insurance Policies and Premiums	6
Insurance Premium	6
Therapy	7
Mental Health Services	7
Equipment	8
Electricity Stipend	8
Supplies	8
Specialized Nutritional Products	9
Annual Special Benefit	9
Transportation	9
Reliable Transportation	9
Travel Reimbursement	10
Housing Assistance	11
Bereavement Support Fund	11
Guardianship	11
Experimental Programs or Equipment	12
Benefits Not Specifically Addressed	12
Procedures	13
Authorization to Obtain Services Outside Your Insurance Plan’s Covered Area or Out of State	13
Disagreements, Denial of Benefits	13
Van Agreement	14
NICA Law Sections 766.301-766.316, Florida Statutes	17
Contact Information	33
Appendix A: Equipment	34
Appendix B: Supplies	35

Florida Birth-Related Neurological Injury Compensation Plan (Approved August 25, 2022)

INTRODUCTION

Welcome to the Florida Birth-Related Neurological Injury Compensation Plan (“Plan”). Better known as NICA, the Plan is intended to provide compensation, on a no-fault basis, for a limited class of catastrophic injuries that result in unusually high costs for custodial care and rehabilitation. To that end, the Plan provides a wide range of benefits.

We strongly urge every family to familiarize themselves with this Benefits Handbook, which offers clear guidance on potential benefits available under the NICA Plan. As a result of legislative changes made by the Florida Legislature in 2021, the NICA Plan offers several additional and enhanced benefits that all families should review and become familiar with.

The purpose of this Benefits Handbook is to provide simple and straightforward information about the benefits available from NICA and how families may request those benefits. However, this Benefits Handbook is a guide. Ultimately, NICA’s activities are governed by Sections 766.301-766.316, Florida Statutes, sometimes referred to as the NICA Statute. It is essential to understand that the statute – not this handbook – controls any conflict between the information in this Benefits Handbook and the law itself.

Generally, according to Florida law, NICA pays for a participant’s “medically necessary and reasonable” actual expenses, including but not limited to:

- Medical and hospital, habilitative care and training, residential or custodial care
- Professional residential and custodial care and service
- Medically necessary drugs
- Medically necessary special equipment and facilities; and related travel

(See: Section 766.31(1)(a), Florida Statutes)

Although this Handbook attempts to describe the range of benefits available to families, NICA may also pay for other medically necessary supplies, equipment, or expenses, associated with the participant’s condition and medical needs. Families should submit medically necessary expenses not otherwise addressed in this Benefits Handbook for consideration to their participant’s case manager.

One family may, or may not, be eligible for the same benefits as another family because of each participant’s particular condition, medical necessity, or other available coverage. However, NICA strives to ensure that all families are treated similarly and that all medically necessary and reasonable expenses are covered, subject to the limitations set forth in section 766.31, Florida Statutes. NICA reserves the right to ask for a Letter of Medical Necessity for any requested benefit.

Please note that while, given recent legislative changes in Florida, NICA considers itself to be primary to Medicaid and a third party for NICA-covered services, we are still working with AHCA on a plan to coordinate services to ensure seamless service delivery to our participants. Until that plan is finalized, participant families should not change how they obtain services from their providers. Once the transition plan is complete, it will be communicated to families along with any new processes. However, if a family is experiencing any issues with obtaining Medicaid services, please contact your case manager so that NICA can go ahead and transition those services to NICA funding.

CLAIMS REQUEST FOR REIMBURSEMENT OR BENEFITS

In order to request a new benefit, the parent or guardian of a NICA participant may be asked to supply one or combination of the following:

- A letter of medical necessity from the prescribing physician or appropriate qualified and licensed health care provider and/or licensed therapist
- An Explanation of Benefits (EOB) or denial of coverage from your insurance carrier
- A receipt or other proof of purchase or direction to pay the reimbursement to you or to the provider directly
- A written explanation from the parent or guardian as to why the benefit is in the best interest of the participant and how it is related to their birth injury.

Please see the individual benefit descriptions to follow that detail the documentation needed for each type of benefit. If you need assistance with what should be included in the letter of medical necessity or guidance on what is needed, please contact your Nurse Case Manager.

Please keep in mind that NICA is subject to oversight and accountability of many government agencies and institutions. As such, NICA must be able to demonstrate the accuracy and legality of all payments to families through requested documents and associated payments.

NICA will honor reimbursement requests for expenses from medical providers and pharmacies submitted within four years (in accordance Section 95.11(3)(f), Florida Statutes) of the date the expense was incurred if the request is accompanied by documentation of medical necessity and provider invoice or receipts. This time limit does not apply to expenses incurred before the participant's acceptance into the NICA program. Reimbursement will be paid in a timely fashion, and you will be notified in writing if a benefit is denied, or NICA does not have sufficient information or documentation to pay the benefit.

INITIAL PARENTAL AWARD

Beginning January 1, 2021, parents or legal guardians of a NICA participant are entitled to an award not to exceed \$250,000. Each year after 2021, the amount of the parental award for new families joining the program will increase by 3 percent annually.

NURSING CARE

Most NICA participants will need some level of professional nursing or attendant care during their lifetime. Many families opt to stay home and provide care for their participant, while other families prefer to engage professional nursing or attendant care services. Both options are available to eligible families at their discretion. The level of nursing care and amount paid for such care may vary from one family to another, as dictated by each participant's unique medical needs, and the skills of the caregiver.

In order for NICA to pay for nursing care for a participant, your case manager will send a Patient and Nursing Caregiver Form (PNCF) to a physician who provides care for the participant to complete. This form is what NICA will use to authorize the amount and type of care available. The form identifies the number of hours of care required and the level of care for those hours (i.e., CNA, LPN, or RN). NICA may periodically conduct a review with medical professionals to assess the ongoing and sometimes evolving needs of the participant over time.

If applicable, NICA may also request information from your insurance plan regarding the nursing care coverage they provide. Your Case Manager can help you with this process.

Nursing Care Provided in Home by Parent or Legal Guardian:

When professional nursing or attendant care is required, NICA may reimburse a parent or legal guardian for medically necessary and reasonable residential custodial care as documented on the PNCF. This would be as an alternative or in addition to paying for professional nursing care or other professional attendants.

For participants born since June 7, 2002:

Reimbursement is subject to the limitations specified in Sections 766.302(10) and 766.31, Florida Statutes. These sections specify that NICA may reimburse a parent or legal guardian for up to 10 hours of family residential or custodial care that they provide directly to the participant within a 24- hour period. If more than 10 hours are authorized, other caregivers can be reimbursed for care authorized and provided in excess of 10 hours. NICA does not reimburse for any hours when the participant is in school or PPEC.

If a participant requires more than 10 hours of care and if the parent is considered a medical professional (e.g., CNA, LPN, RN), the 10-hour limit is waived. A parent can be reimbursed at their level of licensure (at the Florida Medicaid rate) for the hours of care deemed medically necessary and provided by the parent. For example, if the parent is an LPN and the PNCF authorizes 12 hours of CNA care and 12 hours of LPN care, and the parent provides all 24 hours of care, that parent would be reimbursed for 12 hours at the [CNA rate](#) and 12 hours at the [LPN rate](#).

For NICA participants born before June 7, 2002:

Reimbursement is subject to limitations specified in the Class Action Settlement Agreement and Final Judgment and Order Approving the Class Action Settlement Agreement (available at nica.com). For these families, NICA may reimburse a parent or legal guardian for up to 20 hours per day for their care directly to the participant. If other caregivers are involved in the care, the combined limit is 20 hours per day. School hours are also deducted. If a parent or guardian cares directly for the participant and is a licensed professional caregiver (e.g., Certified Nurse Assistant, Licensed Practical Nurse, or Registered Nurse), the caregiver can be paid for up to 24 hours per day. Payment rates are based on the parent or guardian's level of licensure, and the number of hours authorized by the physician.

Care while Hospitalized:

If a NICA participant is hospitalized and the parent or legal guardian must remain with them while in the hospital, NICA will reimburse the parent or legal guardian for up to 24 hours per day at their typical rate of pay, including day of admit and day of discharge. This change is effective January 1, 2021.

Professional Nursing or Attendant Care Provided in Home:

If recommended by a physician, NICA will reimburse families for medically necessary and reasonable professional nursing or attendant care provided for the participant. NICA will directly reimburse a provider agency or another qualified caregiver, as preferred by the parent or legal guardian. Parents can also be reimbursed when a third-party caregiver misses a shift and a parent must provide some of the care, subject to providing documentation to NICA of the missed shifts.

To request this benefit, a parent or legal guardian can contact their Nurse Case Manager. The Case Manager will request payment information for either the individual or nursing agency the parent wishes to care for the participant.

Nursing Care Provided Prior to NICA Program Entry:

Nursing care provided from date of discharge from the NICU up until the date of entry into the NICA program is reimbursable under the parameters above. The PNCF will be obtained upon entry into the program and applied retroactively.

Custodial Residential Care:

In the event a participant must be moved out of their home into a professional care facility, NICA will pay for the cost of the facility when no other payor is available.

MEDICAL TREATMENT

NICA will reimburse for physician visits related to care and treatment associated with the neurological birth injury, including co-pays and deductibles where applicable.

NICA will reimburse for hospital inpatient and outpatient care, including emergency care related to care and treatment associated with neurological birth injury and facilities charges.

DENTAL TREATMENT

Beginning January 1, 2022, dental services that are medically necessary and related to the birth injury are covered. The only items not covered are the cost of routine cleanings twice per year. Prior requests that have been denied within the last four years will be reconsidered on request.

PRESCRIPTION DRUGS

Prescription drugs will be reimbursed with a receipt and copy of the label. This reimbursement is exclusively for drugs related to care and treatment associated with the neurological birth injury.

INSURANCE POLICIES AND PREMIUMS

NICA encourages families to carry health insurance if the participant is not otherwise covered by the family's insurance plan, a state or federal program, or another type of health plan and will reimburse the costs of coverage if requested. If you are interested in obtaining health insurance, please inquire about this benefit with your Nurse Case Manager.

Insurance Premiums

NICA will reimburse families for the participant's portion of a health insurance premium starting from the date when the request is made in writing to NICA. For participants entering the program on or after January 1, 2022, NICA will reimburse families the participant's portion of the insurance premium from the date of birth of the participant.

NICA requires a copy of the coverage document and premium that identifies the participant's portion of the premium to pay for this expense. If documentation does not specifically identify the participant's portion, NICA reserves the right to calculate how much of the premium it will reimburse on a pro-rata basis.

THERAPY

NICA will reimburse families for therapies performed by a licensed therapist which are determined to be medically necessary and reasonable by a physician.

Some of the therapies covered include:

- Physical Therapy
- Occupational Therapy
- Speech Therapy
- Aqua Therapy
- Intensive Therapy
- Music Therapy
- Equine therapy
- Massage Therapy
- Behavioral Therapy
- Vision Therapy

Annual therapy camp programs will be covered up to \$2000. Therapy camp may be covered over \$2000 if it meets the standards of an intensive therapy. Your Nurse Case Manager will evaluate the plan of care for the therapy camp program to determine if the therapy camp can be covered.

Additional therapies may also be eligible for coverage. Inquire with your Nurse Case Manager if a medical provider recommends a therapy not listed above.

NICA may consult periodically with appropriate medical professionals regarding the medical necessity for continuing various therapies.

To request therapy for the participant, NICA requires a plan of care written by the therapist and signed by the participant's physician, as well as information showing that the therapy was denied by all other payers, such as insurance, prepaid plans, HMO, or governmental assistance that may be available. If therapy is partially covered by an insurance plan or other entity, NICA will pay the copay or patient responsibility portion.

