



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS CONTINUATION FUND

ANNUAL REPORT

July 1, 2020 – June 30, 2021



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS  
CONTINUATION FUND

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**EXECUTIVE SUMMARY**

The Pennsylvania Insurance Department's Bureau of Special Funds (Bureau) manages and oversees the administration activities of the Catastrophic Loss Benefits Continuation Fund (CAT Fund). The Bureau has the fiduciary responsibility to assure that all eligible claimants receive benefits in accordance with the Motor Vehicle Financial Responsibility Law (MVFRL). The MVFRL was enacted February 12, 1984 and amended by Act 24, which created the continuation of the CAT Fund on July 1, 1989.

A third-party administrator, Inservco Insurance Services, Inc. is contracted to manage the claims administration activity on a daily basis. The current contract has been in effect since July 1, 2020.

The CAT Fund has the fiduciary responsibility to continue providing benefits to all eligible claimants and to evaluate any new applications for benefit eligibility. These claims are administered in a manner consistent with the MVFRL and the insurance industry's best claim practices to include:

- Researching and investigating the eligibility of new CAT Fund applicants in accordance with the eligibility criteria set forth in the MVFRL
- Recommending payment of CAT Fund benefits in a timely manner for medical treatment and rehabilitative services, in excess of \$100,000, deemed medically necessary, reasonable and accident related
- Recommending denial of CAT Fund benefits for services which do not meet the criteria
- Working closely with the CAT Fund and legal counsel should a denial be appealed and disputed/tried at the Insurance Department's Administrative Hearings level
- Transferring all invoices for CAT Fund benefits deemed medically necessary, reasonable, and accident related that are recommended for payment to the Commonwealth for payment by the Commonwealth's Department of Treasury
- Seeking Fund approval for recommended expense payments for other related services such as legal fees, and other allocated expenses, etc.

As of June 30, 2021, the CAT Fund had an outstanding claim reserve of \$63,870,191. Ongoing claim reviews and re-evaluation assist the Bureau and the Bureau's actuary in determining the appropriate dollar funding requirements to meet the CAT Fund's fiduciary responsibility.

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**FUND BACKGROUND**

*In accordance with the Motor Vehicle Financial Responsibility Law (MVFRL) enacted on February 12, 1984 and amended by Act 24 on July 1, 1989, the Pennsylvania legislature established the Catastrophic Loss Benefits Continuation Fund (here forward referred to as CAT Fund). Coverage is provided by the CAT Fund for eligible individuals who suffered catastrophic losses arising from the maintenance or use of a motor vehicle on or after October 1, 1984 to June 1, 1989, with limited eligibility through December 31, 1989*

The CAT Fund assures that all eligible claimants receive benefits funding in accordance with the Motor Vehicle Financial Responsibility Law (MVFRL).

The CAT Fund has the fiduciary responsibility to provide claims investigation and timely payment of medical benefits to any claimant deemed eligible in accordance with the MVFRL. The CAT Fund's purpose is to ensure that every eligible claimant of the Fund is treated fairly in accordance with MVFRL's requirements, and to complete its responsibilities in a cost effective, cost efficient and responsible manner.

The MVFRL 75 Pa. C.S. created the Catastrophic Loss Trust Fund effective October 1, 1984. Act 144 of 1988, 75 Pa C.S. 1761-1769, repealed the provisions of the MVFRL but it did not address the continuation of benefits under the funding established by the MVFRL. Act 4 of 1989, 75 Pa. C.S. 1798.1 and 1798.2 terminated eligibility effective June 1, 1989 and provided for limited continued eligibility through December 31, 1989.

Act 24 of 1989 created the continuation of benefits for those individuals who were catastrophically injured in accordance with

the MVFRL. In addition, Act 24 imposed surcharges on motor vehicle violations (such as speeding tickets and moving violations) ranging from \$30 to \$300 and required the monies be used to pay for the continuation of benefits and administration of the CAT Fund. Act 13 of 2002 redirected these surcharges to a different Commonwealth program effective January 1, 2004.

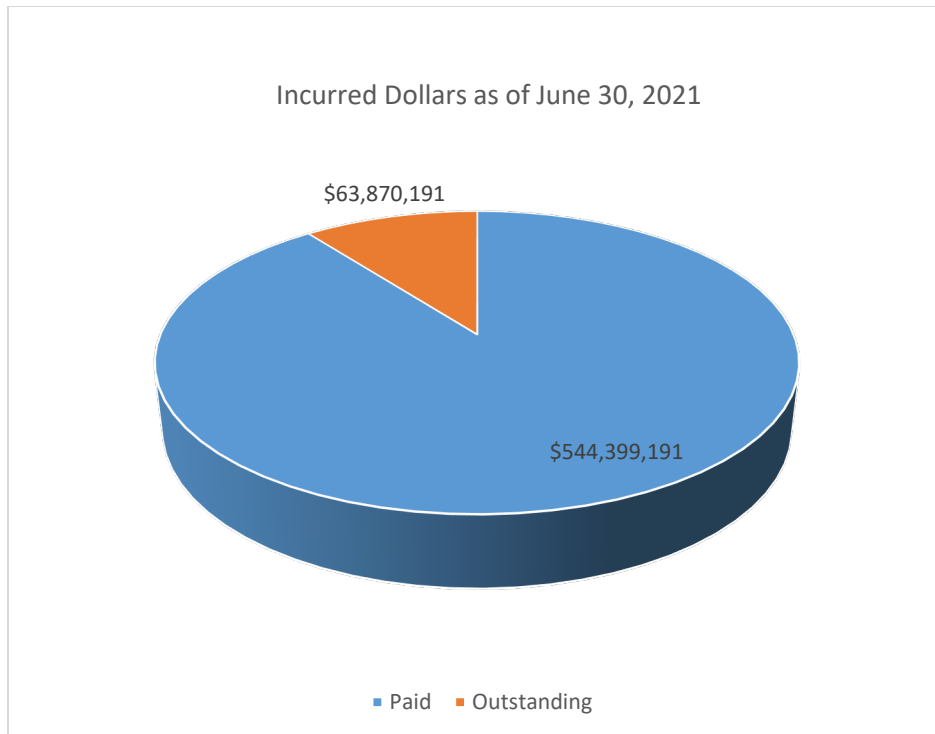
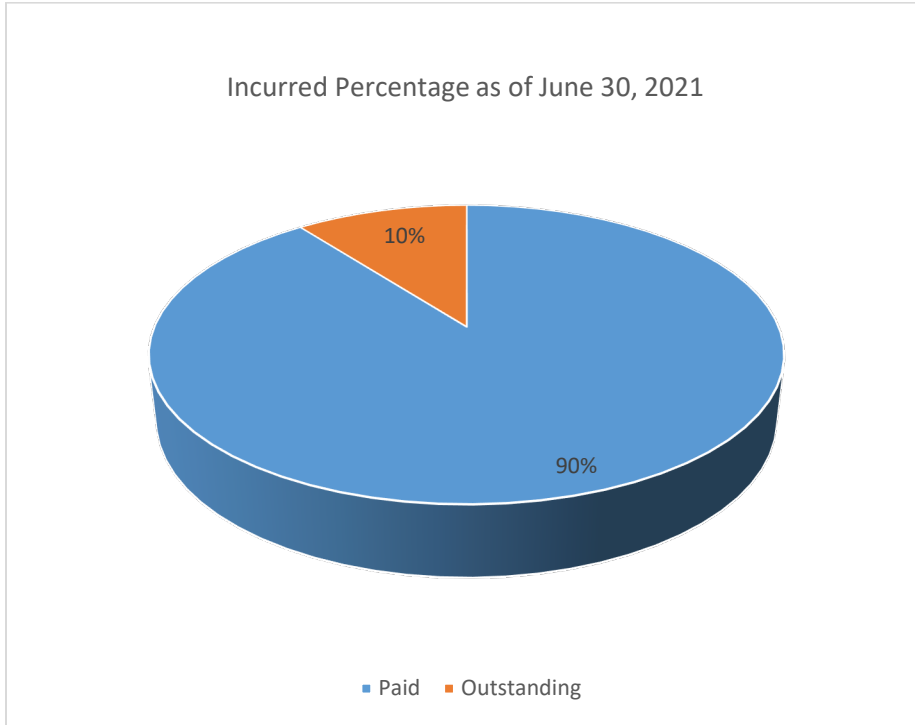
As of June 30, 2021, since its inception, the CAT Fund has provided a total of \$544,399,191 in benefits for medical treatment and rehabilitative services on behalf of 1,884 eligible claimants.

