STATE OF WISCONSIN
Legislative Audit Bureau
Report 25-08 • May 2025
SUMMARY
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Injured Patients and Families Compensation Fund

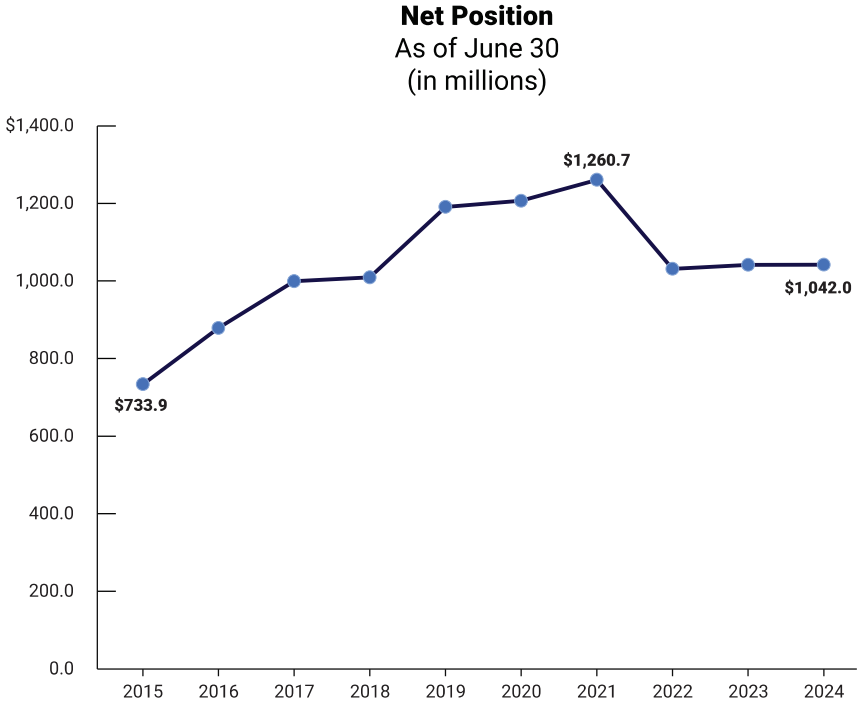
FY 2021-22, FY 2022-23, and FY 2023-24

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, 2024, June 30, 2023, and June 30, 2022. 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 $1.0 billion as of June 30, 2024

Net position is a measure of overall financial condition. The Fund's net position decreased from $1.3 billion as of June 30, 2021, to $1.0 billion as of June 30, 2024, or by 17.3 percent. The Fund attributes the decrease in net position over the three-year period to investment losses in fiscal year (FY) 2021-22.



A positive net position indicates sufficient assets have been set aside to fund estimated liabilities. To assist in managing the Fund's net position, the Board of Governors established a minimum net position level in September 2020. The minimum net position level is the level at which action would need to be taken by the Board to prevent a further decline in the Fund's net position. OCI has not computed the minimum net position level nor provided an updated amount to the Board since September 2020.

OCI implemented a new computer system

In January 2023, OCI implemented a new computer system to track medical malpractice claims and to maintain the accounts of participating health care providers. OCI contracted with a third-party service organization to host and maintain the system. However, OCI did not have sufficient written procedures in place to ensure the service organization controls were effective. We report a significant deficiency in internal control over financial reporting related to the new computer system.

OCI is in noncompliance with the actuarial audits policy of the Board of Governors

In response to prior audit recommendations, the Board of Governors established a policy that requires OCI to contract for an actuarial audit of the Fund at least once every three years. The most recent actuarial audit was completed in December 2021. As of January 2025, OCI had not contracted for the next actuarial audit and was in noncompliance with Board policy.

We make 10 recommendations to OCI for improvements

Please see the complete list of our recommendations on our website.