



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS CONTINUATION FUND

ANNUAL REPORT

July 1, 2021 – June 30, 2022



Prepared by the Catastrophic Loss Benefits Continuation Fund and Inservco Insurance Services, Inc.

PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

TABLE OF CONTENTS

I. Executive Summary	2
II. Fund Background	3
III. Benefit Eligibility	4
<i>Chart Total Number of Eligible Claimants by Accident Year</i>	<i>5</i>
<i>Chart Current Age of All Open Eligible Claimants</i>	<i>6</i>
<i>Chart Total Number of Eligible Claimants by Catastrophic Injury</i>	<i>7</i>
<i>Chart Total Number of Claimants by Eligibility (Open & Closed)</i>	<i>8</i>
IV. Benefit Funding	9
<i>Chart Total Payments by Financial Category</i>	<i>10</i>
<i>Chart Total Benefit Dollars Issued For the Last Ten Fiscal Years</i>	<i>11</i>
V. Appeals and the Administrative Hearing Process	12
VI. Highlights of Fiscal Year 2021-2022	
Prescription Drug Monitoring Program (PDMP).....	13
Negotiated Savings	13
KeyScripts Pharmacy Program	13
<i>Chart Pharmacy Vs. Mail Order Program Fills.....</i>	<i>14</i>
<i>Chart Pharmacy Program Invoice Charges.....</i>	<i>15</i>
<i>Chart Keyscripts Network Brand Vs Generic Spend and Savings.....</i>	<i>16</i>
<i>Chart Keyscripts Network Opioid Utilization Analysis.....</i>	<i>16</i>
<i>Chart Top 10 Drugs by Network Amount Billed.....</i>	<i>16</i>
CMS/MSPR	17
Insurance Fraud Investigations	17
Administrative Hearing	17

PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

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. (Inservco), is contracted to manage the claims administration activity on a daily basis.

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, which are deemed medically necessary, reasonable and accident related
- Recommending denial of CAT Fund benefits for services which do not meet the criteria for payment
- 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
- Submitting 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 Department of Treasury
- Seeking Fund approval for recommended expense payments for other related services such as legal fees and other allocated expenses

As of June 30, 2022, the CAT Fund had an outstanding claim reserve of \$58,419,546. Ongoing claim reviews and re-evaluations assist the Bureau and the Bureau's actuary in determining the appropriate dollar funding requirements to meet the CAT Fund's fiduciary responsibility.

PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

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. §§ 1701, *et seq.* created the Catastrophic Loss Trust Fund effective October 1, 1984. Act 144 of 1988, 75 Pa C.S. §§ 1761-69, 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. §§ 1798.1-1798.2, 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, 2022, since its inception, the CAT Fund has provided a total of \$547,525,047 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 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.

PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

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 57.8 percent of the open eligible claimants are between the ages of 41 and 60.

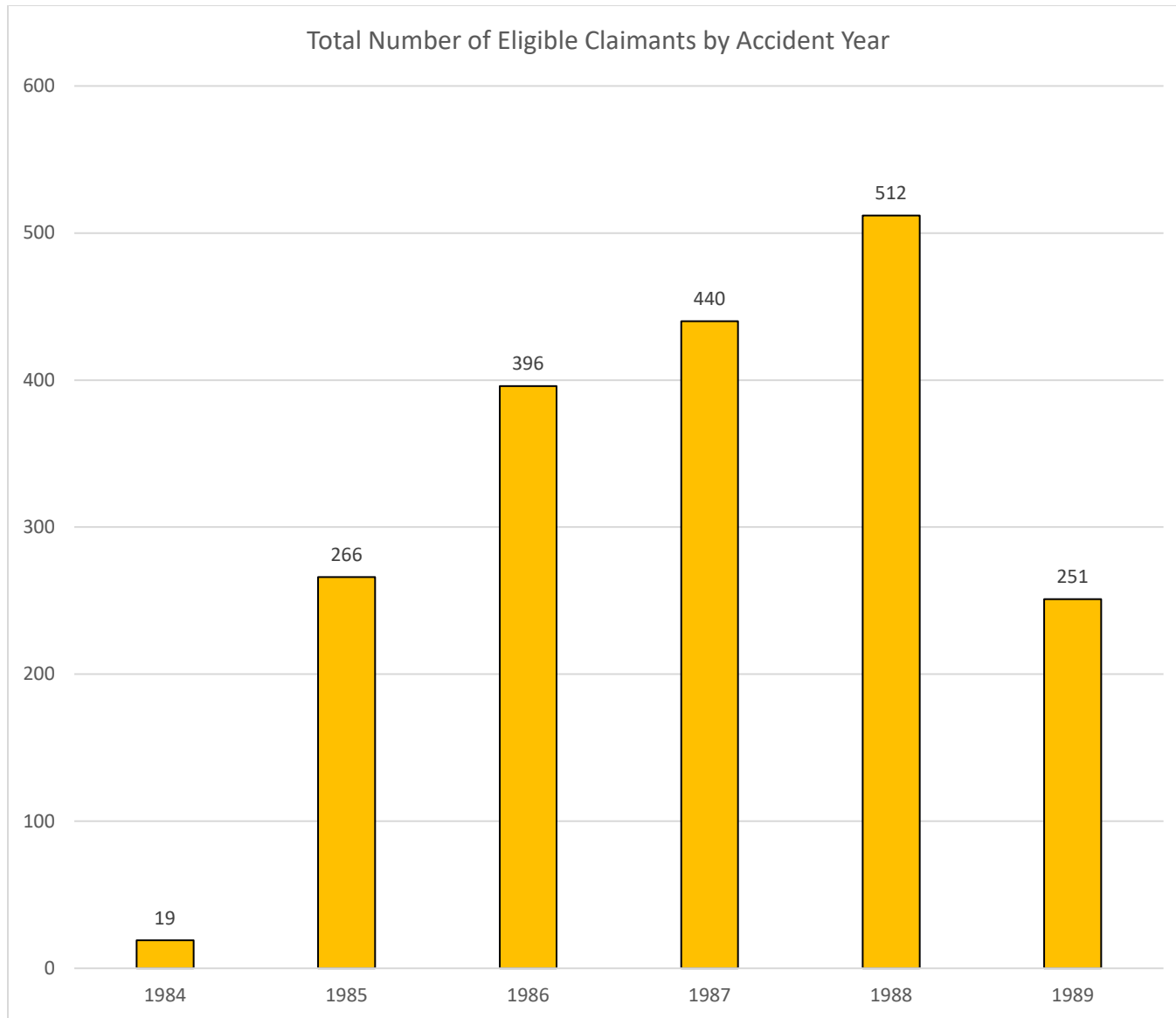
3. The auto accident occurred in the United States, its territories or possessions, or Canada.
4. The injured person was not the driver or occupant of a recreational vehicle not intended for highway use, a motorcycle, a motorized pedal cycle, a motor-driven cycle or any vehicle required to be registered 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.

