# LEGISLATIVE MEETING NOTES

October 24th, 2006

- **FOCUS:**
  Fiscal soundness

- **CONCEPTS:**
  (1) Commitment to meet the needs for lifetime care of children in program.
  (2) Need to ensure fiscal soundness.

- Moratorium on new entries into program (affected children would have tort rights)
  - Any child born after certain date would not be eligible.
  - Allows certainty

- **QUESTIONS:**

(1) To what extent does stopping new entries solve the money problem?
- Not sufficient
- Would allow opportunity to get arms around what is necessary

(2) Who pays to make up the deficit? How much? For how long?
- Refers to deficit for <u>current</u> families.

(3) What is future of program after moratorium? Depends, in part, on:
- Effect on OB's (malpractice)
- Effect on Hospitals

(4) Quantifying on-going funding needs will take several years. Actuaries can see:
- Impact on Actuarial Soundness
- Impact on malpractice, access, etc
- Data more accurate; known expenditures over life of program

(5) Could "life-care plans" be done for each child to determine needs for each?

(6) How do we deal with the possibility that money won't be sufficient in the future?
- Annual review of actuarial reports
- Funding stream/possible avenues to fill any potential gap
- "Safety Valve"

(7) How do we deal with the fact that payors don't receive "benefit" for paying for past injuries?
- What would cost to payors be if there is no moratorium; what cost if there is?
- Benefits already incurred
  - Insurance credits
  - Access to Insurance

(8) Should payment be mandated for some or all payors?
- All doctors/hospitals?
- Those who have participated in the past?
- Other sources of funding

(9) What are the benefits to which the children are entitled?
- "Statutory"
- Changes in technology and science make this a grey area

(10) IBNR

(11) General Fund
- Request specific monies to supplement payors contribution

(12) Who pays?
- Large physician groups may have immunity if they incorporate as 501(c)(3)

(13) Option 3 in HD#11 as it addresses continuing program or moratorium
- Role of health insurance plans

**<u>ADDITIONAL QUESTIONS:</u>**

(1) Dealing with the deficit:

a. How much?
   - Mercer – aggregate monies, based on known expenditures
   - Life care plans – individual amounts for each child, added to get total projections
   - Independent review of what Mercer does

b. Assumptions regarding <u>changing</u> needs of individuals in the aggregate.

c. Talk to Mercer
   - Get information for families – how much are the needs of individual children taken into consideration in establishing the projections?

(2) Who pays?

- Option III of HD#11
- General Fund
- Mandatory/Voluntary
- Attorneys
- Other sources

(3) How long?

- Depends on how much

(4) "Safety Valve"

- Actuaries will build in cushion – will it cover technological/scientific advances?
- Annual review: Projections for <u>future</u> (several years)
- Automatic trigger of action if there is a deficit projected?
- Program management such that monies are not being expended unnecessarily (attorney fees)

    - Letter of medical necessity from "treating physician" should suffice
    - Lack of evidence-based support for certain kinds of treatments:
        - Standards don't exist that completely clarify expectations for Board or for families

- Looking for consistency across families
- Looking for best way to accommodate without spending extra money on fees, etc.

- Are there any models that would be useful if applied to these decisions?

**<u>NEXT STEPS:</u>**

- Talk to Bureau
- Questions for Mercer:
    - What would deficit be if there is a moratorium on new entries as of certain date?
    - On what basis is the deficit calculated?
    - What would each current payor's liability be and over what period?
    - What are the total dollars needed to take care of current families?
    - What are the total dollars needed to take care of IBNR?
    - What monies would be needed (by payor) if there is no moratorium?