

Workers' Compensation MSP Outcomes & Regulatory Insights Report

2022–2025 Performance Analysis



Executive Summary

Tower MSA Partners is pleased to provide this first-of-its-kind report, which offers one of the most comprehensive multi-year MSP outcome analyses available in the industry. The report presents a wide range of data points and key metrics across its MSA and conditional payment programs, as well as CMS-published metrics.

These outcomes reflect an integrated model combining clinical engagement, disciplined allocation methodology, CMS alignment controls, pharmacy mitigation strategy, and aggressive conditional payment resolution.

This report presents aggregated, anonymized performance metrics from 2022–2025 to serve as directional benchmarks for workers' compensation stakeholders evaluating their MSP strategy.

IN 2025 ALONE:

- Tower's average CMS-approved WCMSA: **\$67,692**
- CMS national average WCMSA: **\$86,169**
- Differential: **\$18,477 per file**

Key Outcomes

(2025 results unless noted)

- **MSA cost savings from clinical intervention:** Tower's services, including physician follow-up and pharmacy optimization, produced an average 47% reduction in MSA amounts in 2025, with annual reductions ranging from 33–64% from 2022 to 2025.
- **Total MSA-related cost savings:** Clinical interventions generated \$9,253,107 in savings in 2025 and approximately \$9–12 million annually across the 2022–2025 period.
- **Lower CMS-approved MSAs versus CMS averages:** Tower's MSA preparation, mitigation and submission process resulted in CMS-approved MSAs that are 23% lower than the average CMS-approved MSA across all MSAs submitted to CMS.
- **Pharmacy and opioid outcomes:** In 2025, 60% of CMS-approved Tower MSAs had \$0 in Rx and 86% had \$0 in opioids, with similarly high levels across 2022–2025.
- **Process efficiency and appeals:** MSA preparation turnaround time was consistently 3 days from receipt of complete documentation in 2022–2025, and CMS re-review appeals yielded success rates of 63–72% early in the period and 41–45% in 2024–2025.

Key Findings

Between 2022 and 2025, Tower MSA Partners delivered measurable, repeatable reductions in Medicare-related settlement exposure for workers' compensation programs while maintaining disciplined alignment with CMS expectations.

Across this four-year period:

33–64%

annual reduction in projected MSA amounts through clinical intervention

3 Average Time to Prepare MSA Report
DAYS 2022-2025

\$9–12 million

in annual MSA-related savings generated through physician and pharmacy optimization

23%

lower CMS-approved MSAs compared to CMS national averages

84–90%

of submissions avoided development letters

82%

of conditional payment demands reduced to \$0 in 2025

Why This Matters for Workers' Compensation Programs

Medicare Secondary Payer (MSP) strategy is no longer a technical compliance exercise. It directly impacts settlements, pharmacy exposure, and financial predictability.

The 2022–2025 outcomes in this report demonstrate that a disciplined MSP framework can materially influence claim closure.

SETTLEMENT PREDICTABILITY IMPROVES

When MSA allocations are:

- Clinically supported
- Properly documented
- Closely aligned with CMS expectations
- Prepared efficiently

You reduce:

- Development letters
- Late-stage allocation surprises
- Re-opened negotiations
- Settlement delays

Clinical intervention and strong pre-submission preparation translate into smoother closures and fewer disruptions for claims teams.

PROJECTED EXPOSURE CAN BE MEANINGFULLY REDUCED

Across four years, Tower's CMS-approved MSAs averaged materially below national CMS averages.

In 2025 alone, the difference between CMS national averages and Tower-approved allocations was approximately \$18,477 per file.

For programs settling high volumes of Medicare-eligible claims annually, this differential compounds quickly and can materially affect:

- Reserve releases
- Loss development
- Settlement authority decisions

MSP strategy is therefore a lever — not just an obligation.

PHARMACY & OPIOID TAIL RISK CAN BE CONTROLLED

Pharmacy allocations are one of the primary drivers of inflated MSAs.

By actively engaging physicians and reviewing medication plans, programs can:

- Reduce long-term pharmacy projections
- Transition away from chronic opioid exposure
- Improve defensibility under CMS scrutiny

Pharmacy discipline changes the trajectory of future medical exposure

CONDITIONAL PAYMENT FRICTION CAN BE MINIMIZED

Unresolved conditional payment demands frequently delay settlements at the final stage.