The Pennsylvania Insurance Department's Bureau of Special Funds oversees the administration of the CAT Fund. A contracted third-party administrator, Inservco Insurance Services provides claims administration services for the CAT Fund.

Today, a similar benefit called the Extraordinary Medical Benefit is offered by law through automobile insurance as a voluntary coverage. To find out more about the Extraordinary Medical Benefit, contact your insurance agent or insurance carrier.

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Total Paid and Outstanding Benefit Dollar



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**BENEFIT ELIGIBILITY**

An individual who has suffered injuries in a motor vehicle accident may apply for CAT Fund benefits if the individual meets the following eligibility criteria:

1. The individual was a resident of this Commonwealth at the time of the accident.
2. The injury was the result of the maintenance or use of a motor vehicle and the accident occurred on or after October 1, 1984, and prior to June 1, 1989. Eligibility may continue between June 1, 1989 and December 31, 1989 only if the accident involved a motor vehicle for which the CAT Fund fee had been paid and the accident occurred during the registration year for which the charge was paid. Other restrictions may apply.

*The most motor vehicle injuries eligible for CAT Fund benefits occurred in 1988 (512) followed by 1987 (440) and 1986 (396). Today 57.1 percent of the open eligible claimants are between ages of 41 and 60.*

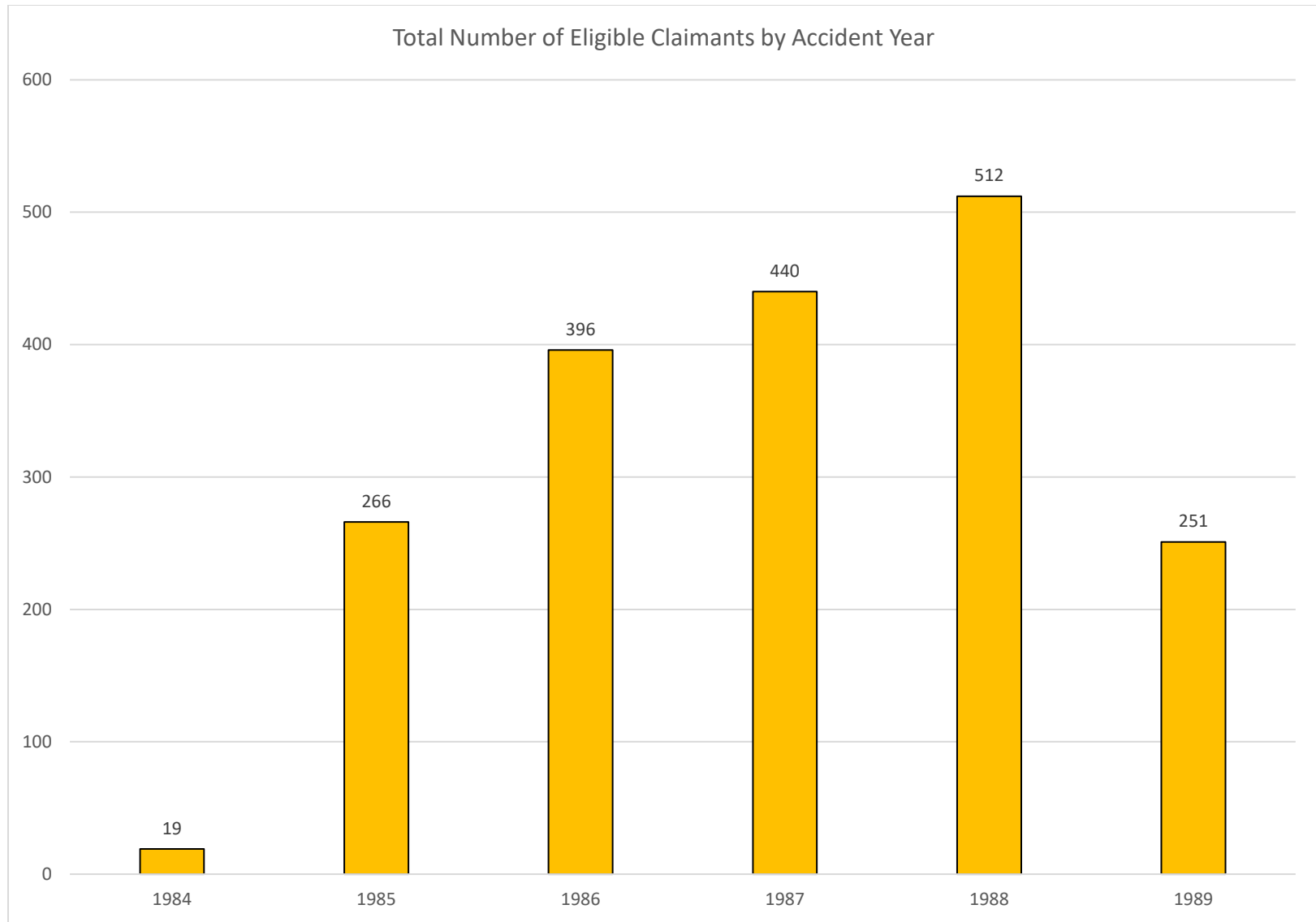
3. The auto accident occurred in the United States, its territories or possessions or Canada.
4. The injured person was not the driver or occupant of a recreational vehicle not intended for highway use, a motorcycle, a motorized pedal cycle, a motor-driven cycle or any vehicle required to be registered under 75 PA.C.S (relating to the Vehicle Code) but not subject to the CAT Fund charge.
5. As a result of the motor vehicle accident, the individual incurred reasonable and medically necessary medical and rehabilitative expenses exceeding \$100,000.

