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PMSI SETTLEMENT SOLUTIONSSM APPEALS TO CMS ON DRUG REVIEW METHODS IN MEDICARE SET-ASIDES

Mobilizing Industry Experts to Revise CMS' Recently Instituted Requirements

Tampa, Florida (June 4, 2009) – PMSI Settlement Solutions, a leading solutions provider for liability and workers' compensation claims, today announced its initiative to address payor concerns regarding the Centers for Medicare and Medicaid Services (CMS) new prescription drug requirement associated with Medicare Set-Asides (MSA's). As part of this initiative, PMSI Settlement Solutions will work with government affairs experts, industry consultants and other interested payors.

In a memorandum dated April 3, 2009, CMS stated that all future workers' compensation MSA prescription drug pricing methodologies are to be allocated at the Average Wholesale Price (AWP) for that particular drug only. No other pricing, discounting or calculation methods will be recognized or accepted, *except* the inclusion of generic pricing *only* if a current generic is available. On June 2, CMS provided guidance that tapering of medications will be considered if the treating physician believes it is possible, that expiration of drug patents for name brand drugs may be considered for discounting and drug utilization review will be considered.

"These new revised criteria incorporate some of the review standards that PMSI has espoused. However, other CMS review criteria will grossly inflate the allocation of future drug costs, which in turn will adversely impact the payors' ability to settle claims," commented Dr. Kent Takemoto, President, PMSI Settlement Solutions. "Furthermore, these inflated future drug cost allocations are not a true representation of 'taking Medicare's interests into consideration,' which is the clear legislative intent of the Medicare Secondary Payer Act."

Utilizing scientific and evidence-based rationale, PMSI Settlement Solutions and industry experts will address the issues of concern and recommend an alternative drug review methodology that will provide for fair and equitable allocations. As part of this process, this effort will encourage CMS to take into consideration the many factors that impact price including: AWP pricing versus other benchmarks, use of formularies, contraindications of medications, card programs, and duplication of therapy as well as duration of therapy and future availability of generic products.

PMSI Settlement Solutions' mission is to educate CMS on these issues and to help enable payors to continue to settle claims based upon accurate pharmacy expenditure projections. PMSI is uniquely qualified to lead this effort given its 33 years of experience as a leader in providing services to the Workers' Compensation market as well as the company's cross-industry expertise in MSA allocations and Pharmacy Benefit Management.

"We are appealing directly to CMS to reevaluate its current drug pricing methodologies and make improvements to reflect current review standards of practice," Takemoto concluded. "Without addressing this, CMS will restrict payors' ability to obtain accurate future drug allocations which will be detrimental to employers, insurers, third party administrators and injured parties alike."

PMSI has published a Perspective, "Reaching Out for a Common Resolution," documenting the affect of the new CMS drug review Policy on workers' compensation and liability claims. For more information on the issue and to download a copy of the PMSI Perspective, visit the PMSI Settlement Solutions website at www.pmsisettlement.com.

About PMSI Settlement Solutions:

PMSI Settlement Solutions is recognized as a pioneer in Medicare Set-Aside allocations. PMSI Settlement Solutions offers comprehensive solutions for liability and workers' compensation claims that are focused on closing claims accurately, quickly and in compliance with all government requirements. On-staff specialists are experts in future medical cost projections and allocation preparation for cases in workers' compensation and liability. PMSI Settlement Solutions is a subsidiary of PMSI, the nation's largest providers of specialty managed care services and products for workers' compensation and liability markets. To learn more about PMSI, our solutions and web-enabled, integrated capabilities, visit us at www.pmsisettlement.com or call us at 888.MSA.PMSI.

About PMSI:

PMSI is one of the nation's largest full-service providers of Pharmacy, Settlement Solutions, Medical Services and Equipment, and Clinical Services devoted exclusively to the workers' compensation and liability markets. For over 30 years, we have led the industry and served as the trusted resource for thousands of insurance payors, 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.

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