MENTAL HEALTH SERVICES

NICA believes in promoting the well-being of our participants and their families. Beginning June 21, 2021, NICA will provide immediate family members (or legal guardians who reside with the participant) with a total annual benefit of up to \$10,000 to obtain mental health services from providers licensed under Chapter 490 and Chapter 491 Florida Statute (or similar statutes in other states). Providers under these Chapters include psychologists, marriage and family therapists, mental health counselors, and social workers. Mental health services provided by psychiatrists licensed under Chapter 458 Florida Statute (or similar statutes in other states) will also qualify for reimbursement. NICA will also pay for any co-payments or deductibles. In the event a participant passes away, families can receive the remainder of that calendar year's funds for mental health services (up to \$10,000), plus an additional two years of funds (up to \$20,000) for mental health services until the amount is exhausted.

For reimbursement, NICA must be provided with documentation that the provider is licensed in their home state to provide such services, an explanation of benefits (if applicable), proof of payment, and the dates of service.

Recommendations outside of the therapy made to family members by mental health providers (e.g., prescription medication, massage therapy, yoga, etc.) are not reimbursable under this benefit.

EQUIPMENT

NICA will purchase or reimburse actual expenses for equipment that is requested for a participant's care. Because the equipment needed by NICA participants varies widely, a list of equipment that has been covered to date has can be found in Appendix A.

To order or reimburse for equipment that is less than \$3,000, NICA will require a written statement from the parent or legal guardian of the participant as to why the equipment is necessary (if not clearly related to the injury) and an insurance denial if the item is potentially covered by the participant's insurance plan.

To order or reimburse for equipment that is more than \$3,000 NICA will require a letter of medical necessity OR a prescription, and an insurance denial if the item is potentially covered by the participant's insurance plan. In some cases, (such as a stander or a wheelchair) NICA will also need the order specifications if buying directly from a vendor.

There are specific pieces of equipment where NICA has a relationship with a vendor for a specialized type or brand of equipment and would like to order the equipment requested from these vendors directly. You can find a list of this equipment in Appendix A with a "*" beside the equipment name. In these cases, the documentation needed in the categories above would still apply.

Beginning 1/1/23, for those pieces of equipment that NICA purchases or reimburses for the participant, extended warranties and protective accessories can be reimbursed.

*NICA Nurse Case Managers can be contacted if there is an uncertainty about whether the equipment item requested may or may not need an insurance denial.

Electricity Stipend

Effective October 15, 2021, upon request, NICA may pay families a monthly stipend to offset the additional electricity costs associated with the use of medically necessary equipment related to the participant's neurological injury. The monthly stipend amount for 2021 is \$100 and is indexed to the [U.S. Bureau of Labor Statistics cost per Kilowatt hour](#) for the South Atlantic region. The stipend will be adjusted each January 1st to reflect the percentage change in Kilowatt hour from November of the prior year (i.e. the annual change from the most recent November rate to the November rate prior to that). To qualify for the stipend families will need to fall under one of two categories.

Category 1:

Participant has additional electricity costs associated with the use of one of the following: an electric bed, oxygen concentrator, or a CPAP/BIPAP.

Category 2:

Participant has additional electricity costs associated with the use of a feeding pump, suction machine, and a third piece of medically necessary equipment.

Families should reach out to their Nurse Case Manager to request the stipend and inform their case manager of current necessary medical equipment being used in the home. This must be requested by the parent or guardian and can be paid starting on the 1st of the month following the participant's entry into the program.

Appendix A – Equipment

This list includes but is not limited to equipment that has been previously authorized.

<u>Equipment <\$3000</u>			<u>Equipment >\$3000</u>
Activity Seat/Chair			Bed
AFOs			Ceiling Lift (Mobility Works)*
Air Loss Mattress			Communication Device
Baby Monitor/Video			Compression Vest
Bath Chair			Electric Wheelchair
Car Seat			Firefly (Chairs)*
Changing Tables			Freedom Concept (Bikes)*
Computer			Gait Trainer
Feeding Chair			Hospital Bed
Feeding Pump			Permanent Ramp
Floor Ramps/ Thresholds			Portable O2 Concentrator
Glasses			Portable Pool Heater
Hitch for Van			Portable Ramp
Hoyer Lift			Ppod Chair
Hot Tub or Pool Heater (\$2500 limit)			Scooter
Humidifier			Sleep Safe Bed*
Ipad***			Stander
Manual Transfer Wheelchair			Stim Designs (Galileo System)*
Mega Rubber Rolls			Stroller
Nebulizer			Tablet
O2 Concentrator			Tobii Dynavox*
Portable Ramp			Trexo*
Portable Suction Machine			Walker
Portable Generator (\$3000 limit)			
Pulse Ox			
Replacement parts for Equipment			
Stethoscope			
Suction Machine			
Therapy Bench			
Therapy Mat			
Toileting System			
Transfer Belt - with handles			
Urine Collection System			

*Items that NICA has a relationship with a specific vendor

** Beginning 1/1/2022 there is no longer a \$500 limit for ipad purchase

SUPPLIES

NICA will purchase or reimburse actual expenses for supplies that are requested for a participant's care. Because the supplies needed by NICA participants vary widely, a list of supplies that has been covered to date has can be found in Appendix B.

To order or reimburse for supplies that are less than a onetime expense of \$3000 or a recurring expense under \$1000 monthly, NICA will require a written statement from the parent or legal guardian of the participant as to why the supply is necessary (if not clearly related to the injury) and an insurance denial if the item is potentially covered by the participant's insurance plan.

To order or reimburse for supplies that are more than a \$3,000 onetime expense or an over \$1000 monthly recurring expense, NICA will require a letter of medical necessity OR a prescription, and an insurance denial if the item is potentially covered by the participant's insurance plan.

*NICA Nurse Case Managers can be contacted if there is an uncertainty about whether the item requested may or may not need an insurance denial.

Appendix B – Supplies

This list includes but is not limited to supplies that have been previously authorized.

Adaptive Clothing
Alcohol
Baby Food
Backpack (for holding on-the-go emergency supplies)
Bibs
Booster Pads
Burp Cloth
Clorox Wipes
Diaper Rash Cream
Diapers (after age 3)
Feeding Bags - Pressure Relief System
Feeding Pump Kit
Feeding Spoons
Feeding tube cleaning supplies
Foam climbing blocks
Formula
Gauze
Gloves
G-tube accessories
Handgrips
Hippotherapy Helmet
Masks
Meal Replacement Powder
Mickey Buttons
Mouth swabs
Nasal Cannula
Oral Suction Toothbrushes
Oxygen

Pedialyte
Peroxide
Pullups
Saline
Sanitizer
Shoes for AFOs
Socks for AFOs
Specialized Feeding Cups
Suction Cathater
Suction Tray
Supplements
Syringes
Tape
Toothettes
Trach Supplies
Trachs
Trash Bags
Tubing
Underpads (with or without tape)
Urine Collection System Supplies
Emesis Bags
Washcloths
Water (for equipment or formula)
Weighted blanket
Wipes (after age 3)

Specialized Nutritional Products

For participants who are unable to eat a typical diet and require modified soft/puréed food due to a digestive system dysfunction related to the neurological injury, beginning at age 2, NICA will reimburse pre-packaged specialized nutritional products OR provide a monthly stipend for fresh foods to be prepared into purée at home. Families choosing either option may need to provide a letter of medical necessity.

Option 1: Reimbursement for Pre-Packages Specialized Nutritional Products:

NICA will reimburse for specialized nutritional products that provide needed nutritional value and are medically necessary. Puréed baby foods, enteral formulas, and other specialized nutritional products will be reimbursable for as long as they are medically necessary. Families must submit a receipt with any reimbursement request. .

Option 2: Monthly Fresh Food Stipend:

NICA encourages families to use fresh foods and beginning October 1, 2022, NICA will provide a monthly stipend for those fresh foods needed for families to process puréed food at home. The monthly stipend is based on the USDA's Thrifty Food Plan which estimates the monthly cost for a nutritious diet based on age. The monthly stipend effective October 1, 2022 will be based on the [November 2022 USDA Thrifty Food Plan report](#). NICA will update the monthly stipend amount for families each January 1st based on the most recent USDA Thrifty Food Plan monthly average report available.

If families opt for the monthly fresh food stipend, there will be no reimbursement for specialized nutritional products.

Blender

In addition, NICA will reimburse families, whose participant requires a modified soft/puréed food diet, up to \$500 for a blender every three years. Families must submit a receipt with any reimbursement request for a blender and a letter of medical necessity may be required.

ANNUAL SPECIAL BENEFIT

NICA will reimburse families up to \$500 per calendar year for any items that are related to the participant's best interest. Examples may include adaptive toys, pool equipment, games, electronics, and other items that improve quality of life. Beginning with the 2021 benefit, any unused amounts can be rolled over indefinitely.

TRANSPORTATION AND TRAVEL

Reliable Transportation

When a participant needs a reliable mode of transportation, NICA coordinates the purchase of a reliable vehicle or an accessible van upon the parent's request. Current proof of vehicle insurance and valid driver license is required.

NICA is listed as a lienholder on the vehicle's title. However, the vehicle itself is titled in the name of the parents or legal guardians as custodians for the participant under the Florida Uniform Transfer to Minors Act.

As lienholder, NICA pays and/or reimburses the following expenses:

- Vehicle purchase price and associated acquisition costs
- License tag/registration and renewals
- Maintenance costs. Any expenses more than \$500.00 require pre-approval or they may not be reimbursed.
- Basic insurance coverage, full collision coverage, and comprehensive coverage. NICA must be listed as lienholder on the policy.
- Mileage for medical appointments or pre-approved travel will be reimbursed at twice the [GSA rate](#) for a government furnished vehicle.

NICA replaces the vehicle every seven years or 150,000 miles, whichever comes first.

Families no longer needing a vehicle should return it to NICA in good working order within 60 days.

Travel Reimbursement

NICA will reimburse expenses incurred when a NICA participant travels to and from medically necessary appointments, such as physician visits, therapy, or other medically necessary travel. Additionally, NICA will reimburse mileage associated with trips to the pharmacy for prescriptions related to the participant's birth injury (requires dated receipt and label), and any non-routine supply/equipment related travel (For example, if a piece of equipment is broken and needs repair, with proper documentation, mileage may be reimbursed for the travel to and from taking the equipment to be repaired).

If the participant is driven, NICA will reimburse parking fees and tolls (upon submission of receipts), as well as documented mileage at the following rates:

- When using reliable transportation:
 - Mileage for medical appointments or pre-approved travel will be reimbursed at twice the [GSA rate](#) for a government furnished vehicle.
- When using a personal vehicle:
 - Mileage for medical appointments or pre-approved travel will be reimbursed at the [GSA rate](#) for a privately owned vehicle.

To be reimbursed for mileage, NICA must have documentation of the reimbursable appointment the participant attended. Mileage reimbursement will be calculated by the participant's Nurse Case Manager using the addresses for the locations provided by the parent or legal guardian. If the parent or legal guardian wants a specific map route used for the reimbursement, they will need to provide the map used to arrive at the location to their Nurse Case Manager for reimbursement.

