



ANNUAL REPORT
Per SCR 111 of 2007

BY

**LOUISIANA PATIENT'S COMPENSATION FUND
OVERSIGHT BOARD**

October 1st 2025

October 1, 2025

Patient's Compensation Fund

State of Louisiana
Division of Administration

JEFF LANDRY
Governor



P.O. Box 3718
Baton Rouge, LA 70821
(225) 342-5200
(866) 469-9555

Ken Schnauder, Executive Director

September 22, 2025

Honorable Patrick McMath, Chairman, Senate Committee on Health and Welfare
Honorable Dustin Miller, Chairman, House Committee on Health and Welfare
Honorable Kirk Talbot, Chairman, Senate Committee on Insurance
Honorable Michael Firment, Chairman, House Committee on Insurance

RE: Senate Concurrent Resolution No. 111
Regular Session, 2007

Dear Honorable Chairmen:

In accordance with SCR 111 of 2007, the Louisiana Patient's Compensation Fund Oversight Board (PCF) submits the attached annual report on the status of the PCF. The Resolution mandates a report that contains actuarial data showing growth rates, increases/decreases in exposures and assets, actuarial analysis of the financial health of the Fund and the prediction of the unfunded liability be provided to the Legislature by October 1st each year.

The Fund Oversight Board has eliminated the unfunded liability. The current indications show the PCF's level of assets to liabilities far exceeds the statutorily required minimum level. As of December 31, 2024, actuarially estimated claims liabilities were \$1,225,200,000 on an undiscounted basis with total liabilities of \$1,305,200,000; assets were \$1,403,919,264 resulting in a surplus of assets exceeding liabilities of approximately \$98,719,264.

Since inception of the Fund in 1975, over \$3.4 billion in claims have been paid.

The Board contracts with a consulting actuary for surcharge rating advice. Effective September 2, 2025, the Board voted to increase overall surcharge rates by .5%. Claims frequency had been down 25% during the pandemic but seems to be back to pre-pandemic levels in 2025. The severity is increasing significantly with 2024 having been the costliest claims year on record.

An investment consultant has been retained to advise the Board on increasing investment income to help keep rates lower for the health care providers and to further solidify the financial integrity of the Fund. Investments have been allocated into a conservative portfolio which is monitored daily.

The revenue from surcharges and filing fees for fiscal year 2024-25 totaled \$163,275,927. Investment income earned was \$59,539,498 and is considered when decisions on rate increases are made. The total for administrative and claims expenditures was \$172,457,964 which exhausted the claims budget of \$165,000,000 but was well below the administrative budget. The administrative budget for the current fiscal year is \$9,798,278 and the claims budget is \$175,000,000 for a total agency budget of \$184,798,278. The T.O. for the agency includes 2 unclassified positions and 54 classified positions. There are 9 Board members.

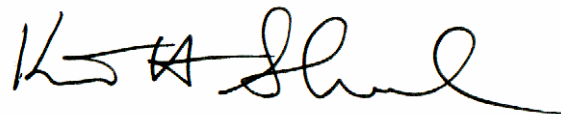
In accordance with Act 182 of the 2011 Regular Session, a copy of the report has been submitted to the David R. Poynter Legislative Research Library for distribution and record keeping. The PCF's website, <http://www.doa.la.gov/Pages/pcf/Index.aspx>, contains more information, including minutes from Board meetings, financial information and rate information.

The Board has made a commitment to continue managing the PCF as efficiently as possible and to meet all statutory obligations relative to medical malpractice claims. Should there be any other information you feel would be helpful or any questions you may have, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marcus Naquin', written over a light blue rectangular background.

Marcus Naquin, Chairman

A handwritten signature in black ink, appearing to read 'Ken Schnauder', written over a light blue rectangular background.

Ken Schnauder, CPCU, AIC
Executive Director

- c: Members of Senate Committee on Health and Welfare
 Members of House Committee on Health and Welfare
 Members of Senate Committee on Insurance
 Members of House Committee on Insurance
 Members of Senate Committee on Judiciary A
 Members of House Committee on Civil Law and Procedure

Patient's Compensation Fund

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Ken Schnauder, Executive Director

July 22, 2025

From: Ken Schnauder, CPCU, AIC
Executive Director

RE: New Rates for the PCF effective 9/2/2025

In accordance with the annual actuarial study, the PCF Oversight Board determined there was justification for the following rate changes for all healthcare providers enrolled as stated below.

