

## For Immediate Release

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### **California Legislature Passes PacificComp-Sponsored Resolution; Efforts Heighten to Bring Necessary Reforms to the Medicare Secondary Payer Law**

**Agoura Hills, CA (July 18, 2011)** – Pacific Compensation Insurance Company (PacificComp), California Workers' Comp Specialist®, sponsored and applauds the passage of Assembly Joint Resolution (AJR) 12, calling upon the U.S. Congress and President Barack Obama to enact key reforms to the Medicare Secondary Payer (MSP) law.

The latest reform bill, H.R. 1063 or the Strengthening Medicare and Repaying Taxpayers (SMART) Act of 2011, will bring increased efficiency to the current MSP system and facilitate faster repayment of amounts owed on Medicare beneficiary claims. A broad coalition of business groups, public entities, and advocates for accident victims and workers' compensation claimants support these reforms, and as a result, AJR 12 unanimously passed in the California Legislature.

“Medicare Secondary Payer issues create confusion around amounts owed to Medicare, drive up claims costs, and contribute to inefficiencies in a workers' compensation system already plagued with delays,” said Jim Little, President and CEO of PacificComp. “It is in everyone's best interest to establish a fair, timely, and more effective process to settle claims involving injured employees who are Medicare beneficiaries or soon will be. Working as part of a broad business and consumer coalition, PacificComp's ongoing efforts in Sacramento and in Congress underscore our commitment to make these costs more manageable for our insureds.”

AJR 12 is part of a national effort spearheaded by the Medicare Advocacy Recovery Coalition (MARC) to get the SMART Act to President Obama's desk this year. This new legislation

proposes several changes to the MSP Act and to reporting under Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA).

“Recently in Washington, D.C., the Subcommittee on Oversight and Investigations of the House Energy and Commerce Committee heard from claims payers on the need to reform the MSP program. This provided an important opportunity for Congressional policymakers to hear firsthand of the problems associated with the current processes,” said Mark Webb, vice president and assistant general counsel for PacificComp. “The SMART Act will benefit all parties—including Medicare, payers, and claimants who seek compensation for their injuries. We deeply appreciate both Assembly Member Jose Solorio’s leadership and Insurance Commissioner Dave Jones’ support on this issue, as we work with the MARC Coalition to bring about change.”

A key problem in the current MSP process is not being able to obtain an exact reimbursable conditional payment before the Medicare beneficiary’s claim is settled. The process is time-consuming and cumbersome, involving multiple steps and various recovery contractors working for the Centers for Medicare & Medicaid Services (CMS), and parties are forced to settle claims with only an interim estimate of CMS’ conditional payment amount.

The SMART Act supports Medicare’s need for reimbursement, but aims to establish a streamlined and clear process for determining the amount owed to Medicare prior to settlement; provide payers with a right of appeal; mitigate the strict language in Section 111’s penalty provision; create safe harbors for “good faith” reporting of claims to Medicare to avoid substantial penalties; ease the requirement to disclose Social Security numbers and health insurance card numbers; establish a three-year statute of limitations on Medicare recovery efforts, and establish sensible recovery thresholds.

### **About Pacific Compensation Insurance Company**

Pacific Compensation Insurance Company (PacificComp) is a specialty writer of workers’ compensation insurance. Based in Agoura Hills, PacificComp provides workers’ compensation insurance coverage exclusively through brokers for California companies. The company leverages the latest technology to provide broker partners with 24/7 access and unprecedented

convenience to efficiently close, retain, and renew more business. PacificComp is a wholly owned subsidiary of Alleghany Corporation (NYSE: Y). For more information, visit [www.pacificcomp.com](http://www.pacificcomp.com).

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