



# MEDICARE & THE FUTURE OF WORKERS COMPENSATION

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**CAS 2010 Spring Meeting**

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# Agenda



## History

Medicare Secondary Payer Statute/SCHIP

Life Care Plan

Medical Set a Side

Effect on Reserves

Where's the \$

Level the Playing Field

Next Steps

- 
- Medicare created in 1965 as America's "NHI"
  - Modeled after "fee for services"
  - Eligibility based on age/disability
  - U.S Dept of Health & Human Services [HHS]
  - Centers for Medicare & Medicaid [CMS]

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- 1972 expanded eligibility to under 65
  - 1977 HCF established to administer CMS
  - 1980 MSP statute covers auto, liability & no-fault
  - 1988 Medicare Catastrophic Act [repealed]

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- 2003 Medicare Prescription Drug Improvement & Modernization Act [MMA]
  - 2003-2004 CMS publishes “memoranda’s”  
WCMSA’s
  - 2004 COBC repository for MSA’s
  - 2004-2005 Medicare RX discount cards

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- 2006 Prescription drugs part of MSA's [Part D]
  - 2007 Medicare-Medicaid-SCHIP Extension Act
  - 2008 – 2010 Congress continues to file reconsiderations



## MSP

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- 2005 Medicare paid \$330B to 42.5M
  - Current payments 3.2% of GDP
  - Without reform by 2080 11% of GDP
  - Industry will “ PAY IT’s FAIR SHARE”



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- Estimate of the future medical needs
  - Developed by certified medical expert
  - Utilized by claims to project future needs
  - Not the end all

## MSA

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- Document utilized to evaluate future costs
  - Should be work in progress
  - Reviewed for approval by CMS
  - Presented to WC Commissions at settlement

## Effect of Reserves

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- Industry lives & dies by it's reserves
  - Enormous discrepancies
  - Necessities unplanned increases
  - Adjusters becoming gun-shy

## Where's the \$

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- No rational for the increases
  - Dueling medical experts ??????????????
  - “Can we talk here”
  - Drugs for life....crystal ball

## Level the Playing Field

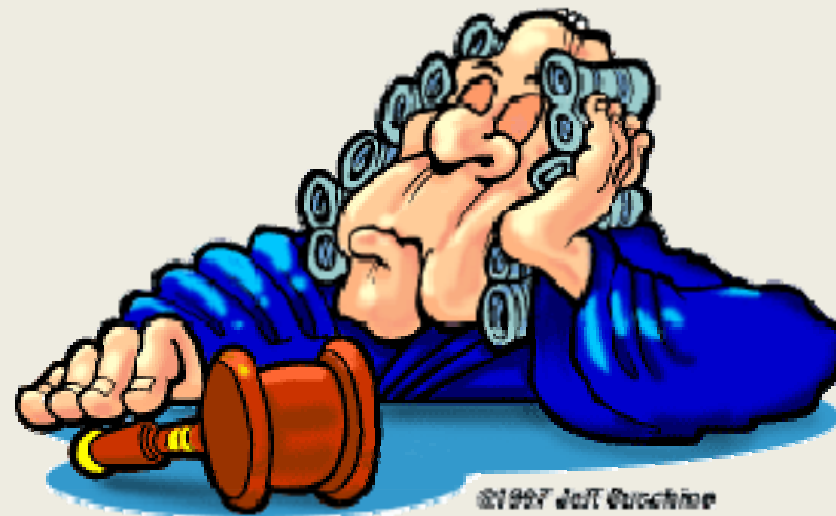
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- Establish rules of engagement
  - Ground rules that are fair & equitable
  - Right of appeal that is binding
  - Adhere to realistic values
  - Agree to disagree

## Next Steps

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- Develop open dialogue with CMS
  - Work with Industry Groups towards change
  - Accept responsibly for past
  - Eliminate arbitrary & capricious decisions
  - Court Remedy



# *Right To Settle*







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