The actual percentage changes as of 09/02/2025 will be as follows:

Hospitals	+3.5%
Nursing Homes	+2.6%
Dentists and Oral Surgeons	+.6%
Physician Class 4	+0%
All Other Physicians Classes	1.1%
Advanced Practice Nurses	0%
Chiropractors, Optometrists and Pharmacists	0%

“All other” classes will remain at 72% of the primary premium.

The minimum rate is still \$250.

EXHIBITS

AND

EXPLANATIONS

Exhibit 1

Liability Funding

For years, the Fund was underfunded by hundreds of millions of dollars. The Insurance Commissioner and insurance carriers were concerned with the possible insolvency of the Fund and wanted drastic rate increases to enable the Fund to satisfy the liabilities estimated by actuarial studies.

Currently and for the past 8 years, the Fund has assets exceeding the actuarial estimated liabilities. Current liabilities as of December 31, 2024, are \$1.3 billion (undiscounted) and the assets are approximately \$1.4 billion.

Exhibit 1a & 1b
Financial Summaries

These two exhibits are documents posted on the PCF website each month, along with the general minutes from each Board meeting. They show the monthly expenditures and collections, investment income earned, and Fund balance at the end of the month on a cash basis. These items as well as other information can be found on the PCF website <https://www.doa.la.gov/Pages/pcf/Index.aspx>

FINANCIAL DATA FOR BOARD
Prior Fiscal Year 2024-2025
June 30, 2025

Fiscal Year 2024-2025	\$159,674,837
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Actuarial Estimated Liabilities	1,225,200,000
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Estimated Unearned Surcharges	80,000,000
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Fund Balance Target	\$1,464,874,837
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REVENUE	SURCHARGE	FILING FEES
FY Gross Collection	\$164,665,588	280,700\$
FY Refunds Issued	-\$1,638,561	-\$31,800
FY Net	163,027,027\$	\$248,900

Prior Year Cash Carryover	\$1,383,148,371
YTD Investment Income, as of 06/30/2025	\$59,539,499
YTD Net Surcharge Collected	\$163,027,027
YTD Net Filing Fees Collected	\$248,900
YTD Operating Expenses	-\$7,457,964
YTD Claim Expenses	-\$165,000,000
YTD Fund Balance	\$1,433,505,834

Operating Services - Budget:	\$9,674,837
Expended	-\$7,457,964
Balance	\$2,216,873

Claims Settlement- Budget:	\$165,000,000
Expended	-\$165,000,000
Balance	\$0

Monthly LAPCF Revenue Collections			
FISCAL YEAR	FY 2024-2025	FY 2023-2024	FY 2022-2023
NET SURCHARGE COLLECTIONS			
July	10,921,012.63	8,887,648.85	10,211,357.01
August	5,083,026.03	7,530,390.00	6,414,165.38
September	8,945,650.87	8,297,647.06	11,361,304.43
October	19,791,082.33	19,515,704.23	17,163,205.73
November	12,622,736.24	10,564,110.42	15,793,404.49
December	29,104,112.06	30,103,768.98	26,627,884.99
January	12,850,569.69	10,619,540.50	11,668,252.34
February	32,443,517.23	26,522,340.87	29,539,536.25
March	5,219,548.70	5,842,259.74	3,043,996.51
April	4,108,742.55	3,431,454.98	4,136,161.40
May	7,786,141.38	5,692,719.65	4,705,605.83
June	14,150,887.48	16,596,251.06	18,451,625.84
Total	163,027,027.19	153,603,836.34	159,116,500.20
NET FILING FEE COLLECTIONS			
July	20,700.00	17,200.00	21,200.00
August	25,000.00	26,000.00	40,850.00
September	17,300.00	25,000.00	26,200.00
October	20,900.00	18,700.00	20,550.00
November	15,100.00	21,400.00	20,100.00
December	31,900.00	21,500.00	14,350.00
January	21,400.00	23,900.00	22,700.00
February	19,500.00	25,100.00	17,900.00
March	13,400.00	29,300.00	29,900.00
April	25,200.00	22,900.00	16,000.00
May	19,600.00	22,800.00	24,400.00
June	18,900.00	22,900.00	20,800.00
Total	248,900.00	276,700.00	274,950.00