Consistent reduction of demands and elimination of many to \$0 supports:

- Faster finalization
- Fewer last-minute disputes
- Cleaner release documentation
- Reduced administrative rework

Conditional payment management is often the difference between a scheduled closure and a stalled file.

GOVERNANCE MATTERS MORE IN THE CURRENT ENVIRONMENT

With:

- Expanded Section 111 reporting
- Increased CMS visibility into settlements
- Elimination of CMS review of \$0 MSAs

Internal documentation standards and allocation discipline are increasingly important.

Programs must be able to demonstrate:

- Reasoned allocation methodology
- Clear clinical support
- Structured zero-allocation decision-making

MSP strategy is now part of enterprise risk management.

THE BROADER IMPLICATION

MSP performance affects more than compliance.

It influences:

- Claims cycle time
- Settlement leverage
- Pharmacy exposure
- Reserve accuracy

Programs that treat MSP as a strategic function rather than a transactional requirement are better positioned to control cost and reduce volatility.



1.1 CMS and the Evolving WCMSA Landscape

CMS continues to protect Medicare’s interests through:

- WCMSA review and approval processes
- Section 111 reporting requirements for WCMSAs
- Expanding visibility into post-settlement activity

Key recent developments include:



Section 111 WCMSA Reporting (April 2025)

CMS now has enhanced visibility into settlement patterns and MSA activity. This increases the importance of defensible allocation methodologies and documentation standards to counteract any claim of MSA underfunding.



Elimination of CMS Review of \$0 MSAs (July 2025)

CMS no longer reviews zero allocations. Responsibility now shifts to payers and partners to:

- Properly document zero decisions
- Maintain defensible clinical support



Continued Documentation Scrutiny

Incomplete medical records, unclear accepted/denied body parts, DME gaps, and missing prescription history remain common drivers of development letters.



The regulatory environment favors programs with clear and consistent methodologies for MSA preparation and submission and documented support for non-submitted MSAs.

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Tower Outcomes: Key Metrics (2022–2025)

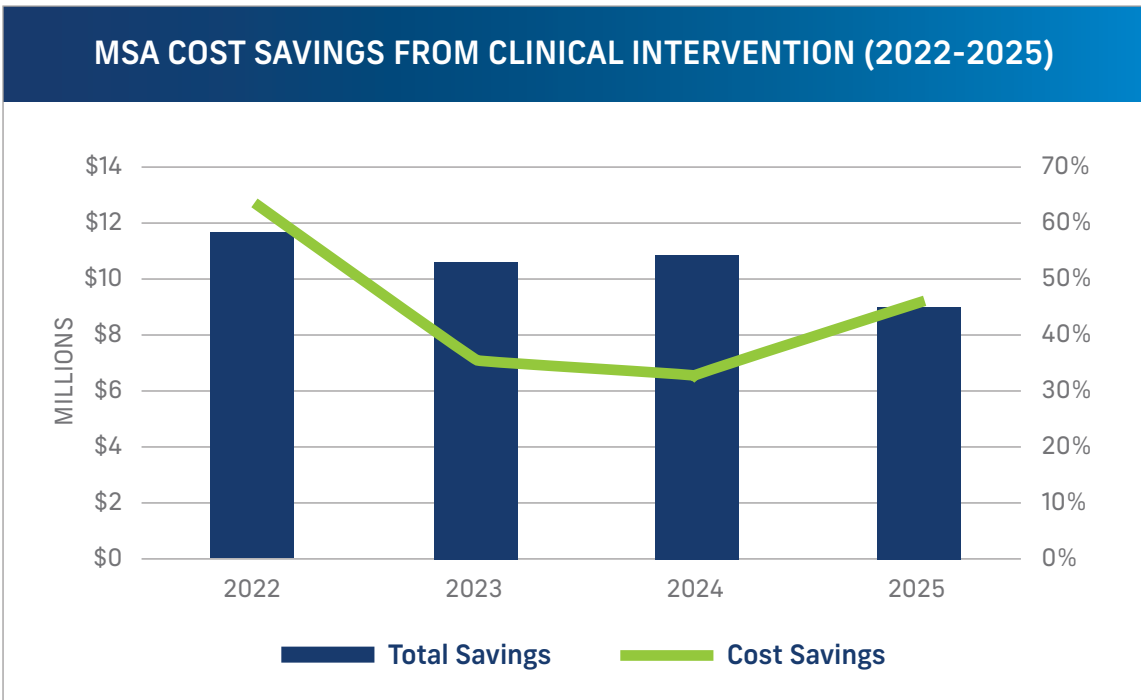


The following sections present Tower MSA Partners' aggregate, anonymized WCMSA and related MSP outcomes for 2022–2025. These metrics span multiple clients and program types and are intended as directional benchmarks rather than guarantees for any specific portfolio.