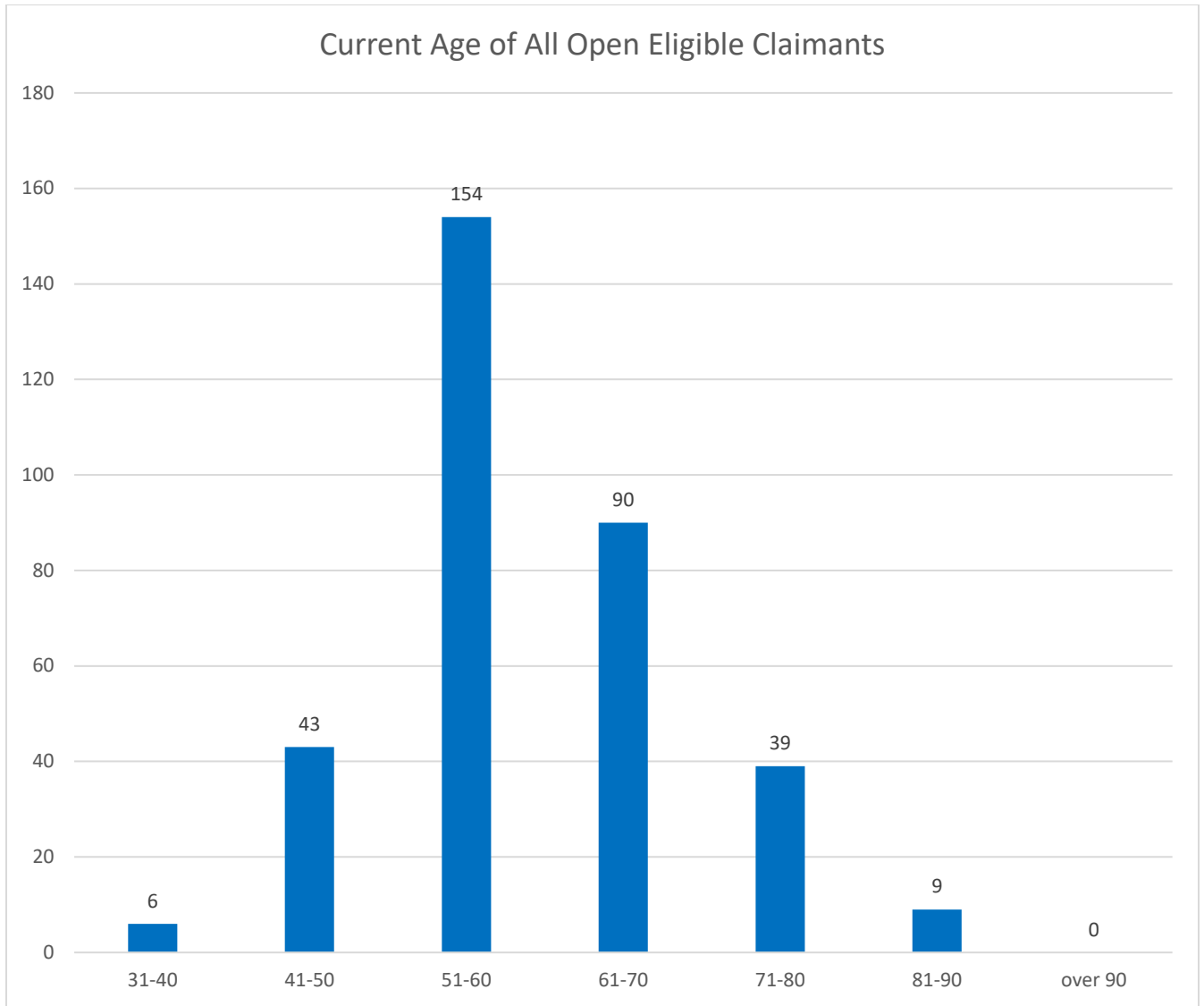
6. The individual's medical and rehabilitative expenses were not covered by workers' compensation.
7. The individual's medical and rehabilitative expenses were not covered by a policy issued under the Pennsylvania No-fault Motor Vehicle Insurance Act (Repealed).
8. The individual complied with the registration 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 inquiries for CAT Fund benefits. Out of a total of 2,875 claimants, 989 are considered ineligible, 2 are under review for eligibility and a total of 1,884 are considered eligible. Currently, 341 of those considered eligible are open and actively receiving ongoing benefits.