MONTHLY INVESTMENT INCOME			
July	3,442,887.00	3,098,023.00	1,932,166.00
August	3,526,731.00	3,918,580.00	3,316,013.00
September	5,229,087.00	4,480,308.00	3,616,914.00
October	3,598,630.00	3,417,057.00	3,325,996.00
November	3,641,186.00	3,415,508.00	3,171,177.00
December	9,730,491.00	7,492,728.00	8,267,216.00
January	8,421,634.00	3,510,593.00	2,804,888.00
February	3,546,607.00	2,827,198.00	2,701,354.00
March	5,402,038.00	6,859,507.00	4,085,100.00
April	4,244,083.00	3,648,452.00	2,972,916.00
May	3,999,120.00	4,214,812.00	3,279,333.00
June	4,757,004.00	4,537,005.00	3,290,245.00
Total	59,539,498.00	51,419,771.00	42,763,318.00
Total Collections	222,815,425.19	205,300,307.34	202,154,768.20

Exhibit 2

Medical Review Panels

The number of requests for medical review panels received by the PCF during each calendar year is shown in this exhibit. The number of panels filed steadily increased from 1977 through 2000, then in 2001 there was a spike. This was the result of 750 filings dealing with the prescribing of a drug and all were dismissed within a year without payment by the PCF. In August 2003, a filing fee was instituted. Since that time there has been a decrease in panels filed.

The average annual panels filed over the last 10 years is approximately 1400 per year. The number of panels filed in 2020 and 2021 were down approximately 25% due to the effects of the pandemic. In 2023 and 2024, panel filings were closer to pre-pandemic numbers.