*The majority of the injuries sustained by the CAT Fund claimants are of a catastrophic nature and include head injuries, multiple fractures, quadriplegia and paraplegia.*

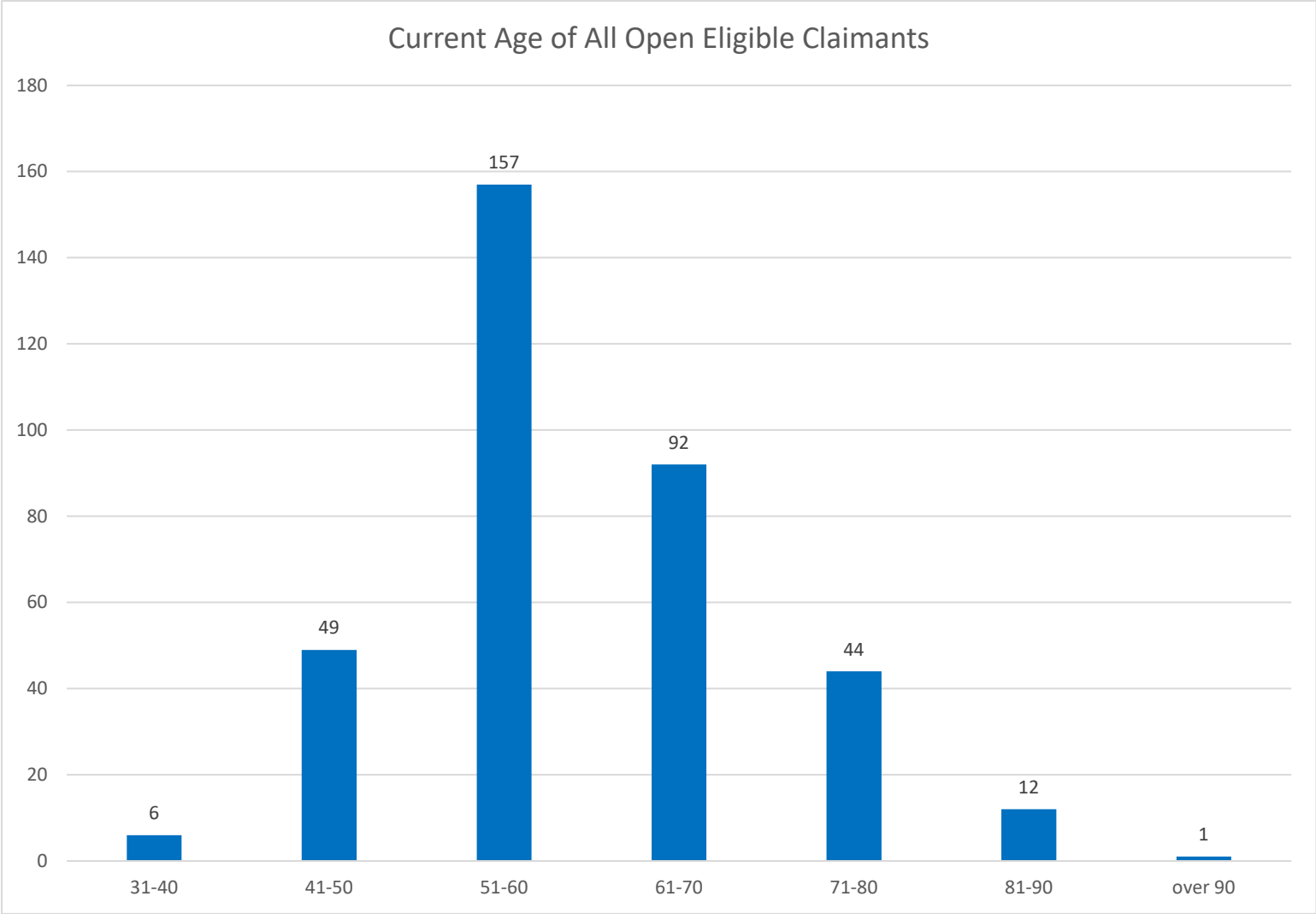
6. The individual's medical and rehabilitative expenses were not covered by workers' compensation.
7. The individual's medical and rehabilitative expenses were not covered by a policy issued under the Pennsylvania No-fault Motor Vehicle Insurance Act (Repealed).
8. The individual complied with the registration requirement of the PA Vehicle Code (Chapter 13) and had paid the applicable CAT Fund charge for any vehicle registered in the Commonwealth of Pennsylvania.

*The CAT Fund continues to receive new applications for CAT Fund benefits. Out of a total of 2,875 claimants, 983 are considered ineligible, 8 are under review for eligibility and a total of 1,884 are considered eligible. Currently, 361 of those considered eligible are open and actively receiving ongoing benefits.*