2.1 Cost Savings & Clinical Impact

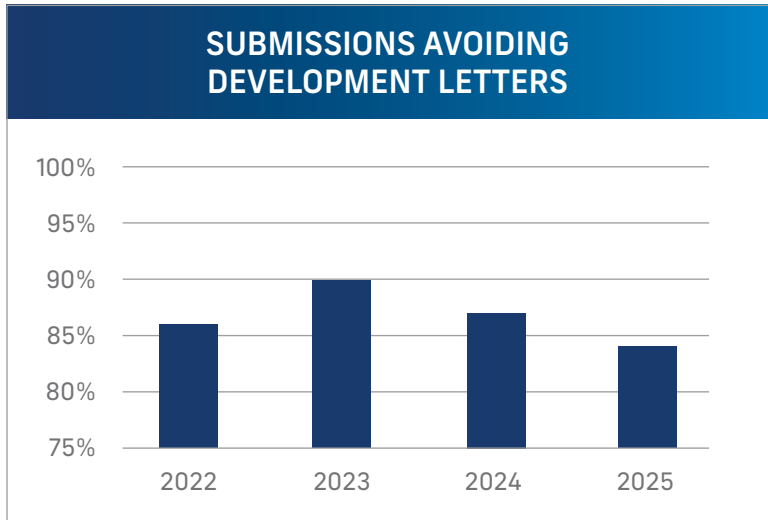
Tower's clinical programs focus on physician follow-up, pharmacy optimization, and pre-MSA triage to align care with evidence-based recommendations while avoiding unnecessary future costs.

Over 2022–2025, clinical interventions produced annual average MSA reductions in the 33–64% range, with the most recent year at 47%. During the same period, annual savings remained in a relatively narrow band around \$9–12 million, indicating consistent financial impact across changing regulatory and market conditions.



2.2 Development Letter Mitigation

The CMS MSA submission process is often the last or one of the last hurdles to final settlement. It can be quick, no more than 15 days, but when a development letter is issued, the process can extend weeks and months. It is important then to mitigate, as much as possible, the risk of a development letter through a strong pre-submission preparation program.



It is important to mitigate the risk of a development letter through a strong pre-submission preparation program.



2.3 CMS Alignment & Approval Performance

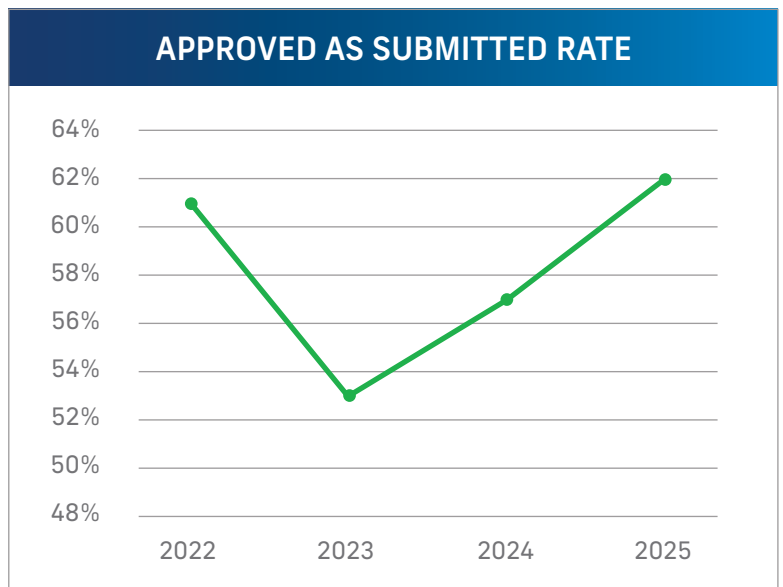
A mature WCMSA program must balance cost efficiency with CMS defensibility. Overly conservative allocations can inflate settlements unnecessarily, while aggressive underfunding increases the risk of counter-highers and prolonged review cycles

Tower maintains disciplined alignment thresholds designed to:

- Avoid MSA overfunding
- Minimize dollar variance with CMS decisions
- Avoid unexpected counter-highers
- Support predictable settlement timelines

APPROVED AS SUBMITTED RATE

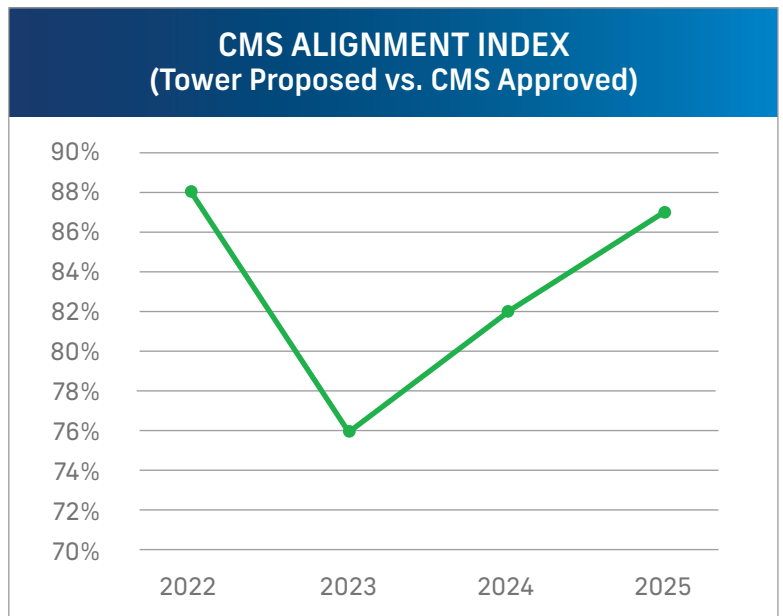
While not all submissions are approved exactly as proposed, Tower intentionally tests CMS positions where clinical support exists in order to prevent systemic over-allocation. The result is controlled, measured variance rather than automatic overfunding.



CMS ALIGNMENT INDEX

An index below 100% indicates Tower proposed amounts were lower than CMS approvals but remained within disciplined thresholds.

In 2025, Tower proposals averaged within approximately 13% of CMS-approved values.

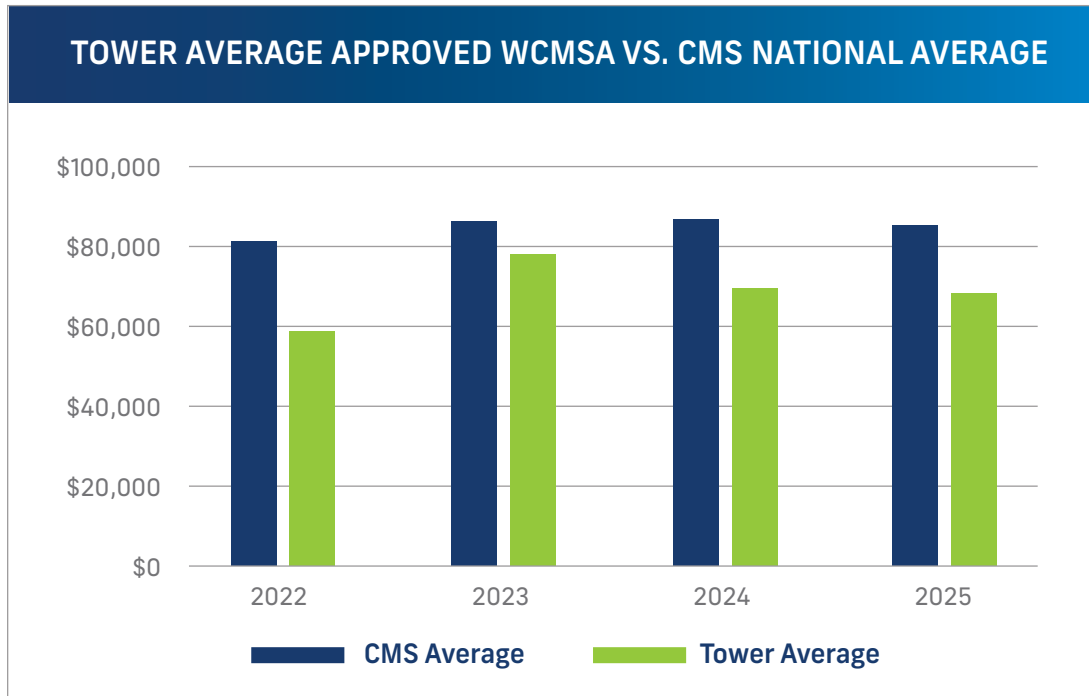


AVERAGE DOLLAR VARIANCE

In 2025, Tower's proposed allocations averaged within \$8,850 of CMS-approved amounts which is approximately 10% variance demonstrating disciplined allocation rather than speculative underfunding.