Number of Panels Filed per Calendar Year - Past 20 Years

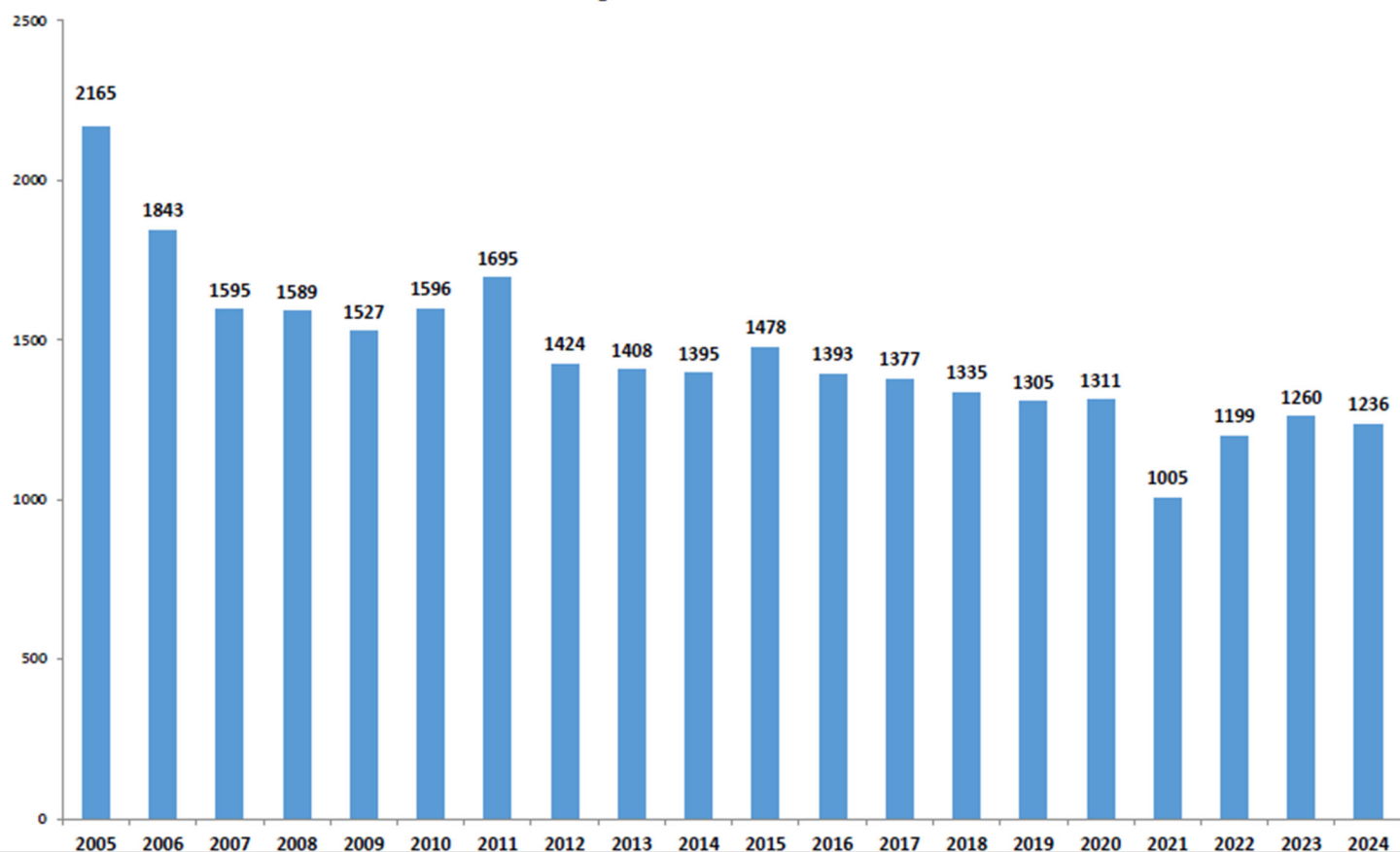


Exhibit 3

Claims

The PCF claims staff are limited in what they can do relative to a panel complaint since the PCF is not involved in the initial litigation. The PCF only becomes involved if there is a settlement in which additional monies are demanded from the PCF or when a judgment exceeds the primary layer of \$100,000. Defense attorneys are only assigned when an adjuster is unable to reach a settlement with the plaintiff or when litigation or discovery through the court is necessary. Less than 5% of the PCF claims incur any defense costs. The working relationship between all parties helps to reduce legal costs associated with claims and often reduces the time necessary to complete the process and compensate the injured parties.

The claims report shows the number of claims open, closed, closed with payment, pending by year and future medical claims pending by year. It also shows the amount spent in legal defense costs and judicial interest. Updated reports are posted on the agency's website following the monthly Oversight Board meeting.

The pending claims in January 2004 totaled almost 12,000. Since then, the PCF has been proactive in obtaining information and cooperation from involved parties to close claims. Pending claims are now just under 4000. It generally takes 1 to 2 years for a claim to complete the medical review panel process and an additional 2 to 3 years to conclude the claim.

Since inception of the Fund in 1975, there have been over \$3.4 billion in claim payments made.

Panel and Claim Report through June 2025

Report Run: 6/30/2025

Claims and Panels - Opened and Closed

	June	Average Month*	This Year
Panels Filed	74	100	554
Panels Closed	123	105	608
Claims Opened	106	90	505
Claims Closed	106	96	596
Total w/Payments	36	24	149

*Average Month based on calendar year 2024

Estimated Exposures

Reserve Type	Current	Past Month	EOY 2024
Future Medical	\$77,704,645	\$78,206,358	\$74,657,934
Litigation	\$4,234,697	\$3,916,541	\$3,684,860
General Damages	\$136,388,149	\$139,178,569	\$127,133,590
Total	\$218,327,491	\$221,301,469	\$205,476,384

Litigation and Interest Payment Breakdown

	June	Current Year	Prior Year Total
Interest	\$0	\$131,950	\$7,789,029
Litigation	\$141,158	\$761,703	\$1,563,652

For the month of July
24 claims are presented
for approval at a total of:
\$13,820,000

