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## PMSI SETTLEMENT SOLUTIONS<sup>SM</sup> FORECASTS AN INCREASE IN REJECTION OF MEDICARE SET-ASIDES BY CMS

*Industry Leader Believes Allocation of Drug Costs Adds Significant Uncertainty  
and Expense to Medicare Set-Asides*

Tampa, Florida (July 22, 2009) – PMSI Settlement Solutions, a leading provider of solutions for the liability and workers' compensation markets, today responded to the results of the recent California Workers' Compensation Institute (CWCI) study on how the Centers for Medicare and Medicaid Services' (CMS) stepped-up enforcement of Medicare Set-Aside (MSA) rules will impact payers.

The CWCI report shows a vast difference between what insurers and employers allocate for future medical costs in set-asides versus the amount the CMS will approve. Preliminary findings from the CWCI study show that CMS rejected 27% of the proposed MSA submissions because they were too low, and insurers and employers had to increase their allocation of future medical expenses by 38% more than their original estimates.

The study was completed prior to the implementation of CMS' new prescription allocation review guidelines—guidelines which PMSI believes will make settling many claims cost prohibitive given that the prescription allocation has traditionally comprised 26% of the total allocation. PMSI believes the study supports its position that a failure to revise the current guidelines will lead to even higher rejection rates and underestimation of MSA allocations than those contained in the CWCI study.

“The publication of the results of this study underlines our concerns about the impact of the proposed methodology for prescription drug review in MSAs on overall allocation costs,” says Dr. Kent Takemoto, President of PMSI Settlement Solutions. “The ambiguity in the current set of published CMS drug review guidelines virtually guarantees a much higher rejection rate of MSAs and an increase in the prescription component of the allocation to 40% or greater of the total allocation cost. Payers want to be compliant and have accurate allocations – but they do not want to over allocate and they do not want to have to submit allocations multiple times before they are approved.”

PMSI has developed an extensive position paper outlining suggested scientific, evidence-based improvements to the existing CMS guidelines. This paper leverages PMSI's 33 years of pharmacy cost containment expertise and the company's extensive database of drug expenditures from millions of injured workers. PMSI Settlement

Solutions has also formed a coalition of payers. The coalition is actively appealing to CMS to adopt revised guidelines in order to increase the accuracy and consistency of MSAs, decrease rejections and prevent the over allocation of drug costs. In addition to its advocacy efforts and ongoing dialogue with CMS, PMSI maintains a best in class comprehensive Drug Utilization Review (DUR) program to document and support prescription drug allocations.

**About PMSI Settlement Solutions:**

PMSI Settlement Solutions is recognized as a pioneer in Medicare Set-Aside allocations. PMSI Settlement Solutions offers a comprehensive menu of services for workers' compensation and liability/no-fault auto claims that are focused on settling claims in the most timely, cost-effective manner and in compliance with all government requirements. On-staff specialists are experts in lien negotiations, future medical cost projections and allocation preparation for cases in workers' compensation and liability. PMSI Settlement Solutions is a division of PMSI, one of the nation's largest providers of specialty managed care services and products for workers' compensation and liability markets. To learn more about PMSI Settlement Solutions, our services and web-enabled, integrated capabilities visit us at [www.pmsisettlement.com](http://www.pmsisettlement.com) or call us at 888.MSA.PMSI.

**About PMSI:**

PMSI is one of the nation's largest full-service providers of clinically-driven services for Pharmacy, Settlement Solutions, and Medical Services and Equipment, and is devoted exclusively to the workers' compensation and liability markets. For over 33 years, PMSI has led the industry and served as the trusted resource for thousands of insurance payers, state workers' compensation funds, employers, and third-party administrators. Today, PMSI continues its leadership position by managing millions of pharmacy, medical services and equipment, and settlement transactions each year. For more information, please refer to the PMSI website at [www.pmsionline.com](http://www.pmsionline.com).

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