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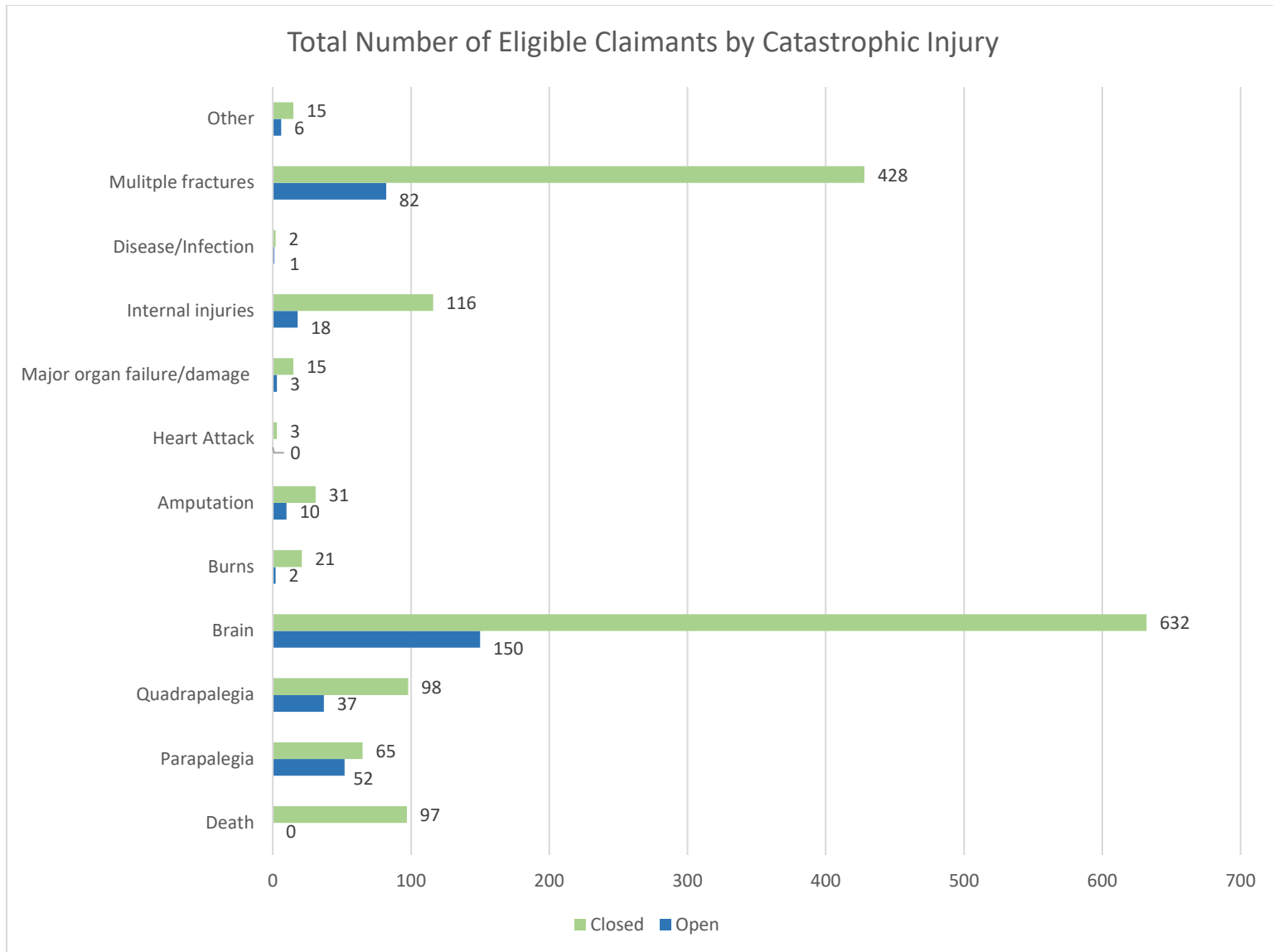


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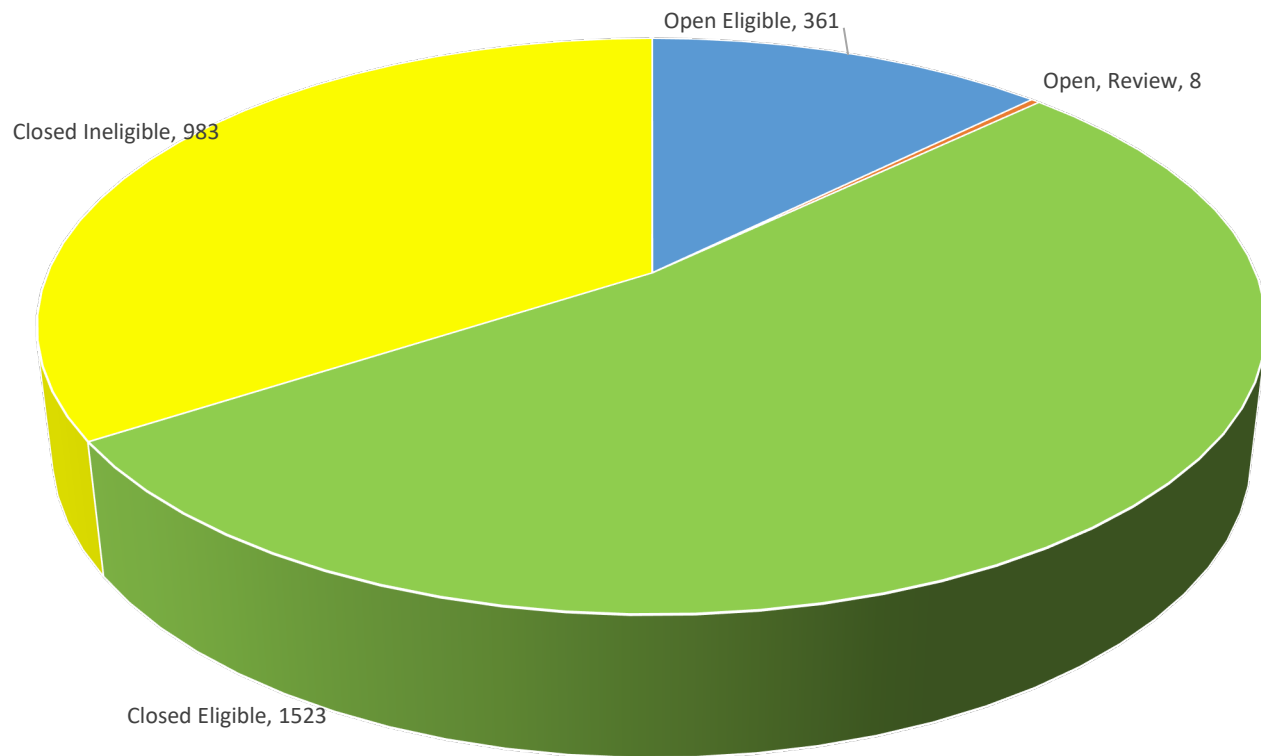


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Total Number of Claimants by Eligibility (Open and Closed)



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**BENEFIT FUNDING**

As the third-party administrator for the CAT Fund, Inservco Insurance Services makes a recommendation relative to the eligibility of the claimant. Once a claimant's eligibility has been established, Inservco Insurance Services reviews all requests and invoices for benefits to determine if the medical treatment or rehabilitative service is deemed medically necessary, reasonable and accident related. Inservco Insurance Services also reviews such requests and invoices to see that the medical treatment or rehabilitative service represents the most prudent expenditure of funds.

CAT Fund benefits are provided to eligible claimants at the catastrophic level of coverage or for payment of expenses for medical treatment and rehabilitative services in excess of \$100,000. The CAT Fund is not responsible for the first \$100,000 of expenses for medical treatment and rehabilitative services incurred by an eligible claimant.

The maximum benefit paid by the CAT Fund on behalf of any one eligible claimant is \$50,000 per annual limit year and \$1,000,000 lifetime aggregate. During the first 18 months after the motor vehicle accident, benefits are provided without regard to the \$50,000 per annual period limit but subject to the \$1,000,000 lifetime aggregate.