When a participant must travel, one-way either 30 miles or in excess of 45 minutes, from home for a medical, therapeutic, or otherwise reimbursable appointment, NICA will reimburse for meals and incidentals at the GSA day-of-travel rate (75% of the per diem) for up to two caregivers and the NICA participant, if applicable (i.e. participant can consume food orally, does not have a digestive system dysfunction which impedes the ability to consume food, and is not receiving reimbursement for pre-packaged specialized nutritional products or the monthly Fresh Food Stipend). No receipts are required. Note that the rate utilized is the rate effective in the destination city.

When the participant and one parent/guardian travel at least 50 miles from home and must stay overnight, NICA will reimburse accommodations of the actual expense up to 1.3 times GSA lodging rate (plus applicable sales taxes) for the destination city.

Meals and incidentals are also reimbursed for overnight travel in accordance with GSA policies for up to two caregivers and the NICA participant, if applicable.

Beginning January 1, 2022, if the participant is flown, NICA will reimburse airline coach travel fares for the participant and two parents/guardians and will reimburse accommodations of the actual expense up to 1.3 times GSA lodging rate. Please note this GSA rate is intended to cover all travelers.

Upon submission of receipts, NICA can reimburse medically necessary transportation expenses not otherwise mentioned above. Please contact your Nursing Case Manager if you have questions about reimbursement of other travel-related expenses.

Effective 9/1/23, when a participant is hospitalized, regardless of the hospital distance, medical mileage and per diem for up to two caregivers will be reimbursed. Mileage can only be reimbursed for one round-trip per day. For parents who choose to remain in the hospital overnight with the participant, the day-of-admission and the day-of-discharge per diem will be reimbursed at the GSA day-of-travel rate (75% of the per diem), the days in between admission and discharge will be reimbursed at the full per diem rate. If the parent does not stay overnight in the hospital with the participant, per diem will be reimbursed at the GSA day-of-travel rate (75% of the per diem) for each day the participant is hospitalized.

HOUSING ASSISTANCE

Participants are entitled to a housing assistance benefit of up to \$100,000 during their lifetime. This benefit has been utilized by families in a variety of ways including (but not limited to) accessible renovations in a current home, new home construction, mortgage or rent monthly payments, moving expenses to a more accessible dwelling, whole house generators or a down payment on a new home. Please contact your case manager with any questions and for information on the documentation needed to utilize this particular benefit.

BEREAVEMENT SUPPORT FUND

It is NICA's utmost goal to support participants and families through every chapter of life. In the event that NICA is notified of the death of a participant, families will receive \$50,000 in an effort to unburden them of the cost of services. A time of loss can be emotional and confusing, NICA desires to be a resource for healing for its families during these difficult times.

GUARDIANSHIP

When a participant turns 18, states typically require parents to become legal guardians to continue making medical decisions on their behalf. NICA will cover the costs for families to obtain guardianship of their NICA participant. Families may select their own attorney, or at request by the parent, NICA can provide a list of attorneys who specialize in guardianship. While there are no restrictions for the cost of obtaining guardianship, it is expected that the range of all costs will be \$3,000-\$7,500. NICA will also cover the costs for annual guardianship renewals.

EXPERIMENTAL PROGRAMS OR EQUIPMENT

When a parent or legal guardian requests that NICA pay for participation in an experimental program or to obtain experimental equipment, the Executive Director may approve the request based on the following criteria:

1. Overall cost associated with the program or equipment must not be excessive and must be submitted for preapproval. It may include the duration of the program; expected medical benefits; and availability of the program elsewhere in Florida if it is located outside the participant's home area.
2. A report must be received from the participant's primary care physician recommending the experimental program or equipment by detailing its medical necessity.
3. Proof must be provided that the experimental program or equipment has shown objective, observable, or demonstrable medical benefit, as well as evidence the participant has benefited or will benefit from the experimental program or equipment.
4. The Executive Director may approve the expected frequency and duration of the requested experimental program or equipment.
5. Continuation of the program or equipment may be authorized if periodic evaluation by a physician shows an objective, observable, or demonstrable medical benefit to the participant.

If the evaluation indicates consideration of other criteria, then additional information will be requested and should be submitted for review.

In an effort to provide clarity and transparency, the following have not been approved for reimbursement:

- Stem cell therapy
- Human Growth Hormone treatments
- Hyperbaric treatments
- Enbrel

BENEFITS NOT SPECIFICALLY ADDRESSED

The Board has authorized the Executive Director to approve the benefits described in this Benefits Handbook. The Board recognizes, however, that there may be types of equipment or other items that may be of value to a participant and their family but are not addressed in this Benefits Handbook. If there is an item or service you feel should be covered and is not mentioned please talk to your case manager.

AUTHORIZATION TO OBTAIN SERVICES OUTSIDE YOUR INSURANCE PLAN'S COVERED AREA OR OUT OF STATE

Parents or legal guardians must notify NICA before taking a participant outside their insurance plan's covered area or outside the State of Florida for evaluation, surgery, or other medically necessary treatment. NICA must pre-authorize out-of-state treatment. NICA can expedite payment for pre-authorized equipment and services and sometimes pre-pay for them. Without preauthorization, NICA will only pay for treatment outside the insurance plan's covered area or for out-of-state treatment and travel if an emergency existed at the time of treatment.

DISAGREEMENTS, DENIAL OF BENEFITS

If a disagreement arises on a claim for benefits, we invite you to discuss the issue with a Nurse Claim Supervisor. They will welcome the opportunity to work with you in hopes of resolving the disagreement. In some instances, NICA may ask for a more clearly written letter of medical necessity or additional documentation.

If a disagreement arises and the Nurse Claim Supervisor cannot resolve it, upon written request, the Executive Director may review the claim and attempt to resolve the disagreement with the parents or legal guardians.

If the Executive Director cannot resolve the disagreement and a benefit is denied, the parents or legal guardians have the right to file a petition with the Division of Administrative Hearings to dispute the amount of actual expenses reimbursed or the denial of benefits. See DOAH.fl.us for more details. Parents or legal guardians may contact the Insurance Consumer Advocate at the Florida Department of Financial Services for additional guidance on an informal basis.

The address to submit a letter or petition is:

Division of Administrative Hearings

1230 Apalachee Parkway
Tallahassee, FL 32399
Phone: (850) 488-9675
Fax: (850) 921-6847

The contact information for the Insurance Consumer Advocate is:

Office of the Insurance Consumer Advocate Florida Department of Financial Services

Office: 850.413.2868
Fax: 850.487.0453

2021 FLORIDA STATUE CHAPTER 766

766.301 Legislative findings and intent.

(1) The Legislature makes the following findings:

(a) Physicians practicing obstetrics are high-risk medical specialists for whom malpractice insurance premiums are very costly, and recent increases in such premiums have been greater for such physicians than for other physicians.

(b) Any birth other than a normal birth frequently leads to a claim against the attending physician; consequently, such physicians are among the physicians most severely affected by current medical malpractice problems.

(c) Because obstetric services are essential, it is incumbent upon the Legislature to provide a plan designed to result in the stabilization and reduction of malpractice insurance premiums for providers of such services in Florida.

(d) The costs of birth-related neurological injury claims are particularly high and warrant the establishment of a limited system of compensation irrespective of fault. The issue of whether such claims are covered by this act must be determined exclusively in an administrative proceeding.

(2) It is the intent of the Legislature to provide compensation, on a no-fault basis, for a limited class of catastrophic injuries that result in unusually high costs for custodial care and rehabilitation. This plan shall apply only to birth-related neurological injuries.

History.—s. 60, ch. 88-1; s. 1, ch. 98-113.

766.302 Definitions; ss. 766.301-766.316.—As used in ss. 766.301-766.316, the term:

(1) “Association” means the Florida Birth-Related Neurological Injury Compensation Association established in s. 766.315 to administer the Florida Birth-Related Neurological Injury Compensation Plan and the plan of operation established in s. 766.314.

(2) “Birth-related neurological injury” means injury to the brain or spinal cord of a live infant weighing at least 2,500 grams for a single gestation or, in the case of a multiple gestation, a live infant weighing at least 2,000 grams at birth caused by oxygen deprivation or mechanical injury occurring in the course of labor, delivery, or resuscitation in the immediate postdelivery period in a hospital, which renders the infant permanently and substantially mentally and physically impaired.

This definition shall apply to live births only and shall not include disability or death caused by genetic or congenital abnormality.

(3) “Claimant” means any person who files a claim pursuant to s. 766.305 for compensation for a birth-related neurological injury to an infant. Such a claim may be filed by any legal representative on behalf of an injured infant; and, in the case of a deceased infant, the claim may be filed by an administrator, personal representative, or other legal representative thereof.

(4) “Administrative law judge” means an administrative law judge appointed by the division.

(5) “Division” means the Division of Administrative Hearings of the Department of Management Services.

(6) “Hospital” means any hospital licensed in Florida.

(7) “Participating physician” means a physician licensed in Florida to practice medicine who practices obstetrics or performs obstetrical services either full time or part time and who had paid or was exempted from payment at the time of the injury the assessment required for participation in the birth-related neurological injury compensation plan for the year in which the injury occurred. Such term shall not apply to any physician who practices medicine as an officer, employee, or agent of the Federal Government.

(8) “Plan” means the Florida Birth-Related Neurological Injury Compensation Plan established under s. 766.303.

(9) “Family member” means a father, mother, or legal guardian.

(10) “Family residential or custodial care” means care normally rendered by trained professional attendants which is beyond the scope of participant care duties, but which is provided by family members. Family members who provide nonprofessional residential or custodial care may not be compensated under this act for care that falls within the scope of participant care duties and other services normally and gratuitously provided by family members. Family residential or custodial care shall be performed only at the direction and control of a physician when such care is medically necessary. Reasonable charges for expenses for family residential or custodial care provided by a family member shall be determined as follows:

(a) If the family member is not employed, the per-hour value equals the federal minimum hourly wage.

(b) If the family member is employed and elects to leave that employment to provide such care, the per-hour value of that care shall equal the rates established by Medicaid for private duty services provided by a home health aide. A family member or a combination of family members providing care in accordance with this definition may not be compensated for more than a total of 10 hours per day. Family care is in lieu of professional residential or custodial care, and no professional residential or custodial care may be awarded for the period of time during the day that family care is being provided.

(c) The award of family residential or custodial care as defined in this section shall not be included in the current estimates for purposes of s. 766.314(9)(c).

History.—s. 61, ch. 88-1; s. 36, ch. 88-277; s. 16, ch. 91-46; s. 2, ch. 93-251; s. 307, ch. 96-410; s. 149, ch. 2001-277; s. 5, ch. 2002-401.766.303 Florida Birth-Related Neurological Injury Compensation Plan; exclusiveness of remedy.

(1) There is established the Florida Birth-Related Neurological Injury Compensation Plan for the purpose of providing compensation, irrespective of fault, for birth-related neurological injury claims. Such plan shall apply to births occurring on or after January 1, 1989, and shall be administered by the Florida Birth-Related Neurological Injury Compensation Association.

(2) The rights and remedies granted by this plan on account of a birth-related neurological injury shall exclude all other rights and remedies of such infant, her or his personal representative, parents, dependents, and next of kin, at common law or otherwise, against any person or entity directly involved with the labor, delivery, or immediate postdelivery resuscitation during which such injury occurs, arising out of or related to a medical negligence claim with respect to such injury; except that a civil action shall not be foreclosed where there is clear and convincing evidence of bad faith or malicious purpose or willful and wanton disregard of human rights, safety, or property, provided that such suit is filed prior to and in lieu of payment of an award under ss. 766.301-766.316. Such suit shall be filed before the award of the division becomes conclusive and binding as provided for in s. 766.311.

