



FIFTH ANNUAL STATUS REPORT and
ANNUAL REASSESSMENT OF POLICIES AND
PROCEDURES

SEPTEMBER 11th
VICTIM COMPENSATION FUND

MARCH 2017

Rupa Bhattacharyya
Special Master



**FIFTH ANNUAL STATUS REPORT and
ANNUAL REASSESSMENT OF POLICIES AND PROCEDURES**

SEPTEMBER 11th VICTIM COMPENSATION FUND

MARCH 2017

TABLE OF CONTENTS

1. Introduction..... 2

2. Background on the Victim Compensation Fund 2

 VCF Reauthorization 3

3. Implementing the Reauthorized Zadroga Act..... 4

4. Year 5 Accomplishments and Milestones..... 5

5. Group A Final Reconciliation..... 7

6. Status of Filed Claims 9

 Eligibility Claims10

 Compensation Claims11

 Registration Information14

7. VCF Operations.....15

8. Public Communications and Partnerships.....17

 Continued Expansion of Public Resources for Information and Support17

 Community Outreach19

9. Administrative Costs20

10. Prioritization Mandate and Annual Reassessment of Policies and Procedures21

 Estimates and Projections22

 Methodology.....23

 Conclusions Regarding Reassessment of Policies and Procedures.....34

11. Report Summary.....34



1. Introduction

As the Special Master for the September 11th Victim Compensation Fund (“VCF” or “Fund”), I respectfully submit this Fifth Annual Status Report describing the activities of the VCF. As with past annual reports, this report provides updated claims processing statistics and a recap of key activities during the time period covered by the report. Listed below is a summary of the annual reports for prior years:

- **First Annual Status Report:** Published in October 2012, this report focused on the VCF’s start-up activities during the first year of operation. Such activities included developing the claim forms, deploying the online system used by claimants and VCF staff, and establishing the infrastructure and initial procedures for claims processing and the toll-free Helpline.
- **Second Annual Status Report:** Published in November 2013, this report focused on the progress we made in the second year of operation in all aspects of claims processing and the extensive outreach activities we undertook in connection with the October 3, 2013, VCF registration deadline.
- **Third Annual Status Report:** Published in October 2014, this report focused on our continued progress reviewing and rendering decisions on claims, described our outreach efforts related to the October 12, 2014, deadline for claimants diagnosed with a 9/11-related cancer, and included updated VCF program statistics.
- **Fourth Annual Status Report:** Published in February 2016, this report provided an update on the status of all claims, highlighted the substantial efforts of the VCF team in rendering nearly 6,000 compensation determinations in 2015, and noted the shift in efforts from preparing for the shutdown of the program to implementing the reauthorization of the VCF.

The past year has been an extraordinarily busy one for the VCF, but also one with many successes. As a result of the reauthorization of the Zadroga Act in December 2015, we paid over 9,000 Group A claims in full, published updated regulations that reflect the reauthorized law, began issuing decisions and processing payment on Group B claims, and implemented a redesigned claim form and online claims system. With these successes, however, came the departures of Special Master Sheila Birnbaum and Deputy Special Master Deborah Greenspan, who had led the VCF since its reopening in 2011, applying their tremendous expertise and knowledge to develop the policies and procedures that guided our operations, and building a team that reflects their deep commitment and compassion to the 9/11 community.

As I look to the coming year, our main focus will be on reducing the length of time it takes to render a decision on a claim once the claim form and all required supporting documents are submitted. We will also revamp our outreach efforts to try and reach potentially eligible individuals who are not aware of the program, and will continue to work closely with our partners such as the World Trade Center (“WTC”) Health Program to ensure we are doing everything possible to support those whose lives were forever changed by the events of September 11, 2001.

2. Background on the Victim Compensation Fund

In 2001, Congress created the September 11th Victim Compensation Fund, which provided compensation for economic and non-economic loss to individuals, or the personal representative of individuals, who were killed or physically injured as a result of the terrorist-related attacks of September 11, 2001. As established by Congress, the VCF provides a no-fault alternative to tort litigation; any individual who chooses to seek compensation from the VCF



waives the right to sue for damages for 9/11-related physical injury or death. The original VCF (“VCF 1”) closed in 2004, having paid over \$7.049 billion to surviving personal representatives of 2,880 people who died in the attacks and to 2,680 claimants who were injured in the attacks or the rescue efforts conducted immediately thereafter.

On January 2, 2011, President Obama signed into law the James Zadroga 9/11 Health and Compensation Act of 2010 (Pub. Law No. 111-347) (“Zadroga Act”). Title I of the Zadroga Act created the World Trade Center (“WTC”) Health Program, which is operated by the National Institute for Occupational Safety and Health (“NIOSH”) and provides medical treatment and monitoring for 9/11-related health conditions. Title II of the Zadroga Act reopened the VCF and expanded the eligibility criteria to include those who took part in the debris removal efforts during the immediate aftermath of the attacks. The Zadroga Act originally authorized the VCF to accept claims for five years, starting in October 2011, and ending in October 2016, with final payments to be made during a sixth year in 2016-2017. Unlike VCF 1, which had no cap on funding, the Act provided a limited appropriation – originally \$2.775 billion, with \$875 million available in the first five years – to provide compensation to claimants and to cover the Fund’s administrative costs.

On June 21, 2011, then Special Master Sheila Birnbaum issued proposed rules to implement the reopened VCF and reviewed and considered 95 comments on the proposed rules that were received during the 45-day public comment period. On August 31, 2011, the final rules governing the operation of the VCF were published in the Federal Register. The rules took effect on Monday, October 3, 2011, which was the day that administrative funding for the VCF became available. That same day, the VCF’s website (www.vcf.gov) and toll-free Helpline were launched.

VCF Reauthorization

On December 18, 2015, President Obama signed into law a bill reauthorizing the Zadroga Act, which included the reauthorization of the VCF. The reauthorization extended the VCF for five years and included some important changes to the VCF’s policies and procedures for evaluating claims and calculating each claimant’s loss. The law included the following significant changes:

- Extended the VCF for 5 years from the date the legislation was signed: the deadline for filing a claim was extended from the original deadline of October 3, 2016, to the new deadline of December 18, 2020.
- Increased the VCF’s total funding: the new law made the original \$2.775 billion appropriation available immediately to pay claims and provided an additional \$4.6 billion in funding that became available on October 1, 2016.
- Directed the VCF to make a full payment to any claimant who received a letter dated on or before December 17, 2015, notifying them of their VCF award.
- Placed certain limitations on future award amounts: the law directed specific changes to the way in which the VCF calculates loss amounts for certain claimants. This includes limiting the amount of non-economic loss that can be awarded for certain eligible physical injuries and conditions, eliminating claims for future out-of-pocket medical expenses, and capping the computation of economic loss by limiting the annual income level.

The new law also created two groups of claims – Group A and Group B. Group A claims are those where the claimant received a letter dated on or before December 17, 2015, notifying him or her of the award decision on the claim. For claims in Group A, losses were computed in accordance with the regulations that were published in August 2011, and the new law directed



the VCF to make the full payment on the claim “as soon as practicable after enactment of the legislation.” Group B claims are those that are not in Group A. For claims in Group B, the compensation decisions could not be made until the updated regulations were published setting forth how claims will be processed under the new law; funding appropriated by the new law became available on October 1, 2016, to pay Group B claims.

The new law required the Special Master to publish updated regulations within 180 days of enactment, or June 18, 2016, and to update the procedures used to evaluate claims. On June 15, 2016, Special Master Sheila Birnbaum published an Interim Final Rule to revise the existing regulations to implement changes required by the Reauthorized Zadroga Act. The Interim Final Rule took effect on the date of publication, but provided a 30-day period for public comment. The Department of Justice received 31 comments and the Special Master's office reviewed and evaluated each of these comments in preparing the Final Rule. After the issuance of the Interim Final Rule, but before publication of the Final Rule, Sheila Birnbaum stepped down as Special Master and the Attorney General appointed Rupa Bhattacharyya in her place, effective July 21, 2016. The final rule was therefore issued by Special Master Bhattacharyya and was published on September 2, 2016.

Additionally, because compensation determinations on Group B claims could not be made until the updated regulations were published and funding became available to pay claims, the VCF stopped accepting new claim submissions and amendments to previously-submitted claims on January 29, 2016, when the original claim form was removed from circulation. The VCF once again began accepting new claims and amendments on August 1, 2016, when the new claim form and system became available.

3. Implementing the Reauthorized Zadroga Act

Congress's decision to reauthorize the VCF affirmed the continuing needs of the 9/11 community, and the importance and success of the Fund's ongoing work in providing compensation to those who suffered physical harm as a result of the September 11th terrorist attacks. Implementing the reauthorization, however, presented significant operational challenges for the Fund. It required a major reallocation of our priorities and resources as we focused, first and foremost, on paying the Group A claims in full “as soon as practicable” as required by the statute while also establishing the procedures and methodology for calculating Group B claims, and redesigning our claim form and online system. In addition, because Group B compensation determinations could not be made until the updated regulations were published,¹ our ability to render compensation decisions on these claims was temporarily halted between January and June of 2016 while we focused on implementing the new law.

One of our first steps in planning for the implementation of the new law was to develop a timeline that was posted to our website and updated periodically to keep claimants and interested parties informed of our plans and our progress. While some of the timeframes shifted a bit as we got deeper into the implementation, the major milestones were met and our team put forth extraordinary effort to meet the announced schedule. The timeline is shown on page 5 and summarizes the key activities we completed during the implementation of the Reauthorized Zadroga Act.

¹ We were, however, able to continue to issue eligibility decisions on Group B claims as the reauthorization did not change the criteria to be eligible for compensation.



