

**Commonwealth of Virginia  
Birth-Related Neurological Injury  
Compensation Program  
2004 Update**

**Selected Ultimate Number of Claims**

Program Year	Reported Number of Claims as of 12/31/03	Selected Ultimate Number of Claims	Estimated Number of Unreported Claims as of 12/31/03
(1)	(2)	(3)	(4)
1988	2	2	0
1989	9	9	0
1990	4	4	0
1991	9	9	0
1992	8	8	0
1993	10	10	0
1994	5	5	0
1995	6	6	0
1996	8	11	3
1997	9	12	3
1998	4	9	5
1999	2	9	7
2000	6	10	4
2001	5	10	5
2002	0	10	10
2003	0	10	10
Total	87	134	47

**Commonwealth of Virginia  
Birth-Related Neurological Injury  
Compensation Program  
2004 Update**

**2004-2009 Table of Assessments  
Participating and Non-Participating Physicians and Hospitals**

Program Year	Participating Physicians Annual Assessment	Non-Participating Physicians Annual Assessment	Hospitals Per Live Birth Assessment	Cap on Hospital's Assessment
(1)	(2)			(3)
2004	\$5,000	\$250	\$50	\$150,000
2005	5,100	260	50	160,000
2006	5,200	270	50	170,000
2007	5,300	280	50	180,000
2008	5,400	290	50	190,000
2009	5,500	300	50	200,000

Notes:

These assessments are based upon the contents of HB 1407 and SB 687, effective July 1, 2004

Under this fee schedule, the assessment of a new participant is prorated based upon when the participant enters the program during the first year of participation

**Appendix  
Exhibit 3**

**Commonwealth of Virginia  
Birth-Related Neurological Injury  
Compensation Program  
2004 Update**

**Assessment Income (000s)**

Program Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Participating Physicians	\$2,034	\$1,898	\$2,026	\$2,205	\$2,030	\$2,068	\$2,014	\$826	\$657	\$723	\$622	\$779	\$699	\$1,755	\$1,645	\$1,834	\$2,297
Participating Hospitals	\$3,028	\$2,861	\$2,838	\$2,194	\$2,185	\$2,006	\$1,730	\$468	\$409	\$467	\$399	\$455	\$379	\$1,905	\$2,256	\$2,298	\$2,731
Non-Participating Physicians	\$2,120	\$2,191	\$2,265	\$2,358	\$2,467	-	-	-	-	-	-	-	-	-	\$3,190	\$2,936	\$3,394
Liability Insurers	-	-	\$2,569	-	-	-	-	-	-	-	-	-	-	-	\$8,043	\$8,946	\$9,950
<b>Total Assessments</b>	<b>\$7,182</b>	<b>\$6,950</b>	<b>\$9,698</b>	<b>\$6,757</b>	<b>\$6,682</b>	<b>\$4,074</b>	<b>\$3,744</b>	<b>\$1,294</b>	<b>\$1,066</b>	<b>\$1,190</b>	<b>\$1,021</b>	<b>\$1,234</b>	<b>\$1,078</b>	<b>\$3,660</b>	<b>\$15,134</b>	<b>\$16,014</b>	<b>\$18,372</b>

Notes:

1. 1988 - 1994 includes \$5,000 per year from participating physicians, \$50 per live birth from participating hospitals (\$150,000 maximum), and \$250 per year from non-participating physicians. Starting in 1993, assessments from non-participating physicians were eliminated.
2. 1990 also includes 0.1% of Virginia liability premiums from liability insurers.
3. Assessments for 1995 through 2000 are according to the length of time the participating physicians and hospitals have been in the program.
4. 2001, 2002, 2003, and 2004 include \$5,000 each from participating physicians and \$50 per live birth from participating hospitals (\$150,000 maximum).
5. 2002 and 2003 also includes 0.25% of Virginia liability premiums from liability insurers.

**Commonwealth of Virginia  
Birth-Related Neurological Injury  
Compensation Program  
2004 Update**

**Number of Hospitals and Physicians in Program by Program Year**

Program Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Participating Physicians	407	380	405	441	406	414	403	426	403	420	402	444	433	351	329	367	459
Participating Hospitals	47	42	36	27	26	27	24	27	26	31	30	31	30	25	27	28	34

\* Excludes non-assessed Residents.

1988 through 1998 values from December, 1999 Study; 1999 through 2001 values supplied by Fund on 7/19/01.