Across 2022–2025, Tower's CMS-approved allocations remained materially below national CMS averages.

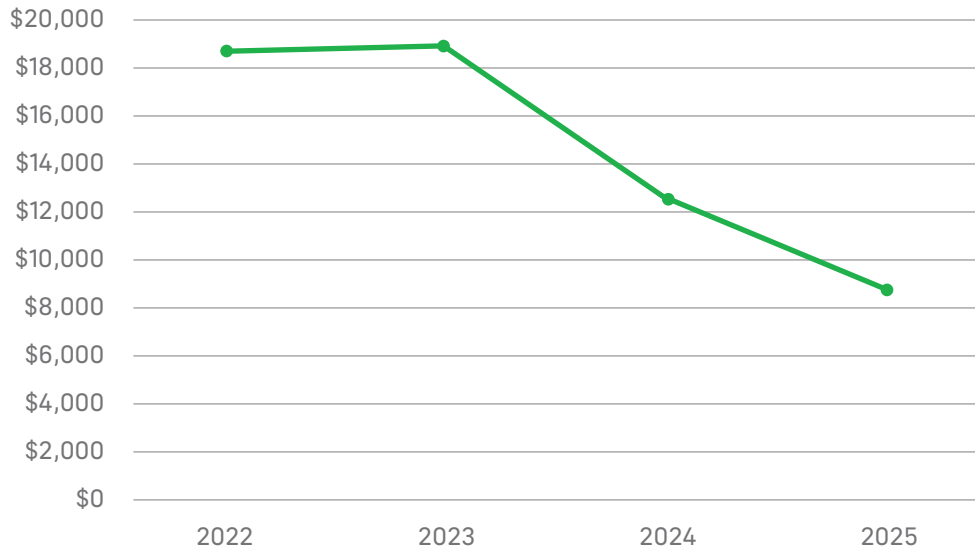
In 2025, the differential was approximately \$18,477 per file.



For programs submitting 100 MSAs annually, a similar differential would represent approximately **\$2 million in projected settlement exposure variance.**

While portfolio composition differs across submitters, Tower's results suggest that disciplined clinical intervention and allocation methodology can materially reduce projected exposure without materially increasing CMS variance or denial risk.

AVERAGE DOLLAR VARIANCE BETWEEN PROPOSED AND CMS-APPROVED AMOUNTS



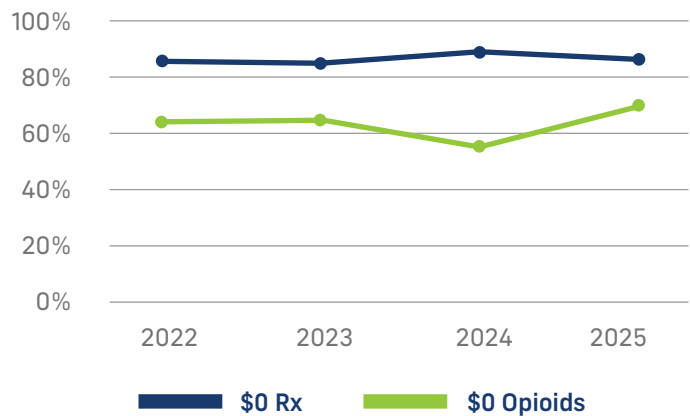
METRIC	2022	2023	2024	2025
CMS alignment index (Tower vs CMS)	88%	76%	82%	87%
Avg dollar variance	\$18,395	\$18,838	\$12,447	\$8,850
CMS avg WCMSA	\$81,572	\$86,453	\$85,927	\$86,169
Tower avg approved WCMSA	\$59,051	\$78,423	\$69,867	\$67,692