		2016								
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT
G R O U P A P A Y M E N T S	Process initial 10% payments for claims already in the payment process	✓								
	Authorize full payments for expedited claims that do not have any issues preventing payment	✓					★ Group A payments completed (VCF activity complete) ✓			
	Authorize full payments for claimants who previously received a 10% payment and do not have any issues preventing payment (original timeline: January-March)		✓							
	Authorize 100% payments for claimants who have never received a VCF payment and do not have any issues preventing payment (original timeline: March-April)			✓					★ DOJ and Treasury Department finish processing Group A payments ✓	
	Authorize payments for claimants who previously received a loss determination letter that included a notice of missing information (assumes missing documents have been received and are sufficient)				✓					★ Group A funding finalized and all payments confirmed ✓
	Work with claimants to resolve issues preventing payment and move claims into payment process as issues are resolved							✓		
	Finalize last decision post-appeal and authorize full payment						✓			
G R O U P B C L A I M S	Continue to render Eligibility Decisions	✓						★ Begin rendering decisions on claims received prior to December 18, 2015 (work oldest to newest) ✓	★ Group B funding available - begin authorizing Group B payments ✓	
	Review Group B claims received prior to December 18, 2015 for completeness from oldest to most recent; send Missing Information letters as needed; receive and review responses to missing information requests; calculate preliminary loss based on draft regulations									
	Define updated policies and procedures	✓	✓	✓	✓	✓	✓	★ Public comment period ends ✓	✓	
	Draft updated regulations (including required updates to loss calculation methodology)	✓	✓	✓	✓	✓	✓	★ Release new online and hard copy claim forms ✓	✓	
	Initiate official rulemaking process - requires review and approval of regulations by various Government offices	✓	✓	✓	✓	✓	✓	★ Release sample new hard copy forms ✓	✓	
	Complete Government review; publish Interim Final Rule effective June 15 and begin public comment period	✓	✓	✓	✓	✓	✓	✓	✓	
	Update, seek input, and complete approval process for new claim forms; incorporate OMB comments and finalize claim forms	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Review public comments and publish Final Rule							✓	✓	
	Begin processing and rendering decisions on claims using new forms								✓	✓

In April 2016, we began reviewing compensation claims under the proposed criteria for Group B and started issuing “Group B Complete” letters to notify claimants that their claim had been reviewed. Once the Interim Final Rule was published in June, we began issuing award letters with the expectation that funding for Group B would become available once all Group A claims were paid, which was expected to be in mid-August. Because a small number of Group A claims had deficiencies in required documentation that prevented payment, we began authorizing payments in August but did not process the actual payments until the Group B Fiscal Year 2017 funding was confirmed to be available on October 1, 2016. Payments on Group B claims started to be processed by the Treasury Department on October 3, 2016, and we are now paying claims in the normal course following issuance of the award letter.

4. Year 5 Accomplishments and Milestones

Our fifth year of operation was focused primarily on adjusting our policies and procedures in order to conform to the requirements of the Reauthorized Zadroga Act. Details of our progress are included throughout this Report. The following are highlights of our accomplishments in 2016:

- *Issuance of Group A payments:* Our number one priority following the reauthorization was the payment in full of all Group A claims. That task has been accomplished. In total, 9,089 Group A claims have been paid, totaling \$1,819,801,385.54. We authorized twice as many payments between January and June 2016 than were authorized in all of 2015, which is a tremendous accomplishment. For further details, please see Section 5.



- *Transitions in VCF Leadership Team:* Our leadership team saw several transitions in 2016, including the departure of Special Master Sheila Birnbaum and appointment of Special Master Rupa Bhattacharyya; the appointment of Stefanie Langsam as a Deputy Special Master; the departure of Deborah (“Debby”) Greenspan as Deputy Special Master; and the appointment of Jordana (“Jordy”) H. Feldman as the Director of the New York Office following the departure of Frances (“Fran”) Gottfried, who held that position since the VCF reopened in 2011. Despite these transitions, our team did not lose momentum in implementing the reauthorization or in our work reviewing and deciding claims, and I am grateful to Sheila, Debby, and Fran for working to ensure a complete and smooth transition of duties.
- *Publication of regulations:* In response to the Reauthorized Zadroga Act, we published an Interim Final Rule, reviewed and addressed the comments received from the public, and then finalized and published the [Final Rule](#).
- *Issuance of Group B determinations and payments:* We began issuing Group B determinations on June 30, 2016, and, in my first month as Special Master, I reinforced the need to process claims in a first in, first out order. To that end, I set the goal of rendering decisions by the end of the calendar year on all Group B compensation claims that had submitted all of the information necessary for a compensation determination and were greater than two years old as of August 1, 2016, when the VCF once again started accepting new claims. As of this report, we have made decisions on over 95% of these claims. We began authorizing payments on Group B claims in mid-August, and when funding became available on October 1, 2016, over 400 Group B claims were already authorized for payment and we were able to immediately begin paying these claims. For further information on the status of Group B claims, please see Section 6.
- *Simplification and consolidation of claim form and overhaul of online claims management system:* We simplified the claim form by reducing the number of questions, reformatting the form for easier completion, and reducing the number of documents required to process a claim. The end result was a single claim form that replaced the four previous claim forms by combining the Eligibility, Compensation, Personal Injury, and Deceased claim forms into one form. As part of this redesign, perhaps one of our biggest accomplishments this past year was the overhaul of our online claims management system and online claim form. The updates to the claim form and supporting documents led to a complete overhaul of the system focused on improving the claim filing process to make it easier on claimants while ensuring that the VCF receives the information it requires in order to process the claim as efficiently as possible. We continue to hear positive feedback on the updated system. Details about the changes can be found in Section 8.
- *Updates to website:* We continued to update and enhance the VCF website (www.vcf.gov) to include simplifying the “look and feel” of the site in order to make it easier to navigate and find specific information, including updates to the format of our Spanish, Polish, and Mandarin foreign language pages. As part of this enhancement, we updated our “Forms and Resources” page to make it more user-friendly and easier to identify new or updated forms and documents, updated the [Frequently Asked Questions](#) (“FAQs”) to reflect the “true” frequently asked questions we hear from callers to our Helpline, and revamped the new [How to File a Claim](#) page. We also created a new [Policies and Procedures](#) document which outlines all of the VCFs guidelines for the



submission and review of claims so that claimants, attorneys, and the public can review this information in a comprehensive format.

- *Updates to economic loss models:* Since each VCF award is individually calculated, we maintain a number of loss calculation models that are used for specific claim scenarios. As a result of the reauthorization, each model needed to be updated to reflect the cap on annual gross income. This required adjustments to both the loss and offset components of the model as well as appropriate consideration of how other variables would be accounted for in computing the annual gross income under the cap. Our team worked extensively with our outside experts to update and test each model to ensure that the Group B awards are properly calculated.
- *Continuation of “Fast Track” review:* Our “fast track” review process remained in place for those claims seeking only non-economic loss where Eligibility and Compensation were both submitted prior to the start of our review. For those claimants using the new claim form, the Eligibility and Compensation sections are combined into one submission, and the selection of “non-economic loss only” as an option in the Compensation section makes for more efficient identification of these claims once submitted. These claims are able to move more quickly through the review process as they do not require evaluation of the more complex economic loss component of the award.
- *Relationship with the WTC Health Program:* We continued working closely with the WTC Health Program to exchange information about claimants in order to confirm certified conditions and provide information gathered through the private physician process for WTC Health Program verification. We also continued our efforts to collaborate with the WTC Health Program regarding the significance and severity of certain conditions and the relationships between conditions that fall within a broad category of conditions so as to better inform our claim review process. Additional details about our relationship and collaboration with the WTC Health Program can be found in Section 8.

5. Group A Final Reconciliation

The Reauthorized Zadroga Act created two groups of claims – Group A and Group B. Group A claims are claims for which a loss was determined and a letter notifying the claimant of the award decision on the claim was issued on or before December 17, 2015. Group B claims are those that are not in Group A.

Information on Group A claims was reported in the VCF’s April, July, and September 2016 statistics reports. In our September 9, 2016, report, we reported that all Group A payments had been authorized, and also noted that a small number of Group A claimants had not yet received their actual payment because of documentation deficiencies preventing the payment. The report also explained that the VCF had completed the reconciliation of Group A claims and in doing the final reconciliation, had identified several claims with new information that changed the initial eligibility determination on the claim from approved to ineligible, thus requiring the rescission of the Group A award. In addition, the VCF completed the last remaining appeals for Group A claims. As a result, the information for Group A claims had changed slightly from what was reported in the VCF’s July 2016 statistics report.

Since the September 9, 2016, report, the Treasury Department has issued the payments for all Group A claims for which compensation was due and we have worked with the Department of Justice budget office to conduct the final official reconciliation of Group A. As part of the finalization of Group A, I determined that it was necessary to rescind 11 Group A awards either



in full or in part, where sufficient documentation could not be provided to allow payment despite significant effort on the part of the VCF, the claimants, and the law firms representing them. These claimants may amend their claims once the appropriate documentation is secured and their claims will be reprocessed with new award determinations issued under Group B.

The final accounting for Group A claims is shown in Tables 1 and 1a below. Any changes since the last statistics report are due to an increase in loss as a result of an appeal, a correction to a loss determination due to a VCF processing or computation error, or the partial or complete rescission of an award due to missing information that was required in order to pay the claim and that precluded the VCF from issuing payment. The difference between the 9,125 total claims with decisions issued in Table 1 and the 9,089 claims receiving payment in Table 1a is due to claims submitted by claimants who were fully compensated in VCF1 (the original VCF that operated between 2001 to 2004), but do not have any new conditions, and therefore were not due any payment as their VCF2 award was \$0.00.

**Table 1: Final Accounting of Compensation Decisions – Group A Claims
(as of December 31, 2016)**

COMPENSATION DECISIONS	Total	Dollar Value
Decisions Issued	9,125	\$1,819,801,385.54
Personal Injury Claims	9,108	\$1,811,232,539.98
Claims for Deceased Individuals*	17	\$8,568,845.56
Highest Amount		\$4,133,466.00
Personal Injury Claims		\$4,133,466.00
Claims for Deceased Individuals		\$2,149,321.14
Lowest Amount**		\$5,000.00
Mean Dollar Value		\$199,430.29
Personal Injury Claims		\$198,861.72
Claims for Deceased Individuals		\$504,049.74

* Statistics for Claims for Deceased Individuals includes only those claimants who died of causes directly related to their 9/11 eligible condition.

** The \$5,000.00 in the table represents the lowest amount for any claim for which compensation was calculated. Note that there are also claims submitted by claimants who were fully compensated in VCF1 and do not have any new conditions. These claimants do not receive any compensation. The associated dollar value for these claims is therefore \$0.

Table 1a: Final Accounting of Group A Payments

Total Group A claims receiving Payment	9,089
Total Amount paid to Group A	\$1,819,801,385.54

Table 2 on the following page provides information on Group A compensation decisions by category of conditions.



**Table 2: Compensation Decisions by Categories of Conditions – Group A Claims
(as of December 31, 2016)**

COMPENSATION FORMS	TOTAL	Claims with Cancer as the only Condition	Claims for only Non-Cancer Conditions	Claims with both Cancer and Non-Cancer Conditions
Compensation Decisions Rendered	9,125	837	7,138	1,150
Total Dollar Value	\$1,819,801,385.54	\$279,956,596.11	\$1,158,737,452.80	\$381,107,336.63

The table below provides details on the Group A compensation decisions and total awards by claimant category based on the category identified by the claimant at the time the Eligibility Form was submitted.

**Table 3: Compensation Decisions – Group A Claims
Compensation Amounts by Self-Reported Claimant Category**

(based on the category identified by the claimant at the time the Eligibility Form was submitted)

COMPENSATION DECISIONS	Total	Dollar Value
Responder – NYC	7,724	\$1,610,822,112.46
Responder – Pentagon	6	\$1,139,718.55
Responder – Shanksville	2	\$60,000.00
Non-Responder NYC - cleaning or maintenance work	394	\$37,380,358.23
Non-Responder NYC - other capacity	702	\$125,067,634.17
Resident within NYC zone	108	\$18,145,951.42
Attend school/childcare/adult care facility	8	\$865,250.00
NYC – Other Capacity*	47	\$6,053,518.66
Non-Responder – Pentagon	4	\$1,593,537.60
No Response	130	\$18,673,304.45

* Includes visitors, tourists, and any individual who was in the exposure zone during the relevant time period and is not included in another category.