*Through June 30, 2021, the CAT Fund has provided over \$544 million in benefits for medical treatment and rehabilitative services on behalf of the 1,884 eligible CAT Fund claimants.*

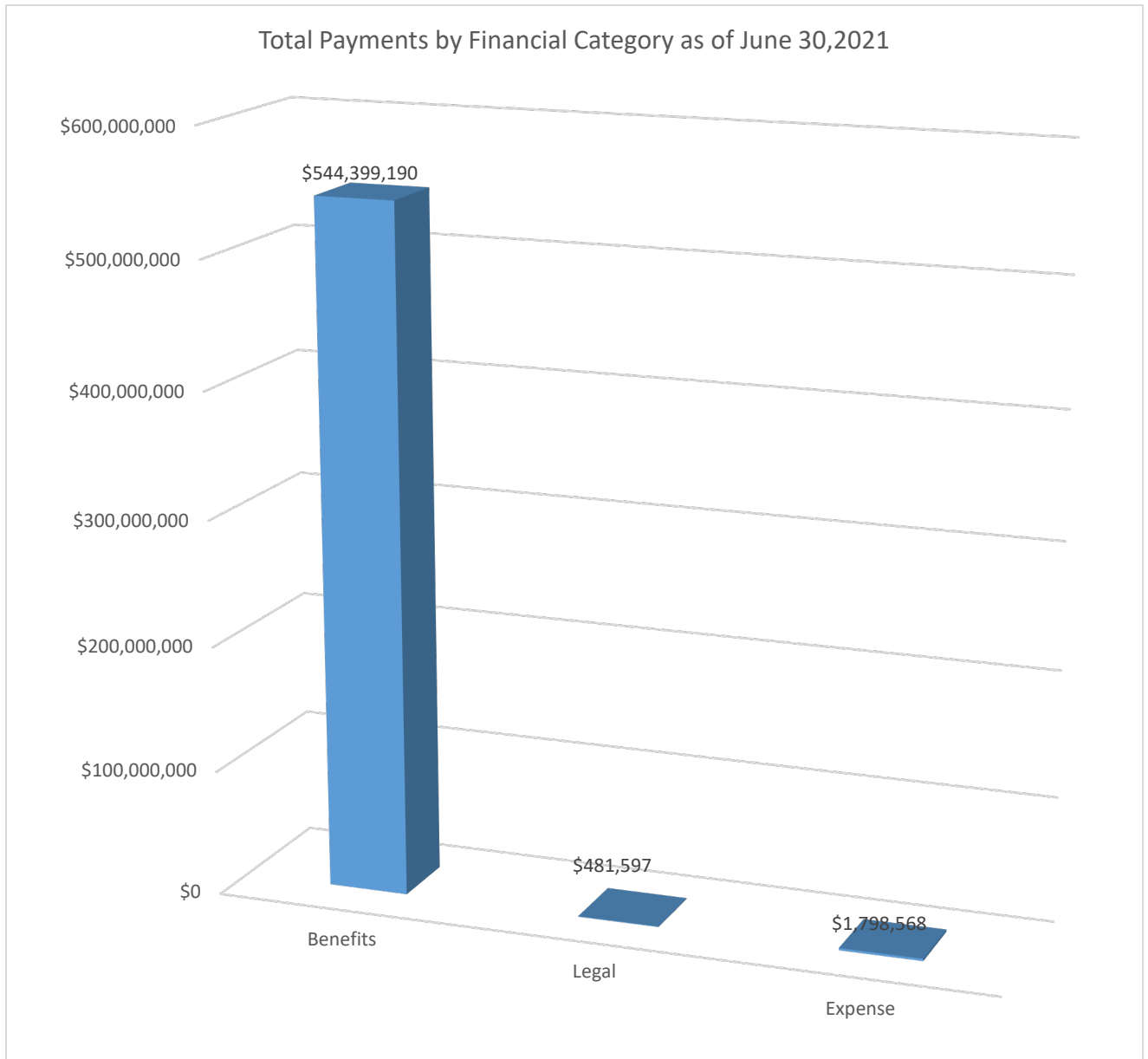
The CAT Fund is the primary funding source for medical treatment and rehabilitative expenses deemed medically necessary, reasonable, and related to an eligible claimant's motor vehicle accident. The CAT Fund coordinates with the claimants' secondary funding sources such as Medicare, Medicaid, private and/or group health insurance carriers. Insurers may confirm whether the CAT Fund is the primary payer on a particular claim by contacting Inservco Insurance Services.

*To date, 138 claimants have reached the \$1,000,000 maximum benefit expenditure. In the next year, 3 claimants are expected to expend the lifetime maximum as well. Over the last year, the CAT Fund closed 22 claims and reopened 1 claim. There were no new open claims.*

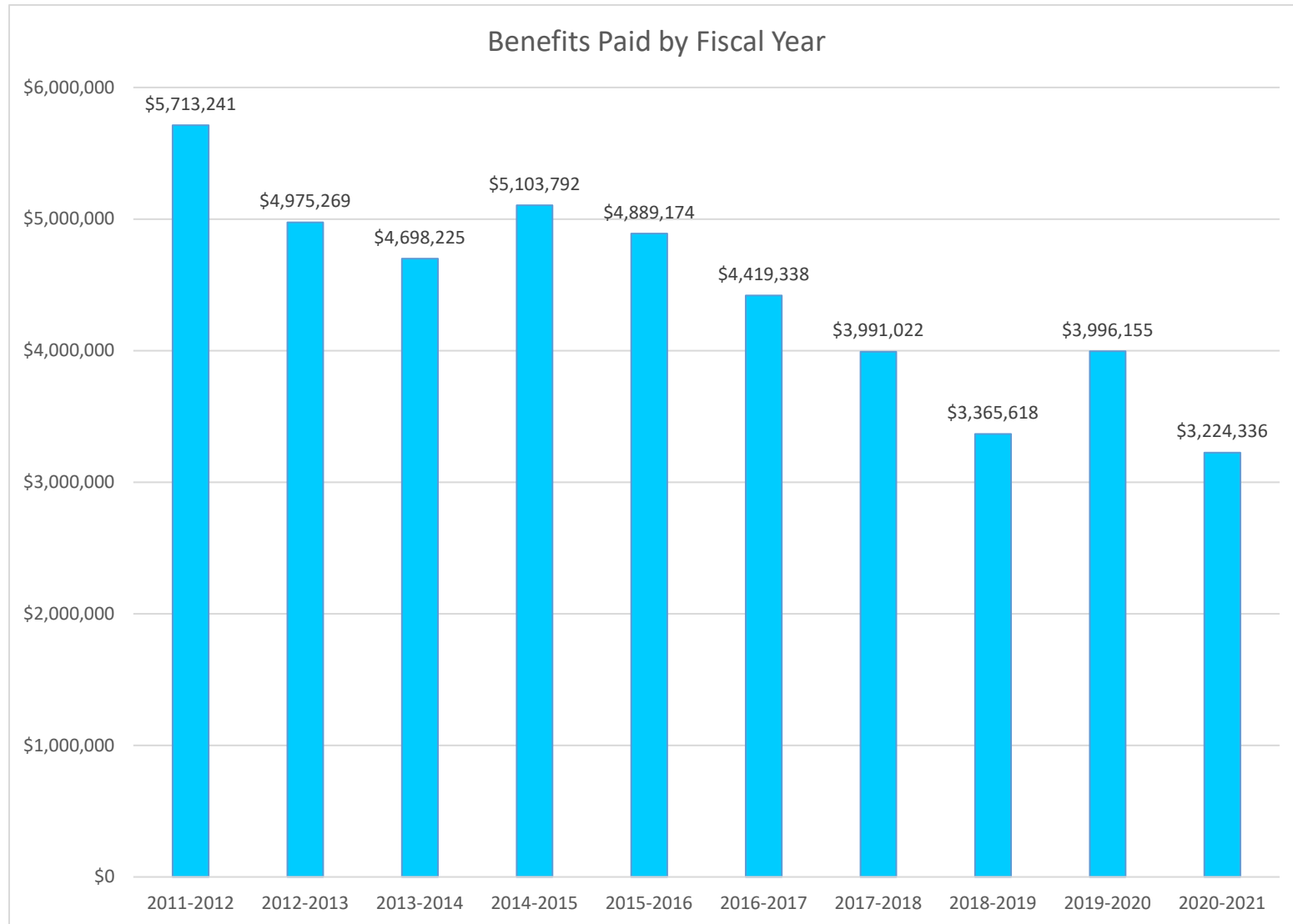
All requests or invoices for CAT Fund benefits should be forwarded to:

Inservco Insurance Services, Inc  
P.O. Box 3899  
Harrisburg, PA 17105-3899

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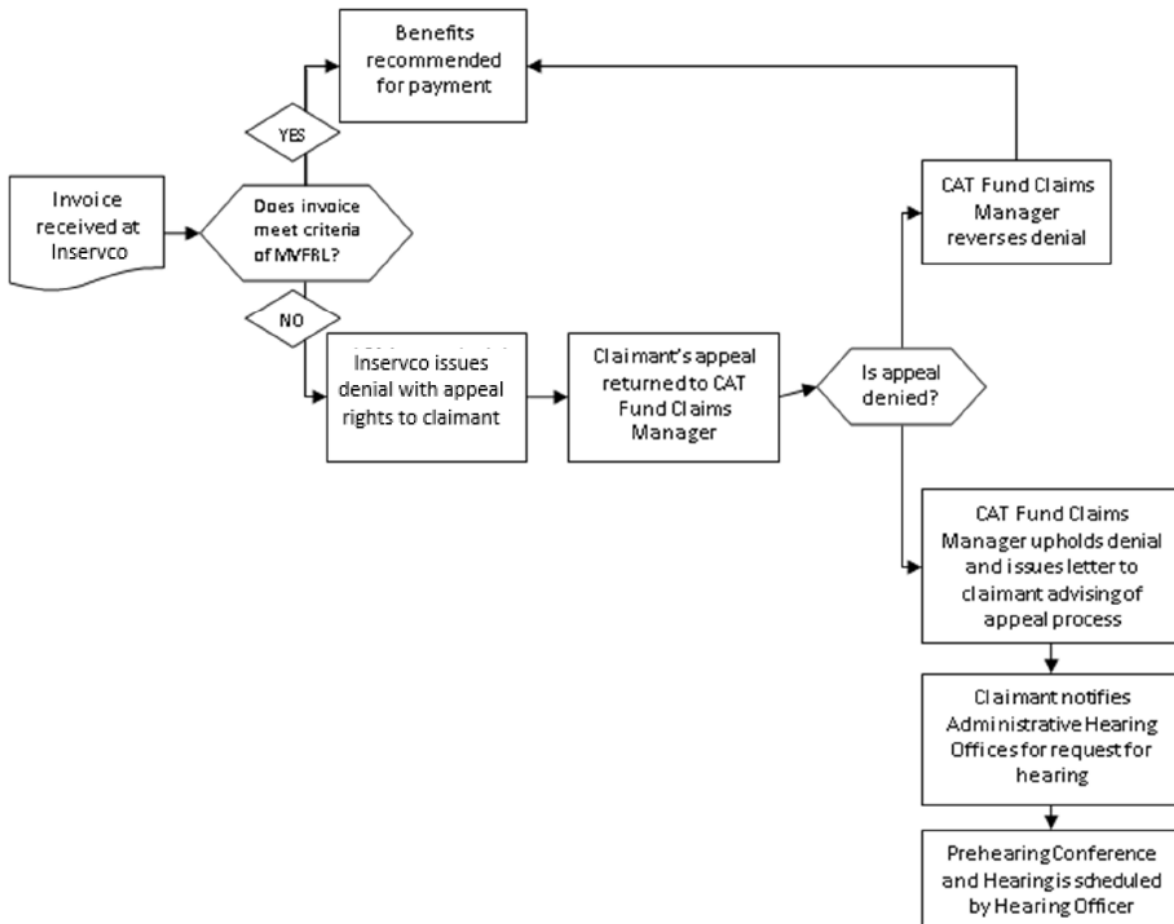
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**APPEALS AND THE ADMINISTRATIVE HEARING PROCESS**

Claimants who do not agree with a determination made by the CAT Fund may dispute the determination as outlined in the regulations of Pennsylvania Insurance Department, 31 Pa. Code 67.6.

If a claim is denied, the claimant or authorized representative will receive specific written instructions on the appeal process. At the first level of the appeal process, a claimant is issued written notification from the CAT Fund Claims Manager advising if the denial is upheld or reversed. If the denial is reversed, the invoice is processed for payment.

If the denial is upheld, the claimant receives written instruction on how to request a formal administrative hearing. A formal administrative hearing is conducted before a hearing officer appointed by the Insurance Commissioner. It is the claimant's responsibility to prove that the service(s) in dispute is/are medically necessary, reasonable and accident related.



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**HIGHLIGHTS OF 2020-2021**

**PRESCRIPTION DRUG MONITORING PROGRAM (PDMP)**

Fiscal year 2020-2021 included the continuation of the medical cost containment program, including the TPA medical bill repricing, Preferred Provider Organization network discounts, and pharmacy benefit management program. The CAT Fund utilized the information available via the Prescription Drug Monitoring Program (PDMP) to identify claims where the PDMP guidelines indicate a heightened risk level for opioid misuse is possible. These claims were targeted for additional communication with the healthcare providers to better manage their prescription regime.