2.4 Pharmacy & Opioid Outcomes

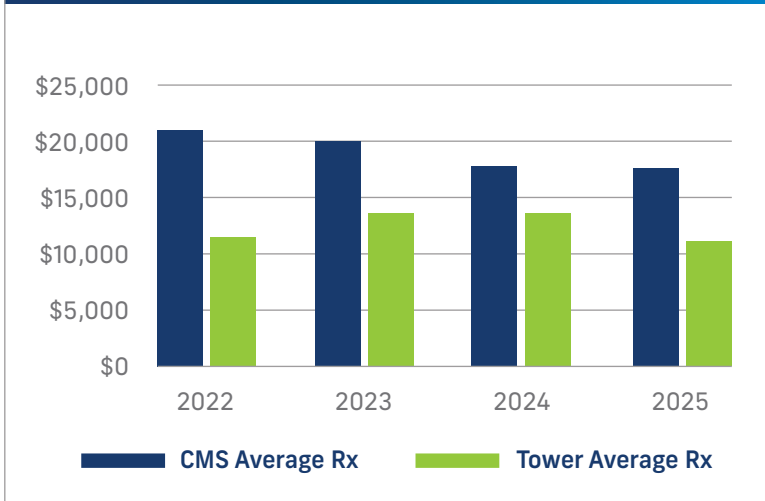
Pharmacy and opioid management remain central to WCMSA strategy as CMS and stakeholders focus on appropriateness, duration, and long-term risk.

From 2022–2025, 56–65% of Tower’s CMS-approved WCMSAs contained no pharmacy allocation, and 84–89% contained no opioid allocation, highlighting successful transitions away from long-term medication risk.

SHARE OF WCMSAs WITH \$0 Rx AND \$0 OPIOID ALLOCATION



AVERAGE Rx ALLOCATION: CMS VS. TOWER



These outcomes reflect active physician engagement and care plan realignment rather than passive projection adjustments.



Physician Follow-Up Case Study

CHALLENGE:

Initial MSA exposure was \$285,151 for a Medicare beneficiary claimant with low back, groin, hip and left knee pain. The injured worker was benefiting from oral opiate medication and injection therapy under the care of his pain management provider. The primary cost driver was Amrix, Celebrex, & Amitriptyline which had not been documented as terminated in the medical records.

SOLUTION:

Tower recommended confirming with the treating physician that the only medication being prescribed for the work injury was Oxycodone/APAP 5/325mg BID and that three (3) injections per year was sufficient. After following the state's jurisdictional requirements for communication with a medical

provider, Tower's Physician Follow-Up Service drafted and obtained a signed attestation letter from the treating physician confirming the only medication being prescribed is Oxycodone/APAP 5/325mg and that three injections per year will suffice.

RESULTS: \$231,487 IN SAVINGS

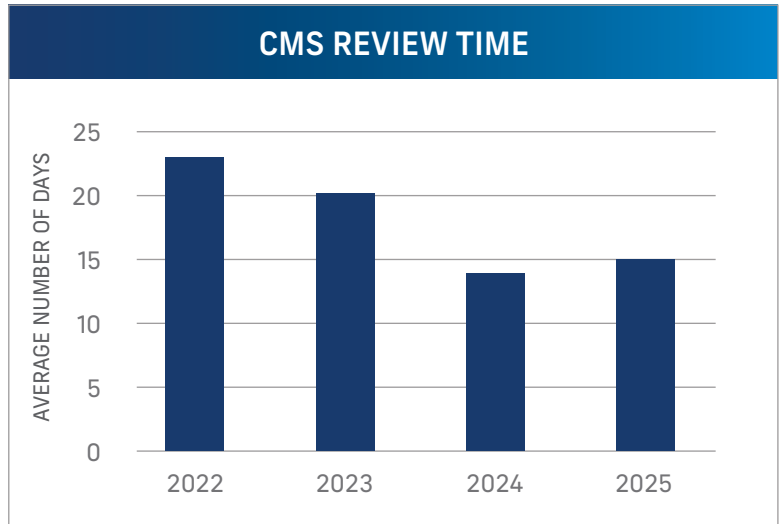
Tower updated the MSA to include the treating physician's statement confirming necessary future treatment and submitted the \$53,664 MSA to CMS for approval. Nine days later, CMS issued a full approval of the MSA without development. The result was \$231,487 in savings.

Tower's Physician Follow-Up Service is provided at no charge when initiated as part of the MSA submission process.

2.5 Process & Turnaround Performance

Process reliability is critical to aligning MSP strategy with claim closure goals.

