

98-7 Patients Compensation Fund, Office of the Commissioner of Insurance

Summary

The Patients Compensation Fund was created for the purpose of paying that portion of medical malpractice claims exceeding a specified amount as defined in ch. 655, Wis. Stats. The Fund is managed by a board of governors, administered by the Office of the Commissioner of Insurance, and financed through assessments on most health care providers and through earnings on the Fund's investments. Section 13.94(1)(de), Wis. Stats., requires the Legislative Audit Bureau to perform financial audits of the Patients Compensation Fund. As necessary parts of this audit, we reviewed the Fund's control procedures; assessed the fair presentation of its financial statements for fiscal years 1996-97, 1995-96, and 1994-95; and reviewed compliance with statutory provisions. We were able to provide an unqualified auditor's report on the Patients Compensation Fund's financial statements, and we found no instances of material noncompliance or internal control weaknesses. As of June 30, 1997, the Patients Compensation Fund had an accounting deficit of \$44.1 million. This represents a \$23.7 million (35 percent) decrease in the deficit over the prior three years. Over that same period, assets of the Fund increased \$106 million (39 percent), to reach \$377 million. Although the deficit appears to be a less-serious concern than it had been in previous years, the Board will need to continue to monitor the Fund's financial status to ensure it addresses any concerns that might arise in the future.