6. Status of Filed Claims

As part of our work to implement the Reauthorized Zadroga Act, we reviewed the way in which we report our statistics in order to account for data specific to Group B claims. This led us to revamp the way in which we track our claims processing for internal reporting, including revising how certain key statistics are calculated. After making these updates to our internal reporting, I felt strongly that it was important to carry these changes through to our public statistics, to be sure we have one definitive set of statistics that can be used to track and report on our progress. As a result of these changes, the statistics included in this report are the first to be published using the new definitions and calculations and will look different when compared to those in past reports. I believe these new statistics better reflect the status of claims from the time they are filed until an award determination is issued. For those statistics where it is possible to do so, we have provided comparison statistics from the same period last year.



Eligibility Claims

Because the distinction between Group A and Group B is determined by the date the claimant was notified of the award decision on the claim, and because the eligibility determination on a claim is made separately and often far in advance of the compensation decision, the statistics for Eligibility claims combines both Group A and Group B. The criteria for determining eligibility did not change as a result of the reauthorization, making it simpler to report on eligibility statistics as a whole across all claims.

As shown in Table 4 on the following page, the VCF has received 25,318 Eligibility Forms, 22,920 of which were filed using the old claim form and 2,398 of which were filed using the new claim form that became available on August 1, 2016. The VCF has made 20,662 total eligibility decisions on Group A and Group B claims (82% of all Eligibility Forms filed), finding 15,851 claimants eligible for compensation review (77% of eligibility decisions made). Of the 4,656 claims that have not yet been decided, 437 claims have been identified as duplicate or superseding claims for the same victim or the claim has been withdrawn, and 811 have been deemed inactive. A claim is placed in inactive status for one of the following reasons: (1) there is a discrepancy in key data needed to process the claim, such as a discrepancy in the Social Security Number or date of birth, and the VCF is awaiting clarification from the claimant; (2) the claim appears to be a duplicate claim for the same victim and the VCF is awaiting confirmation from the claimant as to which claim to move forward for review; or (3) the claim does not include the minimum documents required for the VCF to begin substantive review (i.e., review to determine eligibility).² The remaining claims in process are either under substantive review by a claim reviewer, or have been assessed for completeness of the original submission and are now in queue awaiting assignment for substantive review.

The total number of Eligibility claims submitted includes all Eligibility forms the VCF has received, which is different from what has been reported in the past. In past statistics reports, the total number of Eligibility claims submitted did not include duplicate claims, withdrawn claims, or Personal Injury claims that were superseded by the filing of a Deceased claim for the same victim. In addition, prior statistics reports included “inactive” claims in the count of “not eligible” claims, although these claims had not had an eligibility determination rendered. Since these specific categories are now separated out in the statistics, the count of total Eligibility claims accounts for all forms submitted to date and is noticeably different than the same statistic as it was previously reported.

Data for the period ending December 31, 2015, is taken from the Fourth Annual Status Report (published on February 9, 2016) and is provided for those statistics where the definition or calculation of the statistic has not changed (except as noted in the paragraph above) and a comparison is therefore appropriate.

² The minimum documents required in order for the VCF to begin substantive review of a claim are: the claim form, the Claim Form Signature Page (or the equivalent sections from Part IV of the original VCF 2 claim form), Exhibit A – Authorization to Release Medical Information, Exhibit C (if represented by an attorney and the law firm does not already have an Exhibit C on file with the VCF), Exhibit F (for Deceased claims filed using the original VCF 2 claim form), original Letters of Administration and original or certified death certificate (for deceased victims), Private Physician package if the claimant is not being treated by the WTC Health Program, and documentation to support presence at a 9/11 site (for those whose employer or other affiliated organization does not have an existing relationship with the VCF allowing for the exchange of this information). These documents must be submitted and sufficiently complete for the VCF to begin substantive review of a claim.



Table 4: Status of Eligibility Forms Received – Group A and Group B claims

ELIGIBILITY FORMS	As of December 31, 2016	As of December 31, 2015
Total Eligibility Claims	25,318	22,078
Eligibility claims submitted before August 1, 2016	22,920	22,078
Eligibility claims submitted after August 1, 2016	2,398	
Total Eligibility Decisions	20,662	17,673
Eligibility Decisions – Approved	15,851	13,437
Personal Injury Claims	15,594	13,279
Claims for Deceased Individuals*	257	158
Eligibility Decisions – Not Eligible	4,811	4,236
Duplicate, Superseded, or Withdrawn Claims**	437	
Inactive Claims***	811	
Eligibility Claims Processing (Group B only)	3,408	
Eligibility Claims not yet in Substantive Review	2,516	
Eligibility Claims in Substantive Review	892	

* Eligibility Forms for Deceased Individuals includes only those claimants who died of causes related to their 9/11 eligible condition.

** Includes duplicate claims filed for the same victim, Personal Injury claims that have been superseded by the filing of a Deceased claim for the same victim, and claims that have been withdrawn by the claimant.

*** Includes claims that do not have the minimum documents required to begin review of the claim.

The VCF is also reviewing 1,943 eligibility amendments or appeals that have been received for claims where eligibility was previously decided.

Table 5 provides information on the categories of conditions associated with the Eligibility decisions. The breakdowns are based on conditions certified or verified by the WTC Health Program.

Table 5: Eligibility Claims by Category of Condition (as of December 31, 2016)

ELIGIBILITY FORMS	TOTAL	Claims with Cancer as the only Condition	Claims that do not include Cancer as a Condition	Claims with both Cancer and Non-Cancer Conditions
Eligibility Decisions – Approved	15,851	1,897	11,585	2,369
Eligibility Decisions – Not Eligible*	1,117	167	876	74

* This table does not include the 3,694 claims found not eligible where the VCF was unable to make a determination as to whether the claimant suffered from a 9/11-related condition.

Compensation Claims

When looking at the progress we have made over the past year as reflected in the statistics for compensation claims, it is important to remember that from January through the end of June, the VCF was not able to render compensation determinations on claims as a result of the reauthorization. Although claims could be reviewed, the award determinations could not be finalized and rendered until the Final Rule was published and funding became available for Group B payments on October 1, 2016.



The VCF began reviewing Group B compensation claims shortly after the reauthorization. From January through April, the number of claims reviewed remained relatively low while resources were shifted to focus on paying all Group A claimants in full as a priority. The VCF began issuing Group B compensation decisions on June 30, 2016, which was the earliest possible date based on the expected timing for Group B funding. The VCF began mailing Group B award letters the first week of July and began authorizing the first payments in mid-August.

The statistics in Tables 6 through 10 represent activity through the end of the day on December 31, 2016. Comparison data is shown below where available from the same period last year.

Table 6: Status of Compensation Forms – Group B Claims

This table shows that of the 10,438 Compensation Forms received, 5,640 (54%) are from claimants who have been deemed eligible. Of those with eligibility approved, the VCF has rendered decisions on 2,424 (43%) claims.

Amendments to Group A claims are considered part of Group B. The VCF continues to process amendments to Group A claims and has also received amendments and appeals to recently issued determinations on Group B claims.

The VCF has rendered 297 Group B revised compensation decisions on Group A claims and has rendered 32 revised decisions on Group B claims. In addition, 2,346 compensation amendments or appeals have been received and are pending review.

COMPENSATION FORMS – Group B Claims	As of December 31, 2016	As of December 31, 2015***
TOTAL Compensation Claims (Group B claims for which an Eligibility Form was also submitted)	10,438	4,499
Compensation claims submitted before August 1, 2016	8,862	4,499
Compensation claims submitted after August 1, 2016	1,576	
Claims with In-Process Eligibility Review	2,764	
Claims deemed Denied, Duplicate, Superseded or otherwise halted Eligibility review	2,034	
TOTAL Compensation Forms <i>from Group B claimants who have been deemed Eligible</i>	5,640	2,362
Group B Compensation Decisions Rendered*	2,424	
Personal Injury	2,385	
Claims for Deceased Individuals**	39	
Group B Compensation Claims Processing	3,216	
Compensation Claims not yet in Substantive Review	2,114	
Compensation Claims in Substantive Review	1,102	
Group B Revised Decisions	329	
Revised Decisions on Group B Claims	32	
Revised Decisions on Group A Claims	297	

* Statistics for compensation decisions rendered are subject to future revision based on adjustments for claim activity such as appeals and corrections.

** Statistics for Claims for Deceased Individuals includes only those claimants who died of causes directly related to their 9/11 eligible condition.

*** The number of Total Compensation Claims as reported in the Fourth Annual Status Report (published February 9, 2016) has been adjusted to remove the 9,131 Group A claims that were included in that report.



Table 7: Compensation Decisions by Categories of Conditions – Group B Claims

COMPENSATION FORMS	TOTAL	Claims with Cancer as the only Condition	Claims for only Non-Cancer Conditions	Claims with both Cancer and Non-Cancer Conditions
Compensation Decisions Rendered	2,424	419	1,617	388
Total Dollar Value	\$421,201,663.20	\$134,359,324.18	\$169,360,503.01	\$117,481,836.01

Table 8: Compensation Decisions Rendered – Group B Claims

(starting on June 30, 2016, which was the earliest possible date to render compensation decisions based on the expected availability of Group B funding)

COMPENSATION DECISIONS RENDERED	As of December 31 2016	Dollar Value
Decisions Rendered	2,424	\$421,201,663.20
Highest Amount		\$2,980,984.94
Personal Injury Claims		\$2,980,984.94
Claims for Deceased Individuals		\$2,493,170.21
Lowest Amount		\$86.07
Mean Dollar Value		\$173,763.06
Personal Injury Claims		\$165,740.43
Claims for Deceased Individuals		\$664,378.08

**Table 9: Compensation Decisions Rendered – Group B Claims
Compensation Amounts by Self-Reported Claimant Category**

(based on the category identified by the claimant at the time the Eligibility Form was submitted)

COMPENSATION DECISIONS RENDERED	As of December 31, 2016	Dollar Value
Responder – NYC	1,868	\$319,299,969.65
Responder – Pentagon	5	\$529,000.00
Responder – Shanksville	3	\$375,000.00
Non-Responder NYC – cleaning or maintenance work	99	\$12,503,365.43
Non-Responder NYC – other capacity	303	\$53,845,109.94
Resident within NYC zone	55	\$9,240,307.53
Attend school/childcare/adult care facility	6	\$3,010,984.92
NYC – Other Capacity*	15	\$5,374,388.63
Non-Responder – Pentagon	3	\$378,820.80
No Response	67	\$16,644,716.30

* Includes visitors, tourists, and any individual who was in the exposure zone during the relevant time period and is not included in another category.