(3) Sovereign immunity is hereby waived on behalf of the Florida Birth-Related Neurological Injury Compensation Association solely to the extent necessary to assure payment of compensation as provided in s. 766.31.

(4) The association shall administer the plan in a manner that promotes and protects the health and best interests of children with birth-related neurological injuries.

History.—s. 62, ch. 88-1; s. 37, ch. 88-277; s. 1, ch. 89-186; s. 1154, ch. 97-102; s. 74, ch. 2003-416; s. 2, ch. 2021-134.

766.304 Administrative law judge to determine claims

The administrative law judge shall hear and determine all claims filed pursuant to ss. 766.301- 766.316 and shall exercise the full power and authority granted to her or him in chapter 120, as necessary, to carry out the purposes of such sections. The administrative law judge has exclusive jurisdiction to determine whether a claim filed under this act is compensable. No civil action may be brought until the determinations under s. 766.309 have been made by the administrative law judge. If the administrative law judge determines that the claimant is entitled to compensation from the association, or if the claimant accepts an award issued under s. 766.31, no civil action may be brought or continued in violation of the exclusiveness of remedy provisions of s. 766.303. If it is determined that a claim filed under this act is not compensable, neither the doctrine of collateral estoppel nor res judicata shall prohibit the claimant from pursuing any and all civil remedies available under common law and statutory law. The findings of fact and conclusions of law of the administrative law judge shall not be admissible in any subsequent proceeding; however, the sworn testimony of any person and the exhibits introduced into evidence in the administrative case are admissible as impeachment in any subsequent civil action only against a party to the administrative proceeding, subject to the Rules of Evidence. An award may not be made or paid under ss. 766.301-766.316 if the claimant recovers under a settlement or a final judgment is entered in a civil action.

History.—s. 63, ch. 88-1; s. 17, ch. 91-46; s. 3, ch. 93-251; s. 308, ch. 96-410; s. 1803, ch. 97-102; s. 2, ch. 98-113; s. 90, ch. 99-3; s. 75, ch. 2003-416; s. 109, ch. 2013-18.

766.305 Filing of claims and responses; medical disciplinary review.

(1) All claims filed for compensation under the plan shall commence by the claimant filing with the division a petition seeking compensation. Such petition shall include the following information:

- (a) The name and address of the legal representative and the basis for her or his representation of the injured infant.
- (b) The name and address of the injured infant.
- (c) The name and address of any physician providing obstetrical services who was present at the birth and the name and address of the hospital at which the birth occurred.
- (d) A description of the disability for which the claim is made.
- (e) The time and place the injury occurred.
- (f) A brief statement of the facts and circumstances surrounding the injury and giving rise to the claim.

(2) The claimant shall furnish the division with as many copies of the petition as required for service upon the association, any physician and hospital named in the petition, and the Division of Medical Quality Assurance, along with a \$15 filing fee payable to the Division of Administrative Hearings. Upon receipt of the petition, the division shall immediately serve the association, by service upon the agent designated to accept service on behalf of the association, by registered or certified mail, and shall mail copies of the petition, by registered or certified mail, to any physician, health care provider, and hospital named in the petition, and shall furnish a copy by regular mail to the Division of Medical Quality Assurance and the Agency for Health Care Administration.

(3) The claimant shall furnish to the Florida Birth-Related Neurological Injury Compensation Association the following information, which must be filed with the association within 10 days after the filing of the petition as set forth in subsection (1):

- (a) All available relevant medical records relating to the birth-related neurological injury and a list identifying any unavailable records known to the claimant and the reasons for the records' unavailability.
- (b) Appropriate assessments, evaluations, and prognoses and such other records and documents as are reasonably necessary for the determination of the amount of compensation to be paid to, or on behalf of, the injured infant on account of the birth-related neurological injury.
- (c) Documentation of expenses and services incurred to date which identifies any payment made for such expenses and services and the payor.
- (d) Documentation of any applicable private or governmental source of services or reimbursement relative to the impairments.

The information required by paragraphs (a)-(d) shall remain confidential and exempt under the provisions of s. 766.315(5)(b).

(4) The association shall have 45 days from the date of service of a complete claim, filed pursuant to subsections (1) and (2), in which to file a response to the petition and to submit relevant written information relating to the issue of whether the injury alleged is a birth-related neurological injury.

(5) Upon receipt of such petition, the Division of Medical Quality Assurance shall review the information therein and determine whether it involved conduct by a physician licensed under chapter 458 or an osteopathic physician licensed under chapter 459 that is subject to disciplinary action, in which case the provisions of s. 456.073 shall apply.

(6) Upon receipt of such petition, the Agency for Health Care Administration shall investigate the claim, and if it determines that the injury resulted from, or was aggravated by, a breach of duty on the part of a hospital in violation of chapter 395, it shall take any such action consistent with its disciplinary authority as may be appropriate.

(7) Any claim which the association determines to be compensable may be accepted for compensation, provided that the acceptance is approved by the administrative law judge to whom the claim for compensation is assigned.

History.—s. 64, ch. 88-1; s. 2, ch. 89-186; s. 18, ch. 91-46; s. 4, ch. 93-251; s. 1, ch. 94-106; s. 309, ch. 96-410; s. 1804, ch. 97-102; s. 165, ch. 98-166; s. 287, ch. 99-8; s. 226, ch. 2000-160; s. 115, ch. 2002-1; s. 76, ch. 2003-416.

766.306 Tolling of statute of limitations.

The statute of limitations with respect to any civil action that may be brought by, or on behalf of, an injured infant allegedly arising out of, or related to, a birth-related neurological injury shall be tolled by the filing of a claim in accordance with ss. 766.301-766.316, and the time such claim is pending or is on appeal shall not be computed as part of the period within which such civil action may be brought.

History.—s. 65, ch. 88-1.

766.307 Hearing; parties; discovery.

(1) The administrative law judge shall set the date for a hearing no sooner than 60 days and no later than 120 days after the filing by a claimant of a petition in compliance with s. 766.305. The administrative law judge shall immediately notify the parties of the time and place of such hearing, which shall be held in the county where the injury occurred unless otherwise agreed to by the parties and authorized by the division.

(2) The parties to the hearing shall include the claimant and the association.

(3) Any party to a proceeding under ss. 766.301-766.316 may, upon application to the administrative law judge setting forth the materiality of the evidence to be given, serve interrogatories or cause the depositions of witnesses residing within or without the state to be taken, the costs thereof to be taxed as expenses incurred in connection with the filing of a claim. Such depositions shall be taken after giving notice and in the manner prescribed for the taking of depositions in actions at law, except that they shall be directed to the administrative law judge before whom the proceedings may be pending.

History.—s. 66, ch. 88-1; s. 19, ch. 91-46; s. 2, ch. 94-106; s. 310, ch. 96-410.

766.309 Determination of claims; presumption; findings of administrative law judge binding on participants.

(1) The administrative law judge shall make the following determinations based upon all available evidence:

(a) Whether the injury claimed is a birth-related neurological injury. If the claimant has demonstrated, to the satisfaction of the administrative law judge, that the infant has sustained a brain or spinal cord injury caused by oxygen deprivation or mechanical injury and that the infant was thereby rendered permanently and substantially mentally and physically impaired, a rebuttable presumption shall arise that the injury is a birth-related neurological injury as defined in s. 766.302(2).

(b) Whether obstetrical services were delivered by a participating physician in the course of labor, delivery, or resuscitation in the immediate postdelivery period in a hospital; or by a certified nurse midwife in a teaching hospital supervised by a participating physician in the course of labor, delivery, or resuscitation in the immediate postdelivery period in a hospital. (c) How much compensation, if any, is awardable pursuant to s. 766.31.

(d) Whether, if raised by the claimant or other party, the factual determinations regarding the notice requirements in s. 766.316 are satisfied. The administrative law judge has the exclusive jurisdiction to make these factual determinations.

(2) If the administrative law judge determines that the injury alleged is not a birth-related neurological injury or that obstetrical services were not delivered by a participating physician at the birth, she or he shall enter an order and shall cause a copy of such order to be sent immediately to the parties by registered or certified mail.

(3) By becoming a participating physician, a physician shall be bound for all purposes by the finding of the administrative law judge or any appeal therefrom with respect to whether such injury is a birth-related neurological injury.

(4) If it is in the interest of judicial economy or if requested to by the claimant, the administrative law judge may bifurcate the proceeding addressing compensability and notice pursuant to s. 766.316 first, and addressing an award pursuant to s. 766.31, if any, in a separate proceeding. The administrative law judge may issue a final order on compensability and notice which is subject to appeal under s. 766.311, prior to issuance of an award pursuant to s. 766.31.

History.—s. 68, ch. 88-1; s. 4, ch. 89-186; s. 21, ch. 91-46; s. 3, ch. 94-106; s. 312, ch. 96-410; s. 1805, ch. 97-102; s. 77, ch. 2003-416; s. 1, ch. 2006-8.

766.31 Administrative law judge awards for birth-related neurological injuries; notice of award.

1) The administrative law judge shall make the following determinations based upon all available evidence:

(a) Whether the injury claimed is a birth-related neurological injury. If the claimant has demonstrated, to the satisfaction of the administrative law judge, that the infant has sustained a brain or spinal cord injury caused by oxygen deprivation or mechanical injury and that the infant was thereby rendered permanently and substantially mentally and physically impaired, a rebuttable presumption shall arise that the injury is a birth-related neurological injury as defined in s. 766.302(2).

(b) Whether obstetrical services were delivered by a participating physician in the course of labor, delivery, or resuscitation in the immediate postdelivery period in a hospital; or by a certified nurse midwife in a teaching hospital supervised by a participating physician in the course of labor, delivery, or resuscitation in the immediate postdelivery period in a hospital.

(c) How much compensation, if any, is awardable pursuant to s. 766.31.

(d) Whether, if raised by the claimant or other party, the factual determinations regarding the notice requirements in s. 766.316 are satisfied. The administrative law judge has the exclusive jurisdiction to make these factual determinations.

(2) If the administrative law judge determines that the injury alleged is not a birth-related neurological injury or that obstetrical services were not delivered by a participating physician at the birth, she or he shall enter an order and shall cause a copy of such order to be sent immediately to the parties by registered or certified mail.

(3) By becoming a participating physician, a physician shall be bound for all purposes by the finding of the administrative law judge or any appeal therefrom with respect to whether such injury is a birth-related neurological injury.(4) If it is in the interest of judicial economy or if requested to by the claimant, the administrative law judge may bifurcate the proceeding addressing compensability and notice pursuant to s. 766.316 first, and addressing an award pursuant to s. 766.31, if any, in a separate proceeding. The administrative law judge may issue a final order on compensability and notice which is subject to appeal under s. 766.311, prior to issuance of an award pursuant to s. 766.31.

History.—s. 68, ch. 88-1; s. 4, ch. 89-186; s. 21, ch. 91-46; s. 3, ch. 94-106; s. 312, ch. 96-410; s. 1805, ch. 97-102; s. 77, ch. 2003-416; s. 1, ch. 2006-8.

1766.31 Administrative law judge awards for birth-related neurological injuries; notice of award.

(1) Upon determining that an infant has sustained a birth-related neurological injury and that obstetrical services were delivered by a participating physician at the birth, the administrative law judge shall make an award providing compensation for the following items relative to such injury:

(a) Actual expenses for medically necessary and reasonable medical and hospital, habilitative and training, family residential or custodial care, professional residential, and custodial care and service, for medically necessary drugs, special equipment, and facilities, and for related travel.