2002 Value, calculated by Mercer based upon information supplied by the Fund, 2003 Value, the actual number of physicians, before pro-ratio, was 384, supplied by the Fund on 7/7/03

**Reconciliation of Estimated Future Claim Payments, From 12/31/04 to 12/31/05**  
(All Values are in Millions)

**Admitted Claimants as of 12/31/05**

<b>A.</b>	<b>Estimated future payments for claimants admitted as of 12/31/04 (Table 2):</b>		<b>\$116.0</b>
	<b>Plus:</b>		
<b>B.</b>	One year's Interest on Item A:	\$7.4	
<b>C.</b>	Estimated future payments for claimants admitted as of 12/31/05, prior to adjustments for claims paid during 2005:	\$11.9	
<b>D.</b>	Total additions to future claim payments (B+C):		\$19.3
	<b>Less:</b>		
<b>E.</b>	Estimated claim payments made in 2005		-\$9.6
<b>F.</b>	<b>Estimated value of future payments for admitted claimants as of 12/31/05 (Table 3)</b> (A+D+E)		<b>\$125.7</b>

**Not-Yet-Admitted Claimants**

<b>G.</b>	<b>Estimated future payments for claimants not yet admitted as of 12/31/04 (Table 2):</b>		<b>\$59.9</b>
	<b>Plus:</b>		
<b>H.</b>	One year's interest on Item G:	\$3.0	
<b>I.</b>	Estimated future payments for claimants born in 2005:	\$13.6	
<b>J.</b>	Total additions to future claim payments:		\$16.6
	<b>Less:</b>		
<b>K.</b>	Claimants not-yet-admitted at 12/31/04, but admitted at 12/31/05: (as valued as of 12/31/04)		-\$10.9
<b>L.</b>	<b>Estimated future payments for claimants not yet admitted as of 12/31/04 (Table 3):</b> (G+J+K)		<b>\$65.6</b>

**Notes:**

- A. From Table 2; this is the starting point in our reconciliation of the future claim payments for admitted claimants.
- B. Because item A was discounted as of 12/31/04, the discount must be "unwound" to determine the value as of 12/31/05. This is the amount by which the discount must be "unwound."
- C. We must add the value of the future costs for claimants admitted during 2005, because item A only includes claimants admitted as of 12/31/04.
- D. =B + C.
- E. We must deduct the estimate of the claim payments made during 2005, because these are otherwise included in items A and C.
- F. = A + D + E, and reconciles to Table 3.
- G. From Table 2; this is the starting point in our reconciliation of the future claim payments for not-yet-admitted claimants.
- H. Because item G was discounted as of 12/31/04, the discount must be "unwound" to determine the value as of 12/31/05. This is the amount by which the discount must be "unwound."
- I. We must add the value of the future costs for claimants born during 2005, because item G only includes claimants born as of 12/31/04.
- J. =H +I.
- K. We must deduct the estimated future claim payments for claimants not yet admitted as of 12/31/04, but admitted during the year 2005. Otherwise, their future costs would be double-counted, because they are included in item C.
- L. = G + J +K, and reconciles to Table 3.

Reconciliation of Estimated Future Asset Values, From 12/31/04 to 12/31/05  
(All Values are in Millions)

<b>A.</b>	<b>Liquid plus Non-Liquid Assets as of 12/31/04 (Table 2):</b>		<b>\$128.1</b>
	<b><u>Plus</u></b>		
<b>B.</b>	Interest to 6/30/05 on Liquid Assets:		4.1
	Assessments:		
<b>C.</b>	Participating Hospitals:	2.8	
<b>D.</b>	Participating Physicians:	2.3	
<b>E.</b>	Non-Participating Physicians:	3.5	
<b>F.</b>	Liability Insurers:	11.2	
	Total Assessments (prior to interest accrual):		
<b>G.</b>	(C+D+E+F)		19.8
	Interest Accrual on Assessments to 6/30/05:		
<b>H.</b>	(G*(1.0676 <sup>^</sup> .5-1))		0.7
	Total Additions to 6/30/05:		
<b>I.</b>	(B+G+H)		24.6
	<b><u>Less</u></b>		
	Payments made on 6/30/05:		
<b>J.</b>	Non-Claimant Related:		0.2
<b>K.</b>	Claimant Related:		9.4
	Total Payments at 6/30/05:		
<b>L.</b>	(J+K)		-9.6
	<b><u>Plus</u></b>		
	Interest Accrual on Assets to 12/31/05:		
<b>M.</b>	On Liquid Assets - from 6/30/05:	4.5	
<b>N.</b>	On Non-Liquid Assets - from 12/31/04:	0.0	
<b>O.</b>	Total: (M+N)		4.5
<b>P.</b>	<b>Liquid plus Non-Liquid Assets as of 12/31/05 (Table 3):</b>		<b>\$147.6</b>
	(A+I+L+O)		