

SITF Reimbursements - Will there be money left to continue reimbursements?

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I hear occasionally, as you may as well, concerns that the SITF may run out of money at some point to reimburse claims. After my most recent inquiry last week, I decided to research the issue myself, just looking at the numbers from the SITF annual reports. The balance sheet from 2011 is below. The SITF started 2012 with \$58 million in the “bank” after a \$25 million dollar loss in 2011. Of course, with the SITF shutting down, the goal is to pay out more than you take in over time.

As of 2010, there is a cap on assessments going into the SITF from carriers and self-insured of \$100 million. Before that cap, assessments were around \$150 million for the previous two years. The SITF is losing money as it has paid out more than \$100 million in both 2010 and 2011 (by about \$25 million each year). However, the amount the SITF has been paying out over the last two years has been decreasing.

Also, as a point of reference, in 2003, the SITF had 19,000 open claims and now has about 3,300 open claims. Of course, many of those 19,000 claims may not have been reimbursable (filed as “notice only”) and through additional legislation, the SITF has been able to weed out those claims to get to only the ones that are reimbursable.

Current law also allows the SITF Administrator to create a reserve fund if money gets too low and nothing prevents the legislature from acting to increase the cap of \$100 million. Additionally, the SITF has taken 2 actions to at least slow the pace of reimbursement:

1. Larger settlements are paid out over time, sometimes over three years.
2. The SITF policy is to not settle medical when it is being asked to reimburse an MSA which is over \$150,000 (after being annuitized).

The SITF will “close” by 2020 although reimbursements will continue after that date. There is no indication in what the SITF is saying that there will not be money for reimbursements. However, there is no question that the money available is decreasing (intentionally). Although there is no reason to panic, if there are opportunities to settle claims now, it is certainly worthwhile to move in that direction. The last couple of years have seen significant amounts of money going toward reimbursements compared to prior years which may be an indication of just that thought process.

[From the SITF 2011 Annual Report](#)

BEGINNING BALANCE, January 1, 2011	\$83,646,442.25
<u>REVENUES</u>	
Assessment - 2010, Adj. 2009	100,101,999.63
Payments and refunds from prior year	9,798.57
Interest Earned	74,336.87
Miscellaneous Income	165.05
<u>TOTAL REVENUES</u>	<u>\$100,186,299.12</u>
<u>EXPENDITURES</u>	
Operating Cost	2,314,470.96
Reimbursements (Negotiated Checks)	122,916,000.97
<u>TOTAL EXPENDITURES</u>	<u>\$125,230,471.93</u>
Net Loss	(25,044,172.81)
<u>ENDING BALANCE, December 31, 2011</u>	<u>\$58,602,269.44</u>