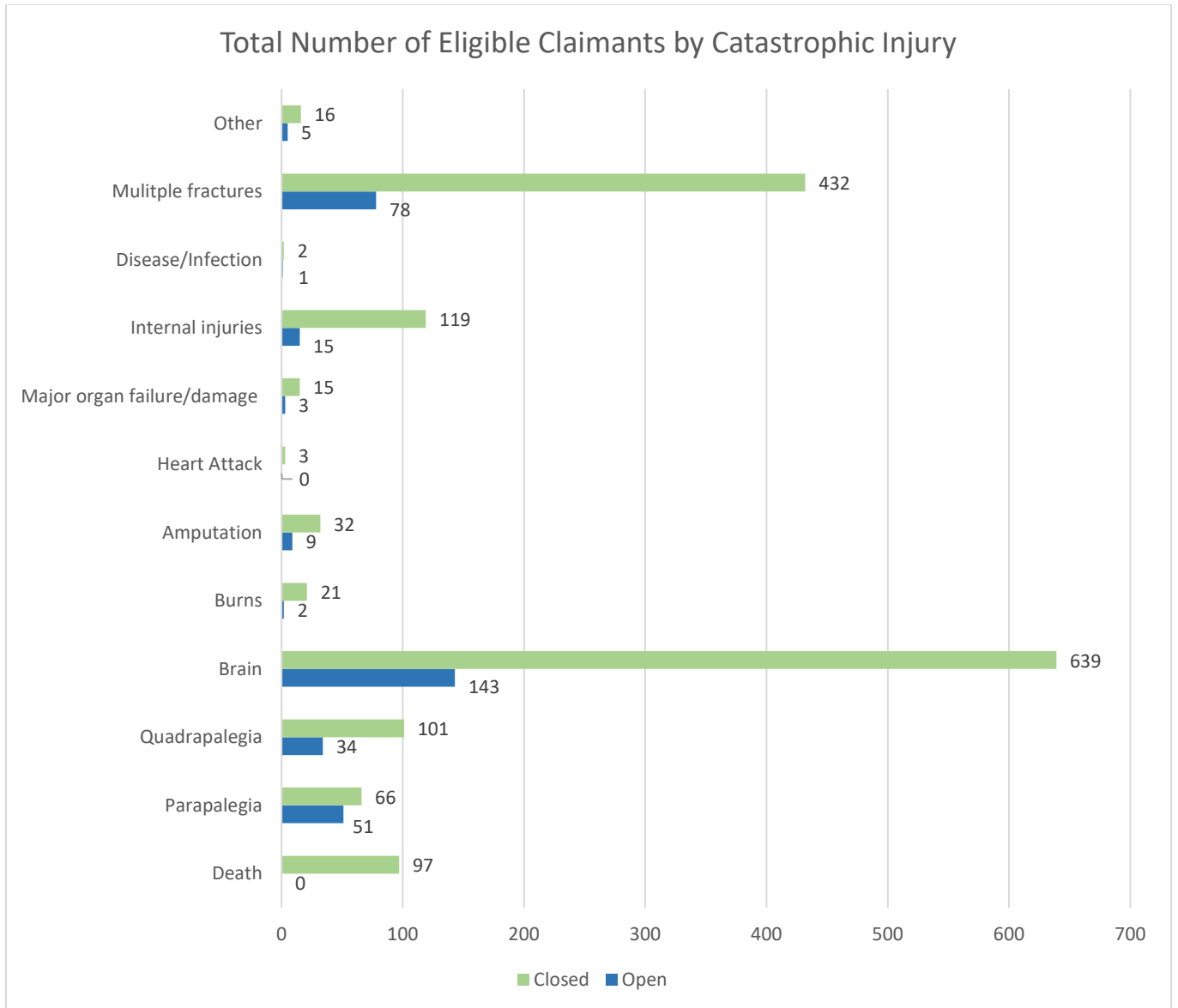
PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND



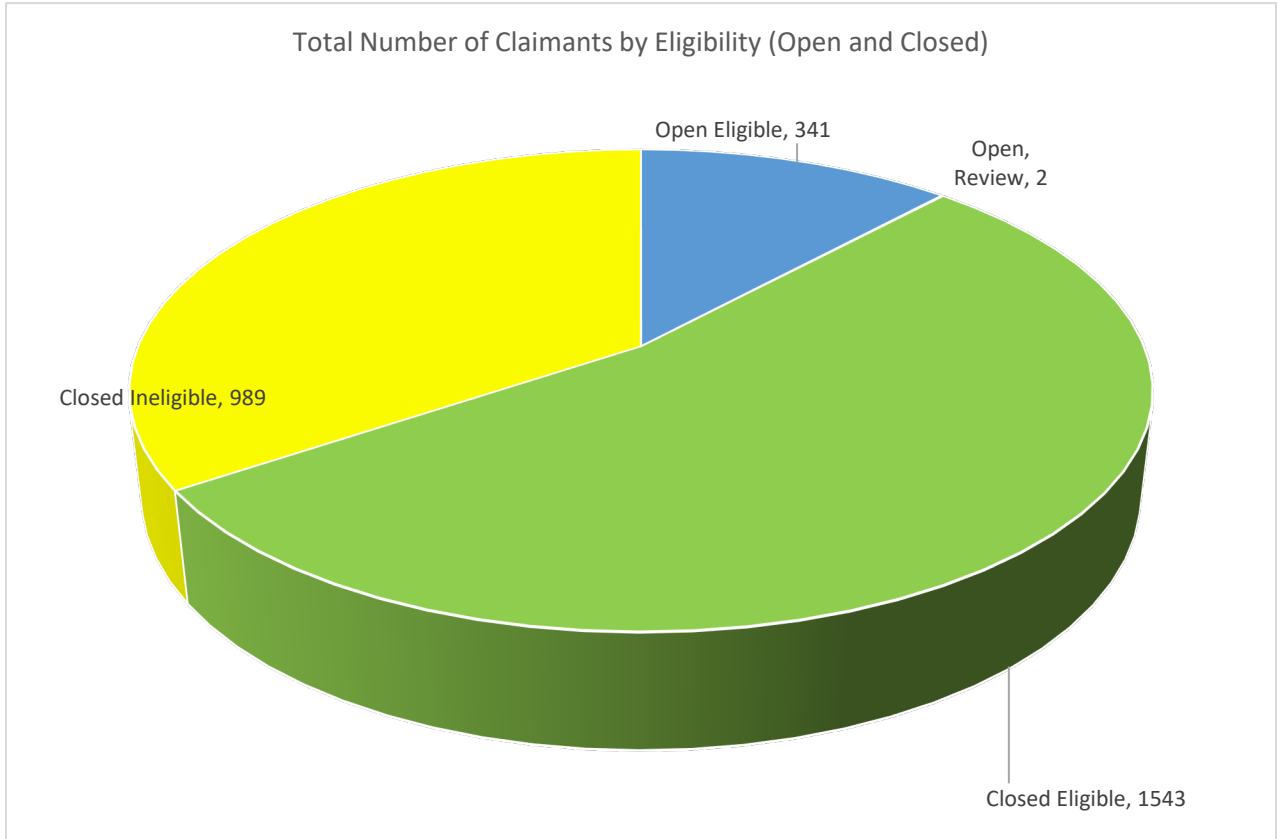
PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

BENEFIT FUNDING

As the third-party administrator for the CAT Fund, Inservco makes a recommendation relative to the eligibility of the claimant. Once a claimant's eligibility has been established, Inservco 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 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, 2022, the CAT Fund has provided over \$547 million in benefits for medical treatment and rehabilitative services on behalf of the 1,884 CAT Fund claimants that have been deemed eligible for benefits since the program's inception.

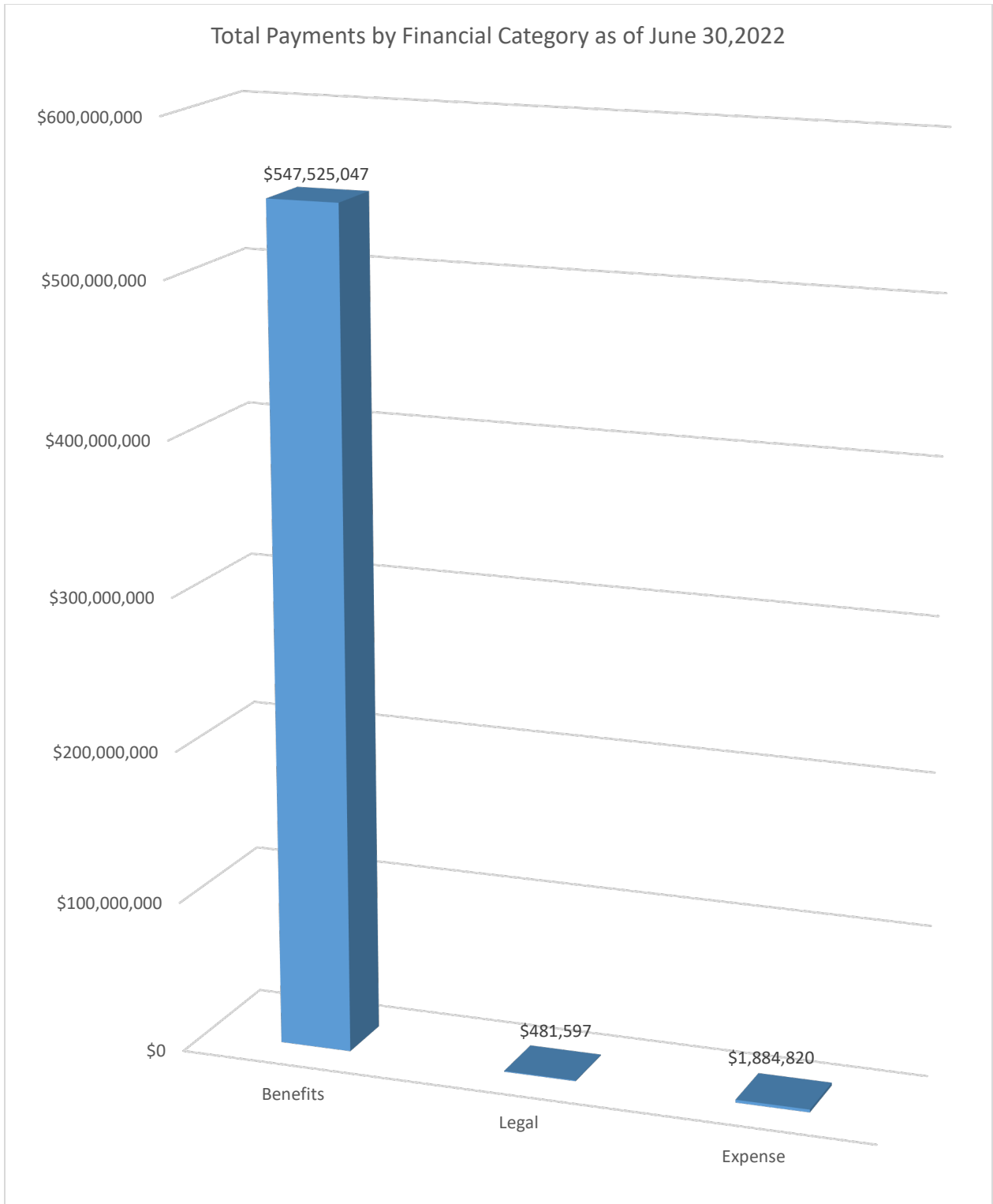
The CAT Fund is the primary funding source for medical treatment and rehabilitative expenses deemed medically necessary, reasonable, and related to an eligible claimant's motor vehicle accident. The CAT Fund coordinates with the claimants' secondary funding sources such as Medicare, Medicaid, private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