Table 10: Group B Revised Decisions for Group A Claims by Categories of Conditions

COMPENSATION FORMS	TOTAL	Claims with Cancer as the only Condition	Claims for only Non-Cancer Conditions	Claims with both Cancer and Non-Cancer Conditions
Revised Compensation Decisions for Group A	297	16	185	96
Dollar Value of Revised Group A Decisions	\$28,414,279.61	\$3,048,101.30	\$14,223,593.84	\$11,142,584.47

Registration Information

An individual must timely register his or her claim based on deadlines set forth in the Zadroga Act and implementing regulations. By registering a claim, an individual preserves his or her right to file a claim any time before the VCF closes for submissions on December 18, 2020. Registration does not create an obligation or commitment to file a claim, and the Special Master expects that a large percentage of registrations will not result in claims being filed as they are either duplicates or were created by individuals who will eventually decide not to file a claim.

As of this report, 58,615 unique registrations (based on the victim's Social Security Number) have been submitted with the VCF. This number does not include incomplete registrations for which a corresponding claim has not yet been filed. Table 11 shows the breakdown of registrations by state based on the victim's state of residence.

Table 11: State-by-State Claim Distribution as of December 31, 2016

State		Count Registrations	Count Submitted Eligibility	Count Award Determinations
OUTSIDE US		334	126	48
Alabama	AL	94	37	17
Alaska	AK	<10	<10	
Arizona	AZ	189	87	44
Arkansas	AR	18	12	<10
California	CA	416	123	40
Colorado	CO	103	43	18
Connecticut	CT	525	173	74
Delaware	DE	107	50	22
District of Columbia	DC	43	<10	
Florida	FL	2,541	1,297	652
Georgia	GA	343	150	60
Hawaii	HI	18	<10	<10
Idaho	ID	<10	<10	<10
Illinois	IL	86	25	10
Indiana	IN	79	13	<10
Iowa	IA	<10	<10	<10
Kansas	KS	<10	<10	<10
Kentucky	KY	35	12	<10
Louisiana	LA	30	<10	<10



State		Count Registrations	Count Submitted Eligibility	Count Award Determinations
Maine	ME	46	22	<10
Maryland	MD	305	79	20
Massachusetts	MA	171	56	19
Michigan	MI	46	20	<10
Minnesota	MN	23	<10	<10
Mississippi	MS	10	<10	
Missouri	MO	48	20	<10
Montana	MT	11	<10	<10
Nebraska	NE	18	<10	
Nevada	NV	115	54	26
New Hampshire	NH	55	20	<10
New Jersey	NJ	5,376	2,035	851
New Mexico	NM	65	22	<10
New York	NY	55,654	19,368	8,953
North Carolina	NC	662	329	146
North Dakota	ND	<10	<10	<10
Ohio	OH	110	46	12
Oklahoma	OK	22	<10	<10
Oregon	OR	27	10	<10
Pennsylvania	PA	1,031	467	221
Puerto Rico	PR	19	<10	<10
Rhode Island	RI	29	12	<10
South Carolina	SC	392	228	113
South Dakota	SD	<10	<10	<10
Tennessee	TN	102	41	19
Texas	TX	244	90	44
Utah	UT	30	12	<10
Vermont	VT	24	12	<10
Virginia	VA	498	128	44
Washington	WA	49	11	<10
West Virginia	WV	32	10	<10
Wisconsin	WI	26	<10	<10
Wyoming	WY	<10	<10	<10

7. VCF Operations

In 2016, we continued our efforts to efficiently and accurately review claims, implement updates to our internal claims system, and work with claimants, counsel, and third parties to obtain information required to allow us to issue decisions on claims. Although claimants do not need an attorney in order to file a claim, approximately 82 percent of the claims submitted to date are from attorneys representing claimants.

This section highlights of our operational activities over the past year. For detailed information on the VCF's application process and claim review processes, including the methodology for calculating awards, please see the "[Policies and Procedures](#)" document, which can be found under "Forms and Resources" on the VCF website.



- *Continued policy of rendering decisions based on information available at the time the claim is reviewed:* Early on in the program, the VCF placed claims with incomplete submission on hold while waiting for claimants to submit missing information. During 2015, the VCF revised its procedures and issued determinations based on the information provided so that claimants would have the benefit of a determination. This practice continued in 2016 and proved to be very successful in our ability to issue decisions on claims, and claimants reacted positively to the change. If the claimant submits the additional information at a later date by amending their claim, the VCF will re-evaluate whether there is sufficient support for additional eligible loss.
- *Expanded facilities and staff:* A significant VCF staffing change in 2016 was the appointment of a new Special Master and Deputy Special Master, who are both dedicated full-time to the VCF. The VCF’s Washington, D.C. Office is the hub of our claim review activity and the various activities that support end-to-end claims processing. In February, during the hectic period following the reauthorization, we were required to move the D.C. office from the original site to a new location. Although the move did not occur at an ideal time, we are now in a larger space with additional capacity, which will be needed as we continue to expand our team. The VCF’s New York Office is the primary location of our appeals process and outreach activities, and continues to serve a critical role in maintaining a strong VCF presence where so many of our claimants still reside.

In addition to the claim review team, the VCF has teams who handle claim intake, file management, and payment activity. Our Helpline team works closely with claim reviewers, making it easier to provide callers with the most current information about their claim. Our payment team and quality review teams continue to ensure that award determinations are accurate, complete, and consistent within and across claims.

The table below shows the current breakdown of staff across the different teams. The numbers in parenthesis indicate members of that specific team who are included in the total count and are located in our New York office.

VCF Team	Staff Count Dec 2016
Special Master	1
Deputy Special Master	1
Director of New York Office	1 (1)
Claim Review Team	42 (1)
Document Intake Team	24
Helpline Team	9
Payment Team	12
Quality Review and Post-Decision Processing	4
Correspondence Team	5
Hearing Officers and Support Team	(10)
Program Support	13 (1)
Claims Management System (“CMS”) Team	24
Total	146



This report is the first to include a count of the members of our Claims Management System (“CMS”) team, who are located at our D.C. office and dedicated to the development, testing, maintenance, and enhancements of the online claims system used by claimants and VCF staff. This team also oversees all requirements related to security of our systems and data. As a point of comparison, we had 119 total staff at the end of 2015, not including members of the CMS team.

We continue to assess our resources against the volume of claim submissions and have recruited additional attorneys to expand the team in 2017.

- *Increase in appeals-related activity:* There was a significant increase in appeals-related activity in 2016. The VCF received 633 total requests for appeals in response to eligibility denials and compensation determinations. We held 324 hearings in 2016, compared to approximately 140 hearings in 2015, an increase of over 230%. This included 153 eligibility hearings and 171 compensation hearings.³ Nearly half (306) of the appeal requests did not result in a hearing. This occurred because counsel or the claimant reconsidered and withdrew the original request or because the VCF staff, when reviewing the claim in preparation for the hearing, determined that it was not a valid appeal and therefore cancelled the hearing and notified counsel or the claimant that the appeal request would be treated as an amendment.

The VCF rendered determinations on 244 appeals, for hearings held in 2015 and 2016.

In order to address the sharp increase in hearings-related activity and ensure the efficient processing of claims, the VCF expanded its appeals team to include a dedicated, specialized group of attorneys responsible for preparing pre-hearing materials, participating in hearings, advising Hearing Officers, and preparing post-hearing recommendations to the Special Master. The VCF also recruited additional Hearing Officers, who will begin their service in early 2017.

The VCF also updated its guidance regarding appeals and amendments to address confusion and questions from counsel regarding whether to pursue an appeal or file an amendment, depending on the issues presented, and published this information on the VCF website.

- *Continued enhancements to the administrative portal of the online system:* The VCF uses a claims processing system to support all aspects of claim management and review. We continued our efforts this year to enhance the system, including changes to accommodate the new claim form, expanded functionality to support the processing of Group A payments, enhancements to the way claims are routed for review, improved system response time, and enhanced search capabilities.

8. Public Communications and Partnerships

Continued Expansion of Public Resources for Information and Support

During our fifth year of operation, we continued to make it a top priority to communicate information about the Fund to members of those communities that had been affected by September 11th and to educate claimants about how the claims process works. With the many changes required by the reauthorization, our communications and outreach to claimants took on a heightened importance.

³ Eligibility appeals were held throughout the year. Group A compensation appeals were held from January through July, and Group B compensation appeals were held starting in August through December.



We continue to meet on a regular basis with claimants' attorneys to address specific questions regarding claims procedures and the mechanics of filing electronically. We convene regularly scheduled conference calls with attorneys from various law firms representing multiple claimants to solicit their feedback and incorporate their suggestions into our claims processing activities. We hold regularly scheduled "office hours" in our New York office during which attorneys can meet with us to discuss their claims. We email updates to the law firms as new information is posted to the website and have followed each monthly conference call with summarized notes that are posted on our website. The information posted to our website is available to all visitors to the website.

We also continued our highly successful outreach program to proactively contact claimants who are not represented by an attorney so that we can provide assistance in understanding the status of their claims and the information required to complete their claims. This includes routinely calling claimants to follow up on letters sent by the VCF, contacting claimants to discuss missing information needed on their claim, and helping claimants use the online claims system.

Our toll-free Helpline and the website continue to serve as a resource to claimants, potential claimants, and the general public:

- *Website:* The www.vcf.gov website includes step-by-step guidance for filing a claim, forms and resources, tip sheets and instructions, and dedicated content for law firms representing claimants. As noted in Section 4 above, we revamped our website over the past year, making it easier to navigate and find information, forms, and resources to assist in filing a claim.
- *Online claims management system and online claim form:* As noted in Section 4 above, one of our most significant accomplishments over the past year was the complete redesign of our online claims system and online claim form. These changes included:
 - Logic-driven questions were embedded into each section of the online claim form so that the system only prompts claimants to answer the specific questions that apply to their situation.
 - Improved functionality allows the user to upload and view documents from each screen in the claim, at any point in the process, with the documents immediately available for viewing along with all documents uploaded to date.
 - The Eligibility and Compensation milestones for new claims now move simultaneously, allowing for a more efficient review of the claim by ensuring a complete submission.
 - Private Physician forms were incorporated directly into the claim form to make it easier to submit with the claim, when applicable.
 - The number of documents required for processing a claim was reduced. The new, one page "Claim Form Signature page" replaces the former Attestations and Certifications A – I and Part X.
 - An improved and intuitive document checklist is automatically generated and tailored to the individual claim and shows what needs to be submitted in support of the claim based on how the questions are answered throughout the form.
 - New functionality was added to allow law firm users with multiple clients to filter claims based on the status of each milestone, conduct an advanced search on claims, export a list of claims, and review critical claim information via the new "Claim Details" section.



