

Attachment E: Assumptions Used in Analysis of Adequacy of Fund B

Parameter

Initial Conditions	Estimate for FDA Positive Participants	Estimate for All Participants Potentially Eligible for Matrix (FDA Pos + Mild MR)
mild AR (no MR) initially	0.67	0.190
mod AR initially	0.093	0.026
Sev AR initially	0	0.000
level II AR initially	0	0.000
mild MR initially	0	0.717
mod MR initially	0.19	0.054
Sev MR initially	0.0423	0.012
Level II MR initially	0.0047	0.001
Transition Probabilities	Estimate	
Regression: Mild to <mild AR	0.01	
Regression: Mod to mild AR	0.01	
Regression: Sev to Mod AR	0	
Years that regression occurs	3	
Years of progression to matrix	15	
mild to mod AR	0.015	
mod to sev AR	0.015	
mod to level II AR	0	
sev to level II AR	0.03	
sev to level III AR	0.03	
level II to level III AR	0.2	
sev to level IV AR	0.02	
level II to level IV alive AR	0.02	
Level III to Level IV alive AR	0.03	
Level III to V alive	0.01	
Level IV to V alive	0.05	
Relative Risk (RR) Level I to dead AR	1	
RR Level II to dead AR	1	
RR Level III to dead AR	4	
RR Level IV to dead AR	10	
RR Level V to dead AR	12	
Regression: Mild to <mild MR	0.005	
Regression: Mod to mild MR	0.005	
Regression: Sev to Mod MR	0	
Years that regression occurs	3	
Years of progression to matrix	15	
mild to mod MR	0.015	
mod to sev MR	0.015	
mod to level II MR	0	
sev to level II MR	0.03	

sev to level III MR	0.03
leve II to level III MR	0.2
sev to level IV MR	0.02
level II to level IV alive MR	0.02
Level III to Level IV alive MR	0.03
Level III to Level V alive MR	0.01
Level IV to V alive MR	0.05
Relative Risk (RR) Level I to dead MR	1
RR Level II to dead MR	1
RR Level III to dead MR	4
RR Level IV to dead MR	10
RR Level V to dead MR	12
prop death (non valve) per year	Gompertz equation

Participant and Fund Parameters

Average age	45
% on matrix with coexisting or alternative causes	25%
Fund apprec Rate	1.06
Matrix Interest Rate	1.02
Administration cost rate	2%
% on matrix with derivative claimants	100%
% recovery of up-front litigation payments	9%
Initial Fund B deposit	\$650,000,000
Initial litigation payments	\$229,000,000
Annual New MAPA Years 2-15	\$182,863,000
New MAPA Year 16	\$480,000,000