To date, 141 claimants have reached the \$1,000,000 maximum benefit expenditure. In the next year, 5 additional claimants are expected to expend the lifetime maximum. Over the last year, the CAT Fund closed 28 claims and reopened 2 claims. There were no new open claims.

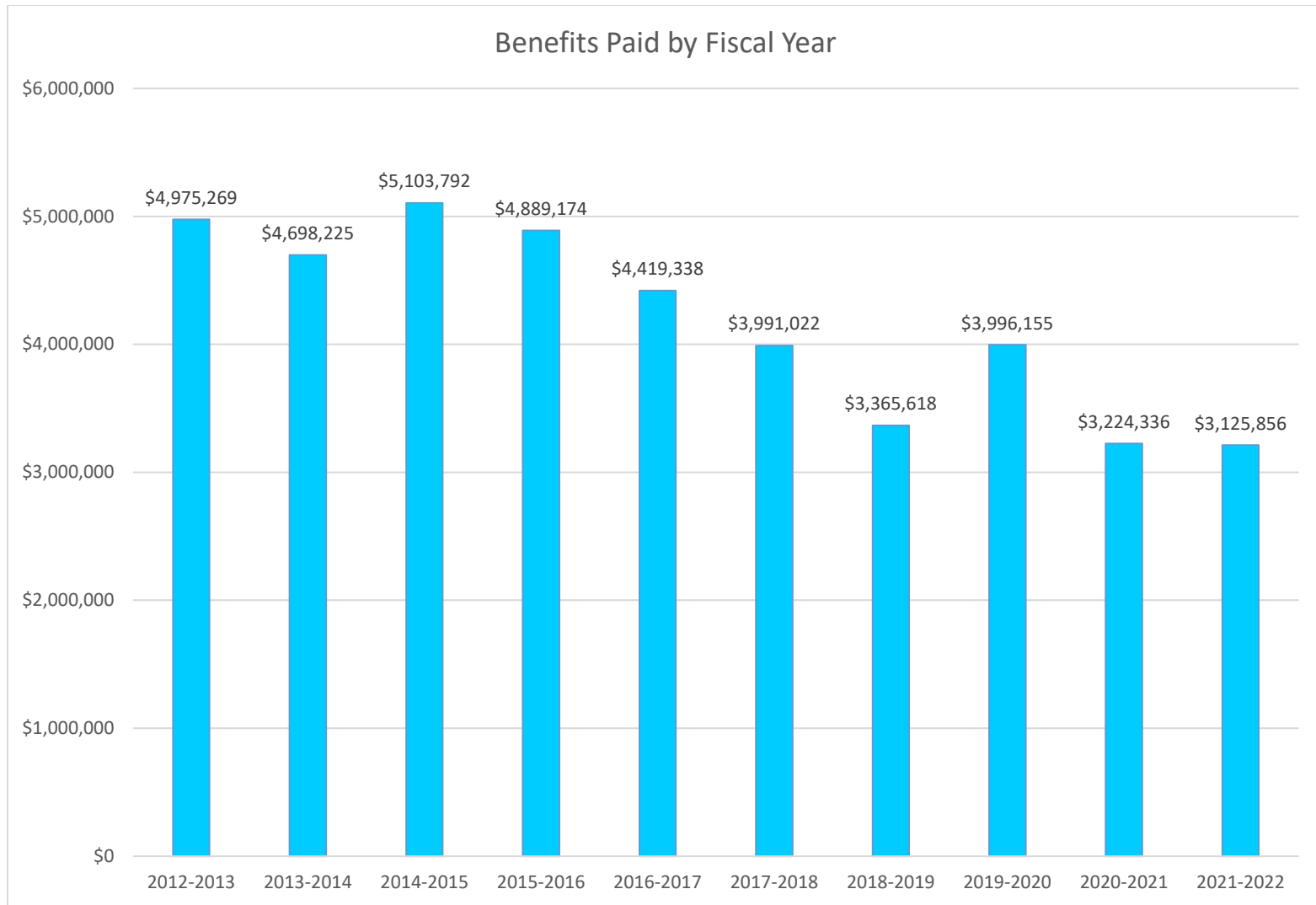
All requests or invoices for CAT Fund benefits should be forwarded to:

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

PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND



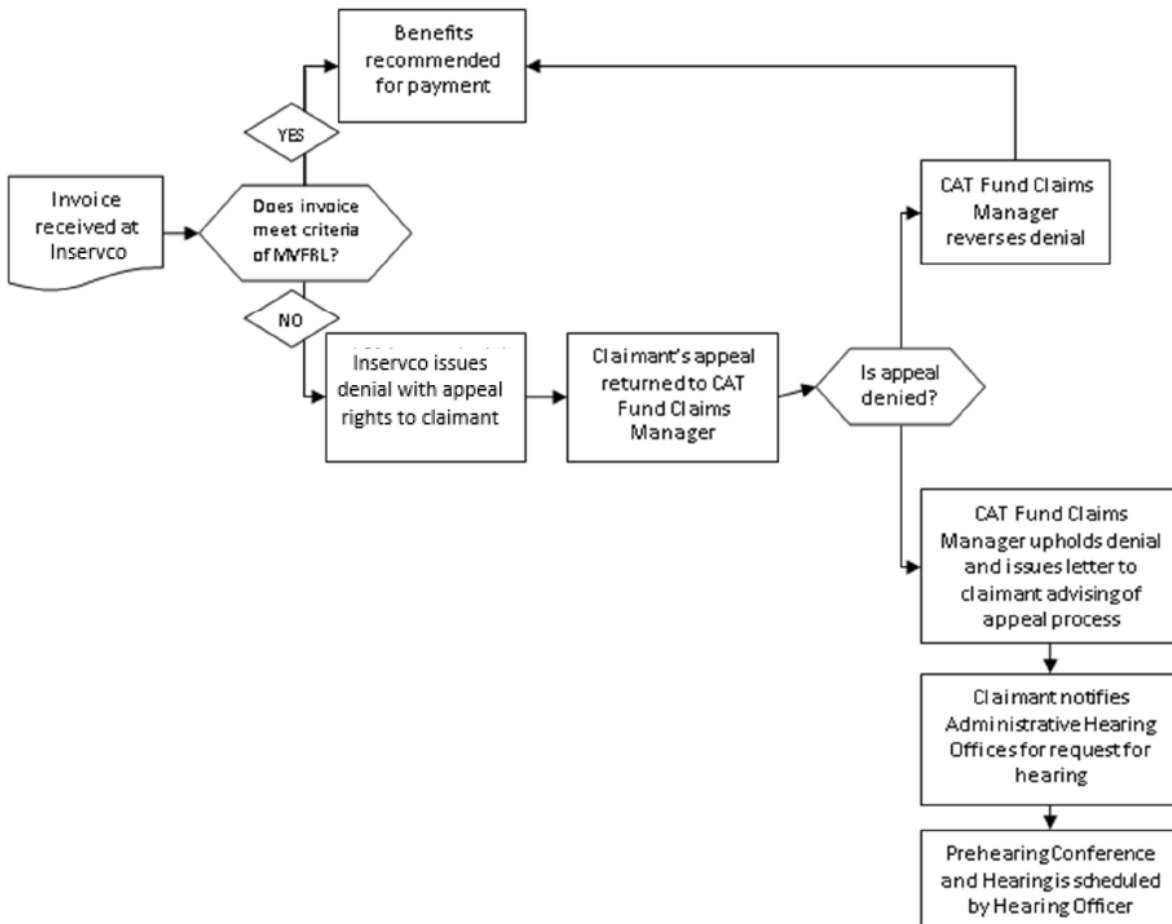
PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

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 whether 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.



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

HIGHLIGHTS OF 2021-2022

PRESCRIPTION DRUG MONITORING PROGRAM (PDMP)

Fiscal year 2021-2022 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 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

On December 1, 2020, KeyScripts, LLC (KeyScripts) assumed administration of the pharmacy component of the Pennsylvania Insurance Department's (the "Bureau's") Catastrophic Loss Fund ("CAT Fund"). Ongoing efforts involve converting appropriate prescription drug fills into the KeyScripts mail-order program. KeyScripts offers CAT Fund claimants a mail-order program enrollment brochure included with Prescription Benefit Card mailings or emailed directly to the claimant, as requested. (For this report period, mail order represented 2.00% of all network prescriptions.)

Since program assumption nearly 19 months ago, network conversion efforts have helped keep 99% of the CAT Fund's drug spend in-network, resulting in significant savings to the Commonwealth.