- *Languages:* Information about the reauthorization, instructions for filing a claim, FAQs, claimant resources, as well as other website content, are available in English, Spanish, Polish, and Mandarin. We redesigned the foreign language pages on our website, making it easier for visitors to find information, forms, and resources to help when filing a claim. We continue to offer foreign language support through skilled interpreters working with the Helpline.
- *Helpline:* Our toll-free Helpline is open Monday to Friday from 8:30 a.m. to 5:00 p.m. ET, except Federal holidays. After hours, callers can choose to listen to recorded information or leave a message, which will be returned the next business day.

The table below shows the approximate number of visitors to the VCF website and callers served by our Helpline each year since the VCF re-opened in 2011.

	10/3/2011 – 9/30/2012	10/1/2012 – 10/31/2013	11/1/2013- 9/30/2014	10/1/2014- 12/31/2015	1/1/2016 – 12/31/2016	Total
Website Visitors	73,000	282,500	245,749	414,303	458,583	1,474,135
Inbound calls to Helpline	5,600	32,900	33,439	49,836	37,817	159,592

Community Outreach

In our fifth year, we continued to reach out to claimants and their representatives through direct contact and collaboration with the 9/11 community. We are grateful for the continued support and feedback we receive from a wide range of government, health, legal, and civic groups that touch this community as we fulfill the promise of the Fund.

One of my first priorities as Special Master was to meet the representatives from the various groups who have been so supportive of the VCF’s work, and to begin to develop the relationships that will support our continued collaboration. I was pleased to be able to meet with members of the WTC Health Program Steering Committee, representatives of 9/11 Health Watch, the Fealgood Foundation, and various responder organizations, as well as a “meet and greet” with the law firms who represent claimants.

Examples of our outreach efforts over the past year include:

- *Events commemorating the 15th Anniversary:* It was a true privilege to participate, along with members of my leadership team, in several events commemorating the anniversary of 9/11, including “The Future of 9/11 Health 15 Year Commemorative Conference” sponsored by the New York Committee for Occupational Safety & Health (NYCOSH); the Voices of 9/11 15th Annual Information Forum; and the “WTCHP: 15 Years Beyond 9/11” conference. These forums provide us with insight into the challenges facing those most affected by the events of 9/11 and it is humbling to be able to meet and hear from survivors, family members, and those in the community who are dedicated to providing these individuals with the necessary support and services.
- *Collaborative outreach efforts:* Now that the VCF will accept claims until December 18, 2020, we are working to develop an expanded outreach plan focused on identifying potential claimants who may be eligible for compensation but are not aware the VCF exists. As part of this activity, we are collaborating with the WTC Health Program to include information about the VCF in an upcoming mailing to members, and identifying



other communications we may leverage. We have identified several dozen advocacy and interest groups as part of our outreach plan and will be partnering with them in the coming months to increase awareness of the VCF.

- *Working with government agencies and 9/11 interest groups:* My staff and I continue to be in close contact with key personnel at the New York City agencies most affected by the 9/11 attacks, including the Fire Department of New York and the New York Police Department, as well as various state and federal agencies, including the New York State Workers' Compensation Board and the Social Security Administration. We expanded our relationships over the past year with the WTC Volunteer Fund and the Public Safety Officers' Benefits ("PSOB") program to exchange information about claimants in a more efficient manner. Our contact with these groups provides an opportunity to communicate information about the Fund, as well as receive feedback about the claims process from these constituencies.
- *Relationship with the WTC Health Program:* We continued working closely with the WTC Health Program. We discussed the impact of the Reauthorized Zadroga Act on our programs and the opportunities that the reauthorization provides to expand and enhance our relationship to benefit both VCF claimants and WTC Health Program members. In addition, we started attending the monthly meetings of the WTC Health Program Steering Committee in order to hear firsthand about the enrollment, certifications, and other activities at the various Clinical Centers of Excellence ("CCEs") that are part of the WTC Health Program medical network; to better understand evolving trends across the program; to provide updates to committee members and other participants on VCF policies, procedures, and activities; and to address questions pertaining to the VCF that are raised by the CCEs.
- *Posting detailed program statistics:* Over the past year, we continued to post quarterly reports to our website, and updated the reports following the reauthorization to separate out statistics between Group A and Group B claims. Once we began issuing award decisions on Group B claims, we resumed posting the weekly updates with detailed statistics on our compensation decisions.

9. Administrative Costs

Administrative funding for the VCF became available in Fiscal Year 2012. Administrative funding comes from the VCF's total appropriation. The total appropriation is the same capped pool of funds available for awards. As such, I am committed to keeping administrative costs to a minimum while also minimizing the burden placed on claimants and their representatives, and maximizing claims processing speed and efficiency.

There are three categories of administrative costs for the Fund:

1. Recurring costs associated with VCF operations
2. System development and maintenance costs
3. Labor and contractor support costs

As of December 31, 2016, the first category, recurring costs associated with operations, totaled approximately \$8.4 million, or about 11 percent of total administrative costs. These costs include rent for office space in Washington, D.C. and in New York City. Costs also include equipment and services such as phone lines and internet access.

The second category, system development and maintenance, includes the development of enhancements to the system used by VCF staff to process claims and the ongoing maintenance



of the system. Over the past year, this also included the revamping of the online claim form and claims management system used by claimants, which as noted earlier was a significant effort due to the redesign of the claim form. As of December 31, 2016, costs associated with creating and maintaining the VCF's Claims Management System totaled approximately \$19.9 million, or about 26 percent of total administrative costs.

The third category, labor and contractor support costs, is ongoing and relates to the number of claims received and processed. As of December 31, 2016, labor and contractor support costs associated with the VCF operation totaled approximately \$47.1 million, or about 62 percent of total administrative costs. These costs include my salary as well as the salaries of Deputy Special Master Stefanie Langsam, Director of the NY Office Jordy Feldman, and the staff necessary to run VCF operations, answer calls to the Helpline, and work with claimants to complete unfinished and inactive claims. This category also includes attorneys in my office who review claims for eligibility and compensation and make recommendations for determinations.

10. Prioritization Mandate and Annual Reassessment of Policies and Procedures

An important component of the Reauthorized Zadroga Act is the requirement that the Special Master prioritize claims for victims who are determined by the Special Master to be suffering from the most debilitating physical conditions. The statute provides that such individuals should not be unduly burdened by procedures necessary to maintain the aggregate funding cap. I have interpreted this requirement to mean that the available funds should be prioritized for those with the most debilitating conditions. Therefore, non-economic loss awards for such claims are at the higher end of the range of awards and non-economic awards for those with less serious conditions are at the lower end of the range of awards.

In order to ensure that the prioritization mandate is upheld, the Act also includes the following requirement: *"Beginning 1 year after the date of enactment of the James Zadroga 9/11 Victim Compensation Fund Reauthorization Act, and each year thereafter until the Victims Compensation Fund is permanently closed under section 410(e), the Special Master shall conduct a reassessment of the agency policies and procedures developed under clause (i) to ensure that such policies and procedures continue to satisfy the requirements under subclauses (II) [total expenditures do not exceed the amount of available funds] and (III) [the prioritization of claims for those suffering from the most debilitating physical conditions] of such clause. If the Special Master determines, upon reassessment, that such agency policies or procedures do not achieve the requirements of such subclauses, the Special Master shall take additional actions or make such modifications as necessary to achieve such requirements."* This annual reassessment is intended to identify, as early in the VCF's operations as possible, whether or not adjustments need to be made to VCF policies and procedures in order to ensure that the VCF's limited funding is available to compensate those with the most debilitating illnesses.

The first year after the date of enactment ended on December 18, 2016, and this is the first annual report that includes the required reassessment. I have interpreted the statutory mandate to mean that each year, the VCF shall estimate, to the extent possible, the total awards for claims that have been submitted but not yet decided as well as the projected population of future claims to be submitted and their corresponding estimated awards. The VCF will also estimate the total administrative costs through the end of the program. These projections, together with the total amount awarded to date and the total administrative costs to date, will be compared to the total VCF funding to assess whether or not the available funds will be sufficient to cover the anticipated total awards and administrative costs. If I conclude that the available funding will not be sufficient to cover future awards and operational costs, I interpret the Act to



require that I reassess the policies and procedures applied to claim evaluation in an effort to reduce the likelihood that the funds will be exhausted before all claims are paid, and to increase the availability of funds to those individuals with the most debilitating physical conditions.

Estimates and Projections

Because this is the first annual reassessment under the reauthorization, our first step was to create the methodology to calculate the various estimates and projections. Our methodology and results are set forth in this section of the report.

Use of Historical Data and Trend Analysis. The methodology adopted in this first reassessment is based on two distinct modes of analysis that yielded two sets of estimates and projections of the characteristics of a future claimant pool. In reviewing the information available to the VCF, we initially used historical data as of December 31, 2016, to support our projections but quickly came to the realization that relying on historical data alone was insufficient to support a reasonable projection of future claim activity because of the significant changes in the program over the years, including the enactment of the reauthorization. Accordingly, where applicable, we have identified trends evidenced in more recent data, including data accumulated since December 31, 2016, and adjusted the estimates and projections derived from the historical data in an effort to provide what we believe may be a more realistic picture of future projected claim activity. At each step of the methodology, we have provided an explanation of the assumptions and trends that led us to generate the trend-based estimate instead of relying strictly on data derived from the historical performance of the VCF. Using both the historical data and the trend-based adjustments, the reassessment identifies a range of total awards for claims that have been submitted but not yet decided, as well as the projected population of future claims to be submitted and their corresponding estimated awards. The two methodological approaches are labeled throughout the discussion below, with the **historical data-based projections** identified in **blue**, and the estimates derived after making a **trend-based adjustment** identified in **red**.

In developing the trend-based estimates, we attempted to be faithful to the trends we are seeing in the data and in the submissions made by claimants to the VCF, but also cautious. These estimates, by their nature, contain some amount of guesswork, particularly given the short period of time that has passed since reauthorization and the correspondingly short period of time in which we have been able to analyze trends. We anticipate that in future reassessments, the information derived from historical data and the estimates based on our analysis of more recent trends will begin to converge as the VCF adjusts to the changes wrought by the reauthorization and to the alterations in our claimant population and award determinations. Accordingly, we expect that future reassessments will provide a more accurate picture of future claims, awards, and administrative costs, allowing us to better evaluate whether VCF policies and procedures need to change in order to fulfill our statutory mandates.

