

For Immediate Release

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California Legislature Passes PacificComp-Sponsored Resolution Calling on Congress to Reform Medicare Secondary Payer Law

Agoura Hills, CA – September 29, 2010 – Pacific Compensation Insurance Company (PacificComp), California Workers' Comp Specialist®, applauds the passage by the California Legislature of Assembly Joint Resolution 42, authored by Assembly Member Jose Solorio (D-Santa Ana). The Resolution calls upon the U.S. Congress and President Barack Obama to enact H.R. 4796, the Medicare Secondary Payer Enhancement Act (MSPEA) of 2010. AJR 42 was sponsored by PacificComp, passed the California Legislature unanimously, and supported by a broad coalition of business groups, public entities, and advocates for accident victims and workers' compensation claimants.

“We began to see Medicare Secondary Payer issues as an emerging cost driver last year,” said Jim Little, President and CEO of Pacific Compensation, “As the workforce ages, these costs are only going to increase for employers, and overall workers' compensation medical costs will go up with them. Our efforts in Sacramento and in Congress are part of a broad business and consumer coalition, and they aim to make these costs more manageable for our insureds.”

AJR 42 is part of a national effort spearheaded by the Medicare Advocacy Recovery Coalition (MARC) to get H.R. 4796 to President Obama's desk this year. H.R. 4796 proposes several changes to the Medicare Secondary Payer Act and to the reporting under Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007.

“The objective of H.R. 4796 is to establish a fair and prompt process for all concerned, so there are no unnecessarily delays in the resolution of claims,” said Mark Webb, vice president and assistant general counsel for PacificComp. “This bill will benefit all parties, including Medicare, payers, and claimants seeking compensation for their injuries. As a result, we’re encouraging lawmakers to support H.R. 4796 and work to see this bill become law.”

Under the Medicare Secondary Payer (MSP) Act, payers must allocate a portion of claim settlements to cover future medical expenses for Medicare-eligible beneficiaries. The amount set aside is determined on a case-by-case basis. Medicare may review and challenge claim settlements. Without H.R. 4796, the MSP process creates significant uncertainty, unpredictability, cost inflation, and delays in the settlement process.

H.R. 4796 supports Medicare’s need for reimbursement, but aims to establish a streamlined process for resolving how much is owed to Medicare prior to settlement, create safe harbors for good faith reporting of claims to Medicare so as not to trigger substantial penalties, establish sensible recovery thresholds, provide payers with a right of appeal, clarify the statute of limitations on Medicare recovery efforts, and exclude the reporting of Social Security numbers and health insurance card numbers from the reporting process.

About Pacific Compensation Insurance Company

Pacific Compensation Insurance Company (PacificComp), formerly Employers Direct Insurance Company, is a specialty writer of workers’ compensation insurance. Based in Agoura Hills, we provide workers’ compensation insurance coverage exclusively through brokers for California companies. Founded in 2002, 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 us online at www.pacificcomp.com.

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