Open Claims By Year Filed

Date Filed	Open Claims	Percentage of Total
2000	1	0.03%
2001	1	0.03%
2002	1	0.03%
2004	1	0.03%
2005	1	0.03%
2006	3	0.08%
2007	4	0.10%
2008	7	0.18%
2009	4	0.10%
2010	6	0.15%
2011	12	0.30%
2012	9	0.23%
2013	16	0.41%
2014	26	0.66%
2015	59	1.50%
2016	65	1.65%
2017	98	2.49%
2018	105	2.66%
2019	202	5.12%
2020	282	7.15%
2021	258	6.54%
2022	577	14.64%
2023	803	20.37%
2024	970	24.61%
2025	419	10.63%
Total Open Claims:	3930	100.0%

Future Medical Claims By Year

Date Filed	Open Claims
1977	1
1981	1
1985	5
1986	1
1987	2
1988	3
1989	1
1990	4
1991	5
1992	2
1993	1
1994	3
1995	5
1996	2
1997	2
1998	6
1999	6
2000	5
2001	3
2002	5
2003	5
2004	10
2005	4
2006	6
2007	5
2008	4
2009	4
2010	3
2011	3
2012	5
2013	5
2015	3
2016	3
2017	1
2019	1
2020	2
2024	1
Total Open Future Med:	128

Exhibit 4

Claim Payments

The following chart shows the payments made for the calendar years indicated. As shown, the number of claims paid; and the total amount paid peaked in 2010 and showed a significant decline in 2011 and leveled off for several years thereafter. Recently, there has been a significant increase in the severity of claims mainly driven by the medical costs involved. Frequency is still relatively low, but severity continues to be a concern.

Delays in resolving claims by the primary parties (plaintiff attorneys, defense attorneys and insurance companies) often result in the PCF paying a substantial amount in judicial interest, and unnecessarily delays compensating the injured party. To avoid such increased costs, the PCF encourages mediations and joint settlements as a means of resolving claims expeditiously and reducing costs for all involved parties. This is a win for all involved and today, the vast majority of claims are settled globally and in a much shorter timeframe.

Settlements and Judgments Over the Years

Year	Claims Settled	Claim Payments (Minus Legal)	Average Per Claim
2001	176	\$64,581,499	\$366,940
2002	209	\$71,222,084	\$340,776
2003	201	\$76,686,165	\$381,523
2004	202	\$66,297,524	\$328,206
2005	199	\$71,989,900	\$361,758
2006	295	\$107,023,124	\$362,790
2007	317	\$103,363,305	\$326,067
2008	325	\$105,438,808	\$324,427
2009	343	\$109,619,643	\$319,591
2010	356	\$114,086,409	\$320,467
2011	284	\$106,549,917	\$375,176
2012	286	\$99,875,425	\$349,215
2013	276	\$101,828,300	\$368,943
2014	288	\$93,028,105	\$323,014
2015	328	\$81,612,364	\$248,818
2016	268	\$74,346,073	\$277,411
2017	284	\$87,526,089	\$308,190
2018	321	\$117,821,750	\$367,045
2019	310	\$105,717,417	\$341,024
2020	273	\$104,049,589	\$381,134
2021	253	\$76,335,407	\$301,721
2022	258	\$97,237,113	\$376,888
2023	268	\$121,074,024	\$451,769
2024	276	\$129,533,746	\$469,325

Exhibit 5

Future Medicals

The Act was amended in 1984 to “uncap” related medical expenses and benefits.

Currently the PCF pays ongoing medical expenses on 130 patients in the amount of approximately \$1,500,000 per month.

The PCF began using a fee schedule in November 2001 which has resulted in significant savings to the PCF at no cost to the patients or their families. Reductions by the PCF are created by decreased payment to health care providers providing the services.

Medical expenses include not only physician visits, prescriptions, and hospitalizations but also handicapped-equipped vehicles, specialized wheelchairs, adaptive computer equipment, home modifications and payments to family members and others for providing care in the home.

Since the addition of unlimited Future Medical expenses, the PCF has paid in excess of \$600,000,000 in medical expenses. Since 2019, medical expenses account for over 50% of the total claim payment expenses.