The Starting Point. Given the significant research already completed by the WTC Health Program into the population of individuals impacted by 9/11, and because the populations we serve overlap extensively, we decided to leverage its data and analysis as a starting point for our estimates.⁴ One important distinction between the two programs is that the WTC Health

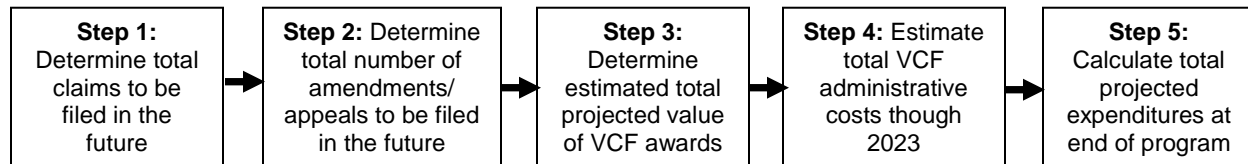
⁴ The use of WTC Health Program data, historical data of VCF program activity to date, trends identified in the most recent activity, and a slightly different methodology, means that the projections described here differ somewhat from previous projections generated by the Congressional Budget Office and the VCF. For reference, those projections (and the assumptions they incorporate) are available at <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/costestimate/s928ltr.pdf>, and <https://www.vcf.gov/pdf/Zadrogafund2013-0128.pdf>, respectively.



Program makes a distinction in its services and statistics between responders and survivors,⁵ whereas the VCF does not make a distinction between the two “categories” of claimants in the application process or in the calculation of awards. We therefore reviewed the WTC Health Program data in aggregate for the entire potential population of its members and our claimants.

Methodology

The methodology used to estimate the VCF’s total expenditures at the end of the program includes five high-level steps:



Each step and the corresponding sub-steps are explained below. Where useful, we have included a callout box that includes a summary of the calculation completed in that step. *All numbers and calculations have been rounded to make it easier to read and verify the approach taken and the outcome of each step.*

Step 1: Determine total number of VCF claims to be filed in the future.

a. Projected enrollment of WTC Health Program (“WTCHP”) members who have a physical condition.

We began with the projected total enrollment of WTC Responders and Screening- and Certified-eligible Survivors as estimated by the WTC Health Program for each year from FY2016-FY2020 and as shown in lines 1-3 in Table 1 on the following page.

Because the VCF only compensates for eligible physical conditions, we then calculated the percentage of WTC Health Program members who are certified only for a psychological condition. Based on data from the WTC Health Program, 2,724

Step 1-a: Projected enrollment of WTCHP members with a Physical Condition		
	Historical Data-Based	Trend-Based Adjustment
WTCHP Total Enrollment As of October 2016	76,316	
Members with only Psychological Condition (3.57%)	<u>-2,724</u>	
Total Current WTCHP Members with Physical Condition	73,592	

Projected Total WTCHP Enrollment as of FY2020	88,972	
Projected Members with only a Psychological Condition (3.57%)	<u>3,176</u>	
Total Projected WTCHP Members with Physical Condition by FY2020	85,796	94,376

⁵ The WTC Health Program defines a member as an individual who is enrolled in the WTC Health Program as a responder, certified-eligible survivor, screening-eligible survivor, or eligible family member of an FDNY responder. Responders are defined under Section 300mm-21(a) of the Zadroga Act as individuals who “performed rescue, recovery, demolition, debris cleanup, or other related services in the New York City disaster area in response to the September 11, 2001, terrorist attacks, regardless of whether such services were performed by a State or Federal employee or member of the National Guard or otherwise” and otherwise meet eligibility criteria set forth by the WTC Program Administrator. Responders are eligible for services that include preventive monitoring and treatment at a range of WTC Health Program Clinical Centers of Excellence (“CCEs”), whereas survivors, who are defined under Section 300mm-31 of the Zadroga Act as an individual who is not a WTC responder, are only eligible for treatment once symptoms of illness are evident and are treated at a limited number of CCEs. The VCF makes no distinction between responders or survivors when evaluating a claim.



members have only a psychological condition. This equates to 3.57% of the WTC Health Program current member population, which we assume will remain a constant percentage for purposes of future year projections as shown in line 4 of the table.

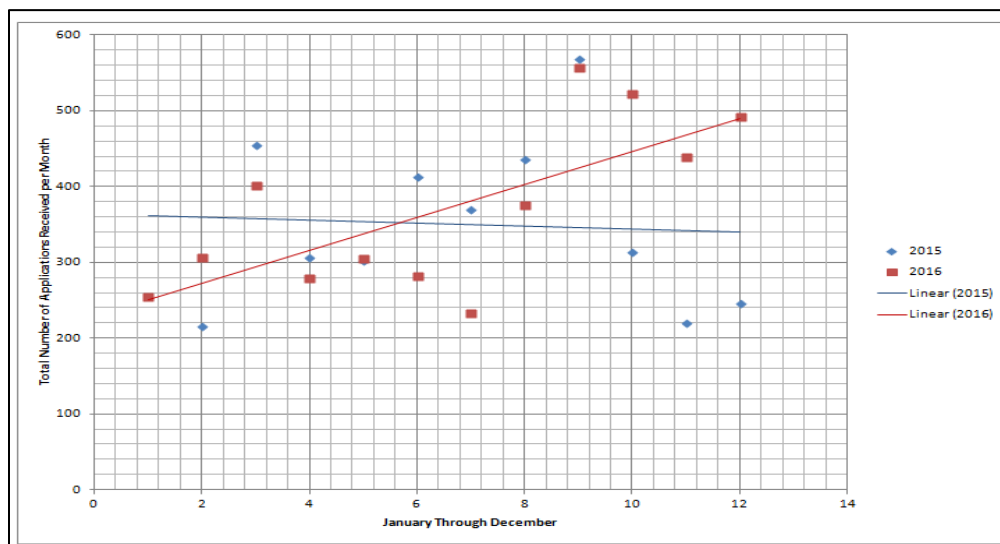
We then adjusted the estimated total enrollment numbers in line 3 by 3.57% to determine the projected enrollment of members who are certified for at least one eligible physical condition. This number is shown by year in line 5 of Table 1 below and is used as the basis for the historical data-based projections of total VCF claims to be filed before the deadline of December 18, 2020.

Table 1: WTC Health Program Projections

	WTCHP Projections	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1	WTC Responders	66,095	68,182	70,269	72,356	74,443
2	Screening- and Certified-Eligible Survivors	10,221	11,298	12,375	13,452	14,529
3	Total	76,316	79,480	82,644	85,808	88,972
4	Percentage with Psychological Conditions Only	3.57%	3.57%	3.57%	3.57%	3.57%
5	Total members with Physical Conditions - Based on Historical Data	73,592	76,643	79,694	82,745	85,796
6	Total Members with Physical Conditions - Adjusted for Recent Trends (10% increase over Line 5)	80,951	84,307	87,663	91,019	94,376

In looking at more recent trends, however, we noticed a significant increase in WTC Health Program enrollments in recent months and a clear trend towards higher enrollments. Figure 1 below shows the comparison of monthly WTC Health Program enrollment applications in 2015 and 2016:

Figure 1: WTC Health Program Monthly Total Applications Received





Accordingly, in order to reflect this trend, the trend-based estimate accounts for a 10 percent increase in the projected number of WTCH Health Program enrollees with physical health conditions over the historical data projection. These numbers are shown year-by-year in Row 6 of Table 1.

b. Projected number of WTC Health Program Members who will register with the VCF.

Our next step was to determine how many WTC Health Program members are likely to file VCF claims. Given that the majority of the VCF’s claimant population are also members of the WTC Health Program, we compared our current number of unique registrations to the WTC Health Program’s count of members as the best analogous proxy for estimating our total future registrations.

To estimate this number from the historical data, we first determined the total number of unique VCF registrations (based on the victim’s social security number) submitted as of October 3, 2016. This is the date for which data is available that falls closest to the WTC Health Program’s government fiscal year numbers for FY2016, which ended on September 30, 2016. This number, 58,615, was then compared to the adjusted enrollment number in line 5 of Table 1 for FY2016 to determine the estimated percentage of WTC Health Program members who have registered with the VCF based on the historical data. The estimated percentage was calculated to be 80%.

We then applied the 80% estimated percentage to the WTC Health Program FY2020 historical data-based adjusted projection in line 5 of Table 1 to determine the projected total number of unique VCF registrations expected to be submitted by FY2020. This number, 68,637, accounts for the expected total VCF registrations from 2011 through 2020, based on historical data, including registrations for claims already submitted and those that have already been decided. We used the same 80% registration rate to determine the trend-based projection of 75,501 expected total VCF registrations for the same period.

In addition, in generating the trend-based estimate, we accounted for factors not included in the WTC Health Program data. Specifically, that data does not account for the percentage of VCF claimants who are not participants in the WTC Health Program. Historically, 16 percent of VCF-eligible claimants are not participants in the WTC Health Program. We have also heard anecdotally that the final VCF claimant population may include a greater proportion of survivors (i.e., those who lived, worked, or otherwise spent time in the WTC Exposure Zone during the relevant time period) than those who have filed to date. This anecdotal trend is supported by the difference in VCF data between those claimants who received Group A awards and those who are in Group B: in Group A, of the awards paid, over 84% of claimants self-identified themselves on the claim form as responders. In Group B (for awards paid as of December 31, 2016), that percentage dropped to just over 77%. Thus, for our trend-based projection, because

Step 1-b: Projected number of WTCHP Members who will Register with the VCF		
	Historical Data-Based	Trend-Based Adjustment
WTCHP Members with Physical Conditions (as of Oct 2016)	73,592	
Current unique VCF Registrations as of Oct 2016	58,615	
Enrollment Percentage	80%	

Projected WTCHP Members with Physical Condition by FY2020	85,796	94,376
Enrollment Percentage	80%	80%
Projected Total VCF Registrations as of FY2020	68,637	75,501
Adjustment for Projected Increase In Survivor Registrations as of FY 2020 (15%)		86,826



survivors participate in the WTC Health Program at a lower rate than responders, we anticipate that the percentage of VCF claimants who are not participants in the WTC Health Program will increase. We therefore adjusted the trend-based projection of VCF registrations to account for an additional 15% increase.

c. Projected total VCF claims to be filed between 2011-2020.

Many individuals who register with the VCF do not file a claim. Historically, only 40% of registrations have turned into actual claim submissions based on VCF data from 2011-2016. To account for this in the historical-data derived estimate, we calculated the total cumulative claims to be submitted by FY2020 as 40% of the total unique registrations, or 27,455.

Our final step in generating a historical data-derived estimate was to subtract the 25,318 VCF Eligibility forms that have already filed (as of December 31, 2016) from the 27,455 total estimated claims to be filed to determine the estimated

number of claims remaining to be filed in the future. It is important to note that this estimate is based on Eligibility submissions as an indicator of a claim filing, regardless of whether the claimant has also filed a corresponding Compensation form.

In looking at more recent trends, however, we determined that the historical percentage of registrations that have converted to submitted claims seemed low compared to expectations and claimant activity since the 2015 reauthorization of the VCF. VCF claimants were not able to submit claims between January 30, 2016, and July 31, 2016, when the claim form was not available while we implemented the changes required by the reauthorization and updated the claimant portal. But, between August 1, 2016, when the claimant portal reopened, and March 1, 2017, over 2,000 new claims have been submitted, and over 2,100 compensation forms have been submitted by claimants who had previously submitted only their eligibility form using the old claim form. The number of claims submitted each month continues to increase, and on average, monthly submissions are almost 45% higher over monthly submissions in 2015. We will monitor the conversion of registrations to submitted claims to identify any significant changes over the coming year and update future reassessments accordingly. In the meantime, for purposes of the trend-based estimate, we adjusted the percentage of registrations that we expect will result in claim filings with the VCF to 50% in order to account for the more recent trends.

