



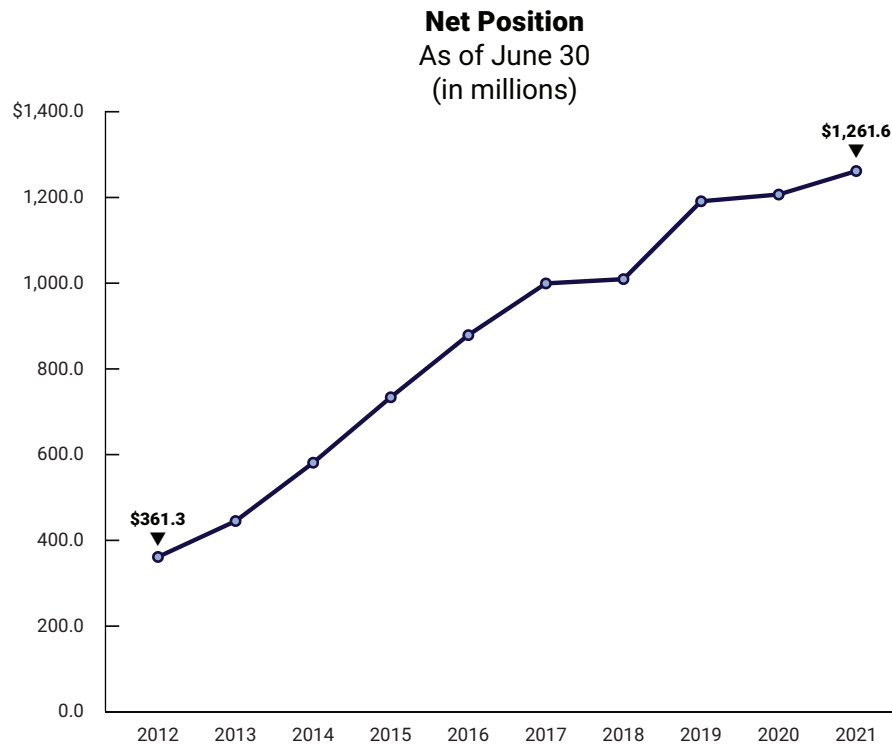
## Injured Patients and Families Compensation Fund FY 2018-19, FY 2019-20, and FY 2020-21

The Injured Patients and Families Compensation Fund insures health care providers in Wisconsin against medical malpractice claims that exceed the primary malpractice insurance thresholds established in statutes. The Fund is overseen by a Board of Governors and is administered by the Office of the Commissioner of Insurance (OCI). We conducted a statutorily required financial audit of the Fund by auditing the financial statements in accordance with applicable government auditing standards, issuing our auditor’s opinion, reviewing internal controls, and making recommendations for improvements.

We provided unmodified opinions on the Fund’s financial statements as of and for the years ended June 30, 2021, June 30, 2020, and June 30, 2019. We provide an unmodified opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity’s financial activity in accordance with generally accepted accounting principles. Our audit report also includes the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

### The Fund’s net position was \$1.3 billion as of June 30, 2021

Net position is a measure of overall financial condition. The Fund’s net position has increased steadily in recent years. Positive investment income and generally declining loss liabilities contributed to the



increase. Loss liabilities are estimated by the Fund's actuary to ensure an adequate amount of reserves are set aside to pay potential future claims.

The Fund's net position continues to be significantly above the minimum net position level set by the Board of Governors in September 2020. It is important that the Board of Governors and OCI continue to monitor the Fund's net position.

### **Assessment rates charged to participating health care professionals and providers were waived beginning in FY 2020-21**

Given the Fund's net position, the Board of Governors has generally decreased assessment rates in the past five fiscal years. In response to requests from stakeholders, during the public health emergency the Board of Governors approved waiving assessments for FY 2020-21. The Board of Governors subsequently extended the assessment waiver through June 30, 2023. Fund staff anticipate assessments will be collected by the Fund again beginning on July 1, 2023.

### **OCI should improve the Fund's financial reporting process**

The Fund's procedures were not sufficient to prevent or detect errors in the financial statements on a timely basis. We continued to identify material errors in the Fund's financial statements caused by inadequate understanding of relevant accounting standards and an inadequate review process in compiling the financial statements. We reported two material weaknesses in internal control related to the Fund's financial reporting process for FY 2018-19, FY 2019-20, and FY 2020-21.

Given that we have identified financial reporting concerns for the Fund for several years, we also recommend that OCI review its financial reporting process, establish adequate procedures and controls, and report to the Joint Legislative Audit Committee on the status of its efforts to implement our recommendations.