At a minimum, compensation must be provided for the following actual expenses:

1. A total annual benefit of up to \$10,000 for immediate family members who reside with the infant for psychotherapeutic services obtained from providers licensed under chapter 490 or chapter 491.
2. For the life of the participant, providing parents or legal guardians with a reliable method of transportation for the care of the participant or reimbursing the cost of upgrading an existing vehicle to accommodate the participant's needs when it becomes medically necessary for wheelchair transportation. The mode of transportation must take into account the special accommodations required for the specific participant. The plan may not limit such transportation assistance based on the participant's age or weight. The plan must replace any vans purchased by the plan every 7 years or 150,000 miles, whichever comes first.
3. Housing assistance of up to \$100,000 for the life of the participant, including home construction and modification costs.

(b) However, the following expenses are not subject to compensation:

1. Expenses for items or services that the infant has received, or is entitled to receive, under the laws of any state or the Federal Government, except to the extent such exclusion may be prohibited by federal law.
2. Expenses for items or services that the infant has received, or is contractually entitled to receive, from any prepaid health plan, health maintenance organization, or other private insuring entity.
3. Expenses for which the infant has received reimbursement, or for which the infant is entitled to receive reimbursement, under the laws of any state or the Federal Government, except to the extent such exclusion may be prohibited by federal law.
4. Expenses for which the infant has received reimbursement, or for which the infant is contractually entitled to receive reimbursement, pursuant to the provisions of any health or sickness insurance policy or other private insurance program.

(c) Expenses included under paragraph (a) are limited to reasonable charges prevailing in the same community for similar treatment of injured persons when such treatment is paid for by the injured person. The parents or legal guardians receiving benefits under the plan may file a petition with the Division of Administrative Hearings to dispute the amount of actual expenses reimbursed or a denial of reimbursement.(d)1.a. Periodic payments of an award to the parents or legal guardians of the infant found to have sustained a birth-related neurological injury, which award may not exceed \$100,000. However, at the discretion of the administrative law judge, such award may be made in a lump sum. Beginning on January 1, 2021, the award may not exceed \$250,000, and each January 1 thereafter, the maximum award authorized under this paragraph shall increase by 3 percent.

b. Parents or legal guardians who received an award pursuant to this section before January 1, 2021, and whose participant currently receives benefits under the plan must receive a retroactive payment in an amount sufficient to bring the total award paid to the parents or legal guardians pursuant to sub-subparagraph a. to \$250,000. This additional payment may be made in a lump sum or in periodic payments as designated by the parents or legal guardians and must be paid by July 1, 2021.

2.a. Death benefit for the infant in an amount of \$50,000.

b. Parents or legal guardians who received an award pursuant to this section, and whose participant died since the inception of the program, must receive a retroactive payment in an amount sufficient to bring the total award paid to the parents or legal guardians pursuant to subsubparagraph a. to \$50,000. This additional payment may be made in a lump sum or in periodic payments as designated by the parents or legal guardians and must be paid by July 1, 2021.

(e) Reasonable expenses incurred in connection with the filing of a claim under ss. 766.301- 766.316, including reasonable attorney's fees, which shall be subject to the approval and award of the administrative law judge. In determining an award for attorney's fees, the administrative law judge shall consider the following factors:

1. The time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal services properly.
2. The fee customarily charged in the locality for similar legal services.
3. The time limitations imposed by the claimant or the circumstances.
4. The nature and length of the professional relationship with the claimant.
5. The experience, reputation, and ability of the lawyer or lawyers performing services.
6. The contingency or certainty of a fee.

Should there be a final determination of compensability, and the claimants accept an award under this section, the claimants shall not be liable for any expenses, including attorney's fees, incurred in connection with the filing of a claim under ss. 766.301-766.316 other than those expenses awarded under this section.

(2) The award shall require the immediate payment of expenses previously incurred and shall require that future expenses be paid as incurred.

(3) A copy of the award shall be sent immediately by registered or certified mail to each person served with a copy of the petition under s. 766.305(2).

History.—s. 69, ch. 88-1; s. 5, ch. 89-186; s. 22, ch. 91-46; s. 4, ch. 94-106; s. 313, ch. 96-410; s. 150, ch. 2001-277; s. 6, ch. 2002-401; s. 78, ch. 2003-416; s. 3, ch. 2021-134.766.311 Conclusiveness of determination or award; appeal.

(1) A determination of the administrative law judge as to qualification of the claim for purposes of compensability under s. 766.309 or an award by the administrative law judge pursuant to s. 766.31 shall be conclusive and binding as to all questions of fact. Review of an order of an administrative law judge shall be by appeal to the District Court of Appeal. Appeals shall be filed in accordance with rules of procedure prescribed by the Supreme Court for review of such orders.

(2) In case of an appeal from an award of the administrative law judge, the appeal shall operate as a suspension of the award, and the association shall not be required to make payment of the award involved in the appeal until the questions at issue therein shall have been fully determined.

History.—s. 70, ch. 88-1; s. 23, ch. 91-46; s. 6, ch. 93-251; s. 314, ch. 96-410.

766.312 Enforcement of awards.

(1) The administrative law judge shall have full authority to enforce her or his awards and to protect herself or himself from any deception or lack of cooperation in reaching her or his determination as to any award. Such authority shall include the power to petition the circuit court for an order of contempt.

(2) A party may, if the circumstances so warrant, petition the circuit court for enforcement of a final award by the administrative law judge.

History.—s. 71, ch. 88-1; s. 24, ch. 91-46; s. 5, ch. 94-106; s. 315, ch. 96-410; s. 1806, ch. 97-102.

766.313 Limitation on claim.

Any claim for compensation under ss. 766.301-766.316 that is filed more than 5 years after the birth of an infant alleged to have a birth-related neurological injury shall be barred.

History.—s. 72, ch. 88-1; s. 38, ch. 88-277; s. 1, ch. 93-251.

766.314 Assessments; plan of operation.

(1) The assessments established pursuant to this section shall be used to finance the Florida Birth-Related Neurological Injury Compensation Plan.

(2) The assessments and appropriations dedicated to the plan shall be administered by the Florida Birth-Related Neurological Injury Compensation Association established in s. 766.315, in accordance with the following requirements:

(a) On or before July 1, 1988, the directors of the association shall submit to the Department of Insurance for review a plan of operation which shall provide for the efficient administration of the plan and for prompt processing of claims against and awards made on behalf of the plan.

The plan of operation shall include provision for:

1. Establishment of necessary facilities;
2. Management of the funds collected on behalf of the plan;
3. Processing of claims against the plan;
4. Assessment of the persons and entities listed in subsections (4) and (5) to pay awards and expenses, which assessments shall be on an actuarially sound basis subject to the limits set forth in subsections (4) and (5); and
5. Any other matters necessary for the efficient operation of the birth-related neurological injury compensation plan.

(b) Amendments to the plan of operation may be made by the directors of the plan, subject to the approval of the Office of Insurance Regulation of the Financial Services Commission.

(3) All assessments shall be deposited with the Florida Birth-Related Neurological Injury Compensation Association. The funds collected by the association and any income therefrom shall be disbursed only for the payment of awards under ss. 766.301-766.316 and for the payment of the reasonable expenses of administering the plan.

(4) The following persons and entities shall pay into the association an initial assessment in accordance with the plan of operation:

(a) On or before October 1, 1988, each hospital licensed under chapter 395 shall pay an initial assessment of \$50 per infant delivered in the hospital during the prior calendar year, as reported to the Agency for Health Care Administration; provided, however, that a hospital owned or operated by the state or a county, special taxing district, or other political subdivision of the state shall not be required to pay the initial assessment or any assessment required by subsection (5). The term "infant delivered" includes live births and not stillbirths, but the term does not include infants delivered by employees or agents of the board of trustees of a state university, those born in a teaching hospital as defined in s. 408.07, 2 or those born in a teaching hospital as defined in s. 395.806 that have been deemed by the association as being exempt from assessments since fiscal year 1997 to fiscal year 2001. The initial assessment and any assessment imposed pursuant to subsection (5) may not include any infant born to a charity patient (as defined by rule of the Agency for Health Care Administration) or born to a patient for whom the hospital receives Medicaid reimbursement, if the sum of the annual charges for charity patients plus the annual Medicaid contractuals of the hospital exceeds 10 percent of the total annual gross operating revenues of the hospital. The hospital is responsible for documenting, to the satisfaction of the association, the exclusion of any birth from the computation of the assessment. Upon demonstration of financial need by a hospital, the association may provide for installment payments of assessments.

(b)1. On or before October 15, 1988, all physicians licensed pursuant to chapter 458 or chapter 459 as of October 1, 1988, other than participating physicians, shall be assessed an initial assessment of \$250, which must be paid no later than December 1, 1988.

2. Any such physician who becomes licensed after September 30, 1988, and before January 1, 1989, shall pay into the association an initial assessment of \$250 upon licensure.

3. Any such physician who becomes licensed on or after January 1, 1989, shall pay an initial assessment equal to the most recent assessment made pursuant to this paragraph, paragraph (5) (a), or paragraph (7)(b).

4. However, if the physician is a physician specified in this subparagraph, the assessment is not applicable:

a. A resident physician, assistant resident physician, or intern in an approved postgraduate training program, as defined by the Board of Medicine or the Board of Osteopathic Medicine by rule;

b. A retired physician who has withdrawn from the practice of medicine but who maintains an active license as evidenced by an affidavit filed with the Department of Health. Prior to reentering the practice of medicine in this state, a retired physician as herein defined must notify the Board of Medicine or the Board of Osteopathic Medicine and pay the appropriate assessments pursuant to this section;

c. A physician who holds a limited license pursuant to s. 458.317 and who is not being compensated for medical services;

d. A physician who is employed full time by the United States Department of Veterans Affairs and whose practice is confined to United States Department of Veterans Affairs hospitals; or e. A physician who is a member of the Armed Forces of the United States and who meets the requirements of s. 456.024.

f. A physician who is employed full time by the State of Florida and whose practice is confined to state-owned correctional institutions, a county health department, or state-owned mental health or developmental services facilities, or who is employed full time by the Department of Health.

(c) On or before December 1, 1988, each physician licensed pursuant to chapter 458 or chapter 459 who wishes to participate in the Florida Birth-Related Neurological Injury Compensation Plan and who otherwise qualifies as a participating physician under ss. 766.301-766.316 shall pay an initial assessment of \$5,000. However, if the physician is either a resident physician, assistant resident physician, or intern in an approved postgraduate training program, as defined by the Board of Medicine or the Board of Osteopathic Medicine by rule, and is supervised in accordance with program requirements established by the Accreditation Council for Graduate Medical Education or the American Osteopathic Association by a physician who is participating in the plan, such resident physician, assistant resident physician, or intern is deemed to be a participating physician without the payment of the assessment. Participating physicians also include any employee of the board of trustees of a state university who has paid the assessment required by this paragraph and paragraph (5)(a), and any certified nurse midwife supervised by such employee. Participating physicians include any certified nurse midwife who has paid 50 percent of the physician assessment required by this paragraph and paragraph (5)(a) and who is supervised by a participating physician who has paid the assessment required by this paragraph and paragraph (5)(a). Supervision for nurse midwives shall require that the supervising physician will be easily available and have a prearranged plan of treatment for specified patient problems which the supervised certified nurse midwife may carry out in the absence of any complicating features. Any physician who elects to participate in such plan on or after January 1, 1989, who was not a participating physician at the time of such election to participate and who otherwise qualifies as a participating physician under ss. 766.301-766.316 shall pay an additional initial assessment equal to the most recent assessment made pursuant to this paragraph, paragraph (5)(a), or paragraph (7)(b).