Past Medical & Future Medical Expenditures 2010-2024

Calendar Year	Past Medical	Future Medical	Grand Total
2010	\$19,729,194	\$19,257,698	\$38,986,892
2011	\$20,700,324	\$20,808,070	\$41,508,394
2012	\$23,143,778	\$18,018,971	\$41,162,749
2013	\$31,191,636	\$22,525,600	\$53,717,236
2014	\$30,022,848	\$26,165,950	\$56,188,798
2015	\$18,648,276	\$19,925,109	\$38,573,385
2016	\$20,437,267	\$29,322,042	\$49,759,309
2017	\$28,098,470	\$23,179,782	\$51,278,252
2018	\$42,828,182	\$34,971,922	\$77,800,104
2019	\$39,670,293	\$45,357,806	\$85,028,099
2020	\$38,640,931	\$38,642,951	\$77,283,882
2021	\$27,901,671	\$25,232,985	\$53,134,656
2022	\$36,003,342	\$28,557,243	\$64,560,584
2023	\$57,611,532	\$26,117,509	\$83,729,041
2024	\$59,274,689	\$28,936,251	\$88,210,940

Exhibit 6a & 6b

Rates & Enrollments

The Oversight Board assumed management of the PCF in late 1990. The recommendations of the annual actuary studies implemented since that time resulted in significant increases in rates until 2010. Rate changes from 1989 to 2010 resulted in huge increases amounting to an increase of 540% in what private health care providers paid for coverage. In 2010 the annual actuarial study revealed rates could be reduced for the first time; the decrease would still provide additional funds to further reduce the unfunded liabilities. The overall rate reduction for all classes of providers combined was 13% in 2010. There was an overall rate reduction every year for all providers until 2018 wherein a 1.2% overall increase was implemented and in 2019 a 7.8% overall increase was implemented. Rates remained unchanged for the next 3 years. In 2023 and 2024 a small 1.3% and 2.2% rate increase was implemented respectively, and this year a .5% increase took effect September 2, 2025.

The Fund is now fully funded; therefore, the goal will be to maintain current rate levels and reduce or increase rates whenever actuarially sound to do so but keeping asset levels, relative to liabilities, where they currently stand.

It should be noted the number of enrolled providers shown in the chart does not include medical support staff such as staff nurses, medical assistants or lab and x-ray techs. The actual number of individual health care providers covered by the PCF would be substantially larger if these individual providers were included in the totals.

Sample Rates Over Time
Occurrence Coverage
(For PCF Layer Only)

Specialty	1990	2007	2025
Hospital (Per Bed)	\$591	\$2,843	\$3,983
Internist	\$2,261	\$8,164	\$6,058
General Surgery	\$7,856	\$28,294	\$22,284
OB/GYN	\$10,273	\$41,349	\$23,484

Enrolled Providers in the Louisiana Patient's Compensation Fund

Based on Fiscal Year

	Physician+FTE	Dentists	APRN's+FTE	Nursing Homes	Hospitals	All Others+FTE	Total
1985	3955	904	200	0	104	1918	7081
1990	8780	1563	532	6	152	2948	13981
2000	10561	1686	1561	98	206	1496	15608
2010	11634	1876	2668	297	226	2348	19049
2014	10848	1894	3816	260	229	3550	20597
2017	12949	1976	5042	277	219	3386	23849
2018	11544	1905	5399	285	224	3350	22707
2019	13640	1859	4801	281	211	3361	24153
2020	12808	1830	4301	285	204	3416	22844
2021	13836	1780	4636	297	218	6258	27025
2022	14061	1964	5689	287	212	5571	27784
2023	15190	1964	5739	291	213	5092	28489
2024	16234	2000	5415	289	214	3104	27256
2025	16559	2000	9847	300	227	9175	38108

*Includes FTE for Physicians (as of 2019) and APRN + All Others (as of 2025)

Louisiana Patient's Compensation Fund

For more information please go to

<http://www.doa.la.gov/Pages/pcf/Index.aspx>

The PCF web site will contain the report to the legislature as mandated by SCR 111

For more information, you can also contact:

- Ken Schnauder, CPCU, AIC, Executive Director
ken.schnauder@la.gov
Phone 225-342-5312
- Marcus Naquin, PCF Oversight Board Chairman,
marcusnaquin@gmail.com
Phone 985-687-3436