



News Release

For Immediate Release

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PMA White Paper Details Eight Ways a Pharmacy Benefits Management (PBM) Program Can Control Workers' Comp Costs

Given the rising pharmacy costs in workers' compensation, a PBM program is one of the most effective ways to ensure appropriate spending on pharmacy and quality of care.

Blue Bell, PA—March 1, 2010—Workers' compensation insurers and third-party administrators (TPAs) offer organizations something far greater than just necessary coverage and/or service—they offer peace of mind for the wellness of employees. Yet, with the pressure to improve bottom-line results, how can organizations trim workers' compensation costs while getting every bit of that intangible peace of mind?

One of the surest ways to control, and perhaps reduce, your total workers' compensation cost is to make certain your insurance carrier or TPA works with an effective, results-driven PBM, according to Tina Preisig, Senior Vice President of Managed Care for PMA Companies and author of the Company's new white paper, "The 1-2-3 of an Effective PBM."

"Workers' compensation is a vital part of doing business for any organization," Preisig said. "Now may be the time to revisit your program and find out whether or not your PBM is achieving as much as possible for your injured workers and your organization's bottom line. While the peace of mind that comes with workers' compensation is intangible, a strong Pharmacy Benefits Management solution as a component of the program can also bring tangible and measurable savings."

Though a PBM program is seldom understood or fully leveraged to help manage the rising pharmacy costs of workers' compensation, the white paper argues that an effective program can ensure appropriate spending on pharmacy and quality of care—especially given the staggering data regarding pharmacy costs in workers' compensation:

- Pharmacy costs for prescription medications account for 12 to 16% of an employer's total cost of workers' compensation insurance, according to PMSI, a full-service provider of pharmacy services devoted exclusively to workers' compensation.
- The average wholesale price of prescription medications increased more than 6% from 2007 to 2008, according to a 2009 workers' compensation pharmacy report prepared by PMSI.

- Costs associated with prescription medications and medical products and supplies make up more than 50% of total medical spend of workers' compensation claims, particularly as claims age, according to data from the National Council on Compensation Insurance (NCCI).

The white paper details eight ways a PBM program can help control workers' compensation healthcare costs:

1. **Discounted Rates on Prescriptions.** Through established direct contracts with national retail pharmacies, PBM programs can negotiate significantly discounted rates on prescriptions for injured workers.
2. **Maximizing Network Penetration.** A pharmacy network is a group of retail pharmacies that provides discounted rates on prescriptions negotiated by your PBM. Effective PBMs employ strategies to maximize network penetration.
3. **Generic Conversion.** Generic transactions represent approximately 65% of prescriptions, and with generic cost differentials of 20 to 40% lower than brands, substantial savings opportunities exist.
4. **Appropriate Use of Mail Service.** Mail-order pharmacy for workers' compensation has proven to achieve an industry benchmark of 8 to 12% cost savings over traditional retail environments, and advanced mail-order programs can achieve a 20 to 25% cost savings.
5. **Customizable Formularies.** An established formulary will be well-researched and therefore, able to help control and monitor prescription utilization, duration and cost, and should be customizable to clients' specific needs.
6. **Effective Utilization Management.** An effective PBM should have online, real-time tools for utilization management. An interactive reporting platform can retrieve and analyze program trends, as well as critical claims, enabling claims adjusters to make more informed decisions instantly.
7. **Innovative Clinical Management.** The PBM should have clinical reviews and system alerts to help ensure immediate communication takes place when potential emergencies or treatment complications occur.
8. **Insightful Data and Reporting.** With flexible web portal reporting providing dashboards, scorecards and graphs, PBMs now offer greater insight into program performance.

The full paper, part of an educational series by PMA Companies called *PMA Insights*, can be viewed at www.pmagroup.com.

About the PMA Companies □

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