**NEGOTIATED SAVINGS**

The CAT Fund utilizes cost saving programs to conserve benefit dollars for its claimants. A portion of the cost saving programs includes concepts from past legislative amendments contained in the MVFRL 1990 Act 6 amendment.

By using ACT 6 repricing information, Inservco Insurance Services negotiates payment amounts with providers of medical treatment and rehabilitative services including hospitals, doctors, physical therapists, and orthotic/prosthetic suppliers.

**KEYSCRIPTS, LLC PHARMACY PROGRAM TRANSITION, IMPLEMENTATION, AND  
ADMINISTRATION**

KeyScripts, LLC (KeyScripts) assumed administration of the pharmacy component of the Pennsylvania Insurance Department's (the "Bureau") Catastrophic Loss Fund ("CAT Fund"). Over several months leading up to program assumption, KeyScripts worked collaboratively with the Bureau and its third-party administrator, Inservco Insurance Services to ensure a seamless pharmacy program transition. Preparation for program assumption included KeyScripts' receipt of electronic historical data for existing claims from the previous prescription drug program administrator, which was critical to establish and verify prescription eligibility and ensure that eligible claimants experienced no delays or interruptions in the timely filling of the prescriptions for which they were eligible under the CAT Fund. KeyScripts and Inservco Insurance Services also worked with Bureau personnel to implement custom drug formularies that incorporated its prior authorization requirements, protocols for addressing drugs that fall outside the formularies, and procedures for issuing KeyScripts Prescription Benefit Cards to CAT Fund claimants who were not included among the Bureau's initial historical data. Transitional and ongoing efforts by KeyScripts, in conjunction with Inservco Insurance Services, also involve converting appropriate prescription drug fills into the KeyScripts mail-order program. (In this regard, KeyScripts has available to CAT Fund claimants a mail-order program enrollment brochure that can be included with Prescription Benefit Card mailings or emailed directly to the claimant, as requested.) For this period, mail order represents 1.7% of all network prescriptions. A semi-annual report that

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identifies claimants that have been consistently filling the same strength and dose of medication for 6 months is generated to identify maintenance medications to be converted to a prescription mail order program. This program not only saves medication costs but provides an efficient way for the claimants to obtain their medications without having to transport to the pharmacy providing the medications. To date, 12 claimants have converted a total of 25 medications to the prescription mail order program.

In another aspect of program implementation, KeyScripts worked with the Bureau to develop and disseminate approved correspondence to alert CAT Fund claimants of the program transition, then produced and mailed the KeyScripts Pharmacy Benefit Card to more than 150 CAT Fund claimants. Following the program “go-live” date, KeyScripts’ clinical and customer service teams performed daily telephonic outreach to CAT Fund claimants to confirm receipt of their KeyScripts Prescription Benefit Card, and resent cards to updated and corrected addresses, as needed.

In the seven months since program assumption, the network conversion efforts have allowed KeyScripts to capture over 99% of the CAT Fund’s drug spend in-network, resulting in significant savings to the CAT Fund. KeyScripts will continue to work collaboratively with the Bureau, Inservco Insurance Services, and its service partners to identify and manage factors affecting network utilization and spend in an effort to emphasize and prioritize the use of the KeyScripts Network to capture prescription drug fills to meet the needs of the CAT Fund.

This report which covers the first seven months of KeyScripts’ pharmacy program administration, includes key program data and metrics developed by KeyScripts to allow the Bureau to complete its report for the entire fiscal year ending June 30, 2021.



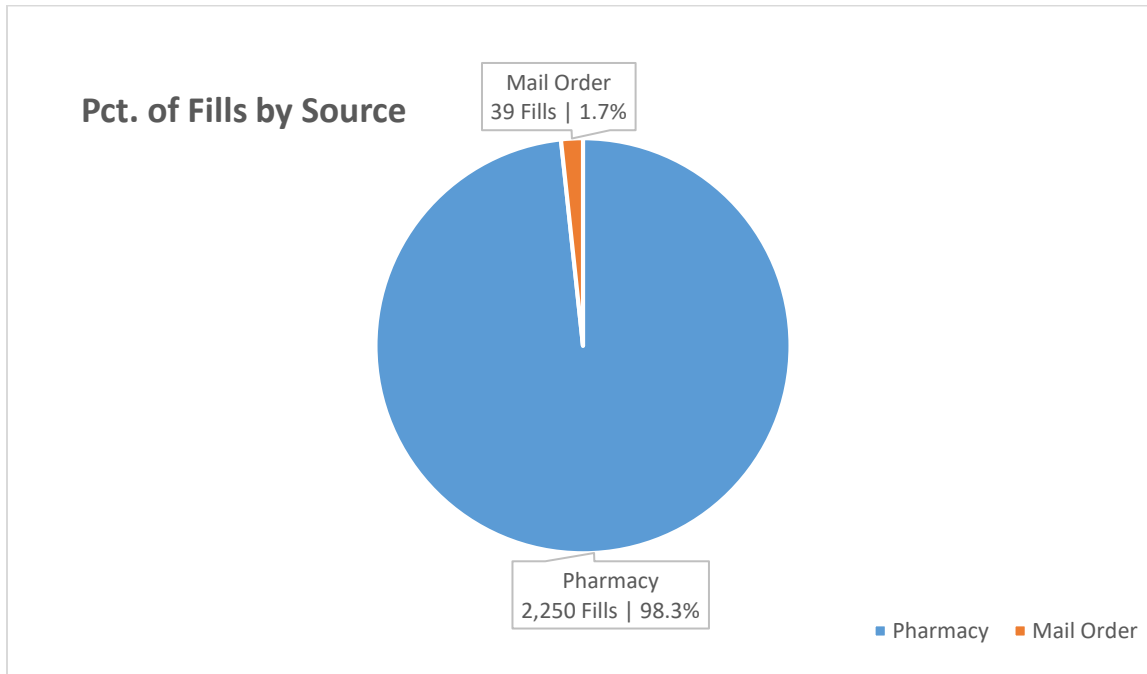
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CAT FUND PHARMACY PROGRAM ANALYSIS  
December 1, 2020 to June 30, 2021

PHARMACY VS. MAIL ORDER PROGRAM FILLS

Fill Source	No. RX	Pct. RX
KeyScripts Network Pharmacy	2,250	98.30%
KeyScripts Mail Order Program	39	1.7%
<b>Totals</b>	<b>2,289</b>	<b>100.00%</b>

Mail order represented less than 2% of all KeyScripts Network fills for the period.