Step 1-c: Projected total VCF claims to be filed between 2011-2020		
	Historical Data-Based	Trend-Based Adjustment
Projected VCF Registrations as of FY2020	68,637	86,826
Percentage of VCF Registrations with a claim filed as of Oct 2016	40%	50%
Projected total VCF Claim Filings as of FY2020	27,455	43,413
Less Claims already Filed	- 25,318	-25,318
Projected new VCF claims to be filed through FY2020	2,137	18,095

Step 1 Output: Estimated number of new VCF claims to be filed in the future:
Based on Historical Data: 2,137
Trend-Based Adjustment: 18,095



Step 2: Determine total number of amendments and appeals (revisions) to be filed in the future.

A claimant may amend – or revise – a claim at any time if the victim is certified for a new condition, has a new loss associated with an eligible condition, or if a claimant who previously submitted a Personal Injury claim passes away from an eligible condition. The VCF also considers any change to the award following an appeal as a revised decision on the claim.

With this in mind, our next step was to calculate the historical percentage of Group A and Group B claims for which an amendment or appeal was filed on the claim after the initial award decision was rendered. To calculate this historical percentage, we counted all

Group A and Group B revisions that have been filed, including those that are still pending a revised determination, using data through December 31, 2016. We compared the count of revisions submitted to the total claims with an initial award determination rendered, and calculated that 28% of claims have historically amended or appealed and received a revised award as a result.

More recent trends, however, again suggest that the number of potential amendments may be undercounted if we rely only on historical data to support our projections. There are 3 reasons a claimant may amend a claim: (1) the victim is diagnosed with a new condition; (2) there is a new loss associated with an eligible condition; or (3) the victim passed away after filing a Personal Injury claim and a new Deceased claim is filed. The percentage of amendments is expected to increase over time, particularly where it is due to the victim’s death. In fact, between August 1, 2016, when the VCF began accepting claims forms, and March 1, 2017, over 2,500 amendments have been filed, which is almost as many amendments as were filed in all prior years combined. The number of appeals has also increased: as discussed in Section 7 of this report, we held 324 appeal hearings in 2016, compared to approximately 140 hearings in 2015, an increase of over 230%.

Although these are significant increases, because of changes in the statute relating to Group B award amounts and changes in policy consistent with the Reauthorized Zadroga Act’s directive to prioritize claims from claimants with the most debilitating conditions, it is likely that although more amendments may be filed, a lower percentage of them will actually result in an increased award. As a result, we very conservatively adjusted the historically-derived percentage of 28% to 30% in an effort to account for more recent trends.

Our next step was to apply these percentages to the estimated total number of claims expected to be filed through FY2020, which includes pending claims and the estimated future filings, to determine the expected number of future amendments/appeals. This count was not adjusted for expected denials and \$0.00 award claims as those claimants will have the right to amend or appeal. This means for purposes of this specific calculation, all future claim filings are assumed to result in an initial award.

Step 2: Estimated number of future Amendments and Appeals (revisions)		
	Historical Data-Based	Trend-Based Adjustment
Projected VCF Claim Filings as of FY2020	27,455	43,413
Percentage of Revisions	28%	30%
Projected VCF Revised awards as of FY2020	7,687	13,024
Current pending Revisions as of Oct 2016	- 2,346	- 2,346
Revisions already Decided	- <u>885</u>	- <u>885</u>
Projected Number of Future Revisions to be filed through FY2020	<u>4,456</u>	<u>9,793</u>



Our final step was to subtract the number of current pending amendments/appeals (as of December 31, 2016) and the number of revised awards already issued to determine the projected numbers of amendments/appeals yet to be decided.

Step 2 Output: Estimated number of revisions to be filed in the future:
Derived From Historical Data: 4,456
Trend-Based Adjustment: 9,793

Step 3: Determine estimated total projected value of VCF awards.

a. Estimated number of claims needing an initial determination.

Our next step was to determine the projected total dollar value of all awards at the end of the program when the VCF closes. We started by focusing on initial determinations, meaning the claimant's first award from the VCF.

In generating our historically-derived estimates, we began with the 27,455 total claims calculated in Step 1 above. This total includes claims that have already been filed (with and without an award determination already issued) and future expected claim filings. Recognizing that some number of these claims will be denied or will be approved for eligibility but will have a \$0.00 award determination,

we calculated the historical percentages for both of these scenarios. Our data shows that 23% of claims are denied and 10% of eligible claims result in a \$0.00 award. These percentages were then used to determine the total number of claims that will not receive an award, and the numbers were then deducted from the total projected claim filings to determine that 19,026 claims will receive an award.

Step 3-a: Estimated number of claims needing an Initial Determination		
	Historical Data- Based	Trend-Based Adjustment
Projected VCF Claim Filings as of FY2020	27,455	43,413
23% Denied Claims	<u>- 6,315</u>	<u>- 9,985</u>
Remaining Claims with Awards	21,140	33,428
10% \$0.00 Award Claims	<u>- 2,114</u>	<u>- 3,343</u>
Projected total number of Claims that will receive an award	19,026	30,085
Claims with Awards Issued	<u>- 11,549</u>	<u>- 11,549</u>
Projected Number of claims still needing an Initial Award Determination	<u>7,477</u>	<u>18,536</u>

From here, we subtracted the 11,549 total number of claims with awards already issued as of December 31, 2016 (including \$0.00 awards) to determine that 7,477 claims remain for which an award will need to be determined in the future.

Recent trends have not suggested any reason to adjust these assumptions. As a result, for purposes of determining our trend-adjusted estimate, we applied the same formulas to the 43,413 projected total claims calculated in Step 1 above.

b. Estimated dollar value of future initial award determinations.

There are two main factors that influence the amount of a VCF award: (1) whether or not economic loss is awarded; and (2) whether the claim is a Personal Injury ("PI") claim or a claim for a victim who died of a 9/11-related eligible condition ("Deceased claim"). In order to account for these factors in our projections, we calculated the following historical percentages by category across all claims with awards issued as of December 31, 2016:

1. PI claims with Economic Loss awarded: 18.37%



2. PI claims with Non-economic Loss only: 81.15%
3. Deceased claims with Economic Loss awarded: 0.25%
4. Deceased claims with Non-economic Loss only: 0.23%

In developing our historical data-based estimate, we applied these percentages to the projected number of future claims for which an initial award decision will be rendered in the future (as calculated in Step 3-a above) to calculate the count of future claims by category. We then calculated the average award by category based on all Group B claims decided to date, including Group B amendments for Group A claims, and multiplied the average award by the count of claims expected to fall within each category to determine the total estimated awards by category as shown in Table 2-a below.

Table 2-a: Estimated Value of Future Initial Award Determinations by Category – Historical Data-Based
based on 7,477 total projected claims needing an initial award determination

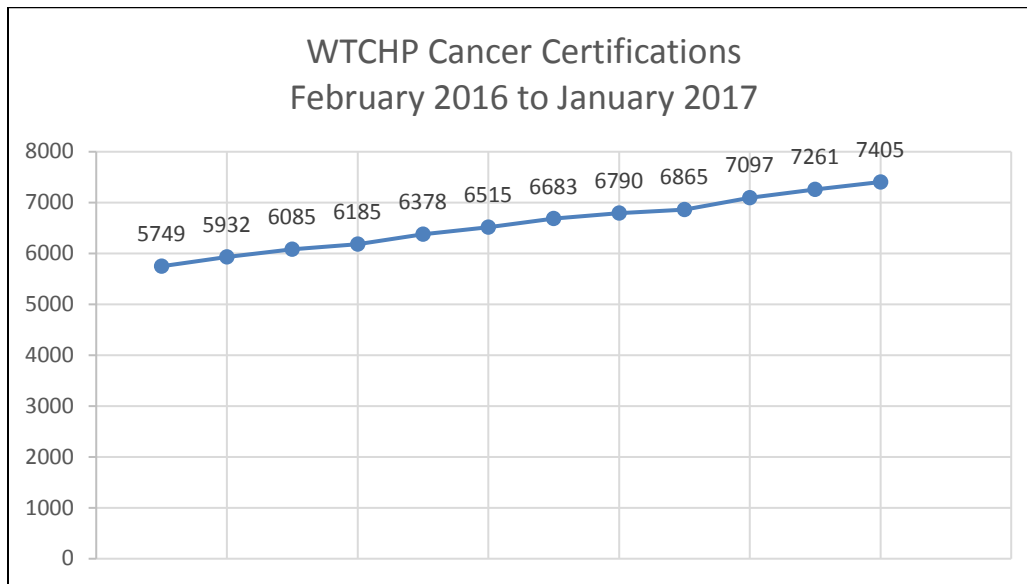
	Average Award	% of Claims	Estimated count of Future Claims	Estimated total Future Initial Awards
PI claims - Economic Loss awarded	\$515,074.62	18.37%	1,373	\$707,197,453.26
PI claims - Non-economic Loss only	\$103,090.73	81.15%	6,068	\$625,554,549.64
Deceased claims - Economic Loss awarded	\$1,008,472.53	0.25%	19	\$19,160,978.07
Deceased claims - Non-economic Loss only	\$308,215.24	0.23%	17	\$5,239,659.08
TOTAL	N/A	100%	7,477	\$1,357,152,640.05

In considering more recent trends, however, we expect the number of deceased claims to increase for several reasons: (1) as a consequence of the passage of time as we get farther from the events of September 11 and claimants suffering from serious conditions succumb to those illnesses; (2) because data provided by the WTC Health Program and other sources suggests that rates of serious illnesses, and particularly cancers, within the populations served by the Program and by the VCF are increasing as shown in Figure 2 on the following page;⁶ and (3) because some of the most serious health conditions potentially associated with environmental exposure to toxins at the WTC site have long latency periods before the diseases begin to manifest (mesothelioma, for example, tied to asbestos exposure, has a latency period of 15 to 20 years).

⁶ The numbers refer to the total number of certifications issued by the WTC Health Program, not the total number of unique individuals with cancer. One individual may have more than one cancer condition, resulting in more than one cancer certification.



