



Medicare Set-Asides At a Glance

WHAT IS A MEDICARE SET-ASIDE ALLOCATION (MSA)?

A MSA is an allocation created from the settlement of a worker's compensation case. It is established from a portion of the settlement amount to be used to pay future medical expenses that are (a) related to the job injury and (b) that would otherwise be payable by Medicare.

WHEN IS A MSA REQUIRED?

A MSA is required in the settlement of any workers' compensation case in which future medical benefits are closed and either of the following exists:

- The injured worker is, at the time of settlement, a Medicare beneficiary (regardless of the amount of the settlement)
- OR
- The settlement amount is greater than \$250,000 and the injured worker can reasonably be expected to become a Medicare beneficiary within 30 months of the settlement

NOTE: On April 25, 2006, the Centers for Medicare and Medicaid Services (CMS) reported that they no longer review MSA proposals for Medicare beneficiaries in which their total settlement is less than \$25,000. This is a CMS workload threshold, as is the \$250,000 threshold and is not a substantive dollar or "safe harbor" threshold. The parties must always consider Medicare's interests when settling all workers' compensation claims.

WHO IS A MEDICARE BENEFICIARY?

Medicare is a federal program that provides benefits for certain medical and hospital expenses for anyone who:

- Is 65 years of age or older; or
- Has been receiving Social Security Disability Income benefits for 24 months or more; or
- Is suffering from an end-stage renal disease.

WHO CAN "REASONABLY BE EXPECTED TO BECOME A MEDICARE BENEFICIARY WITHIN 30 MONTHS"?

Anyone who at the time of settlement of the workers' compensation claim:

- Is between the ages of 62 ½ and 65; or
- Has applied for or been approved for Social Security Disability Income benefits; or
- Has been denied Social Security Disability Income benefits but anticipates appealing the decision; or
- Is suffering from an end-stage renal disease but does not yet qualify for Medicare.

HOW IS THE MSA AMOUNT DEVELOPED?

Typically, the MSA amount is developed by expert analysis of the claim and medical information, considering many factors, including but not limited to:

- Date of and basis for entitlement to Medicare
- Type and extent of injury or illness
- Age of the injured worker and impact of injury or illness on life expectancy
- Extent of disability
- Prior and future medical needs related to the job injury
- Compensability period
- Medical prognosis
- Medicare coverage limitations
- Workers' compensation fee schedules

(Please keep in mind; CMS will frequently change the proposed MSA amount based on their view of the documents and information provided.)

HOW IS THE MSA FUNDED?

The MSA can be funded either by a lump sum payment or by a combination of cash and a structured settlement annuity.

WHO ADMINISTERS THE MSA?

The MSA can be administered by the injured worker ("self-administered") or by a third-party, such as a relative, guardian or other appropriate person, or entity such as a trust fund.

WHAT MSA SERVICES DOES JAMES E. LOGAN & ASSOCIATES LTD. PROVIDE?

- Determine whether a MSA and CMS approval are required in a given case
- Determine if conditional payments have been made by Medicare
- Obtain substandard age ratings for injured workers, when appropriate
- Estimate the amount of money needed to fund the MSA
- Advise on method of funding and administering the MSA
- Assist in preparation of settlement documents
- Obtain CMS approval of the MSA
- Provide structured settlement annuity quotes
- Arrange purchase of structured settlement annuities

Our specialists include seasoned bodily injury claims professionals, certified nurse case managers (CCM), certified nurse life care planners (CNLCP), and certified structured settlement consultants (CSSC). We provide a wide array of unique settlement support services that help you to achieve your objectives.