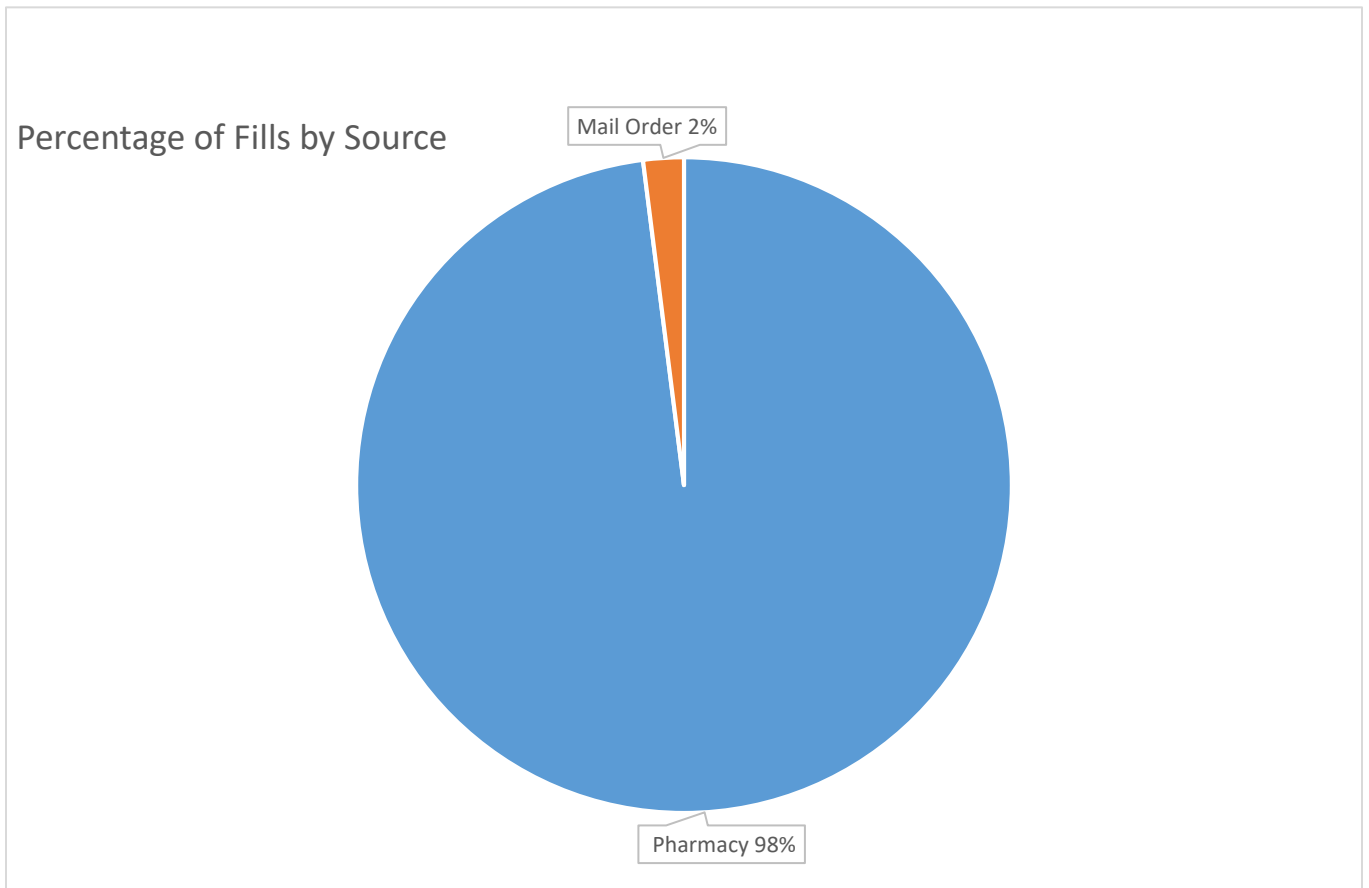
KeyScripts will continue to work collaboratively with the Bureau, Inservco, and its service partners to identify and manage factors affecting network utilization and spend, and to emphasize and prioritize the use of the KeyScripts Network to meet the CAT Fund's pharmacy program service goals. The pharmacy program goals include prescription cost savings, utilizing mail order and monitoring Brand vs Generic prescriptions.

PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

PHARMACY VS. MAIL ORDER PROGRAM FILLS
07/01/2021 to 06/30/2022

Fill Source	No. RX	Pct. RX
KeyScripts Network Pharmacy	3,676	98%
KeyScripts Mail Order Program	75	2%
Totals	3,751	100%

Mail order represented 2% of all KeyScripts Network fills for the annual fiscal year.