(d) Any hospital located in a county with a population in excess of 1.1 million as of January 1, 2003, as determined by the Agency for Health Care Administration under the Health Care Responsibility Act, may elect to pay the fee for the participating physician and the certified nurse midwife if the hospital first determines that the primary motivating purpose for making such payment is to ensure coverage for the hospital's patients under the provisions of ss. 766.301- 766.316; however, no hospital may restrict any participating physician or nurse midwife, directly or indirectly, from being on the staff of hospitals other than the staff of the hospital making the payment. Each hospital shall file with the association an affidavit setting forth specifically the reasons why the hospital elected to make the payment on behalf of each participating physician and certified nurse midwife. The payments authorized under this paragraph shall be in addition to the assessment set forth in paragraph (5)(a).

(5)(a) Beginning January 1, 1990, the persons and entities listed in paragraphs (4)(b) and (c), except those persons or entities who are specifically excluded from said provisions, as of the date determined in accordance with the plan of operation, taking into account persons licensed subsequent to the payment of the initial assessment, shall pay an annual assessment in the amount equal to the initial assessments provided in paragraphs (4)(b) and (c). If payment of the annual assessment by a physician is received by the association by January 31 of any calendar year, the physician shall qualify as a participating physician for that entire calendar year. If the payment is received after January 31 of any calendar year, the physician shall qualify as a participating physician for that calendar year only from the date the payment was received by the association.

On January 1, 1991, and on each January 1 thereafter, the association shall determine the amount of additional assessments necessary pursuant to subsection (7), in the manner required by the plan of operation, subject to any increase determined to be necessary by the Office of Insurance Regulation pursuant to paragraph (7)(b). On July 1, 1991, and on each July 1 thereafter, the persons and entities listed in paragraphs (4)(b) and (c), except those persons or entities who are specifically excluded from said provisions, shall pay the additional assessments which were determined on January 1. Beginning January 1, 1990, the entities listed in paragraph (4)(a), including those licensed on or after October 1, 1988, shall pay an annual assessment of \$50 per infant delivered during the prior calendar year. The additional assessments which were determined on January 1, 1991, pursuant to the provisions of subsection (7) shall not be due and payable by the entities listed in paragraph (4)(a) until July 1.

(b) If the assessments collected pursuant to subsection (4) and the appropriation of funds provided by s. 76, chapter 88-1, Laws of Florida, as amended by s. 41, chapter 88-277, Laws of Florida, to the plan from the Insurance Regulatory Trust Fund are insufficient to maintain the plan on an actuarially sound basis, there is hereby appropriated for transfer to the association from the Insurance Regulatory Trust Fund an additional amount of up to \$20 million.

(c)1. Taking into account the assessments collected pursuant to subsection (4) and appropriations from the Insurance Regulatory Trust Fund, if required to maintain the plan on an actuarially sound basis, the Office of Insurance Regulation shall require each entity licensed to issue casualty insurance as defined in s. 624.605(1)(b), (k), and (q) to pay into the association an annual assessment in an amount determined by the office pursuant to paragraph (7)(a), in the manner required by the plan of operation.

2. All annual assessments shall be made on the basis of net direct premiums written for the business activity which forms the basis for each such entity's inclusion as a funding source for the plan in the state during the prior year ending December 31, as reported to the Office of Insurance Regulation, and shall be in the proportion that the net direct premiums written by each carrier on account of the business activity forming the basis for its inclusion in the plan bears to the aggregate net direct premiums for all such business activity written in this state by all such entities.

3. No entity listed in this paragraph shall be individually liable for an annual assessment in excess of 0.25 percent of that entity's net direct premiums written.

4. Casualty insurance carriers shall be entitled to recover their initial and annual assessments through a surcharge on future policies, a rate increase applicable prospectively, or a combination of the two.

(6)(a) The association shall make all assessments required by this section, except initial assessments of physicians licensed on or after October 1, 1988, which assessments will be made by the Department of Business and Professional Regulation, and except assessments of casualty insurers pursuant to subparagraph (5)(c)1., which assessments will be made by the Office of Insurance Regulation. Beginning October 1, 1989, for any physician licensed between October 1 and December 31 of any year, the Department of Business and Professional Regulation shall make the initial assessment plus the assessment for the following calendar year. The Department of Business and Professional Regulation shall provide the association, with such frequency as determined to be necessary, a listing, in a computer-readable form, of the names and addresses of all physicians licensed under chapter 458 or chapter 459.

(b)1. The association may enforce collection of assessments required to be paid pursuant to ss. 766.301-766.316 by suit filed in county court. The association shall be entitled to an award of attorney's fees, costs, and interest upon the entry of a judgment against a physician for failure to pay such assessment, with such interest accruing until paid. Notwithstanding the provisions of chapters 47 and 48, the association may file such suit in either Leon County or the county of the residence of the defendant.

2. The Department of Business and Professional Regulation, upon notification by the association that an assessment has not been paid and that there is an unsatisfied judgment against a physician, shall not renew any license to practice for such physician issued pursuant to chapter 458 or chapter 459 until such time as the judgment is satisfied in full.

(c) The Agency for Health Care Administration shall, upon notification by the association that an assessment has not been timely paid, enforce collection of such assessments required to be paid by hospitals pursuant to ss. 766.301-766.316. Failure of a hospital to pay such assessment is grounds for disciplinary action pursuant to s. 395.1065 notwithstanding any provision of law to the contrary.

(7)(a) The Office of Insurance Regulation shall undertake an actuarial investigation of the requirements of the plan based on the plan's experience in the first year of operation and any additional relevant information, including without limitation the assets and liabilities of the plan.

Pursuant to such investigation, the Office of Insurance Regulation shall establish the rate of contribution of the entities listed in paragraph (5)(c) for the tax year beginning January 1, 1990. Following the initial valuation, the Office of Insurance Regulation shall cause an actuarial valuation to be made of the assets and liabilities of the plan no less frequently than biennially. Pursuant to the results of such valuations, the Office of Insurance Regulation shall prepare a statement as to the contribution rate applicable to the entities listed in paragraph (5)(c). However, at no time shall the rate be greater than 0.25 percent of net direct premiums written.

(b) If the Office of Insurance Regulation finds that the plan cannot be maintained on an actuarially sound basis based on the assessments and appropriations listed in subsections (4) and (5), the office shall increase the assessments specified in subsection (4) on a proportional basis as needed.

(8) The association shall report to the Legislature its determination as to the annual cost of maintaining the fund on an actuarially sound basis. In making its determination, the association shall consider the recommendations of all hospitals, physicians, casualty insurers, attorneys, consumers, and any associations representing any such person or entity. Notwithstanding the provisions of s. 395.3025, all hospitals, casualty insurers, departments, boards, commissions, and legislative committees shall provide the association with all relevant records and information upon request to assist the association in making its determination. All hospitals shall, upon request by the association, provide the association with information from their records regarding any live birth. Such information shall not include the name of any physician, the name of any hospital employee or agent, the name of the patient, or any other information which will identify the infant involved in the birth. Such information thereby obtained shall be utilized solely for the purpose of assisting the association and shall not subject the hospital to any civil or criminal liability for the release thereof. Such information shall otherwise be confidential and exempt from the provisions of s. 119.07(1) and s. 24(a), Art. I of the State Constitution.

(9)(a) Within 60 days after a claim is filed, the association shall estimate the present value of the total cost of the claim, including the estimated amount to be paid to the claimant, the claimant's attorney, the attorney's fees of the association incident to the claim, and any other expenses that are reasonably anticipated to be incurred by the association in connection with the adjudication and payment of the claim. For purposes of this estimate, the association should include the maximum benefits for noneconomic damages.

(b) The association shall revise these estimates quarterly based upon the actual costs incurred and any additional information that becomes available to the association since the last review of this estimate. The estimate shall be reduced by any amounts paid by the association that were included in the current estimate.

(c) In the event the total of all current estimates equals 80 percent of the funds on hand and the funds that will become available to the association within the next 12 months from all sources described in subsections (4) and (5) and paragraph (7)(a), the association shall not accept any new claims without express authority from the Legislature. Nothing herein shall preclude the association from accepting any claim if the injury occurred 18 months or more prior to the effective date of this suspension. Within 30 days of the effective date of this suspension, the association shall notify the Governor, the Speaker of the House of Representatives, the President of the Senate, the Office of Insurance Regulation, the Agency for Health Care Administration, the Department of Health, and the Department of Business and Professional Regulation of this suspension.

(d) If any person is precluded from asserting a claim against the association because of paragraph

(c), the plan shall not constitute the exclusive remedy for such person, his or her personal representative, parents, dependents, or next of kin.

History.—s. 73, ch. 88-1; s. 39, ch. 88-277; s. 44, ch. 88-294; s. 6, ch. 89-186; s. 103, ch. 92-33; s. 122, ch. 92-149; s. 1, ch. 92-196; s. 94, ch. 92-289; s. 66, ch. 93-268; s. 1, ch. 94-85; s. 248, ch. 94-218; s. 426, ch. 96-406; s. 1807, ch. 97-102; s. 81, ch. 97-237; s. 167, ch. 98-166; s. 288, ch. 99-8; s. 227, ch. 2000-160; s. 7, ch. 2002-401; s. 4, ch. 2003-258; s. 1901, ch. 2003-261; ss. 79, 84, ch. 2003-416.

1Note.—Duties of the Department of Insurance were transferred to the Department of Financial Services or the Financial Services Commission by ch. 2002-404, and s. 20.13, creating the Department of Insurance, was repealed by s. 3, ch. 2003-1.

2Note.—As amended by s. 4, ch. 2003-258, enacted at the 2003 Regular Session. Section 79, ch. 2003-416, enacted at Special Session D, 2003, failed to incorporate the amendment by s. 4, ch. 2003-258, adding the language "or those born in a teaching hospital as defined in s. 395.806 that have been deemed by the association as being exempt from assessments since fiscal year 1997 to fiscal year 2001."

3Note.—As amended by s. 1901, ch. 2003-261, enacted at the 2003 Regular Session. Section 79, ch. 2003-416, enacted at Special Session D, 2003, failed to incorporate the amendment by s. 1901, ch. 2003-261, which substituted a reference to the Office of Insurance Regulation for a reference to the Department of Insurance.

766.3145 Code of ethics.

(1) On or before July 1 of each year, employees of the association must sign and submit a statement attesting that they do not have a conflict of interest as defined in part III of chapter 112. As a condition of employment, all prospective employees must sign and submit to the association a conflict-of-interest statement.

(2) The executive director, senior managers, and members of the board of directors are subject to the code of ethics under part III of chapter 112. For purposes of applying part III of chapter 112 to activities of the executive director, senior managers, and members of the board of directors, those persons are considered public officers or employees and the association is considered their agency. A board member may not vote on any measure that would inure to his or her special private gain or loss and, notwithstanding s. 112.3143(2), may not vote on any measure that he or she knows would inure to the special private gain or loss of any principal by whom he or she

is retained or to the parent organization or subsidiary of a corporate principal by which he or she is retained, other than an agency as defined in s. 112.312; or that he or she knows would inure to the special private gain or loss of a relative or business associate of the public officer. Before the vote is taken, such member shall publicly state to the board the nature of his or her interest in the matter from which he or she is abstaining from voting and, within 15 days after the vote occurs, disclose the nature of his or her interest as a public record in a memorandum filed with the person responsible for recording the minutes of the meeting, who shall incorporate the memorandum in the minutes.