From 2022–2025, Tower consistently delivered WCMSA reports within an average of three business days of receiving complete documentation. Additionally, CMS MSA review times have decreased from 23 days in 2022 to 15 days in 2025 when no development letters are issued. This demonstrates that a proactive pre-submission risk mitigation strategy, combined with accuracy in CMS submissions, can provide settling parties with a CMS-approved MSA in a short period of time.



2.6 Conditional Payment Outcomes (2022–2025)

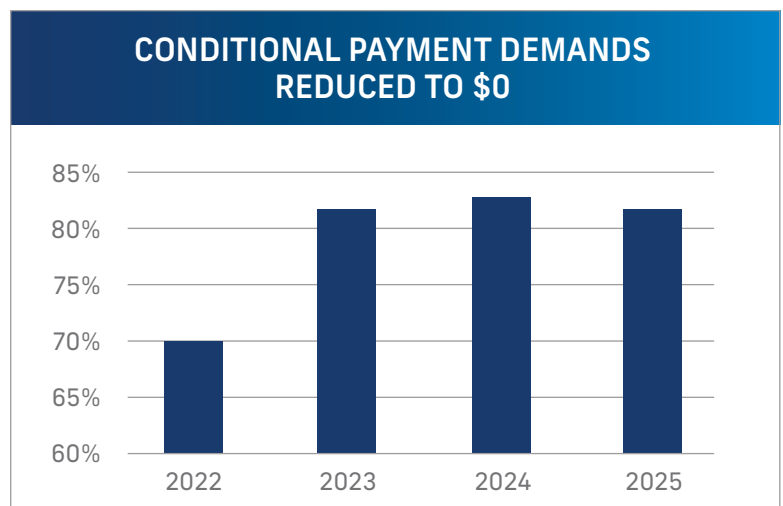
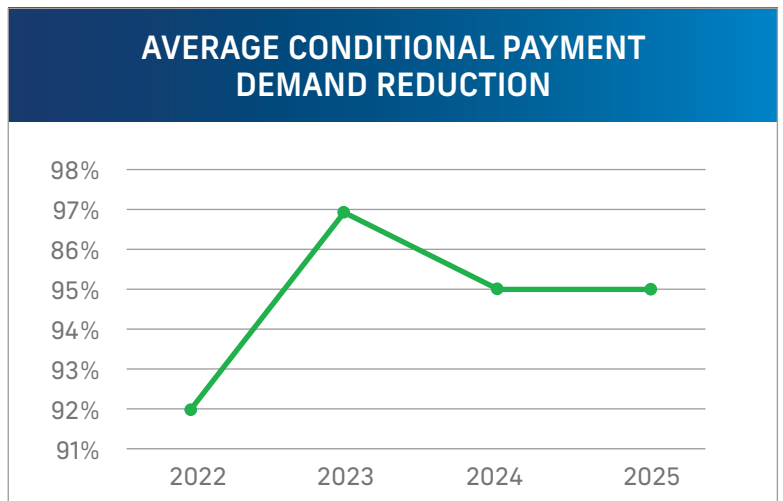
Tower’s conditional payment negotiation services materially impacts settlement and claim closure.

AVERAGE DEMAND REDUCTION

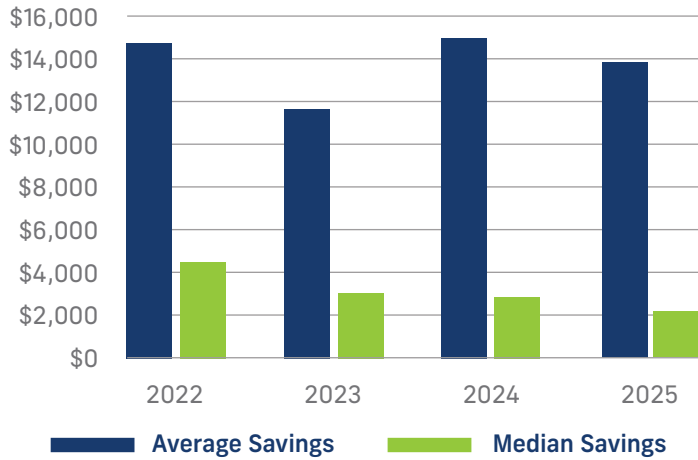
Across 2022–2025, conditional payment demand amounts were reduced by more than 90% on average each year, reflecting consistent success in challenging or recalculating Medicare’s requests.