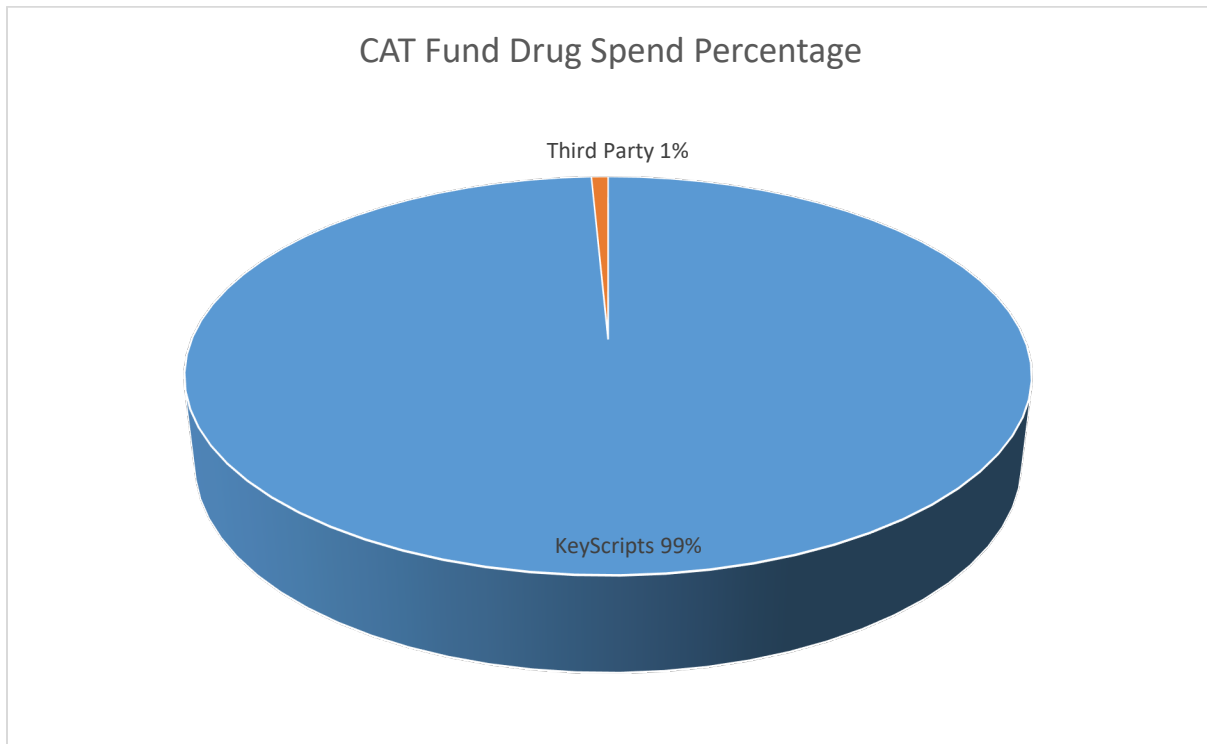


PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

PHARMACY PROGRAM INVOICE CHARGES
07/01/2021 to 06/30/2022

Source	No. RX	Fee Schedule Amount	Amount Paid	Savings	Pct. Savings
KeyScripts	3,751	\$1,465,846.67	\$1,157,015.69	\$308,830.98	21.07%
Third-Party*	16	\$8,864.40	\$8,864.40	\$0.00	0.00%
Totals	3,767	\$1,474,711.07	\$1,165,880.09	\$308,830.98	20.94%

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



PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

KEYSCRIPTS NETWORK BRAND VS. GENERIC SPEND & SAVINGS SUMMARY
07/01/2021 to 06/30/2022

Prescription Type	No. RX	Pct. of RX	Fee Schedule Amount	Amount Paid Thru KeyScripts	Savings Thru KeyScripts	Pct. Savings Thru KeyScripts
Brand	596	15.89%	\$560,051.40	\$483,903.97	\$76,147.43	13.60%
Generic	3,155	84.11%	\$905,795.27	\$673,111.72	\$232,683.55	25.55%
Totals	3,751	100.00%	\$1,465,846.67	\$1,157,015.69	\$308,830.98	21.07%

During this fiscal year, 84% of all network prescriptions were filled with generic drugs.

KEYSCRIPTS NETWORK OPIOID UTILIZATION ANALYSIS
07/01/2021 to 06/30/2022

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
578	3,751	15.41%	\$217,548.16	\$1,157,015.69	18.80%

Out of the total 3,751 CAT Fund network prescription fills, 16% were opioid fills. Opioids accounted for 19% of all CAT Fund network drug spend which is a 4% reduction from last year.

TOP 10 DRUGS BY KEYSCRIPTS NETWORK AMOUNT PAID
07/01/2021 to 06/30/2022

RANK	PRIOR RANK	DRUG NAME	DRUG CLASSIFICATION	BRAND	GENERIC	OPIOID	NO. RX	PCT. OF ALL RX	JURISDICTIONAL AMOUNT	AMT. PAID THRU KEYSCRIPTS	SAVINGS THRU KEYSCRIPTS	
1	2	BACLOFEN	Muscle relaxant		•		209	5.57%	\$116,394.93	\$84,820.21	\$31,574.72	
2	3	KEPPRA®	Anticonvulsant	•			38	1.01%	\$86,099.01	\$73,525.39	\$12,573.62	
3	4	VIMPAT®	Anticonvulsant	•			57	1.52%	\$57,737.67	\$49,567.33	\$8,170.34	
4	5	PREGABALIN	Anticonvulsant		•		87	2.32%	\$63,227.17	\$46,058.23	\$17,168.94	
5	1	OXYCONTIN®	Opioid analgesic	•		•	53	1.41%	\$50,676.56	\$43,517.46	\$7,159.10	
6	6	PERCOCET®	Opioid analgesic	•		•	12	0.32%	\$42,816.84	\$36,636.93	\$6,179.91	
7	7	OXYMORPHONE HCLER	Opioid analgesic		•	•	26	0.69%	\$36,918.42	\$30,772.03	\$6,146.39	
8	8	ARIPIRAZOLE	Antipsychotic		•		35	0.93%	\$39,157.48	\$28,531.45	\$10,626.03	
9	NR	OXERVATE®	Ophthalmic solution	•			1	0.03%	\$27,643.86	\$27,356.87	\$286.99	
10	NR	LAMICTAL XR®	Anticonvulsant	•			14	0.37%	\$30,770.32	\$26,350.66	\$4,419.66	
							TOTALS	532	14.18%	\$551,442.26	\$447,136.56	\$104,305.70
NR - Not Ranked in Top 10 in Prior Report												

These 10 drugs represented 14% of the CAT Fund network fills and 39% of its network drug spend.

PENNSYLVANIA CATASTROPHIC LOSS BENEFITS
CONTINUATION FUND

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

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

A CMS Medicare Secondary Payer Recovery Contractor (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 to be 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 monitors claims on a routine basis and will investigate any potential cases of fraudulent activity. Where appropriate, Inservco 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