Figure 2: WTCHP Cancer Certifications – February 2016 to January 2017



VCF data demonstrates that while awards were issued on 56 Deceased claims as of December 31, 2016 (less than one percent of all awarded claims), nearly 14 percent of all pending compensation claims are Deceased claims. The WTC Health Program, moreover, reports that more than 1,000 people have died since the attacks.⁷ This account is anecdotal, as the Program does not collect data on mortality rates or on cause of death, but these factors taken together suggest that the historical percentages of Deceased claims receiving VCF awards as a percentage of all claims is low. As a result, in developing our trend-based estimate, we adjusted the percentages on the assumption that deceased claims will ultimately comprise approximately 6.5% of the total awards made in the VCF as shown below and in Table 2-b:

1. PI claims with Economic Loss awarded: 15.37%
2. PI claims with Non-economic Loss only: 78.15%
3. Deceased claims with Economic Loss awarded: 3.25%
4. Deceased claims with Non-economic Loss only: 3.23%

Table 2-b: Estimated Value of Future Initial Award Determinations by Category – Trend-Based Adjustment
based on 18,536 total projected claims needing an initial award determination

	Average Award	% of Claims	Estimated count of Future Claims	Estimated total Future Initial Awards
PI claims - Economic Loss awarded	\$515,074.62	15.37%	2,849	\$1,467,447,592.38
PI claims - Non-economic Loss only	\$103,090.73	78.15%	14,486	\$1,493,372,314.78
Deceased claims - Economic Loss awarded	\$1,008,472.53	3.25%	602	\$607,100,463.06
Deceased claims - Non-economic Loss only	\$308,215.24	3.23%	599	\$184,620,928.76
TOTAL	N/A	100%	18,536	\$3,752,541,298.98

⁷ See "9/11's Second Wave: Cancer and Other Diseases Linked to the 2001 Attacks Are Surging," *Newsweek*, Leah McGrath Goodman, Sept. 7, 2016.



c. Estimated dollar value of future revised award determinations.

Our final input is the calculation of the number of amendments/appeals remaining to be decided that will result in an increased award and the estimated dollar value of those awards. To determine this number, we started by calculating the historical percentage of revisions that resulted in a \$0.00 increase using historical data for both Group A and Group B revisions. This percentage, 48%, was then applied to the count of remaining revisions to be filed (4,456 as calculated in Step 2) to determine that 2,139 claims will file an amendment or appeal but will not receive an award increase, leaving 2,317 amendments or appeals that will result in an award increase. For the trend-based estimate, we applied the same 48% figure relating to the projected number of revisions where awards would remain unchanged to determine that 4,700 (48% of 9,793) amendments or appeals will result in an award increase.

We then calculated the average award amount of revised decisions by category, using the same categories as shown in Tables 2-a and 2-b. We based the average calculations on those revisions where an increase due to a revision was greater than \$0.00 based on Group B revised decisions, including Group B revisions on Group A claims, issued as of December 31, 2016, since all future revisions will be based on the Group B calculation methodology. For the trend-based adjustment, in order to again account for the expected increase in Deceased claims, we applied a similar adjustment to the percentage of claims in each category as we did with the calculation of the initial award determinations. Tables 3-a and 3-b show the details of these calculations.

Table 3-a: Estimated Value of Future Revised Award Determinations by Category – Historical Data-Based

based on 2,317 projected future revised awards as of FY2020

	Average Revised Award Amount	% of Revisions	Estimated count of Future Revisions	Estimated Total Future Revised Awards
PI revisions - Economic Loss awarded	\$388,461.65	25.6%	593	\$230,357,758.45
PI revisions - Non-economic Loss only	\$116,952.32	72.5%	1,680	\$196,479,897.60
Deceased revisions – Economic Loss awarded	\$472,110.00	1.3%	30	\$14,163,300.00
Deceased revisions – Non-economic Loss only	\$1,172,694.77	0.63%	14	\$16,417,726.78
TOTAL	N/A	100%	2,317	\$457,418,682.83

Table 3-b: Estimated Value of Future Revised Award Determinations by Category – Trend-Based Adjustment

based on projection of 4,700 future revised awards as of FY 2020

	Average Revised Award Amount	% of Revisions	Estimated count of Future Revisions	Estimated Total Future Revised Awards
PI revisions - Economic Loss awarded	\$388,461.65	22.6%	1,061	\$412,157,810.65
PI revisions - Non-economic Loss only	\$116,952.32	69.5%	3,267	\$382,083,229.44
Deceased revisions – Economic Loss awarded	\$472,110.00	4.3%	202	\$95,366,220.00
Deceased revisions – Non-economic Loss only	\$1,172,694.77	3.63%	170	\$199,358,110.90
TOTAL	N/A	100%	4,700	\$1,088,965,370.99



d. Calculate total estimated projected awards at the end of the VCF.

Using the outputs from the previous steps, our final calculation was to add the estimates for future initial and revised awards together with the total actual awards (initial and revised) issued as of December 31, 2016, to calculate the total projected dollar value of all awards when the VCF closes in 2021.

Step 3-d: Total projected Awards at the end of the VCF Based on Total awards (initial and revised)		
Awards Issued as of Dec 31, 2016		\$2,241,003,048.74
	Historical Data-Based	Trend-Based Adjustment
Total projected Future Initial Awards	\$1,357,152,640.05	\$3,752,541,298.98
Total projected Future Revised Awards	\$457,418,682.83	\$1,088,965,370.99
Estimated Total Value of all awards at Program end	\$4,055,574,371.62	\$7,082,509,718.71

Step 3 Output: Estimated total value of all awards at end of Program:
Based on Historical Data: \$4,055,574,371.62
Trend Based Adjustment: \$7,082,509,718.71

Step 4: Estimate total projected VCF administrative costs through 2022.

The total funding for the VCF covers both the awards paid to claimants and the administrative costs to operate the program. As a result, the total administrative costs must be estimated through the end of the program in order to calculate the total overall estimated expenditures when the program closes. For purposes of these estimates, we assume the program will close on December 31, 2022, which equates to the first quarter of Government FY2023. This allows for time after the December 18, 2020, filing deadline for all claims to be processed and paid, including the influx of claims expected to be filed at the deadline, and for proper archiving of files and systems and activities required for program shut down.

a. Historical administrative costs to date.

Our starting point for these estimates is the historical data for administrative costs each year since the VCF re-opened in October 2011. These costs are shown in Table 4 below. Costs incurred in Fiscal Years 2012 and 2013 are combined as was done in the Second Annual Report published in November 2013.

Table 4: Historical VCF Administrative Costs to Date

	FY2012- FY2013	FY2014	FY2015	FY2016
Total Costs	\$23.2 million	\$16.2 million	\$18.2 million	\$17.9 million
TOTAL Administrative Costs to Date:	\$75.5 million			

b. Projected administrative costs through FY2023.

Using this historical information, we considered the expected increase in future years, given the volume of claims to be processed, our anticipated staffing levels needed to process the claims to completion, and the changes that are planned for our internal claims processing system. We projected staffing needs to account for an increase in FY2017 as we work to clear the claim backlog, then a gradual decrease to a level that allows for review of claims as they are



submitted (based on the estimates for claim filings discussed in Step 1 above with the assumption that claims are submitted at a steady rate each month), followed by an increase again as the program nears the claim filing deadline in FY2021 when we expect an influx of claims and amendments to be submitted. We project to maintain this increased staffing level through FY2022, followed by a reduction in the first quarter of FY2023 as we complete all required shutdown activities.

Similarly, we projected increased information technology development costs in FY2017 and 2018 for planned improvements to our internal claims processing system, but then scaled back these costs to account only for annual increases in operations and maintenance costs. Table 5 below shows our estimated costs each year through the end of the program.

Table 5: Projected Future VCF Administrative Costs

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total Estimated Costs by Year	\$25.4 million	\$24.5 million	\$21.5 million	\$21.1 million	\$24.4 million	\$24.7 million	\$8.9 million
TOTAL Projected Future Administrative Costs:					\$150.5 million		

While we would expect the total administrative costs to increase consistent with an increase in the number of claims filed with the VCF, for purposes of this projection, we did not adjust our anticipated administrative costs to account for the trend-based adjustments identified above. Thus, our final step in calculating the total administrative costs is to add the costs to date and projected costs as shown here:

Total Administrative Costs to Date:	\$75.5 million
Total Projected Administrative Costs	\$150.5 million
TOTAL EXPENDITURES AS OF DECEMBER 31, 2023	\$226.0 million

Step 4 Output: Estimated total administrative costs as of December 31, 2023: \$226.0 million

Step 5: Calculate total projected expenditures at end of program.

The final step in our projections is to add the total estimated awards and the total projected administrative costs to calculate the expected total expenditures over the life of the program.

	Based on Historical Data	Trend-Based Adjustment
Total Estimated Awards – Initial and Revised	\$4,055,574,371.62	\$7,082,509,718.71
Total Projected Administrative Costs	\$226,000,000.00	\$226,000,000.00
TOTAL EXPENDITURES AS OF DECEMBER 31, 2023	\$4,281,574,371.62	\$7,308,509,718.71



Step 5 Output: Estimated total expenditures as of December 31, 2023:
Based on Historical Data: \$4,281,574,371.62
Trend-Based Adjustment: \$7,308,509,718.71

Conclusions Regarding Reassessment of Policies and Procedures.

Based upon the methodology and projections outlined above, I have concluded that no changes are needed at this time to VCF policies and procedures in order to comply with the statutory mandate to prioritize claims for those claimants suffering from the most debilitating conditions. With a total appropriation of \$7.375 billion available to the program, the current historical data-based projection of \$4.28 billion estimated total expenditures provides sufficient room to continue to apply the VCF's current policies and procedures without risk of deviating from our statutory mandates. While the \$7.31 billion estimate derived from adjusting that historical data-based projection to account for currently observable trends approaches the total amount of the currently available appropriation, the assumptions used to account for those trends are fluid and currently based on only a very small period of observation of VCF activity (in some cases, dating from the December 18, 2015, date of enactment of the Reauthorized Zadroga Act, but in other cases, dating only from the August 1, 2016 release of the new claim form). As discussed above, the composition of claims submitted to the VCF, and the potential outlays the program faces, are changing rapidly and are difficult to predict accurately into the future so soon after the reauthorization. Accordingly, we will continue to carefully monitor program data, and will provide updated assessments, which we expect in future years will provide more accurate projections of the VCF's ultimate total expenditures. These future projections will allow me to make a more refined assessment of whether changes to the VCF's policies and procedures should be considered.

11. Report Summary

The publication of this report caps off an eventful year in the history of the Fund, which brought major changes and significant successes. I am very pleased with our accomplishments this year, but, as always, I recognize that there is much work that remains to be done and that many of those who suffer as a result of the 9/11 terrorist attacks continue to wait for compensation. I strongly believe that the accomplishments of 2016 as outlined in this report have laid the foundation for even greater success in 2017.

I look to the coming year with a focus on reducing the length of time it takes to render a decision on a claim once the claim form and all required supporting documents are submitted. I am also committed to reducing the length of time it takes for decisions to be issued once a hearing is held. We are also planning a substantial outreach effort in 2017 to try and reach potentially eligible individuals who are not aware of the program or their potential eligibility for compensation. And finally, we will continue to work closely with our partners such as the WTC Health Program to ensure we are doing everything possible to support those whose lives were forever changed by the events of September 11, 2001.