PERCENTAGE OF DEMANDS REDUCED TO \$0

In most recent years, roughly four out of five conditional payment demands were reduced to \$0, eliminating a significant layer of MSP-related cost.



AVERAGE VS. MEDIAN SAVINGS PER CONDITIONAL PAYMENT DEMAND



These results indicate that while a relatively small number of very large demands drive high average savings, even the median case sees low- to mid-four-figure reductions, compounding the financial impact when applied across a portfolio.

YEAR	AVERAGE REDUCTION IN DEMAND	% DEMANDS TO \$0	AVERAGE SAVINGS	MEDIAN SAVINGS
2022	92%	70%	\$14,766	\$4,383
2023	97%	82%	\$11,730	\$2,956
2024	95%	83%	\$15,204	\$2,481
2025	95%	82%	\$13,873	\$2,071



3 Strategic Implications for WC Programs

Across the workers' compensation industry, claims, legal, and executive teams can use these four-year outcomes and regulatory insights to shape more predictable and cost-effective MSP strategies.

3.1 Applying Outcomes to Program Design



Claims operations:

Use savings, alignment, and Rx trends to prioritize files for pre MSA triage and physician follow-up, particularly high-Rx, long-duration, and high-reserve claims.



Legal and compliance:

Leverage alignment and variance metrics to support settlement recommendations and demonstrate that WCMSA funding decisions are consistent with CMS patterns and guidance.



Executive and risk leadership:

Incorporate WCMSA and conditional payment outcomes into broader financial and risk reporting, highlighting how MSP strategies contribute to loss cost control and capital efficiency.



4.1 Data Sources and Timeframe

- Tower metrics in this report are derived from internal data on WCMSAs and MSP services submitted to CMS between calendar years 2022 and 2025.
- All outcomes are aggregated and anonymized across multiple clients and WC programs; no claimant- or program-specific identifiers appear.
- CMS and market benchmark figures draw on CMS WCMSA statistics and related public summaries for fiscal years 2022–2025.

4.2 Key Definition

- **WCMSA:** Workers' Compensation Medicare Set-Aside, an allocation from settlement funds for future Medicare-covered, WC-related medical expenses.
- **CMS alignment index:** Ratio of Tower's proposed WCMSA amount to CMS's approved amount; values under 100% indicate lower proposed allocations that CMS nonetheless accepted.
- **Average CMS variance:** The average dollar difference between Tower's proposed WCMSA and CMS's approved amount for submitted WCMSAs.
- **MSA cost savings from clinical intervention:** The percentage reduction between an initial MSA projection and the final MSA (submitted/approved) after application of Tower's clinical services.
- **MSA preparation turnaround (TAT):** Business days from receipt of complete documentation to delivery of the WCMSA report.
- **Zero MSA:** A WCMSA with a projected allocation of \$0; CMS ceased reviewing \$0 MSAs in 2025, so these are now handled outside the CMS review process.

4.3 Anonymization and Aggregation

- All data are de-identified before analysis; Tower aggregates results across claims and clients to generate portfolio-level metrics.
- Basic validation, de-duplication, and reasonableness checks are applied to ensure internal consistency across the 2022–2025 period.

Organizations reviewing their MSP strategy should consider the following actions:

- Start by reviewing your benchmarks against those in this report.
Consider:
 - A breakdown of the percentages of CMS MSA approvals and counter-highers
 - Percentage of MSAs with and without prescription drugs.
 - Average and median CMS-approved MSA amounts.
 - Success rates for clinical interventions and the dollars saved.
 - The number of Medicare conditional payment searches and investigations initiated along with their success rates for disputes and appeals, including total dollars saved.
 - How often CMS issues Development Letters on MSA submissions.
 - If there are unfavorable variances, then a change in MSA or conditional payment handling may be necessary.
- Prioritize clinical intervention and physician follow-up for claims with high pharmacy exposure, long treatment duration, and open-ended medical.
- Formalize decision-making around use of submitted vs. non-submitted MSAs,
- Implement standards for use of \$0 MSAs in light of CMS's July 2025 policy change and expanded Section 111 visibility.
- Determine whether sufficient emphasis is placed on conditional payment disputes and appeals.
- Used in this way, outcome reporting can support broader MSP program evaluation, which ultimately provides more frequent and reasonable claim closures.

If you have questions about this report or you would like assistance in benchmarking your own MSP program, please contact Tower's Chief Compliance Officer, Dan Anders, at daniel.anders@towermsa.com.