(3) Notwithstanding s. 112.3148, s. 112.3149, or any other law, an employee or board member may not knowingly accept, directly or indirectly, any gift or expenditure from a person or entity, or an employee or representative of such person or entity, which has a contractual relationship with the association or which is under consideration for a contract.

(4) An employee or board member who fails to comply with subsection (2) or subsection (3) is subject to penalties provided under ss. 112.317 and 112.3173.

(5) Any senior manager or executive director of the association who is employed on or after January 1, 2022, regardless of the date of hire, who subsequently retires or terminates employment is prohibited from representing another person or entity before the association for 2 years after retirement or termination of employment from the association.

History.—s. 4, ch. 2021-134.

766.315 Florida Birth-Related Neurological Injury Compensation Association; board of directors.

(1)(a) The Florida Birth-Related Neurological Injury Compensation Plan shall be governed by a board of seven directors which shall be known as the Florida Birth-Related Neurological Injury Compensation Association. The association is not a state agency, board, or commission. Notwithstanding the provision of s. 15.03, the association is authorized to use the state seal.

(b) The directors shall be appointed for staggered terms of 3 years or until their successors are appointed and have qualified; however, a director may not serve for more than 6 consecutive years.

(c) The directors shall be appointed by the Chief Financial Officer as follows:

1. One citizen representative who is not affiliated with any of the groups identified in subparagraphs 2.-7.
2. One representative of participating physicians.
3. One representative of hospitals.
4. One representative of casualty insurers.
5. One representative of physicians other than participating physicians.
6. One parent or legal guardian representative of an injured infant under the plan.
7. One representative of an advocacy organization for children with disabilities.

(2)(a) The Chief Financial Officer may select the representative of the participating physicians from a list of at least three names recommended by the American Congress of Obstetricians and Gynecologists, District XII; the representative of hospitals from a list of at least three names recommended by the Florida Hospital Association; the representative of casualty insurers from a list of at least three names, one of which is recommended by the American Insurance Association, one of which is recommended by the Florida Insurance Council, and one of which is recommended by the Property Casualty Insurers Association of America; and the representative of physicians, other than participating physicians, from a list of three names recommended by the Florida Medical Association

and a list of three names recommended by the Florida Osteopathic Medical Association. However, the Chief Financial Officer is not required to make an appointment from among the nominees of the respective associations. A participating physician who is named in a pending petition for a claim may not be appointed to the board. An appointed director who is a participating physician may not vote on any board matter relating to a claim accepted for an award for compensation if the physician is named in the petition for the claim.(b) If applicable, the Chief Financial Officer shall promptly notify the appropriate association or person identified in paragraph (a) to make recommendations upon the occurrence of any vacancy, and like nominations may be made for the filling of the vacancy.

(c) The Governor or the Chief Financial Officer may remove a director from office for misconduct, malfeasance, misfeasance, or neglect of duty in office. Any vacancy so created shall be filled as provided in paragraph (a).

(3) The directors may not transact any business or exercise any power of the plan except upon the affirmative vote of four directors. The directors shall serve without salary but are entitled to receive reimbursement for actual and necessary expenses incurred in the performance of his or her official duties as a director of the plan in accordance with s. 112.061. The directors are not subject to any liability with respect to the administration of the plan.

(4) The board of directors has the power to:

(a) Administer the plan.

(b) Administer the funds collected on behalf of the plan.

(c) Administer the payment of claims on behalf of the plan.

(d) Direct the investment and reinvestment of any surplus funds over losses and expenses, if any investment income generated thereby remains credited to the plan.

(e) Reinsure the risks of the plan in whole or in part.

(f) Sue and be sued, and appear and defend, in all actions and proceedings in its name to the same extent as a natural person.

(g) Have and exercise all powers necessary or convenient to effect any or all of the purposes for which the plan is created.

(h) Enter into such contracts as are necessary or proper to administer the plan.

(i) Employ or retain such persons as are necessary to perform the administrative and financial transactions and responsibilities of the plan and to perform other necessary and proper functions not prohibited by law.

(j) Take such legal action as may be necessary to avoid payment of improper claims.

(k) Indemnify any employee, agent, member of the board of directors or alternate thereof, or person acting on behalf of the plan in an official capacity, for expenses, including attorney fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with any action, suit, or proceeding, including any appeal thereof, arising out of such person's capacity to act on behalf of the plan, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the plan and the health and best interest of the participant having birth-related neurological injuries, and if, with respect to any criminal action or proceeding, such person had reasonable cause to believe his or her conduct was lawful.

(5)(a) Money may be withdrawn on account of the plan only upon a voucher as authorized by the association.

(b) All meetings of the board of directors are subject to the requirements of s. 286.011, and all books, records, and audits of the plan are open to the public for reasonable inspection, except that a claim file in the possession

of the association or its representative is confidential and exempt from the provisions of s. 119.07(1) and s. 24(a), Art. I of the State Constitution until termination of litigation or settlement of the claim, although medical records and other portions of the claim file may remain confidential and exempt as otherwise provided by law. Any book, record, document, audit, or asset acquired by, prepared for, or paid for by the association is subject to the authority of the board of directors, which is responsible therefor.(c) Except in the case of emergency meetings, the association shall give notice of any board meeting by publication on the association's website not fewer than 7 days before the meeting. The association shall prepare an agenda in time to ensure that a copy of the agenda may be received at least 7 days before the meeting by any person who requests a copy and who pays the reasonable cost of the copy. The agenda, along with any meeting materials available in electronic form, excluding confidential and exempt information, shall be published on the association's website. The agenda shall contain the items to be considered in order of presentation and a telephone number for members of the public to participate telephonically at the board meeting. After the agenda has been made available, a change shall be made only for good cause, as determined by the person designated to preside, and must be stated in the record. Notification of such change shall be at the earliest practicable time.

(d) Each person authorized to receive deposits, issue vouchers, or withdraw or otherwise disburse any funds shall post a blanket fidelity bond in an amount reasonably sufficient to protect plan assets, as determined by the plan of operation. The cost of such bond will be paid from the assets of the plan.

(e) Annually, the association shall furnish audited financial reports to any plan participant upon request, to the Office of Insurance Regulation of the Financial Services Commission, and to the Joint Legislative Auditing Committee. The reports must be prepared in accordance with accepted accounting procedures and must include such information as may be required by the Office of Insurance Regulation or the Joint Legislative Auditing Committee. At any time determined to be necessary, the Office of Insurance Regulation or the Joint Legislative Auditing Committee may conduct an audit of the plan.

(f) Funds held on behalf of the plan are funds of the State of Florida. The association may only invest plan funds in the investments and securities described in s. 215.47, and shall be subject to the limitations on investments contained in that section. All income derived from such investments will be credited to the plan. The State Board of Administration may invest and reinvest funds held on behalf of the plan in accordance with the trust agreement approved by the association and the State Board of Administration and within the provisions of ss. 215.44-215.53.

(6) The association shall furnish annually to each parent and legal guardian receiving benefits under the plan either by mail or electronically a list of expenses compensable under the plan.

(7) The association shall publish a report on its website by January 1, 2022, and every January 1 thereafter. The report shall include:

(a) The names and terms of each board member and executive staff member.

(b) The amount of compensation paid to each association employee.

(c) A summary of reimbursement disputes and resolutions.

(d) A list of expenditures for attorney fees and lobbying fees.

(e) Other expenses to oppose each plan claim. Any personal identifying information of the parent, legal guardian, or participant involved in the claim must be removed from this list.

(8) On or before November 1, 2021, and by each November 1 thereafter, the association shall submit a report to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Chief Financial Officer. The report must include:

(a) The number of petitions filed for compensation with the division, the number of claimants awarded compensation, the number of claimants denied compensation, and the reasons for the denial of compensation.

(b) The number and dollar amount of paid and denied compensation for expenses by category and the reasons for any denied compensation for expenses by category.(c) The average turnaround time for paying or denying compensation for expenses.

(d) Legislative recommendations to improve the program.

(e) A summary of any pending or resolved litigation during the year which affects the plan.

(f) The amount of compensation paid to each association employee or member of the board of directors.

(g) For the initial report due on or before November 1, 2021, an actuarial report conducted by an independent actuary which provides an analysis of the estimated costs of implementing the following changes to the plan:

1. Reducing the minimum birth weight eligibility for a participant in the plan from 2,500 grams to 2,000 grams.
2. Revising the eligibility for participation in the plan by providing that an infant must be permanently and substantially mentally or physically impaired, rather than permanently and substantially mentally and physically impaired.
3. Increasing the annual special benefit or quality of life benefit from \$500 to \$2,500 per calendar year.

History.—s. 74, ch. 88-1; s. 40, ch. 88-277; s. 7, ch. 89-186; s. 2, ch. 94-85; s. 427, ch. 96-406; s. 1808, ch. 97-102; s. 3, ch. 98-113; s. 2, ch. 98-409; s. 1902, ch. 2003-261; s. 3, ch. 2006-8; s. 11, ch. 2014-103; s. 5, ch. 2021-134.

766.316 Notice to obstetrical participants of participation in the plan.

Each hospital with a participating physician on its staff and each participating physician, other than residents, assistant residents, and interns deemed to be participating physicians under s. 766.314(4)(c), under the Florida Birth-Related Neurological Injury Compensation Plan shall provide notice to the obstetrical patients as to the limited no-fault alternative for birth-related neurological injuries. Such notice shall be provided on forms furnished by the association and shall include a clear and concise explanation of a patient's rights and limitations under the plan. The hospital or the participating physician may elect to have the patient sign a form acknowledging receipt of the notice form. Signature of the patient acknowledging receipt of the notice form raises a rebuttable presumption that the notice requirements of this section have been met. Notice need not be given to a patient when the patient has an emergency medical condition as defined in s. 395.002(8)(b) or when notice is not practicable.

History.—s. 75, ch. 88-1; s. 8, ch. 89-186; s. 4, ch. 98-113; s. 91, ch. 99-3; s. 205, ch. 2007-230.



Florida Birth-Related Neurological Injury Compensation Association

P.O. Box 14567
Tallahassee, Florida 32317
Toll-Free 1-800-398-2129
Phone (850) 488-8191
Fax (850) 922-5369
Web NICA.com

BENEFIT HANDBOOK

August 16, 2023

DRAFT



**Florida Birth-Related Neurological Injury
Compensation Association**

P.O. Box 14567
Tallahassee, Florida 32317
Toll-Free 1-800-398-2129
Phone (850) 488-8191
Fax (850) 922-5369
Web NICA.com



SUPPORTIVE SERVICES FOR
FAMILIES & PHYSICIANS



NICA BENEFIT HANDBOOK
ADDENDUMS



Addendums

Reflecting 7/1/22 Update to Caregiver Rates of Pay 2

Reflecting the 1/1/23 Update to Electricity Stipend..... 3

Reflecting 1/1/23 Update to the Fresh Food Stipend..... 4

Reflecting 1/1/23 Update to Equipment Warranties & Protective Accessories..... 5

Clarification on Per Diem, Hospitalization Travel Reimbursement, and Equipment/Supply Mileage..... 6

Reflecting Addition of List of Non-Reimbursable Items to the Experimental Programs Section 8

[Reflecting 7/1/22 Update to Caregiver Rates of Pay](#)

The purpose of this addendum is to reflect the recent change to the Medicaid rates of pay for caregivers. These rates are effective back to 7/1/2022. The CNA rate has increased to \$17.32, the LPN rate to \$26.25, and the RN rate to \$30.07. The links in the text below have been updated to direct you to the appropriate reimbursement fee schedules which reflect the new changes.