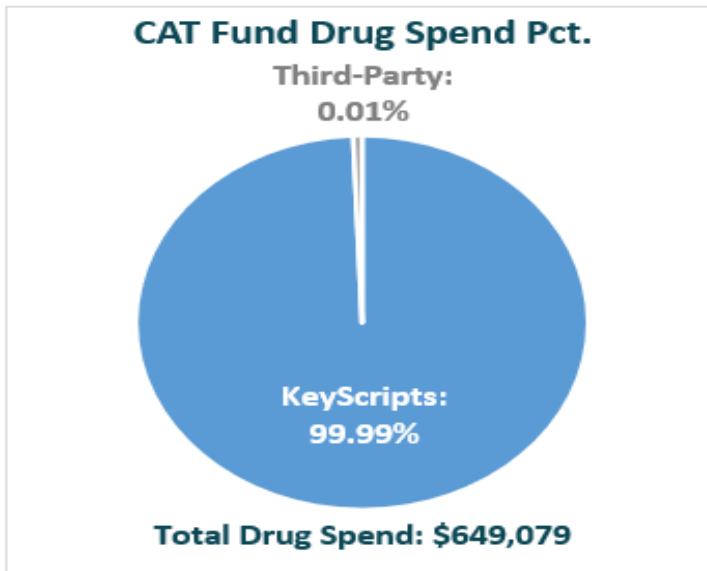


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**PHARMACY PROGRAM INVOICE CHARGES**

Source	No. RX	Jurisdictional Amount	Amount Paid	Savings	Pct. Savings
KeyScripts	2,289	\$815,429.09	\$642,717.01	\$172,712.08	21.18%
Third-Party*	16	\$6,361.64	\$6,361.64	\$0.00	0.00%
<b>Totals</b>	<b>2,305</b>	<b>\$821,790.73</b>	<b>\$649,078.65</b>	<b>\$172,712.08</b>	<b>21.08%</b>

\*Third-party spend data was sourced from Health Options & Management Services, Inc. (HOMS) repricing of the Funds third-party pharmacy bills.



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**KEYSCRIPTS NETWORK BRAND VS. GENERIC SPEND & SAVINGS  
COMPARISONS**

Prescription Type	No. RX	Pct. of RX	Jurisdictional Amount	Amount Paid Thru KeyScripts	Savings Thru KeyScripts	Pct. Savings Thru KeyScripts
Brand	348	15.20%	\$313,467.20	\$269,009.06	\$44,458.14	14.18%
Generic	1,941	84.80%	\$501,961.89	\$373,707.95	\$128,253.94	25.55%
<b>Totals</b>	<b>2,289</b>	<b>100.00%</b>	<b>\$669,261.03</b>	<b>\$527,488.57</b>	<b>\$141,772.46</b>	<b>21.18%</b>

Through the first seven months of KeyScripts' administration of the CAT Fund's pharmacy program, 85% of all network prescriptions were filled with generic drugs.

**KEYSCRIPTS NETWORK OPIOID UTILIZATION ANALYSIS**

No. of Opioid RX	No. of All RX	Opioids as a Pct. of All RX	Network Opioid Spend	Total Network Drug Spend	Opioids as a Pct. of Network Drug Spend
363	2,289	15.86%	\$148,406.95	\$642,717.01	23.09%

Less than 16% of all CAT Fund network prescription fills were opioids, while opioids accounted for 23% of all CAT Fund network drug spend.

**TOP 10 DRUGS BY NETWORK AMOUNT BILLED**

RANK	DRUG NAME	DRUG CLASSIFICATION	BRAND	GENERIC	OPIOID	NO. RX	PCT. OF ALL RX	JURIS. AMOUNT	AMT. PAID THRU KEYSCRIPTS	SAVINGS THRU KEYSCRIPTS	
1	OXYCONTIN®	Opioid analgesic	●		●	48	2.10%	\$57,556.53	\$49,376.69	\$8,179.84	
2	BACLOFEN	Muscle relaxant		●		136	5.94%	\$65,582.98	\$48,741.08	\$17,841.90	
3	KEPPRA®	Anticonvulsant	●			26	1.14%	\$46,885.65	\$40,088.53	\$6,797.12	
4	VIMPAT®	Anticonvulsant	●			34	1.49%	\$35,733.27	\$30,671.70	\$5,061.57	
5	PREGABALIN	Anticonvulsant		●		59	2.58%	\$39,751.96	\$29,078.14	\$10,673.82	
6	PERCOCET®	Opioid analgesic	●		●	7	0.31%	\$23,369.66	\$19,998.45	\$3,371.21	
7	OXYMORPHONE HCL	Opioid analgesic		●	●	20	0.87%	\$21,343.71	\$17,219.35	\$4,124.36	
8	ARIPIPRAZOLE	Antipsychotic		●		21	0.92%	\$22,212.38	\$16,238.42	\$5,973.96	
9	LAMOTRIGINE	Anticonvulsant		●		36	1.57%	\$17,889.69	\$13,154.62	\$4,735.07	
10	OXYCODONE-ACETAMINOPHEN	Opioid analgesic		●	●	63	2.75%	\$17,405.97	\$12,910.85	\$4,495.12	
						<b>TOTALS</b>	<b>450</b>	<b>19.67%</b>	<b>\$348,731.80</b>	<b>\$277,477.83</b>	<b>\$71,253.97</b>

These 10 drugs represent 20% of all CAT Fund network prescription fills and 43% of all CAT Fund network drug spend.

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**CENTERS FOR MEDICARE & MEDICAID SERVICES/  
MEDICARE SECONDARY PAYER RECOVERY CONTRACTOR**

Inservco Insurance Services identifies the CAT Fund claimants which are Medicare beneficiaries and reports them, as required, to CMS as part of Section 111 of the Medicare, Medicaid and SCHIP Extension Act (MMSEA) of 2007. In June of each calendar year, Inservco Insurance Services sends Consent to Release forms to Medicare eligible claimants along with the Annual Coordination of Benefits letter.

A CMS MSPRC Lien process was developed to respond to correspondence received from MSPRC, including but not limited to Conditional Payment Notice (CPN), Conditional Payment Letter (CPL) and Recovery Demand Letter.

**INSURANCE FRAUD INVESTIGATIONS**

Pursuant to Act 166 of 1994, the Office of Attorney General was granted specific authority to create an Insurance Fraud Section empowered to investigate and prosecute insurance fraud. The CAT Fund considers falsification of a request or invoice for CAT Fund benefits insurance fraud.

The CAT Fund continues to receive restitution for past fraudulent criminal activity. These payments are applied to the appropriate claimant's benefits account. Inservco Insurance Services monitors claims on a routine basis and will investigate any potential cases of fraudulent activity. Where appropriate, Inservco Insurance Services will refer the matter to the Office of Attorney General for criminal investigation.

**ADMINISTRATIVE HEARINGS**

There were no CAT Fund Administrative Hearings held during this fiscal year