Nursing Care Provided in Home by Parent or Legal Guardian:

When professional nursing or attendant care is required, NICA may reimburse a parent or legal guardian for medically necessary and reasonable residential custodial care as documented on the PNCF. This would be as an alternative or in addition to paying for professional nursing care or other professional attendants.

For participants born since June 7, 2002:

Reimbursement is subject to the limitations specified in Sections 766.302(10) and 766.31, Florida Statutes. These sections specify that NICA may reimburse a parent or legal guardian for up to 10 hours of family residential or custodial care that they provide directly to the participant within a 24- hour period. If more than 10 hours are authorized, other caregivers can be reimbursed for care authorized and provided in excess of 10 hours. NICA does not reimburse for any hours when the participant is in school or PPEC. If a participant requires more than 10 hours of care and if the parent is considered a medical professional (e.g., CNA, LPN, RN), the 10-hour limit is waived. A parent can be reimbursed at their level of licensure (at the Florida Medicaid rate) for the hours of care deemed medically necessary and provided by the parent. For example, if the parent is an LPN and the PNCF authorizes 12 hours of CNA care and 12 hours of LPN care, and the parent provides all 24 hours of care, that parent would be reimbursed for 12 hours at the [CNA](#) rate and 12 hours at the [LPN](#) rate.

Reflecting the 1/1/23 Update to Electricity Stipend

The purpose of this addendum is to reflect the recent change to the electricity stipend rates. These rates are effective 1/1/23 and reflect an 18.1% increase per the U.S. Bureau of Labor Statistics cost per Kilowatt hour for the South Atlantic region for November 2022. The original \$100/month rate has increased to \$118/month. Participants must still fall under one of the categories laid out in the handbook to qualify for the stipend.

Electricity Stipend

Effective October 15, 2021, upon request, NICA may pay families a monthly stipend to offset the additional electricity costs associated with the use of medically necessary equipment related to the participant's neurological injury. The monthly stipend amount for 2021 is \$100 and is indexed to the [U.S. Bureau of Labor Statistics cost per Kilowatt](#) hour for the South Atlantic region. The stipend will be adjusted each January 1st to reflect the percentage change in Kilowatt hour from November of the prior year (i.e. the annual change from the most recent November rate to the November rate prior to that). To qualify for the stipend families will need to fall under one of two categories.

Category 1:

Participant has additional electricity costs associated with the use of one of the following: an electric bed, oxygen concentrator, or a CPAP/BIPAP.

Category 2:

Participant has additional electricity costs associated with the use of a feeding pump, suction machine, and a third piece of medically necessary equipment.

Families should reach out to their Nurse Case Manager to request the stipend and inform their case manager of current necessary medical equipment being used in the home. This must be requested by the parent or guardian and can be paid starting on the 1st of the month following the participant's entry into the program.

[Reflecting 1/1/23 Update to the Fresh Food Stipend](#)

The purpose of this addendum is to reflect the recent update to rates for the Monthly Fresh Food Stipend. These rates are effective 1/1/23 and are based on the November 2022 USDA Thrifty Food Plan report. The link in the text below has been updated to direct you to the November 2022 Thrifty Food Plan report. Please note that if receiving either reimbursement for pre-packaged specialized nutritional products or the Fresh Food Stipend, per diem associated with medical mileage will only be reimbursed for parent/caregivers.

Specialized Nutritional Products

For participants who are unable to eat a typical diet and require modified soft/puréed food due to a digestive system dysfunction related to the neurological injury, beginning at age 2, NICA will reimburse pre-packaged specialized nutritional products OR provide a monthly stipend for fresh foods to be prepared into purée at home. Families choosing either option may need to provide a letter of medical necessity.

Option 1: Reimbursement for Pre-Packages Specialized Nutritional Products:

NICA will reimburse for specialized nutritional products that provide needed nutritional value and are medically necessary. Puréed baby foods, enteral formulas, and other specialized nutritional products will be reimbursable for as long as they are medically necessary. Families must submit a receipt with any reimbursement request.

Option 2: Monthly Fresh Food Stipend:

NICA encourages families to use fresh foods and beginning October 1, 2022, NICA will provide a monthly stipend for those fresh foods needed for families to process puréed food at home. The monthly stipend is based on the USDA's Thrifty Food Plan which estimates the monthly cost for a nutritious diet based on age. The monthly stipend effective October 1, 2022 will be based on the [November 2022 USDA Thrifty Food Plan report](#). NICA will update the monthly stipend amount for families each January 1st based on the most recent USDA Thrifty Food Plan monthly average report available.

If families opt for the monthly fresh food stipend, there will be no reimbursement for specialized nutritional products.

Reflecting 1/1/23 Update to Equipment Warranties & Protective Accessories

The purpose of this addendum is to add clarification that NICA will reimburse for extended warranties for equipment items NICA has purchased and/or reimbursed for the participant. Along with warranties, protective accessories for equipment items NICA has purchased and/or reimbursed for the participant will be reimbursed as well. The text below now reflects this addition/clarification.

EQUIPMENT

NICA will purchase or reimburse actual expenses for equipment that is requested for a participant's care. Because the equipment needed by NICA participants varies widely, a list of equipment that has been covered to date has can be found in Appendix A.

To order or reimburse for equipment that is less than \$3,000, NICA will require a written statement from the parent or legal guardian of the participant as to why the equipment is necessary (if not clearly related to the injury) and an insurance denial if the item is potentially covered by the participant's insurance plan.

To order or reimburse for equipment that is more than \$3,000 NICA will require a letter of medical necessity OR a prescription, and an insurance denial if the item is potentially covered by the participant's insurance plan. In some cases, (such as a stander or a wheelchair) NICA will also need the order specifications if buying directly from a vendor.

There are specific pieces of equipment where NICA has a relationship with a vendor for a specialized type or brand of equipment and would like to order the equipment requested from these vendors directly. You can find a list of this equipment in Appendix A with a "*" beside the equipment name. In these cases, the documentation needed in the categories above would still apply.

Beginning 1/1/23, for those pieces of equipment that NICA purchases or reimburses for the participant, extended warranties and protective accessories can be reimbursed.

*NICA Nurse Case Managers can be contacted if there is an uncertainty about whether the equipment item requested may or may not need an insurance denial.

Addendum

Clarification on Per Diem, Hospitalization Travel Reimbursement, and Equipment/Supply Mileage

The purpose of this addendum is to clarify reimbursement for meals and incidentals as well as clarify reimbursement of mileage for supplies and equipment. If receiving either reimbursement for pre-packaged specialized nutritional products or the Fresh Food Stipend, per diem associated with medical mileage will only be reimbursed for parent/caregivers. Mileage and per diem will be reimbursed for instances of hospitalization. Parameters for per diem reimbursement for hospitalizations will be based on whether the parent is staying overnight with the participant in the hospital. The text below reflects these updates.

Travel Reimbursement

NICA will reimburse expenses incurred when a NICA participant travels to and from medically necessary appointments, such as physician visits, therapy, or other medically necessary travel. Additionally, NICA will reimburse mileage associated with trips to the pharmacy for prescriptions related to the participant's birth injury (requires dated receipt and label), and any non-routine supply/equipment related travel (For example, if a piece of equipment is broken and needs repair, with proper documentation, mileage may be reimbursed for the travel to and from taking the equipment to be repaired).

If the participant is driven, NICA will reimburse parking fees and tolls (upon submission of receipts), as well as documented mileage at the following rates:

- When using reliable transportation:
 - Mileage for medical appointments or pre-approved travel will be reimbursed at twice the GSA rate for a government furnished vehicle.
- When using a personal vehicle:
 - Mileage for medical appointments or pre-approved travel will be reimbursed at the GSA rate for a privately owned vehicle.

To be reimbursed for mileage, NICA must have documentation of the reimbursable appointment the participant attended. Mileage reimbursement will be calculated by the participant's Nurse Case Manager using the addresses for the locations provided by the parent or legal guardian. If the parent or legal guardian wants a specific map route used for the reimbursement, they will need to provide the map used to arrive at the location to their Nurse Case Manager for reimbursement.

When a participant must travel, one-way either 30 miles or in excess of 45 minutes, from home for a medical, therapeutic, or otherwise reimbursable appointment, NICA will reimburse for meals and incidentals at the GSA day-of-travel rate (75% of the per diem) for up to two caregivers and the NICA participant, if applicable (i.e. participant can consume food orally, does not have a digestive system dysfunction which impedes the ability to consume food, and is not receiving reimbursement for pre-packaged specialized nutritional products or the monthly Fresh Food Stipend). No receipts are required. Note that the rate utilized is the rate effective in the destination city.

When the participant and one parent/guardian travel at least 50 miles from home and must stay overnight, NICA will reimburse accommodations of the actual expense up to 1.3 times GSA lodging rate (plus applicable sales taxes) for the destination city.

Meals and incidentals are also reimbursed for overnight travel in accordance with GSA policies for up to two caregivers and the NICA participant, if applicable.

Beginning January 1, 2022, if the participant is flown, NICA will reimburse airline coach travel fares for the participant and two parents/guardians and will reimburse accommodations of the actual expense up to 1.3 times GSA lodging rate. Please note this GSA rate is intended to cover all travelers.

Upon submission of receipts, NICA can reimburse medically necessary transportation expenses not otherwise mentioned above. Please contact your Nursing Case Manager if you have questions about reimbursement of other travel-related expenses.

Effective 9/1/23, when a participant is hospitalized, regardless of the hospital distance, medical mileage and per diem for up to two caregivers will be reimbursed. Mileage can only be reimbursed for one round-trip per day. For parents who choose to remain in the hospital overnight with the participant, the day-of-admission and the day-of-discharge per diem will be reimbursed at the GSA day-of-travel rate (75% of the per diem), the days in between admission and discharge will be reimbursed at the full per diem rate. If the parent does not stay overnight in the hospital with the participant, per diem will be reimbursed at the GSA day-of-travel rate (75% of the per diem) for each day the participant is hospitalized.

Reflecting Addition of List of Non-Reimbursable Items to the Experimental Programs Section

The purpose of this addendum is to provide clarity on items and services that have not been covered for reimbursement by NICA.

EXPERIMENTAL PROGRAMS OR EQUIPMENT

When a parent or legal guardian requests that NICA pay for participation in an experimental program or to obtain experimental equipment, the Executive Director may approve the request based on the following criteria:

1. Overall cost associated with the program or equipment must not be excessive and must be submitted for preapproval. It may include the duration of the program; expected medical benefits; and availability of the program elsewhere in Florida if it is located outside the participant's home area.
2. A report must be received from the participant's primary care physician recommending the experimental program or equipment by detailing its medical necessity.
3. Proof must be provided that the experimental program or equipment has shown objective, observable, or demonstrable medical benefit, as well as evidence the participant has benefited or will benefit from the experimental program or equipment.
4. The Executive Director may approve the expected frequency and duration of the requested experimental program or equipment.
5. Continuation of the program or equipment may be authorized if periodic evaluation by a physician shows an objective, observable, or demonstrable medical benefit to the participant.

If the evaluation indicates consideration of other criteria, then additional information will be requested and should be submitted for review.

In an effort to provide clarity and transparency, the following have not been approved for reimbursement:

- Stem cell therapy
- Human Growth Hormone treatments
- Hyperbaric treatments
- Enbrel